

# Entrepreneurship Foundations Summary

Here's a **detailed explanation** of each **Entrepreneurial Entry Strategy**, along with a **Pakistani example** for each type. This will help you prepare well for both theory and applied questions in your exam.

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## Entrepreneurial Entry Strategies

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### ❑ Exporting

#### ▶ Direct Exporting

The entrepreneur sells directly to customers in another country. This may involve setting up sales offices or agents abroad, but the entrepreneur retains control over the product and pricing.

##### **Pakistani Example:**

**Khaadi** — sells its fashion products directly through its international stores and e-commerce platforms in the UK, UAE, and USA.

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#### ▶ Indirect Exporting

The entrepreneur uses domestic intermediaries like export trading companies or export agents who then sell the products overseas. It requires less investment and is lower risk.

##### **Pakistani Example:**

**Mitchell's Foods** — uses export agents to sell their jams, sauces, and juices to foreign markets, especially in the Middle East and Europe.

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### ❑ Non-Equity Arrangements

These strategies involve collaboration without ownership. They allow entrepreneurs to expand globally without making large investments.

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## ► Licensing

The entrepreneur gives a foreign company permission to produce and sell their product under their brand name in exchange for royalties.

### **Pakistani Example:**

**Engro Corporation** — has entered licensing agreements in fertilizer and food processing sectors with international partners.

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## ► Franchising

The entrepreneur allows a foreign business (franchisee) to use their brand, products, and operational model in exchange for a fee and share of revenue.

### **Pakistani Example:**

**OPTP (One Potato Two Potato)** — has franchised its operations both locally and internationally, allowing other businesses to operate under its brand in the Gulf region.

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## ► Turn-Key Projects

The entrepreneur designs and builds a facility, trains local staff, and then hands over the project to the foreign client when it's ready for operation.

### **Pakistani Example:**

**Descon Engineering** — has completed multiple turn-key industrial and energy projects in the Middle East, including construction of oil and gas facilities.

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## ► Management Contracts

A Pakistani entrepreneur agrees to manage a foreign company's operations in return for a management fee, without ownership.

**Pakistani Example:**

**Serena Hotels Pakistan** — has international management contracts to manage hospitality services across Central and South Asia.

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## ❑ **Direct Foreign Investment (Equity Arrangements)**

These involve ownership and investment in foreign countries, which come with higher risk but greater control and long-term return.

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### ▶ **Minority Interest**

The entrepreneur invests in a foreign company but owns less than 50% of the shares. They have influence but not control.

**Pakistani Example:**

**Packages Ltd.** — holds minority stakes in foreign paper and packaging firms in Sri Lanka and Africa.

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### ▶ **Majority Interest**

The entrepreneur owns more than 50% of the foreign business, gaining significant control over operations and decisions.

**Pakistani Example:**

**Lucky Cement** — owns a majority stake in **Iraq's cement manufacturing plants**, controlling major business operations.

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### ▶ **Joint Ventures**

Two or more companies from different countries form a partnership, sharing resources, risks, and profits.

**Pakistani Example:**

**Atlas Honda** — is a joint venture between **Atlas Group of Pakistan** and **Honda Motor Company of Japan** for motorcycle manufacturing.

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## ► Mergers

A Pakistani company merges with a foreign company to create a new, combined entity.

**Pakistani Example:**

**Telenor Pakistan and Jazz (Warid)** — Though not a full merger, Jazz acquired Warid, and Telenor has considered mergers for operational consolidation across Asia.

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## ► Acquisition

A Pakistani entrepreneur/company completely buys out a foreign company and takes full control.

**Pakistani Example:**

**Nishat Group** — has acquired international assets in textiles and energy, such as stakes in international power generation companies.

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Let me know if you'd like a **table format** for quick revision or a **mind map diagram** to visualize these strategies!