Global Engagement

Student Name

Embry-Riddle Aeronautical University

Sample Paper for MGMT 335 IB Analysis – Author Note(s) and Key Words are NOT REQUIRED for these short APA 6th edition papers.

Abstract

This paper will show the relationship between businesses that seek to expand in the global community. Selection of key strategies for organizational success depend upon selection of business partnerships that will expand markets and grow business. Expansion into the international global community can bring increased value, new customer markets, logistic support, and connections for both the home and host countries. Many companies seek to expand through exporting, licensing, franchising, joint ventures or wholly owned subsidies in foreign countries. This paper will focus on the alliances necessary to support the entry strategy into a foreign market.

Global Engagement

The **Issue -** Business commitment to global operations or support can be key to the business success or even continued operations. New and existing business must make strategic, long term, decisions to increase or maintain growth and development of their products and or services. A product and or service life cycle is based on many factors. Some of these factors include selecting country relationships, business strategies, and the best strategies to develop low cost or product differentiation opportunities to expand markets.

The **problem –** Finding the right product, country, and partner or business associate is tough. Once a product/service is established and a country is selected the primary objective for alliance must be decided. The firm’s strategies must also be compatible with a host partner. A firm must spend the right amount of time investigating, visiting, talking, and collaborating with potential strategic partners. Once a strategic alliance partner is selected the expectations of each partner must be maintained. The integrity of the alliance must be a priority for each partner. Developing expatriate and/or inpatriate manager associations and assignments can cement the relationship as important and working for each partner. Getting stuck with the wrong partner can add time, execution complexities, and cost to operations. Managers need to avoid this by working diligently on this first step. Find the right partner (Taylor, 2015).

How do alliances and strategies meet to form and select the best entry mode and partner relationships? Identifying the necessary skills and resources is key. Partners can be business and other investors or business relations with the logistics necessary to buy, store, transport or sell products that increase revenue above the costs necessary for each operation. Risk assessment and sharing through partnerships can result in lower cost for required competencies like research and development (R&D) through a selected partner with relevant experience and skills in R&D.

Other business relationships can share risk and cost in product engineering, production, marketing, customer support, finance, and many others areas of business management (Centrallia, n.d.).

Alternative 1 w/advantages and disadvantages – If business strategy is low cost a business will look for entry modes and partners that add value to the strategy. Low cost strategy looks for ways to market a needed product or service at the lowest price possible. The product must meet customer needs without adding cost that will drive the customer to another similar product, that meets their expectations, needs, availability, and value at a lower cost. This alternative will explore Joint Venture (JV) as the entry mode. A JV partner must share the goals and strategy of the expanding business. International business must be particularly vigilant in selecting a partner that will share costs and risk without losing control of the product. e-Coach (n.d.) gives three common causes for JV failure. These failures can be traced to insufficient vetting of the partner. Clashing cultures, differences in or unclear leadership, and poor integration can result when partners are not fully clear on the responsibilities of each partner. When the business undertaking does not share effort and risk common interest can be blurred.

Alternative 2 w/ advantages and disadvantages – If equity investment is not desirable several entry modes can be considered. Exporting, Licensing, franchising, and contracted services are some of the alternatives that should be considered. Most firms begin considering IB involvement by exporting their regular production beyond their domestic market. When considering exporting your company product to a foreign country a determination of the market potential must be made. When product differentiation is important the entry mode must support and protect the uniqueness or superiority of the product. The buyer will be looking for product quality, special features, or after-sale service in their selection process. These low equity investment entry modes can support the strategy. When exporting is selected as the entry mode particular attention must be given to transportation cost, storage, trade barriers, market entry, and export agents associated with the strategy. Exporting with a product differentiation strategy can be an excellent way of getting the feel of IB without committing significant resources.

Recommendation w/ advantages and disadvantages - Our product, country, and strategy is more compatible with franchising as the mode of entry. Franchising operates with specific rules, permitting the franchisee to sell our product under our name-brand and proven set of procedures developed with a detailed marketing strategy. A franchise agreement with a selected partner company or outlet will provide a percentage of its sales as a royalty. Establishing a presence in a foreign country with low barriers and laws with a franchise was a priority. We will overcome some disadvantages of franchising by selecting a master partner joint venture to oversee franchise locations in the country. The master partner will control our brand and provide quality control of the product, product marketing, delivery and customer service. This will add some additional cost to the venture but as additional franchise opportunities open these cost drivers will turn into sustainable profits for the company.

References

Centrallia, World Trade Centre' Winnipeg. (n.d.). 6 Reasons for forming strategic global business alliances. Retrieved from http://www.centrallia.com/news/6-reasons-for-forming-strategic-global-business-alliances/

e-Coach. (n.d.) Most common causes of joint venture failure. Retrieved from http://www.1000ventures.com/business_guide/jv_failure_reasons.html

Taylor, Nicole Fallon. (2015, July 21). *Going global: how to expand your business internationally*. Retrieved from http://www.businessnewsdaily.com/8211-expand-business-internationally.html