# Ten critical steps research paper

Business, Management

# Abstract

International business has become quite popular and more people are getting into the venture. However, it is worth noting that though the business world has really evolved, there are some risks that are associated with the new markets. To deal with this problem, it is advisable that the business executives identify the various risks, and assess whether they are in a position good enough to face the challenges in the country of investment. It is therefore advised that the managers should be aware of the ten critical steps of risk management, as explained in the essay below.

# Ten Critical Steps

Outsourcing, international trade and creation of new markets have been made possible by the rapid growth in transport and communication sector. Through this, markets in the most unimaginable places have been opened up, including Africa. Among the hubs of business in Africa include Kenya, which is the major focus of this essay. In the following paragraphs, this essay looks at the various risks associated in international trade in the country, keeping potential investors abreast in the issues to do with business in Kenya. Kenya is located in the East African region, and is a potential investment hub. However, there are some serious risks (World Bank, 2012). These risks can however be curbed using the ten critical steps as henceforth indicated.

Selecting a broker or underwriter - The World Bank (2012) indicates that there are quite a number of logistical processes before setting up a business in Kenya. Therefore, as Cook and Kelly (2004) indicate, the business manager should be keen enough to select the right broker. Otherwise, the business venture in the country could fail miserably.

Service Requirements – there are many services that a business needs once it has set up. These include, besides the logistics, financing, filing of applications, political risk intelligence among others. The Kenyan situation is quite fragile on this aspect (World Bank, 2012). Therefore, investors interested in this country need to be well prepared for the challenge that is inevitable.

Combining Risks – Just as in any other life situation, there is no setting that is static. Rather, there are combined factors affecting the sector. Multiple risks in business is a normal occurrence. World Bank (2012) observes that such are in Kenya. The security system has declined slightly in the past days and the political system is quite fragile. Investors should be wary of this.

Communication – this is a vital part of the business. However, investors need not be worried here since the communication system in Kenya is quite good.

Contract Review – Breach of contract is one thing that investors dread dealing with. This is because it can cause great harm to the business. The World Bank (2012) observes that the rate of contract enforcement in Kenya has gone down by 1 point. As such, investors should be quite keen while designing and implementing their contracts.

Political Risk Intelligence – Investors need to be well aware of the world conditions before setting up an investment in another country 9Cook and Kelly, 2004). The situation in Kenya’s is quite fragile. Furthermore, in the Word Bank (2012) rating, the situation has forced the investments in the country to go down by 4 points. Investors need to note this point quite keenly.

Rates, Terms and Conditions – Any business entity aims at making interest or profits by minimizing costs. The rates in any given country therefore need to come under close scrutiny. In assessing the Kenyan situation, trading across the borders is no problem and the paying of taxes is well standardized. The custom duty is also quite reasonable, and therefore, the country is not as risky in this perspective (World Bank, 2012).

Export Credit – International investors are always keen on the cost of importing to or exporting from their base country. In the analysis for Kenya, the WB (2012) has it that the access to credit in the country has been quite stable. Therefore, the business managers should not be worried about investing in the country.

Loss Control – Cook and Kelly (2004) indicate that any business manager should ensure that he has secured his business interests in the country of operations, so as to avoid business loss. The Kenyan situation is quite favorable for international business, as there are no major risks of loss of business. There are quite a number of foreign investors already doing great in the country.

Claims Procedures – No business executive delights at the idea of loosing his investment. Therefore, there needs to be a concise and precise, written down procedure of how claims can be handled. The WB (2012) indicates that international investors in Kenya should be quite vigilant and careful, as the country's ranking in the protection of investors dropped by 4 positions in the year 2012. Therefore, investors should be keen on this risk.

After analyzing the situation in the country, there are some few steps that an investor can take in order to start an import-export business. First, there should be enough time created for the long logistical processes involved when starting business in the country. Then the investor should ensure that the right broker is contacted, and the right amount of starting capital is set apart, as the customs in the country are quite strict. Business executives in the country do not enlist much help from the government, therefore the investor should be well prepared to handle all the logistical processes, including freight. Enough warehouses should be prepared in advance to avoid the costs incurred due to delays at the port. The paperwork should also be done carefully to avoid delays in the cross-checking. Otherwise, doing business in the country can be exciting.

## References

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