

# Good the managing director critical thinking example

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



## Critical thinking

Q1

When a company decides to go international, some major decisions have to be made. A major decision is whether the company has solid and well established operations in its home market. The home market must serve as a foundation for its international expansion. The company for this international expansion is Walgreens. With its plans to enter the European market, the company must ensure that its distribution network in its US market is effective and strong enough to sustain its costs of setting up its international operations. The other point that should be looked at is the human resource capabilities of the company. Walgreens has to ensure that it can move some of its senior staff members to Europe and that these employees will handle the new market successfully. These employees must handle drug sales for this company in a successful manner otherwise losses will be incurred.

Thirdly, Walgreens must ensure that it can obtain adequately skilled employees in Europe. Since English is not used in some of these countries such as Germany, there is a need to ensure that local employees will meet the staff requirements of Walgreens. The effect of culture on sales is another decision that has to be made. Walgreens has to adjust its adverts and product information with local languages and culture. The company has to make decisions regarding customer relations to avoid misunderstanding. Some gestures such as greetings and smiles to welcome customers at its drug outlets may be misinterpreted as too personal rather than improvements in customer relations. Therefore, this company must adjust its

organizational culture in Europe to promote its sales. In addition, adverts have to be translated correctly to ensure that they don't lose their appeal.

Q2

## **IB Consultant To M. Cloceau**

Apex Manufacturing Company

I am writing a letter on your decision to enter the African Sub-Saharan market. This letter contains strategic advice on this decision. I have made my best efforts to give your company an expert opinion so that your company does not incur losses with its expansion. Contained in this letter are the factors that you should consider in this expansion plan.

The first element that Apex must consider is availability of clean drinking water. If this water is available easily in this market, then the company must adjust its plans on entering the market. There will be market competition, and hence Apex must adjust its product strategy by focusing on the uniqueness of its clean water. It may package the water in uniquely designed bottles to gain market appeal. The other advice is that Apex must consider the impact of regulations in the Sub-Saharan market. Regulations on tax laws and environmental conservation will impact on its operations and profitability. Apex must be prepared for any adjustments in operations in the new market segment.

The other advice is in relation to business concepts. The specific concept is the culture of consumers in Sub-Saharan Africa. Apex must consider the attitude of these consumers towards its clean water. Since some of the residents drink tap water directly, they may deem the purified water as an

unnecessary expense. Another business concept is the decision making process. Entry into this market will alter the organizational structure of Apex hence it must consider how strategic decisions will be made and the consultations involved. The structure that I would recommend is the one that allows for a fast decision making and avoids bureaucracy. Apex must integrate all those business concepts as it prepares to enter the Sub-Saharan market.

#### D. StaceyBP Consulting

##### Q3

The Trans Pacific Partnership has several pros and cons that are associated with it. The first con is that this agreement will liberalize trade within the countries. As a result, tariffs will be eliminating hence making imports cheap. Consumers stand a chance to benefit from cheap imports. Another advantage is that competition in the market will increase. Due to this competition, economies will be stimulated hence GDP will increase. The other benefit is that companies will enjoy an expanded market. Production capacities will increase to capitalize on this market.

However, this TPP agreement will have several pros. The first disadvantage is that domestic companies will have to reduce their prices due to high competition. Profits will reduce since the revenues from local sales will decline. Another disadvantage is that it will open markets to products that may be unsafe or harmful. Since products are different in nature, exporting them to different countries will lead to harmful products such as GMO Foods in retail outlets.

My side on this debate is that I support it. The major reason is that the

benefits outweigh the shortcomings. Economies will benefit from this agreement even in years to come. This agreement will go beyond the economic benefits to other benefits such as social harmony among the countries. As evidenced from other trade agreements, there is a chance of economic power and prosperity in these countries. I support the TPP agreement and expect it to benefit the countries largely.

Q4

The foreign exchange market plays several roles in the economy. The first role is the transfer function. Since it facilitates currency conversion, this market allows for transfer of purchasing power among countries. Credit instruments such as foreign bills are used to clear debts by carrying out payments in the international platform. Therefore, they allow for transfer of purchasing power. The other function is the credit function. The foreign exchange market provides credit on a national or international basis. Since it takes time to transfer goods to buyers, traders in this platform require credit financing during this period. In the event that an exporter does not need credit for manufacture of goods, the credit is needed for the goods in transit to cater expenses such as insurance. Traders use the foreign exchange department of banks to acquire these facilities. The other option is the usage of the bill market for these facilities. Foreign trade is promoted through this credit provision.

There is another function of the foreign exchange market in that it allows for hedging. The risks that are hedged, in this case are the foreign exchange risks. The free exchange foreign market exposes market participants to losses due to fluctuations in the values of their currencies. Individuals and

firms participating in this market may lose funds due to loss of values of their currencies. However, the foreign exchange market provides a chance to hedge these risks so that they are reduced. Forward contracts are used for hedging in this market. They involve an agreement to purchase currency at a fixed rate at a specific time in the future. With this contract, any market fluctuations are ignored and hence the trading parties are sure of the value of exchange of their currencies.