
HOW TO EXPAND INTERNATIONALLY: MANAGING ECONOMIC RISKS

International MBA IMBA-EN SEP-2024 S-IBE

Area Economics

Number of sessions: 15

Term: Concentrations

Category: regular

Language: English

Professor: **MIKEL AGUIRRE UZQUIANO**

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Academic background

PhD in Economics (International Economy) cum laude honors, UCM (2005)

Professor Aguirre was born in Bilbao where he graduated in economics.

In 1994 he moved to Madrid where he studied an MBA at IE Business School, completing his Executive MBA in 1997

Academic experience

Professor Aguirre has been teaching uninterruptedly in the IE Business School since 1998. He belongs to the Economic Environment department.

Professor Aguirre is a regular lecturer in Conferences and meetings about Country Risk Analysis and International Trade.

Professional background

Working in the financial and insurance market since 1990, Professor Aguirre has held different positions in banks and Export Credit Agencies being also Financial Director in the International Consortium of Credit Insurers (CIAC whose shareholders are BBVA, Santander, Munich Re and CESCE). Currently, he is the Head of the Political and Single Risk Department for Spain and Portugal at COFACE, one of the world leaders in information, credit insurance, factoring and recoveries, with branches in 65 different countries.

<http://economy.blogs.ie.edu/archives/author/maguirre>

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https://www.linkedin.com/in/mikel-aguirre-uzkiano-b82b105b?trk=nav_responsive_tab_profile

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Professor: Pablo Neira

Academic background

Harvard Business School MBA, 1993

Graduated in Economics, CEU & UCM, Madrid, 1986

Professional background

Pablo has 35+ years of international executive experience specializing in managing listed, private equity backed, and family businesses. Broad-based experience across international and cultural boundaries as CEO, Board Member, Finance Director and management consultant.

Hands-on experience in market strategy and global business development, combining international expansion (organic and M&A), with broadening product and customer scope. Managed internationalization of businesses in Europe, LATAM and USA settling subsidiaries, joint-ventures, distributors and M&A operations.

Academic experience

Professor Neira has been teaching at the IE of Public Affairs since 2018 International Trade, Managing the Multinational Corporation and Internationalization of Business.

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Office Hours

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SUBJECT DESCRIPTION

During the last three decades the lecturers' professional life has been around helping companies to go internationally taking into consideration financing and insuring international trade operations and advising, from a legal perspective, cross-border transactions.

International trade has evolved very quickly in the last years. Developed economies used to produce in countries with cheap labor force to sell to richer countries. Nowadays wealth and growth remain mainly in developing countries.

How do we manage these new markets?

In the 21st century, the key selling point to developing economies is to construct and create financial structures allowing potential consumers in developing economies to buy what they see in the media. This outcome is only possible through international strategic alliances and joint ventures between key stakeholders.

"There are no exports without financing and there is no financing without insurance". This sentence of Rafael Martinez Cortiña, former president of Banco Exterior de España and Natwest SAE, summarizes our interest in trade, how to develop new markets and finance the operations, and finally how to cover the increasing number of risks in this globalized marketplace without forgetting the legal, regulatory and compliance dimensions.

If you are a student interested in, developing a professional career in an international environment this is the course for you. Both speakers have many years of management experience in international operations and continue to work in this area today.

LEARNING OBJECTIVES

This course teaches the fundamentals of international trade business opportunities and how to hedge the increasing number of risks in international trade.

Along the course, the two lecturers will analyze the state of the art practices in international trade, how to search and develop business opportunities worldwide, together with the finance and funding alternatives available in the market to support business activities.

The course will allow students to dive deep into:

The international environment in the 3rd millennium. Uncover business opportunities for companies and countries.

Describe what the successful company will be like in the 21st century. Find the business tools that will enable our company to become more agile in constantly changing markets, and help us adapt our strategies to those of providers and clients geographically scattered.

Get to know the structure of international companies. How to produce a product or provide a service with worldwide potential.

Become aware of the importance of a financial offer in a supply market. Presentation and analysis of the fundamental means of international payment and collection. Key notions and practicalities.

Acquire knowledge about international trade finance in short-term operations. Main risks to be considered and risk transfer by means of the usual procedures: transport, exchange and credit.

Learn about financial tools and other alternative instruments of coverage and financing: factoring and confirming.

Make the most of international marketing as a key aspect of the internationalization process.

Risk analysis and risk management become fundamental as part of a corporate internationalization strategy. At the end of the course, students will be familiar with:

- Payment methods, guarantees and documentation used in international transactions.
- Country risk for business opportunities.
- Foreign exchange risk: analysis and mitigation in short term operations
- Credit risk: analysis and mitigation in short term operations
- Documentary risk: analysis and mitigation.
- Legal risks.

Participants will also learn and have comprehensive and practical approach to:

- Understand the considerable challenges as well as valuable opportunities managers face in the current globalized world and assess how to develop business beyond their borders.
- Understand the basis to perform industry and company strategic analysis in a globalized world and what international advantages can a company exploit to win across borders and markets.
- Understand the available strategic alternatives to business to enter and further expand in international markets, learn how to reach those markets and the different entry alternatives; evaluating which strategic activities to own and which to execute through alliances or outsourcing.
- Understand the scope of funding alternatives for initiating and developing business opportunities.

TEACHING METHODOLOGY

IE University teaching method is defined by its collaborative, active, and applied nature. Students actively participate in the whole process to build their knowledge and sharpen their skills. Professor's main role is to lead and guide students to achieve the learning objectives of the course. This is done by engaging in a diverse range of teaching techniques and different types of learning activities such as the following:

Learning Activity	Weighting
Lectures	30.0 %
Discussions	7.0 %
Exercises in class, Asynchronous sessions, Field Work	17.0 %
Group work	20.0 %
Individual studying	26.0 %
TOTAL	100.0 %

AI POLICY

Tools may be used in this course for with appropriate acknowledgement. . If a student is found to have used AI-generated content inappropriately, it will be considered academic misconduct, and the student might fail the respective assignment or the course.

If you are in doubt as to whether you are using GenAI tools appropriately in this course, I encourage you to discuss your situation with me.

PROGRAM

SESSION 1 (LIVE IN-PERSON)

Introduction. Current Global Trends: Implications for business opportunities and leaders. Professor Neira

Foundations of industry disruption and how they impact on businesses, causing challenges and unique opportunities.

Article: Who's afraid of disruption? (The Economist, Sept 2017) (CED)

SESSION 2 (LIVE IN-PERSON)

The Shifting Wealth of Nations. Opportunities in a Global Market. Professor Aguirre

How the world and international trade have evolved during the last decade and the last year with the Covid crisis

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SESSION 3 (LIVE IN-PERSON)

The Shifting Wealth of Nations. Opportunities in a Global Market II. Professor Aguirre

Economic and political drivers to choose a country as final destination

Main economic, political and social analysis to be carried out in a country to successfully internationalize.

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SESSION 4 (LIVE IN-PERSON)

Industry disruption changing the rules of the game. Professor Neira

Following session 1, we will analyze how current global industry disruption is changing not only business rules of the game but also affecting risk considerations leading to extraordinary opportunities for business leaders.

Article: Turning disruption into opportunity: how to release trapped value. (HBS ROT405-PDF-ENG)

SESSION 5 (LIVE IN-PERSON)

Benefits and reasons to exploit international opportunities. Professor Neira

Why should your business carry out (or not) international opportunities?

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SESSION 6 (LIVE IN-PERSON)

Are you ready to internationalize? Professor Neira

Fundamentals of market and company strategic analysis to understand whether a business is ready to pursue global opportunities.

Technical note: Resource Based View (Strategic Management Insight)

Technical note: VRIO Framework (Strategic Management Insight)

SESSION 7 (LIVE IN-PERSON)

Business strategy for international expansion. Professor Neira

This class will focus on the process and necessary analysis required to design an effective global business expansion strategy.

Article: Distance Still Matters: The Hard Reality of Global Expansion (HBS R0108K-PDF- ENG)

SESSION 8 (LIVE IN-PERSON)

Disruption and opportunities in traditional sectors. Professor Neira

Participant will have to prepare in groups a report related to the Zara **case: What business is Zara in?**

Practical Case: What business is Zara in? (HBS W19157-PDF-ENG)

SESSION 9 (LIVE IN-PERSON)

Country Entry Alternatives and Risks Involved. Professor Neira

What are the main strategic alternatives available when entering a country to develop a business opportunity?

Article: When to Ally and When to Acquire (HBS R0407H-PDF-ENG)

SESSION 10 (LIVE IN-PERSON)

Country Risk in International Trade . The Asian Financial Crisis. Professor Aguirre

Practical Case: Chronology of the Asian Financial Crisis (HBS 708001-PDF-ENG)

Technical note & tutorials: Current Topics in Economic Policy. A Policymaker Perspective (EEN020068-U-ENG-WOD)

SESSION 11 (LIVE IN-PERSON)

Main Topic: Currency risk: The USD, the EUR and currencies from economies in transition.
Professor Aguirre

Currency Business Risks. The currency wars. The case of Société Générale

How to hedge currency risk in an international trade transaction

Practical Case: Societe Generale (A): The Jerome Kerviel Affair (HBS 110029-PDF-ENG)

Practical Case: Societe Generale (B): The Jerome Kerviel Affair-Supporting Case (HBS 110030-PDF-ENG)

Technical note & tutorials: Interactive Graph of the exchange rate (EEN020043-U-ENG-HTM)

SESSION 12 (LIVE IN-PERSON)

The German system of “relationship banking”. Professor Aguirre

Other pillars of the “Social Market Economy”. The role of the “Mittelstand” and the debate over Basel II.

Doc.: Inside The Miracle

Practical Case: Banking on Germany? (HBS 703028-PDF-ENG)

SESSION 13 (LIVE IN-PERSON)

Professor Aguirre

Main Topic: Letter of Credit Analysis.

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Guarantees and Term of Payments

SESSION 14 (LIVE IN-PERSON)

Professor Aguirre

Trade Finance :Factoring and Reverse Factoring

Trade finance in emerging markets: The situation of Venezuela

Financing instruments. How do the different structures work?

Factoring, Forfaiting, financial leasing and other forms of merchant finance

T.N.: Trade Finance.

Practical Case : Plamar, C.A. (ENT010038-U-ENG-WOD)

SESSION 15 (LIVE IN-PERSON)

FINAL EXAM Professor Neira

MULTIPLE CHOICE

EVALUATION CRITERIA

criteria	percentage	Learning Objectives	Comments
Class Participation	30 %		
Workgroups	35 %		
Final Exam	35 %		

FAILING GRADE AND REASSESSMENT

When students receive a Fail in a course, they have the opportunity to present themselves for reassessment in order to earn the necessary credits toward graduation.

The reassessment of students should be scheduled between 5 and 10 working days after the review session takes place.

Grades for the reassessment are limited to a Low Pass and Fail.

Both, the initial Fail as well as the grade of the reassessment remain on the transcript. For the purpose of calculating the GPA however, only the grade of the reassessment is to be considered. Students receiving a failing grade in the reassessment of a course will not be able to continue in the program.

BEHAVIOR RULES

Please, check the University's Code of Conduct [here](#). The Program Director may provide further indications.

ATTENDANCE POLICY

Please, check the University's Attendance Policy [here](#). The Program Director may provide further indications.

ETHICAL POLICY

Please, check the University's Ethics Code [here](#). The Program Director may provide further indications.

UNIVERSITY