

# free range: a case for international operations essay sample

[Technology](#), [Innovation](#)



## Part A: Potential Advantages and Shortfalls of Various Globalization

Strategies Globalization strategies have been an issue for any organization that intends to increase its international presence. Free Range Foods has decided to grow operations in France, the United Kingdom, and other regions throughout the globe. The recommended strategies Free Range Foods should consider utilizing in order to strengthen its position in the international market are 1) Merger and Acquisition/ Takeover and 2) Strategic Alliances. Both strategies are effective in obtaining an entry into the desired markets including France, the United Kingdom, Canada, and Eastern Europe. We will outline the advantages and disadvantages of each strategy and provide our recommendation on how we believe Free Range Foods should proceed. We will first look at the advantages of forming a strategic alliance(s). A strategic alliance is the decision of multiple organizations or companies to share resources in order to undertake a specific, mutually agreed upon goal (Jones, 2014). A few advantages of strategic alliances are as follows (Mansfield, 2010): Easier access into target markets

Sharing financial risks

Winning political obstacles

Achieve synergies in marketing each other's products/services Cooperation in sharing facilities

Far less expensive than purchasing a company

A few disadvantages include:

Future profits at risk

Distractions between companies

Unclear communication plans

Poor chemistry between organizations

Alternatively, Free Range Foods has the option to consider a merger or takeover of a rival organization. Mergers and takeovers, while sometimes considered to be the same thing, are actually two separate strategies with their own inherent advantages, but are similar in they share similar shortfalls and disadvantages. A merger implies the absorption or coming together of two equally sized or performing businesses to create one single entity. A takeover is most often associated with the acquisition of a smaller, or unequal, company by a larger organization.

The advantages of a merger include:

Reduced costs through greater purchasing power, lower budgets for marketing, etc. Improved market penetration where the formerly separate entity had control or majority Diversification of goods and services rendered to consumers

Merging of manpower creates a greater core of skilled workers and production Similarly the advantages of a takeover are: Speed of a takeover allows a corporate entity to quickly acquire capital and manpower without requiring the finding of more employees or resources To meet stakeholder expectations, the corporation's shareholders may expect quick results; rather than waiting years for company growth through internal means, the acquisition of a smaller company means new markets and potential for growth Reduced entry barriers allows for penetration by the larger company into formerly small market areas without the need for advertising costs and

marketing strategies Several disadvantages of mergers and takeovers include:

If either business involved has poor reputation, this might damage the buying or selling entity's reputation with stakeholders Manpower regulations or criteria might not carry over to the new company, resulting in loss of personnel through layoffs Poor business reputation among lenders/suppliers (similar to above) Inheritance of poor financial credit, practices, or management In the case of hostile takeovers, companies may require stock to be paid back from stakeholders that sold their shares Fiscal or Federal regulations impacting one entity impact the other The establishment of anti-trust regulations might prevent the acquisition or merger from following through

#### Part B: Factors to Review Before Going International

Before deciding to go international, Free Range Foods must take into consideration a few factors pertaining to the countries in which they wish to expand to. Producing and maintaining a product is hard enough domestically and is only further compounded with the addition of taking further components into consideration. A major factor that Free Range needs to consider is how they will like to set up their international organization. According to Jones (2013), a multidomestic strategy is defined as one which has when you have a corporate headquarters and establishes develop divisions in each country or region where it you would like to do business in. Authority in these divisions would be given to the managers located in each there. The divisions would develop and market products in a way that

focuses on the region of the globe they are located in (Jones, 2013, p. 464). This is important to consider because what Americans want out of a product can be very different than what Europeans expect out of a product. For example, there are many different types of cheeses available in Europe that are not available in America, so it would be important to understand the culture and expectations of consumers in the country/region where a company does you are doing business in.

The Multidomestic approach will allow you to form your products to satisfy the needs and wants of the consumers in that area. One of the primary factors to consider is the cost of establishing the business in a foreign market. France maintains market for organic products but the products are sold at a much higher rate than traditionally farmed products. Mr. Bignon, an organic farmer in France sells his eggs at two times the price of factory-farmed eggs in a French grocery store (Salmarsh, 2011). Free Range must keep this in mind when trying to sell their product. Trying to sell a product at twice the rate of the traditional product brings the inherent risk that many consumers will not be as open to making a purchase. Since the current exchange rate for the dollar is only .80 euro, Free Range will already face losses when converting to European currency. The company's establishment and the amount of money lost from the conversion should also be established in an initial startup budget. There is also the inherent problem of cultural issues to be faced in these new countries as business practices in the United States completely differ from those in other countries.

Free Range is looking to do business in the United Kingdom; here we find the definition of successful in the United States is not the same as the definition of success in the U. K. The staff of Buzzle states that the position someone holds in a company in the U. K. is more important than the amount of money the individual makes in a company (Staff, 2013). This cultural tradition may not be identical to most American jobs, but this is where Free Range would actually benefit. Free Range's business philosophy mirrors that of the United Kingdom in that it is more concerned with the company's success rather than profits. Free Range shows a great deal of concern over the quality of their product and their stance within the organic farming production market.

Another factor to consider when deciding to do business in the other countries is their green footprint: it would be wise for Free Range to ensure that potential areas they look to expand to actually support a "green cause". If the potential market area does not necessarily support an environmental stance, the message Free Range attempts to promote would be lost upon the populace. It would be wise for Free Range to do research on the amount of companies and people that share the same goals and values in the new countries before establishing their business. Part C: Maintaining Eco-Friendly Operations Internationally

Now we will review the reasons why Free Range Foods will be able to sustain its eco-friendly operations while expanding into the international market place. Target Region. With the targeted initial international expansion area for Free Range Food lines being Europe, it places the company in a unique opportunity to capitalize upon the foundation of Eco-thinking that currently

exists in this portion of the world. This part of the world has a long history as being some of the first to adopt environmental policies and procedures in order to protect the environment at large. This forward thinking approach can be found back as far as 1972 in the Netherlands and their first establishment of a recycling container founded on the tradition of thrift and reuse which can find its foundations in the hardships of War time conservation (Oldenziel and Veenis 2013). This same vigorous approach to environmental awareness that the European region continues to demonstrate today can also be found in the adoption of policies in regards to ESG (Environmental Social Governance).

Based on the most recent reports over 90% of high impact companies in Europe and Japan had developed basic ESG policies leading the US by approximately 23% European (Pension and Investment News 2007). This concerted effort by both the individual citizen coupled with the commitment from industry leaders summarizes the reasons why Europe is an ideal place to continue and be successful with an eco-friendly approach to doing business. Timing (Political Unrest). The current political stresses found in Europe due to Russia's banning of western food products and imports has caused an artificial excess in dairy products to which the European Union has responded by paying dairy companies to keep their products in storage for months at a time (Farmers Weekly 2014). This model is not sustainable opening the possibility to for a strategic alliancecooperation, joint venture, or some other partnership with these companies to help in the distribution of

Free Range Food products as a means to offset the profit loss being experienced by these firms.

Another possibility is that for the individual producers of the dairy products to form partnerships at the source of production and encourage these farmers to produce their products in an eco-friendly manor for sale and distribution by Free Range Foods. Making this perfect timing for the shrewd, forward thinking eco-friendly business approach in the European market. Timing (Economic Objectives). In addition to the political unrest currently being experienced by the European marketplace there remain economic objectives held by both EU and non-EU members of this region. One such economic objective in regards to the Dairy Industry is being pursued by the government of the United Kingdom. In this objective the UK government hopes to reduce the UK trade deficit for dairy by the year 2025 (Davies 2014). To accomplish this the government hopes to enact the policies as follows:

1. Processors to expand production capacity.

2. New Product Development to capture consumer trends.

3. Producers to increase output and raise efficiency.

Free Range can capitalize on these policies by partnering with native UK based processors and producers to ensure that local raw materials are utilized in local processing facilities utilizing Free Rang Foods recipes and branding. With this partnership established well in advance of the planned implementation of increased of tariffs on dairy related imported products, Free Range would be positioned as a native company instead of foreign thus capitalizing on this pending economic change. In this slide we will review



how Free Range Foods will be able to sustain its eco-friendly operations while expanding into the international market place. Marketing. By leveraging relationships with green initiatives advocates such as EcoVentures which “strives to help small businesses harness the power of green practices to grow revenue, and strengthen local economies” (PRWeb Newswire 2013). Free Range can use their resources to grow community/consumer awareness thus lessening the expense to the company for advertising and marketing dollars.

Those dollars can then be utilized in other areas of marketing and or business stand-up cost associated with international expansion.

Transportation. When expanding internationally, one of the greatest impacts to cost can be transportation related. Free Range can again leverage its position as an eco-friendly company and work with American Group.

American Group is a full-service logistics provider that specializes in development of custom logistics solutions for eco-friendly companies while scaling to fit the need of its customers (Gilbert 2011). This relationship would again lesson the full cost of transportation related expenses associated with international expansion and increase the amount of available capital for other needs associated with the planned expansion. In closing, Free Range Foods not only has the capability to maintain eco-friendly operations while expanding into the international market but thrive. Part D: Recommended Strategies for Globalization

For small enterprises to globalize their operations, there are some significant challenges they must face in order to properly source materials as well as

take advantage of proximity in competing with much larger companies. When planning a strategy to develop international operations, Free Range Foods must consider which strategy will best help them accomplish their goals. It is our recommendation that Free Range Foods positions itself to employ a global strategy that disperses resources throughout various countries where the firm will do business. Decision making authority will be pushed down to the local levels or decentralized and the units can market offerings to specific needs ([www. referenceforbusiness. com](http://www.referenceforbusiness.com)). Our recommendation for a strategy that restructures the operations in a fashion to best meet this objective is a multidomestic strategy.

As part of the multidomestic or multinational approach, which utilizes a global geographic structure, we considered the following operational strategies: Merger and Takeover, and Strategic Alliance. We contend that strategic alliances are becoming more and more important to every company attempting to gain a competitive advantage in a global marketplace. Thus, Free Range Foods should enter into a Strategic Alliance with Free Range Dairy, based in Trudoxhill, United Kingdom. Free Range Dairy shares similar goals and values. This strategic alliance would allow Free Range Foods to remain independent, flexible, and achieve faster growth results, as well as allow the firm to gain an edge as a local organization in the new markets. Cooperation will be essential if the alliance is to achieve its objectives, yet each partner will also need to be mindful of the others behavior as well as their own internal safeguards, which may provide protection against opportunism (Kumar, 2014).

There are four major reasons why we believe this is the best strategy to employ. They are both companies that wish to enter new global markets, procurement of best technologies or quality atnd lowest cost, mitigation of financial risks, and competitive advantages for both enterprises, while remaining as independent organizations.

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