

Preface by ALTANA

The U.S. are by far the most important foreign sales market and investment location for German companies. More than 4,000 German affiliates in the U.S. account for 28% of sales and 30% of assets of all German foreign affiliates. The leading position of the U.S. on the sales side is due to the liberal sales market, the sheer market size, and the stimulating effects of intense competition. The top position on the asset side can be traced back to the liberal labor market, fewer regulations, comparatively low corporate taxes, and spillover effects among research institutes and businesses. The U.S. also play an increasingly important role in ALTANA's internationalization strategy. ALTANA already conducts 23% of worldwide sales in the U.S. and is listed on the New York Stock Exchange since 2002. Within the next few years, the medium-term goal of our U.S. pharmaceuticals strategy is to build ALTANA Pharma (U.S.) into a company with its own research and clinical development facilities, as well as a sufficiently large marketing and sales structure, based on innovative medicines for the treatment of gastrointestinal and respiratory diseases.

But how can other corporations successfully use the U.S. as a sales market and investment location? What strategic role should U.S. affiliates play within their corporate network? And what are critical operational success factors for adapting a business system to the peculiarities of the U.S. business environment? Finding answers to these questions was the ambitious goal of a research team led by Lutz Kaufmann, the Herbert Quandt Endowed Chair for International Management at WHU – Otto Beisheim School of Management. Employing a practical model for analysis of international strategy, the research team interviewed nearly forty senior executives of German subsidiaries in the U.S. They questioned managers about their expansion strategies, the main drivers underlying expansion, and their expectations with respect to changes over the coming years. The result: An in-depth look into the changes of global value creation structures within German corporations with respect to the U.S. The second focal point of this study are the operational success factors for adapting a business system to the peculiarities of the U.S. business environment. One finding of this book for example is that corporate social responsibility plays an especially critical role in the U.S. At least in this aspect, ALTANA did not have to adapt much because part of our mission has always been to sponsor culture and academia. The sponsorship of the Chair for International Management at WHU is one such example.

It was a pleasure for ALTANA to sponsor this piece of research. I congratulate the colleagues at WHU on the conclusion of this illuminating study, and I am hopeful the book will achieve the broad circulation it deserves.

Dr. Hans-Joachim Lohrisch
CEO ALTANA Pharma

Preface by WHU

This in-depth study aims to offer support to managers to make the right strategic and operative decisions for a successful business in the U.S. It studies international expansion strategies using a sound research-based framework and analyzes the relevance, the development, and key determinants of those expansion strategies in the U.S. using quantitative empirical evidence. In combination with the practical knowledge and deep industry insights of senior managers that we interviewed, this book should prove useful for managers viewing the U.S. from abroad, for those analyzing and evaluating market entry, and for those considering the expansion of existing U.S. affiliates. With its second focus on operational success factors, this survey may also serve as a reference guide for those practitioners that have to implement a strategy in the U.S. market.

Our studies in the U.S. are part of a comprehensive research project that analyzes the international expansion strategies of German companies,¹ planned changes in strategic posture and success factors of strategy implementation. We focused on the automotive industry, mechanical and electrical engineering, the chemical and the pharmaceutical industry. Within 14 months, we interviewed more than 500 senior executives of German affiliates in the BRICs countries Brazil, Russia, India and China, in the Triade regions Japan, the U.S. and Europe (especially Eastern Europe), as well as in ASEAN countries. This book solely focuses on our findings from the U.S.²

Our study in the U.S. would not have been possible without the amazing support of an enormous number of people. We would like to express our most sincere gratitude to all of them. Special thanks goes to the American Chamber of Commerce of the Midwest in Chicago (GACCoM), who kindly supported us in our field research and made this publication possible in the first place. Especially, we would like to thank Barbara Zollmann. She not only provided us with appreciated feedback with regard to our project but also helped us contacting subsidiaries of German companies in the U.S. Also, Klaus Friedrich from the VDMA (German Engineering Federation) provided us with important contacts to German affiliates in the American market and therefore deserves our special thanks. Furthermore, in our efforts to approach potential interview partners in the U.S., alumni, patrons and friends of the WHU – Otto Beisheim School of Management – were of invaluable help. Similarly, we would like to thank the Herbert Quandt Foundation and the German Academic Exchange Service (DAAD) for their financial

¹ In this book, the term “German companies” refers to companies from German speaking countries and may thus include Austrian or Swiss firms.

² Other books of this comprehensive research project that have already been published include *China Champions*, *Brazilian Brilliance*, and *Investmentguide India*. Publications on other countries will follow, both in English and in German. A list of our current publications can be found on our homepage at <http://www.whu.edu/intman/ies>. In case of questions or feedback, you may contact dirk.panhans@whu.edu or call +49-261-6509-321.

support of our project. Ralf Dingeldein, Diana Farrell and Wilhelm Rall of McKinsey & Company supported the conceptual part of this research project by providing informative discussions and invaluable feedback.

We feel very much indebted to our interview partners. They took up to 3 hours from their tight business schedules in order to discuss with us the circumstances and success factors of doing business in the U.S. We were amazed by the large number of interview partners who went even beyond the requested 90 minutes and insisted on answering our questions thoroughly. In addition, they took the time to fill out our long questionnaire. During our research project, we were honored to have the opportunity of talking to the following executives and experts: Harald Arndt, Dr. Karin Bartels, Rolf Biekert, Dale Bloemker, Herbert Buder, Christopher S. Carlton, Julio Caspari, Terry J. Conrad, Charles N. Dale, Jr., Wolfgang Dangel, Paul D. Dwelle, Jonathan O. Fackelmayer, Robert Fenstermacher, Harald Gruebel, Dr. Rolf Hagemann, Dirk Hejnal, Frederick W. Hoffmann, Susan Huppertz, Dr. Peter Knopf, Wolfgang Kober, Ivor C. M. Macleod, Dr. Thomas A. Marx, Brian P. McCann, Thomas F. McDonald, Kenneth Moriarty, Fred D. Olson, Robert Pellegrino, Dr. Lawrence Perlow, Jeffrey Piccolomini, Thomas Pilz, Alexander Pollklesener, Steve Pont, Parand Salmassinia, Frank J. Santiago, Dr. Clemens Schaller, Uwe T. Schmidt, Lars Schubert, Reinhard Sievert, Aditya Sobti, Manfred Staebler, Thomas H. Thorelli, Kurt G. Waldthausen, Kai T. Weisskopf, Christoph Wulf and Barbara Zollmann.

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Lutz Kaufmann
Dirk Panhans
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