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# Case Competitions Challenge Analytical Savvy

**T**he Case Method of teaching was developed in response to calls for "real" problem solving experience, and has been growing in scale and stature at business schools worldwide. The method provides students with an opportunity to experiment with multiple solutions, and try them out in a risk-free environment - something they will never be able to do once they graduate.

With the use of teaching cases on the rise, MBA case competitions have grown more common as a showcase for the analytical and strategising skills of students hailing from different countries. Case competitions are becoming grander in scale, increasingly diverse and offer a convivial setting for intense competition.

In January, members of ACRC staff had the privilege of accompanying a team of University of Hong Kong MBA students to the 24th John Molson MBA International Case Competition at Concordia University in Montreal. Organisers at the John Molson School hosted a total of 29 teams from Canada, the United States, Germany, Finland, New Zealand, Sweden and China.

Held in three stages with a total of seven cases, the competition progressed



Opening Ceremony at the John Molson MBA International Case Competition

swiftly, with each team given just three hours to analyse a business case and prepare a presentation. To add to the challenge, modern-day aids such as the internet and PowerPoint were prohibited. This year, JetBlue Airlines, one of the official sponsors of the competition, presented a live case for the audience of 120 MBA students to sink their teeth into. In a lively presentation, Captain Al Spain, Senior Vice President of Operations, outlined the five main tenets of JetBlue's corporate culture: safety, caring, integrity, fun, and passion. He challenged the students to propose a solution for JetBlue, such that it could make the leap from being a profitable niche airline to a major player in the industry, without losing its soul.

While winning was on everyone's mind, the organisers ensured that an extensive social programme enabled the participants to meet each other as well as the organising team, made up of current Concordia MBA students. The University of Calgary's Haskayne School of Business took top honours and the CDN \$10,000 Export Development Canada prize.

In a concurrent competition, the ACRC was awarded First Prize in this year's John Molson Case Writing Competition. The winning case, Shanghai Volkswagen: Time for a Radical Shift of Gears, deals with the strategic challenges faced by a first-mover in China's fast moving auto industry, and is now available from our site.

# SPOTLIGHT ON...

# ...Asian Healthcare

**T**he Asian healthcare industry is poised at the threshold of change. A growing middle class, increasing life expectancy and in some cases, aging populations are factors that have led to higher spending on preventive care and greater demand for premium health products and services.

The healthcare industry comprises hospital services, healthcare equipment, health insurance, managed care and pharmaceuticals. Residents of Asia's developing economies increasingly favour private healthcare over government-operated clinics and hospitals, despite enormous cost differentials. With an increase in lifestyle diseases such as cancer, diabetes and cardiovascular disorders inpatient spending is expected to grow considerably.

In recent years, a significant business trend in the region has been the promotion of healthcare tourism. Singapore, Thailand, Malaysia and India, among others countries, are competing to become the healthcare service hubs of Asia. These centres offer affordable medical expertise and facilities in combination with relaxing, holiday surroundings for the post-operative period.

Competition is based on factors like the availability of world-standard medical personnel and technology, a proven track record and competitive pricing. Several of India's premier hospitals, for instance, now claim to have lengthy waits for clientele from Bangladesh, Pakistan, Malaysia, the Middle East and Africa.

For many Asian healthcare providers, medical tourism offers an attainable path to diversification. Hospitals aiming to develop this new revenue stream to offset mounting operating costs and thin profit margins must formulate communication strategies for a wider audience, and market their services abroad.

Concurrently, rapid advances in associated industries like medical equipment and disposables are radically altering medical techniques, methods and technologies. The upshot of these developments: higher cost-efficiency, quality care and increased choice for patients; and a bigger, albeit more competitive market for the service providers.

Our newly released Industry Note Healthcare Destinations in Asia takes a comprehensive look at the mushrooming medical tourism industry in Asia. The Asia Case Research Centre, in response to these trends, has developed a collection of Healthcare Cases, which explore issues ranging from management of medical professionals (Management of the Medical Profession: The Paediatrics Department at Patient Care Hospital) to hospital diversification through joint ventures (Proactive Medicare Enterprise (HK) Limited: Providing Healthcare in Mainland China) and effective communication in a crisis, where the implications of the Asian Bird Flu were enormous for Hong Kong as it not only threatened the health and welfare of the people, but also impacted the local economy (Crisis Communication: The Asian Bird Flu).

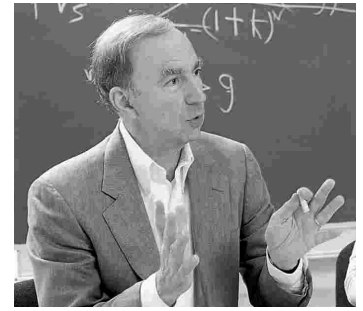
Similarly, the SARS crisis in 2003 made history, with many lessons learned in collaboration and crisis management. The case Queen Mary Hospital: Fighting the SARS Crisis looks at how the Queen Mary Hospital managed to avert the crisis through various controls and by boosting staff commitment and morale. The case Yu's Tin Sing Enterprises: Proactive Risk and Crisis Management examines how an enterprise was able to pull through the crisis through collaboration, and by virtue of the leaders' patience and understanding for the concerns of workers.

Most organizations recognise the possible occurrence of crises, but differ in levels of preparedness. The technical note Proactive Planning before Crises Happen examines how managers can identify, study and forecast crisis issues. Drawing on the experience of Sanyo Industry Co. Ltd., this Note highlights the importance of recognising crises in a timely fashion. The case Continuous Quality Improvement at Queen Mary Hospital looks into the success factors in implementing a continuous quality improvement initiative in a project called "Pre-Operative Skin Preparation: Shaving and Pre-Operative Baths" at Queen Mary Hospital in Hong Kong.

The blame for poor crisis management or inadequate healthcare infrastructure is often placed squarely at the Government's door. The case Healthcare Reforms in Hong Kong: From the Scott Report to the Harvard Report traces the development of the healthcare system in Hong Kong. As these reforms would affect many parties, each with differing agendas, the Hong Kong Government

# The Educator's Perspective:

## Interview with Thomas M. Hout



had to find a balance that would not compromise the quality of healthcare received by patients.

While western medicine has dominated the healthcare space, we seem to be seeing a renaissance in the practice of alternative medicine. Chinese medicine has experienced a surge in domestic popularity, and is gaining adherents in neighbouring countries and the West. In 2002, the size of the traditional Chinese medicine market in China was estimated at around US\$5 billion. The industry note Chinese Medicine in an Emerging Market deals with issues relating to the market in China: how multinationals contemplating entry must consider intellectual property protection issues with health insurance reimbursement, regulatory procedures and underdeveloped pricing, bidding and distribution practices. Finally, the case Nin Jiom: Selling Traditional Chinese Medicine in Modern Hong Kong explores the path taken by a long-established firm to bolster its brand in modern Hong Kong.

The ACRC is also developing a series of cases highlighting best practices at NGOs. This is in response to a trend seen in the NGO sector, where the focus has shifted to building high performance organisations to drive the underlying programs. Spotting and tracking trends in healthcare and the NGO sectors, the ACRC is building its repository of cases in an effort to capture the essence of current market dynamics. Our focus is on improving the knowledge base associated with these sectors, where there is much more than profits or market share at stake.

**P**rofessor Hout joined The University of Hong Kong as a visiting MBA professor in 2002, after 27 years with the Boston Consulting Group (BCG). He is the co-author of two books, one of which, *Competing Against Time*, written with BCG colleague George Stalk in 1990, was a business best seller, and was published in 12 languages. He has also co-authored five Harvard Business Review articles, on a range of subjects including global competition, restructuring manufacturing operations, management of fast-cycle companies, new senior executive roles in de-layered organisations, and the effect of the internet on managing corporations. Professor Hout was the co-founder of BCG's practice area in Operations & Strategy, and continues to be affiliated with BCG as a Senior Advisor.

**ACRC:** When did you begin using case studies in your career?

**TH:** I started using case studies 35 years ago for internal training and for client education. Our approach at BCG was somewhat different than traditional management consultants. We used case studies to illustrate our ideas on competitive dynamics...we were probably the first consulting firm that really took seriously the idea of a theory of competitive interaction as opposed to just intervention into management processes. To educate people about how we thought, we built case examples from either our client practice or from newspaper stories, and would interpret what was going on in an industry through our prism. So for me, teaching in a business school and taking up the case method was a no-brainer. And frankly, the longer I'm in business, the more obvious it is that it's the best way to communicate.

**ACRC:** What are the differences in how you would hold a case study session in consulting, compared with teaching an MBA class?

**TH:** In consulting, you are dealing with managers in companies who are much further along in their understanding of how organisations work, and how businesses work, and as a result, you pitch it at a more advanced level. Countries differ in the degree to which 30-year-olds have been exposed to broad based manager's jobs. In the United States, the tradition of hiring bright young people and moving them along very quickly in business is well established. What I have found elsewhere is that the jobs that students have are sometimes more narrow. They are basically implementers in HR, finance, accounting, IT...and as a result, they do not know as much about how organisations actually work in competitive enterprises.

**ACRC:** What qualities do you think a case study should have in order to stimulate student interest?

**TH:** I think there are two kinds of case studies. One is a mystery story, or a difficult decision \* where the purpose is for the students to extract all the information out of the situation, and then make good decisions with strong pros and cons \* and there may not be one right answer. That is the classic kind

of case. Another is a rich description of a situation where the student is supposed to bring together all the pieces of a puzzle, and come up with a coherent picture of what is going on in this business. Who is winning? Why? What is driving growth? Where are the threats ahead? Frankly, the second kind of case is more like what strategy analysts actually do inside companies. The traditional decision-oriented case study, I think, was historically first for two reasons. One is that the kind of people who used to go through management education were usually more experienced people... only in the last 20 or 30 years has the MBA been aimed at twenty-somethings. And twenty-somethings do not make the kind of decisions that are portrayed in cases generally.

**ACRC: Can we talk about your current research interests?**

TH: My research interests are extensions of the work I did at BCG. I was always interested in the manufacturing and engineering sectors - the goods sectors. So I worked for industrial companies. I did not work in the financial world; I did not work in the transactions world. So I am very interested in what China is doing in manufacturing, engineering and so forth.

**ACRC: The big story in recent news is the IBM acquisition by Lenovo. What do you make of arguments that the prospect of organic expansion is not as**

**realistic for Chinese companies? Do you see any prospect for Chinese companies to establish global brands organically?**

TH: It is generally true that the Chinese do not have the depth of management, the experience at branding and product positioning. And they do not have the rich history of partnering that Silicon Valley and other industry clusters do so well - forming ecosystems across lots of different companies. But it is not true of all companies. Chinese companies already have 10% of the US market in at least three areas. One of them is Pearl River Piano, another is China International Marine Containers, which has nearly 40% of the global market for shipping containers. And the third is Haier, which now has 10% of the US refrigerator market if you include small refrigerators. These are all product areas where the design concept and basic technology have been pretty level for quite a while. A follower can come in, and achieve a leading position.

The businesses where Chinese companies go out and make acquisitions are in things like personal computers or cell phones or television receivers, which move very quickly. Not just the technology of the product, but the technology of the whole business. I think you have to look at it industry by industry.

**ACRC: Can you elaborate on Pearl River Piano?**

TH: Pearl River Piano is quite a company. They have the world's biggest piano factory in the Pearl River Delta, and they have taken over a German brand, Ritmüller. It is an old prestige label with all these great piano-making skills, but they were very high cost, and the market was extremely small. So Pearl River basically bought them for the brand and for the know-how. It is mainly the know-how they were looking for, and so they brought the German craftsmen over, they set up a special part of the factory where they work with better materials...much more sophisticated craft. And they are learning how to make the Ritmüller line.

**ACRC: What is the management**

**background of the people at the helm of these companies that succeed? How did they have the savvy to go international?**

TH: Haier's story is Zhang Ruimin who ran businesses for the Qingdao municipal government, and they spun this off in 1984. Haier was lucky enough to meet a New York merchandising entrepreneur named Michael Jemal in 1990, when he knocked on their door in Qingdao looking for a contract manufacturer. Zhang is a very innovative manager. Jemal knows the US market and distribution channels. Together they have been highly successful. China International Marine Containers is based in Shenzhen, and was started in 1980 as a joint venture between a Hong Kong investment firm, Mainland businessmen, and a Danish company. It started with a very well educated management team, and grew by acquisition in China by giving local government fractional ownership and dividends in exchange for their local companies. It was like preferred stock. CIMC has many subsidiaries because Chinese law and politics does not allow easy ownership integration under one corporate entity. You know that containers come back empty from the West coast of the United States, so a container should start its life in China.

**ACRC: Do you believe there are major differences in the functions and responsibilities of a manager in a Chinese enterprise as compared with a MNC?**

TH: The traditional model of managing has been different here. The head guy kept most things to himself...and that is partly behind this phenomenon of MBAs not having had the broad-based junior manager experience. I think these early wave great Chinese companies are a lot like the early wave American companies. I think it's the same pattern, just at a later time. The early wave of American companies, like International Harvester with Cyrus McCormick, or Ford Motor Company with Henry Ford were exactly the same. They were autocratic. The new kind of American management model, which is participative and learning-based,



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only came about in the last 20 years. Frankly if I am trying to start up an enterprise like a piano company or a marine container company, I can go a long way on good old fashioned Chinese management plus some updated technology and systems.

**ACRC: If you look at the major economies in Asia, what companies outside of China, say in Japan, do you consider the most interesting?**

**TH:** In Japan, two kinds of companies are interesting. One of them is the specialist machinery or materials companies. This is the heart of the

Japanese manufacturing sector... Nidek and Murata. These are the people that make the little motors, disk drives for computers and the critical components. Tokyo Electron, Canon - are sophisticated machinery makers. Plus the area of culture: the animators, the games people. These are the two parts of the Japanese goods sector that are really interesting.

**ACRC: What interests you about them?**

**TH:** They are global businesses that build on what Japan is good at, which is disciplined engineering and design. And these are companies that are

interesting to me because Japan used to be very good at making this stuff, and still is at the high end, but all these companies have gone to the rest of Asia to manufacture. These are companies where the executives wear smocks or uniforms; you might call them the "uniform" kind of companies. And what is interesting with the second group is the kind of Japanese millennial culture - which is basically about play.

Professor Hout supervised the case OneCard: Building a Savings and Benefits Platform and is currently supervising ACRC cases on Haier and HP.

## CASE SPOTLIGHT: Interview with Unipatch Rubber's Anil Khanna

**E**stablished in 1984, Unipatch Rubber is a joint venture between the House of Khemkas, India and TECH International, USA, the world's largest producer of tire and tube patches. The company has been instrumental in pioneering the induction of Cold Repair Technology for repairs of tires and tubes in India.

The following is an excerpt from a December 2004 interview conducted with Mr. Anil Khanna, President of Unipatch Rubbers, who shed some light on how the technology was adopted in India.

**ACRC: What are the special features of your product?**

**AK:** Marketed under the brand name OMNI, the product is cold repair technology for tube and tire repairs, where you do not require any heat to repair a puncture on a tube or a cut in a tire, be it bias-ply, radial or tubeless tires.

**ACRC: Traditionally in India repair of tires and tubes has been an unorganized segment of the market - how did you go about changing the mindset of the local customer to adopt the cold repair technology?**

**AK:** Changing the mindset was the most difficult thing - the majority of

people who were into the trade of maintaining tires and tubes were uneducated. They had learnt the trade from their father's or guru's, so they were very resistant to change. What was highlighted and was accepted was the time saved in application. In addition, the repair done was permanent - there was no question of it coming off. It was through the end user satisfaction and the repeated ease of application that the product caught on. We came to a stage where, in five years, the product was being sold at a premium; we could not meet the country's requirements. That's when we decided that the capacity of the plant we had, was not enough and decided to go in for a new plant in Gwalior. Today we have three plants one each at Bhiwadi, Gwalior and Bangalore with around 600 distributors and nearly 6000 dealers spread across the country. It was a concept sold in an able manner through a dedicated team - it was a difficult task because our boys worked at the ground level, village to village, station to station, town to town educating the people about the product. Subsequently these users became our ambassadors; they conveyed to the next man that this is the way to go - and it just caught on.

**ACRC: As you started directly with a joint venture and the technology was**

**new to Unipatch, how did you go about absorbing this technology?**

**AK:** We had qualified rubber technologists and engineers, who, before setting up the plant were sent to the US to understand the complete process of production and the chemistry. Thereafter we had regular interactions with our joint venture partners. Their teams came here, our teams went there and we absorbed the technology to such an extent that we set up our R&D wing at Unipatch itself. Today I am glad to say that we have a very good understanding and share whatever we develop new, with our Joint Venture Partners. We've been able to go a few steps ahead of the basic technology and have developed new products.

**ACRC: You had mentioned earlier that you have a distributor network of about 600 - to set up a distributor network of this size especially in a country that is so diverse would in itself have been a very challenging task - how did you go about achieving this?**

**AK:** Building a distributor network for a new product and a new concept was a challenge. Had we gone with the written documents or the chapters probably we would not have been able to establish the kind of network that we have. We wrote our own strategy.

When we approached the set distribution channels of the industry, being an unknown product they were not willing to do business on our terms. They were not willing to walk along with us to teach the customers - they were only willing to stock our products and sell what the customer wanted. In fact, majority of distributors in India are basically investors - they buy stock and then sell it to make money. We adopted a totally different approach; we started selling directly in very small lots to the actual users. When the actual user realized the benefits, he wanted more. We started building a dealer network and not a distributor network. When we chose our distributors we did not go for very big established names, we went in for the middle tier, those who were willing to work with us to devote time and energy for the product and teach people. Slowly we started building our network block by block and what we are today is because of our strategy of first making the users accept the product and the concept; then building the second channel of dealers and then finally the distributors.

**ACRC: So when you say the first channel is the direct user, you mean the small repair shop on the roadside, is the end user? Then you have a user at every kilometer across the length and breadth of the country?**

**AK:** That's what we realized within six months of launching the product. When we were traveling, we were covering a town and then taking a bus or a train to the next town, and missing out the user who was sitting at every half a kilometer along the highway. So we drove through the highways instead, selling to every user on the roadside. At times it was difficult. To give you an example of two towns Ahmedabad and Baroda on the Western side of India, the distance was 120 km - I tried my level best starting from 6:00 am in the morning and working till midnight but I was unable to cover all the users in one day.

**ACRC: Besides the Indian market where else is your product marketed?**

**AK:** Our product today, is being sold under the OMNI name from Myanmar to Iran and Iraq and also in East African countries that's Kenya, Tanzania, Uganda, Rwanda and Burundi. To the rest of the countries like Latin America, USA, Europe and China, as agreed upon with our joint venture partners, we ship the product and it is sold under the brand name TECH. So rather than

compete with each other, we support each other and share our strengths. Our corporate philosophy is to produce the best product at the cheapest price. That is our mandate. This was not an easy task, our partners needed to have the confidence that we could deliver quality consistently and on time. We have been able to do that successfully. Coming to the neighboring countries that are developing or underdeveloped our strategy was totally different - in many a places were like India, it was a new concept so we had to educate both the dealers and the end users - a repeat of what we did in India in 1985.

**ACRC: Does TECH have any other joint ventures?**

**AK:** They have manufacturing facilities in other parts of the world but no joint ventures. A factory in the northern part of Ireland, a plant in Hungary, and a plant in China - these are 100% owned subsidiaries of TECH - the joint venture is only with us. We are their supply source - our joint venture has been a very happy experience - it can probably be looked upon as an ideal working arrangement - we are in regular touch with each other and operate with total transparency and complete confidence. I think our joint venture is a total success, with us giving our best and receiving in turn the best also.

**ACRC: You started small & the product has seen a phenomenal growth - what were your major challenges & what problems do you foresee ahead, as the product moves along its lifecycle?**

**AK:** We have gone through one lifecycle of our product. We launched it in its infancy and watched it grow, if we don't constantly innovate, not only our products but also our selling strategies and redefine our distribution we are bound to be on a decline. Over the years we have seen a change from nearly 0% radials to nearly 80% radialisation in cars. Today we are seeing that India is moving to tubeless tires in passenger cars - this is a challenge, because how a repair performs in a tube type tire and a tubeless tire is totally different.

The challenges that you are talking about - in some cases the technology has been copied, low quality patches are hitting the market - these are manufactured by small companies who do not pay taxes, and give no guarantees. We have not compromised; we have maintained our standards to the extent that our brand name has

become synonymous with the cold repair technology - when a customer asks for a patch he asks for OMNI. The second challenge that we face is that because the product is so popular people have started duplicating it, we are constantly meeting this challenge - of late we have exposed two factories that were producing products under our brand name.

**ACRC: What are the future plans for Unipatch in India and outside?**

**AK:** Opportunities are immense both in India and abroad. In India as I mentioned we see a total change coming in the tires: first the industry moving from bias-ply to radial and second moving from tube type to tubeless - this presents both challenges and growth opportunities. Secondly India, like China, is also a predominantly cycle country. We are looking at that as a separate market segment. We have started implementing a strategy by doing a brand extension of OMNI calling it the OMNI star. These products cater exclusively to the rural market. Since bicycles are spread into the remotest corners of India we plan to have at least 2000 Omni star distributors in India. This is not an easy task - building and then handling 2000 distributors is going to be a challenge - that's why we are now implementing ERP to handle the network of dealers and distributors. We are also developing new products catering to what the market wants here and abroad - these products are being tested or introduced in the markets and present a huge potential. Another segment is the Original Equipment (OE) market, which is just maturing in India. One of the products that we call the tubeless repair kit is an OE with all the Mercedes cars assembled in India, this will be followed by other car manufacturers who introduce tubeless tires in India. We are working with the tire companies, to either certify or sell our products. Our fourth plant being set up in Himachal Pradesh should be operational within six months. We see a great potential for our product and are working towards it. In the domestic market we are looking at multiplying our turnover many times in the coming few years.

On the export front, we are looking at markets where we are active but may not be the market leaders. By supplying quality products at cheaper rates and synergizing our strengths with those of our partners we anticipate increasing our turnover substantially in the coming years.

# Newly Released Cases

## Economics & Business Policy:

### The Market of Exchanges: HKEx and the New Beauty Parade

Consensus holds that competition between stock exchanges and other market participants is beneficial as they keep prices of transaction and services like clearing and listing low, and promote product innovation and enhancement. The Case discusses the 1986 unification of stock exchange trading in Hong Kong, and prompts an assessment of the benefits of having a single stock exchange against a backdrop of the changing competitive landscape for securities markets.

### Jumping the Line? Scalping in Hong Kong's Property Market

This Case analyses speculators or "scalpers" in the housing market. A few developers dominate the property market in Hong Kong, deciding when and what units are put on sale. Developers often sell some of their units privately, prior to the public sale. Hence, the best units are often already sold out, giving rise to scalpers, who resell these units at a hefty margin. This Case examines the tools at the Government's disposal to curb speculation in the property market.

### Bottlenecks in Housing Supply:



### Government or Developers to Blame?

The shortage of land supply in Hong Kong is aggravated by the Government land policy. The Government owns all land, and releases it when it considers supply to be short. However, developers do not necessarily build immediately on the land they buy from the Government, instead they augment their land banks. Thus, a handful of large developers influence land supply, and therefore, prices. The result is a shortage of properties, high prices and an average unit size that is smaller than that of other countries.

### Trade Restrictions and Hong Kong's Textiles and Clothing Industry

Since 1974, developed countries restricted textiles and clothing imports from developing countries with the Multifibre Arrangement, which did not conform to the GATT/WTO rules. In 1994, the Agreement on Textiles and Clothing was signed, prescribing a 10-year progressive phase-out of the MFA and integration into GATT 1994 rules.

By late 2004, even as the debate raged on between protectionists and free-trade advocates, export firms in Hong Kong were gearing up for the change.

### Open Skies: Allocation of Landing Slots at Hong Kong Airport

This Case studies the allocation of scarce

airport slots as airline traffic increases. Well-established airlines have historically determined rights to these slots, which is a barrier to entry. Also, sometimes, the airlines do not use their slots efficiently. It is often argued that this allocation system has to be revised to ensure economic efficiency, and several countries are considering it. However, well-established airlines strongly oppose it. Congestion in Hong Kong airport is increasing, and the question of whether Hong Kong should liberalise its allocation system, is under debate.

### Licence To Build: Town Planning Legislation In Hong Kong?

This Case investigates the government's decision-making process in revising the Town Planning Amendment Bill 2003. Aimed at striking a balance between streamlining procedures and enhancing public participation, the revision injects more variability into the plan making and application process. Under the revised conditions, special interests and public administrators will have greater discretion over determining the type, pace and pattern of development at the district level. A study of the effect of increasing uncertainties and delays in development provides a factual base for policy and business strategy discussions.

### To Tax or Not To Tax: Hong Kong's Waste Problem

This Case investigates solid waste management in Hong Kong. The shortage of landfill capacity makes it necessary to seek solutions for processing waste. Most of the solid waste is generated by the construction industry. Hence, this Case focuses on the impact of landfill charges, due to be implemented in 2005, on the construction industry and, in particular, the demolition of the Hung Hom Peninsula by Sun Hung Kai Properties. This project has angered local environmentalists, generating significant controversy. The analysis of whether the new landfill charges

will act as a deterrent for future developers is, therefore, crucial.

### Conflicting Interests in the Taxi Fare Regulation

This Case investigates the Hong Kong Government's decision-making process in relation to the 2003 New Territories Taxi Fare Reduction Scheme. Under the scheme, the Government first decided to cut fares for all New Territories taxis by 20%, and then re-instated them within one month because of protests by some taxi operators. The taxi industry in Hong Kong is like a cartel consisting of three major groups of taxi operators, namely rentee-drivers, renter-owners and owner-drivers, each with its own interests and agenda. Operators who supported and opposed the fare concession scheme are identified, and discussions are generated to understand the dynamics of a highly regulated industry operating under a "de facto" cartel.

### Competition in the Taxi Industry: Taxi Branding in Hong Kong

This Case investigates whether taxi drivers will differentiate their services. Bound by fixed fares and licence quotas set by the Government, the taxi industry finds it hard to compete either on price or service. In Hong Kong, most of the taxis are found at taxi stands/ranks or on the street, where price and quality competition is effectively prohibited, either through regulations or enforced customs. Identification of the different modes of competition for taxis provide a factual base for policy discussions on raising the quality of taxi services.

### Trade Liberalisation: The Case of the Rice Market in Hong Kong

This Case investigates the effects of the rice liberalisation in Hong Kong in 2003, after forty-eight years of regulation. The import restrictions imposed by the

government were implemented to avoid price instability. The rice importers were authorised by the government, and the amounts were revised annually. Large stocks were maintained in case of short supply. Both these factors implied a cost that was transferred to consumers. The Case provides a study of government intervention in the market that works against its objectives and transfers costs to consumers.

### Strategy & General Management

#### Shanghai Volkswagen: Time for A Radical Shift of Gears

After 20 years in China's passenger-car industry, Shanghai Volkswagen (SVW) found itself in a changed environment, with factors critical to its past success gone or quickly diminishing. This is a management strategy case dealing with first-mover advantages and disadvantages in global expansion, strategic change and repositioning. The Case also sheds light on other globalisation issues including localisation vs. technology transfer, local partnership and governmental relations, and the effect of local policies on corporate performance and strategies.

#### Successful Multinationals in China

China's huge population and potential market has attracted foreign companies since its economy began opening in the late 1970s. Although the profit position of some foreign companies improved by 2003, China remained a frustrating and unprofitable market for many. This Case highlights four major multinationals that succeeded in the Chinese market. It allows for a discussion on what it takes to succeed in the China market, how comparable it is to the situation elsewhere, and the challenges and opportunities associated with leadership positions in emerging economies.

### Marketing Strategy & General Management

#### Louis Vuitton Moet Hennessy: Expanding Brand Dominance in Asia

This case explores the predicament Louis Vuitton Moet Hennessy (LVMH), one of the world's leading luxury products maker faces in brand management while expanding its operations in China. In 2004, Asia accounted for about 40% of the sales of LVMH, and the group was determined to capture the growing Asian market. Expansion in Asia gave rise to several challenges; significant among them was brand dilution, especially in China, where phoney branding was endemic. It also opened up the issue of private ownership versus franchising given the profitability of companies in the luxury goods industry.

#### Lenovo: Countering the Dell Challenge

Since its inception in 1984, Lenovo Group Limited had grown from being a distributor of imported computers to being the largest IT corporation in China. Competitive pressure from Dell, IBM, Toshiba and HP was increasing. Engaging in a series of price wars to retain the low end of the consumer segment, Lenovo was also struggling to maintain its stronghold in corporate sales to Chinese government ministries and schools. With the PC market in China maturing rapidly, Lenovo's main challenge was to develop a business model that would combat Dell's direct selling model, and take advantage of the Group's traditional strengths.

### Production & Operations Management

#### Transland Shipping: Dealing with Cross-border Logistics Barrier

Hong Kong logistics companies are facing increased competition from the Chinese mainland operators, particularly in the Pearl River Delta region. The Case examines the cost structure of Transland's cross-border trucking operation, inefficiencies in the logistics pipeline and the cargo and sea trade challenges facing Hong Kong.

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