

# Developing a sports export company

[Business](#), [Company](#)



01. Is Sports Exports Company a multinational corporation?

Answer: Multinational corporations (MNCs) are defined as firms that engage in some form of international business. As the Sports Export Company sells its products to foreign countries & face to global environment. So, the Sports Exports Company is a multinational corporation. 02. Why are the agency costs lower for Sports Exports Company than for most MNCs? Answer: The costs of ensuring that managers maximize shareholder wealth (referred to as agency cost) are normally higher for MNCs than the agency cost of Sports Export Company.

Agency costs are lower for Sports Export Company simply because the owner and manager are the same. The owner does not have managers who are based in other countries or even in the same country at very early stage.

03. Does Sports Exports Company have any comparative advantage over potential competitors in foreign countries that could produce and sell footballs there? Answer: Obviously, the Sports Exports Company has a comparative advantage over potential competitors to other foreign countries.

By applying an idea of producing low cost football and at the same time selling those items on a wholesale basis was become very successful in the U. S. Market. As the Sports Exports Company are producing the item for a long time, the company will certainly enjoy some benefits like the advantages of being a first mover and at the same time will be able to build a rapport with customers. The Sports Exports Company will be the first firm to benefit from the popularity. The potential competitors initially will not get the advantages of becoming a first mover and enough market shares.

Also, the Sports Exports Company has a comparative advantage over the U. S. firms that produce the top-of-the-line footballs in the U. S. market and it also sells the footballs at a low price. 04. How would Jim Logan decide in which foreign markets he would attempt to enter? Should he initially attempt to focus on one or many foreign markets? Answer: Jim Logan had previous experience about sporting goods shop and knew how to produce football. In addition to avoid any rent and labor expenses, Jim decided to produce the footballs in his own garage and to perform the work himself.

For these advantages, it facilitated him to make decision where he would attempt to enter. At first, he decided to create a firm that would produce low priced footballs and sell them on a wholesale basis to various sporting good stores in the united State and then gradually in foreign countries. To do so, Jim had to consider various factors such as the potential demand for footballs in each country and the potential degree of competition in that country. He initially may focus on one specific country when establishing his international business and gradually may expand his international business across several different countries.

To focus more than one foreign country, wide distribution channel, capital machineries and even more manpower is needed. But as a single entrepreneur, it might not become possible for Jim to arrange all of the things at a time rather it is better that he could find a distributor of sporting goods that would sell the footballs to retail stores in various countries. 05. The Sports Exports Company has no immediate plans to conduct direct foreign investment. However, it might consider other less costly methods to establish its business in foreign markets.

What methods might the Sports Exports Company use to increase its presence in foreign markets by working with one or more foreign companies?

Answer: The Sports Exports Company may consider any one of the collaborative arrangement like licensing, franchising or joint venture arrangement with other firms or industry. To make direct foreign investment, huge financial support and new arrangement are needed. Considering of all the factors rather the Sports Exports Company may consider the above collaborative arrangement to reduce cost and maximize profit.