

THE INFLUENCE OF HIGH PROFILE EVENTS ON THE CREATION OF INTERNATIONAL JOINT VENTURES

by

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Bachelor of Commerce (Honours) Management Information Systems
University of Ottawa, 2002

PROJECT SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF BUSINESS ADMINISTRATION

International Business Specialist Program

In the
Faculty
of
Business Administration

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SIMON FRASER UNIVERSITY



Summer 2005

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ABSTRACT

International Joint Ventures (IJVs) are an increasingly popular mode of entry into foreign markets. This project explores the possibility that high profile events (HPEs) have stimulated their creation. I examined two HPEs, the Sydney and Atlanta Olympics Games, and how they used various incentives through their Investment 2000 and Operation Legacy economic programs to influence the formation of IJVs. From this a number of key learnings emerge to form a best practices guide that can be used to improve joint venture (JV) success.

DEDICATION

To my parents, George and Carol Achampong, the most important people in my life.

ACKNOWLEDGEMENTS

There are many people who have significantly contributed to the final output of this paper. Primarily, my project sponsor, Mr. Brian Krieger with the BC Olympic and Paralympic Secretariat who has provided me with valuable information and insight into the economic policies of the Olympic Games. Secondly, my Senior Supervisor, Dr. David Thomas whose guidance in my choice of topic in addition to many good ideas and suggestions over the past several months have been extremely beneficial. There are also a number of senior executives such as Mr. Andrew Gilkes and Dr. Helen Nugent from the Sydney Olympic Games, Ms. Robin Spratlin and Mr. Charlie Gatlin from the Atlanta Olympic Games and Ms. Suzi Kontgis from the Salt Lake City Olympic Games who have helped immensely in providing me with information pertaining to their respective economic development programs and international joint venture initiatives. Simon Fraser University has a highly intelligent and talented team of researchers and librarians. Mr. Mark Bodnar, Business Librarian at SFU, showed tremendous patience and was an extremely important resource enabling me to find useful information using various research networks. I would like to also thank Ms. Melissa McCrae, MBA Project Coordinator, for her strong efforts in clarifying my project scope and charter. My professors in the past year have also personally helped and contributed to my academic success and through their wisdom I was able to successfully complete the final product of this paper. Many thanks go to Dr. Michael Parent, Dr. Rosalie Tung, Dr. Colleen Collins-Dodd, Dr. Hemant Merchant, Dr. James Busumtwi-Sam and Dr. Mila Lazarova.

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LIST OF ACRONYMS AND DEFINITIONS

Term	Acronym or Definition
HPE	High Profile Event
IJV	International Joint Venture
MNC	Multinational Corporation
STEAM	Sports Tourism Economic Assessment Model
FDI	Foreign Direct Investment
I2000	Investment 2000 Program
3P	Public-Private-Partnership
ABVP	Australia Business Visitors' Program
Conversion Rate	The conversion rate can be defined as the number of participants that attended the initial business forums and dinners and made subsequent visits to Sydney to attend the ABVP.
NSW Government	New South Wales Government
GP	Georgia Power

1 INTRODUCTION

There is a belief that no man is an island. In fact most would agree that the same can be said of organizations that operate in a global environment. Despite their size, stature or market capitalization it is virtually impossible for any firm to take on the world by itself. In reality, the latter half of the twentieth century has shown how this is impractical. The growing interdependence and integration of global markets has been one of the most significant developments society has ever seen. The consequence of globalization has shown how organizations must now increasingly conduct business across national and geographic boundaries in order to survive. Competition almost everywhere is global in scope. “This means that businesses of all types in most countries face real or potential competition from foreign products or services or from foreign owned subsidiaries and domestic firms that are now foreign-owned” (Briscoe & Schuler, 2004, p 12). Akio Morita, chairman of Sony Corporation observed that “every company has to think in terms of working with others if it wants to compete in the global marketplace” (Yoshino & Rangan, 1995, p 3). Similarly, Takuma Yamamoto, Chairman of Fujitsu Ltd, the world’s largest computer company, noted that “joint ventures should be the centerpiece of a company’s global strategy” (Beamish & Killing, 2001, p 165). As domestic firms look for new markets to enter and determine new ways to compete effectively more and more of them are partnering with other foreign companies to achieve their goals and objectives. The formation of these joint ventures (JV) has enabled Canada as well as a host of other industrialized and emerging economies to remain chief recipients of foreign

direct investment (FDI) and has allowed firms to tap into markets where barriers once stood in their way.

In the last thirty years, high profile events (HPEs) such as the Olympic Games have increased the profile of host countries in such a way that it has helped pour billions of dollars of revenue from tourism, foreign investment and ticket sales into the local and national economy. An abundance of information has extensively analyzed the economic impact that the Olympic Games have had on host countries. However, little research has been done on the influence of HPEs on the creation of international joint ventures (IJVs). Despite this broad categorization of HPEs my research is limited to understanding how the Olympics Games have influenced the formation of IJVs between local and foreign firms. The analysis conducted in this paper identified a series of incentives that were used by the economic programs of the Olympic Games which significantly influenced the formation of IJVs. In addition, an examination was done on these IJVs which identified the key results that were achieved and the issues that were encountered from the venture. Finally, a critique was performed on the Investment 2000 (I2000) and the Operation Legacy economic programs that were created from Sydney and Atlanta Olympic Games.

The latter component of this paper could potentially serve as a preliminary document for the British Columbia Olympic and Paralympic Secretariat which is leveraging the 2010 Winter Games to develop a strong economic model for the upcoming Games.

2 WHAT IS AN INTERNATIONAL JOINT VENTURE?

As we shift to a more integrative and interdependent world the forces of competition require companies to look for new and innovative ways to compete with one another. One popular idea that has emerged over the last several decades is the expansion of domestic firms into foreign markets through international joint ventures. In its simplest form, an international joint venture (IJV) can be defined as “joint ventures that involve firms from different countries cooperating across national cultural boundaries.” (Luo & Yan, 2001, p 4) There are numerous examples of Canadian firms that have ventured outside traditional borders in order to improve their business. For example, Nortel Networks entered into China in 1972 when it sold its first transmission system. Nortel's China operations consist of four JVs, two research centers and sales offices in major cities across China. Another illustration shows how Bombardier partnered with AMR Inc. to sell various forms of Lear Jets to the Japanese government. These are some of the initial examples that propelled the popularity of IJVs as an accepted mode of entry into new markets. The publicized success of the aforementioned ventures helped to increase the market share and the profitability of Nortel and Bombardier in their respective industries.

IJVs have become popular with a number of companies in recent years despite the initial hesitation from major multinational corporations (MNCs). In the early 1970s International Business Machines Corporation (IBM) “steadfastly refrained from collaborating with other firms in core areas of research and development, marketing and

manufacturing” (Yoshino & Rangan, 1995, p 9). However, in subsequent years it soon began to realize that “even a giant needs allies in an era of global competition” (Yoshino & Rangan, 1995, p 9). Nortel Networks, Bombardier and IBM were among the first of many companies to establish JVs with prominent firms abroad in the last two decades. It is examples like these that clearly illustrate the importance that JVs have played in today’s global environment.

In addition, research from this paper showed that there has been increasing trend among the economic programs of the Olympic Games to encourage the creation of IJVs by using various incentives to promote investment. This concept will be further discussed in section 7.5 and 8.5 of this project.

2.1 Four Basic Models of IJVs

Regardless of the various shapes and sizes that IJVs come in, Matthews (2001) indicates there are four basic models. The China Life CMG Insurance Company Venture and the Beverage Partners Worldwide Venture are two IJVs that were formed as a result of the I2000 and Operation Legacy Olympic economic programs. Each of these ventures exhibits and resembles two of the four models below. While this project’s discussion focuses on the influence of the Olympics on the formation of IJVs it is important to understand these underlying models as they indicate how the day-to-day operations and decision making procedures were shaped within each of the above ventures.

These four basic models are:

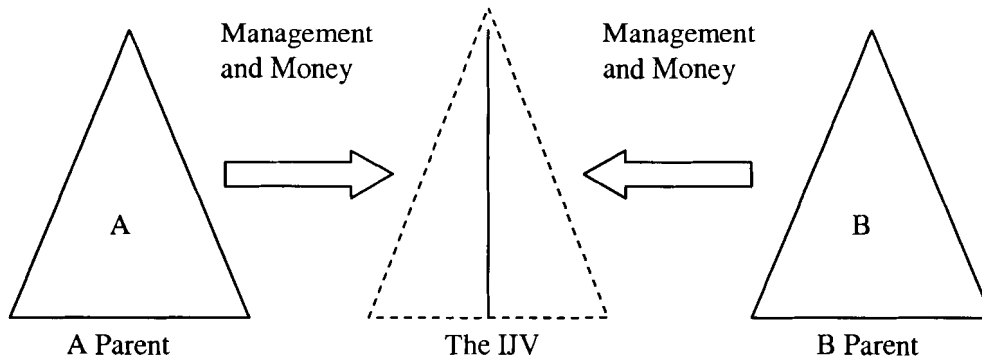
- The independent model;
- The dominant parent model;

- The shared management system;
- Transplants

2.1.1 Independent Model

This is the most common type of JV is where “each party provides some irreplaceable input (money or management) to the venture” (Matthews, 2001, Basic IJV Models Section, para. 6). In many cases though, one partner usually controls the management and/or financial input of the IJV which can cause some problems between partners. Furthermore, “the most distinguishing feature of the independent model of IJVs is the continuing management discord within the organization” (Matthews, 2001, Basic IJV Models Section, para. 6). The independent model closely depicts the form of venture used within the China Life CMG Insurance Company Venture which was formed from an Australian and Chinese insurance company. I discovered from interviews conducted with Investment 2000 officials that while the Chinese held a majority stake compared to the Australian firm total resources within the venture were evenly split. Despite this, much of the decision-making power resided with the Australian firm since it was the Sydney Games that brought them together. In other words, because of the way the program was designed Australian firms that participated in the I2000 program had an edge over their foreign partners that took part in the same program. Chinese management from the China Life CMG Insurance Company felt that during many occasions they were not able to provide viable input when important decisions needed to be made.

Figure 1 Independent Model

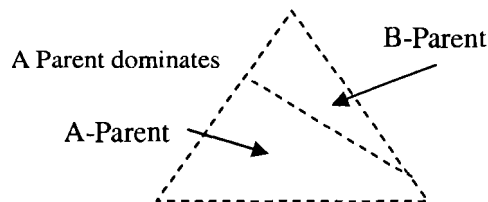


Based on Matthews, 2001

2.1.2 Dominant Parent Model

Based on dependency theory, this model depicts the dominant role one partner has over the other. This model is usually apparent when the smaller partner lacks the experience or is attempting to gain experience through the IJV. Often the smaller party is “subordinated to a specialist technical area or pure sales and marketing role” (Matthews, 2001, Basic IJV Models Section, para. 7). It exhibits an authoritarian management role which typifies the dominant partner’s attitude towards their junior partner. Furthermore it also creates a power imbalance which “distinguishes it from looser co-production or license-based co-operation agreements” (Matthews, 2001, Basic IJV Models Section, para. 7).

Figure 2 Dominant Parent Model



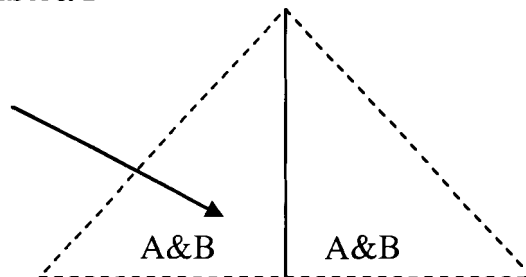
Based on Matthews, 2001

2.1.3 The Shared Management System

Ideally, this model is what IJVs should strive for among its partners because it allows both parties to work together in order to develop a solid core of cohesive goals that they hope to attain through the venture. “Managing the venture is truly a shared task, irrespective of the relative size, strengths or equity holding of the partner’s parent organization. The JV strongly still relies on mutual dependency between the participating organizations where each must possess some vital resource needed to enable the venture to work” (Matthews, 2001, Basic IJV Models Section, para. 8). An example I found during my research into the Atlanta Olympics is the Beverage Partners Worldwide Venture. Coca-Cola and Nestle SA are the two main partners that make up this venture in which both companies leveraged each other’s strengths to pursue new markets. The resources in this venture are shared thoroughly. Currently, both partners have an even number of senior executives on the management team that seek a consensus whenever possible in the decision-making process. As a result, day-to-day operations in the venture were extremely successful.

Figure 3 Shared Management System

Equity holding, money
and management are
shared between parents A & B

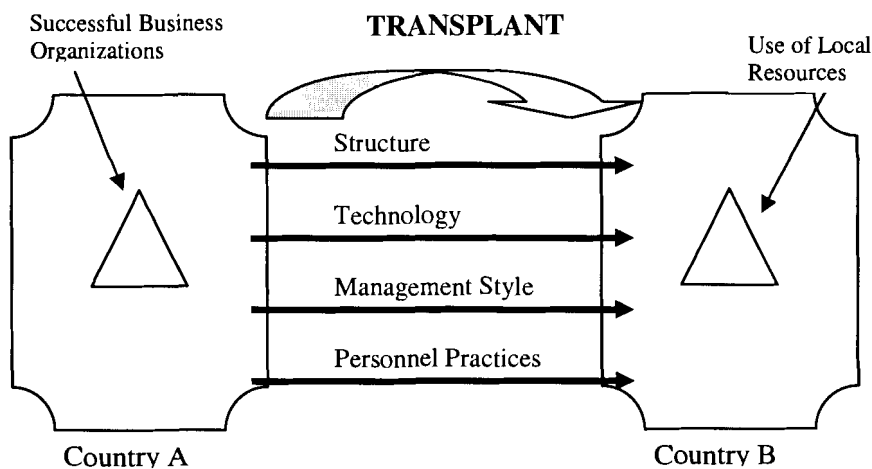


Based on Matthews, 2001

2.1.4 Transplant Model

This popular model is when one country takes the ideas and best practices from its business and transplants it to another firm located in another country. These best practices can range anywhere from “technological aspects, personnel practices, or management style” (Matthews, 2001, Basic IJV Models Section, para. 9). The transplant model was used extensively by the American car manufacturers in 1980s which brought Japanese knowledge of its Total Quality Management Practices into the United States for the first time. Typically, the transplant model excels in greenfield sites where “there are no historical precedents in working practices” (Matthews, 2001, Basic IJV Models Section, para. 9).

Figure 4 Transplant Mode



Based on Matthews, 2001

2.2 Why Establish an International Joint Venture?

There are numerous reasons why firms decide to form JVs. Governments have capitalized on HPEs and used these reasons to develop various IJV initiatives through

economic development programs. While most literature has focused on the need for firms to compete globally and diversify risk as one of the principal reasons for JVs “there are host of other practical reasons why IJVs have seen a revival in the last couple of decades” (Yoshino & Rangan, 1995, p 9).

One of the main reasons IJVs are formed between host countries and foreign firms is due to local government policy. In many cases “host country governments exercise pressure on MNCs to use IJVs rather than wholly owned subsidiaries” (Luo & Yan, 2001, p 7). Host governments want to ensure that some of the knowledge and technical know-how is shared with the local company and the best way to achieve that is through a JV. Conversely, not all pressures to form JVs are established as a result of formal government laws. In many cases the strong “social, cultural or industrial norms” dictate the shape and form of JVs. (Luo & Yan, 2001, p 7).

The most typical example of forming JVs is to access foreign markets. Using this method, the foreign firm can benefit from the local partner’s knowledge and access to local markets. Furthermore the local partner can also gain from accessing international markets. For the MNC knowledge of the host country is essential to being successful as the host country’s distinctive practices can be difficult to understand for foreigners. For example, the Investment 2000 program encouraged various incentives such as tax holidays and reduction in government regulations as a way for Australian businesses to enter into new markets that were initially difficult to penetrate. This created new relationships and developed partnerships between Australian and foreign firms and Australian firms that would not have done business with each other without the help of the program.

A third reason is that “the formation of an IJV allows a firm to tap outside resources to build competitive strengths at significantly reduced costs” (Luo & Yan, 2001, p. 8). For example, as described in section 8.5 of this project, Coca-Cola, which was a major participant in the Atlanta Games’ Operation Legacy program, was able to form an IJV with Nestlé SA. Nestlé knew of the popularity and reputation of Coca-Cola well before the Olympic Games however, it further recognized the company’s prominence through the Operation Legacy program. It formed what has been a highly successful venture with them.

“Finally JVs may be formed between local and foreign firms in pooling resources to pursue a common interest or a symbiotic cooperative advantage” (Luo & Yan, 2001, p. 9). Through the contribution of resources of each party involved in the JV then the chances of achieving economies of scale is comparable to a larger competitor which makes for a more level playing field.

2.3 Types of IJV Relationships

Research in section 7.5 and 8.5 of this project indicated that the Olympic Games provided added momentum to the creation of IJVs. These ventures like all IJVs are formed to conduct:

- “research and development work on a new project or technical application
- to manufacture or produce various products
- to market and distribute products and services in a specified geographic area or perform a combination of these functions” (Gutterman, 2002, p.2).

Once the objectives of the IJV have been clarified it then becomes clearer which functional type of IJV will be utilized. Gutterman (2002) indicates that there are four functional types of IJV relationships are:

- Research and Development IJVs
- Manufacturing or Production IJVs
- Marketing and Distribution IJVs
- Hybrid IJV Relationships

2.3.1 Research and Development IJVs

This type of relationship combines the creative resources and technical know-how of both partners to develop new technologies through the facilitation of information exchange. In many cases, the amount of development time that would have been required to create the new product is halved as a result of the combined efforts of both parties. “An agreement as to scope and duration of the research plan, covenants from both parties to protect the technology developed and, in most cases, a contract defining each party's use of that technology is especially needed in this type of relationship” (Gutterman, 2002, p.2).

2.3.2 Manufacturing or Production IJVs

The Production IJV focuses on the technical resources of both partners to produce goods that can be sold to interested parties. “For example, a party may wish to license certain production technology and trade secrets to a new JV, while the other party would contribute facilities, equipment, and personnel to manufacture the products” (Gutterman,

2002, p.3). The goods are usually sold by the IJV through the open market or via a distributor.

2.3.3 Marketing and Distribution IJVs

This type of relationship is one of the most popular used by partners when creating IJVs. When companies are seeking to enter into new markets the assistance of the local partner is instrumental and crucial to its success. The foreign company contributes its know-how (i.e.: trade secrets and trademarks) while the “local partner would provide the capital, facilities, and human resources required to exploit fully the products in the market” (Gutterman, 2002, p.3). In order to push these products into the market the use of the local partner’s distribution channel becomes critical for success.

2.3.4 Hybrid IJV Relationships

Hybrid relationships involve a mixture of the above types of IJV relationships. “A JV of this type usually serves as an integrated business enterprise, owning or controlling all of the assets and resources that might be required to develop and manufacture new products, plus marketing and distributing the products in specified markets” (Gutterman, 2002, p.3). Like the previously mentioned functional relationships each partner contributes capital, technology, facilities, and human resources in order to reach and capture the IJV’s goals and objectives.

3 A THEORETICAL PERSPECTIVE OF IJVs

The project's findings, highlighted in section 7.5 and 8.5 of this paper, indicated that the Olympic Games used various incentives as motivation to encourage firms to form IJVs. While these events do on the one hand play a significant role in creating IJVs they do not explain the rationale as to why exactly firms decide to form them. In this section the focus is on several prominent theoretical perspectives that have been developed to understand their rationale. Clearly, what lacks however is a strong unifying theory which explicitly explains a firm's *raison d'être* for forming an IJV. Academics do agree though that if a unifying theory is found then it should answer these three basic questions:

- “Why should the partners not engage in a market transaction rather than form an IJV?”
 - Why should partners not engage in internal development rather than form an IJV?
 - Why should the partners not merge or one acquire the other rather than form an IJV?”
- (Glaister, 2004 p.497).

The four theories discussed in the section below attempt to understand a firm's decision to form an IJV by answering the questions above.

3.1 Transaction Cost

“Transaction costs (TC). are the negotiating, writing, monitoring, enforcement costs, production costs and other necessary logistics that have to be borne to allow an exchange

between parties to take place” (Luo & Yan, 2001, p. 9). Of the various theoretical perspectives used to explain IJV formations, transaction cost theory is by far the most popular theory. Its popularity stems from the fact that it stresses productiveness and cost minimization through the cooperation of its partners.

Many studies have relied on transaction cost theory as the basis to explain the decision to pursue an IJV over a wholly owned subsidiary. They believe that that “when an investing firm needs to obtain complementary assets, which if purchased on the market entail high transaction costs, or when the needed complementary assets would be too high to obtain through replication or acquisition” then forming a IJV is best form of action (Makino & Neupert, 2000, 705).

The high transaction cost of doing business between two entities plays a key role in the choice of an appropriate governance structure. The composition of IJVs permits both parties to attain the benefits of internalizing knowledge and technical know-how without incurring the full costs of a myriad of other governance structures such as through mergers or wholly-owned subsidiaries. Following Teece’s (1983) argument he notes that the attractiveness of JVs is a function of both the revenue-enhancing and cost-reducing opportunities they provide the MNC. Furthermore IJVs help address the issue of uncertainty through its creation of incentives which allows it to “reveal information, share technologies, make joint decision and achieve performance. Since JVs tie the partners together in the form of an equity relationship, unforeseeable uncertainties to both parties are dealt with collectively and both partners are motivated to make commitment to the venture’s future development” (Luo & Yan, 2001, p. 12).

3.2 Resource Based Rationale

The Resource Based View (RBV) is based on the belief that firms can achieve a competitive advantage by creating “strategic assets” that cannot be duplicated easily by other firms. (Glaister, 2004 p.495). “In essence the concept is that a firm’s competitive position is defined by a bundle of unique resources and relationships that are harnessed over time”. (Rumelt, 1984 p.557). Firms interested in gaining these resources can attain them in three main ways:

- “Buying resources or hiring people with desired knowledge from other organizations
- Internally creating them
- Through combinations of complementary resources and/or capabilities” (Glaister, 2004, p.495).

Academics stress that the RBV highlights the flaws of attaining resources and capabilities through the purchase of resources or by internally creating them. Researchers such as Barney (1999) indicate that “it may be costly for a firm to create capabilities on its own and acquire another firm that already possesses these capabilities” (Glaister, 2004 p.495).

There are numerous reasons why it would be considered costly for a firm to attempt to create capabilities on its own. Primarily, the learning curve that is needed to capture and acquire a capability is quite arduous and extensive. A significant amount of time and effort is required to develop those capabilities. Secondly, “the ability to create a capability in a cost effective way may depend on unique historical conditions that no

longer exist. Under different circumstances or some years later recreating certain opportunities may be impossible” (Barney, 1999, p. 140).

If firms are unable to create capabilities they may look to acquire firms that have those competencies, however this can be costly as well because the “synergistic potential of its human and organizational resources are likely to disappear under a new identity” (Glaister, 2004 p.495). Furthermore there can be restriction on acquisitions as a result of anti-trust laws or government regulations to have a certain percentage of local ownership. Secondly, poor integration of resources and the inability to deal with differences in culture, systems and management approach can hinder rather than help firms attain capabilities. “Finally, an acquisition can be costly to reverse if it turns out not to be valuable” Glaister, 2004 p.496).

This would seem to indicate that the problems associated with acquiring firms and creating competencies signify the importance and success hybrid organizations like IJVs can have to access these abilities.

3.3 Interorganizational Interdependence

The interorganizational interdependence theory explains how firms have had to increasingly deal with the paradox that is extremely pervasive in today’s business environment. Specifically, how can they strive for the “autonomy and independence from others while dealing with the turbulent business environments that significantly constrain their latitude for individualistic strategic actions?” (Luo & Yan, 2001, p. 12). Consequently, firms need a creative way to deal with this paradox and thus the emergence and formation of JVs have become popular. Theorists who argue this

perspective believe that “no single organization is self-sufficient; therefore, JVs create the partnership to benefit from a synergistic effort to be derived from the joint use of their complementary resources” (Luo & Yan, 2001, p. 13).

3.4 Strategic Behaviour

According to academics of this perspective, the reasons most IJVs are formed is as a consequence of strategic reasons and decisions made by firms. They may form them to enter into new markets or to enhance their competitive position within the marketplace. Clearly, the most important goal for a firm is to maximize profits and increasingly the way to accomplish this is through “learning from their partners in order to build their own strategic capabilities” (Luo & Yan, 2001, p. 14).

4 ADVANTAGES AND DISADVANTAGES OF IJVs

The increasing use of IJVs between local and foreign firms has brought their advantages and disadvantages to the forefront. This section provides a brief summary of these below:

4.1.1 Host Country Incentives

This advantage is clearly the most important as it relates to how the Sydney and Atlanta Olympic Games used various incentives to encourage and foster IJV relationships within its country. “Incentives may be the deciding factor in a foreign party’s determination of whether the rewards of entering into a proposed venture are commensurate with the risks associated with entering an unfamiliar market” (Gutterman, 2002, p.6). In many cases host countries have created a wide range of economic incentives for using IJV as a tool for foreign investments which encourages them to enter into these countries to find opportunities to do business in.

4.1.2 Profits are Shared

An understandable disadvantage to sharing financial resources is that profits will be shared because of the joint operation. This can be a major issue if “parties contribute intangible assets to the business, such as intellectual property rights and technical know-how as they are difficult to value” (Gutterman, 2002, p.4). Firms see this as a disadvantage because it is often difficult to measure and divide intangible goods between partners.

4.1.3 Reduction of Business Risks

IJVs by their very nature allow you to diversify and reduce your business risk. “Diversification allows the investor to enter into a market that has significant growth potential but is a little riskier than other markets that have already proved stable and profitable” (Gutterman, 2002, p.4). Furthermore if parties wish to do business in a foreign country than cooperation with a local partner can help to mitigate those risks as well.

4.1.4 Sharing Technology and Management Skills

An IJV presents itself with a strong opportunity to unite the technical and management strengths of both firms. Furthermore if one partner happens to be lacking the technical expertise then this opportunity presents itself with the chance to learn from the other. Each party’s expertise can be transferred to the other over the course of the IJV.

4.1.5 Sharing Technology beyond the IJV

“Sharing technical know-how and expertise are often factors that discourage many companies from disclosing such information for fear of losing the competitive edge to their JV partner” (Gutterman, 2002, p.5). However, it is important that these issues be clearly addressed at the contractual stages of the IJV agreement. In many cases, one firm in particular is more adamant about using the others technology. For example the IJV between Boeing and a consortium of Japanese firms raised fears that Boeing was giving away its commercial technology to the Japanese. Regardless, there are ways to mitigate this problem. “One option is to hold a majority ownership in the venture which allows the dominant partner to exercise greater control over its technology. The difficulty in finding

a foreign partner who is willing to settle for minority ownership is a drawback” (Hill, 2001, p. 441).

4.1.6 Lack of Control

Since the IJV is shared between two different parties each party in its own right does not possess a tight enough control over its operations. The headquarters of many firms are not accustomed to letting their respective subsidiaries function as autonomous units. As such despite the 50/50 equity share in the IJV they may not be content to see the direction the IJV is heading in. This is in addition to the fact that they do not have the power to control the strategy that their partner may wish to pursue.

4.1.7 Cultural Differences with Local Management

While IJVs offer the opportunity to enter into local markets it can be increasingly difficult to manage the differences of the culture and the local management styles “which may lead to clashes with foreign partners” (Gutterman, 2002, p.6). Often these types of conflicts can result in the termination of IJVs. For example, an IJV created between Fuji and Xerox realized the potential conflict that could arise and as result they developed an arm’s length relationship between the IJV and their individual corporate headquarters. This permitted the management of the IJV to have a considerable amount of freedom to determine and pursue their particular strategy.

4.1.8 Market Penetration

Through an IJV having a local partner enables a smooth transition to a market which originally may not have been available to the foreign partner. The local partner brings their familiarity of the local customs, language and culture as part of its partnership.

However, if the market is quite competitive or if the local partner lacks considerable managerial experience than there may be issues that affect the actual operation of the IJV.

4.1.9 Sharing of Financial Resources

Any project involves tremendous amounts of capital and one of the most cited benefits of IJVs is that firms are able to reduce the amount of capital they need to contribute in order to get involved in a particular new market. For example, if a company has the technical know-how, skilled professionals and a strong network then it can look to other companies with similar interests for the financial resources to undertake the project. Regardless, even if both parties are limited in their financial resources it still allows for costs to be divided among the two partners.

4.2 Critical Factors Affecting the Success or Failure of an IJV

Firms that participate in an IJV need to be aware of a list of key factors that Gutterman (2002) states below must be addressed at the earliest stages of the venture's relationship. If these factors are not addressed it can lead to the eventual breakup of the partnership between the local and foreign firm.

4.2.1 Poor Pre-Formation Planning

In many cases partners are quick to form an IJV that sees the many benefits but ignore or disregard a lot of the basic issues that need to be considered at the pre-formation phase of an IJV. For example, "a distribution relationship might fail if a product was inappropriate for the target market, or the parties failed to assess correctly the competitive factors in the market" (Gutterman, 2002, p.40). In order to avoid these problems it is important to guard against communications failures that may arise as are result of cultural, linguistics

and geographically differences. Furthermore it is essential that both partners are clear on developing a common objective in order to work towards a common goal.

4.2.2 Unexpected Poor Financial Performance

The financial performance of the IJV can seriously impact the relationship of both parties involved in the venture. Issues such as lack of sales, cost overruns and a host of other factors can seriously affect this rapport. “Poor financial performance can result from such factors as inadequate pre-formation planning, failure to approach the market with sufficient management flexibility and unanticipated changes to the political and economical climate as to where the IJV resides” (Gutterman, 2002, p.41). A constant review and monitoring as to how the IJV is performing so that the necessary adjustments are made can help mitigate these concerns.

4.2.3 Cultural Differences

IJVs usually involve managers that are drawn from various countries, cultures, educational backgrounds and speak numerous languages. As a result of these differences there can be numerous misunderstandings or communication failures. For example “a number of IJVs between the US and Japanese partners reached a crisis point when US managers, who prefer strong direction from upper management, clashed with Japanese executives, who prefer to rely on consensus built from within the organization” (Gutterman, 2002, p.41).

4.2.4 Inappropriate Management Structure

IJVs typically involve equity ownership and as such many partners insist on shared management practices in order to prevent each party from having an unfair advantage

over one another. However, this causes a problem when day-to-day decisions need to be made as soon as possible. With the shared management structure decisions get delayed or bogged down in too much detail. “A cumbersome management structure can increase the costs associated with operating the JV, particularly if the partners work in different languages and decisions must be frequently reviewed by home office personnel in disparate locations” (Gutterman, 2002, p.42). For example, when two partners are based in vastly different geographical locations it takes longer for decisions to be made because of the differences in time zones. To combat this problem it is essential that daily operational decisions be made by letting one assume control of the daily operations and reserve approvals by both parties when it comes to major issues.

4.2.5 Unrealistic Performance Milestones

Once there has been a common agreement as to the set of objectives that both partners hope to achieve through the IJV, rational milestones should be set as to how the IJV should perform over the course of the venture’s lifetime. By setting appropriate and balanced milestones can help to ensure that the IJV is seen as a success rather than a disappointment.

4.2.6 Personnel Problems

Since many of the actual employees involved in the IJV are most likely from a diverse group coming from many different countries it is important to avoid high personnel turnover by considering these questions: (Gutterman, 2002, p.43).

- “What will the personnel policies be in view of the contrasting management styles of the parties?”

- How will directors, officers, and managers of the JV be selected?
- What will be the timeline for phasing out foreign staff in favour of national management, and what is the compliance period under national laws?"

To this degree IJVs must anticipate and answer these questions during the formation stage.

4.2.7 Political Factors

Political factors play a substantial role to the success or failure of an IJV. For example if the local political situation where the IJV is located turns volatile the success of the IJV can be seriously impaired regardless of the form of operation. While nothing can be predicted a thorough analysis of the country where the IJV is going to be set up is essential. Furthermore, "if there are changes in political leadership or public policies regarding foreign investment, the government may begin to push for changes where the local companies take on more ownership of the IJV" (Gutterman, 2002, p.45).

4.3 Summary of the IJV Perspective

This project began with an introduction and definition of international joint ventures. It then illustrated the four different formations and depicted the various functional relationships that IJVs can develop into. Subsequently, a brief overview of the various theories of why firms form IJVs was discussed. Finally, the paper examined the benefits and limitations of IJVs in general.

The next several sections look at an analysis of two Olympic Games and how they have contributed to the formation of international joint ventures. Each of these hallmark events

has developed economic development programs which have used various incentives that have fostered their creation. An examination of these incentives in Section 7.5 and 8.5 will reveal how they have heavily influenced their formation. More importantly an evaluation of the economic development programs that created them will form a best practices guide so that future hosts of hallmark events can increase their chances of economic success.

5 HIGH PROFILE EVENTS

High profile events, (HPEs) or labeled more broadly as hallmark events, represent a real focused attention on a specific place in the world. For the purposes of our analysis HPEs can be defined as “a major one-time or recurring event of limited duration, developed primarily to enhance the awareness, appeal and profitability of a tourist destination in the short and/or long term. These events rely, on the uniqueness, status, or their timely significance to create interest and attract attention” (Ritchie 1984, p.2). Ritchie (1984), states that a HPE must be able to garner national and international attention on a specific place over a specific period of time. High profile events are attended by diverse audiences who have come together to enjoy a specific experience or entertainment. Furthermore some high profile events last for several days and thus offer the potential for obtaining increased levels of reach and frequency. Ritchie (1984) defines seven categories of HPEs which are:

- World fairs/expositions
- Carnivals and Festivals
- Major Sporting Events
- Cultural and Religious Events
- Historical Milestones

- Commercial and Agricultural Events
- Major Political Personage Events

Some examples of HPEs according to Ritchie's classification are: Expo '67 in Montreal, the Calgary Stampede and the Olympic Games. Despite this broad categorization of HPEs my research is limited to understanding how the Olympics Games have influenced the formation of IJVs between local and foreign firms. The Olympic Games has become increasingly popular because of its status, its dedication to excellence and achievement in athletics and most importantly the sheer amount of economic opportunities and investment that it generates.

5.1 The Impact of High Profile Events

An abundance of literature has been analyzed, studied and written about by various scholars and academics about the economic benefits that high profile events bring to host countries. "Studies that assess the impact of hallmark and mega-events often focus on the economic impact on the host economy, as such events are often rationalized as an economic initiative as part of the governing authority" (Jones 2001, p.241). This section provides a brief synopsis of these studies and indicates the positive and negative economic factors that hosting these events bring to selected countries. While these mega-events are often seen in economic terms they do also have numerous effects in other areas too. This section addresses these factors too.

5.1.1 Economic Impact

In the last two decades there has been a vast amount of literature that have focused on the economic benefits that Olympic Games bring to a host city and country for that matter. There have been few, if any, economic impact studies produced previous to the 1984 Olympic Games in Los Angeles.

Nevertheless we see that “the economic effect of hosting HPEs arises through the inflow of funds into the local, regional and national economy that probably would not otherwise have come without these mega events” (Kasimati, 2003 p.434). However, what I see from various Olympic Games is that they are focused on either the commercial and economic aspects or their intent is to improve the overall infrastructure of the host city. For example, Los Angeles and Atlanta focused heavily on leveraging the Games for their commercial aspects whereas Athens used it as a way to construct new buildings, highways and sports facilities. Both opportunities provided a positive economic impact through the creation of jobs in addition to increased public sector spending by all levels of government. “However while these impacts are extremely relevant and often very important, an honest assessment of the value of a particular hallmark event must also include estimates of the negative impacts such as commodity price increases and real estate speculation that may be associated with the event” (Ritchie 1984, p.2).

Developing a general framework to analyze the economic impact of an Olympic Games has received a great amount of attention in recent years. Skeptics state that the positive benefits are emphasized more frequently than a HPE’s many limitations. In the past studies assessed the economic impact using the multiplier concept. “The Multiplier effect is a basic economic concept, which refers to changes in the level of activity that brings

further changes in the level of other activities throughout the economy” (Crompton, 1995 p. 15). In other words, when an injection of expenditure into an economy leads to an increase in spending in other parts of the economy than this is the multiplier effect. Using this concept is one of the most common forms of determining the impact of how the preliminary funds of money affect the economy at all levels. The most commonly used multipliers are those of sales, income and employment.

Nonetheless, the multiplier model does have its inadequacies. “It fails to take into consideration factors such as geography, climate, tax policies, community support for the event and the magnitude of the event relative to the total economy all plays a role in determining the economic impact of a HPE” (Ritchie 1984, p.5). Recently, however with the increased importance placed on quantifying the economic impact of a HPE, the Sports Tourism Economic Assessment Model (STEAM) takes those variables into consideration and aims to predict the economic success of a HPE. (Canada Sport Tourism Alliance, 2003) The web based assessment tool is quickly becoming the standard which most HPEs within Canada must use in order to qualify for federal and provincial funding.

5.1.2 Tourism Impact

A substantial amount of analysis of high profile events has focused on the impact that it has had on tourism industry. Studies have conclusively shown that hallmark events like the Olympic Games and World Expositions bring a large number of visitors who would not have otherwise made the attempt to visit these host countries if were not for these mega events. The marketing campaigns that are centered on these HPEs amplify the knowledge and awareness of the destination which causes the likelihood of tourists to

visit before, during and after the HPE. For example, the Sydney Olympics Games developed an extensive marketing campaign over a five year period with various activities taking place during different years. It developed a rare post Games tourism strategy that sought to increase visitation and conventions using advertising and direct marketing campaigns. In fact, “between 1997 and 2004, approximately 1.6 million people visited Australia as a result of the direct exposure provided by the 2000 Summer Games” (Chalip, 2000, p.5). “A major rationale behind the hosting of hallmark events is the longer term beneficial effect, additional to direct expenditure, which such as events bring through return visits by spectators and more importantly through increased investment and tourism activity that such exposure brings” (Jones 2001, p.243).

Sydney’s various economic Olympic programs signified how numerous stakeholders such as airlines, restaurants, retail outlets and tour operators would potentially gain from the increase in tourism. While clearly there are benefits many challenges also remain as well. “Past experience has found that following a mega event like the Olympics there is a usual slump in tourism” (Chalip, 2000, p.5). Adequately dealing with the peaks and valleys that result after HPE is something that few organizers have been able to deal with satisfactorily. Few HPEs have developed a significant post event strategy to sustain tourist visitors. The challenge is to make clear to visitors that the host country still remains open for business before, during and after the event.

5.1.3 Social Impact

As most scholarly studies have centered on the economic and tourism impact of hosting HPE, few studies have focused on their social impacts. Like economic and tourism

effects the social impact as a result of HPE have both negative and positive factors as well. HPEs positively encourage a community's sense of self-worth. These events act as a unifying factor in bringing citizens of the host country closer together. In many cases the Olympic Games "encourages wider participation in sports generally" (Jones 2001, p.243). For example, British Columbia's Premier, Gordon Campbell, has pledged to have the healthiest province in Canada just before the Winter Olympics are set to culminate in Vancouver in 2010. However, "any major event will incur social costs in terms of overcrowding, congestion, disruption of lifestyle, which are difficult or impossible to quantify" (Jones 2001, p.244). Furthermore in several studies of past Olympic Games, it was concluded that the "occurrence of forced housing evictions as a result of the hosting of mega events should be viewed as the rule rather than the exception, given the accelerated urban reconstructing such events bring" (Jones 2001, p.244). In spite of these problems more research needs to be conducted in this area to determine what the long term effects of these social issues are.

"There is also the debate as to the effectiveness of building grandiose facilities which are often rationalized by stating that they provide long-term services to the local community" In the case of the Olympics in particular, the buildings are of such large scale that many communities render full utilizations in the long-term extremely unlikely" (Jones 2001, p.243). As a result of these problems more research needs to be conducted in this area to determine what the long term effects of these social issues are on host city's community and citizens.

6 HIGH PROFILE EVENTS AND JOINT VENTURES

From emerging economies such as Bulgaria to developed countries like Japan nations of all types have clamoured for the rights to host future Olympic Games. The scramble to host these high profile events has substantially increased over the last decade because of the observed benefits they bring socially, economically and culturally to a host nation. With the recognition of the importance that these high profile events bring, hosts of HPEs are now increasingly looking for new ways to leverage them economically in order to boost investment domestically and internationally.

A plethora of economic programs that have been created have focused on increasing foreign direct investment (FDI) by leveraging HPEs. However, to my knowledge none previous to the Atlanta Summer Games have looked at leveraging these mega events to form IJVs between local and foreign firms. The reason for this has been that FDI is easy to measure and there are systemized processes in place to increase this type of investment. While these types of economic programs are good, planners fail to realize that once the HPE is over FDI decreases substantially. This is as a result of companies looking elsewhere for other investment opportunities or other HPEs to take part in.

Furthermore interviews conducted by organizers of the economic development programs in Sydney and Atlanta also noted that, just like tourism, there is usually a substantial decrease in investment in the subsequent years following the HPE. However, economic programs that look to establish IJV partnerships by leveraging HPEs provide an

opportunity to establish a stronger relationship between local and foreign firms well before the event has started. This in turn improves the chances that the partnership can last much longer. In other words, the opportunity for continued investment within the venture is much more likely than compared to traditional FDI programs. This was one of the main reasons why Atlanta and Sydney had a good amount of success as both programs were based on a hybrid approach of garnering investment through the use of FDI and in creating an IJV component to their respective economic programs.

6.1 Methodology

The two case studies analyzed in this paper, the Operation Legacy and the Investment 2000 programs, were chosen for several reasons. Primarily, with the advent of the 2010 Winter Olympic Games arriving to Vancouver there is a strong need to develop a sound economic program that is based on the best practices of past Olympic economic programs. The examination of these two case studies could potentially ensure that Vancouver uses the limited time and resources it has to economically take advantage of such a HPE. Secondly, these two case studies present a significant amount of information for further analysis. Furthermore it presented an opportunity to conduct a useful examination of both programs' IJV initiatives which could provide insight as to what problems developed and what successes emerged from these programs. Finally, no previous article or paper has done a considerable amount of investigation on these two case studies from this perspective. With the culmination of the Olympic Games in Vancouver in 2010 and the increasing importance placed on improving investment abroad and at home an analysis of these two case studies could provide a clearer understanding of what Vancouver and hosts of future Olympic Games need to

accomplish in order to create a sound economic development program which not only increases foreign investment but also develops IJVs between domestic and foreign firms. In order to gather this data I conducted a series of interviews with the senior executive teams of Operation Legacy and I2000.

To understand the influence that HPEs have had on the creation of IJVs the paper looked at two key ventures, namely the China Life CMG Insurance Company Venture and the Beverage Partners Worldwide Venture. These examples illustrate the powerful impact HPEs can have on the formation of IJVs. The venture between an Australian and Chinese Insurance company which formed China Life was chosen because of the increasing trade that has taken place between these two countries. However, in this case, a glut of rules and regulations involving the insurance industry in both countries prevented these two firms from forming a venture. Over the span of almost two years both companies ferociously lobbied their respective governments to change the regulations allowing them to form a venture between them. The advent of the Sydney 2000 Summer Games and the associated economic development program that was devised to introduce Australian companies to new markets helped finally form that JV. A detailed explanation of this is in section 7.5 of this project. However, while the research indicated that HPE played a strong role in bringing these two companies together it also showed that it may play some responsibility in the eventual dissolution of their venture as well. In other words, this specific case study highlighted the seductive pull HPEs have on forming IJVs and the destructive end that can result as well.

The second IJV example that is examined in this project is the Beverage Partners Worldwide venture. The Atlanta Summer Games in 1996 were heavily criticized for

being overly commercial and deviating away from the true meaning of the Olympics. Coca-Cola, headquartered in Atlanta, played an instrumental role in creating that commercial feel to the Olympic Games that year. Despite the criticism leveled against the multi-billion dollar company it managed to leverage the Operation Legacy program devised by the Atlanta Organizing Committee to create strategic business opportunities for itself. This venture was chosen for further analysis as a case study in this paper because of the fact that Coca-Cola was the most successful company to participate in the Operation Legacy program by creating the largest IJV partnership between a local and foreign firm. Its partnership with Nestlé SA was widely successful and indicates the benefits that a HPE can bring to organizations that initially had not seen the likelihood of forming a venture in the first place.

While secondary data was used to gather most of the information regarding the two IJVs that participated in either program the most pertinent information was received and based on primary sources from interviews with Mr. Andrew Gilkes and Ms. Robin Spratlin, who were executives of the I2000 and Operation Legacy programs respectively.

The following sections in this project look at these two case studies from several standpoints. The paper analyzes the Operation Legacy and the Investment 2000 program. Secondly, the project then examines how HPEs contributed to the formation, success and/or failure of both the China Life CMG Insurance Company Venture and Beverage Partners Worldwide venture. From this analysis two goals are accomplished:

- A sequence of best practices emerges to ensure JV success for both domestic and foreign firms.

- Secondly, this could be used as a best practices guide for planners of the economic program for the upcoming 2010 Vancouver Winter Olympics. In addition it could also serve as a useful template for hosts of future HPEs as they plan similar programs

7 THE INVESTMENT 2000 PROGRAM

The 2000 Olympic Games held in Sydney, Australia has been referred to as the Games to which all future Olympic events will be compared to. Never before has a single host country captivated the world through a focused marketing campaign, numerous tourist programs and a strong emphasis on economic investment. Arguably, many believe that it was the best hosted Games of the 20th century. Few would argue though, that what made Sydney so unique among previous Games was its adherence to encouraging economic investment by leveraging the overall prestige of this world event. The Investment 2000 (I2000) program stood out as one of the premier economic programs that many Olympic Games look to repeat and ameliorate to their own circumstances.

The I2000 program was established and driven, first and foremost, by the private sector and was later adopted by the public sector. It was comprised of four different stakeholders who included the private sector Olympic sponsors Westpac Bank and Telstra in addition to both the New South Wales (NSW) and Commonwealth governments that shaped and ran the program. A board of directors was established from the four different stakeholders who ensured that the program's objectives were met. This innovative 3P elevated Australia's international business profile, created IJVs and provided incremental FDI to Australia's economy.

“The I2000 program focused on:

- marketing Australia internationally as a regional business location for Asia/Pacific
- organizing inward visits by potential investors and overseas visits by potential investees
- facilitating investment through the services of I2000 partners”
(PricewaterhouseCoopers, 2001 p.32).

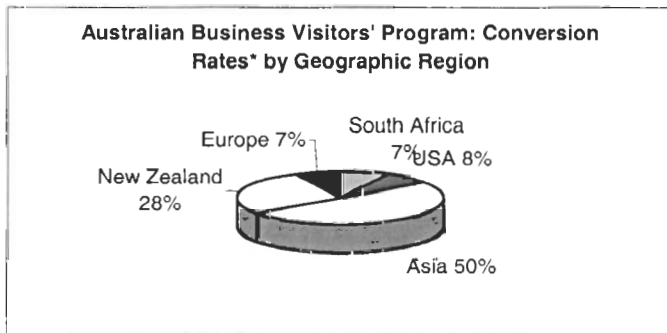
In its pre-Games phase the program initially held briefings in Australia to develop a comprehensive coalition of supporters. Then “potential investors were recruited through overseas promotions in the US, Europe and Asia and then invited to Australia for briefings and meetings” (PricewaterhouseCoopers, 2001 p.32). The investment program focused strongly on using a relationship-network approach as opposed to a research based approach because of the potential to reach a wide range of businesspeople and emerging global companies. Using this method almost 2000 participants attended 80 high profile business forums located around the world.

The forums highlighted Australia’s key industries that were targeted for foreign investment, described successful case studies of overseas businesses that had participated in Australian markets previously and introduced highly respected speakers and business leaders to speak about the opportunities available in Australia. After the completion of each forum a follow-up business program referred to as the Australian Business Visitors’ Program (ABVP) was developed in Sydney to facilitate international partnering

opportunities and attract additional foreign participation in Australian growth industries. “It provided the most time and cost effective way by which businesses that had participated in the business forums could come to Australia and see it for themselves” (Nugent, 2001, p.5).

Each business that attended the ABVP covered their respective expenses to further explore the opportunities of investing in Australia. The I2000 program set an aggressive target in which they wanted to attain a conversion rate of 30% in which those businesses that attended the business forums and dinners would also attend the ABVP in Sydney. However, a rate of approximately 16% was achieved. It was believed that because participants were required to fund their own trip to Australia this resulted in a lower than expected conversion rate. Figure 5 details the conversion rate by geographic regions.

Figure 5 ABVP Geographic Conversion Rates



Based on Nugent, 2001

When the Olympic Games officially opened in September 2000, a major business event was held in Sydney where key signings of business deals took place that would boost FDI and IJV relationships between local and foreign firms. “It is unlikely that such a broad range of executives would have closed these deals without a structured program in place

which provided access to government leaders and other high level international and Australian business representatives” (PricewaterhouseCoopers, 2001 p.45).

The post-Games business for I2000 has been quite successful. Nugent (2001) states that at the end of the year 2000, 45 companies had decided to either form an IJV or invest through wholly owned subsidiaries within Australia. Furthermore over half a billion dollars and over a thousand jobs were created as a result of the program. The Chinese government was so impressed with the results of the program that it has adopted many of the learnings and experiences gained from the I2000 project and developed a similar initiative called the China Access 2008 Business Forum for the upcoming Beijing Olympics in 2008. It will use a format very similar to the I2000 program however China plans to tailor the program to a group of strategic industries that it would like to promote to overseas investors.

7.1 Achievements of the Investment 2000 Program

Of the total number of programs that were created through the Olympic Business Roundtable, an umbrella group that initiated a majority of Sydney’s economic programs, the I2000 continues to thrive today. There are a number of pertinent aspects that have led to the overall success of this program.

Primarily, the I2000 program set clear and measurable goals that it wanted to obtain within a specific timeframe. For example, “it aimed for a target audience of 500-600 people for its overseas briefing, 200 business visitors to Sydney and 30 committed investments by the end of the Games in 2000” (PricewaterhouseCoopers, 2001 p.43). It successfully surpassed all these goals and attained “1900 overseas briefings, 313 business

visitors to Sydney and 45 actual committed investments including some IJVs agreements” (PricewaterhouseCoopers, 2001 p.43).

Secondly, it allowed investors to tap into non-traditional markets of the Australian economy. For example, while Australia has a burgeoning financial services and information technology industry, the program also focused on exploiting growing and potentially lucrative sectors such as its facilities, waste and engineering management industry that is beginning to grow in Australia. This permitted foreign investors to enter into Australia’s new and traditional markets from abroad.

Thirdly, the I2000 program used multiple networks (i.e.: private sector networks) to attract foreign investors to come to Australia to do business there. A strong emphasis was placed on using the relationship-network approach where important business people and key organizations that were closely associated with Australia identified and invited other potential investors and the momentum grew from there. This method worked especially well in Asia where a great deal of importance is placed on the development of personal relationships.

The fact that the I2000 program was a success is not surprising. Australia effectively marketed itself as a new place in the world to do business and at the culmination of the Summer Olympics in Sydney the program added a significant amount of foreign investment to Australia and changed the mindset of many people from the Australia they knew to a country that was open for business. Figure 6 indicates the percentage of committed and high potential investors by geographic area that participated in the I2000 program as it neared its completion in December of 2000.

Figure 6 High Potential Investors by Geographic Area



Based on Nugent, 2001

7.2 Key Problems of the Investment 2000 Program

As mentioned earlier, never before had the world witnessed an Olympic Games that developed a comprehensive list of economic programs that targeted key areas within the Australian economy. Despite the highly touted success of the I2000 program there were some issues that did arise through its implementation.

First and foremost the I2000 program was made up of four diverse stakeholders. Although they all had a common overarching goal of attracting new foreign investment into Australia each partner had different methods as to how to pursue it. For example one of the private sector partners, while focused on bringing investment opportunities into Australia, did at times get predisposed as to how it could leverage as much investment as possible as a sponsor of the program. On the other hand, the public partners were keen to use the program to disburse as much investment to as many different companies and regions of the country as possible. In other words the “public sector agencies held the longer term view focusing on community benefit, jobs, training and services in contrast with the shorter term profit seeking perspectives of private industry”

(PricewaterhouseCoopers, 2001 p.38). The differing objectives did cause some tension between the public and private partners however it did not significantly interfere with the overall success of the program.

Naturally, when public partners such as governments are involved in a program of this magnitude each would like to claim its stake within the program especially if it has a significant amount of funding involved within the project. The I2000 program included both the Commonwealth government (i.e.: the federal government) and the NSW government (i.e.: the provincial or territorial government) which meant that because of the differing levels of governments and their objectives there was some animosity in the relationship between various government departments. Again, however, for the most part this did not affect in any way, the success of the overall program.

While public sector partners did create some issues for the I2000 initiative Westpac Bank, a private sector contributor to the I2000 program, did face some constructive criticism as well. For example, in the assessment of the program it was noted that the program could have been far more successful if more incentives were given to Westpac employees to seek possibilities of investment opportunities from its foreign clients. Traditionally, Westpac Bank employees are measured according to how much liquidity is brought into the bank through loans, mortgages and other types of investments. No provisions were made to encourage employees to speak to business clients about the benefits of the I2000 program which left a valuable niche of potential clients neglected.

7.3 Key Learnings of the Investment 2000 Program

Among the various economic programs that were devised through the Sydney Olympic Games in 2000, it is the I2000 initiative that continues to have post-Games success. Fortunately, the analysis that was produced on assessing the I2000 project enables designers of future economic programs to follow, tailor and improve the program to suit their individual needs. A series of key learnings is discussed in the following sections from the I2000 program.

7.3.1 Start Early

It is clear that one of the primary keys to creating a successful program is to establish a realistic timeframe to work in so that enough time is permitted to have the necessary logistics for the program to function well. The I2000 program did this effectively and used the 2-3 year period in the pre-Games phase to drum up support for investment and IJV opportunities. It then used the culmination of the Olympics to solidify the entire process with formal signings and agreements. The Beijing Olympic Committee is using a similar economic investment model as the Sydney Games and is utilizing the time it has in between the 2004 Games in Athens and the 2008 Games to Beijing to develop and promote its program. The BC Olympic Secretariat should follow the model of establishing a similar framework between the Turin Winter Games in 2006 and its 2010 Winter Games in Vancouver. The time used in between these Games is vital if the program is in accomplishing its goals of increasing FDI and IJV partnership.

7.3.2 Leverage Overseas Network

In many cases, there is an extensive foreign network that organizations can tap into for the knowledge and expertise they have in doing business abroad in specific markets. However, few organization actually use or are aware that these services are available to them. For example, Canada has a wide array of embassies and consulates filled with trade officers and commissioners that look for opportunities to help Canadian firms do business in untapped markets. The cultural aspects and the logistical challenges of finding an international partner(s) means that it is extremely important that future economic development programs use this knowledge and expertise that is available to them when introducing domestic firms to foreign partners. In addition, the I2000 project successfully made use of its relationship based network when promoting the initiative abroad. This valuable network contributed immensely to the overall success of the program.

7.3.3 Uncover Hidden Markets

The I2000 program was highly successful because of the fact that it enabled non-traditional industries to prosper under the program. Australia has long been known for its information technology and business services sectors. However areas such as its facilities, waste and engineering management industry have largely remained undiscovered and hidden. The I2000 program was able to showcase new industries and markets that were looking for opportunities to go abroad. The project help match key industries with global players and further increased Australia's FDI and formed numerous IJV relationships. Developers of future economic initiatives can use this type of approach to introduce to foreign markets, industries that are in the infant stages of growth.

7.3.4 Lobby for Successive Winter Games

The I2000 program excelled not only during the pre and actual phase of the Olympic Games but it has also excelled exceptionally well during post Games era as well. “The Athens Games represented the most immediate opportunity for Australian businesses to capitalize on their Sydney Games experience through the I2000 program” (PricewaterhouseCoopers, 2001 p.46). Australia also lobbied hard for a credible 2008 Summer Games host that would enable them to leverage their experience of hosting the Olympics in 2000 and further promote their companies abroad. Their lobbying efforts paid off when Beijing was announced as the host of the 2008 Summer Games and many of the economic programs that were developed in Sydney are now being modified for Beijing. Furthermore a Sydney Beijing Olympic Secretariat which was established by the NSW government February 2002 to facilitate the winning of business by Australian companies and relevant NSW Government agencies in relation to the Beijing 2008 Olympic and Paralympic Games. Consequently, Australian suppliers now have an added edge when competing for construction and procurement contracts for the Games in Beijing. It would be in the interest of future hosts cities like Beijing and Vancouver to lobby for favourable host cities in the upcoming 2012 Summer and 2014 Winter Games which could determine to a large extent the number of contracts that could be made available to them.

7.3.5 Delineate Clear Responsibilities between Government Departments

Among the many criteria that made the I2000 program extremely successful was its 3P initiative that involved diverse stakeholders. However, one key learning that does emerge from this relationship is the importance in delineating clearly the roles that each partner is

expected to contribute towards the partnership. This was a source of contention between the various public sector departments and agencies that were stakeholders in this program. Many were accustomed to working within their own particular governmental structure however once the two levels of government (i.e.: Commonwealth and Territorial) were brought in as partners differences emerged between which departments had control over which resources. For host cities that develop future economic developmental programs there must be a clear definition of each stakeholder's responsibilities in the project before its commencement.

7.3.6 Build Mechanisms to Uncover SMEs and Emerging Global Companies

A key aspect that contributed to overall success of the I2000 program was the methods it used to attract the attention of the international business realm. Traditionally, most economic development programs rely on a research based approach to determine which sectors would be worth pursuing in specific markets abroad. However, the I2000 initiative used the personal contacts and overseas networks that were considered to be 'friends of Australia' to promote the program abroad. "As a result of this time was not wasted pursuing companies where no interest existed. Furthermore it built a group of advocates for Australia who – on an ongoing basis – have sold Australia's message and introduced potential investors to the program" (Nugent, 2001, p.23). This approach was highly innovative as it helped to uncover small and medium sized enterprises that otherwise would not have been targeted if traditional techniques were used.

7.3.7 Senior Management Involvement is Critical

Another factor that led to the overall success of the initiative was that the I2000 initiative was able to convince senior executives from foreign companies about the numerous opportunities that were available to them during their attendance of the ABVP. The importance of encouraging senior managers to attend the ABVP cannot be emphasized enough as these VIPs carry the power to make decisions about investments quickly and offer a greater level of commitment to create partnerships between themselves and domestic companies. Organizers of future economic development programs should pursue this strategic action as the chances of success for investment is much more likely.

7.4 Conclusion

The 2000 Summer Olympic Games in Sydney significantly contributed to changing the overall business image and climate in Australia. It brought investment from various parts of the world into the country 'Down Under' and helped augment new and traditional business sectors as well. The I2000 initiative was an unprecedented success where over half a billion dollars in new investment through IJV relationships, foreign investment and infrastructure development was brought into Australia. "In attracting these companies, I2000 was able to paint for investors a picture of Australia that few knew: a sophisticated market with growth opportunities" (Nugent, 2001, p.25). At conclusion of the program 45 companies had chosen Australia as their choice of destination for new investment opportunities. As of the close of the program another 44 companies were seriously committed and interested in investing in Australia as well.

The model used for the I2000 program is clearly a strong template for future hosts of major high profile events to follow. Fortunately, potential hosts of these hallmark events can learn from the successes and dilemmas that the I2000 program encountered and improve on them significantly. This initiative showed how Australia took the “power of the message and converted it into an active and substantial investment” (Nugent, 2001, p.26). The challenge remains for planners and organizers of future hallmark events that look to devise their own strategies for economic development to better the Sydney Games and to set higher benchmarks for foreign investment. “By learning the key lessons of the I2000 program, more targeted approaches can be offered to ensure that host countries are competitively positioned to attract more than their fair share of investment” (Nugent, 2001, p.26).

7.5 China Life CMG Insurance Company

In 2000, just after the culmination of the Summer Olympics in Sydney, the largest state-owned commercial life insurance company in China, China Life, formed an IJV with the Colonial Mutual Group (CMG), Australia’s largest financial services group. CMG believed that China's banks would become the fastest-growing segment of the country's financial services sector and that through the venture it would help to boost its presence there. “China Life boasts total assets of 100 billion Yuan and reported a premium income of 60 billion Yuan in 1999. CMG has businesses in 16 countries worldwide and assets under its management are worth \$300 billion dollars” (China Life CMG Insurance Company, 2001). Zhao Guoxian, the Chief Executive Officer of the IJV, China Life CMG Insurance Company, “said the company will start with accident and other

traditional life insurance products and plans to introduce unit-linked policies and other new options in the near future” (China Life CMG Insurance Company, 2001).

7.5.1 Successes of the China Life CMG Insurance Company

While many refer to Shanghai as the insurance capital of Asia, for the most part the insurance industry in China is still in its infancy despite the number of entrants that are both domestic and foreign. Currently, the insurance market has enormous potential however, much of the industry still lacks competition and the demand is much bigger than the available supply especially in Shanghai. With this in mind, the IJV between one of the largest Chinese and Australian financial services firms has had some success. From China Life’s standpoint it has gained tremendous knowledge, management and sales expertise from their Australian counterparts. As the insurance market becomes more deregulated in China and as foreign competitors continue to enter into the market the IJV, China Life CMG Insurance Company, hopes to maintain its stronghold in the industry by using a combination of its local knowledge and foreign expertise.

From CMG’s viewpoint they now have clear access into the Chinese market. Previously, due to Chinese regulations this was virtually impossible however, now CMG has been able to introduce their insurance products and services through the JV. The Chinese insurance market has the potential to reach millions of potential clients and CMG hopes to continue to educate and attract these new clients through the insurance services that the IJV provides.

While the IJV has seen some success in its operations an examination of the formation of this venture showed that the I2000 program was instrumental in bringing the Chinese and

Australian insurance companies together. Primarily, the I2000 program enabled prominent members of the Australian business community which sat on its board of directors to use the clout of the Olympic Games to convince both Australian and Chinese governments of the benefits in relaxing the rules and reducing the restrictions regarding JV partnerships in the insurance industry.

Secondly, as participants in the I2000 program the China Life Insurance delegation was able to view first hand Australia's CMG operations in Sydney. Previous to this both parties believed that there companies would be a good fit however, Chinese management never had an opportunity to view the day-to-day operations of CMG in Australia. The I2000 initiative provided the chance for senior executives of both partners to formally meet in Australia to discuss how the formal functioning of the JV operation would work. As an added incentive the majority of the costs were paid for through the I2000 program.

Thirdly, for a specified time the I2000 program convinced the Chinese government to introduce a series of tax and fiscal incentives which effectively boosted the overall profits of the venture. Since the venture was to be located in China, the Chinese governments agreed to a 'tax holiday' on dividends, royalties and other interest payments that were accrued by the venture. The Chinese government also agreed to institute a special dispute settlement procedure which meant that any disputes that arose between the two parties would be settled through international arbitration as opposed to through Chinese courts. The I2000 Board of Directors effectively leveraged the allure of the Olympic Games to convince the Chinese government of establishing these added incentives. In return the I2000 Board of Directors agreed to base the IJV in China and give the China's CMG group a majority stake in the venture of 51%. These enticements through the I2000

program played an instrumental role in expediting in the creation and formation of the JV between these two parties.

7.5.2 Problems Related to the China Life CMG Insurance Company

The IJV between CMG and the China Life Insurance Company has provided both partners with many benefits. However, the success of the insurance market and the IJV may lead to the undoing of their partnership. As the IJV is based in China the insurance industry there continues to see substantial success. Nonetheless, the venture has started to see strains in its relationship. As the Chinese insurance market continues to grow the IJV has seen its business fall behind domestic and international competition. As a result regaining its dominant positions is one of China Life CMG Insurance Company's priorities. Despite this, the Chinese partner is looking to divest itself from the venture with Australian-based CMG in order to take advantage of the new found knowledge it has gained from the partnership. Five years, since its formal agreement to create an IJV the objectives of both firms have diverged. Currently, the Australian partner feels that it too has gained enough knowledge from the Chinese insurance industry to go it alone into the market. Previously, when the venture was created many rules and regulations were in place that prevented it from operating as a single entity.

Even during the onset of the IJV relationship many skeptics mentioned that the very fact that it was the first time that a foreign firm would enter into the Chinese life insurance market meant that CMG would be taking a substantial risk. In part this was true as most domestic companies in China have major problems in terms of corporate governance. Specifically many of the issues that China Life CMG Insurance Company encountered

were control of shareholders' rights, independent boards, an out-of-date legal environment and poor capability in risk assessment and control. "In addition, given the fact that the government was the biggest shareholder and owner in the initiative with 51-49% stake, Australian managers often found themselves unable to play the game fully in line with market rules and thus became less market-oriented" (People's Daily Online 2000). However, now with the onslaught of foreign competition, the Australian based CMG has the opportunity to operate on its own.

While officially, this is the message that both partners have conveyed to the public however, the fact that a lot of the incentives that initially attracted them to creating a venture were now terminating does play some role in the possible dissolution of this venture. The majority of the incentives that had been instituted in 2000 are set to expire at the end of 2005. In other words, the added incentives which made the venture worthwhile in the first place will no longer be in effect. This coupled with the added competition due to a significant amount of deregulation that is taking place in China could lead to the end of the IJV between the two companies. The allure of the HPE and the added benefits that were associated with its formation forced the venture to cut back on a significant amount of time that it had allocated to its pre-planning stage. This could contribute to the eventual termination of the JV.

7.5.3 Key Learnings from the Venture

Compared to many IJVs, this particular one was highly successful in that it enabled both parties to achieve their respective objectives. The Chinese company, China Life CMG Insurance Company, was looking to gain management and sales expertise from the

Australians while the CMG based Australian company was attempting to enter into the highly lucrative Chinese insurance market. Nevertheless, the CMG firm was unaware of the problems that it would encounter working with a state owned enterprise. In essence, CMG was a publicly traded company that operated in the private sector which meant that decisions in most cases were made quickly and rarely did bureaucracy play a role in their day-to-day activities. Although the insurance sector is usually considered a typical private sector industry, the fact remains that the China Life CMG Insurance Company remained in the hands of the Chinese government which meant that rigid rules and bureaucracy permeated throughout the relationship. Regardless of the fact that the CMG firm although aware of its cultural differences between China and its home country Australia failed to acknowledge and consider the variation between them. If either party does look to divest itself from the IJV then a series of issues need to be looked at. For example how the division of client lists will be determined; penalties for withdrawing prior to the IJV agreement and other post-termination concerns have to be addressed.

8 THE OPERATION LEGACY PROGRAM

Most recipients of Olympic Games decide to host the world's premier sporting event either to improve on their existing infrastructure or take advantage of the commercial aspects and benefits that are produced as a result of it. The 1996 Summer Games in Atlanta were clearly a product of the commercial characteristics that can be gained from an event as prominent as the Olympics. Georgia Power (GP), the state utility that provides power to millions of homes in Georgia, played a key role in bringing the Olympics to Atlanta. With extensive experience in promoting economic development in Georgia, GP created the first economic development program of its type to promote investment in Georgia. Operation Legacy, an economic development program created to leverage the Olympics, brought companies from around the United States to do business in Georgia. The program focused on three main strategies:

- “Use the international exposure and attention afforded by the Games to invite key decision-makers from the targeted companies to visit Georgia for business opportunities
- Research and identify the economic strengths of Georgia's present economy and use this research to target the industry segments and companies within these segments to attain the highest potential for investing in Georgia

- Invite selected company officials of the targeted companies to come back to Georgia during the Games” (Georgia Power 1997).

The program was designed such that eight target teams focused on a particular segment or cluster of businesses. Table 1 indicates the industries that were a part of pre-Olympic Operation Legacy program. “A total of 302 companies visited Georgia during the pre-Games phase” (Georgia Power 1997). In the lead up to the Games and as part of their visit, business executives and other VIPs took part in tours which helped to impart a solid understanding of the state and city investment opportunities that were available there.

Table 1 Business Segments of the Operation Legacy Program

Location Consulting	Information Technology
Aerospace	Beverage Industry
Automotive	Electronics
Sports Industry	Infrastructure Development

Based on Georgia Power Report, 1997

In 1996, during the year of the Olympics, selected companies that were believed to offer the best potential to do business in the State of Georgia were brought on an all expense paid trip for two to three days of sporting events, dinners and exploring Olympic attractions. At the conclusion of their stay business executives took part in Legacy Tours throughout the State to relax, recreate and see more of what Georgia had to offer outside of the Olympic realm. “From the pre-phase of the Games (three years before the actual Games) to the end of 1996, a total of 400 companies were exposed to Georgia” (Georgia Power 1997).

8.1 Achievements of the Operation Legacy Program

Operation Legacy's goal was to locate 20 new businesses to the State and generate 6,000 new jobs within five years after the creation of the program. "The initiative surpassed these goals and an estimated 42 new Georgia locations and expansions were announced or completed by companies that took part in Operation Legacy programs. Furthermore these facilities employed over 6,000 people and resulted in a capital investment of over \$300 million dollars" (Georgia Power 1997). In addition, Operation Legacy essentially laid the groundwork for Georgia Allies, a post Olympic program that continued on the success of the original Operation Legacy program. This program has been successful as it leverages the power of its individual members such as Coca-Cola, Delta and Bank of America and uses the program to aggressively promote the state's business development.

Another factor that contributed to the success of the program was the degree of autonomy with which the program was run. Since the actual program started as a private sector initiative it was run as an entrepreneurial program as opposed to a bureaucratic one. This meant that there was less administrative and governmental process involved and more independence and freedom to steer the program to achieve its stated objectives.

8.2 Key Problems of the Operation Legacy Program

Despite the success of the program, it was argued that the initiative was limited in scope. "Operation Legacy was aimed primarily at attracting investment to Georgia from other parts of the USA. In contrast, I2000 was exclusively aimed at attracting investment to Australia from other part of the world and did not make any contribution to potential

investors' travel costs" (Nugent, 2001, p.13). This meant that while the program did reach its goals it limited its mindset to only US companies and neglected a valuable niche of firms outside the US who could have potentially invested more money through JV relationships and other capital investments. In addition, finding companies using the research based approach was time consuming as it was important finding appropriate companies for the targeted industries in Georgia. In hindsight, organizers felt that it may have been better to use a hybrid of both network and research based approaches to get companies to come to Georgia.

8.3 Operation Legacy versus Investment 2000

The Operation Legacy program was very much a pioneer in its creation as an economic development program. No other Olympic Games have created specific commercial economic programs that garnered investment. Furthermore while the Sydney Games did create a number of economic related programs which boosted FDI to Australia the original idea to encourage investment was developed from the Operation Legacy initiative.

Despite this however, there were a number of key differences between the two programs. For example, Georgia's program focused more so on industrial and agricultural industries as opposed to Sydney's initiative which attracted a large base of technological industries.

In addition, the Operation Legacy initiative used research based methodologies to target and identify firms in key industries throughout the United States whereas the I2000 program focused heavily on personal networks. While each in its own right has its advantages and disadvantages, both program managed to achieve its goals relatively well.

8.4 Conclusion

To many the state of Georgia was considered a low key state however through the Operation Legacy program it attracted large multinational companies to invest heavily into the southern state. In 1997, a further 134 companies had taken part during the Operation Legacy program well after the Olympics had been completed. This was clearly a testament to the overall success of the program.

8.5 Beverage Partners Worldwide Joint Venture

It was in the early 1990s when Coca-Cola realized that despite being the market leader in the beverage industry it needed to pursue new avenues to foster continued sources of growth. The JV between Coca-Cola and Nestlé SA, referred to as Beverage Partners Worldwide (BPW), was created through the Operation Legacy program. For as long as most people can remember Coca-Cola has been one of the most recognized brands in the world. Nevertheless, senior executives with Coke wanted to enter into new markets with new products to solidify and maintain its position as the global leader in the beverage industry. From Nestlé's perspective, it created and had a series of products that it wanted to push not only into the North American market but also into other areas where Coca-Cola had a stronghold. The JV originally referred to as, Coca-Cola Nestle Refreshments, also helped to promote Nestlé products extensively in America as a result of the 1996 Olympic Games in Atlanta. Many years later few problems have emerged involving the IJV between the two major companies as they have been able to leverage their core competencies effectively in the global beverage market.

8.5.1 Successes of the Beverage Partners Worldwide Venture

“Under a 50/50 partnership between Coca-Cola and Nestlé, the Swiss-based Nestlé would bring between \$2 billion and \$2.5 billion in sales from well-known brands such as Perrier, Vittel and San Pellegrino. Coke, which makes Dasani in the U.S. and Ciel and Bonaqua overseas, would contribute \$1 billion in sales through the partnership as well” (Nestle, 1996). Despite the fact that Nestlé and Coke have a bevy of strong beverage products, the venture allowed each partner to take advantage of each others strengths. For example the new venture combined Nestlé’s trademark products in addition to its R&D skills with Coke’s distribution power and the well-established infrastructure it has in many countries. The JV has been successful in penetrating foreign markets such as India, China and Indonesia. Furthermore it is fostering stronger competition against Pepsi and its consortium of snack companies. The JV between Coke and Nestlé has realized the immense opportunities in the ‘ready to drink’ coffee, tea and herbal beverages market which has subsequently put it at the forefront of this sector. Through this venture each partner hopes to become global leaders not only in the beverage market but also leaders in the innovative snacks industry too. For the last couple of decades PepsiCo has maintained a strong lead in the snack industry. For Coke no longer does this mean that it ‘wants to buy the world a Coke’ but it also wants to provide everything else that goes with it.

As the main sponsor in the Olympic Games in 1996, Coca-Cola was also one of the most successful participants in the Operation Legacy program. Its association with the program enabled Coke to partner with other mid-range companies and in addition allowed it to establish itself within other networks that it would not have otherwise had an opportunity

to do so. Three specific criteria as a result of participating in the Operation Legacy program determined its formation and have led to its continued success. The economic program's board of directors had numerous ties to various governments around the world. Using their clout they were able to convince countries in Indonesia and Malaysia to reduce custom duties so that the Beverage Partners Worldwide Partnership could begin promoting and selling its products there. This was a noteworthy enticement that encouraged the formation of their venture. Secondly, because Coca-Cola saw that there were many advantages to partnering with Nestlé SA the Operation Legacy board managed after much lobbying, to reduce many of the excise taxes that Nestlé SA paid for selling its products in the US. This agreement helped persuade Nestlé SA to join along side Coca-Cola to use their collective strengths to enter into new markets. Finally, Nestlé SA like other firms were also attracted by the allure of the Olympic Games and wanted to be associated with Coca-Cola due to the popularity that they had gained and achieved as being one of the main sponsor of the Olympic Games and Operation Legacy program. While Nestlé SA had developed a strong name for itself in Europe the added incentives that were being offered to create an IJV in conjunction with partnering with Coca-Cola would offer it the ability to improve its brand name in markets where it had not established a presence. Similar to the incentives that were bring offered by the I2000 program the BPW venture enjoyed the benefits of the incentives of the IJV for a limited time. However, unlike the China Life CMG Insurance Company Venture, BPW established itself quickly enough to become successful once the incentives were no longer provided.

8.5.2 Problems Related to the Beverage Worldwide Partnership Venture

As mentioned earlier in this article, the partnership between Coca-Cola and Nestle could serve as model of how a typical IJV should work. Few if any problems or issues have arisen since the inception of the partnership from the early 1990s until now. While it has operated successfully for over the past two decades by leveraging each other's core competencies there does not seem to be a clear termination point in mind. In other words, both parties continue to ride the success of the BPW venture however, they have not developed a clear succession plan once the usefulness of their venture expires. Furthermore there have also been some issues regarding the management of the IJV. Currently, much of the BPW operations reside in Switzerland as do Nestlé's main headquarters. Due to the close proximity of the venture, Nestlé has a stronger advantage in overseeing the functionality of the partnership as Coke's senior management resides in Atlanta. Many of these problems need to be addressed so that either partner can continue to develop a partnership whereby their views and concerns are raised in a fair and equitable manner.

8.5.3 Key Learnings from the Venture

Ideally, the formation of an IJV should take the skills, talents and abilities of each firm and enable each partner to gain new knowledge or enter into new markets which it would not have been permitted to do so as a single entity. In reality, this does not always happen but in the case of the BPW fortunately this is what happened. The success of this IJV was based on the fact that each partner was already a strong player in their respective market. In addition, the brand awareness, reputation and loyalty were already instituted in the customers and the BPW project would further emphasize it. It is clear that the principle

key learning from this JV is that if you want to develop a strong IJV then ensure each partner is well established in either its products or services and that it has something of value to contribute. Finally, it is also important that the IJV also have some clear rules as to how it plans to terminate its relationship so that it is done in an amicable way so as to please both parties and cause less disruption.

9 BEST PRACTICES

This section identifies the best practices and a summary of key learnings from the international joint ventures and the economic development programs that were developed through the high profile events discussed previously. While some of the IJV relationships and economic development programs were considered more successful than others they do provide an ample opportunity for us to understand how we can emulate their successes and avoid their failures.

9.1 Summary of Key Learning for IJVs

Table 2 Key Learnings for IJVs

<i>Understanding your capabilities and needs</i>	Be clear on the capabilities you bring to the partnership (access to local markets or technical knowledge). <ul style="list-style-type: none">• Determine your expectations of the IJV• Do you want to gain technical know-how• Improve market share• Increase revenues and profits• Enter into new markets
<i>Choosing an appropriate partner</i>	<ul style="list-style-type: none">• Identify the desired characteristics you would like to see in your potential partners• Ensure that your partner has the necessary skills and resources that you want and that you can access them

<i>Communication, Culture and Flexibility</i>	<ul style="list-style-type: none"> • Ensure that the lines of communication are opened between the management of both partners • If there are major differences in culture between the partners then there may be the need to institute cultural sensitivity training. • Over time unforeseen changes can occur and may require either partner to deal with any unintended inequities
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Based on Beamish & Killing, 2001

9.2 Summary of Key Learnings of Economic Development Programs

Research into both the Operation Legacy Program and the I2000 initiative highlight a number of critical key learnings that can be used to improve on the economic development programs that leverage future high profile events. Table 3 highlights the main factors that should be considered.

Table 3 Key Learnings of Economic Development Programs

<i>Start Early</i>	<ul style="list-style-type: none"> • Develop a realistic timeframe that incorporates potential delays in the planning and setting up of the economic program • Identify the necessary financial, capital, and human resources that are needed to be in place
<i>Limit the Scope of the Program</i>	<ul style="list-style-type: none"> • Look to promote specific industries and markets that would substantially benefit from the global attention of the HPE
<i>Provide a single portal of information</i>	<ul style="list-style-type: none"> • Avoid confusion and advertise as well as market a single official source (i.e.: website). as to where interested firms can gather all the details about the economic program and how they can participate • Create a forum where firms can ask questions about business opportunities as a result of the HPE
<i>Utilize the 3P Initiative</i>	<ul style="list-style-type: none"> • Leverage the HPE to encourage investors from the private sector to act as partners in the project

<i>Clarify Strategic Roles</i>	<ul style="list-style-type: none"> • To avoid confusion especially between private and public partners delineate the specific roles and objectives that each partner is to play in the initiative
<i>Develop Succession Planning</i>	<ul style="list-style-type: none"> • Ensure that there is a framework in place that continues the success of the program well after the HPE is over
<i>Understand the Business Needs</i>	<ul style="list-style-type: none"> • HPEs provide many benefits to the local and national economies but to ensure its success
<i>Use the network based approach</i>	<ul style="list-style-type: none"> • Using personal contacts and leveraging overseas networks is a much more powerful way to find new companies as opposed to through using the traditional research based approach

9.3 Application to the 2010 Vancouver Olympic Games

The best practices suggested above provide a clear direction as to how Vancouver can direct itself to develop the best possible economic program. The most important aspect of these practices is the notion of starting early. The 2010 Olympic organizers have created ‘Canada House’ which will prominently feature Vancouver and the progress that it has accomplished to date during the Turin Winter Olympics in 2006. Planners of the BC economic program should leverage Canada House as a way of promoting its economic initiative program and indicate to the world that Vancouver is open for business.

Secondly, economic planners should limit the number of different market sectors that it targets as part of its program. Six to ten different business segments should be focused on and approximately half of those should aim to be in areas in which BC would like to promote. In the last couple of years we have witnessed the unprecedented growth in the British Columbia economy due to high prices within the commodity market. As a result of this traditional areas such as mining and forestry are flourishing. However, promising new sectors that are underdeveloped or under-serviced such as the biotechnology and

telecommunications industry are being neglected. Using the marketing power of the 2010 Olympic Games in Vancouver would be an opportune time for BC to leverage these industries as new and promising sectors to invest in.

Thirdly, it is important that Vancouver develop the 3P framework that has been an extreme success in both Sydney and Atlanta. This means partnering government and private sector actors such as the Vancouver Board of Trade and Chambers of Commerce to take advantage of their knowledge of the local market and their extensive network of relationships.

It is important that the creation of an economic program for the Vancouver 2010 Olympics not be seen as a 'one-off' opportunity to create economic investment but rather seen as a chance to create a strong long-term economic legacy. Both Atlanta and Sydney created succession programs that continued long after the Olympics were completed and still remain quite successful today.

Finally, using a research based approach did help Atlanta to some degree when searching for companies interested in participating in the Operation Legacy program however, Sydney was by far more successful in using its personal network based approach. In other words, the I2000 program used its personal contacts abroad through companies that had done business in Australia, its embassy staff, and through the vast amount of Australian expatriates living and working abroad.

Using these best practices and understanding what worked and what did not work will ultimately lead to a successful economic development program for the 2010 Games in Vancouver.

10 CONCLUSION

This article presents an illustration of how HPE's can play a critical role in the expansion of business and commerce across borders. Despite their challenges of managing and designing IJVs, Beamish and Killing (2001) indicate that this should not be seen as a justification to avoid them. This project looked at IJVs extensively in theory and in practice. Theoretically, four main perspectives have highlighted and helped scholars and readers to understand why IJVs are formed and have provided some stimulus for a stronger framework as to how they could continue to be formed. Furthermore, this project has established how HPEs can be used to significantly influence the formation of IJVs through their economic development programs. In the two cases each IJV in their own way was developed due to the prominence of the events and the incentives that were used to create them. The success and disappointment of these partnerships provided ample key learnings for future organization looking to form IJVs.

This article also examined the economic development programs that were created from two Olympic Games. Through the investigation of these programs the successes and failures key learnings appear from the different programs. The I2000 program provided the most adequate and up to date information with which future planners of economic development programs should emulate. In contrast, much of the information from the Operation Legacy program was difficult to obtain. Unfortunately, either little information was available or it was considered confidential by Olympic organizers. Despite these

problems the project attempts to highlight the best practices of these programs to provide guidance for future economic programs.

While this project only touches on the subject of the influence of HPEs on IJVs more research should be done to look at other types of events and the economic benefits they generate through the creation of IJVs. It is hoped that with the advent of the 2010 Winter Olympic Games arriving in Vancouver, Canada the research provided in this article may possibly serve as an impetus to develop a healthy economic program that could benefit both the local and national economies.

“One of the few certainties of business management, however, is that everything is subject to change. The business environment, the structure of the markets and the nature of an organization's products and services all change as time progresses” (Matthews, 2001, Conclusion Section, para. 3). Notwithstanding, firms have an opportunity to succeed in this sea of change. With this in mind and with the growing interdependence of the world today it is becoming increasingly apparent that more and more firms must either partner or perish. It is hoped that firms choose the former rather than succumb to the latter.

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