Case Studies on the New Global Strategies of International Business in Latin America

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Business leaders in Latin America have for years accepted the reality of globalization. There is now evidence, presented in the case studies compiled for this Special Issue, that the most innovative companies have moved beyond the stage of recognition. Indeed they have begun to pursue strategies of international expansion, through exports and foreign direct investment, competing successfully for world markets.

The case studies in this issue were gathered from the foremost business schools throughout Latin America in response to a challenge that began in 1993, when Arch Woodside, Editor of the Journal of Business Research, first visited the international business school, INCAE, in Costa Rica. Founded in 1964 by Central American business leaders with the assistance of the Harvard Business School, INCAE has used the HBS case method to educate leaders in business and government throughout the region over the past 30 years. Dr. Woodside offered the opportunity to publish the best of the INCAE cases in a Special Issue of the JBR in January 1997.

The cases in the first Special Issue dealt with the strategic choices faced by forward-thinking international enterprises in Latin America. After the success of this first issue, plans were immediately made for a second one but with some modifications. Cases were sought on companies that not only recognized the challenges of globalization but also were shaping strategies to address these challenges. The cases were drawn not only from the INCAE collection but also from other top-rated Latin American business schools: IAE (Instituto de Administracion de Empresas) in Argentina; the Adolfo Ibanez business school in the Universidad de Valparaiso in Chile; and the well-known agribusiness program, PENSA, in the Universidade de Sao Paulo, Brazil.

The industrial settings and issues addressed in the cases are widely varied, but they may be placed along a spectrum that begins with initial export attempts, proceeds through more ambitious strategies of direct investment and strategic alliances abroad, and finally to issues of strategy implementation. Each case is preceded by a briefing that describes the case setting and summarizes the key issues, and each is followed by a teaching note that provides not the “answer” but a structured guide for case discussion.

The first two cases involve the initial responses to small, family-owned firms to the globalization trends. Consorcio Ferrex is a group of small Chilean hardware manufacturing firms that band together for export of their products under a common brand to the United States. Turri, S.A. is a family-owned Argentine machine tool company that responds to globalization by acquiring new technology and seeking export markets. The third case describes a Chilean manufacturer of kitchen utensils and bakeware that has already exported to the developed markets of North America and Europe and is now looking to compete in the growing markets of Latin America. Similarly, the fourth case describes an Argentine company that already has begun to export its water heaters to such distant markets as Australia and must now confront the competitive reaction.

The next three cases describe problem situations in companies that have gone beyond exporting. Agroceres is a Brazilian multinational seed producer that forms a global strategic alliance with PIC, the British pork producer, to exploit new genetic technologies. Bancrecen is a new Central American
subsidiary of the Mexican bank, Bancrecer, organized to exploit a “convenience store” approach to neighborhood financial services. ENDESA is a Chilean electrical giant that takes its core competence, energy generation, to neighboring Argentina.

The last three cases involve implementation issues. Carrier de Mexico, S.A. de C.V., a subsidiary of United Technologies located in the northern industrial city of Monterrey, must decide whether to implement a just-in-time production system, the PDS, in order to respond to mass merchandising trends in the window air conditioner market. TANIC, the British American subsidiary in Nicaragua, must decide whether to implement a system of self-managed teams of workers “mini-factories” for cigarette manufacture. CECSA, a Central American producer of bathroom sanitary fixtures, has already introduced innovations from Japanese management (kaizen, kanban) among its workforce and must now develop a plan to sustain the momentum over the long run.

These cases were chosen from over one hundred that were submitted in response to a call for cases among the major business schools of Latin America. The initial screening was done by a team of INCAE faculty that included Guillermo Edelberg (Argentina), Francisco Leguizamón (Colombia), Lucía Marshall (United States), Felipe Pérez (El Salvador), José Manuel Pérez (Panamá), and Arnoldo Rodríguez (Costa Rica). The internal reviewing process was also conducted at Louisiana State University with the assistance of Daryl McKee and Ann Veck. To these individuals, who spent countless hours reviewing drafts and writing comments, we would like to extend our sincere appreciation.

The 25 cases that passed the internal review were submitted to external reviewers who are particularly knowledgeable of business strategy in Latin America. These reviewers, to whom we would like to express our special gratitude, include the following professors of business strategy and organization: Jorge Ardiles, Pontificia Universidad Católica de Chile; María Eugenia Arias, formerly INSEAD and currently consultant in Latin American family business currently residing in Connecticut; Miguel P. Caldas, Getulio Vargas business school in São Paulo, Brazil; Armando Gallegos, ESAN, Perú; Stuart Hart, University of Michigan business school; Kenneth L. Hoadley, Kenan-Flagler Business School at the University of North Carolina; Aneel Karnani, University of Michigan business school; Cecilia McMillen, formerly INCAE and currently consultant in human resource management in Vermont; Enrique Ogliasti, Universidad de los Andes in Bogotá, Colombia; and Albert O. Trostel, University of St. Thomas in Minnesota.

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