



## ASSIGNMENT MEMORANDUM

**SUBJECT : EXPORT MANAGEMENT (EM)**

**ASSIGNMENT : 1<sup>st</sup> SEMESTER 2010**

### Study Note references:

1. IEX Export Management (Revised January 2009) Study Notes, Study Unit 2 & Study Unit 5.
2. Cateora, P.R., Gilly, M.C., and Graham, J.L. 2009. *International Marketing*. 14<sup>th</sup> Edition. New York: McGraw-Hill. Chapters 11 and 16.
3. International Marketing II Additional Notes 2009, Module 6.

### ASSIGNMENT

[90]

1. There are no specific right or wrong answers to this question, although there are generally acknowledged broad strengths and weaknesses in each case, e.g.:

a) **Small companies:**

- i) Flexibility in meeting market/customer requirements – small companies usually have a greater strength than large companies.
- ii) It is believed, not without foundation, that small companies are at a disadvantage financially; in terms of raising bridging and trade finance and in many other finance-related areas.
- iii) Small companies need to remain very focused in the production area if they are not to have weaknesses in this area; they have fewer resources to 'play' with and this can hinder product development.
- iv) But they are often closer to the needs of their market and closer to their product, which could compensate.
- v) They have an advantage in products with an element of customisation.
- vi) Small companies may enjoy better labour relations and be less of a target for strikes, etc.
- vii) Small companies require staff to be multi-skilled which can increase job satisfaction.
- viii) Small companies can outsource some of the export administration and this can be cost-effective.

b) **Large companies:**

- i) They have greater production resources and can enjoy economies of scale, giving them an undoubted advantage in products suitable for mass-production.
- ii) Large companies can buy in bulk and obtain better prices for inputs.
- iii) Large companies are more able to employ specialists to handle specific export activities, which could be an advantage.
- iv) Large companies generally have greater administrative capacities than small companies, although the capabilities should be the same.

c) **Neutral**

- i) Strategic planning should not be affected, although in practice it is more likely to be effective in larger companies, but it depends on the quality of management.
- ii) Global environment might seem to favour large companies, but a section in notes discusses international findings regarding the ability of small companies to turn themselves into global players and students should bring this into the discussion.
- iii) Size does not need to affect a company's ability to produce good quality products.
- iv) Generally, staff can be divided into 'corporate' people and 'small company' people, and if properly managed neither company should have too great a disadvantage. **(70)**

2. The discussion on ways in which small companies can overcome disadvantages should cover:

- a) Outsourcing where appropriate
- b) Development of small business clusters and networking
- c) Niche marketing
- d) Relationship marketing
- e) Original thinking by student. **(20)**

**PRESENTATION [10]**