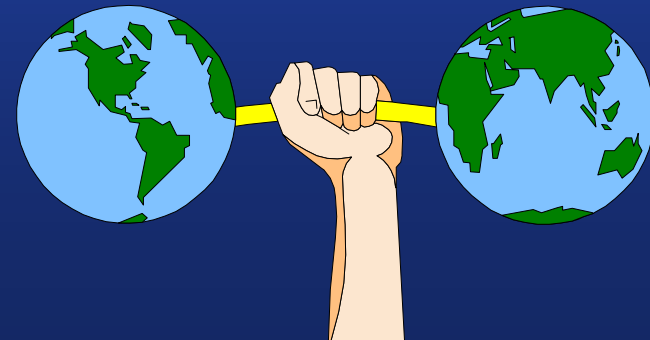


Global Aspects of Entrepreneurship



Why “Go Global?”

- Offset sales declines in the domestic market
- Increase sales and profits
- Extend products’ life cycles
- Lower manufacturing costs
- Improve competitive position
- Raise quality levels
- Become more customer-oriented

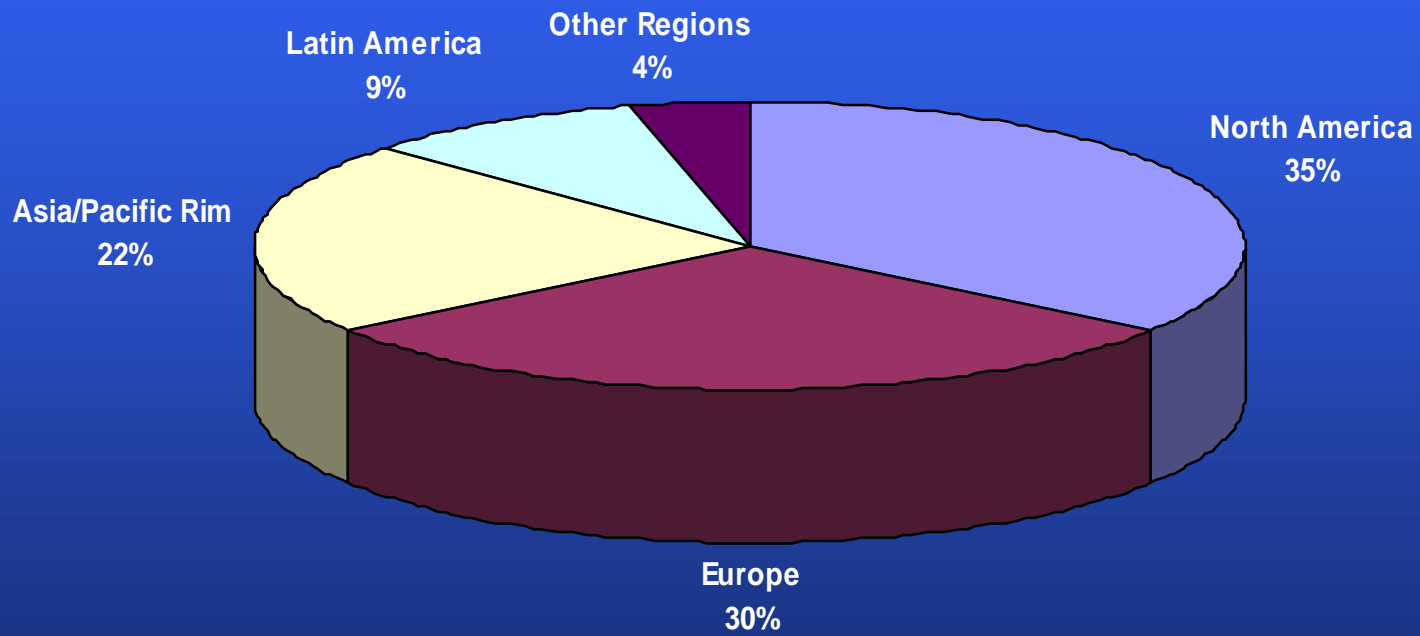


Strategies For “Going Global”

- Launching a World Wide Web site



World Wide Web Users Worldwide by Region



Source: Emarketer.com

Strategies For “Going Global”

- Launching a World Wide Web site
- Relying on trade intermediaries



Trade Intermediaries

- **Export Management Companies (EMCs)**
- **Export Trading Companies (ETCs)**
- **Manufacturer's Export Agents (MEAs)**
- **Export merchants**
- **Resident buying offices**
- **Foreign distributors**



Strategies For “Going Global”

- Launching a World Wide Web site
- Relying on trade intermediaries
- Joint ventures



Joint Ventures

- Domestic joint venture – two or more U.S. companies form an alliance for the purpose of exporting their goods and services abroad.
- Foreign joint venture – a domestic firm forms an alliance with a company in the target nation.
 - ◆ Most foreign joint ventures fail; average success rate is just 43%.
 - ◆ Most important ingredient: choosing the right partner.



Strategies For “Going Global”

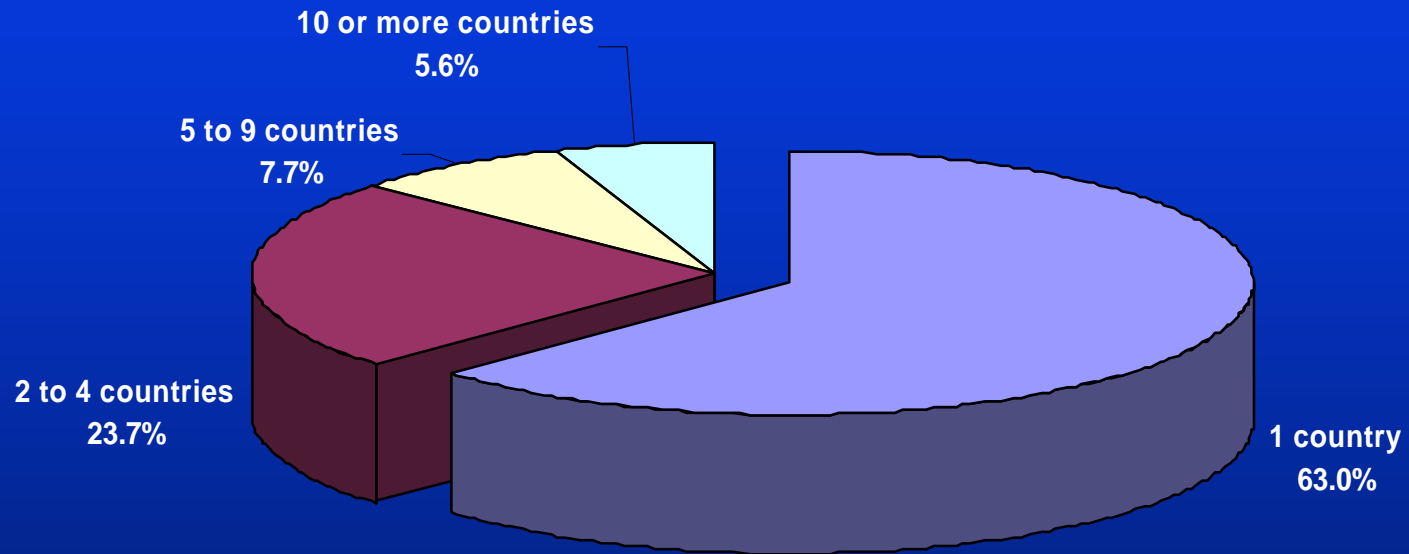
- Launching a World Wide Web site
- Relying on trade intermediaries
- Joint ventures
- Foreign licensing
- International franchising
- Counter-trading and bartering
- Exporting



Exporting

- Small companies account for 97% of all companies involved in exporting, but they generate just 31% of the dollar value of the nation's exports.
- More than 200,000 U.S. companies export.
- Only 1% of all small and medium-size businesses export.

Number of Countries to Which Small Businesses Export



Source: Exporter Data Base, U.S. Dept of Commerce, Office of Trade and Economic Analysis, Trade Development/International Trade Agency.

Steps to Successful Exporting

1. Recognize that even the tiniest companies and least experienced entrepreneurs have the potential to export.
2. Analyze your product or service.
3. Analyze your commitment to developing export markets.
4. Research potential markets and pick your target.



Steps to Successful Exporting

(continued)

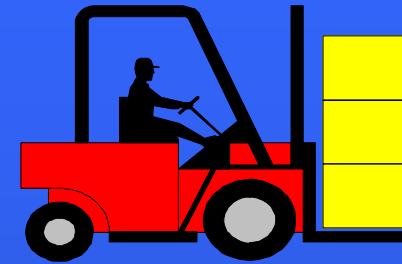
5. Develop a distribution strategy.
6. Find your customer.
 - U.S. Department of Commerce
 - International Trade Administration
7. Find financing for export sales.
8. Ship your goods.
9. Collect your money.



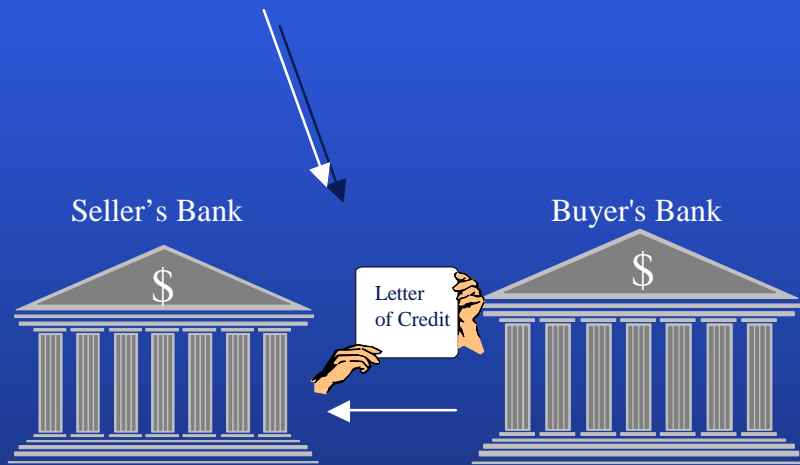
How a Letter of Credit Works.



Foreign buyer agrees to buy products; seller agrees to ship goods if buyer arranges a letter of credit.



Seller ships goods to buyer according to letter of credit's terms and submits shipping documents to bank issuing letter of credit.



Buyer requests that his bank grant a letter of credit, which assures exporter payment if she presents documents proving goods were actually shipped. Bank makes out letter of credit to seller and sends it to seller's bank (called the confirming bank).



Buyer's bank makes payment to seller's (confirming) bank. Confirming bank then pays seller amount specified in letter of credit.

Strategies For “Going Global”

- Launching a World Wide Web site
- Relying on trade intermediaries
- Joint ventures
- Foreign licensing
- International franchising
- Countertrading and bartering
- Exporting
- Establishing international locations



Barriers To International Trade

Domestic Barriers:

- Attitude – “My company is too small to export”
- Lack of information about how to get started
- Lack of export financing



Barriers To International Trade

International Barriers:

- *Tariffs* - Taxes a government imposes on goods and services imported into that country.
- *Quotas* - Limits on the amount of a product imported into a country.
- *Embargoes* - Total bans on imports of certain products.



Barriers To International Trade

International Barriers:

- *Dumping* - Selling large quantities of a product in a foreign country below cost to gain market share.
- *Political barriers* - rules, regulations and risks.
- *Cultural barriers* - Differing languages, philosophies, traditions, and accepted business practices.



International Trade Agreements

Two Major Agreements:

- General Agreement on Tariffs and Trade (GATT)
- North American Free Trade Agreement (NAFTA)



Guidelines For Success In International Markets

- Make yourself at home in all three of the world's key markets – North America, Europe, and Asia.
- Develop new products for the world market.
- Familiarize yourself with foreign customs and languages.
- “Glocalize” – make global decisions about products, markets, and management, but allow local employees to make tactical decisions about packaging, advertising, and service.



Guidelines For Success In International Markets

- Train employees to think globally, send them on international trips, and equip them with state-of-the-art communication technology.
- Hire local managers to staff foreign offices and branches.
- Do whatever seems best wherever it seems best, even if people at home lose jobs or responsibilities.
- Consider using partners and joint ventures to break into foreign markets you cannot penetrate on your own.

