DEVELOPING A GLOBAL NICHE: THE CASE OF ZEE.DOG

ABSTRACT

This teaching case focuses on exploring the trajectory of an international new venture (INV). The case challenges the logic of a well-defined origin because the firm developed an international scope from the very beginning by means of resources, capacities and global operations. The case also presents a range of different causal and effectual reasons for the internationalization of the company's activities. Furthermore, it explores the importance of personal and professional networks for facilitating the coordination of value chain activities undertaken internationally, as an alternative governance mechanism for the protection of company assets. The case sheds light on some aspects of the International Entrepreneurship and Network theories while also describing the main characteristics of the Borderless Firm. The case was constructed using primary and secondary data from a real company, Zee.dog, and was originally designed for under-grad/MBA International Business classes.

Key-words: Borderless Firm; International New Venture; International Entrepreneurship; Networks; Teaching Case.

INTRODUCTION

In January 2019, the three friends/founders/managers of Zee.dog were very satisfied as to how far they had taken their company and how much they had accomplished. Their products were being sold at more than 13,000 stores worldwide, and were present on all continents. They had a domestic and a global e-commerce presence, plus 33 proprietary sales units, two of them in the U.S. With an average ticket price of $42.00, the company began generating positive income starting in 2013, just one year after inception. In 2018, Zee.dog invoiced roughly $18.5 million and that figure was expected to reach about $39 million in 2019 via new investments. Although there was already so much going on, the founders were always striving for more. They had recently entered a round of negotiations with investors to raise $25 million to $40 million to take the company to the next step: Zee.now, an app to expand its online distribution channel. The plan was to continue to sell the company's own traditional pet accessories, but also other products a pet might need, such as food and medicine by other brands, all delivered at home within a few minutes and at no additional cost. The initial plan was to launch the app in large cities only.

At the same time, one of Zee.dog's biggest partners in China came up with an offer to expand sales in that country with a flagship store in Shanghai and an online purchasing app developed according to Chinese standards. Considering the size of the Chinese market and its potential to grow in the following years, the managers were tempted to pursue both strategies concurrently. But were they taking on too many things at the same time? Was Zee.dog ready to invest so much of its resources in a foreign market as specific and distant as China? Would doing so distract it from the original growth plan?

THE ENTREPRENEURS

The idea for Zee.dog was conceived by two brothers from Rio de Janeiro, Brazil while they were living in the U.S., working on a degree in hospitality management. The idea came when they adopted a dog and could not find any accessories that were consistent with their personal style. Thadeu, one of the brothers, said they could only find "cute, girlish and boring" products, so they came up with the idea of creating a brand that would change the way people engage dog products, something that would "connect dogs and people," which later turned out to be the company's mission and slogan.

Back in Brazil by 2011, Thadeu and Felipe Diz, who had also lived in nine other countries while working in the field of hospitality, began developing their new business idea. They contacted a friend, Rodrigo Monteiro, who was working in the financial market at the time, and asked him to join them as a co-founder for a new company they were planning to build from scratch. Shortly thereafter, they began a search for designers, manufacturers and investors. They also reached out to another friend, Pedro Gil, a product designer living in Spain, who agreed to join their endeavor and help design the first prototypes. Zee.lab, led by Pedro, was established in Madrid to exploit a time zone advantage that would become apparent later on, when they started manufacturing products in China. Zee.lab was responsible for developing and creating innovative products such as the Zee.bed and most of their patented toys and leashes.

All three founders were born in Brazil and were between 28 and 30 years old when they started Zee.dog. None of them had any previous experience in the pet accessories industry. The three of them had had the opportunity of living abroad, which they considered very important in defining the type of entrepreneurs they were. The two Diz brothers believed that the idea of exploiting the world as their market had come to them because they were living in the U.S. and saw an opportunity in an unexploited global niche. From day one, they had wanted to be a global brand.

THE PET INDUSTRY

According to the Brazilian Association of Pet Products (ABINPET, 2018), in 2017 Brazil had the third largest population of domestic animals in the world, alongside Germany, with 52.2 million dogs and 22.1 million cats. It also accounted for the third largest revenue in pet-related products (medicine, equipment, accessories, hygiene and grooming products, services), surpassing $6 billion (see Table 1).

The *Household and Pet Care CPG Report* (Edge by Ascential, 2019) reveals that the Asia-Pacific market currently dominates consumer spending in the premium pet care category. It is expected that, by 2023, sales in the region will expand by 37% to $384 billion, closely followed by North America ($281 billion), and Europe ($203 billion). China continues to grow on its own as a pet care market, especially when it comes to premium products. For over a decade, pet ownership has been transitioning from the rural areas to the cities, adapting to an urban lifestyle, with cat ownership becoming the most popular. According to a manager at Packaged Facts (2019), "cat ownership in particular is being driven by younger, urban Chinese pet owners with busy lifestyles, smaller living spaces, and a growing need for the emotional support [cats] offer, among other factors."

Another market trend, the consistent increase in global consumer spending in the pet industry, is attributed to a phenomenon called "pet humanization," as consumers increasingly see their pets as actual family members (Edge by Ascential, 2019). This implies that the category will increasingly become more premium as consumers spend more on pet food and products that are healthy and nutritious, thus improving their animals' living conditions. As a consequence, direct-to-consumer models will continue to disrupt the value chain of the household and pet care sector[1], offering differentiation, convenience and personalized services. Therefore, consumer packaged goods (CPG) brands are expected to develop branded product lines that are custom-made for specific retail partners. According to Fitzgerald (2018), online sales within the CPG industry have a share of between $15 billion and $50 billion, and the pet care industry was the fastest growing CPG category online in 2016 (see Figure 1). Furthermore, online sales in the household and pet care category should increase by 15% between 2018 and 2023, surpassing online growth in several other categories including health and beauty, electronics and fashion.

COMPANY TRAJECTORY

The entrepreneurs joined the KickStarter crowdfunding platform in order to gain access to startup capital because they did not have any capital themselves. They managed to get $10,000, which they used to fund a trip to China to contact manufacturers, since they could not find a supplier in Brazil that offered the quality they had in mind at a competitive price. Felipe travelled alone to meet an online contact he had made at Alibaba (a Chinese e-commerce platform), a woman who later became their first employee abroad. She would go on to become the manager of Zee.dog's Shenzhen Office, responsible for dealing with the seventeen factories that produced all of Zee.dog's products. The entrepreneurs found a Chinese factory that was interested, but they still needed more capital to kick off production. That was when they started to attend trade fairs in Brazil in search of financing. Finally, they reached an agreement with DXA Investments, an asset management firm in Rio de Janeiro, and launched Zee.dog in 2012.

Although their initial idea was to sell in the United States market, the new investors thought it would be best to start in Brazil and only later export to other countries. Consequently, they did start selling in Brazil, but just five months later they attended an international pet trade fair in Orlando, U.S., where they were able to meet and negotiate with large distributors from all over the world. They invested in a large, innovative booth to showcase their bold, cutting-edge products, which really stood out in a crowd of average products. As a result, they signed several export contracts with retailers from the U.S., Australia, South Korea and

[1] The Household category (laundry and air care, household cleaning, dishwasher detergents, paper, wrap, liners) and Pet Care (pet food and pet products such as healthcare, toys and supplies).

Singapore, among other countries. In the following years, the company continued to participate at other international trade fairs, and many distributors from all over the world contacted them to sell their products abroad. As of 2019, Zee.dog products were being sold in 13,000 stores spread throughout the five continents. The company has positioned itself as a global brand and has developed a reputation for selling premium products with unique designs and applications.

The coordination and control of sales channels was a major concern and required substantial management attention. The company was continuously evaluating its partnerships with distributors and retailers abroad, looking for opportunities for improvement and seeking to expand sales. If the evaluation revealed any negligence or carelessness, the partnership could be terminated. Over the years, some relationships with partners have proven so beneficial to both sides that they have evolved to a point that Zee.dog makes adaptions to its products in order to better serve the needs of such partners. This was the case of the relationship with Pets at Home, the largest pet supply retailer in the U.K., and BarkBox, an e-commerce and monthly subscription service in the U.S.

In 2015 and 2016, the company took one more step toward becoming global with the opening of two flagship stores in the U.S., one in New York and the other in Las Vegas, for the purpose of enhancing the brand's presence in that country, which management saw as positive for its image in Brazil and worldwide. They also launched a global e-commerce platform with an outsourced warehouse in North Carolina. The founders explained that those investments were carefully considered beforehand due to the large amount of capital involved. They had taken into consideration demographic and behavioral aspects of the target market, the fit with the brand's values, and the market potential.

BRAND DEVELOPMENT

Zee.dog manufactures basic dog and cat accessories such as collars, leashes, beds, feeding bowls, hygienic pads and bags, and also supplementary items such as clothing, ties, raincoats, etc. Every single item complies with the brand's policies and demands for high quality, cutting-edge designs. The company has launched at least four collections a year, most of them in collaboration with iconic or trendy labels such as Star Wars, Mickey Mouse, Toy

Story, and Game of Thrones, just to name a few. According to Zee.dog's Strategist Director, Victor Vieira, the company combines Zee.dog's remarkable features with different themes to create a product that can generate value for both partner brands.

Innovativeness has been a key characteristic of Zee.dog, although the company has not created any new-to-the world product. Nevertheless, the brand was the first to target a market segment that was willing to pay higher prices for products that expressed their personalities and lifestyles. Of course, its products still prioritize comfort, wellbeing and entertainment for the pets, but this is not the main concern of products in the domestic and global markets. Interestingly, product differentiation and marketing appeal differ from those of competitors because Zee.dog targets the pet's owner(s). Accordingly, in addition to international trade shows for the pet industry, the founders also participate at fashion fairs, and they sell the company's products in stores such as Urban Outfitters, a multinational chain of retail stores targeting young adults, with a product portfolio comprised of fashion apparel and accessories, active wear, health and grooming products and housewares, among others. The company also develops and manages its own channels instead of dealing with traditional marketplaces like Wal-Mart, Target, Petsmart, and Petco, outlets that would have eventually pressured it to lower its prices and standards.

In order to expand the brand's visibility and also capitalize on the benefits of the brand's reputation, Zee.dog entered multiple partnerships with well-known labels to develop products for pet owners: sunglasses, caps, mugs, handbags, keychains, cellphone cases, etc. Some of these products match the pet's items, but most of them only bear the Zee.dog logo and can only be bought at partner stores.

Beyond all this effort to differentiate the brand, Zee.dog relies on building a profitable and solid connection with international retail partners and Chinese manufacturers. By 2018, for instance, Zee.dog had seventeen factories working for the firm. Management considered ensuring a win-win relationship with these partners to be of utmost importance in order to protect the firm's assets. Even though it had a patent for most of its innovations and product improvements, its manufacturers often received proposals from competitors offering to pay more for similar products. Consequently, the company needed to establish a long-term relationship based on trust with these partners.

NEXT STEPS

By the end of 2018, Zee.dog was doing well both domestically and internationally. Foreign sales had reached 40% of total revenue and were increasing. Besides focusing on strengthening partnerships with its international distributors and increasing sales online, the company wanted to expand its presence in China. China was already responsible for a large part of Zee.dog's sales, but recently one of the partners had offered to help the company build its own flagship store in Shanghai, plus an online purchasing app. Although the Chinese pet industry market was not yet among the top five, the company saw substantial growth potential, with forecasts predicting that China would be one of the top three markets within five years.

The managers were keen on pursuing the opportunity, but they could not forget that the company was also taking a large step in Brazil itself with the upcoming launch of Zee.now, an app to distribute its own and other brands' products with free, immediate delivery. It was a bold project, but they anticipated that it could be responsible for 30% of the company's revenue in 2020. When asked about it, Victor Vieira said the management team would split their efforts in both directions in order to handle and balance domestic and international growth. But was this the best approach? Was it too much for a young company to take on?

TABLES AND FIGURES

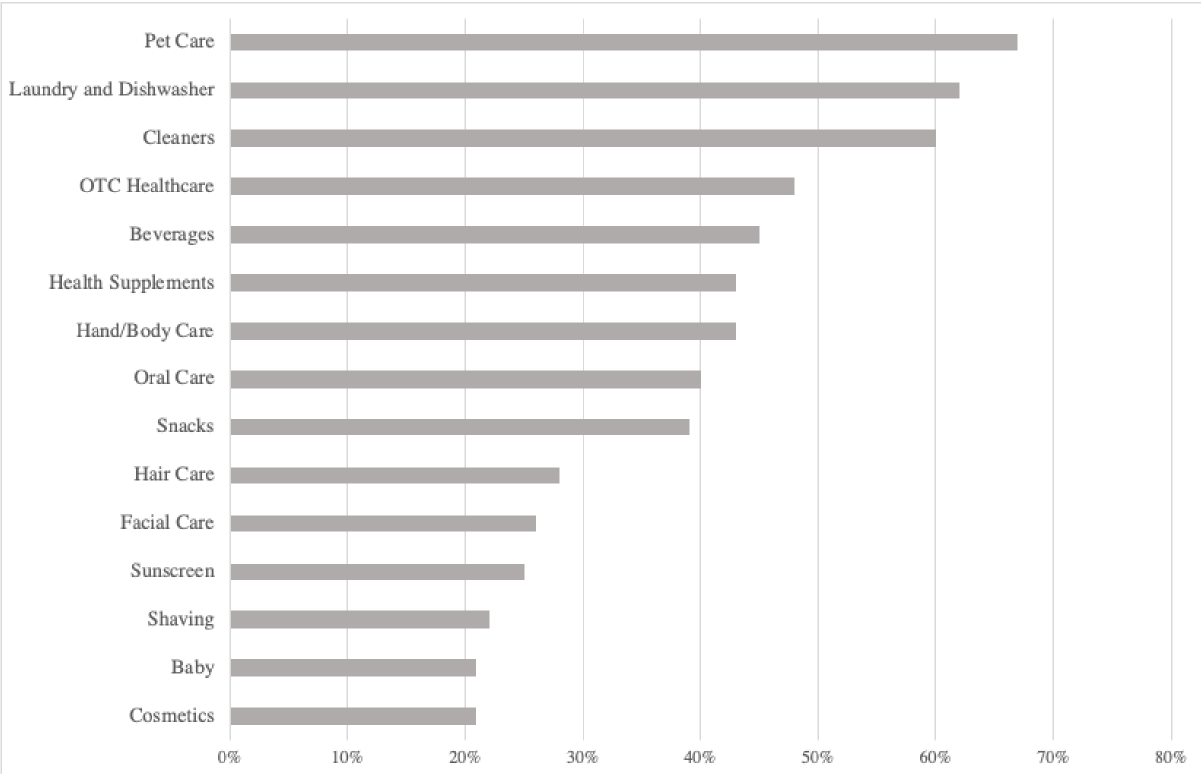
Table 1 – Pet Care Market by Country - 2017

Country	Sales (in US$ billion)
EUA	49.0
United Kingdom	6.3
Brazil	6.1
Germany	6.1
France	5.6
Japan	5.3
Italy	3.8
Russia	3.3
China	3.1
Australia	3.1

Others	28.0
Total	119.5

Source: adapted from ABINPET (2018)

Figure 1 – Fastest Growing CPG Categories Online



Source: adapted from Channel Sight

TEACHING NOTES

CASE SYNOPSIS

This case examines the trajectory of Zee.dog, a start-up that, from day one, for fortuitous and rational reasons, decided to see the world as its market, thereby establishing many of its upstream value chain activities across borders. After having started the company in 2012, by 2019 the entrepreneurs were quite pleased with what they had accomplished, but wanted to strive for more. They planned on launching their online distribution channel to sell their own products as well as supplementary products by other brands through an app, with free delivery within minutes. At the same time, they considered expanding their presence in China alongside one of their partners, possibly opening a flagship store in Shanghai and also an online commercial app to serve Chinese customers. Management believed that having a

Chinese partner to facilitate operations in that country would be very valuable, and the prospects for the Chinese market were improving. So they were keen on pursuing both projects at the same time. But should they? The managers questioned themselves about their priorities and about what to do regarding scarce resources such as the time, employees and money they would have to invest on so many fronts.

PURPOSE OF THE CASE

The purpose of the case is to invite students to analyze Zee.dog's path to internationalization and ask what they themselves might have done differently if they had been the entrepreneurs and how they would have dealt with the decisions that had to be made. Ultimately, students will have an opportunity to learn how entrepreneurs discover, create and exploit international opportunities. Table A summarizes the theoretical perspectives, key variables and main authors that can be used in connection with the case.

Table A – Summary of Theoretical Frameworks to Be Used with the Case

Theoretical Perspective	Key Concepts	Main Authors
International Entrepreneurship	International new ventures (INV) Born globals (BG) Borderless firms (BF) Competitive advantage Global coordination of value chain activities	Cavusgil & Knight (2009, 2015) Da Rocha et al. (2017) Knight & Cavulsgil (2004) Knight & Liesch (2016) Oviatt & McDougall (1994, 2005) Peiris et al. (2012) Rennie (1993) Simoes et al. (2015)
Effectuation	Decision-making process Entrepreneurial vision Risk vs. opportunity Causation vs. effectuation	Andersson (2011) Chetty et al. (2015) Galkina & Chetty (2015) Sarasvathy (2001, 2008)
Network Theory	Business relationships Formal/informal partnerships	Chetty and Holm, 2000 Ghauri et al. (2003)

	Networks' role in overcoming obstacles to internationalization Networks' role in protecting assets Value Creation	Holm, Eriksson and Johanson (1996) Johanson and Mattson (1988) Johanson and Vahlne (2009) Larson (1992) Sainio (2011)

TARGET AUDIENCE

The targeted audience for this case is undergraduate and MBA students of Business Management courses, specifically courses on disciplines that cover aspects of International Entrepreneurship and International Business.

SOURCES OF INFORMATION

The teaching case is based on both primary and secondary data. For the collection of primary data, in-depth interviews were held with one of the company's founders, Thadeu Diz, and its Strategy Director, Victor Vieira. Secondary data were found mostly online, on Zee.dog websites and on articles about the company, interviews, etc. Afterwards, the available data were triangulated, reconciled and organized to assemble the case as presented.

SUGGESTED TEACHING PLAN

ASSIGNMENT QUESTIONS

a) Regarding the process of Zee.dog's founding, which activities had already been established across borders? What motives were behind every decision?

b) Regarding the entrepreneurs and their decisions as the business developed:
   - Do you think their backgrounds had any influence on their business plans and achievements?
   - Did they rely more on their personal connections, on chance and trial and error in the course of action, or did they have clear goals and gather the necessary resources to put a business plan in order?

c) How has the company used partnerships to its benefit?

DISCUSSION PLAN AND ANALYSIS

The Teaching Plan suggests that students have access to the case beforehand so they can read it and be prepared to discuss it in class in a session of approximately one hour. At the beginning of the session, the class should be divided into small groups of 4 or 5 students so they can interact more effectively and share their opinions on the case. Suggestion of class time allocation is:

- Discussion of assignment questions in small groups (10 minutes);
- Case introduction (10 minutes);
- Analysis of the case (about 30 minutes) – Instructor can choose to go through all points of the analysis or focus on just a few;
- Closure (about 10 minutes).

CASE INTRODUCTION

To begin the case study and warm up the class, the instructor could have students briefly recapitulate Zee.dog's trajectory, bringing up the most important dates and events of its inception and internationalization process (Table B).

Table B – Timeline of the Case

Dates	**Events**
2008	Diz brothers come up with idea for a new pet accessory brand
2011 - 2012	Back in Brazil, brothers partner with Rodrigo (finance) and Pedro (design) to further develop the opportunity
2011 - 2012	Trip to China to look for manufacturers
2012	DXA's investments and inception of the company
2013	Zee.dog's first attendance at an international trade show
2015 - 2016	Opening of New York and Las Vegas flagship stores and launching of global e-commerce
2019	Launching of Zee.now and expansion plans for China

The instructor can ask students to elaborate more on relevant issues, such as:

- What are the main characteristics of Zee.dog's brand and what differentiates it from others already in the market?
- How did managers exploit their connections in the process of establishing and internationalizing the company's activities?
- What happened differently when they opened the stores in the USA?
- What do you think they should do next? Try and pursue both opportunities, or focus on just one of them? Why?

CASE ANALYSIS

The instructor should now lead the class to discuss the key issues related to the theoretical background of the case discussion:

> *Regarding the process of Zee.dog's founding, which activities had already been established across borders? What motives were behind every decision?*

Even before the company was founded in 2013, some of its value chain activities were already being developed overseas, namely:

- The idea for the brand happened while the Diz brothers were living in the U.S., driven by their perception of an unexplored niche in the market. The reason they started exploring international markets right after the firm's inception in Brazil was that they originally had the intention to sell to the U.S. market and then expand worldwide, creating a global brand.

- Product designs began to be developed in Spain because that was where Pedro Gil, the founders' friend and a talented designer, was living at the time. Later, the office for product development and innovation was established in Madrid to exploit a time zone advantage, since manufacturing would occur in China, and Brazil's time zone was basically incompatible with China's. As can be noted, this was a combination of fortuitous reasons, along with the perception of a potential advantage.

- The decision to start production in China also happened before the company's official founding, and it can be explained by a process of trial and error. First, management had decided to outsource production, so they considered some manufacturers in Brazil; however, they found them to be too expensive and did not offer the quality they wanted. Hence, they started searching the internet for specialized suppliers with lower costs. Consequently, they went to China to find a factory that could meet their standards and agree to work for them.

Establishing both upstream and downstream value chain activities worldwide since inception or shortly thereafter is one of the main characteristics of a Borderless Firm (Simões et al., 2015; Da Rocha et al., 2017). One issue that merits discussion is what differentiates Zee.dog from other INVs whose focus is on marketing and selling products internationally. The following questions could serve as a vehicle to stimulate the discussion of these issues:

Regarding the entrepreneurs and their decisions as the business developed:

- *Do you think their backgrounds had any influence on their business plans and achievements?*
- *Did they rely more on their personal connections, on chance and trial and error in the course of action, or did they have clear goals and gather the necessary resources to put a business plan in order?*

Students are expected to enumerate some of the founders' characteristics, focusing on what they all had in common, such as gender, age, nationality, previous experience abroad and lack of knowledge about the pet care industry. Then, they should advocate as to whether or not they think this had any effect on building Zee.dog as a Borderless Firm.

According to Da Rocha et al. (2017), there is not one sole entrepreneur profile that determines whether or not a firm will configure itself as a borderless firm, nor is having a global vision for the company a necessary aspect, as events can be developed as the business presents itself, following an effectuation logic (Sarasvathy, 2008). However, in this case, it can be said that the founders did have a global vision for their company from the very start, which could have stemmed from their previous international experience, as shown by several studies on INVs (Peiris et al., 2012).

As for the trajectory in building the Borderless Firm, it would be interesting to investigate as to whether the company was the result of an intellectual design developed beforehand using a rational combination of various resources in order to respond to a perceived opportunity, or whether it was the consequence of a learning process that involved mistakes and successes that shaped the business opportunity (Sarasvathy, 2001, 2008). In order words, did the company have an initial objective for each activity it established, along with a search for the means to achieve it (e.g., with forecasts and in-depth market studies), which would suggest an effort of predicting outcomes (causation), or did the entrepreneurs focus on the resources that were available at the time and then select possible and plausible goals, adhering to a logic of controlling the variables (effectuation)?

Zee.dog's case, as with many other BG, INV and BF studies (Andersson, 2011; Da Rocha et al., 2017, Galkina & Chetty, 2012; Harms & Schiele, 2012), shows a mix between motives of causation and effectuation in determining each and every one of its activities performed at a different location. Two major decisions (product design and manufacturing) were made following the effectuation logic, with the founders extensively using their personal networks to obtain resources (Galkina & Chetty, 2012) and leveraging against the various surprises that arose as the process went on (Sarasvathy, 2001).

Conversely, two other important decisions followed more of a causation logic: the decision to commercialize globally and the decision to open stores of their own in the U.S. The entrepreneurs had a clear goal, which was to become a global brand, so they went about pursuing the steps needed to achieve this goal, including increasing the firm's presence in the U.S. market. Because that meant investing more of their own resources, they saw the need to investigate and study the possibility very carefully.

How has the company used partnerships to its benefit?

Networks can have a very important role in defining which markets to enter and how to do so (Laufs & Schwens, 2014). They can also be seen as a resource to facilitate expansion and penetration into international markets by exposing the firm to different opportunities, specific knowledge, and experiences, and generally benefiting it through the synergies of pooled resources (Chetty & Holm, 2000; Coviello & Cox, 2006; Ghauri et al., 2003). Did Zee.dog use partnerships in a similar way?

The answer to this question involves three main aspects. *First,* Zee.dog uses partnerships to distribute the company's products all over the world, and management constantly monitors the partners looking for ways to expand sales, and terminating those that are not committed to Zee.dog's standards or goals. Some of these relationships have evolved to the point that they make product adaptations to better serve the partner's needs. Along such lines, Holm, Eriksson and Johanson (1996) described the evolution of the dyadic business relationship as it goes from strictly commercial to cooperative. In this process, companies learn about their competences and understand how they can coordinate their activities and establish trust to commit to generating additional value and enhancing joint productivity, which seems to be the case here.

Second, Zee.dog also draws on collaborating with well-known brands to create new products for itself and its partners, thus merging brand identities. Examples of this are the Star Wars project with Disney, and the products for pet owners that the company develops with other brands (sunglasses, mugs, cellphone cases, etc.). Sainio et al. (2011) precisely analyzed the process of value creation in the business model, comprising all INV value chain activities, including relationships with vendors, distributors, consumers, financers and even with competitors. The authors reached the conclusion that such relationships must provide more than just financial returns, as both parties should take advantage of each other's competences and resources to reach an optimum result, achieving goals such as access to new markets, knowledge gain, growth, acknowledgement, and even competitive advantages. This is what Zee.dog usually looks for in its partnerships, creating that additional value for both partners.

Lastly, one should also observe that developing and cooperating in networks could help with reducing opportunism and expropriation in commercial agreements, as Zee.dog's relation with its manufacturers exemplifies. INVs are deeply dependent on unique assets that ensure their international competitiveness, so they must create mechanisms and structures to protect those assets (Oviatt & McDougall, 1994). Zee.dog's main assets are its innovative product design and product functionalities. Thus, to protect these assets, it relies on building and maintaining a positive relationship with its network of vendors in China.

Networks are seen as an alternative governance option to protect entrepreneurial companies that have no alternative but to outsource their activities. Relationships based on trust, reciprocity and mutual interdependence can become very valuable personally and financially to their members and usually differ from the strong economic opportunism generally found in the market (Larson, 1992). Since networks function within an informal and behaviorally controlled environment, firms risk their reputation if something goes wrong, which is why they take time to build and are very hard to change. That is why some see networks as more effective against opportunism than are formal contractual mechanisms (Johanson & Vahlne, 2011; Oviatt & McDougall, 1994).

CLOSING

After having gone through Zee.dog's internationalization process, highlighting its characteristics as a Borderless Firm, students may be able to differentiate the firm from others INVs or Born Globals, but may also note some in-common aspects, such as the value of the network approach, since they are all SMEs with limited resources, and established international activities early on. The instructor should then pose the last question:

> *What do you think management should do next? Try and pursue both opportunities, or focus on just one? Why?*

Even though Zee.dog is a small, young company with limited resources, it has managed to coordinate many activities in different locations and succeed at it. Brouthers and Nakos (2004) point out that an SME's less rigid and less complex structure might translate into advantages in terms of dynamic capabilities such as flexibility and high response levels toward the market's ever-changing environment. Oviatt and McDougall (1994) stress that the complex global configuration of such companies and their global alliances might be a source of competitive advantage because they are developed through a combination of unique, causal and fortuitous historical events that are socially complex and hard to reproduce. Thus, Zee.dog might be able to continue its course of action and pursue both objectives at the same time, benefitting from leveraging its overall strengths as an INV.

The instructor could urge students to openly debate the pros and cons of following both strategies concurrently. Table C summarizes some positive and negative points that might be presented during the discussion.

Table C - Pros and Cons of Pursuing both Opportunities

Pros	Cons
Could grow domestically and internationally	Could suffer lack of resources (managerial, financial etc.)
Could corner the Chinese market and take advantage of growth opportunities over the following years	Could lose focus on a subsidized investment that has potential to generate an immediate increase in income
Could explore opportunities to increase efficiency	Could risk becoming overwhelmed
Could benefit from the partner's specific knowledge of the Chinese market	

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