STRATEGY
Core Concepts and Analytical Approaches

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The University of Alabama

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CHAPTER 7 Strategies for Competing Internationally or Globally

Presentation Design by Charlie Cook

You have no choice but to operate in a world shaped by globalization and the information revolution. There are two options: Adapt or die.

— **Andrew S. Grove,**
retired Chairman and CEO, Intel Corporation

 7–2

You do not choose to become global. The market chooses for you; it forces your hand.

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 7–3

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Learning Objectives

1. Learn why companies decide to enter foreign markets
2. Understand why competing across national borders makes strategy-making more complex
3. Learn the difference between multicountry competition and global competition
4. Gain command of the strategic options for establishing a competitive presence in foreign markets
5. Become familiar with the three main strategic approaches to competing internationally
6. Learn how multinational competitors can use their international operations to improve their competitiveness
7. Learn about profit sanctuaries and global strategic offensives

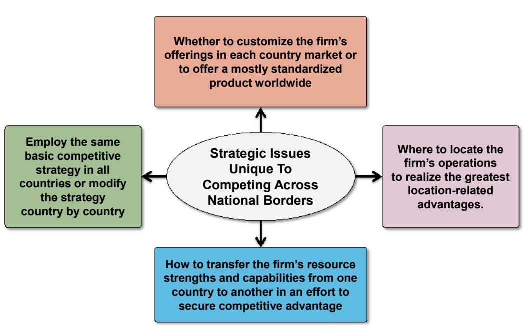
Chapter 7 Roadmap

- Why Companies Decide to Enter Foreign Markets
- Why Competing across National Borders Makes Strategy-Making More Complex
- The Concepts of Multicountry Competition and Global Competition
- Strategy Options for Entering and Competing in International and Global Markets
- The Quest for Competitive Advantage in Global Markets
- Profit Sanctuaries and Global Strategic Offensives

Strategic Issues Unique to Competing across National Borders

1. ***Whether to customize the firm's offerings in different country market*** to match local buyer preferences or ***offer standardized products*** worldwide
2. ***Whether to employ the same basic competitive strategy in all countries or to modify the strategy country by country***
3. ***Deciding where to locate* facilities**, distribution centers, and service operations ***to maximize locational advantages***
4. ***How to transfer a firm's resource strengths and capabilities*** from one country to another to secure competitive advantage

Competing Across National Borders



International Competitors versus Global Competitors—What's the Difference?

- A firm that competes in relatively few foreign countries is ***an international or multinational competitor***
- A firm with operations in several continents and actively marketing its products or services in different geographic regions using a strategy of expanding into additional countries is termed ***a global competitor***

Typically, a firm will start to compete internationally by entering one or two foreign markets and then expand gradually into several others.

Why Do Companies Expand into Foreign Markets?

 7–13

Factors That Make Competing across National Borders More Complex

1. Important cross-country differences in buyer tastes, market sizes, and growth potential
2. Cross-country differences in wages, worker productivity, inflation rates, energy costs, taxes, and other factors that impact a firm's costs and profit prospects
3. Governmental policies and regulations that make the business climate more favorable in some countries than others
4. Risks of adverse shifts in currency exchange rates

 7–14

Cross-Country Differences in Buyer Tastes, Market Sizes, and Growth Potential

- Many cross-country factors affect an international or global competitor's strategic decisions:
  - Country-to-country differences in population sizes, income levels, and other demographic factors that help drive market size and rates of growth in market demand
  - Country-to-country differences in buyer tastes
  - Country-to-country differences in distribution channels and competitive conditions, and other market-related factors
- Perhaps the biggest market-related issue:
  - Whether and how much to customize offerings to match local buyers' tastes and preferences in each different country market **OR**
  - Whether to pursue a strategy of offering a mostly standardized product worldwide

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Core Concept

The tension between the market pressures to localize a firm's product offerings country by country and the competitive pressures to lower costs by offering mostly standardized products in all countries where a firm competes is ***one of the big strategic issues that firms operating in few or many country markets must address***.

The managerial challenge in operating internationally or globally is tailoring a firm's strategy to take a variety of country-to-country differences into account.

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Cross-Country Differences in Operating Costs and Profitability

- Country-to-country differences in
  - Wage rates
  - Worker productivity
  - Inflation rates
  - Energy costs
  - Tax rates
  - Government regulations

  are often so big that a firm's operating costs and profitability are significantly impacted by where its facilities are located
- A firm can gain cost advantages by locating its operations in countries with
  - Low wage rates
  - Less costly government regulations
  - Low taxes
  - Low energy costs
  - Cheaper access to natural resources

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The Impact of Host Government Policies on the Local Business Climate

- The policies and attitudes of national governments toward business can create a favorable or unfavorable business climate for both local firms and foreign firms
- "Pro-business" governments
  - Provide incentives for expansion-minded firms and make the transition to more costly and stringent regulations business-friendly rather than adversarial
- "Anti-business" governments
  - Enact policies favoring national firms (e.g., subsidies and loans, tariffs, quotas, import rules, and environmental regulations) that make the local business climate less attractive to foreign firms

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The Impact of Host Government Policies on the Local Business Climate (cont'd)

- Types of Political Risks
  - Instability of weak governments
  - Possibilities of civil unrest and revolt
  - Passage of anti-business legislation or regulations
  - Systemic corruption in governmental and business operations
  - Suspicion of foreign firms operating within their borders
  - Piracy of a foreign firm's intellectual property
  - Stability of the national economy and monetary system—inflation rates, deficit-spending, and economic distress

The Risks of Adverse Exchange-Rate Shifts

- Sizable shifts in currency exchange rates pose significant risks for two reasons:
  - They are very hard to predict because of the variety of factors involved and the uncertainties surrounding when and by how much these factors will change
  - Shifting exchange rates affect which countries—either temporarily or long term—represent the low-cost manufacturing location and which rivals have a temporary or longer-term cost-based competitive advantage because of the countries where their production operations are located.

Core Concept

Firms that export goods to foreign countries always gain in competitiveness when the currency of the country in which the goods are produced grows weaker relative to the currencies of countries to which the goods are being exported.

A firm is disadvantaged when the currency of the country where its goods are being produced grows stronger relative to the currencies of countries to which it is exporting its goods.

Example: Who Gains and Who Loses When Currency Exchange Rates Shift?

- Consider the case of a firm with manufacturing facilities in Brazil (where the currency is reals—pronounced ray-alls) that exports its Brazilian-made goods to European Union markets (where the currency is euros).
  - Assume that the current exchange rate is 4 Brazilian reals for 1 euro and that the product made in Brazil has a manufacturing cost of 4 Brazilian reals (or 1 euro).
  - Now suppose that for some reason the exchange rate shifts from 4 reals per euro to 5 reals per euro (meaning that the real has declined in value and that the euro is stronger).
  - The Brazilian-made product is now more cost-competitive because a Brazilian-made good costing 4 reals has fallen to only 0.8 euros at the new exchange rate (4 reals divided by 5 reals per euro = 0.8 euros). This puts a producer of the Brazilian-made good in a better position to compete against the European makers of the same good.
  - On the other hand, if the value of the real grows stronger in relation to the euro—resulting in an exchange rate of 3 reals to 1 euro—the same Brazilian-made good formerly costing 4 reals (or 1 euro) now has a cost of 1.33 euros (4 reals divided by 3 reals per euro = 1.33), This puts a producer of the Brazilian-made good in a weaker competitive position versus European producers of the same good.
- Clearly, the attraction of manufacturing in Brazil and selling in Europe is greater when the euro is strong (a rate of 1 euro for 5 reals) than when it is weak and 1 euro exchanges for 3 reals.

Example: Who Gains and Loses When Currency Exchange Rates Shift? (cont'd)

- When the exchange rate changes from 4 reals per euro to 5 reals per euro:
  - The Brazilian-made good that formerly cost 1 euro and now costs only 0.8 euros can be sold to European Union consumers for a lower euro price than before.
  - In other words, the combination of a stronger euro and a weaker real acts to lower the price of Brazilian-made goods in the European Union. This acts to spur sales of Brazilian goods and boost exports of Brazilian goods to Europe
- Conversely, should the exchange rate shift from 4 reals per euro to 3 reals per euro—which makes a Brazilian manufacturer less cost competitive with European manufacturers of the same item—the Brazilian-made good that formerly cost 1 euro and now costs 1.33 euros will sell for a higher price in euros than before, which will weaken the demand of European consumers for Brazilian-made goods and act to reduce Brazilian exports to Europe.

Brazilian exporters are likely to experience (1) rising demand for their goods in Europe whenever the Brazilian real grows weaker relative to the euro and (2) falling demand for their goods in Europe whenever the Brazilian real grows stronger relative to the euro.

The Impact of Exchange Rates on Domestic Competitors Competing with Foreign Rivals

- Weaker dollar policies best serve U.S. manufacturers affected by low-cost foreign imports by:
  - Raising the dollar-costs of foreign goods produced in countries whose currencies have grown stronger relative to the dollar
  - Making foreign goods more expensive to U.S. consumers—curtailing demand for those goods and stimulating demand for U.S. goods
  - Allowing U.S. goods to be sold at lower prices to consumers in countries with strong currencies—thereby stimulating exports to meet foreign demand for U.S. goods, and creating U.S.-based jobs
  - Increasing the dollar value of profits a firm earns in foreign markets where local currencies are now stronger relative to the dollar

Core Concept

Domestic companies facing competitive pressure from lower-cost foreign rivals benefit when the local government's currency grows weaker in relation to the currencies of the countries where the lower-cost foreign rivals have their manufacturing plants.

 7–25

Question for Company Co-Managers

- When your simulation company is facing an ***unfavorable*** exchange rate change that ***negatively affects profitability*** in one or more geographic regions, should you and your co-managers:
  - Consider raising price or adjusting marketing efforts to reduce/eliminate the negative impact on earnings?
  - Consider temporarily curtailing sales and marketing efforts in the negatively affected regions and boosting sales efforts in regions where profits are favorably impacted by the exchange rate shifts?
  - Do nothing about the adverse exchange rate impacts and suffer the consequences of lower earnings?

 7–26

Question for Company Co-Managers

- When your simulation firm experiences a ***favorable*** exchange rate change that ***positively affects profitability*** in one or more geographic regions, should you and your co-managers
  - Consider lowering price or boosting marketing efforts to increase sales and further exploit the positive impact on earnings in those regions where the exchange rate shifts are favorable?
  - Consider temporarily boosting sales efforts in regions where profits are favorably impacted by the exchange rate shifts and curtailing sales and marketing efforts in regions with unfavorable exchange rate impacts?
  - Do nothing about the favorable exchange rate impacts and enjoy the benefits of a temporary boost to earnings?

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Primary Patterns of Competition in World Markets

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Core Concepts

Multicountry competition exists when competition in one national market is not closely connected to competition in another national market. There is no global or world market, just a collection of self-contained country markets.

Global competition exists when competitive conditions across national markets are linked strongly enough to form a true international market and when leading competitors compete head-to-head in many different countries.

 7–29

Traits of Multicountry Competition

- Standout features of multicountry competition:
  - Buyers in different countries are attracted to different product attributes
  - The numbers and identities of rival sellers vary from country to country
  - Industry conditions and competitive forces in each national market differ in important respects

Rival firms battle for national championships and winning in one country does not necessarily signal the ability to fare well in other countries!

 7–30

Traits of Global Competition

- Competitive conditions across country markets are strongly linked
  - Many of same rivals compete head-to-head in many of the same country markets
  - A true global or world market exists
- A firm's competitive position in one country both affects and is affected by its position in other countries
- Competitive advantage is based on a firm's ***world-wide operations and global standing***

Rival firms in globally competitive industries battle for <u>world championships!</u>

Strategy Options for Establishing a Competitive Presence in Foreign Markets

- Establish a competitive presence in foreign markets by:
  - Maintaining a national (one-country) production base and exporting goods to foreign markets
  - Licensing foreign firms to use the firm's technology or to produce and distribute the firm's products
  - Employing a franchising strategy in foreign markets
  - Relying upon acquisitions or internal startup ventures to gain entry into foreign markets
  - Relying on strategic alliances or joint ventures with foreign firms as the primary vehicle for entering foreign country markets

Export Strategies

- Is an ***initial strategy*** to pursue international sales ***using domestic plants*** as a ***production base for exporting*** to foreign markets
- Advantages
  - Is a conservative way to test the risks of international markets
  - Can increase the use of present capital investments
  - Minimizes direct investments in foreign countries
- An ***export strategy*** is ***vulnerable*** when:
  - Home country manufacturing costs are higher than in foreign countries where rivals have plants
  - Shipping costs to distant markets are high
  - Adverse shifts occur in currency exchange rates
  - Importing countries impose tariffs or erect other trade barriers

Licensing Strategies

- Licensing makes sense when a firm
  - Has valuable technical know-how or a unique product but lacks the organizational capability or resources to enter foreign markets
  - Desires to avoid risks of committing resources to markets that are unfamiliar, politically volatile, and/or economically unstable.
  - Can earn considerable royalties from licensees who are trustworthy and reputable.
- Disadvantage
  - Licensing firm risks providing valuable technical know-how to foreign firms and losing control over its use

Franchising Strategies

- ***Well suited*** to the ***global expansion efforts*** of ***service and retailing enterprises***
- ***Advantages***
  - Franchisee bears in-country costs and risks of establishing foreign locations
  - Franchisor has to expend only the resources to attract, recruit, train, support, and monitor franchisees
- ***Disadvantage***
  - Maintaining cross-country quality control over franchisees
- ***Glocalization Issue:***
  - Should franchisees be allowed to make modifications in the franchisor's product offering to better satisfy the tastes and expectations of local buyers?

Acquisition and Internal Startup Strategies

- Acquiring a local business to compete internationally or globally:
  - Is quicker than creating a new subsidiary by building its entire operations from the ground up
  - Is the least risky and most cost-efficient means of hurdling entry barriers to gain access to local distribution channels, build supplier relationships, and establish relationships with government officials and other constituencies.
  - Allows direct transfer of resources and personnel to the acquired firm to integrate and redirect the acquired firm into its own operations, put its own strategy in place, and begin building a stronger market position

The big issue an acquisition-minded firm must consider is whether to pay a premium price for a successful local firm or to buy a struggling competitor at a bargain price (and then spend monies to boost its competitiveness).

Acquisition and Internal Startup Strategies (cont'd)

- Creating an internal startup to build a new business subsidiary from scratch makes sense when a firm:
  - Can create a subsidiary of the required size, cost structure, resource and competitive strengths more cheaply than making an acquisition
  - Has previous foreign market operating experience in rapidly getting new foreign subsidiaries up and running and overseeing their operations
  - Has a sufficiently large pool of resources and competencies to rapidly equip a new subsidiary to compete successfully and profitably
  - Can add the subsidiary's production capacity to the local market without adversely impacting the supply–demand balance in the local market
  - Can readily gain good distribution access via its own startup venture (perhaps because of the firm's well-recognized brand name)

Collaborative Strategies—Alliances and Joint Ventures with Foreign Partners

- Advantages of a Collaborative Strategy:
  - Enables a firm to benefit from a foreign partner's familiarity with local government regulations, knowledge of the buying habits and product preferences of local consumers, distribution channel relationships, etc.
  - Facilitates capture of economies of scale in production and/or marketing—cost reduction can be the difference that allows a firm to be cost-competitive
  - Enables joint sharing of distribution facilities and dealer networks which mutually strengthen each partner's access to buyers
  - Facilitates learning and competence-building stemming from performing joint research, sharing technological know-how, studying partner's manufacturing methods, and understanding how to tailor sales and marketing approaches to fit local cultures and traditions
  - Preserves independence by providing the flexibility to disengage when desirable
  - Avoids using scarce financial resources to fund acquisitions

The Risks of a Collaborative Strategy

- Knowledge and expertise of local partners may prove less valuable than expected
- Communication, trust-building, and coordination costs are high in terms of managerial time
- Discord among cross-border allies
  - Language and cultural barriers
  - Diverse or conflicting operating practices
  - Conflicting objectives and strategies, differences of opinion about how to proceed, and/or differences in corporate values and ethical standards
  - Trouble working together or reaching mutually agreeable ways to proceed
- It is risky to become overly dependent on another firm for essential expertise and competitive abilities over the long-term

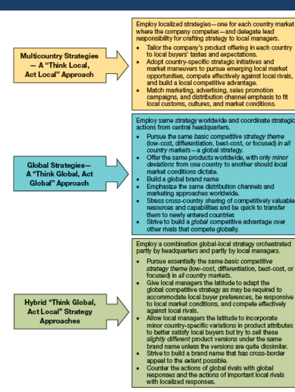
Competing in Foreign Markets: The Three Competitive Strategy Approaches

- Strategic Issue: Employ Localized Multicountry Strategies or a Global Strategy?
  - Whether ***to vary*** a firm's ***strategy*** and ***competitive approach*** to fit specific market conditions and buyer preferences in each host country
    OR
  - Whether ***to employ*** essentially ***the same strategy*** in all countries where the firm competes

Core Concept

Multicountry or **localized strategies** involve tailoring a company's product offering and competitive approach from country to country to match differing buyer preferences, market conditions, and competitive circumstances.

FIGURE 7.1 The Three Strategic Options for Competing Internationally



When Is a Think-Local, Act-Local Approach to Strategy Essential?

- There are significant country-to-country differences in customer preferences and buying habits
- There are significant cross-country differences in distribution channels and marketing methods
- Host governments enact regulations requiring products sold locally meet strict manufacturing specifications or performance standards
- Trade restrictions of host governments are so diverse and complicated they preclude a uniform, coordinated worldwide market approach

 7–43

The Pros and Cons of a Think-Local, Act-Local Approach to Strategy-Making

- ***Advantages***
  - Accommodates the differing tastes and expectations of buyers in each country to stake out the most attractive market positions vis-à-vis local competitors
  - Grows global sales and market share by making product offerings more relevant and appealing to local buyers
- ***Disadvantages***
  - May raise production and distribution costs due to the greater variety of designs and components, shorter production runs, and the costs and complications of added inventory handling and distribution logistics
  - Is not conducive to building a single worldwide competitive advantage
  - Handicaps a firm in using its resources, competencies, and capabilities to speed entry into additional country markets (because the resources, competencies, and capabilities used in one country may differ from what is need in another country)

 7–44

Core Concept

A **global strategy** is one where a company employs the same fundamental competitive approach (low-cost, differentiation, best-cost, or focused) in all countries where it operates, sells much the same products everywhere, strives to build global brands, and coordinates its actions worldwide.

 7–45

Global Strategies—A Think-Global, Act-Global Approach

- Best suited for globally competitive industries where the firm's competitive approach can be fundamentally the same in all countries
- A high degree of cross-border strategy similarity:
  - Enables central headquarters to tightly integrate and coordinate the company's strategic moves worldwide
  - Promotes building a global brand name, since a company can sell its products under the same brand names everywhere (with minor local adaptations when "necessary")
  - Allows a firm to compete using the same capabilities, marketing, and distribution channels approaches worldwide
  - Makes it feasible to use the same strategy to expand into most all markets where significant buyer demand exists
  - Facilitates quick, smooth transfer of ideas, new products, and competitively valuable capabilities from one country market to another

 7–46

Reasons to Use a Global Strategy When Market Conditions Permit

- A globally standardized product offering:
  - Enables capture of ***scale economies*** in manufacturing
  - Allows a company to focus on establishing ***a global brand image and reputation*** linked to the same product attributes in all countries
  - Facilitates concentrated effort on building the resource strengths and capabilities to secure ***a sustainable low-cost or differentiation-based competitive advantage*** over both domestic and global rivals

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FIGURE 7.2 How a Multicountry or Localized Strategy Differs from a Global Strategy

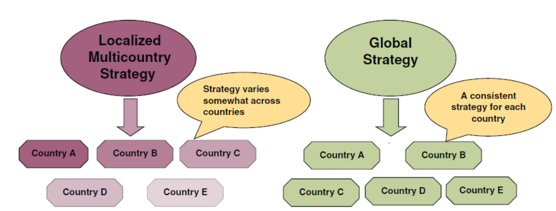

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FIGURE 7.2 How a Multicountry or Localized Strategy Differs from a Global Strategy (cont'd)

Localized Multicountry Strategy	Global Strategy
Customize the company's competitive approach as needed to fit market and business circumstances in each host country—strong responsiveness to local conditions.	Pursue the same basic competitive strategy worldwide (low-cost, differentiation, best-cost, focused low-cost, focused differentiation)—minimal responsiveness to local conditions.
Sell different product versions in different countries under different brand names—adapt product attributes to fit buyer tastes and preferences country by country.	Sell the same products under the same brand name worldwide. Concentrate on building global brands as opposed to strengthening local/regional brands sold in local/regional markets.
Either design manufacturing plants to cost effectively produce many different product versions or else scatter plants across many host countries, each making product versions for local markets.	Locate plants on the basis of maximum locational advantage, usually in countries where production costs are lowest but plants may be scattered if shipping costs are high or other locational advantages dominate.
Use local suppliers when local governments have local content requirements.	Use the best suppliers from anywhere in the world.
Adapt marketing and distribution to the prevailing local customs, culture, and market circumstances.	Coordinate marketing and distribution worldwide; make minor adaptations to local countries where needed.
Develop resources and capabilities appropriate to each country's localized strategy. Cross-border transfer of resources is limited because of strategy variability.	Compete on the basis of the same resources and capabilities worldwide. Stress rapid cross-country transfers of new capabilities, products, and best practices.
Give country managers fairly wide strategy-making latitude and autonomy over local operations.	Coordinate major strategic decisions worldwide. Expect local managers to stick close to the global strategy.
Strive to gain local competitive advantages (the nature of any such competitive advantages that are achieved will tend to vary from country-to-country).	Strive to achieve the same type of competitive advantage over rivals in every country where the company competes.

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Hybrid "Think Global, Act Local" Strategy Approaches

- A middle-ground approach
  - Entails utilizing the same basic competitive theme (low-cost, differentiation, best-cost, or focused) in each country *but allowing local managers leeway to*:
    - Incorporate minor country-specific variations in product attributes to better satisfy local buyers
    - Make adjustments in production, distribution, and marketing strategy elements to be responsive to local market conditions and to compete more successfully against local rivals

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Questions for Simulation Company Co-Managers

- Is your company pursuing a global strategy or a strategy that is localized by geographic region?
- Which of the following best characterizes your strategy?
  - Think local, act local
  - Think global, act global
  - Think global, act local
- Have you studied rival companies enough to know which of these three strategy options they are pursuing—most especially your closest rivals?

 7–51

Building Cross-Border Competitive Advantage

- Ways to gain competitive advantage (or counteract disadvantages):
  - Locate value chain activities in certain countries in order to lower costs or achieve greater product differentiation.
  - Do a better job than rivals of efficiently and effectively transferring competitively valuable competencies and capabilities from one country to another.

 7–52

Core Concept

Cross market subsidization entails supporting competitive offensives in one market with resources and profits diverted from operations in another market.

Such a competitive tactic can be a powerful weapon against a rival with only one profit sanctuary or limited resources.

 7–53

Using Location to Build Competitive Advantage

- To use location to build competitive advantage, a firm must consider:
  - Whether it is more advantageous to concentrate each activity it performs in a few select countries or to disperse performance of the activity to many nations
  - In which countries to locate particular activities to boost the company's competitiveness vis-à-vis rivals and facilitate achieving competitive advantage

 7–54

When to Concentrate Activities in a Few Locations

- Activities should be *concentrated* when:
  - The costs of manufacturing or other value chain activities are significantly lower in one location than in others
  - Significant scale economies in production or distribution are associated with a particular location
  - Sizable learning and experience benefits accrue from performing an activity at a particular location
  - A certain location has superior resources, allows better coordination of related activities, or offers other valuable advantages

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When to Disperse Activities Across Many Locations

- Activities should be *dispersed* when
  - They need to be performed close to buyers
  - High transportation costs, scale diseconomies, or trade barriers make it too expensive to operate from a central location
  - It is strategically advantageous to disperse activities to hedge against exchange rate risks, supply interruptions due to weather, strikes or logistical delays, and adverse political developments

 7–56

Cross-Border Sharing and Transfer of Resources and Capabilities to Build Competitive Advantage

- When a firm has deep pool of competitively valuable competencies and resource strengths, it can:
  - Mount a resource-based strategic offensive to enter additional country markets
  - Pursue cross-border transfer of powerful brands, superior technology, core competencies, competitive capabilities, and key personnel to strengthen its global market position and boost its competitiveness vis-à-vis rivals in one or more countries
  - Use its dominating strength in a competitively valuable capability, resource, or value chain activity as a basis for winning a sustainable competitive advantage over rivals lacking such resource strengths

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What Is a Profit Sanctuary?

- ***Profit Sanctuaries*** are markets (or geographic regions) where a firm earns substantial profits because of its strong or protected market position
  - In most cases, a company's biggest and most strategically crucial profit sanctuary is its home market, but international and global companies may also enjoy profit sanctuary status in other nations where they have a strong competitive position, big sales volume, and attractive profit margins
- Companies that compete globally are likely to have more profit sanctuaries than companies that compete in just a few country markets
- A domestic-only competitor has only one profit sanctuary

 7–58

Core Concept

Firms with large, protected profit sanctuaries have an advantage in competing against firms that don't have a protected sanctuary.

Firms with multiple profit sanctuaries have an edge in competing head to head against firms with a single sanctuary.

 7–59

Offensive Attacks on Global Rivals

- **OPTION 1:** Attack a rival's profit sanctuaries
  - Forces a rival to take actions that erode its financial resources by raising its costs or squeezing its profit margins
- **OPTION 2:** Engage in "Dumping"
  - Involves selling goods in other countries at prices that are either (1) well below the prices at which it normally sells elsewhere or (2) well below its full costs per unit
  - Has appeal in two instances:
    - When it drives down the price so far in the targeted country that local rivals are quickly put in dire financial straits
    - When a firm with unused production capacity finds that it is cheaper to keep producing (as long as the selling prices cover average variable costs per unit) than to incur the costs associated with idle plant capacity
  - **Problem:** Runs a high risk of host government retaliation on behalf of the adversely affected domestic companies

 7–60

Questions for Company Co-Managers

- Should you make an effort to analyze which geographic regions/product segments your closest rivals are earning their biggest profits?
- Then should you deliberately launch an offensive attack on one or more of these rivals in those geographic regions/product segments where they have big profit sanctuaries?
- Is such an attack even more advisable if two or more of your close rivals' profit sanctuaries happen to be in the same region or product segment and if your profit sanctuaries are elsewhere?

 7–61