OPIM 899 Global Supply Chain Management in China

March 3-9, 2019

Instructors: Marshall Fisher & Edwin Keh

- The course outline for 2017, the last time the course was taught, is below. The 2019 course will be similar with a few small changes, including some updates to companies visited and readings.
- Starting event: dinner 6:30 PM, Sunday, March 3, 2019, Shanghai
- Ending time and location: 1pm, Saturday, March 9, 2019, Hong Kong.
- Pre-trip sessions of 6 hours total duration will be held in February at times to be announced. We usually schedule these sessions in 6-9pm time slots so as not to conflict with regularly scheduled courses.
- We may also schedule some optional visits in February to U.S. operations of companies we are visiting in China.
- Since the learning in this course depends on active student participation, the course must be taken for a grade i.e. no pass/fail option. The course is one credit unit.
- All students are required to pay the course fee, which covers hotels Sunday – Saturday in the 3 cities of the course, the internal flight from Shanghai to Honk Kong and most meals. The 2017 fee was $1,850 and $2,500 for double and single occupancy respectively, and we expect the fee this year will be a little higher, due to inflation.
- Students interested in taking this course are invited to submit a short statement of up to one page stating why you want to take this course, how you expect to use what you learn in your future career, what relevant operations courses you have taken or will take, and your grades in those courses, if available. An e-mail address for submitting this will be provided.
OID899 Global Supply Chain Management in China

Course Information and Assignments

March 5-11, 2017

Locations: Shanghai, Shenzhen & Hong Kong, China

Dates: dinner 6:30 PM March 5, 2017, Shanghai to 1pm, March 11, 2017, Hong Kong.

Pretrip sessions: February 20 & 21, 6-9pm, at Wharton

Credit: 1 Credit Unit, and course must be taken for a grade, no Pass/Fail option

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Important notes

• Since the learning in this course depends on active student participation, the course must be taken for a grade i.e. no pass/fail option.

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Course overview

This course will focus on operations strategy for supply chains that begin or end in China. Some issues to be considered include the following.

From the perspective of Chinese companies
1. Labor unrest e.g. at Foxconn, Honda, etc. leading to doubling of wages at Foxconn and generally rising wages. Wages along East coast now 30% higher than inland.
   a. Move manufacturing offshore or inland, or increase productivity in existing costal areas
   b. Evolve the economy from one based on labor arbitrage to one based on innovation, technology and higher value add activities
2. Implications of social unrest e.g. suicides at Foxconn, strikes, killings in kindergartens. What are the causes? Inadequate mental health care, income inequality, corruption?
3. Desire to raise consumption rate and grow the domestic economy
   a. Challenge for exporting firms to develop a distribution system to supply the internal economy.
4. Sustainability and environmental impact

From the perspective of non Chinese companies
5. Sourcing
   a. What to do as wages and costs rise and capacity is diverted to supplying the internal economy
6. Supplying the Chinese market
   a. Why are top US brands laggard’s in China?
   b. From ‘Made in China’ to ‘Made for China.’ How much should Western brands customize to China. Nike (which kept almost everything the same) vs. KFC (all we brought form the U.S. was the picture of the Colonial.)

We will explore these issues through the lens of companies within China, both Western and Chinese companies, who face them. The companies are chosen to illustrate a mix of approaches to the same industry.

About half the time will be spend visiting companies in China and the other half discussing issues and findings from those visits. On a typical day we will divide into 3 or 4 groups and each group will visit a different company, touring their operations and
discussing issues with senior executives of the company. We return to the hotel in the afternoon and each team will prepare a presentation for the other students to describe what you saw and to teach your fellow students the lessons you learned from the visit. These presentations and discussions will continue over dinner.

Each visit will be lead by a team of 3 or 4 students, and each of you will be a part of one of these leadership teams. Prior to leaving for China we will solicit your preferences for the companies we are visiting, and use these to assign you to company visits and a leadership team.

Reading

News sites – scan at least one of these in the few months prior to the trip

- http://english.caing.com/
- Xinhua net http://english.news.cn/
- South China Morning Post (Hong Kong newspaper that is quite different from China Daily)
- http://www.scmp.com/portal/site/SCMP/

Required Books – read before the February 16 session

The One Hour China Book: Two Peking University Professors Explain All of China Business in Six Short Stories Paperback, by Jeffrey Towson and Jonathan Woetzel, January 12, 2014

Poorly Made in China: An Insider’s Account of the Tactics Behind China’s Production Game, by Paul Midler
Interesting and different angle on Chinese made products. Book won multiple awards.

Recommended books – read at least three of these, you will be asked to write a report on one of them

1. China’s Mobile Economy: Opportunities in the Largest and Fastest Information Consumption Boom by Winston Ma (December 27, 2016)

2. China’s Next Strategic Advantage: From Imitation to Innovation by George S. Yip and Bruce McKern, MIT Press (April 8, 2016)

4. The End of Cheap China, Revised and Updated: Economic and Cultural Trends That Will Disrupt the World by Shaun Rein (June 30, 2014)


6. China in Ten Words by Yu Hua (Author), Allan H. Barr (Translator) (August 21, 2012)

7. CHINA’S CHOICE: CAPTURING THE $5 TRILLION PRODUCTIVITY OPPORTUNITY
   McKinsey Global Institute, (June 2016) (available on course website)

8. Does the 21st Century Belong to China?: The Munk Debate on China (The Munk Debates) by Henry Kissinger, Niall Ferguson, David Daokui Li and Fareed Zakaria (Nov 22, 2011)


11. Country Driving: A Journey Through China from Farm to Factory by Peter Hessler, 9 February 2010

    The book captures the essence of sourcing and manufacturing in China and is a pragmatic approach that every businessperson headed to China must read


15. Luxury China: Market Opportunities and Potential, by Michel Chevalier and Pierre Xiao Lu

16. Sustaining China’s Economic Growth After the Global Financial Crisis
    A close look of China latest policy and economy background. Can help students to set a general understanding of China latest economy background

17. Walmart in China (Cornell Studies in Security Affairs) by Anita Chan (Nov 17, 2011)
    Relevant to course visit and Edwin’s previous work experience

18. On Equal Terms: Redefining China’s Relationship with America and the West by Mingxun Zheng, with forward by Thomas S. Robertson (Nov 15, 2011)
    Exploring China’s state-capitalist economic model and the unique qualities and ideals of Chinese culture that can make difficult for Westerners to understand its approach to business
interactions. Mingxun Zheng aka Paul Chen, graduated from Wharton in the 1960's. Paul will be meeting with us Friday night over dinner.

19. **When China Rules the World**: The End of the Western World and the Birth of a New Global Order, by Martin Jacques


22. **The Shipping Point**: The Rise of China and the Future of Retail Supply Chain Management. By Peter J. Levesque

23. **Safeguarding the supply Chain**: exploring adulteration in China and how to avoid it.(Inside China): An article from: Nutraceuticals World by Jeff Crowther (Jun 3, 2009) – HTML


25. **On China**, by Henry Kissinger


27. **American Wheels, Chinese Roads**: The Story of General Motors in China by Michael Dunne (Jul 26, 2011)


29. **As China Goes, So Goes the World**: How Chinese Consumers Are Transforming Everything by Karl Gerth (Oct 25, 2011)


31. **Why China Will Never Rule the World**: Travels in the Two Chinas by Troy Parfitt (Sep 15, 2011)

32. **One Billion Customers**: Lessons from the Front Lines of Doing Business in China by James McGregor (Sep 4, 2007)

34. **Tide Players:** The Movers and Shakers of a Rising China by Jianying Zha (Mar 29, 2011)  
   - reviews various key players in business and government

35. **Getting China and India Right:** Strategies for Leveraging the World’s Fastest Growing Economies for Global Advantage by Anil K. Gupta and Haiyan Wang (Feb 17, 2009)

36. **What the U.S. Can Learn from China:** An Open-Minded Guide to Treating Our Greatest Competitor as Our Greatest Teacher by Ann Lee and Ian Bremmer (Jan 9, 2012)

37. **China Today, China Tomorrow:** Domestic Politics, Economy, and Society by Joseph Fewsmith, Edward A. Cunningham, Sebastian Heilmann and Jamie Horsley (Aug 16, 2010)

38. **Brand New China:** Advertising, Media, and Commercial Culture by Jing Wang (Apr 10, 2010)  
   - will china develop brands? Good overview on China's challenge in establishing modern brand image.

39. **China’s Emerging Middle Class:** Beyond Economic Transformation by Cheng Li (Nov 12, 2010)  
   - Core driving force behind today’s China growth

40. **KFC in China:** Secret Recipe for Success by Warren K. Liu (Sep 26, 2008)

41. **Operation China:** From Strategy to Execution by Jimmy Hexter and Jonathan Woetzel  
   - (Dec 18, 2007)

42. **China Entrepreneur:** Voices of Experience from 40 Business Pioneers by Juan Antonio Fernandez and Laurie Underwood (Feb 3, 2009)  
   - Extraordinary look into business giants who defined Today’s China story

**Grading and assignments**

Grades are based one-third each on (1) class participation (2) three short write-ups and (3) a course paper.

**Class Participation**

This grade is based on your construction participation in all of the discussions and particularly on your role in leading one of the company visits.

**Short write-ups**

The short write-ups are a 2-3 page report on the book you read from the recommended list, **due by midnight March 20** and two 2-3 page write ups on 2 of your company visits, other than the company for which you were a visit leader, **due by midnight March 20.**

**Course paper**
Papers may be done in team of up to 3 students and this is encouraged as it enhances learning. A paper for a single student should be approximately 10 pages of text plus exhibits and references, and proportionately longer for groups.

The course paper is due by midnight April 20 and can deal with a specific company and how they have designed and managed their supply chain, compare two or more companies or delve more deeply into any issue within the realm of the course. The paper should be about 3,000 words of text and some exhibits. Please include word count when you submit your paper. Papers can be done in teams of 2 or 3 students, although the length guidelines would be proportionately greater for team papers, 4,500 and 6,000 words of text respectively for 2 and 3 person teams.

Course schedule

Pre-trip sessions: February 20 & 21, 6-9PM, at Wharton.

These sessions are required unless you have an approved conflict e.g. another academic obligation. We will also have a call in number for remote participation. The sessions will be recorded and all slides placed on the course website, for students who have a conflict.

These pre trip meetings with discuss the following topics.

1. Introductions and brief overview of the course concept
2. Visit schedule and description of companies we’re visiting
3. Your responsibilities
   a. Sign up for company preferences
   b. Visit process and responsibilities
   c. End of day briefing to each other on what you saw
4. Grading
5. Doing business in China
   a. How did we get here? History of US in China
   b. Opening up of China & normalization 70’s
   c. SEZ and the beginnings of trade, setbacks 80’s
   d. The roaring 90’s
   e. The tipping points
   f. Why China?
   g. Competitive advantages
   h. Where do we go from here
6. Assessing factories
   a. What to look for in a factory (decision making framework)
   b. Context of manufacturing (upstream, logistics, resources—water and power, HR)
   c. Government Relationships—how does that differ from the West
   d. Who else do you do business with matters
   e. Trade financing
f. The real HR challenges (succession planning, middle management, blue collar)

7. Culture and Society
   a. Guangxie
   b. GR/PR
   c. China vs. India

8. New business models and opportunities
   a. On line and multi-platform
   b. Branding and retailing
   c. China strategy
   d. Luxury
   e. Yihaodian – why they are successful
   f. Dealing with labor and currency increases

9. What should we learn from this experience
   a. What’s different about this class
   b. How to get the most out of the class

10. Logistics and business etiquette
    a. What did we learn last time round
    b. We move as fast as the slowest guy
    c. Introduction and lovely parting gifts
    d. Nuts & bolts --- when do we get started, jet lag, exchange rates, travel arrangements…
    e. Introductions to the various companies
    f. Paper writing, presentation, and participation

11. Discussion of readings
# Draft Schedule

OID899 Global Supply Chain Management in China - 2017 Partial Schedule  
(Companies shown are confirmed. Invitations pending with 2 other companies not shown on the schedule)

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<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Time</th>
<th>Activity</th>
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<tbody>
<tr>
<td>Tuesday</td>
<td>20-Feb</td>
<td>6-9pm</td>
<td>course intro, Huntsman Hall</td>
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<tr>
<td>Wednesday</td>
<td>21-Feb</td>
<td>6-9pm</td>
<td>course intro, Huntsman Hall</td>
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<td>Friday</td>
<td>3-Feb</td>
<td>10am-2 pm</td>
<td>Optional visit to Michael Kors, NYC</td>
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<tr>
<td>Friday</td>
<td>Feb Friday TBD</td>
<td>10am-2 pm</td>
<td>Optional visit to David's Bridal</td>
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<tr>
<td>Sunday</td>
<td>5-Mar</td>
<td>6:30</td>
<td>Kick off dinner</td>
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### Company visits

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<td>Monday</td>
<td>6-Mar</td>
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<td>Group 1</td>
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<td>Thursday</td>
<td>9-Mar</td>
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<td>Group 1</td>
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<td>Group 3</td>
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<td>Luen Thai</td>
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<td>Wingreat Ltd - Supplier to David's Bridal and Urban Outfitters</td>
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<td>Crystal Group</td>
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<td>Friday</td>
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<td>Michael Kors; S. Ocean; Magtag</td>
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<td>Li &amp; Fung, and Macy's</td>
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<td>Flextronics</td>
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<td>Friday</td>
<td>10-Mar</td>
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<td>Dinner at China Club</td>
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<td>Saturday</td>
<td>11-Mar</td>
<td>10am - 1pm</td>
<td>Discuss Friday visits &amp; wrap up</td>
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<td>HONG KONG</td>
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