

# Xtech joint venture in china



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Extrusion Technology Inc (ExTech) is a manufacturing company that focuses its energy on the production of physical and mechanical structures used in electronic components especially for communication devices. With time, the company has grown to supersede the domestic market requirements.

Consequently, the top administration has contemplated expanding the company to exploit the overseas market. This paper will discuss how the company's business models and domestic partnerships are going to affect the company's decision to commit to a joint venture (JV hereafter) in China. Additionally, it will consider the pros and cons for Hesse, the CEO as he decided the step that Xtech will take. In its JV options, Hesse had up to five options to choose. The first was forming a partnership with Ideal Jacobs, or Nextron, or Southco, or to become a WOFE (Wholly Owned Foreign Enterprise), or to delay the whole process up to a later date.

Hesse faced several challenges in trying to determine Xtech's next step. The most suitable partner Allied Technologies was not willing to set up a JV with Xtech in china, but preferred operating from Singapore. Consequently, Hesse had to consider his other options. First SouthCo proved to be an excellent option, but due to its booming Chinese market, they would not be able to facilitate Xtech's requirements concurrently with theirs. Next was Nextron, based in Taiwan. However, the company has aggressive sales people with an attitude that left Hesse unsure of Nextron's suitability as a joint partner.

Ideal Jacobs provided Hesse with an option that was suitable to Xtech's interest in China. WOFE also seemed as a highly tenable option. However, it is risky due to China's shoddy business reputation. New ventures in China get stifled by extremely complex bureaucratic processes. In making the final

decision, Hesse has to consider the company that will best serve Xtech's interest in exploiting the new market. Currently, Ideal Jacobs seems to be the most suited to form a joint venture with Xtech.