Lincoln electric as an organisation

Business, Company

Should Lincoln Electric enter through an acquisition, a Greenfield site or some type of joint venture? Why? Lincoln should enter through a Greenfield site because an acquisition strategy would not meet Lincoln acquisition criteria's and Lincoln would likely pay more than it has been used to pay in the past. There might also be issues withfamilycontrol and competitors in a JV. Lincoln brand is valued in SE Asia and will help Lincoln establish a strong manufacturing base to penetrate the Indian market. However, to be successful with its Greenfield site, Lincoln must adapt its Incentive Plan to meet India's labour market institutions.

Lincoln has to be agile as an organisation to meet the demands of the foreignenvironmentand adapt its corporatecultureto the local market. investing in a major facility there? The decision to invest in a major facility in India must be taken with a risk/benefits review of the political and economic conditions, the nature of the market, and the competitive situation in India. The political condition is stable and the economy is booming so Lincoln is taking a calculated risk in investing there. Lincoln is financially sound at this time to undertake the planned Indian expansion.

Lincoln should be able tofinancethe expansion given the strong Income Statements since 1994. The opportunities in India are tremendous in the metal fabrication sector. Lincoln can serves this growing market via exports from other locations but it quickly needs to add manufacturing capabilities in India to position itself advantageously. Manufacturing directly in India will enable lower costs, more competitive pricing of welding supplies and competitive advantage when Indian manufacturers start asking for more sophisticated welding technologies like automation and welding robots.

Should Lincoln Electric enter through an acquisition, a Greenfield site or some type of joint venture? Why? Lincoln should enter through a Greenfield site because an acquisition strategy would not meet Lincoln acquisition criteria’s and Lincoln would likely pay more than it has been used to pay in the past. There might also be issues with family control and competitors in a JV. Lincoln brand is valued in SE Asia and will help Lincoln establish a strong manufacturing base to penetrate the Indian market.

However, to be successful with its Greenfield site, Lincoln must adapt its Incentive Plan to meet India’s labour market institutions. Lincoln has to be agile as an organisation to meet the demands of the foreign environment and adapt its corporate culture to the local market. Where to place Lincoln's production facilities abroad? In his Distance Still Matter paper, theHarvardteacherPankaj Ghemavat uses the CAGE model to measure the cultural, administrative, geographic and economic distance between trading countries.

Success orfailurein foreign markets expansion is often linked to a misinterpretation of the distance framework by managers. A good CAGE analysis is a must to develop international expansion strategies. Lincoln being an American corporation, it makes business sense to pursue geographical expansion in Commonwealth countries. These countries have a smaller CAGE trading distance with the USA than other countries with different heritage (i. e. Francophonie, Asia). Consequently, India with its British heritage is an excellent choice for Lincoln and market entry might be easier than it was in China.