

MULTINATIONAL MANAGEMENT





LEARNING JOURNAL UNIT 7

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INSTRUCTOR: JAMES PUNCHARD

NAVIGATING GLOBAL EXPANSION: AN AFGHAN HANDICRAFTS BUSINESS IN CALIFORNIA AND NEW YORK

INTRODUCTION

“Business consulting is the practice of providing expert advice to business owners and leaders aiming to improve performance. This service is essential for companies seeking growth, efficiency, and solutions to various operational challenges” (Williams, 2024). As a business consultant intern, I've been tasked with a challenging assignment. I must analyze risks and develop strategies for an Afghan handicrafts business. They plan to expand globally to California and New York, and need a detailed market analysis, risk assessment, and mitigation principles. “Business consultants act as partners in problem-solving, identifying and overcoming the obstacles that arise along a company's path to meet its goals” (Williams, 2024).

UNDERSTANDING THE CLIENT

The client's profile is a local Afghan handicrafts business. They sell handmade items locally and to foreign visitors. Customers include people from the U.S., India, and Pakistan. Their goal is global expansion, starting in California and New York. An Afghan donor has agreed to invest and share profits.

RISKS IDENTIFIED

Cultural Gaps

A major risk is navigating cultural differences between Afghanistan and the U.S. Consumer preferences and norms vary significantly. Product appeal and reception could suffer.

Fierce Competition

Entering California and New York means intense competition. Established businesses and local artisans dominate. Standing out will be challenging.

Complex Supply Chain

Managing a global supply chain from Afghanistan poses logistical hurdles. Ensuring timely U.S. delivery of handcrafted goods is difficult.

Regulatory Compliance

Strictly following U.S. laws, regulations, and trade policies is crucial. Import/export rules, taxation, and labor laws are compliance risks.

Financial Uncertainties

Relying on one Afghan investor with profit-sharing raises financial risks. Cash flow and long-term viability could be impacted.

Market Acceptance

Introducing traditional Afghan handicrafts may face acceptance challenges. Product adaptation for California and New York tastes might be needed.

Production Scalability

Scaling up production to meet potential demand could strain resources. Maintaining quality control while increasing output is a concern.

MITIGATION STRATEGIES

Comprehensive Market Research

Conduct thorough research on consumer preferences, trends, and competition in target markets. Adapt products and marketing strategies accordingly.

Strategic Partnerships

Take initiative in building partnerships with local artisans, retailers, and distributors in California and New York. These collaborations provide insights, networks, and shared resources.

Product Diversification

Diversify offerings to cater to diverse preferences. Reduce reliance on single product lines. Source materials from multiple suppliers.

Robust Compliance Framework

Seek professional guidance on laws, regulations, and policies. Ensure adherence to intellectual property, labor practices, and trade rules.

Diversified Financing

Explore alternative financing beyond the single investor. Implement risk-sharing mechanisms like joint ventures or profit-sharing agreements.

Localized Marketing

Develop localized campaigns tailored to cultural nuances of each market. Leverage influencers, social media, and targeted advertising.

Quality Control and Certifications

Implement strict quality measures and obtain relevant certifications. Build trust and credibility through authenticity and craftsmanship.

Production Planning

Develop a scalable production plan to meet potential demand. Invest in training, equipment, and quality assurance processes.

Identify and target specific consumer segments within each market. Tailor products and marketing for different demographics and preferences.

CONCLUSION

Expanding this Afghan handicrafts business to California and New York presents opportunities and risks. Key risks include cultural gaps, competition, supply chain complexities, regulatory compliance, financial uncertainties, market acceptance, and production scalability. Mitigation strategies involve comprehensive research, partnerships, diversification, robust compliance, financing options, localized marketing, quality control, production planning, and market segmentation. Implementing these strategies can navigate expansion successfully. As a consultant, providing insights is crucial for the client's global aspirations.

REFERENCES:

Williams, C. (2024, January 2). What is Business consulting? How to start a consulting business.

Accelo. <https://www.accelo.com/resources/blog/what-is-business-consulting-and-what-advantages-does-it-provide/>

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