



GLOBAL BUSINESS COMPETENCE CENTER

**SHAPING THE FUTURE OF GLOBAL  
BUSINESS FOR SWISS SMES**



## THE ECONOMIC SHIFT TO EMERGING MARKETS

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To thrive in the 21<sup>st</sup> century, businesses must be able to compete in a global environment. As the economies of industrialized countries continue to founder, emerging markets are performing well and driving overall economic growth. These emerging markets create opportunity for international companies are expanding operations in emerging markets and need business leaders with international expertise who can work effectively across borders and cultural differences.

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Rico Baldegger, GBCC Director

**EMERGING MARKETS ARE PROJECTED TO BE THE MAIN GROWTH ENGINE OF THE GLOBAL ECONOMY OVER THE NEXT DECADE... THE GBCC WILL DEVELOP NEW KNOWLEDGE AND INSIGHTS ABOUT BUSINESS IN EMERGING ECONOMIES THAT WILL PREPARE MANAGERS TO NAVIGATE THE GROWING COMPLEXITIES OF A DYNAMIC GLOBAL ECONOMY.**

Strategic priority, GBCC Fribourg Vision 2020

The Global Business Competence Center is the leading Swiss Center for state-of-art applied research for the successful internationalization of SMEs in emerging economies, transforming the way academics, business, industry and the public sector collaborate. Research, development and Innovation are key drivers of the welfare of consumers, the success of firms, and the wealth of nations. The Center creates and

disseminates cutting edge research and training to industry professionals on how business innovation helps firms compete, growth, and succeed in today's global environment. Our internationalization focuses on emerging economies, from South America to Asia.

## WHAT DISTINGUISHES THIS CENTER



Unlike other business centers and organizations, this Center focuses on identifying within the global value chain factors that can make Swiss SMEs globally innovative and competitive. No other Center is based on such research and development goals aimed at the success and internationalization of SMEs beyond the plain 'import – export' model. We understand Swiss SMEs need to position themselves strategically by becoming specialized suppliers serving targeted global value chains, while maintaining their competitive strength and uniqueness.

The Center has recruited a stellar Board of Advisors that can advise it on channeling its resources in directions that are most important to its constituents, attracting qualified members, and suggesting ways to maintain and enhance its international impact in the local, regional and countrywide corporate ecosystem.

## EMERGING ECONOMIES: AN OPPORTUNITY FOR SWISS SMES



Population trends and the GDP growth rates of emerging markets speak for themselves. Emerging market countries are expected to add 1.4 billion people to their middle classes in the next decade and account for more than 60 percent of global GDP growth between 2010 and 2016.

Beyond the growth imperative, businesses have other compelling reasons to participate in emerging markets. For industries where scale is an important cost driver, such as pharmaceuticals or electronic equipment, the volume potential of emerging markets is vital to recovering fixed costs and achieving competitive scale efficiencies. In industries serving global customers, such as financial services or logistics, an emerging market presence is essential to providing full service to those customers, wherever they are. For companies in highly branded industries, such as fast-moving consumer goods, luxury goods or fast food, the growing strength of global media and the

convergence of consumer needs create compelling reasons to establish these brands as early as possible in the minds of the newly emerging middle classes in developing economies.



# UNCOVERING BUSINESS MODEL INNOVATION

Because emerging markets typically require different approaches, processes and governance policies compared to more developed markets, SMEs usually cannot simply replicate a standard operating model within an emerging market or across multiple ones. Each new market therefore has the potential to add significant amounts of complexity to a SMEs' existing business model.

## CASE STUDY INDIA

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In India, most population cannot afford regular shampoo bottles. Instead of leaving out a market of 1 billion people, Procter & Gamble pioneered the single-use sachets of shampoo that are affordable for the poor. This creative distribution innovation has captured the purchasing power of billions of lower income consumers worldwide

## CASE STUDY BRAZIL

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Fragrance perfumes are big business in Brazil, which is the No. 1 market for scents in the world. The question is how can Western brands enter such a prosperous market with retail prices sometimes higher than local salaries? The solution passed by innovating their business model and financing the purchase of their customers through several installment payments. Now low-income customers can enjoy expensive western perfumes by spreading its cost over time.

## CASE STUDY SWISS FRENCH WATER

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Swiss Fresh Water had a vision to provide clean water to the world at an affordable price through their desalinization machines. But how could local African communities who need this system the most afford a 5000 USD machine? Instead of selling the machine via the traditional export model, the company adopted an innovative business model where they instead rent the use of the machine by charging per water of water purified.

## A CREATIVE BUSINESS MODEL APPROACH TO ENTERING NEW MARKETS

Brazil is too big of a market to ignore. It is the fifth-largest country in the world, with a population of approximately 200 million. It has one of the world's most rapidly developing economies and a GDP per head that is greater than either India or China. China's purchasing power has tremendously increased over last few years and India with over 1 billion inhabitants simply cannot be ignored. Africa has tremendous resources and strong developments have been happening at the agriculture level over last few years.

As a result, few companies with global aspirations can afford to ignore emerging markets, and for those companies not yet present, emerging market entry has become a high priority. But simply relying on past approaches used to expand into other developed markets is not sufficient; companies need to define an emerging market entry strategy and operating model that links directly to their long-term corporate strategy and is tailored to handle the different success drivers and unique characteristics of each market. The question then is how can Swiss based companies win in emerging economies where purchasing power is still below par?



**We know the traditional export model simply does not work in emerging markets.** Thus, we propose to leverage our know-how and expertise through the **Swiss Emerging Markets Laboratory (SEM Lab)**, where we uncover creative solutions for Swiss companies to position themselves competitively in the global value chain.

## SWISS EMERGING MARKETS (SEM) LABORATORY



The Swiss Emerging Markets Laboratory (SEM Lab) is a capstone course at HEG Fribourg that engages a team of four of the best Executive-MBA candidates with SMEs from Switzerland planning to enter or already active in an emerging market. A SEM Lab team spends four weeks working on each project: one week of preparation in Switzerland, two weeks of full-time onsite work with their client and one final week of debrief back in Switzerland. Our goal is straightforward: to strengthen Swiss SMEs competitive position in emerging markets.

Projects are tailored to the business needs of the client organization and provide sophisticated data and market analysis, strategy recommendations and practical, effective plans for sustained growth through value chain integration.

## ENTERING HIGH GROWTH POTENTIAL EMERGING MARKETS



SEM Lab projects assist organizations aiming to expand to emerging markets with skilled and motivated human capital. SEM Labs are truly win-win propositions, creating value for companies and providing a unique, professional learning experience for our Executive-MBA candidates.

SEM Labs' teams are made of skilled and experienced Swiss Executives that create sustainable business solutions and transfer their knowledge and skills to their client organization. The strength of our approach lies in combining our Executive-MBA's professional experience and our academic expertise with Swiss SMEs' knowledge of their products and know-how. SEM consultants create a comprehensive work plan to address the needs defined by the client and bring fresh eyes to a business problem, along with a research-based approach to finding solutions and new ways to integrate global value chains.

Consulting teams have direct access to internationally recognized GBCC experts and scholars who have business intelligence, financial analysis, supply chain resources, marketing/brand management and organizational consulting expertise in Switzerland and abroad. Professor Rico Baldegger, SEM Lab Director, provides academic guidance and oversight to every team. Professor Carlos DaSilva, Business Development Lead, coaches the teams and provides logistical support. All teams are assigned a research assistant at HEG Fribourg to support them in their market research quest through our world-class business library, case-studies and resources globally.

**Our Goal:** Create a work plan to arrive at deliverables specified by Swiss SMEs. These deliverables depend entirely on the organization's needs when facing an emerging market entry or expansion. However, our focus is to find creative solutions for Swiss SMEs to expand their reach to booming emerging markets through supply chain integration.



## AN EXECUTIVE TEAM WORKING FOR YOU



The application process is competitive for Executive-MBA candidates wishing to enter the program. Projects are announced to the student body one to three months before the trimester begins. Once projects are announced students are encouraged to put their own teams together and apply for a specific project where their combined skill sets will be maximized.

This creates strong 'self-selection' – they know best who among their fellow classmates would be good group members. Team presentations and interviews are part of the application process. The program is open to our Executive-MBA partners in Mexico, Singapore and Shanghai when we see fit for a specific project.

## HOW THE PROGRAM WORKS

Before the SEM Lab Team travels abroad, the SEM Lab Administrative Team works closely with Swiss SMEs to develop the project's scope, define deliverables and clarify logistical details. A SEM Lab Team project spans six weeks. The Team spends the first week at the GBCC preparing for the upcoming assignment and conducting related research. The Team then travels to the emerging economy and spends the next three weeks executing a well-defined work plan, culminating in a presentation of the measurable deliverables back in Switzerland. The SEM Lab Team is responsible for all phases of the consulting assignment: scope management, discovery, data analysis, reporting, and recommendations.

### THE AIMS OF SEM LAB ARE TRIFOLD:

- Create economic value for Swiss SMEs in Emerging Economies
- Uncover new and replicable business models for entering emerging economies through value chain integration
- Create a unique experience for our brightest minds to put their skills and experience to the test in a real-world, real-time, emerging market environment

## ENTER EMERGING ECONOMIES, INCREASE YOUR SALES ABROAD

We are looking for clients and partners who can help us fulfill our mission. We are interested in both Clients, Institutional Partners and Local Economic Promotion Agencies. Clients generally bring one project to the program along with enough funding to cover the SEM Lab team's expenses. Institutional Partners provide projects and funding serially on an ongoing basis to support our research and consulting endeavors. We aim to work closely with our institutional partners to assure them access to our most talented young professional teams over multi-year periods. Economic promotion agencies allow us to bring our know-how to local SMEs that otherwise would not have access to our specialized knowledge and expertise. This partnership allows the development of local SMEs and the growth and prosperity of the local business ecosystem.

Subject areas range from international marketing strategies to complex supply chain analyses. We are frequently able to field teams of language fluent students when required. In fact, for projects conducted in South America and Asia, we can source our Executive-MBA partners in Brazil, Mexico, Singapore and China. Diversity, professionalism and international experience are just some of the resources that SEM Lab can bring to bear on a consulting project.

### WHAT WE CAN DO FOR YOU

A SEM LAB TEAM PROVIDES EXECUTIVE-MBA TALENT TO YOUR ORGANIZATION AT A REASONABLE COST, AND CAN HELP YOU:

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- Better understand your competitive landscape
- Accurately identify new countries for expansion
- Navigate the structural and institutional voids in emerging markets
- Design market-entry strategies
- Develop business plans and pro-forma financials
- Analyze supply chain opportunities
- Monitor and evaluate organizational activities
- Make and/or save money

### LEARN MORE ABOUT THE SEM LAB

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To learn more about becoming involved with the GBCC Swiss Emerging Markets Laboratory please contact the SEM Lab program director Rico Baldegger at **rico.baldegger@hefr.ch or +41 26 429 63 78.**