Appendix A.

THE CASE: Kaizer Consulting

Kaizer Consulting is an international management consulting firm that specializes in business strategy and serves as a key advisor to the world’s leading companies. It provides its clients with the unique insight to drive critical decision-making and solve their most pressing problems.

Every year, the majority of Kaizer’s business comes from clients with whom they have worked in the previous year – an indicator of Kaizer’s ability to achieve lasting results for its clients. Kaizer’s client relationships are enduring as many clients have remained customers for more than a decade and have become project partners.

The Client has a Problem

The manager of a product category at a Fortune 50 technology company (The Client) approached Kaizer to analyze the complete range of supply chain challenges his company would face when they entered Mexico- a new market in South America that was recently dominated by a large single competitor. Initially, it was agreed that The Client would benefit most from a set of detailed analyses of the market which would focus on providing a deep understanding of the

* *market’s c*ulture and business practices and
* manufacturing, distribution, and retail operations required to execute their market development plans.

The Client was aware of some cultural differences in the new market, but was under the impression that it would be able to proceed as it normally did when entering a new market. Further, The Client believed that the competitor’s primary advantage was based on optimized management of the distribution network and aggressive retailing. The Client thought it could proceed on that basis with its usual market entry strategy, but wanted to obtain Kaizer’s opinions on this before proceeding.

Kaizer’s Approach

Based on extensive research about the market generally, but specifically with individuals, focus groups, cultural experts, CSR and legal experts, suppliers, industry experts, vendors, and employees of companies in similar situations, Kaizer realized that:

* The Client’s competitor had committed a number of culturally-based mistakes, primarily with respect to age, religion, gender issues and local social taboos. Although these were not disastrous, the mistakes were covered in the media and had created the general impression that the competitor didn’t really care about the target market’s traditional cultural values, beliefs, customs, and norms.
* The Client’s competitor had selected the target market in part because of the lax enforcement of environmental protection laws and government corruption. Social media and the mass media soon discovered how the competitor was conducting business in the target market. Subsequently, the competitor had to perform substantial damage control to protect its international reputation of being socially- responsible. The competitor is currently facing legal action in Canada and the US for its alleged corrupt business practices.
* The Client’s competitor’s key business advantage was actually based on long-term production contracts; in effect, the competitor had become partners with its suppliers. By doing so, the competitor had leveraged its foreign investment in a number of ways: it had created a supply chain that achieved a number of cost savings on commodities, equipment, machines, and technologies; helped improve the local economy by providing relatively high-paying jobs to local people; and contributed to social and political stability in the country.

Kaizer’s Findings

With the new knowledge provided by Kaizer, The Client:

* Refocused its market entry and distribution strategies from enhancing warehousing and retail systems to more innovative production plans that incorporated local benefits and added a plan to use Mexico as a base for expansion into other countries in the region.
* Challenged its managers and employees to develop highly ethical Codes of Conduct and CSR strategies that supported its long-term operations in the target market.
* Most importantly, was able to develop an overall approach that was culturally sensitive and appropriate, even humorous. This approach was reflected in all the client’s negotiation and partnership development activities and clearly demonstrated its respect for the target market’s culture.

Next Steps

Kaizer has recognized that this work could become a model for future work with this client and others in similar situations. They’ve asked you to provide comments and a framework to analyze these situations more efficiently.