



The Course & package of Handouts are based on the BOOKS:

- GML – *Global Management Lectures* (2016 – Joe Santangelo)
- EXPORT MANAGEMENT & Corporate Strategy (2016 – Joe Santangelo)
- CONTEMPORARY MANAGEMENT (2016 – Jennifer George)
- GLOBAL BUSINESS TODAY (2011 - Charles W. Hill)



## INTERNATIONAL ACADEMY OF ROME

LECTURER: **DR. GIUSEPPE SANTANGELO**  
COURSE: INTERNATIONAL BUSINESS (CERTIFICATE) IB4632

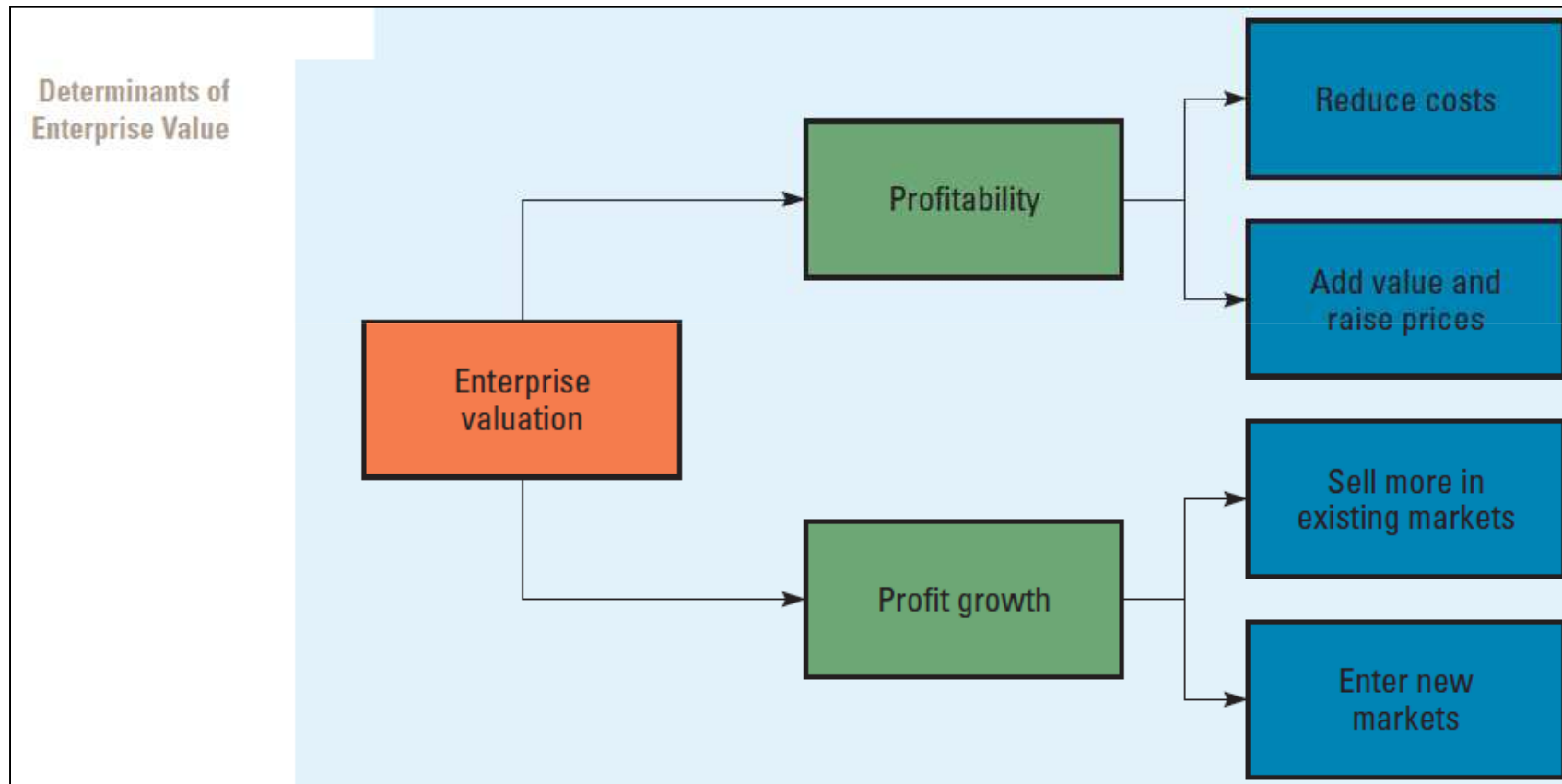
**SESSION: 7) THE STRATEGY OF INTERNATIONAL BUSINESS  
(CRITICAL COSTS IN INTERNATIONALIZING  
COMPANIES)**

# Introduction



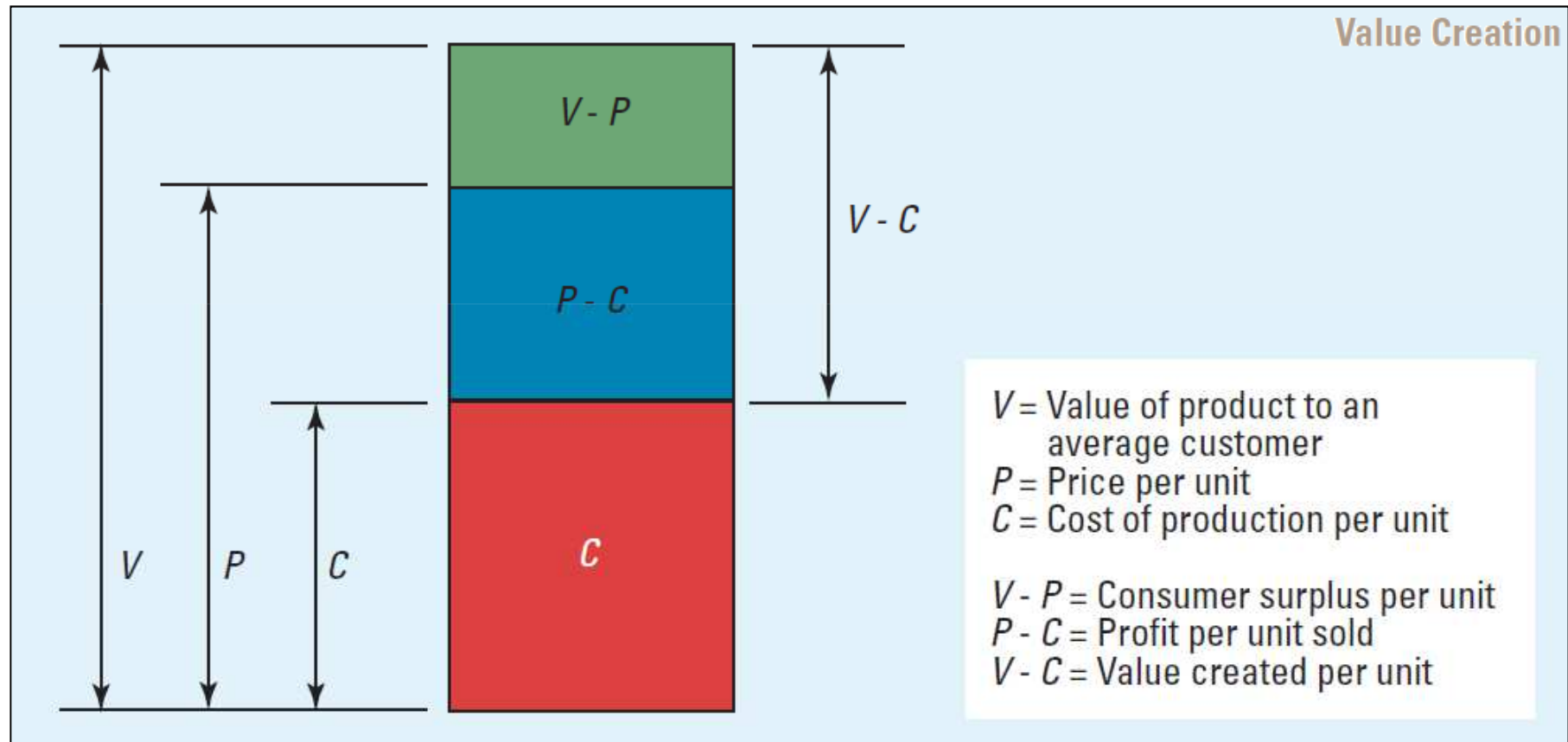
# Determining a COMPANY Value

3



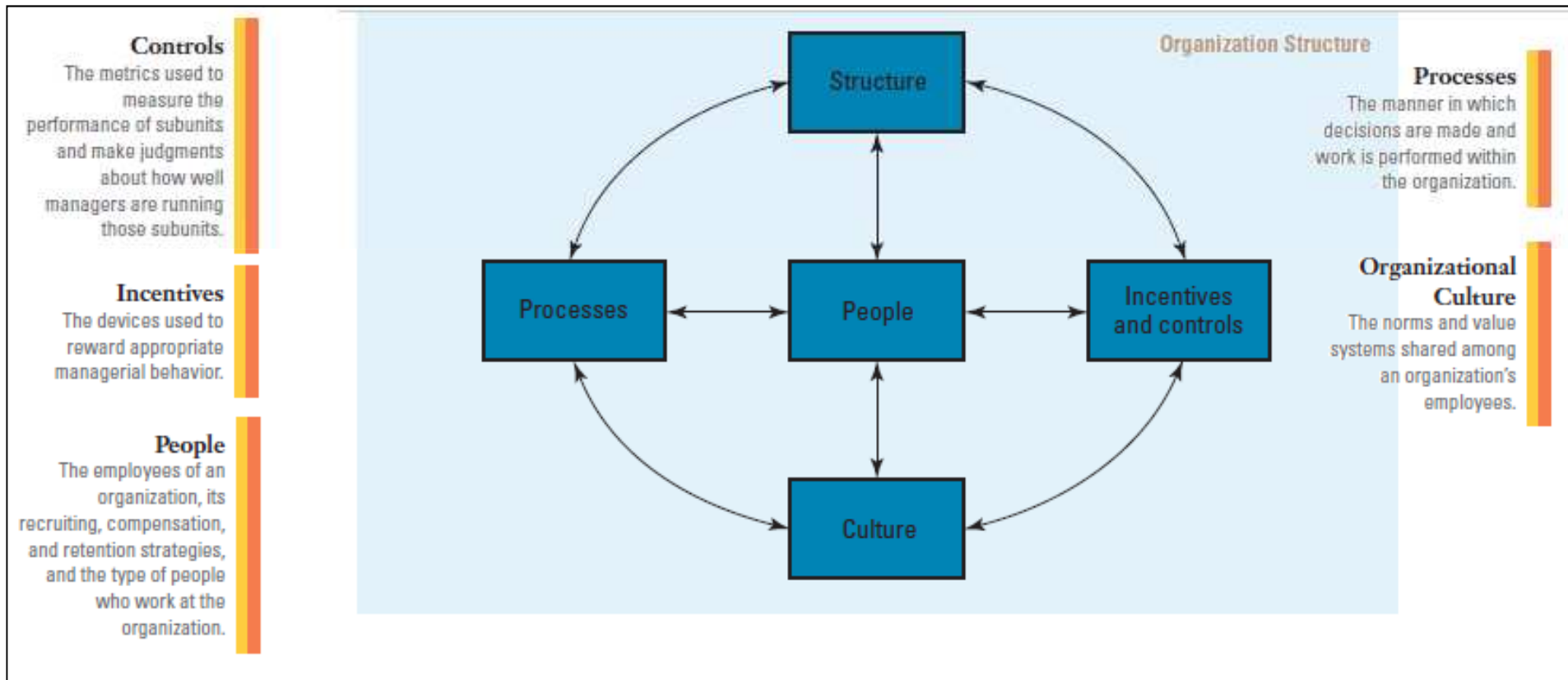
# Creation of the Value

4



# Organization Structure

5



# Synoptic Overview: SBU most affected by Global Environment

6



Session: 7) The Strategy in International Business - Critical costs in Internationalization Strategies

# 19 STAGEs for Internationalization

7

PRG	STAGE	DURATION (HOURS)	DURATION (WEEKS)	(Average) RELEVANT COST	POS.	CRUCIAL FACTORS INVOLVEMENT	MAIN BUSINESS FUNCTIONS INVOLVEMENT		
0	Differentiation between EXPORT and INTERNATIONALIZATION						STRATEGIC PLANNING & GOVERNANCE C.E.O. (CHIEF EXECUTIVE MANAGER)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	CORPORATE FINANCE C.F.O. (CHIEF FINANCIAL OFFICER)
1	Internal Company Assessment	232	5,80	€14.108	1	Financial status and current size of the Company	CORPORATE FINANCE C.F.O. (CHIEF FINANCIAL OFFICER)	CORPORATE FINANCE C.F.O. (CHIEF FINANCIAL OFFICER)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER
2	Assets Definition and Competitiveness Strategy	247	6,18	€14.297	3	Actual level of Competitiveness (USP <-> CS)	STRATEGIC PLANNING & GOVERNANCE C.E.O. (CHIEF EXECUTIVE MANAGER)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	TECHNICAL DEPARTMENT C.T.O. (CHIEF TECHNICAL OFFICER)
3	Internationalization Decision and Definition of a Strategic Export Plan	152	3,80	€10.598	2	Causes and Motivations (being behind the Decision)	STRATEGIC PLANNING & GOVERNANCE C.E.O. (CHIEF EXECUTIVE MANAGER)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	CORPORATE FINANCE C.F.O. (CHIEF FINANCIAL OFFICER)
4	Usage of Institutional Entities	84	2,10	€5.258	4	Cost of Money (and Sources of Finance)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER		
5	Crucial and Critical Factors Analysis and Assessment	128	3,20	€7.050	15	Logistics (and relevant Costs)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	SUPPLY CHAIN MANAGER	TECHNICAL DEPARTMENT C.T.O. (CHIEF TECHNICAL OFFICER)
6	Corporate official Adoption of the proper Internationalization Strategy	126	3,15	€8.740	8	Ways of Entrance (added to - and impacting - Business Concept and	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	CORPORATE PROCESSES & PROCEDURES MANAGEMENT	
7	Analysis of Subtended elements and HR brought consequences, arisen by Export	86	2,15	€4.710			HUMAN RESOURCES MANAGEMENT	LEGAL AFFAIRS DEPARTMENT	
8	Target-Area Check-Up and Assessment	114	2,85	€8.133	7	Target Area (affinity - consistency - barriers)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	MARKETING DEPARTMENT M.M. (MARKETING)	
9	Research of potential Local Partnerships	70	1,75	€4.460	9	Partner (and Kind of Venturing)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	MARKETING DEPARTMENT M.M. (MARKETING)	
10	Legal, Administrative, Commercial negotiation with the Partner	274	6,85	€19.780	6	Cultural Cross Over (and relevant consequences)	LEGAL AFFAIRS DEPARTMENT	CORPORATE FINANCE C.F.O. (CHIEF FINANCIAL OFFICER)	CORPORATE PROCESSES & PROCEDURES MANAGEMENT
11	Accomplishment of Prerogatives of Legitimacy	824	20,60	€47.753	5	Prerogatives of Legitimacy	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	SALES & PROMOTION DEPARTMENT S.D. (SALES DIRECTOR and/or SALES	
12	Start-Up activities	360	9,00	€10.023	12	Commercial Toolkit	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	SALES & PROMOTION DEPARTMENT S.D. (SALES DIRECTOR and/or SALES	MARKETING DEPARTMENT M.M. (MARKETING)
13	Commercial activity and scouting on the Final Customer	360	9,00	€21.188	11	Commercial Activity (and relevant Costs)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	SALES & PROMOTION DEPARTMENT S.D. (SALES DIRECTOR and/or SALES	MARKETING DEPARTMENT M.M. (MARKETING)
14	Partaking to Official Public Tenders (and Big Private Negotiations)	252	6,30	€11.500	14	Time Consuming Activities	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	SALES & PROMOTION DEPARTMENT S.D. (SALES DIRECTOR and/or SALES	MARKETING DEPARTMENT M.M. (MARKETING)
15	(General) Negotiations	175	4,38	€10.069	13	Long Term Negotiations	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	SALES & PROMOTION DEPARTMENT S.D. (SALES DIRECTOR and/or SALES	
16	ACCESS/SUCCESS Pattern and benchmarking	138	3,45	€7.765	10	Portfolio (Products <-> Services <-> Activities)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	MARKETING DEPARTMENT M.M. (MARKETING)	
17	International Project Management (and relevant optimization)	88	2,20	€4.810	16	Transportation (and relevant Costs)	TECHNICAL DEPARTMENT C.T.O. (CHIEF TECHNICAL OFFICER)	PRODUCTION F.M. (FACTORY MANAGER)	LOGISTICS MANAGEMENT
18	Strategy for the development of the Local Joint Venture/Entity	76	1,90	€6.882	19	Managing Potential Corruption (in Target Areas/Markets)	STRATEGIC PLANNING & GOVERNANCE C.E.O. (CHIEF EXECUTIVE MANAGER)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	
19	Insertion of Target-Market commercial results, within the Main Strategic MAP	48	1,20	€3.254	18	Fiscalization (procedures and taxation charges)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	CORPORATE FINANCE C.F.O. (CHIEF FINANCIAL OFFICER)	
GRAND TOTALS		3.834	96	€220.378					

## Costs & Time:

- Medium-Sized COMPANY (150/250 HCs)**
- INDUSTRY SECTOR**
- AVG.-TIME : 1,5 Years**



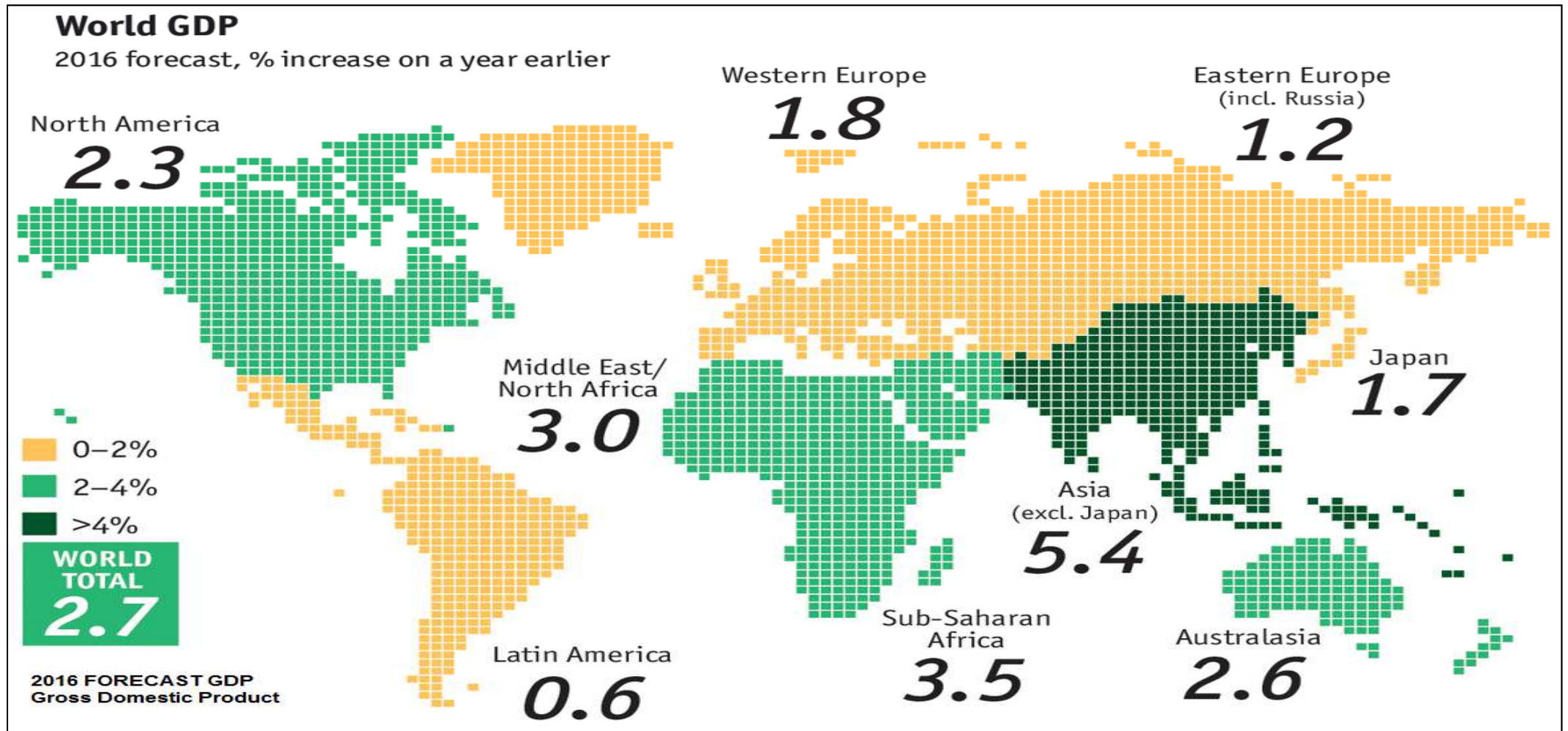
PRG	STAGE	DURATION (HOURS)	DURATION (WEEKS)	(Average) RELEVANT COST	POS.	CRUCIAL FACTORS INVOLVEMENT	MAIN BUSINESS FUNCTIONS INVOLVEMENT		
0	Differentiation between EXPORT and INTERNATIONALIZATION						STRATEGIC PLANNING & GOVERNANCE C.E.O. (CHIEF EXECUTIVE MANAGER)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	CORPORATE FINANCE C.F.O. (CHIEF FINANCIAL OFFICER)
1	Internal Company Assessment	232	5,80	€14.108	1	Financial status and current size of the Company	CORPORATE FINANCE C.F.O. (CHIEF FINANCIAL OFFICER)	CORPORATE FINANCE C.F.O. (CHIEF FINANCIAL OFFICER)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER
2	Assets Definition and Competitiveness Strategy	247	6,18	€14.297	3	Actual level of Competitiveness ( <i>USP &lt;--&gt; CS</i> )	STRATEGIC PLANNING & GOVERNANCE C.E.O. (CHIEF EXECUTIVE MANAGER)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	TECHNICAL DEPARTMENT C.T.O. (CHIEF TECHNICAL OFFICER)
3	Internationalization Decision and Definition of a Strategig Export Plan	152	3,80	€10.598	2	Causes and Motivations ( <i>being behind the Decision</i> )	STRATEGIC PLANNING & GOVERNANCE C.E.O. (CHIEF EXECUTIVE MANAGER)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	CORPORATE FINANCE C.F.O. (CHIEF FINANCIAL OFFICER)
4	Usage of Institutional Entities	84	2,10	€5.258	4	Cost of Money ( <i>and Sources of Finance</i> )	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER		
5	Crucial and Critical Factors Analysis and Assessment	128	3,20	€7.050	15	Logistics ( <i>and relevant Costs</i> )	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	SUPPLY CHAIN MANAGER	TECHNICAL DEPARTMENT C.T.O. (CHIEF TECHNICAL OFFICER)
6	Corporate official Adoption of the proper Internationalization Strategy	126	3,15	€8.740	8	Ways of Entrance (added to - and impacting - <i>Business Concept</i> and	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	CORPORATE PROCESSES & PROCEDURES MANAGEMENT	
7	Analysis of Subtended elements and HR brought consequences, arisen by Export	86	2,15	€4.710			HUMAN RESOURCES MANAGEMENT	LEGAL AFFAIRS DEPARTMENT	
8	Target-Area Check-Up and Assessment	114	2,85	€8.133	7	Target Area ( <i>affinity - consistency - barriers</i> )	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	MARKETING DEPARTMENT M.M. (MARKETING)	
9	Research of potential Local Partnerships	70	1,75	€4.460	9	Partner ( <i>and Kind of Venturing</i> )	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	MARKETING DEPARTMENT M.M. (MARKETING)	
10	Legal, Administrative, Commercial negotiation with the Partner	274	6,85	€19.780	6	Cultural Cross Over ( <i>and relevant consequences</i> )	LEGAL AFFAIRS DEPARTMENT	CORPORATE FINANCE C.F.O. (CHIEF FINANCIAL OFFICER)	CORPORATE PROCESSES & PROCEDURES MANAGEMENT
11	Accomplishment of Prerogatives of Legitimacy	824	20,60	€47.753	5	Prerogatives of Legitimacy	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	SALES & PROMOTION DEPARTMENT S.D. (SALES DIRECTOR and/or SALES	
12	Start-Up activities	360	9,00	€10.023	12	Commercial Toolkit	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	SALES & PROMOTION DEPARTMENT S.D. (SALES DIRECTOR and/or SALES	MARKETING DEPARTMENT M.M. (MARKETING)
13	Commercial activity and scouting on the Final Customer	360	9,00	€21.188	11	Commercial Activity ( <i>and relevant Costs</i> )	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	SALES & PROMOTION DEPARTMENT S.D. (SALES DIRECTOR and/or SALES	MARKETING DEPARTMENT M.M. (MARKETING)
14	Partaking to Official Public Tenders (and Big Private Negotiations)	252	6,30	€11.500	14	Time Consuming Activities	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	SALES & PROMOTION DEPARTMENT S.D. (SALES DIRECTOR and/or SALES	MARKETING DEPARTMENT M.M. (MARKETING)
15	(General) Negotiations	175	4,38	€10.069	13	Long Term Negotiations	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	SALES & PROMOTION DEPARTMENT S.D. (SALES DIRECTOR and/or SALES	
16	ACCESS/SUCCESS Pattern and benchmarking	138	3,45	€7.765	10	Portfolio ( <i>Products &lt;--&gt; Services &lt;--&gt; Activities</i> )	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	MARKETING DEPARTMENT M.M. (MARKETING)	
17	International Project Management (and relevant optimization)	88	2,20	€4.810	16	Transportation ( <i>and relevant Costs</i> )	TECHNICAL DEPARTMENT C.T.O. (CHIEF TECHNICAL OFFICER)	PRODUCTION F.M. (FACTORY MANAGER)	LOGISTICS MANAGEMENT
18	Strategy for the development of the Local Joint Venture/Entity	76	1,90	€6.882	19	Managing Potential Corruption ( <i>in Target Areas/Markets</i> )	STRATEGIC PLANNING & GOVERNANCE C.E.O. (CHIEF EXECUTIVE MANAGER)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	
19	Insertion of Target-Market commercial results, within the Main Strategic MAP	48	1,20	€3.254	18	Fiscalization (procedures and taxation charges)	EXPORT MANAGER FOREIGN ACTIVITIES MANAGER	CORPORATE FINANCE C.F.O. (CHIEF FINANCIAL OFFICER)	
GRAND TOTALs		3.834	96	€220.378					

Session: 7) The Strategy in International Business - Critical costs in Internationalization Strategies



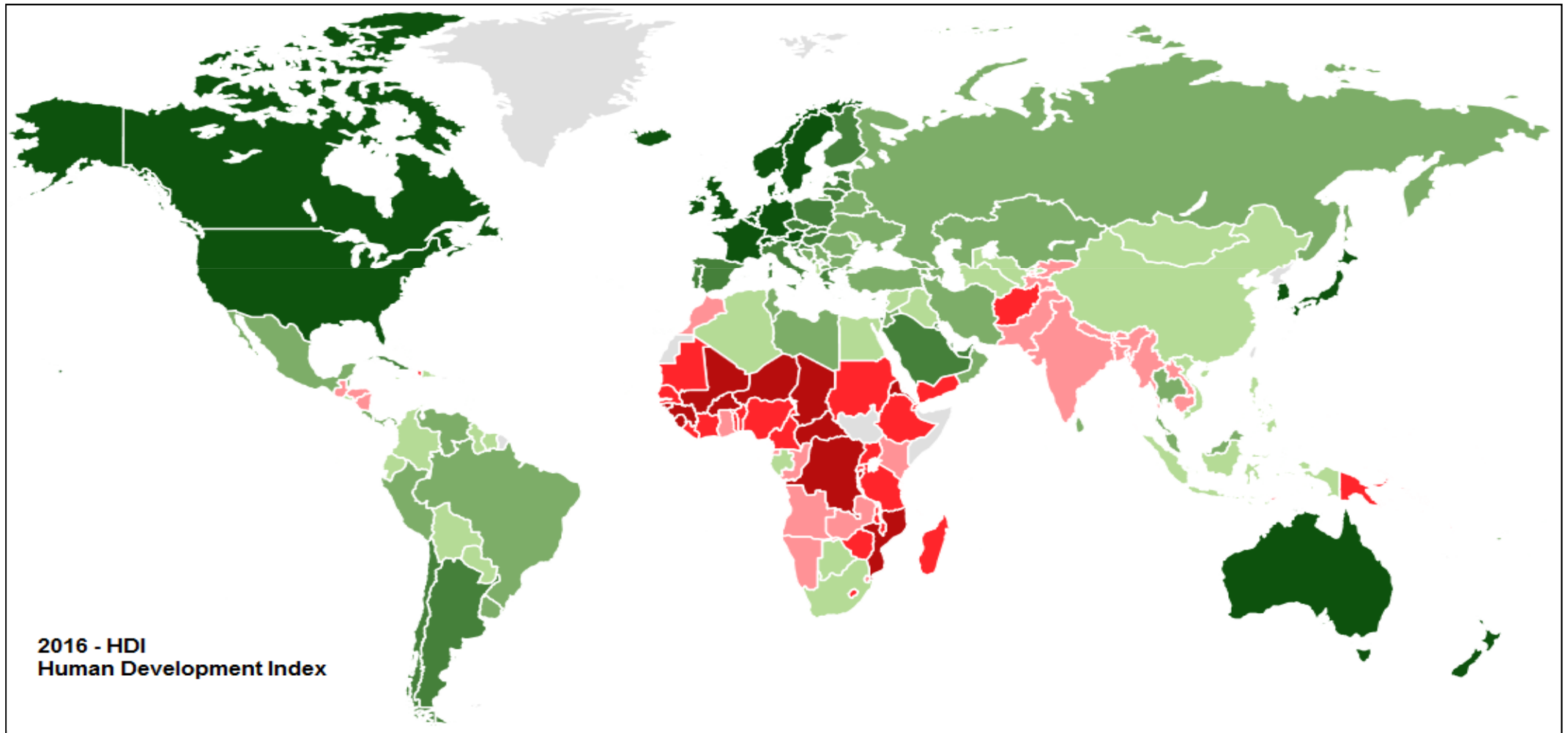
# MoD-Selection: GDP

9



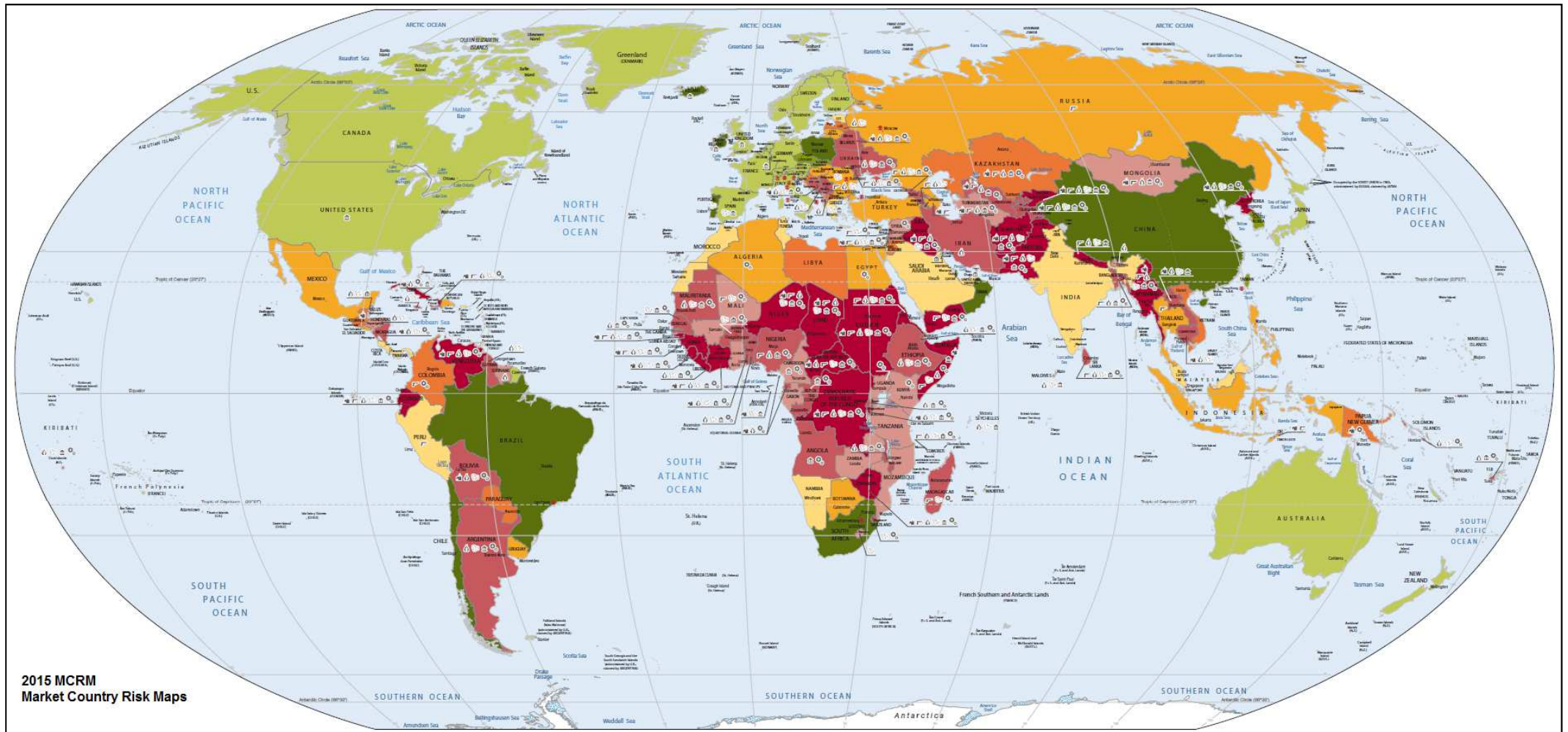
# MoD-Selection: HDI

10



# MoD-Selection: COUNTRY-RISK

11



Session: 7) The Strategy in International Business - Critical costs in Internationalization Strategies



# RISK-MANAGEMENT (1/3)

12

PRG	Key Aspect to Manage and Optimize	A Definition of the RISK	B Nature of the RISK	C Possible Consequences	D Managing the RISK
1	Financial status and current size of the Company	<ul style="list-style-type: none"> <li>The Company's size is not enough to start an Internationalization Process</li> <li>The Company cannot afford Export</li> <li>The Company has not got enough internal skills/competences to deal with Export</li> </ul>	<ul style="list-style-type: none"> <li>FINANCIAL</li> <li>ECONOMIC</li> <li>(OPERATIONAL)</li> </ul>	<ul style="list-style-type: none"> <li>Potential penalties</li> <li>Loss of Money</li> <li>Project stopped/deadlocked</li> <li>The Company must indemnify a TP</li> <li>BIAS to Export (for the future)</li> </ul>	<ul style="list-style-type: none"> <li>Apply to specialists and Consultants</li> <li>Train internal resources</li> <li>Start with "low profile" Export (subcontracting)</li> <li>PLAN Export for a possible future</li> </ul>
2	Causes and Motivations (being behind the Decision)	<ul style="list-style-type: none"> <li>(Directional) Lack of Clarity in handling the both</li> <li>Toughness in involving Key resources</li> <li>CAUSES are weaker than MOTIVATIONS</li> <li>Actual Causes do not allow Export</li> </ul>	<ul style="list-style-type: none"> <li>STRATEGIC</li> <li>(FINANCIAL)</li> <li>(ECONOMIC)</li> <li>(OPERATIONAL)</li> </ul>	<ul style="list-style-type: none"> <li>No reasonable International Vision/Commitment and approach</li> <li>Export operations failure</li> <li>(Internal) Loss of credibility</li> <li>Expectations are not fulfilled</li> </ul>	<ul style="list-style-type: none"> <li>Go through the actual differences between the both</li> <li>Create STRONG Causes for Export</li> <li>Develop and release an Export Vision &amp; a strong Export Plan</li> <li>Find out factors of Competitiveness</li> </ul>
3	Actual level of Competitiveness (USP <--> CS)	<ul style="list-style-type: none"> <li>Starting up an Internationalization Process, without having any LoC</li> <li>Entrusting only Domestic Experiences</li> <li>The Company appears not to be actually ready for Internationalization</li> </ul>	<ul style="list-style-type: none"> <li>COMMERCIAL</li> <li>COMMUNICATION</li> <li>(MARKETING)</li> </ul>	<ul style="list-style-type: none"> <li>Enter a tough competition</li> <li>Non-Sale stage is lasting too long</li> <li>Company's Export Plan Failure</li> <li>Revenues without profits</li> <li>Dumping, and relevant penalties</li> </ul>	<ul style="list-style-type: none"> <li>Find out factors of Competitiveness:                             <ul style="list-style-type: none"> <li>Unique Selling Proposition</li> <li>Cost Supremacy</li> <li>Small Niche's Approach</li> </ul> </li> <li>Proper Positioning</li> </ul>
4	Cost of Money (and Sources of Finance)	<ul style="list-style-type: none"> <li>Internationalization is a process which is very investment-spending and costly</li> <li>(External) sources of finance are needed</li> <li>Shareholder's extra-engagement</li> </ul>	<ul style="list-style-type: none"> <li>FINANCIAL</li> </ul>	<ul style="list-style-type: none"> <li>Margins are lower than Interest</li> <li>No cash to enhance the Projects</li> <li>Problems with the Banks</li> <li>Problems with the Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Business Case Report for choosing the right and more profitable Projects</li> <li>Benchmarking between IRR - WAAC</li> <li>Strong Business Case Scenario to share with the Banks</li> <li>Same with Suppliers</li> </ul>
5	Prerogatives of Legitimacy	<ul style="list-style-type: none"> <li>Legal power to ACCESS the Negotiations</li> <li>Certifications, References are required</li> <li>(Specific) Legal Status is required</li> </ul>	<ul style="list-style-type: none"> <li>FORMAL</li> <li>LEGAL</li> <li>(COMMERCIAL)</li> </ul>	<ul style="list-style-type: none"> <li>No access to Negotiations</li> <li>Huge compromises for Bidding</li> <li>No chance of Success in the Negotiation</li> <li>Exclusion</li> </ul>	<ul style="list-style-type: none"> <li>Planning the Commercial START-UP after the preliminary stage of LEGALS</li> <li>Starting up in low profile</li> <li>Venturing with a local Company already certified</li> </ul>
6	Cultural Cross Over (and relevant consequences)	<ul style="list-style-type: none"> <li>Two different Cultural Universe need to be matched</li> <li>Approach - Habits - Language - Culture - Taboo - Market Expectations - Power of Expenditure - Religion - Regulations - Requirements etceteras)</li> </ul>	<ul style="list-style-type: none"> <li>LEGAL (ADMINISTRATIVE)</li> <li>LEGAL (PENAL)</li> <li>(COMMERCIAL)</li> </ul>	<ul style="list-style-type: none"> <li>Inability to communicate effectively</li> <li>Inability to create a Relationship</li> <li>Diplomatic mistakes</li> <li>Ineffective proposals</li> <li>General mismatching of understanding and expectations</li> </ul>	<ul style="list-style-type: none"> <li>Hiring local Resources</li> <li>Utilizing a Cultural Mediator (and/or translator)</li> <li>Train internal resources accordingly</li> <li>Customizing communications, proposition, offers and packaging</li> </ul>

Session: 7) The Strategy in International Business - Critical costs in Internationalization Strategies

# RISK-MANAGEMENT (2/3)

13

PRG	Key Aspect to Manage and Optimize	A Definition of the RISK	B Nature of the RISK	C Possible Consequences	D Managing the RISK
7	Target Area (affinity - consistency - barriers)	<ul style="list-style-type: none"> <li>The Target Area should be defined as a "result" (assessment)</li> <li>The Target Area might present (at least): Technical affinity - Economic Consistency - no actual and unavoidable barriers)</li> </ul>	<ul style="list-style-type: none"> <li>COMMERCIAL</li> <li>FINANCIAL</li> <li>STRATEGIC</li> <li>LEGAL</li> </ul>	<ul style="list-style-type: none"> <li>Wrong Area</li> <li>Loss of money</li> <li>Discouraging the Company in Exporting abroad</li> <li>No-SALES/Revenues and/or Drivers</li> <li>War: Assets Confiscation</li> </ul>	<ul style="list-style-type: none"> <li>PESTLE Analysis</li> <li>Applying to Governmental or Private Entities, to accomplish the check-up</li> <li>Direct evidence through meetings with the Customers (and Partner)</li> <li>Applying to Specialists/Consultants</li> </ul>
8	Ways of Entrance (added to - and impacting - Business Concept and Business Model)	<ul style="list-style-type: none"> <li>The Export Development Plan ought to include: Ways of Entrance, Business Concept - Business Model, and the relevant governance;</li> <li>Following the Market without a Plan may lead to disasters</li> </ul>	<ul style="list-style-type: none"> <li>STRATEGIC</li> <li>(COMMERCIAL)</li> <li>(OPERATIONAL)</li> </ul>	<ul style="list-style-type: none"> <li>Deadlock and Paralysis</li> <li>Prejudicial moves in a specific Area</li> <li>No Clear Governance</li> <li>The Company undergoes the Partner's solution (his choice)</li> </ul>	<ul style="list-style-type: none"> <li>Let The Business Model correctly influence the Strategy of Entrance</li> <li>Strong Strategic Export Plan and intransigency in applying the Strategy</li> <li>Factorization of the Productive Process and subsequent Model</li> </ul>
9	Partner (and Kind of Venturing)	<ul style="list-style-type: none"> <li>The nature of the Partner should emerge from the Export Development Plan (through a Cooperation Profile)</li> <li>The way of Entrance includes also the preferential legal status for the Partner)</li> </ul>	<ul style="list-style-type: none"> <li>PERSONAL</li> <li>ECONOMIC</li> <li>COMMERCIAL</li> <li>(FINANCIAL)</li> </ul>	<ul style="list-style-type: none"> <li>Loosing the Governance</li> <li>Rights of the Minority: broken down</li> <li>No rules observed</li> <li>No expectations fulfilled</li> </ul>	<ul style="list-style-type: none"> <li>Financial/Penal Check of the Partner</li> <li>Joint meetings with the Customers</li> <li>Strategic understanding of the Partner's intentions/Engagement</li> <li>Long Term Relationship, before venturing with a Individual Partner</li> </ul>
10	Portfolio (Products <--> Services <--> Activities)	<ul style="list-style-type: none"> <li>The kind of goods sold, requires its proper relevant way of Management                             <ul style="list-style-type: none"> <li>Product</li> <li>Service - Integrated Service</li> <li>Activity</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>COMMERCIAL</li> <li>OPERATIONAL</li> <li>COMMUNICATION</li> </ul>	<ul style="list-style-type: none"> <li>Ineffectiveness of the Commercial Proposition</li> <li>Ineffective Marketing play</li> <li>Ineffective Proposition</li> <li>Ineffective Marketing Mix Plan</li> </ul>	<ul style="list-style-type: none"> <li>Local presence of a Manager</li> <li>Local Technical Support</li> <li>Business Model in accordance to the Productive Factorization</li> <li>Local Contractual Partnerships with Operational Suppliers</li> </ul>
11	Commercial Activity (and relevant Costs)	<ul style="list-style-type: none"> <li>The Company ought to appoint a stable, reliable Commercial Director</li> <li>Other Costs of Sales ought to be known and considered in the Plans</li> <li>The proper Market Driver must be defined</li> </ul>	<ul style="list-style-type: none"> <li>ECONOMICAL</li> <li>COMMERCIAL</li> <li>NEGOTIATION</li> </ul>	<ul style="list-style-type: none"> <li>Entrust a wrong person</li> <li>Losses: Project profits are lower than expected - No attainable Projects</li> <li>No Access/Success in Negotiations</li> <li>Market is shattered</li> <li>Wrong distribution/commercial</li> </ul>	<ul style="list-style-type: none"> <li>Semi-Resident Manager from HQ</li> <li>Strong sessions of Training for the Local Key people;</li> <li>Getting aware of the local Market and Commercial Habits</li> <li>Planning the Rev/Profits accordingly</li> </ul>
12	Commercial Toolkit	<ul style="list-style-type: none"> <li>The Company ought to be provided with a clear "Customer Proposition"</li> <li>The Market should have a "clear perception" of the Portfolio</li> <li>There are international standards which need to be fulfilled</li> </ul>	<ul style="list-style-type: none"> <li>COMMUNICATION</li> <li>NEGOTIATION</li> <li>(MARKETING)</li> </ul>	<ul style="list-style-type: none"> <li>No Access to Negotiations</li> <li>No insertion in the Vendor's Lists</li> <li>The Market gets a wrong perception of the Company</li> <li>Ineffective Marketing/Advertising</li> </ul>	<ul style="list-style-type: none"> <li>Getting informed about the International Standards and Setting up the SALES Toolkit accordingly</li> <li>Applying to external specialists</li> <li>Customization of the Communication</li> </ul>

Session: 7) The Strategy in International Business - Critical costs in Internationalization Strategies

# RISK-MANAGEMENT (3/3)

14

PRG	Key Aspect to Manage and Optimize	A Definition of the RISK	B Nature of the RISK	C Possible Consequences	D Managing the RISK
13	Long Term Negotiations	<ul style="list-style-type: none"> <li>International business is based on long-term negotiations and on stable relationships between the Companies</li> <li>This TRUST requires a long time and should be considered in the E.D.-Plan</li> </ul>	<ul style="list-style-type: none"> <li>STRATEGIC</li> <li>COMMERCIAL</li> </ul>	<ul style="list-style-type: none"> <li>Giving Up the deal</li> <li>Imputing the effect (the delay) to wrong causes</li> <li>Diplomatic incidents with the local Legal Entities and with the Customers</li> </ul>	<ul style="list-style-type: none"> <li>Achieving a strong awareness of: <ul style="list-style-type: none"> <li>the local habits and procedures</li> <li>the Market Perception</li> </ul> </li> <li>Planning directional meetings</li> <li>Defining a schedule and monitoring the steps</li> </ul>
14	Time Consuming Activities	<ul style="list-style-type: none"> <li>EXPORT requires several legal and formal procedures to be fulfilled</li> <li>Any kind of commercial relationship, would take much time</li> <li>Original plans - when mismatching such aspects - would be postponed</li> </ul>	<ul style="list-style-type: none"> <li>STRATEGIC</li> <li>COMMUNICATION</li> <li>(COMMERCIAL)</li> </ul>	<ul style="list-style-type: none"> <li>Misunderstanding with the Shareholders</li> <li>Postponement generates unexpected extra-costs</li> <li>Loss of internal credibility</li> <li>Expectations not fulfilled</li> </ul>	<ul style="list-style-type: none"> <li>Planning the Activities accordingly</li> <li>Getting the Shareholders' Committee aware of dynamics, habits, long-term and time-needing accomplishment</li> <li>Applying to Specialists/Consultants</li> </ul>
15	Logistics (and relevant Costs)	<ul style="list-style-type: none"> <li>Logistic System might be affected by several factors: the Company ought to plan the Logistic Chain of Command in advance, matching headquarter's, to local resources and procedures</li> </ul>	<ul style="list-style-type: none"> <li>LOGISTIC</li> <li>OPERATIONAL</li> <li>(ECONOMIC)</li> </ul>	<ul style="list-style-type: none"> <li>Operational Chain is INTERRUPTED</li> <li>The Project is Stopped/Deadlocked</li> <li>Loss of Money/Reputation</li> <li>Indemnities/Losses</li> <li>Loss of Credibility (for the Stakeholders and the Market)</li> </ul>	<ul style="list-style-type: none"> <li>Applying a strong Logistic System locally and periodically monitoring it</li> <li>Semi-Resident Logistic Manager</li> <li>Contractual Agreement with Courier, Warehouse, Fiscal/Custom Specialists</li> </ul>
16	Transportation (and relevant Costs)	<ul style="list-style-type: none"> <li>If the Transportation is costly - due to distances - this might impact the business so much, that the deal would be unprofitable</li> <li>Focusing attention to logistics and geographical distances</li> </ul>	<ul style="list-style-type: none"> <li>LOGISTIC</li> <li>OPERATIONAL</li> </ul>	<ul style="list-style-type: none"> <li>Operational Chain is INTERRUPTED</li> <li>The Project is Stopped/Deadlocked</li> <li>Economic Penalties</li> <li>Indemnities</li> <li>Confiscation of Assets</li> </ul>	<ul style="list-style-type: none"> <li>Contractual agreements with few couriers</li> <li>Applying Integration Logistic Solutions (Sea/Air/Ground)</li> <li>Semi-Resident Transportation Manager</li> </ul>
17	Currency Exchange Rate	<ul style="list-style-type: none"> <li>The Company makes revenues in the local Currency: the quick and unfavourable change of the CER, would make the deal unprofitable</li> </ul>	<ul style="list-style-type: none"> <li>FINANCIAL</li> <li>ECONOMIC</li> </ul>	<ul style="list-style-type: none"> <li>Losses due to the Currency clearing</li> <li>Lower Profits (or even Losses)</li> <li>Shareholders' Extra-Engagement</li> </ul>	<ul style="list-style-type: none"> <li>Insurance against a specific Exchange Rate variation</li> <li>Agreeing Prices in domestic currency (or partially in domestic currency)</li> <li>Avoiding that Area (and choosing an alternative one)</li> </ul>
18	Fiscalization (procedures and taxation charges)	<ul style="list-style-type: none"> <li>The Company ought to consider any kind of expected/unexpected issue arising from local taxation</li> <li>The cost of transfer of economic amounts (from Local Market to Domestic) is significant as well</li> </ul>	<ul style="list-style-type: none"> <li>FINANCIAL</li> <li>ECONOMIC</li> </ul>	<ul style="list-style-type: none"> <li>Local Taxation arises</li> <li>Overall Taxation is - finally - doubled</li> <li>The Governmental Law does not allow any Money-Transfer from Local Market to Headquarter</li> </ul>	<ul style="list-style-type: none"> <li>Getting aware of the Fiscalization/Taxation policy in advance, and defining the final prices accordingly</li> <li>Assessing the Average Market Prices</li> <li>Collecting Profit locally</li> </ul>
19	Managing Potential Corruption (in Target Areas/Markets)	<ul style="list-style-type: none"> <li>Reputation of a Company and of its Brand is of utmost importance for international relationships</li> </ul>	<ul style="list-style-type: none"> <li>LEGAL (ADMINISTRATIVE/PENAL)</li> <li>COMMERCIAL</li> <li>(ECONOMIC)</li> </ul>	<ul style="list-style-type: none"> <li>Loss of reputation</li> <li>Prevention from Public Tendering</li> <li>Suspension of activities</li> <li>Indemnities and Penalties</li> </ul>	<ul style="list-style-type: none"> <li>Strong Compliance Package</li> <li>Cooperation with Governmental Entities and Official Anti-Bribery Advertising</li> <li>Relationships with Agents and Facilitators</li> </ul>

Session: 7) The Strategy in International Business - Critical costs in Internationalization Strategies

# HRM: Average COSTs

15

Industrial Costs - Table of Contents for the <i>Costing Analysis</i> of the Export Process (values in Euros)						
#	Professional Profile	Role/Position	PAYROLL (13/NET)	Gross (yearly)	Industrial Cost	Hour Unit Cost
1	Generic Operator/Worker	JUNIOR	€ 1.500	€ 28.000	€ 42.000	€ 22
2	Specialized/Skilled Operator	SENIOR	€ 2.300	€ 47.000	€ 65.000	€ 34
3	Employee	SENIOR	€ 2.300	€ 47.000	€ 65.000	€ 34
4	Manager	Unit Manager BUS Line Middle Manager	€ 2.900	€ 60.000	€ 82.000	€ 43
5	Executive	Business Unit Manager	€ 4.300	€ 100.000	€ 130.000	€ 68
6	Director/Top-Manager	General Manager Chief Executive Manager	€ 6.300	€ 165.000	€ 176.000	€ 92

Session: 7) The Strategy in International Business - Critical costs in Internationalization Strategies



# Factors affecting Global Environment

16



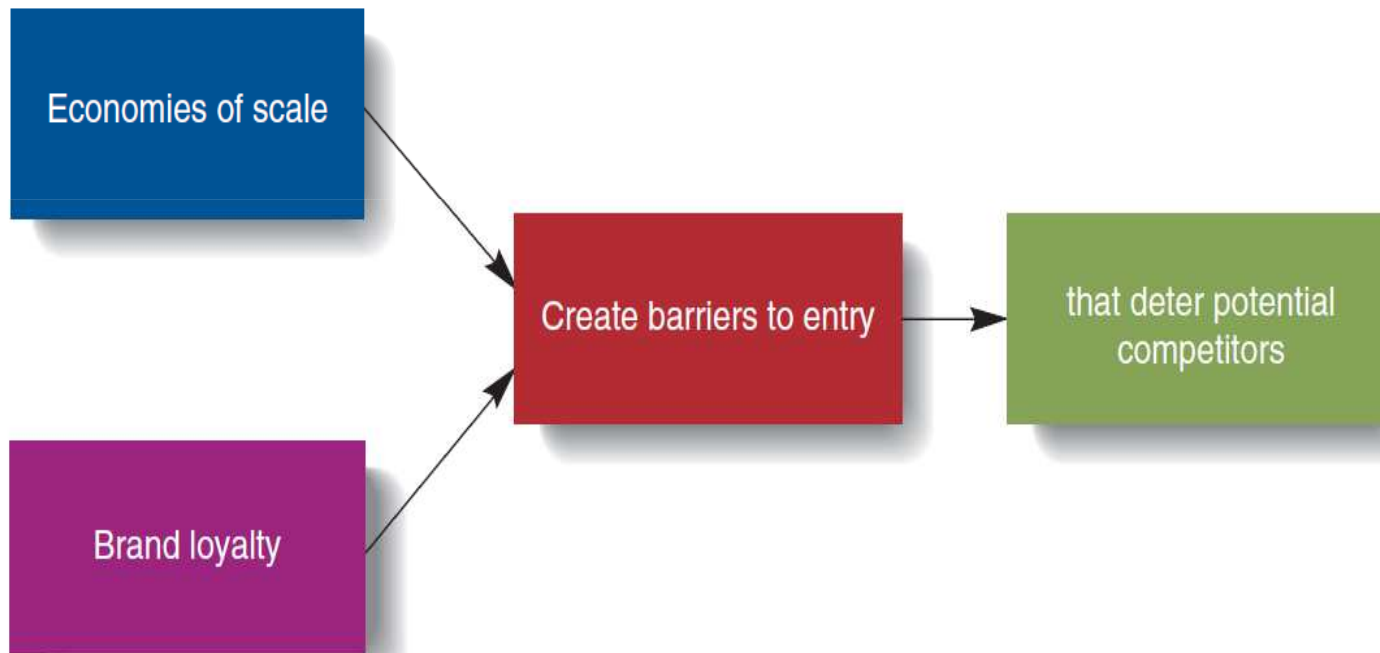
## SUCCESS FACTORs:

1. **VISION**
  2. **PROFESSIONALITY**
  3. **Forecasting the FUTURE**
  4. **SCENARIO's PLANNING**
  5. **TOOLs competency**
  6. **Dynamism**
  7. **INNOVATION**
  7. **MARKET & MARKETING**
- APPROACH ↔**  
**PROFIT/PRODUCT**  
**Approach)**

# Barriers to ENTRY

17

## Barriers to Entry and Competition

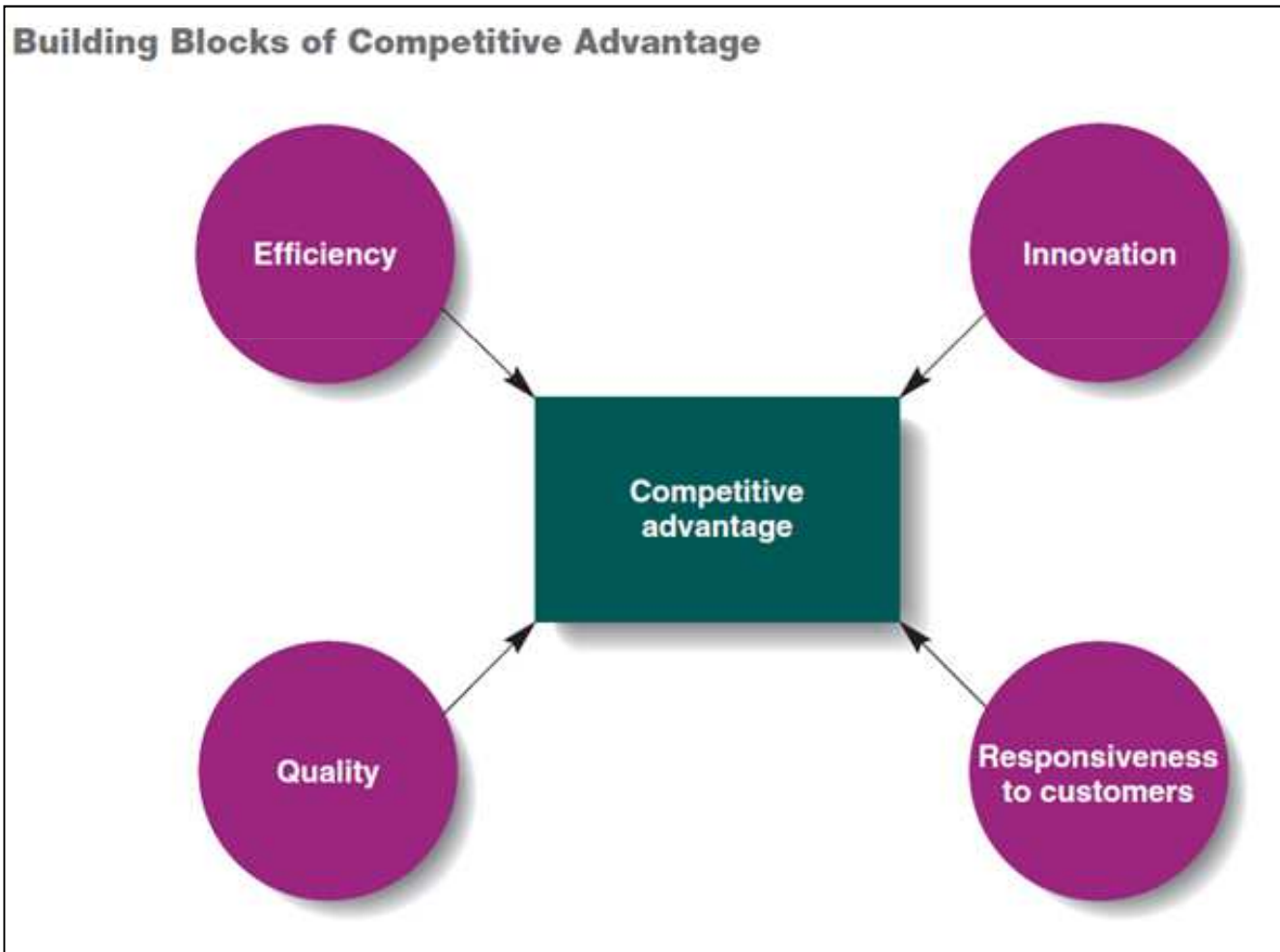


## **BARRIERs-2E:**

1. **LEGAL & EVIDENT**
2. **LEGAL & UNEVIDENT**
3. **HIDDEN**
4. **ILLEGAL & UNEVIDENT**

# Competitive Advantage MNGT

18



**VALUE** for all the  
**STAKEHOLDER<sub>s</sub>**

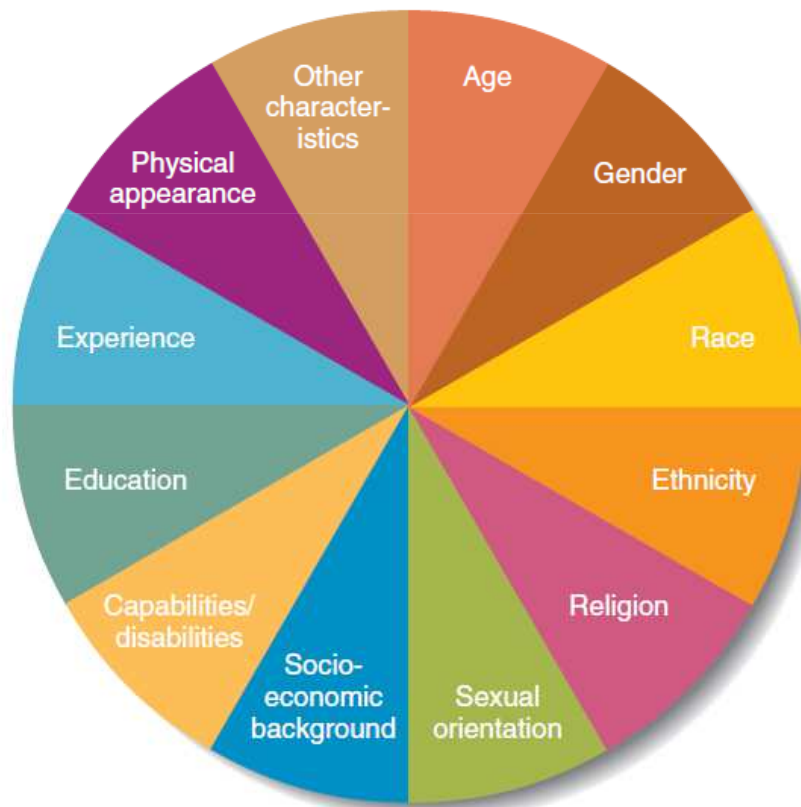
**GENERATE<sub>s</sub>**

**VALUE FOR THE**  
**SHAREHOLDER<sub>s</sub>**

# SOURCEs of Diversity

19

Sources of Diversity in the Workplace



## Cultural Cross Over:

Cross Cultural Management (or CCO) involves managing work teams **in ways that considers the differences in cultures, practices and preferences of consumers in a global or international business context.**

# HRM Opportunity-LAWS (Legislation)

20

Major Equal Employment Opportunity Laws Affecting Human Resources Management		
Year	Law	Description
1963	Equal Pay Act	Requires that men and women be paid equally if they are performing equal work.
1964	Title VII of the Civil Rights Act	Prohibits discrimination in employment decisions on the basis of race, religion, sex, color, or national origin; covers a wide range of employment decisions, including hiring, firing, pay, promotion, and working conditions.
1967	Age Discrimination in Employment Act	Prohibits discrimination against workers over the age of 40 and restricts mandatory retirement.
1978	Pregnancy Discrimination Act	Prohibits discrimination against women in employment decisions on the basis of pregnancy, childbirth, and related medical decisions.
1990	Americans with Disabilities Act	Prohibits discrimination against disabled individuals in employment decisions and requires that employers make accommodations for disabled workers to enable them to perform their jobs.
1991	Civil Rights Act	Prohibits discrimination (as does Title VII) and allows for the awarding of punitive and compensatory damages, in addition to back pay, in cases of intentional discrimination.
1993	Family and Medical Leave Act	Requires that employers provide 12 weeks of unpaid leave for medical and family reasons, including paternity and illness of a family member.

## STAGES:

- **Presence of Regulation**
- **Willingness**
- **Attitude to Legality**
- **Attitude to Respect the Rules**
- **Penalties**
- **Implementation**



# MANAGING DIVERSITY

21

Managerial Roles and the Effective Management of Diversity		
Type of Role	Specific Role	Example
Interpersonal	Figurehead	Conveys that the effective management of diversity is a valued goal and objective.
	Leader	Serves as a role model and institutes policies and procedures to ensure that diverse members are treated fairly.
	Liaison	Enables diverse individuals to coordinate their efforts and cooperate with one another.
Informational	Monitor	Evaluates the extent to which all employees are treated fairly.
	Disseminator	Informs employees about diversity policies and initiatives and the intolerance of discrimination.
	Spokesperson	Supports diversity initiatives in the wider community and speaks to diverse groups to interest them in career opportunities.
Decisional	Entrepreneur	Commits resources to develop new ways to effectively manage diversity and eliminate biases and discrimination.
	Disturbance handler	Takes quick action to correct inequalities and curtail discriminatory behavior.
	Resource allocator	Allocates resources to support and encourage the effective management of diversity.
	Negotiator	Works with organizations (e.g., suppliers) and groups (e.g., labor unions) to support and encourage the effective management of diversity.

# CULTURAL CROSS-OVER

22

PAESE	Concezione del Tempo		Contesto		Autorità		Sesso		Confortevolezza		Centralità		Organizzazione		Approccio alla Relazione		Prerogative di Manifestazione	
	MONO	POLI	ELEVATO	BASSO	DISTANZA	VICINANZA	FEMALE	MALE	FIDUCIA	SFIDUCIA	INDIVIDUO	GRUPPO	ORGANICO	SISTEMATICO	PRO CONTRACT	PRO PARTNER	EXPRESS	MODERATE
AFRICA DEL NORD		✓	✓		✓			✓				✓				✓		✓
AFRICA CENTRALE		✓	✓		✓			✓				✓					✓	
AMERICA CENTRALE		✓	✓		✓				✓			✓				✓	✓	
AMERICA DEL NORD	✓			✓							✓			✓	✓			✓
AMERICA LATINA		✓	✓						✓			✓				✓	✓	
AUSTRALIA	✓			✓		✓	✓		✓		✓			✓	✓		✓	
AUSTRIA	✓			✓		✓	✓		✓		✓				✓		✓	
CANADA	✓			✓		✓	✓		✓		✓			✓	✓			✓
CINA		✓	✓		✓						✓	✓	✓			✓		✓
DANIMARCA	✓			✓		✓	✓		✓		✓			✓	✓			✓
FRANCIA	✓			✓	✓			✓		✓	✓		✓				✓	
GERMANIA	✓			✓		✓	✓		✓			✓		✓	✓		✓	
GIAPPONE	✓		✓		✓			✓		✓				✓	✓			✓
GRECIA		✓	✓		✓			✓		✓		✓	✓			✓	✓	
INDIA		✓	✓		✓			✓					✓			✓		✓
ISRAELE	✓		✓			✓	✓		✓		✓						✓	
ITALIA		✓	✓			✓	✓		✓			✓	✓			✓	✓	
MALESIA		✓	✓		✓							✓				✓	✓	
MEDIORIENTE		✓	✓		✓			✓	✓		✓		✓			✓	✓	
NUOVA ZELANDA	✓			✓		✓	✓		✓		✓				✓			✓
OLANDA	✓			✓		✓			✓		✓				✓			✓
PAESI SCANDINAVI	✓			✓		✓	✓		✓		✓				✓			✓
PAESI DEL MEDITERRANEO		✓	✓							✓		✓				✓	✓	
PORTOGALLO		✓	✓		✓					✓		✓	✓			✓	✓	
REGNO UNITO		✓		✓		✓	✓		✓		✓			✓	✓			✓
RUSSIA		✓	✓									✓						✓
SINGAPORE		✓	✓		✓			✓				✓				✓	✓	
SPAGNA		✓	✓							✓	✓					✓	✓	
SVIZZERA	✓			✓		✓		✓	✓		✓				✓			✓
USA	✓			✓		✓					✓			✓	✓			✓

## 9 Discriminants in CCO:

1. TIME
2. CONTEST (Environment)
3. Authority
4. SEX
5. Comfort
6. Balance  
(TEAM/Individualism))
7. Organization
8. Approach to Relationship
9. Expression Extent



PAESE	Concezione del Tempo		Contesto		Autorità		Sesso		Confortevolezza		Centralità		Organizzazione		Approccio alla Relazione		Prerogative di Manifestazione	
	MONO	POLI	ELEVATO	BASSO	DISTANZA	VICINANZA	FEMALE	MALE	FIDUCIA	SFIDUCIA	INDIVIDUO	GRUPPO	ORGANICO	SISTEMATICO	PRO CONTRACT	PRO PARTNER	EXPRESS	MODERATE
AFRICA DEL NORD		☑	☑		☑			☑				☑				☑		☑
AFRICA CENTRALE		☑	☑		☑			☑				☑				☑	☑	
AMERICA CENTRALE		☑	☑		☑				☑			☑				☑	☑	
AMERICA DEL NORD	☑			☑							☑			☑	☑			☑
AMERICA LATINA		☑	☑						☑			☑				☑	☑	
AUSTRALIA	☑			☑		☑	☑		☑		☑			☑	☑		☑	
AUSTRIA	☑			☑		☑	☑		☑		☑				☑		☑	
CANADA	☑			☑		☑	☑		☑		☑			☑	☑			☑
CINA		☑	☑		☑							☑	☑			☑		☑
DANIMARCA	☑			☑		☑	☑		☑		☑			☑	☑			☑
FRANCIA	☑			☑	☑			☑		☑	☑		☑				☑	
GERMANIA	☑			☑		☑	☑		☑			☑		☑	☑		☑	
GIAPPONE	☑		☑		☑			☑		☑				☑	☑			☑
GRECIA		☑	☑		☑			☑		☑		☑	☑			☑	☑	
INDIA		☑	☑		☑			☑					☑			☑		☑
ISRAELE	☑		☑			☑	☑		☑		☑						☑	
ITALIA		☑	☑			☑	☑		☑			☑	☑			☑	☑	
MALESIA		☑	☑		☑							☑				☑	☑	
MEDIORIENTE		☑	☑		☑			☑	☑		☑		☑			☑	☑	
NUOVA ZELANDA	☑			☑		☑	☑		☑		☑				☑			☑
OLANDA	☑			☑		☑			☑		☑				☑			☑
PAESI SCANDINAVI	☑			☑		☑	☑		☑		☑				☑			☑
PAESI DEL MEDITERRANEO		☑	☑							☑		☑				☑	☑	
PORTOGALLO		☑	☑		☑					☑		☑	☑			☑	☑	
REGNO UNITO		☑		☑		☑	☑		☑		☑			☑	☑			☑
RUSSIA		☑	☑									☑						☑
SINGAPORE		☑	☑		☑			☑				☑				☑	☑	
SPAGNA		☑	☑							☑	☑					☑	☑	
SVIZZERA	☑			☑		☑		☑	☑		☑				☑			☑
USA	☑			☑		☑					☑			☑	☑			☑

# WAY OF ENTRANCE (MATRIX)

24

WOE-MATRIX	Way of Entrance MATRIX (Solutions/Impacts on Internal Resources of a Generic Company)			
Way of Entrance	Transactions/Partnerships WE - (IIA) Indirect Investments Abroad			
	PURE EXPORT		LICENSE Agreements	
	<b>SPOT-Business</b> <b>One-Shot-Business</b> • (Main-Buyers) • Main-Contractors • Tender Submission	<b>Medium/Long Term Transactions</b> • Export-Consortium • Company-Network • Co-Brand & Co-Investment Operations	<b>Contractual Solutions</b> • (Local) International Agent • (Local) International Promoter • Trading Company • (Local) Distributor	<b>Licensing in return for payment</b> • License Agreement • Other kind of contractual solutions dealing with Licensing of Know-How and/or other Intangible-Assets <b>Franchising Solutions</b> • Distribution Franchising Solutions • Services Franchising Solutions • Industrial Franchising (SOPs and Machinery)
<b>LOW</b> <b>IMPACT ON THE CURRENT RESOURCES</b> <b>NO-NEED</b> to focus specific resources; the extra-commitment which arises, depends on the presence of a scoreable opportunity. <b>MODEL #5</b> is very energy/time-spending	<b>One-Shot-Business</b> • Commercial/Sales Manager <i>(Customer Key Account - On-Site Commercial Meetings)</i> • Technical Department <i>(Pursue Technical Feasibility - Technical support for Offering)</i> • Commercial Department (Tendering) • Legal Department (Legal Feasibility and Official/Administrative Fulfillments) <b>OPERATIONS (Only on Scored Projects/Deal)</b>	<b>Network/Consortium</b> • Sales Manager/Director • Top-Management or Attorney • Commercial Operativeness <i>(according to the Plan of the Consortium and/or according to the envisaged requirements of the Network of Companies)</i> <b>OPERATIONS (Only on Scored Projects/Deal)</b>	<b>Contractualization</b> • Sales Manager/Director • Coaching on the Partner • Market of Destination activity monitoring • Opportunities management (MOU) • Legal Advisor, Commercial Advisor, Tendering Department <b>OPERATIONS (Only on Scored Projects/Deal)</b>	<b>Licensing Agreement</b> • Legal Department • Technical Department • Sales Manager/Director <b>OPERATIONS (Only during Start-Up Stage)</b>
Way of Entrance	Venturing WE - (CIA) Combined Investments Abroad			
	GREY ZONE			
	<b>NON-EQUITY Partnership</b> • Eligible Joint Venture Agreement <i>(Contractual Joint Venture)</i>	<b>NON-EQUITY Partnership</b> • (Mutual) Cooperation Agreement • (Mutual) Commercial Agreement		
<b>MEDIUM</b> <b>IMPACT ON THE CURRENT RESOURCES</b> <b>MODEL #7</b> requires a Semi/resident Manager who is present in the MoD for 10/15 days/month	<b>JV Agreement</b> • Commercial Department (Administrative Fulfillments) • Technical Office and Business Unit <i>(feasibility assessment - Offering support)</i> • Legal Department (Legal accordance to domestic commercial law/regulations) <b>OPERATIONS (CORES - only for Project Scored)</b>	<b>COOPERATION AGREEMENT</b> • (Long-Term Cooperation Agreement) • Sales Manager/Director (Coaching on Partner - On-Site Commercial Meetings - Market Assessment - BUSINESS PLAN setup) • Legal Department • Joint Commercial activity made together with the local partner → 0.5 FTE <b>OPERATIONS (CORES - only for Project Scored)</b>		
Way of Entrance	Joint Stock Companies - (DIA) Direct Investments Abroad			
	JOINT VENTURE CO.		BRANCH	
	<b>Business Development Joint Venture Company</b> <i>(Marketing - Know How - Distribution)</i>	<b>Equity Joint Venture Agreement</b> <i>(Whole integration of the Company Chain)</i>	<b>BRANCH - SUBSIDIARY</b> <i>(Commercial or Distribution Company)</i>	<b>BRANCH</b> <i>(Whole integration of the Company Chain)</i>
<b>HIGH</b> <b>IMPACT ON THE CURRENT RESOURCES</b> <b>MODEL #8</b> requires a presence of a MIX of resources (Techno/commercial) <b>MODEL 9/10/11</b> require commercial and technical profiles as RESIDENT-MANAGERS in the MoD	<b>Commercial JV-Company</b> • Commercial Department (Administrative Fulfillments) • Technical Office and Business Unit <i>(feasibility assessment - Offering support)</i> • Legal/Technical Department <i>(preliminary stage of the Partnership)</i> • Joint Commercial activity made together with the local partner <b>OPERATIONS (CORES - only for Project Scored)</b>	<b>Equity/Complete JV-Company</b> • Legal/Technical Department <i>(preliminary stage of the Partnership)</i> • Joint Commercial activity made together with the local partner • Business Plan - Business Model - Profit/Loss report and multiple-Industrial Plan for the NEWCo • Commercial Profile: SEMI-RESIDENT MANAGER (9 months starting from the formal establishment) • Technical Profile: SEMI-RESIDENT MANAGER (9/12 months starting from the formal establishment TRAINING to be added) → 1.25/1.5 FTE	<b>COMMERCIAL BRANCH</b> • Legal/Technical Department <i>(preliminary stage of the Partnership)</i> • 1 Commercial/Administrative Profile RESIDENT permanently • 1 Technical Profile SEMI-RESIDENT → 1.5 FTE	<b>OPERATIONAL BRANCH</b> • Legal/Technical Department <i>(preliminary stage of the Partnership)</i> • 1 Commercial/Administrative Profile RESIDENT permanently • 1 Technical Profile RESIDENT permanently • Creation of a STAFF of local profiles → LEAST 2/2.5 FTE

**WOE:**

1) PURE EXPORT

(IIA)

2) GREY-ZONE

(CIA)

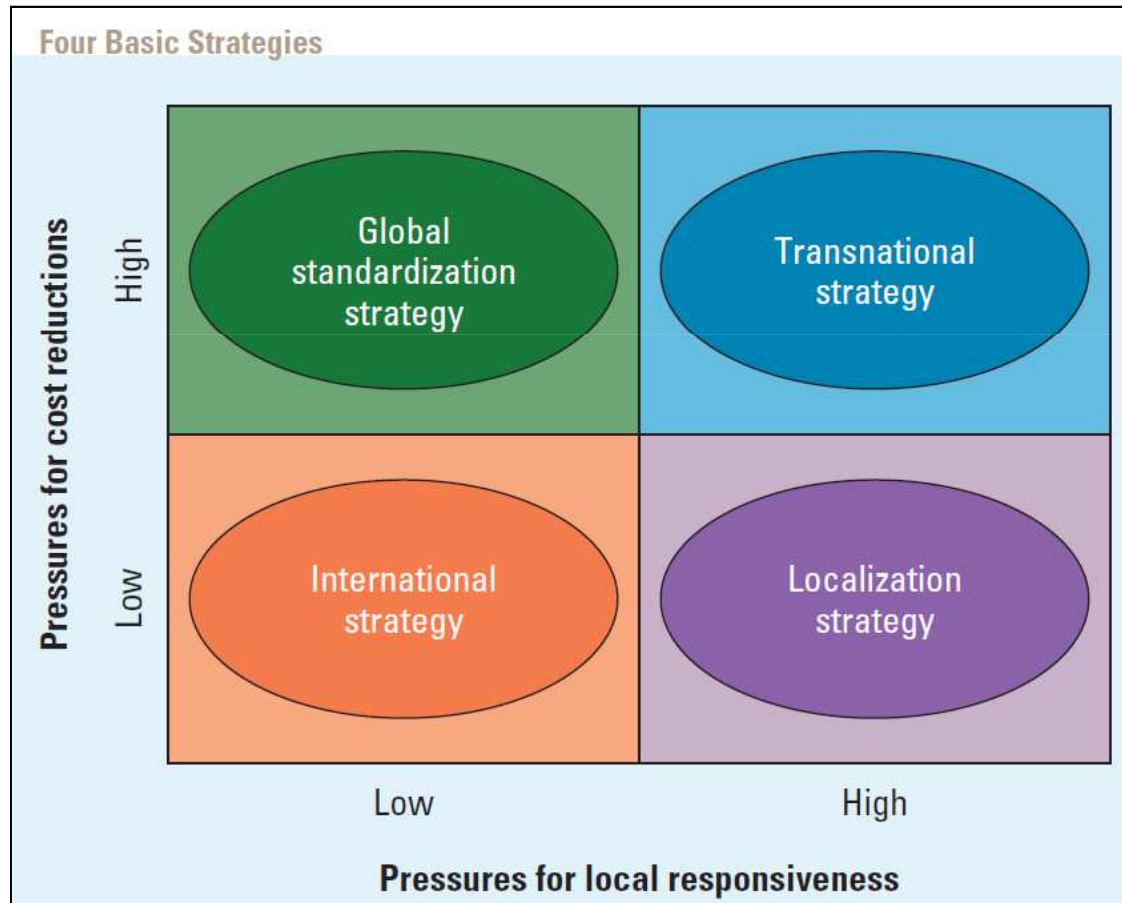
3) VENTURING

(DIA)

WOE-MATRIX	Way of Entrance MATRIX (Solutions/Impacts on Internal Resources of a Generic Company)			
Way of Entrance	Transactions/Partnerships WE - (IIA) Indirect Investments Abroad			
	PURE EXPORT			LICENSE Agreements
	<u>SPOT-Business</u> <u>One-Shot-Business</u> • (Main-Buyers) • Main-Contractors • Tender Submission	<u>Medium/Long Term Transactions</u> • Export-Consortium • Company-Network • Co-Brand & Co-Investment Operations	<u>Contractual Solutions</u> • (Local) International Agent • (Local) International Promoter • Trading Company • (Local) Distributor	<u>Licensing in return for payment</u> • License Agreement • Other kind of contractual solutions dealing with Licensing of Know-How and/or other Untangible-Assets
LOW IMPACT ON THE CURRENT RESOURCES NO-NEED to focus specific resources; the extra-committment which arises, depends on the presence of a scorable opportunity. MODEL #5 is very energy/time-spending	<u>One-Shot-Business</u> • Commercial/Sales Manager (Customer Key Account - On-Site Commercial Meetings) • Technical Department (Survey - Technical Feasibility - Technical support for Offering) • Commercial Department (Tendering) • Legal Department (Legal Feasibility and Official/Administrative Fulfillments)  OPERATIONS (Only on Scored Projects/Deal)	<u>Network/Consortium</u> • Sales Manager/Director • Top-Management or Attorney • Commercial Operativeness (according to the Plan of the Consortium and/or according to the envisaged requirements of the Network of Companies)  OPERATIONS (Only on Scored Projects/Deal)	<u>Contractualization</u> • Sales Manager/Director • Coaching on the Partner • Market of Destination activity monitoring • Opportunities management (MoD) • Legal Advisor, Commercial Advisor, Tendering Department  OPERATIONS (Only on Scored Projects/Deal)	<u>Franchising Solutions</u> • Distribution Franchising Solutions • Services Franchising Solutions • Industrial Franchising (SOPs and Machinery)  Franchising • Legal Department • Technical Department • Patents and IP-Rights Advisor • Set up of a Franchising package of information for the Franchisor (technical, educational, procedural, service/maintenance) • Management of Fees/Royalties Revenues --> 0.5 FTE  OPERATIONS (Only during Start-Up Stage)
Way of Entrance	Venturing WE - (CIA) Combined Investments Abroad			
	GREY ZONE			
	<u>NON-EQUITY Partnership</u> • Eligible Joint Venture Agreement (Contractual Joint Venture)	<u>NON-EQUITY Partnership</u> • (Mutual) Cooperation Agreement • (Mutual) Commercial Agreement		
MEDIUM IMPACT ON THE CURRENT RESOURCES MODEL #7 requires a Semi/resident Manager who is present in the MoD for 10/15 days/month	<u>JV Agreement</u> • Commercial Department (Administrative fulfillments) • Technical Office and Business Unit (feasibility assessment + Offering support) • Legal Department (Legal accordance cto domestic commercial law/regulations)  OPERATIONS (COREs - only for Project Scored)	<u>COOPERATION AGREEMENT</u> (Long-Term Cooperation Agreement) • Sales Manager/Director (Coaching on Partner - On-Site Commercial Meetings - Market Assessment + BUSIPLAN setup) • Legal Department • Joint Commercial activity made together with the local partner) --> 0.5 FTE  OPERATIONS (COREs - only for Project Scored)		
Way of Entrance	Joint Stock Companies - (DIA) Direct Investments Abroad			
	JOINT VENTURE CO.		BRANCH	
	<u>Business Development Joint Venture Company</u> (Marketing - Know How - Distribution)	<u>Equity Joint Venture Agreement</u> (Whole integration of the Company Chain)	<u>BRANCH - SUBSIDIARY</u> (Commercial or Distribution Company)	<u>BRANCH</u> (Whole integration of the Company Chain)
HIGH IMPACT ON THE CURRENT RESOURCES MODEL #8 requires a presence of a MIX of resources (Techno/commercial) MODEL 9/10/11 require commercial and technical profiles as RESIDENT-MANAGERS in the MoD	<u>Commercial JV-Company</u> • Commercial Department (Administrative fulfillments) • Technical Office and Business Unit (feasibility assessment + Offering support) • Legal/Technical Department (preliminary stage of the Partnership) • Joint Commercial activity made together with the local partner)	<u>Equity/Complete JV-Company</u> • Legal/Technical Department (preliminary stage of the Partnership) • Joint Commercial activity made together with the local partner) • Business Plan - Business Model - Profit/Loss report and multigear-Industrial Plan for the NEWCo • Commercial Profile: SEMIRESIDENT MANAGER (9 months starting from the formal establishment) • Technical Profile: SEMIRESIDENT MANAGER (9/12 months starting from the formal establishment TRAINING to be added)  --> 1,25/1,5 FTE	<u>COMMERCIAL BRANCH</u> • Legal/Technical Departmnt (preliminary stage of the Partnership) • 1 Commercial/Administrative Profile RESIDENT permanently • 1 Technical Profile SEMIRESIDENT  --> 1.5 FTE	<u>OPERATIONAL BRANCH</u> • Legal/Technical Department (preliminary stage of the Partnership) • 1 Commercial/Administrative Profile RESIDENT permanently • 1 Technical Profile RESIDENT permanently • Creation of a STAFF of local profiles  --> LEAST 2/2,5 FTE

# Basic Strategies for Global Markets

26



# OTMT-Pattern

27

O.T.M.T. Pattern (in addition: JVC Steps/Fulfillments + Business Development PLAN)				
SEGMENT	CONTENT	KEY-PERSON/DEPT.	SOLICITATION	ADRESSEES
1	2	3	4	5
A Executive Business Summary	This document represents the finalization of the ACTION PLAN, "unrolled" in its details	The TEM finalizes the Summary, after coordinating all the contributions coming from the other Parties	Temporary Export Manager	Shareholder's Committees of MCs Board of Directors of the JVC
B O.: OBJECTIVES	The short list of all the Objectives and the Targets the TEM is committed to score during his leadership	The TEM is given these Objectives by its Clients (or by his Boss, if he is an internal executive profile), but he checks the feasibility and sustainability of these targets; he can correct and realign these targets according to his Plan	Shareholders' Committee	JVC Board of Directors
C T.: TOOLS & RESOURCES	The list of both HR, Assets, instruments and the amount of money (stock), the TEM is provided with, to score the objectives	The TEM is given Tools and Resources by the Shareholders (or the Investors). The Shareholders define the contribution of the two Mother Companies and declare these amounts/assets in the Statute of the JVC	Shareholder's Committee Temporary Export Manager	JVC Board of Directors
D M.: METHODS	The methods the TEM is going to implement, to insert procedures, approaches, best-practices, providing the JVC with a business-style	The TEM selects the methods (and the style) he will use to implement all the procedures/patterns in the JVC, according to the Mother Companies Policies, to the specific Business-Area and to its actual size	Temporary Export Manager TOP Managers of the Mother Companies	JVC Board of Directors
E T.: TIME & CHRONOPLAN	The compulsory deadlines to score the objectives and the GANTT diagram dealing with all the operations of the TEMAP	The TEM is given the Deadlines and the Chronoplan by his Clients/Boss, but he needs to check this aspect and to correct it, if considered "unattainable"	TOP Managers of the Mother Companies	Shareholder's Committees of MCs Board of Directors of the JVC
F Monitory rate and tools	The technical tools and the time-rate for the activity of controlling the process	The TEM agreed on these rates (and tools) with the Administrative part of the Board of Directors (in specific: with the Exporter representative)	Administrative Department of the Mother Companies	Administration of Mother Companies Board of Directors of the JVC
G START-UP Steps & Fulfillments	The segmentation of all the activities required to attain the objectives, considered as sub-processes and connected amongst them	The TEM prepares this document jointly with the Operational Director, the Sales Director and the Legal Advisor of the local Company	Temporary Export Manager	
H Business Development PLAN	The Business Plan which have been finalized and agreed by the Shareholders (and/or by the Board of Directors' Committee)	The TEM gives his contribution to draft and finalize the Business Development Plan; this PLAN is an operational Plan: it shows HOW TO attain the Commercial targets	Temporary Export Manager Sales Manager of the JVC	
The TEM is required to REALIGN continuously the ACTUAL situation, to the ESTIMATION/BUDGET (REALIGNMENT)				

## O.T.M.T. - TEMAP:

1. Objectives
2. Tools & Resources
3. Methods
4. Time & Chronoplan

O.T.M.T. Pattern (in addition: JVC Steps/Fulfillments + Business Development PLAN)					
SEGMENT		CONTENT	KEY-PERSON/DEPT.	SOLICITATION	ADRESSEEs
1		2	3	4	5
A	Executive Business Summary	This document represents the finalization of the ACTION PLAN, "unrolled" in its details	The TEM finalizes the Summary, after coordinating all the contributions coming from the other Parties	Temporary Export Manager	Shareholder's Committees of MCs Board of Directors of the JVC
B	O.: OBJECTIVES	The short list of all the Objectives and the Targets the TEM is committed to score during his leadership	The TEM is given these Objectives by its Clients (or by his Boss, if he is an internal executive profile), but he checks the feasibility and sustainability of these targets; he can correct and realign these targets according to his Plan	Shareholders' Committee	JVC Board of Directors
C	T.: TOOLS & RESOURCES	The list of both HR, Assets, instruments and the amount of money (stock), the TEM is provided with, to score the objectives	The TEM is given Tools and Resources by the Shareholders (or the Investors). The Shareholders define the contribution of the two Mother Companies and declare these amounts/assets in the Statute of the JVC	Shareholder's Committee Temporary Export Manager	JVC Board of Directors
D	M.: METHODS	The methods the TEM is going to implement, to insert procedures, approaches, best-practices, providing the JVC with a business-style	The TEM selects the methods (and the style) he will use to implement all the procedures/patterns in the JVC, according to the Mother Companies Policies, to the specific Business-Area and to its actual size	Temporary Export Manager TOP Managers of the Mother Companies	JVC Board of Directors
E	T.: TIME & CHRONOPLAN	The compulsory deadlines to score the objectives and the GANNT diagram dealing with all the operations of the TEMAP	The TEM is given the Deadlines and the Chronoplan by his Clients/Boss, but he needs to check this aspect and to correct it, if considered "unattainable"	TOP Managers of the Mother Companies	Shareholder's Committees of MCs Board of Directors of the JVC
F	Monitory rate and tools	The technical tools and the time-rate for the activity of controlling the process	The TEM agreed on these rates (and tools) with the Administrative part of the Board of Directors (in specific: with the Exporter representative)	Administrative Department of the Mother Companies	Administration of Mother Companies Board of Directors of the JVC
G	START-UP Steps & Fulfillments	The segmentation of all the activities required to attain the objectives, considered as sub-processes and connected amongst them	The TEM prepares this document jointly with the Operational Director, the Sales Director and the Legal Advisor of the local Company	Temporary Export Manager	
H	Business Development PLAN	The Business Plan which have been finalized and agreed by the Shareholders (and/or by the Board of Directors' Committee)	The TEM gives his contribution to draft and finalize the Business Development Plan; this PLAN is an operational Plan: it shows HOW TO attain the Commercial targets	Temporary Export Manager Sales Manager of the JVC	
The TEM is required to REALIGN continuously the ACTUAL situation, to the ESTIMATION/BUDGET (REALIGNMENT)					

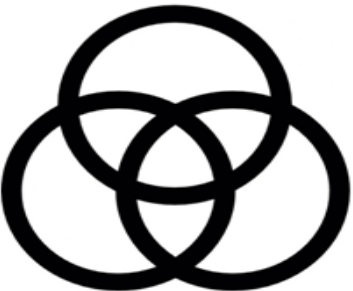


</

The TEM is asked to MOTIVATE the Team, constantly (MOTIVATION)



# ACTION PLAN 4 TEM

29

ACTION PLANNING FOR THE TEMPORARY EXPORT MANAGER			
GOVERNANCE	STRATEGY - TEMAP		TACTIC - PROGRAM
DUTY	ITEM	SCOPE	ACTION
Business Concept & Business Model	Summary	Informing both Shareholders and Stakeholders	<b>WHY</b> the process is running like this
BUSINESS PLAN	Objectives	Regarding economic, financial, organizational matters	<b>WHAT</b> to do (short term - mid term - long term)
Profit & Loss Perspective	Tools & Resources	HR - Assets - Instruments & Cash	<b>WHO</b> will do and take care of specific tasks
 <div data-bbox="479 1086 689 1273"> <p>The two Mother Companies decide, and the JVC is consulted in drafting the Documents</p> </div>	Methods	Policies - Procedures - Style - Training - Responsibilities	<b>WHICH</b> is the process and the path to cover
	Timing and Chronoplan	Deadlines - Prerequisites - Period of Time - GANNT Diagram for Operations	<b>WHEN</b> these tasks ought to be completed
			



# TEM CHRONOPLAN

30

	First HALF	Second HALF	First HALF	Second HALF	First HALF	Second HALF	First HALF	Second HALF	First HALF	Second HALF	First HALF	Second HALF	First HALF	Second HALF
Segment of ACTIVITY	JUNE	JUNE	JULY	JULY	AUGUST	AUGUST	SEPTEMBER	SEPTEMBER	OCTOBER	OCTOBER	NOVEMBER	NOVEMBER	DECEMBER	DECEMBER
<u>PRE-REQUISITES</u> (Prerogatives of Legitimacy)	PENDING ISSUES F I X E D	DIAGNOSTICS	DIAGNOSTICS	DIAGNOSTICS	DIAGNOSTICS	DIAGNOSTICS	DIAGNOSTICS	DIAGNOSTICS	DIAGNOSTICS	DIAGNOSTICS	DIAGNOSTICS	DIAGNOSTICS	DIAGNOSTICS	ACCOMPLISHED
<u>VENDOR's LIST INCLUSION</u> (other O&G Majors)	X	X	X	X	X									
<u>INSTRUMENTATION</u> (for Diagnostics)	PRESENT													
<u>TRAINING &amp; CERTIFICATIONS</u> (regarding Diagnostics and Technical Competences of the Team)	ACCOMPLISHED													
<u>PROCEDURES</u> (regarding HSEQ & NME)	X	X	X	X										
<u>COMMERCIAL</u> (Procedures for OFFERING)	X	X	X	X										
<u>COMMERCIAL</u> (Tools & Presentations)	X	X	X	X							RE-PUSH IETT for the TENDER	RE-PUSH IETT for the TENDER	RE-PUSH IETT for the TENDER	RE-PUSH IETT for the TENDER
<u>COMMERCIAL</u> (Prospect on Customers)	X	X	X	X			X	X	X	X	X	X	X	X
<u>DEMO</u> (NME-Demo in Istanbul)						TURKEY: Preparation	TURKEY: FIELD TRIAL		PUSH CUST. (after the Demo)	PUSH CUST. (after the Demo)	PUSH CUST. (after the Demo)	PUSH CUST. (after the Demo)	PUSH CUST. (after the Demo)	PUSH CUST. (after the Demo)
<u>HRM: STAFF Completion</u> (Hiring/Training the Operations Manager)	HIRED	HIRED	TRAINING WORKING (TURKEY)	TRAINING WORKING (TURKEY)	TRAINING (ITALY)	TRAINING (ITALY)	TRAINING WORKING (TURKEY)	TRAINING WORKING (TURKEY)	TRAINING WORKING (TURKEY)	TRAINING WORKING (TURKEY)	TRAINING WORKING (TURKEY)	TRAINING WORKING (TURKEY)	TRAINING WORKING (TURKEY)	TRAINING WORKING (TURKEY)
<u>OPERATIONS</u> INSpections - <u>DI</u> agnostics - <u>W</u> aste containers - <u>W</u> ater skids	INS	INS	INS	INS DIA	INS DIA	INS DIA	INS DIA	INS DIA	INS DIA	INS DIA	INS DIA	INS DIA	INS DIA	INS DIA
MONTHS	0,5	1	1,5	2	2,5	3	3,5	4	4,5	5	5,5	6	6,5	7

Session: 7) The Strategy in International Business - Critical costs in Internationalization Strategies

# SUMMARY

31

## Summary and Review

**WHAT IS THE GLOBAL ENVIRONMENT?** The global environment is the set of forces and conditions that operates beyond an organization's boundaries but affects a manager's ability to acquire and use resources. The global environment has two components: the task environment and the general environment.

**THE TASK ENVIRONMENT** The task environment is the set of forces and conditions that originates with global suppliers, distributors, customers, and competitors and influences managers daily. The opportunities and threats associated with forces in the task environment become more complex as a company expands globally.

**THE GENERAL ENVIRONMENT** The general environment comprises wide-ranging global economic, technological, sociocultural, demographic, political, and legal forces that affect an organization and its task environment.

**THE CHANGING GLOBAL ENVIRONMENT** In recent years there has been a marked shift toward a more open global environment in which capital flows more freely as people and companies search for new opportunities to create profit and wealth. This has hastened the process of globalization. Globalization is the set of specific and general forces that work together to integrate and connect economic, political, and social systems across countries, cultures, or geographic regions so that nations become increasingly interdependent and similar. The process of globalization has been furthered by declining barriers to international trade and investment and declining barriers of distance and culture.

**THANK YOU  
FOR YOUR  
ATTENTION**



**32**

**OPEN DEBATE – *Questions & Answers***



<http://www.joe-santangelo.com/>

[Joes.ps.mail@gmail.com](mailto:Joes.ps.mail@gmail.com)

0039/349/240.43.14 (ITA)

0044/750-931.82.86 (INTERNATIONAL)