

INSIDE **SUPPLY** MANAGEMENT

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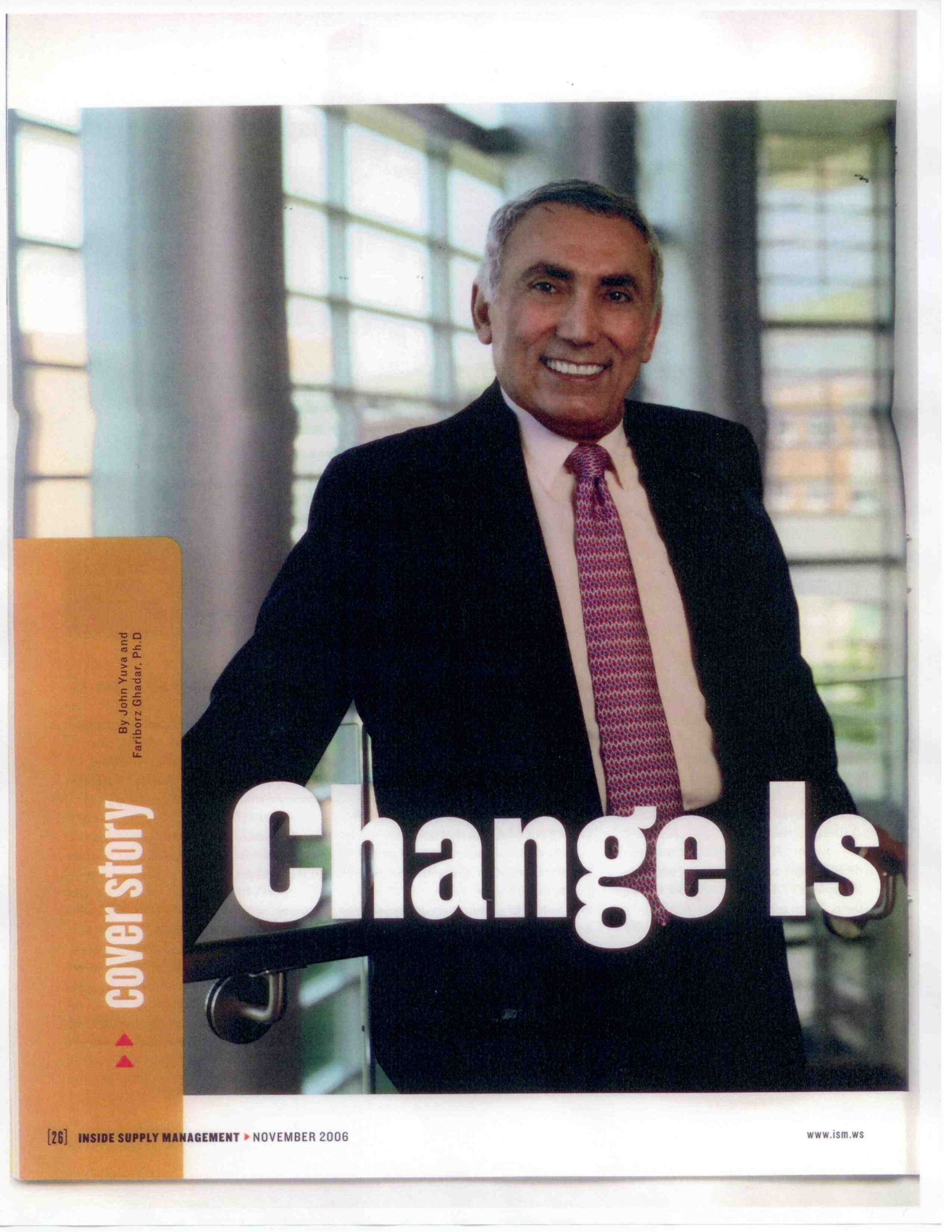
Expert Insights
Into the Evolution
of Corporate
Strategy

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A portrait of Fariborz Ghadar, a middle-aged man with short grey hair, wearing a dark suit, white shirt, and a red patterned tie. He is smiling slightly and looking directly at the camera. The background is a blurred outdoor setting with green foliage.

Change
Is Constant

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By John Yuva and
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cover story



Change Is

What is the long-term outlook for the American automobile industry? How much influence will Asia have on the U.S. economy in 10 years? What global strategy will companies need to implement in order to compete in tomorrow's marketplace? Answering these questions requires someone with an intimate understanding of business trends and global economics. One notable expert is Fariborz Ghadar, Ph.D., the William A. Schreyer Chair of Global Management and director of the Penn State University Center for Global Business Studies at The Pennsylvania State University in State College, Pennsylvania. Recognized by *BusinessWeek* as one of the top 10 "Stars of Finance," Ghadar is a leading authority on global business trends and global corporate strategy.

Just how has corporate strategy evolved over the years? Based on comprehensive research and his latest book, *Global Tectonics*, Ghadar explores the evolution of corporate strategy by examining the growth of technology from post-World War II to the present. Through his analysis, executives will have a greater understanding of how their company made the transition to compete in today's marketplace.

Growth of a Global Market

Following the end of World War II, the economies of Japan, Germany and most of Europe were decimated. This left the United States as the dominant economic power. As the economic and technology leader, the world had little choice but to choose the United States as its primary source of trade. This economic advantage continued for the next 20 years. During that time, U.S. companies began to develop a global strategy and position themselves in the marketplace based on their level of technology. Four market segments emerged:

1. **Leading-edge technologists.** Companies in this segment focused on next-generation technology. Much of their work revolved around R&D. While there was interest in their discoveries from outside sources, these companies had little to no marketing

efforts. Emphasis was on the outcome of the research rather than how it could benefit the marketplace.

2. **Proven technologists.** Companies residing in this segment manufactured products with technology that was tested and proven to be of a high standard. With a robust sales force, these companies relied on their brand to attract customers. Purchasing from a company in this segment meant you were receiving the best that the marketplace had to offer.

3. **Value-driven technologists.** Companies operating from a value-driven perspective prided themselves on the ability to offer a quality, reliable product at a reasonable price. Where the segment above excelled at sales, the value-driven group was a leader in marketing its products. Not only

was there an understanding about customers' needs, but that understanding extended globally.

4. **Price-based technologists.** Companies within this group manufactured standardized products where the focus was on price. As a result, there was an emphasis to meet the needs of price-sensitive customers. Often, the cost of offering cheaper products was offset by lower wages and fewer benefits for employees.

While these corporate strategies were the mainstay during the first 20 years following World War II, a shift began to emerge in the mid-1960s that continues evolving to this day.

Product Costs and Lifecycles

For nearly two decades, the United States was a leader in many industry

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In today's world where *value* is an expectation, **companies must view their suppliers as partners working together** in an integrated network to deliver capabilities and products to the consumer.

