

Introduction to Global Strategy

Introduction to Global Strategy

Key concepts, frameworks, and practical steps for developing and executing a strategy that spans multiple countries.

1. What Is Global Strategy?

Aspect	Definition
Scope	Coordination of activities across national borders to achieve competitive advantage.
Goal	Deliver consistent value to customers worldwide while leveraging economies of scale, learning, and unique resources.
Difference from International Strategy	<i>International</i> = export-oriented, limited cross-border integration. <i>Global</i> = deep integration of operations, products, and knowledge across markets.
Typical Industries	Technology, automotive, consumer electronics, pharmaceuticals, fast-moving consumer goods (FMCG).

2. Why Pursue a Global Strategy?

Driver	How It Creates Value
Market Size & Growth	Access to larger, faster-growing customer bases.
Economies of Scale	Lower unit costs in production, R&D, procurement, and marketing.
Resource Access	Tap talent, raw materials, and technology unavailable domestically.
Risk Diversification	Spread political, economic, and demand risk across regions.
Learning & Innovation	Transfer best practices and innovations across borders.

3. Core Strategic Choices

Choice	Description	Typical Decision Factors
Geographic Scope	<i>Worldwide</i> vs. <i>Selective</i> (e.g., focus on emerging markets).	Market potential, regulatory barriers, cultural distance.

Introduction to Global Strategy

Choice	Description	Typical Decision Factors
Level of Integration	<i>Highly Integrated</i> (standardized products, centralized R&D) vs. <i>Moderately Integrated</i> (core functions shared, local adaptations).	Cost pressure, need for local responsiveness, product nature.
Competitive Positioning	<i>Cost Leadership, Differentiation, or Hybrid.</i>	Cost structure, brand strength, innovation capability.
Entry Mode	Export, licensing, joint venture, wholly-owned subsidiary, strategic alliance.	Control needed, resource commitment, partner availability, risk tolerance.

4. Analytical Frameworks

Framework	Purpose	Key Questions
PESTEL (Global)	Assess macro? environmental forces across regions.	How do political stability, economic trends, sociocultural shifts, technology, environment, and legal regimes affect each market?
Porter's Five Forces (Global)	Evaluate industry attractiveness worldwide.	Are barriers to entry high? How intense is rivalry across markets?
CAGE Distance Framework	Measure cultural, administrative, geographic, and economic distances.	Where are the biggest gaps between home and target markets?
Integration? Responsiveness (IR) Grid	Plot need for global integration vs. local responsiveness.	Does the business require high standardization (integration) or high adaptation (responsiveness)?
Value Chain Analysis (Global)	Identify where cross-border synergies can be created.	Which activities can be centralized for cost savings? Which need local customization?

5. Steps to Build a Global Strategy

1. Define Vision & Objectives

- Global market share targets, revenue goals, brand positioning.

Introduction to Global Strategy

2. Conduct Global Market Assessment

- Use PESTEL, CAGE, and market size data to shortlist attractive regions.

3. Select Competitive Advantage

- Decide whether to compete on cost, differentiation, or a hybrid model.

4. Choose Entry & Expansion Mode

- Align entry mode with control requirements, resource availability, and risk profile.

5. Design Organizational Structure

- ■