

International Entrepreneurship: *Starting, Developing and Managing a Global Venture*

Part 1 – International Entrepreneurship and Entrepreneurship Opportunities

Chapter 2 – Globalization and the International Environment

Chapter Exercises

1. Describe each of the major issues and considerations an entrepreneur must address when launching his or her product or company in a new country.

- Physical vs. Psychological Closeness: identifying how similar are the cultural, political, legal, and economic systems in a firm’s home country versus its foreign outlets and then whether or not the psychological closeness actually makes a foreign market the best opportunity for the venture. An entrepreneur must consider if:
 - The physical and psychological proximity is based on reality or perception.
 - Psychological proximity can make a market easier to enter and can help the entrepreneur identify the first foreign market to enter.

- Similarities with entrepreneurs in the foreign market exist, since there are common bonds amongst all entrepreneurs.
- Strategic Issues Regarding Management and Organizational Structure:
 - The allocation of responsibility between the U.S. and foreign operations.
 - The nature of the planning, reporting, and control systems to be used throughout the international operations.
 - The appropriate organizational structure for conducting international operations.
 - The potential degree of standardization.
- Environmental Analysis:
 - Characteristics of the market in each country and whether or not countries can be grouped together to form a larger market.
- Strategic Planning:
 - Whether a company’s current products meet the demands in the new market(s) and deciding if a new product should be developed or introduced.
 - Purchasing power in the new market(s) and how affordable are the company’s products.
 - Banking and payment structures within the new market(s) and what method(s) will be used to extract profits from the country.
- Operational Program:
 - Selecting the right products, distribution channels, pricing etc.
- Marketing
 - Establishing measures to judge if the marketing program is successful.

2. *Choose a country besides your home country and create a comparative table that describes the key environmental factors (economic, political, etc.) in that country versus your home country. What major differences exist and what is one major attribute that you must consider when doing business in the foreign country?*

SAMPLE CHART SET-UP:

	Home Country	Foreign Country	Major Difference	Major Attribute
Economic				
Political				
Legal				
Cultural				

3. *Suppose you are the CEO of a small firm that is taking its business into a new country. You are fortunate to have two gifted managers who have volunteered to handle the operational issues for this project, but you must choose just one to send to the new country. One of the managers has extensive work experience in all the operational aspects of running a business, and the other manager is from the new country and previously ran a business there. Which manager will you send and why?*

- Benefits of choosing the experienced operations manager: Will know exactly what the company needs to accomplish to consider the venture a success in the new company.

However, might lose time and money in trying to understand the new culture, economy, politics, and laws.

- Benefits of the native manager: Will know how business is done in the new country and might already have important connections established. However, might not understand how the company defines and measures success and therefore will fall short of the company’s expectations.
- Alternative: Have the two managers work together to make the entry into the new country as easy, efficient, and profitable as possible.