

Case Study 1

Daniel Meakerius, International Company, Zurich

Daniel Meakerius Company Ltd is an international company formed in 1959 with headquarters based in Zurich, Switzerland, which exports high value electrical goods globally. It is profitable and relies on outsourcing component parts of a whole range of electrical goods found in the modern kitchen. The company has a manufacturing base and assembly plant both in Italy, in Milan, and Malaysia, in Ipoh. The Italian plant serves Europe whilst the Malaysian plant serves the Sub Continent, Far East, Australasia and the Americas. The strategy is controlled from Zurich. The design and technical team is located in Milan with a unit located in Pittsburgh for the North American market. The North American business represents 25% of the company's turnover compared with 35% in EU/Europe. The remaining 40% is global with expanding markets in Japan, the Sub Continent, Australia and China.

The business is both market researched and logistically driven. The annual accounts are in Swiss francs for tax reasons and all the business is conducted in US dollars except in the Euro zone which is in Euros. The component parts are sourced from a range of countries and feed into the assembly plants in Milan and Ipoh, Malaysia. The company is computer driven and budgetary management techniques prevail. The company is very focused on RTAs and Economic Blocs/International Trade Associations/Agreements, to take advantage of trade development and market access.

The company has strong financial management and its mission statement is to become more competitive on a value added basis and to identify high growth markets. It is considering setting up a base in Dubai in a free zone area. Training is important in personnel career development. In some countries the company operates in franchises, agents, joint ventures and subsidiaries. Distribution is primarily through containers.

You have been appointed as a consultant to Daniel Meakerius Co. Ltd, to answer the following questions. You are free to make your own assumptions.

- 1) Produce/formulate a company organisational structure with emphasis on control, development, culturally focused, accountability through management devolution and overall efficiency. In particular with emphasis to cater for future developments on a competitive basis. Discuss the criteria you would adopt to formulate the company structure.
- 2) Outline the criteria you would recommend on a country selection basis in a developed and developing market and produce an associated marketing plan.

- 3) Compare and contrast the protocol/culture in Japan and the USA when negotiating an export contract for a small company and a large company involving a product of your choice.
- 4) Identify the selection process you would adopt to sell electrical products through an agent in both Nigeria and Italy. Examine the risk areas and solutions.
- 5) International distribution strategy is a key factor in the development of international trade. Discuss this statement.
- 6) Discuss the incoterms 2000 criteria selection you would adopt for an exporter wishing to maximise control of the transit and conversely the importer wishing to buy the goods at the factory. Identify the strategy you would adopt in both situations and the risk areas.
- 7) Discuss the constituents of the export sales contract and processing the export order involving a product of your choice to Switzerland, Mexico, Australia and Sri Lanka.
- 8) Examine the benefits and risks of outsourcing components. Give examples in your answer.
- 9) Outline the criteria you would adopt to develop an LDC and EU market involving a product of your choice.
- 10) Buying goods overseas for subsequent re-exporting requires a particular strategy and negotiating skills. Discuss this statement with focus on China, EU and USA.
- 11) Logistics strategy and supply chain management are key factors in successful development of this company. Discuss this statement.
- 12) Compare and contrast dispatching electrical goods of your choice to Japan, EU, Dubai by air and containerized shipments.
- 13) Examine the advantages of developing an export strategy compared with focusing on the domestic market.
- 14) Examine the role of RTAs and economic blocs in the development of world trade and in particular the opportunities of this particular company.
- 15) Outline the methodology you would adopt for this company to set up a free zone area in Dubai. Identify the risk areas and produce a plan.

Use the textbooks below and their comprehensive indices, plus your other research. You may answer one or more of the questions.

Recommended Reading: Thomson Learning

- *Export Practice and Management* 5th Edition, (2006) A. Branch
- *International Purchase and Management* 1st Edition, (2001) A. Branch

Supplementary Reading

- *Dictionary of Shipping International Trade Terms and Abbreviations*. 5th Edition. (2005) A. Branch. Witherby (18,000 terms)

- *Global Supply Chain Management and International Logistics*. (Forthcoming 2008) A. Branch. Routledge.
 - *Shipping and Air Freight Documentation for Importers and Exporters and Associated Terms*. 2nd Edition. (2000) A. Branch. Witherby
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