Export management

1) Strategy

Identify and argue the 3 main strategic export options a company might choose to develop internationally

2) ABC company : Justify and calculate the offer requested by your customer

The firm ABC, situated in Bourges, has made an offer concerning waste disposal machines to a small American firm in Milwaukee on the basis of FCA Roissy.

The customer is interested in the proposition but indicates that he does not want to take responsibility for the transport or customs procedures. He requests an offer based on DDP as he has no experience of importing from Europe and his usual supplier, whilst less competitive in terms of delivery schedules and materials, is based in New York.

You work for ABC and are in charge of this affair. You know that this potential customer is concerned about the final cost of the equipment and that you must therefore be competitive.

A global offer involving ABC's control of all reasonable logistical aspects seems to you to be the best solution. Look at the tables below and decide the exact nature of that offer.

Appendix 1

Equipment: Waste compactor machines. Cost:
6960 euros EXW Size of a set of equipment:
1.3 x 1.1 x 2.6m Net weight: 530 kg

Financial cost <u>of fixed capital on DDU Milwaukee: 15%</u>

Appendix 2

Packaging designed for sea transport: 1.4 x 1.2 x 2.65m
Weight of packaging: 128 kg Cost: 290 euros

Shipping agent's offer:
Inland haulage to port of Le Havre: 274 euros
Customs clearance for export: 76 euros
Cost of shipping in containers (consolidation): 28 USD (rate 1,30 USD = 1 Euro) W/M
Insurance: 0.4% of the CFR value
Delivery to Milwaukee: 175 USD
Transit time door-to-door: 25 days

Duties 5% on CIF value
Tax 15%