Example of research paper on timken company; new country market

Business, Company

- Developing the Criteria;

The criteria to be used to identify the new market for Timken Company is a five step process designed to narrow down market choices to the most appropriate one. A brief description of the process is enumerated below;

- Identifying the countries;

This is the first stage for new market identification. The list of potential market countries is created at this stage and based on such characteristics like economic growth, infrastructure levels, demand for bearings and steel (in the case of Timken) and legal framework.

- Preliminary screening

The second stage is the preliminary screening. Evaluation of the country’s risk factors is done and such microeconomic indicators like political stability, currency strength, foreign exchange exposure and the size of the gross domestic product.

- In depth screening

At this stage the countries selected are weighed on the scale of attractiveness from an insider perspective. Certain factors like population structure, competitors and pricing strategies are considered. For the case of Timken Company, the choice will also consider market options like reach to surrounding markets and cost of labor.

- Ultimate choice

The most appropriate country market is chosen with regard to qualification based on the above factors.

- Direct experience and exit strategy

This step takes a keen analysis on the actual operation experience, challenges of culture shock, market maturity and ease of exit in the event of business failure.

- Using the criteria for Timken

The countries selected; Nigeria, Portugal, Qatar, Morocco, Kenya and Sri Lanka. Nigeria is the biggest economy in Africa after rebasing her GDP base year while Kenya moved to middle income status after a similar rebasing. Qatar and Morocco are strong economies while Portugal will be looking to recover from the economic crisis of 2008/09.

The five countries selected have had very stable growth rates for the last ten years, apart from Portugal. Qatar is an established economy with full grown infrastructure while Morocco has a strong GDP and stable economy fueled by mining of phosphates. Sri Lanka has been on an upward spiral for four decades now and the economy is nearing maturity. Kenya is still a - troubled middle income (lower) economy while Nigeria is biggest African economy with a 120 million population.

Nigeria and Morocco provide the most interesting opportunities for Timken Company due to economic stability and positive outlooks. Hence, Morocco and Nigeria makes it to the next stage. On exchange rate risk, Nigeria and Morocco fare very well because the two economies are fueled by minerals. The predictability of mineral quantities makes it easy to predict the strength of a currency.

- Choice of the target country- Nigeria

Nigeria is an English speaking country hence Timken won’t have a lot of trouble getting acquainted to the culture of Nigeria. The government is keen to expand infrastructure and the construction industry is in a boom, creating very interesting opportunity for Timken Company.

Nigeria’s legal framework is similar to United Kingdom’s making it easy for the legal team at Timken to understand the challenges of doing business in Nigeria. Additionally, geopolitically, Nigeria provides a very easy entry into the larger West African market.

- Entry strategy

The most appropriate entry strategy to Nigeria is an acquisition of an already existing company, based in Nigeria.

- Developed Entry strategy

As suggested above, an entry strategy by use of a merger or acquisition provides an easy avenue to incorporate Timken Company operations in Nigeria. A merger provides an opportunity for Timken to aid in pushing an already existing business to the next level, by taking advantage of established markets and consumer awareness.

The entry strategy by acquisition also enables the management in Timken to inherit workers already proven by the local market. That ensures that the company has strong fundamentals in Nigeria to ward off competition and threat from counterpart multinationals in the same industry, looking to establish operations in Nigeria.