# Case Study 2

**<u>Davies Zaramus Company</u>**

Davies Zaramus is a family owned business in a country of your choice. The product is food, light engineering, pharmaceuticals, clothing or chemicals; whichever one you choose to select.

The company is profitable and has a strong domestic market. The workforce is dedicated and has a proactive business through mail order and internet enquiries plus personal contact. There is no export strategy as the company is dedicated to the domestic market. The third generation of the Davies Zaramus family is now running the business; the four directors are all graduates with business, engineering, accountancy and computer technology degrees. They have five to ten years experience in business each and have just been appointed directors following the retirement of the board.

The company has a workforce of a hundred with an average age of 47 years and 20% of the workforce will retire in five years. The company is well managed but with limited modern management techniques. Moreover the company has limited capital for investment. There is an urgent need to relaunch the company with an international focus and counter the declining domestic market share and falling profitability.

You have been appointed as the export director to generate up to 20%-30% of the business overseas within three to five years. This also involves, if practicable, importing any component parts to take advantage of new designs, technology or price and improve product competitiveness on a value added basis. You are free to make your own assumptions.

The following topics need to be assessed:

1) Describe the benefits of developing an export based company rather than relying on a domestic market.
2) Compare and contrast exporting to the EU and the USA – the legal environment, market environment, risk areas, inco terms 2000 and future trends.
3) You have been asked to select new markets. Identify the criteria you would adopt and the strategy.
4) Identify the benefits of outsourcing.
5) Examine the benefits of using agents, subsidiaries, franchises and which options would you use in the countries of your choice.
6) In the event of a company experiencing a volatile currency market such as the US Dollar the Yen or Sterling or the EURO. What measures would you adopt?

7) Which inco term 2000 would you recommend in the EU, USA, and Chinese markets when exporting products of your choice. Discuss the distribution strategies which you would adopt.
8) In view of the company's financial position would you opt for factoring to speed up cash flow? Give your reasons.
9) 'It is important that the financial stability of the company is maintained. Hence the need to have low financial risk in the markets selected, speed of entry and opportunities to raise funds for product development including new technology.' Discuss this statement with examples and reasons
10) A range of options exist to merge with like minded companies to reduce cost, increase volume and develop a viable business such as overseas subsidiaries, joint ventures and other options of your choice. Identify the areas you would develop and with reasons.
11) Buying goods overseas and re-exporting requires special skills. Identify some of these.
12) Identify the international logistic strategy you would adopt for the Davies Zaramus Company and the benefits which would arise both to the shipper/exporter and importer/buyer of 3 export markets of your choice.

Use the textbooks below and their comprehensive indices, plus 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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