

# The meaning of born global



Main aim of this assignment is to discuss the meaning of Born Global. Some firms are known as Born Global firms and various internal and external factors that encouraged these firms to be born global, what are the marketing strategies which lead to early international expansion of these firms and how they are differ from other and the risk faced by these firms in international market and the ways to tackle these risk.

Web definition of born global: A firm that from its birth globalize rapidly without any preceding long term internationalization period.

#### INTRODUCTION:

It has been examined by different research that now days companies are reaching to international level in a very short period of time (e. g. Shrader, Oviatt and McDougall, 2000; Weerawardena et al., 2007; Fan and Phan, 2007; Zhou et al. 2007). When company expand their business on a large scale to reach on a high level by putting its business into different market to increase the the benefit because of increase in demand of their product and by using cheaper inputs. Some organizations reach the global stage very fast rather than having competitors also in the market. Number of these firms are studied by Harry Bakema, George Yip and Alina Kudina in Silicon Fen .

It had been presented as a new buzzword by tradition most of the multinational companies first grew in their home markets all the activities take place at domestic market then in overseas after a long term planning Birth for global are claimed to be different from traditional practice. It is followed as first if it is beneficial or successful at domestic level after 5 or 10 years then it will enter in foreign market . But as a name itself present

opposite Born Global its starts now at international level first and we can see small and medium sized business have gone on international level within very less time span these are very less popular at home market and become more popular in foreign market because of the income generated sometimes is 100% of their total income . We can say the half of their total revenues is from international sales . Born Global companies value more money and more attention to their development and other strategies which can offer many lessons for other organization who are trying towards the secret to success . We tried to pin how to give early and rapid internationalization and how to be successful in this.

What is Born Global ?

Born global is a firm which defined as " a business organization that , from inception, seek to derive significant competitive advantage from the use of resources and the sale of output in multiple countries , Oviatt & McDougall, 1994, p . 49

**BORN GLOBAL COMPANIES:**

**AMAZON. COM:**

Headquarters of Amazon. com is in Seattle, Delaware, Nevada Washington with distribution canters are in Britain & Germany. The company has 2100 employees when they started in 1999 and growing rapidly Since May 1997 &converted into public property shares traded on the National Market in the United States despite continuing losses, Amazon. com ' share or \$ 209 per share was trading at 23 times its IPO value \$ 9 in December 1998.

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Amazon. com started its business in July 1995 and the main aim of the company is to use internet to sell their product that inform, educate and inspire. In the spring 1999 , Amazon. com become the largest internet seller of 4. 7 million discounted books CDs, DVDs, Computer games , audio, video cassettes etc. Its the most popular website on the Internet work. The company's percentage of books sold online was 85 parts, with 6 million customers in over 160 countries . Customers using Amazon. com ' s find it interactive website because they can choose the products of their choice to purchase . Specifically, customers can access the site to search for particular item by selecting the title, browse, read and write comments, subscribe to individual services on credit Card to buy, and can check the status of their order . Most orders are directly send from the company warehouse within 24 to 72 hours. Customer can cancel or refund their order also. A confirmation email is sent to the customer when the order has been received and another when the order is processed. Customers with a key code on-line monitoring can check the delivery status of orders. For customers who prefer not to use a credit card over the Internet, ' Amazon. com through the toll frees number or faxes your credit card number over the phone. It become the largest e-retailer in the world by selling 10% of all online Amazon. com has grown to be the largest e-retailer in the world, selling 10% of all online products. Strategy of Amazon. com was to get its position first and profit later Now, Amazon. com must find a way to become profitable before it is to late and the company runs out of money.

Problems or situation faced by Amazon. com now is inefficiency and excessive operating expenses. Necessary steps are already taking by the

company to improve on these by finishing a number of division centres and by shutting down the unbeneficial manufactured goods by following these steps and by reducing their staff the operating expenses are lowered down there is discussion of outsourcing some shipping and warehousing (Hansel, p. 4, 20 May 2001).

But they didn't bring any changes or cut down in their most profitable segment that is books, movies and videos. The segment is up only 2% in sales from the fourth quarter of 2000. Amazon. com also faces its fastest growth is in its least profitable segment, electronics, tools, and kitchen.

If Amazon. com is ever to be successful, it must stop attempting to be the online equivalent of Wal-Mart, and sacrifice growth to focus on the economics of the business (McCabe, p. 2, 24 April 2001).

#### MICROSOFT:

Microsoft Corporation is a multinational company headquartered in Redmond, Washington and USA where they develops, manufactures, licenses and services to a multinational company and products especially related to computers support in wide range that are located in different areas. Founded in April 1975 for the fourth development and basic interpreters sell Altair 8800, Microsoft MS-1980 home in the middle of the market with DOS (OS) went to the computer operating system, Microsoft's chief Windows OSs Follow. Microsoft has dominated the market in the Microsoft Office suite can be. Company Xbox and its successor, Xbox 360 and Zune phone and Windows OS with the consumer electronics market with the video game sector has diversified in recent years. List in 1986, resulting in business <https://assignbuster.com/the-meaning-of-born-global/>

growth, initial public offering (IPO) four billionaires and 12, 000 millionaires from Microsoft employees has made.

Especially in 1990, critics say the company used monopolistic practices and anti-competitive strategies, transaction and using software and marketing strategies used on the tie, including undue restrictions denies misrepresentation, and the U. S. in the company's antitrust law violations Ministry of Justice and the European Commission on. His vague question, many studies and interviews with the review process and the overall environmental impact is known for the diversity of society generally were less costly company to Microsoft, with the exception. Microsoft . com is an plus point for the current and potential Microsoft customers that help them to get all the information about the products and services . Customer care is available 24hours a day, 7days a week. This is necessary because the customers of Microsoft serves all over the world and the customers trust on Microsoft no matter what time or which day of the week.

In addition, the Microsoft. com site is a portal to other key IT professional and developer sites such as TechNet, MSDN® (the Microsoft Developer Network), Communities, and the Download Center. These key sites enable customers to obtain the latest hotfixes, service packs, knowledge base articles, and online product documentation. IT professionals have come to rely on Microsoft. com to help them plan, build, deploy, and operate Microsoft products.

Because current and potential customers rely heavily on Microsoft. com, the site is mission critical for Microsoft. Any outages or interruption of services

for Microsoft. com potentially affects these customers, reduces confidence in Microsoft products, and reduces the company's revenue. Therefore, when Microsoft. com Operations performs any configuration changes or updates to Microsoft. com, it must ensure that the changes or updates do not affect the availability of the site.

The Microsoft. com Operations team frequently coordinates with internal Microsoft product teams to deploy prerelease versions of the Windows Server operating system, IIS, and the . NET Framework. Although this is not typical of other organizations, Microsoft. com Operations deploys prerelease software versions to help ensure Microsoft products are tested early on in the software life cycle in a real-world production enterprise environment.

The Microsoft product teams value this relationship because it enables them to get real-world feedback and improve the reliability and scalability of their products. The Microsoft. com Operations team values the relationship so that during the early adoption of pre-release Microsoft software they can provide feedback on the key features to be included in the next versions of products and help meet their current and future business needs.

Another advantage to deploying prerelease versions of Microsoft software is that the Microsoft. com Operations team has gained significant experience in performing these deployments without affecting the availability of the site.

The disadvantage to deploying all these versions of software is that the Microsoft. com Operations team is constantly updating the site and creating a lot of administrative and management overhead.

The Microsoft. com Operations team closely monitors and manages the Microsoft. com site to help reduce any outages, interruptions in service, or performance degradation. In addition to providing real-world testing of IIS 7. 0 and Windows Server 2008, the Microsoft. com Operations team wants to take advantage of the new monitoring and management features in IIS 7. 0 and Windows Server 2008.

#### GOOGLE INC:

Google started by the Ph. D student Larry Page and Sergey Brin of Stanford University as a research project. With the development of a new algorithm query, the search engine of Google find out the e relationship between web pages instead of pages that the hit is to analyze the techniques used by its competitors. After continuous testing, “ Google guys” were convinced that their engine is the best, and most will be assigned to what is relevant to the search box. New investors have started on September 7, 1998, the company Google (Google history) Inc. was established has made a name.

From the beginning, his party attracted the loyal Google users their own pages and better results for our clients moved with elegant design.

Developed a list of your products and services . The Mission of Goggle . com is to “ Organize the information of the world’s in easy , useful and globally accessible” Today is the largest investigation engine which is easy to use and get free result in return to its users . Customer care and special care of their employees and to keep them happy is their motto. Work environment is enjoyable that they don’t want to go anywhere else . April 19, 2004 for the first time the share were sold openly and through the internet it grew



terrifically good. The code of conduct of the company is “ Don’t Be Evil” and they believe in long term relationship and this is one of the reason they survived so well.

## **Major Characteristics of Born Global:**

**Following are the most meaningful characteristics of born global firms such as development of titles, different types, typical areas of business, age distribution etc.**

Different authors in different countries have given different name to these firms in different ways . According to the literature research it has been searched that the following titles more or less are same . Knight and Cavusgil (1996) showed different factors which help in expansion .

Factors which help the companies to expand and to become born global is the importance of place which is increasing day by day and creates more demand for specialized product is the main factor . Other factor is adopting international viewpoint in spite of age and size go for short life cycles (Ohmae, 1990 Oviatt and McDougall, 1997) these factors helped small companies to reach at international level in the beginning stage and creates the importance of advances in the production, transportation and communication areas.

Oviatt and McDougall (1995) identified seven characteristics of successful global start-ups:

be global it

1 From beginning, which is easily sent to others in society, a global vision?

Before a company must think globally.

2. Managers have international experience. For the credit, foreign exchange, communication and understanding of cultural issues is essential.

3. Strong international business network. Network dialogue opportunities, advice and support shows.

4. Techniques are used preventively or marketing. Born global companies a specific product or service to overcome the loss of value.

5. There is a unique intangible heritage. Uniqueness of product or service is important to maintain, in general with special knowledge or skills.

6. Extensions are closely related products and services. Small constant innovation to maintain its niche market offerings.

7. Organization is closely integrated globally. A strong top management to ensure that Research and Development, procurement, production, marketing, distribution and sales, no matter how far their coordinated

### **TYPES OF METHODS:**

There are five types of methods used by companies to become born global .

## **DIRECT EXPORTS:**

**Companies sell their goods in overseas market with the help of intermediaries these could be other companies also we give it to someone and they sell for us . All the work is done by some third party and known as direct export.**

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Indirect exports: Product are not sell by the manufactures or producers but by the domestic intermediaries or by export agents who sell these products in foreign market..

Licensing: It is a written agreement which allow the owner of copyright to make or sell the copies of original . it is a form of giving access as an official document or a trademark to some companies by charging some fee or royalty. These licensees are mainly used by the franchise or for commercial purpose to increase sales, goods and services . It is one of the easiest ways to enter in foreign market.

**Joint ventures: When companies try to enter into new or foreign market they join some industry with same business or trade which already exist s in the international market. The joint venture takes place between companies belonging to same or different business.**

Internationalization process: This process is the entry mode and to look at the strategies followed by the companies to become global. It is the stage when the product reach the maturity stage in home market or in the domestic market the company start making efforts to enter international market by exporting their goods and to raise the business MNC s go for

different options such as joint venture , licensing, franchising, merger and acquisitions etc., etc.

## **RISK AND SOLUTIONS**

According to the pilot studies and personal experiences of different authors there are various challenges and various solutions were recognized in Born Global firms. Again these challenges and their solutions are divided into different parts.

First is Entrepreneurial challenge.

Second is Governmental challenge.

Third is Educational challenge.

### **Entrepreneurial challenges and solutions**

Entrepreneurial challenges and solutions of Born Globals are divided into four Parts.

- a.) Managerial challenges and their solutions
- b) Research and development challenges and their solutions
- c) Sales and marketing challenges their solutions
- d) Financial challenges and their solutions

#### **Managerial challenges**

Managerial challenges are the largest challenge faced by the management of the founders of Born global. The challenge of globalization of society to

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start large amount of investment is needed in building network at the beginning of global marketing. Continuous product development and sales activities is required in the beginning when the company has just formed and at very young and inexperienced in world affairs with the limited funds . Even in NATO and the problems there are solutions to challenges. Global model studies and personal experiences have been added. Because of new and young age of born global they have limited time to generate profit. The Managers and other workers are not experienced and have limited knowledge about management and market. Being new small in size the limited financial resources also is one problem which stops from hiring experienced staff. No experience about the strategies according to the born global marketing . These are the points which are not considered properly and due to these there is lack of insufficient revenue flow. Decesion taken for product, operation and market business and price distribution , promotion of product could be wrong and these week points create problem of trust in staff members , business partners and financial institution.

#### RESEARCH AND DEVELOPMENT CHALLENGES :

The lack of a clear business focus to R & D due to lack of global management Skills that lead to the result of technical use, but less exciting and successful

#### Business Results

Too long and costly phase of research and development leads to financial crisis.

The slow and inefficient process research and development phase of implementation and for sale Marketing Forum.

Drastic decline in business at large and costly investments in R & D Status and wealth sharp drop (about biotechnology and IT Company)

#### SALES AND MARKETING CHALLENGES :

Traditionally sales and marketing resources are almost always

Undervalued companies to penetrate global markets. That really spring

Globals, especially in high-tech companies are established

Technicians from the state because of being particularly acute in

Born globals

Born in the marketing world exceptionally high need for financial resources

Globals. To double investment in marketing is a part of

A high-tech product development area, or twenty times as high as

In the field of consumer services for upscale product development

Because of slow recruitment and time and time to market for sale

- The drawing for the complex product too long
- The sales and marketing for a long time to make a proper plan was
- Launch effective marketing and sales activity has been too long

- To cover the cost of revenue was too long
- To create a global brand-building has begun

#### FINANCIAL CHALLENGES :

Financial situations for born global has changed terrifically before 2000 it was ok but after that the there was such condition came where there was no money was available for business.

1. Limited availability of venture capital funding for Born globals information technology and biotechnology in general and similar sources in particular.
2. Non-availability of money for services, and know-how and born globals system even from

Banks and other sources in need of the absence of lateral line and Lack of political support for state institutions.

3. The high price of money than before the crisis period
4. Born globals in the capital of a brutal state of constant change  
Unpreparedness

Market

5. Born globals or due to weakness in the absence of strong and long-term sources of income

R & D and sales and marketing plan for the crisis “ backwardness”

6. Rapid investment and acquisitions in the banking sector and access costs down

Access to pricing, customers gain first reference Deal

## **GOVERNMENTAL CHALLENGES :**

Its only government who encourage import and export policies . First companies to limit publicity due to the fact that if a new or even born global is relatively unknown to agencies However, as Called born global too worn to practice, a growing

Traditional internationalization and the internationalization of enterprises.

Considering the above arguments and partial test Products, trading and market (POM) Strategy, the government should Promote export growth of all manner those are moving towards International affairs. Particularly in different ways Cooperative mode, which is different from traditional promotion policy, Should be involved. Fact that early success by Function often based on existing work and Require any form of cooperation usually both active and passive Activities (1994 Luostarinen, Korhonen and 1998 Luostarinen).

How often government strategies with global multi-product truck to rise Services, promoting specialization should pay more attention System. These data products are sold in the global market, but With physical objects. Thank you for the birth of the global space because this encourage public bodies should be increased Spatial elements and need to develop people internationally, including And strategies for entry and the ability to grow. As



previously mentioned, the founders of Born Global companies are generally Outstanding young people with technical skills. We work hard International business to assist in planning. This is where government can help Sustainable development and the existence of a new generation of entrepreneurs

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## **EDUCATIONAL CHALLENGES :**

As recent appearance of Born Global the research on them is still an minor stage to create challenges for the researchers . But Both the studies theoretical and empirical are needed. (Knight and Cavusgil 1996, p. 23). The first result itself is a result of survey of 89 Finnish Born Globals. Financial and additional studies are form of extra and comparative study . Main study is to find out the international body of science on born globals. By collecting and finishing the projects and findings solutions of problems to the entrepreneurial, government and educational challenges author is trying to narrow down the broad knowledge gap on born global. Many challenges are like how to distribute the best knowledge on globalization strategies process and on financing of Born Globals? It has been taught to the students about the new skills related to born global and new education method is required to stop repetitive mistakes.

## **SOLUTION:**

Management can be improved by hiring experiences CEO, Marketing/ sales manager IT Manager and financial managers.

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Hiring experienced Board of Directors who are expert in global business and in management field and financial expert .

On the basis of product knowledge create an expert advice giving team who can give the best advice on the nature of product , high -tech, high-design as well as high-service etc .

Best scientific council with high level knowledge and internationally recognized .

Taking help from the experience business mentors , counsellors and expert or known as godfather in business fields .

With the help of global business consultants .

By buying global marketing services .

Effective Team should be recruited so that research and development work should be done on proper time .

Proper coordination at the time of changes required is needed .

Early planning of global marketing offering.

Early preparation of sales and marketing activities.

Utilizing of advance marketing strategies.

Stop spending money on basic research projects .

By putting more consideration on renewal of business plans and related sales .

15 Drastic reduction of costs in all of those areas which did not make harm for the

implementation of the new sales budget

16 . Based on these new plans turning to those VC-firms and business angels whose business portfolios were not in red and who had money left for investments in new start-ups.

Young founder are mostly open minded and take any action without any fear because they rely on their skills and educated but experience wise they are new thats why the support and guidance of seniors is must for their success.

<http://bsr.london.edu/lbs-article/166/index.html>

<http://www.smallbusinessnotes.com/choosing/issues/challenges.html>

[http://scholar.google.co.uk/scholar?q=risk+of+born+global&hl=en&as\\_sdt=0&as\\_vis=1&oi=scholar](http://scholar.google.co.uk/scholar?q=risk+of+born+global&hl=en&as_sdt=0&as_vis=1&oi=scholar)

<http://www.emeraldinsight.com/journals.htm?articleid=1550162&show=pdf>

<http://www.ccsenet.org/journal/index.php/ijbm/article/viewFile/3353/3021>

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