South Africa – Angola Chamber of Commerce

Date: 9 July 2008

Topic: Using Vector Analysis to Mitigate Investment *Risk*
- structuring foreign direct investment for success -

Speaker: Jopie Coetzee

Overview of the topic:
In the world of International Business (IB) science, there are many models and theories underpinning global venture creation. Unfortunately, there seems to be no one specific model or theory that succeeds to fully capture the whole of the complexity of global venture creation in practice.

In order to bridge this divide between IB research and IB business practice, Jopie Coetzee (Senior Lecturer: International Business, Unisa Graduate School of Business leadership) has developed the "Vector Model for Global Venture Creation".

For an academic, the Vector Model is an epistemological practice-oriented interpretation of selected global venture creation models. The Vector Model stands in the paradigm of integrative practice-oriented scholarship.

For IB managers, the Vector Model is a practical management tool, using global best practice to guide strategy success in two key performance areas, namely:

- To optimise the firm's positioning in a host country, and
- To optimise a specific venture in a host country.

The key benefits of the Vector Model as a management tool are:

- Structures the global venture for success upfront; and
- Provides a balanced framework to guide strategic thinking; and
- Integrates the various parts of the complex whole of global venture creation; and
- Aligns all corporate resources towards the focussed pursuit of victory; and
- Allocates corporate resources to strengthen success drivers, and
- Provides a dynamic management tool to ensure ongoing monitoring; and

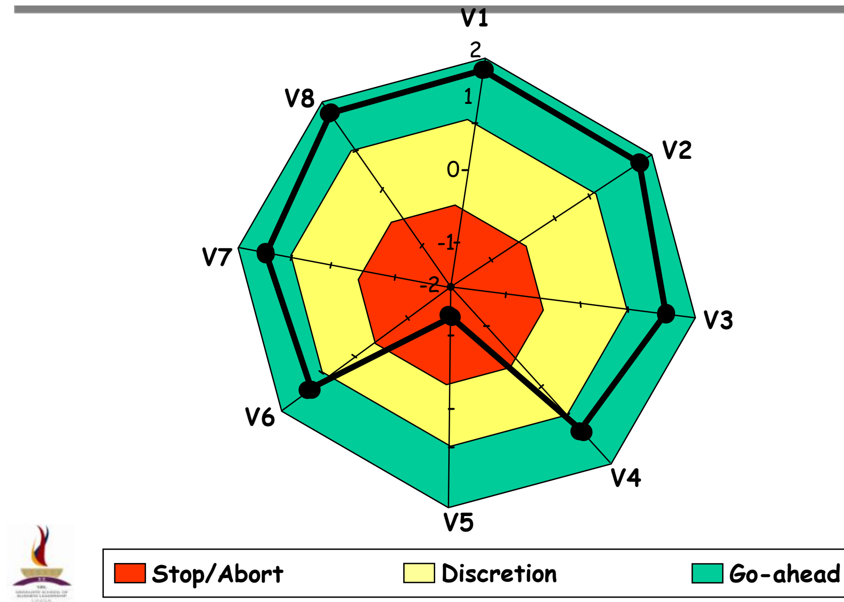
- Provides a simple, yet powerful presentation tool to management, the board, financiers, and any other stakeholder.

The Vector Model consists of 16 strategic key performance areas:

.

To optimise the firm's positioning in the host country	To optimise a specific venture in a host country
1. Cultural distance	1. Strategic variables
2. Administrative distance	2. Location-specific variables
3. Geographic distance	3. Transaction specific variables
4. Economic distance	4. Firm-specific variables
5. Crafting your own luck	5. Experience
6. Intrinsic value of the venture	6. Control
7. Country attractiveness	7. Risk
8. Firm's ability to implement	8. Commitment

Example of the firm's positioning in a host country



Jopie Coetzee

Senior Lecturer: International Business
Graduate School of Business Leadership
University of South Africa

Mobile: (+27) 082 336 8118
eMail: jopie@global.co.za