

Course Introduction and Syllabus for:
TOPICS IN CHINA CROSS-BORDER DEVELOPMENT

(Module 3, 25 February – 26 April 2013)

Course Website: <http://xborder13.phbs.info>

(DRAFT: 17 Feb 2013; see website for updates)

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Office Hours: By appointment

Class Meetings: Mon & Thurs*

(Guest Speakers Wed 2:00-3:00)

Class Time: 8:00am-9:50am

Class Room: C105

* **CLASS MEETING-TIME NOTE:** *Since this course involves numerous guest speakers from industry, whose presentations (when scheduled) will be typically held on Wednesdays 2:00-3:00, extra flexibility for adjusting class meeting times is necessary. The Monday meeting time will always remain at 8:00-9:50. Thursdays' meeting time will vary according to the guest speaker schedule, either rescheduled for (a) that Wednesday 3:00-4:00pm, or (b) the same Thursday 8:55-9:50am. Regardless, the total class meeting hours requirement (36 hrs) will be strictly adhered to.*

Course At-a-Glance

- This course covers a numerous variety of topics that pertain to conducting business specifically when such activity spans across the geographic borders of Mainland China.
- The topics will be cross-functional and comprehensive in nature and are explored from the perspective of a general manager involved in managing a cross-border business.
- This course provides more subject-matter breadth about cross-border engagement than extensive depth of individual topics, per se.
- This course is delivered as an active learning experience, meaning the student is actively engaged in the course and learns by getting involved, exploring, doing, and taking intellectual risks, rather than the course being delivered in a traditional manner, i.e., passive engagement and rote memorization.
- This course aims to be fun and will be, to the extent that students meaningfully commit to embracing the active learning approach.
- This course prepares the student for a career in general management or management consulting.

Course Mission and Goals

At PHBS, our goal is to cultivate vision-principled and diverse leaders for China and the world: We accomplish this by providing courses: (a) that expose students to a unique, fully-international, learning environment, (b) that reach across traditional business disciplines in an interdisciplinary manner to develop comprehensive business knowledge, and (c) that cultivate responsible citizens of the world.

The contribution of this course toward these three goals is to fortify the global perspective of the student by deepen their exposure and appreciation of the tactical-level complexities when business activity involves crossing Mainland China's geographic borders. This course prepares the student for managing business in the real-world, which likely involves having to understand and deal with quite different business expectations, practices, cultures, norms, taxes, and legal environment, among other multidimensional threats, and/or opportunities. Conducting business cross-border can be risky, very frustrating, and quite humbling; this course serves as a 'heads-up' to students who are considering reaching outward beyond their home turf.

Keep in mind that this is a management oriented course, thus will have an applied orientation; moreover, nearly every conceivable business-school discipline is touched upon in this course, e.g., macroeconomics, finance, strategy, marketing, operations, technology, law, capital markets, public policy, government, foreign exchange, organization behavior, etc. As a management course, it is assumed that the student is somewhat acquainted with the general theories and ideas of global banking, markets, strategy, taxation, et cetera; in this course we explore the more practical and tactical level of these concepts, such as dealing directly with customs, exchanging money, reporting taxes...albeit in foreign, non-Mainland China countries from around the world.

What is a *Topics* course?

This course is a *topics* course, which infers that the specific content of this course is not found in a single textbook, or publication and can seem like an eclectic arrangement of topics. Topics actually covered in the course may actually change mid-stream, according to the interests of the students and the unpredictable occurrence of real-world events. Regardless, the actual choice of topics covered is meant to be highly relevant to the student both with regard to understanding and forming a viewpoint on current events and providing a personal experience; paramount is to provide background to future business tacticians that may be essential 5-10 years from now. This course involves a broad range of material and necessitates general understanding of topics from a wide range of business school courses as the real-

world is not as conveniently compartmentalized as is our business school curriculum or programs; this course mirrors this inexact complexity of our real-world, global business environment.

Illustrative List of Possible Topics

- Flow of Assets: goods (Customs) / flow of money (banking) / people (visa)
- Global Corporate havens
- World Trade Organization
- Outbound Investment into Africa & Emerging-to-Emerging Activity
- Mining & Resources Industry
- CEPA: Hong Kong & CEPA Macau & ECFA (Tawian)
- Employee & Business Culture: East vs. West, and more
- Competition Laws
- Nationalism
- Consumer Markets Abroad
- Transfer Taxes and International Taxes Regimes
- Experimental Zones: Qianhai / Hengqin / Nansha
- Offshore Renminbi (CNH)
- International RMB IPOs & Dim Sum Bonds
- Accounting Ethics
- Regional Economic Communities: NAFTA; European Union; ASEAN/AEC; African Union
- Technology (EDIFACT)
- Corporate Veils
- China SEZs abroad (Laos/Africa/USA)
- Transfer Pricing
- Shanghai Cooperation Organization
- China Land-Ports (Horgos, etc)
- China Marine Ports (Chiwan, Shanghai, etc)
- Offshore Companies and Financial Centers
- China International Fund (CIF)
- U.S.-China Economic and Security Review Commission

In the pursuit of this undertaking, this course leads student to the following outcomes:

1. Be aware of and be basic-conversant with the breadth of issues affecting a manager pertaining to China cross-border business development.
2. Recognize and comprehend the inherent complexity, risks and benefits of managing China cross-border activity.
3. Diagnose the multi-faceted intricacies of China cross-border business development and management.
4. Analyze and form an opinion about managing a China cross-border enterprise.
5. Present written and verbal critical thinking on complex topics and issues related to managing China cross-border initiatives.

Teaching Methodology

This course utilizes lectures, presentations, and guest speakers and will require student involvement in order to accomplish the learning objectives of the course. This course is taught from the Western mindset and is very fast-paced! This course will draw on books, numerous readings, cases, WWW sites and current news events. Students will be expected to seek data and information on their own as a critical part of the learning process. Students can expect a large portion of the learning to take place outside the course meeting time. Students should plan for 5-10 hours of non-classroom time to be allocated to this course if they are to earn a strong grade. This course will require much investigation, reading, analysis and critical thinking' this is not a rote memorization course. It will require professional writing and oral presentation skills. Group-work and individual work will be an integral part of this course. Real-world current business events and transactions will be an integral part of this course. As part of the learning process, students will be involved in evaluating other students' work.

Course Website

The course website is the primary communications vehicle for outside-of-class communications and course documentation. The student is expected to routinely check the site for information and class-related announcements—perhaps daily.

Prerequisites

Second-year students will gain the most from this course, although any-year students are welcome. Student must be motivated and willing to embrace the discovery method of learning: this is a graduate-level course that prepares the student for the real-world; much of the topic-details will not always be spoon-fed to students. Students taking a passive learning attitude will not succeed in this course. Since this is a course encompassing a wide variety of real-world business topics, rote memorization is not an effective strategy; using common business sense and spending the proper time necessary for this course will lead to a positive outcome for the student.

Course Text

Course readings are from numerous courses, no text book is part of this course. Readings will be provided to the student; some independent research and investigation is expected from the student.

Grading/Evaluation

Grades will be based according to the follow deliverables:

I. Cross-Border Business Plan (1, indiv., ~15 pgs)	50%
II. White Paper (4, group, ~10 pgs)	40%
III. Presentation (1, group, 50 mins.)	10%
IV. Classmate Evaluations (2, indiv., ~3pgs)	(0% to 5% penalty)

Class attendance and in-class participation is not explicitly considered in the individual grading for this course, although participation is expected; non-participation can materially affect grading of the deliverables. Any amount of plagiarism in any submitted work is an automatic 0 grade for that entire assignment (if a group project, 0 for the entire group). Classmate evaluations are written opinions of what is good, what to improve, and ideas on how to increase the impact (delivery and content). White papers will be due approximately every two weeks throughout the course. Course project is a written cross-border business plan for a business development idea due at 23:59 of the day before the semester's first official final exam day.

Course Project: Cross-Border Business Plan

This individual project is due at the end of the course. It is a specific, original and realistic business initiative conceived by the student. This is a business plan that proposes a cross-border project in sufficient detail to a mission-critical stakeholder, e.g., financial investors, or a corporate board. This should not be thought of as a school paper, it is a business plan/proposal as if in the real-world—thoughtfulness and presentation professionalism matters, etc.

Group White Paper

Groups will be assigned by the professor. Group membership will change for each paper. The topic will be assigned by the professor. All students receive the same grade.

Group Presentation

Groups will be assigned by the professor. The topic will be assigned by the professor. All students receive the same grade.

Classmate Evaluations

Students will provide written feedback to other classmates two times.

Illustrative Reading List (Subject to change)

- Kim, W. Chan, & Mauborgne, Renee (2004). Blue Ocean Strategy. Harvard Business Review, Oct.
- US Congress. (2012). Investigative Report on the U.S. National Security Issues Posed by Chinese Telecommunications Companies Huawei and ZTE.
- Lee et al., (2012). Is China Over-investing and Does it Matter. IMF working paper
- US Chamber of Commerce. (2012). China's approval process: For inbound foreign direct investment.
- Deacons. Closer Economic Partnership Arrangement between Mainland China and Hong Kong (CEPA)
- IMF. (2012) People's Republic of China: 2012 Article IV Consultation
- Song, Hong (2011). Chinese Private Direct Investment and Overseas Chinese Network in Africa. China & World Economy, 19(4), 109-126.
- US Chamber of Commerce. (2012). Faces of Chinese Investment in the United States.
- Minikin, Robert, & Lau, Kelvin, (2012). The Offshore Renminbi: The Rise of the Chinese Currency and Its Global Future
- Rosen, Damiel et al (2011). An American Open Door? Maximizing the benefits of Chinese Foreign Direct Investment. Asia Society

- Salidjanova, Nargiza (2011). Going Out: An overview of China's Outward Foreign Direct investment. US-China Economic & Security Review Commission
- Winning the \$30 trillion decathlon: Going for gold in emerging markets
https://www.mckinseyquarterly.com/Strategy/Globalization/Winning_the_30_trillion_decathlon_Going_for_gold_in_emerging_markets_3002
- UNCTAD World Investment Report 2012
http://unctad.org/en/PublicationsLibrary/wir2012_embargoed_en.pdf
- UNCTAD database: <http://unctad.org/en/Pages/Statistics.aspx>

About the Professor

Assistant Professor Terrill Frantz is a full-time management faculty member of HSBC Business School at Peking University Shenzhen. He has 20 years of corporate experience, working for global investment banks (Morgan Stanley and JP Morgan) in New York, London, and Hong Kong and consulting at numerous organizations in other industries as well. His academic field is Organization Behavior with a research focus on Post-Merger Integration—he has published numerous academic articles and book chapters on the subject. Dr. Frantz has a life-long orientation in software technology, business management, supported by both work experience (Asia-Pacific Operations Officer for Technology at Morgan Stanley, Assistant to the CIO at Morgan Stanley NY, etc) and advanced degrees (EMBA/MBA from Stern, New York University, Computer Science from Carnegie Mellon University, etc).

Further professional details can be found at:

- <http://english.phbs.pku.edu.cn/index.php?c=index&a=show&catid=627&id=8>
- <http://cn.linkedin.com/in/terrillfrantz>
- <http://scholar.terrillfrantz.com>

Learning Notice

Each of Professor Frantz's courses concentrate on several critical outcomes that are part of any world-class graduate business program. These categories of outcomes reflect and underpin the teaching methods and how the students are evaluated:

- Strategic integration
 - Cross-functional and broad range of business disciplines involved: management, finance, economics, organization behavior, marketing, political science, accounting, taxes, legal, et cetera.
- Disciplinary knowledge
 - Knowledge about the content covered in the course
- Human Capital
 - Working within groups
- Decision making
 - Selecting the topics of your own projects
- Global Understanding
 - It is not only about the West or just about China
- Critical Thinking
 - Determining where and how to get information and what is relevant and what is not, what the problem is, and what may be a viable solution.
- Managerial communication
 - Written and oral presentations
- Managerial Ethics
 - Adherence to international- and academic-ethics is judiciously appraised