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THREE B'S MOVE TO SOUTH AFRICA

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Three B's Surf Company



Have you ever wanted to move your company to South Africa and wonder to yourself just how would someone do that well I am here to tell you how you can achieve just that. In this paper we will be discussing the expansion for Three B's Surf company to South Africa. We will give a brief history of the company, we will discuss political system, trade environment, business etiquette, cultural values, communication, labor relations, and FDI entry-related questions.

Three B's Surf company started building surfboards in 1992 in Cocoa Beach, Florida. They were founded by Brandon and Brittany Sperry when they relocated from Bryant, Arkansas to Cocoa Beach. The first store was opened in Cocoa Beach in 1995 and the brand grew fast in Florida. The company grew so fast that they were able to expand the location of the company to Santa Cruz, California in 1998. Just like Florida the brand took over the surfing market so fast in California that they felt like they could take on one of the biggest if not the biggest surf city in the United States which is North Shore of Oahu. They built their first store there in 2000 and that helped the brand grow quickly that they were able to build another store in Honolulu, Hawaii in 2003. Once they felt like they have done all that could be done in the United States they felt like it was time to expand globally. Which led them to do research and they discovered how hard it is to open and keep open a surf store in Cape Town, South Africa. They felt like if they could do what they did in the United States and were able to do the same thing in South Africa. They could be able to grow their business in any of the other harder markets for surf shops. Some of the reasons for us wanting to expand to Cape Town, South Africa is that they have all year around surfing. They have several towns to surf in. They have a large coastline. Surfing is one of the most common sports in South Africa. Some of the biggest waves can be found in Cape Town, South Africa. South Africa has a large market for surfboard building companies. Some of the reasons for wanting to build our brand in Cape Town is for one like I just stated that some of the

biggest waves can be found there. They are the legislative capital of South Africa which means that all the political power lives there. If you can get in good with the political power than they can help you understand their laws better Cape Town is also one of the largest towns for tourist coming here for vacation. This will help us get our names to the other countries that we are wanting to expand to. You never know who you will run into and on the one day you could have any into one of the most important people that can help your business. Cape Town has a thriving economy. It is the second largest economy in the country. They have a low unemployment rate of just 9.9 percent. One of the last main reasons we are wanting to expand to Cape Town, South Africa is that they have many governments support for business. The last reason for expanding to Cape Town is that they have a well-developed infrastructure. This leads us to that next phase of this paper our political system.

Our company's political system is that we don't have any political affiliation with any one party. Some political risk for us as a company would be that the pandemic of 2020 still has a strong hold on the country. There is civil unrest in the country due to the pandemic. One of the biggest risks for us as a company would be the crime in the location. This would either cause us to have a higher shrinkage than we do in the states due to more theft. The crime could also hurt us as a company if some of our employees was involved in a crime causing us to lose one of our employees. Moving on from political systems we will discuss trade environment.

Trade environment in South Africa is as follows their regional economic integration has had an enhanced growth in the construction industry. Some of the main imports into the country are refined petroleum, crude petroleum, motor vehicles, parts and accessories, cars, and broadcasting equipment. Most of these imports are from the following countries. China, Germany, India, United States, and Saudi Arabia. Now exports are totally different. The

following are the exports that come out of South Africa platinum, gold, iron ore, diamonds, and coal briquettes. Most of these exports are imported into the following countries China, United States, Germany, United Kingdom, and India. South Africa is the world's biggest exporter of platinum, manganese ore, chromium ore, precious metal ore, and titanium ore. South Africa was the number 34 country for total exports and number 43 for total imports. Some of their main trading partners are China, United States, Germany, India, United Kingdom, and Saudi Arabia. South Africa has an EPA with European Union and the United Kingdom. South Africa has simplified its tariff structure in 1994 it reduced its average by more than 20 percent to 5.8 percent. We are now going to move on to business etiquette in the country.

Business etiquette in South Africa is they are a country of wanting to be on time and expect others to be on time also. They feel that if you are not punctual it is a sign of disrespect. The proper dress for is suit and tie for a man. However, for a woman a dress or business suit is the proper attire for them. However, the dress can change depending on who you are meeting with the attire can be formal in the banking industry but that type of attire may not be necessary for and IT meeting. It all depends on who you are meeting with and how you want them to perceive you. It is not a good idea to schedule meeting between mid-December to mid-January due to this is holiday season for the country. South Africans prefer face-to-face meetings than online meetings. This has to do with the respect thing that I talked about early. It is easy to get to know someone face to face than over video. In South Africa they feel that you need to greet everyone individually and with a handshake which is the most common greeting. Keeping eye contact while shaking hands will show them a sign of respect. Immediately after greeting someone for a business meeting exchange business card with them. You will take a few seconds and analyze the card before putting it away. If you are doing business with someone it's not

expected for you to bring them a gift however, if you are invited to a co-worker's home for. Social event it is a custom to bring a gift of flowers or chocolates. We don't like to give gifts because we don't want someone to think we are trying to buy someone with a free gift. I feel that gift giving is a very gray area which is why we just don't give gifts or even take them. Some of the topics to not bring up while having a business conversation with someone is politics, racism, violence, and inequality. I know one thing that we pride ourselves on while having a business meeting is to never bring up touch subjects this is only going to cause the meeting to end early because someone is upset at what you said. I know if some countries if you speak on a touchy subject it can lead to prison time or even death. One thing that the owners of Three B's does is they are never seen speaking or trying to push their ideas on someone else. That what the company to have a free-flowing atmosphere. Three B's is a fun and safe work environment we have a leave the outside world outside policy when you come through those doors, and we are hoping to bring that try of environment with us to South Africa. Having a business conversation in South Africa is just like having one in America but, with a different dialect. One thing I have learned is that South Africans are well prepared with a plan of how they want the meeting to go. Negotiations will be slow moving but, the outcome will be good if you followed some of their customs for business meetings. Dining etiquette in South Africa is just like in America with just a few tweaks. For starters while you are seated you will not want to point your feet towards others or the food. The white South Africans will eat with a fork and knife just like westerns. On the other hand, the black and Indian South Africans will eat with a spoon or their fingers. One of the rudest gestures in South Africa is pointing your finger at someone. When it comes to address someone you will want to address them by their title and last name until you are given the Ok to address them by first name. The time difference between South Africa and where our

headquarters in Cocoa Beach, Florida is 6 hours. This finishes up the section on business etiquette in South Africa next we will move on to cultural values.

Cultural values are the core principles that a community or country is based on. For this section I will be discussing the power distance, individualism, masculinity, uncertainty avoidance, long term orientation, and indulgence. All the information pulled from this section was pulled from the Hofstede-insights. I ran a comparison between the United States and South Africa the results I found were pretty close for the most part. We are going to start with power distance which means that each person in societies is not equal. South Africa scored a 49 percent in the category which means that people in South Africa accept a hierarchical order where everyone has a place and no need to justify your place. The United States was 9 percent lower at a 40 percent. Next is individualism which means the degree of interdependence a society has among its people. In an individualist societies people are supposed to take care of themselves and their direct family only. South Africa scored a 65 percent in the category which means that it is an individualist society. This means that South Africans have a loose knit social framework and everyone is expected to take care of their own. This is the only category where the United States was much higher than South Africa. United States had a 91 percent in this category. Next, we will discuss masculinity just like the word this category determines how masculine or feminine a country is. The lower the score the more feminine the country is and the higher the score the more masculine the country is. If a country is masculine, it means that the country is driven by competition. If a country is feminine this means that the country is more caring for others and quality of life. For this category South Africa scored a 63 percent which means that it is a masculine society. This means that people live to work and that the managers must be strong minded and confident. The United States had a score of 62 percent which means that they are a

masculine society also. Next, we will be going over uncertainty avoidance. The meaning for this category is how a society deals with the knowledge that the future is unknown. South Africa has a score of 49 in the category this means that they have a low bias for avoiding uncertainty. This means that South Africa has a more laid-back attitude where practice is more important than principle and deviating from the norm is more acceptable. In these low percentage countries, the people feel that there needs to be more rules than there should be and if the rules don't work, they need to be changed. The United States scored 46 percent in this category. We are now going to discuss long term orientation this describes how a society must deal with its past while also having to handle the challenges that are being placed in front of them from the present and the future. South Africa scored a low 34 percent this means that South Africa is more standardizing than practical. People in these standardizing types of societies have a strong deal with speaking the truth. They are society that respect traditions. They don't save for the future and like quick results. The United States was much lower in this category than any other category with a 26 percent. Finally, is indulgence which describes how people in a society handle their desires and impulses. South Africa scored 63 percent this mean that they have a culture of indulgence. People in these types of societies relies their impulses and desires with looking on to enjoying life and having fun. They are happy go lucky people and don't let life get them down. They are very optimistic people and are laid back. They place an importance on leisure time which in one of the main reasons for us to expand to South Africa. Another thing about these high scoring societies is they love to spend their money on whatever that want and don't hold back. In this last category the United States scored a 68 percent this goes to show you that South Africa has been very westernized. The concludes the section on cultural values. Now we are moving on to communication.

Communication in South Africa can vary just like it does in the United States. It all depended on who you are speaking to and what setting you are in. If you are in a business setting and are speaking with a white South African, they can be plain speaking. However, if you are speaking with a black South African, they stress diplomacy so that they don't disappoint the listener. The common business language in South Africa is English with a South African dialect. I feel that we will not have any issues with communication when it comes to conducting business in South Africa. I think that the only type of communication that may hinder us in when we are not in business meeting and in a more relaxed environment than everyone starts speaking their non formal language. It may take us awhile to pick up on the non-formal language, but we will be just fine. South Africa scored 49 on the power distance which means that the workers in this country respect their managers and accepts that managers are highly above them. On the marketing side within South Africa, I am going to have to do a lot of market research and advertise the heck out of our brand to get our name out there. My idea on this is get with one of our athletes that we sponsor and have them get me in contact with one of the best surfers in South Africa and see if they are interested in being sponsored by us. If they are I can have them help with getting our name out there much faster. Some of the types of marketing in South Africa are digital and billboards. I am very IT savvy which will help on the digital marketing however I will need to find help with the billboard side of marketing. For digital marketing I will have to find someone in the IT field from South Africa that knows what style of marketing they the people like. Once we have that nailed down, we can move on to implementing it online and placing it on billboards. I want our name out there fast so that the people of South Africa will be lining up at our doors just like we a new restaurant comes to your town. I feel that marketing is going to be one of the biggest advantages for us. I feel that we have a good marketing team

that will welcome the new South African team in with open arms. With our team that we have now, and the South African team start working together there is no one that is going to stop us. I What I will be going over next is labor relations in South Africa.

Labor relations in South Africa they have the worst labor to employee rate in the world. They have a labor relations act that was passed which sets the framework for collective bargaining, strike action and lockouts. Some of the ways labor disputes are handled in Cape Town are the employee will fill out a dispute referral form than submitting the form to the council. They will meet and discuss the form between them, and they will come to a result than they will present the result to the employee and employer. Commercial disputes are resolve with mediation and arbitration. This is a cheaper and faster way to resolve disputes for a new business. US companies that want to expand into the South African market must contend with a mature and competitive market. The government has tightened labor and foreign ownership laws and mandated industrial localization. Skilled labor can be hard to find in the country due to the poor educational system. A foreign manager will need to start out by learning the labor laws in the country first. Once they have the laws down, they can move on to the next step of hiring employees that have the right fit for their business. In the case of South Africa that may be a little hard seeing how they don't have many skilled people in the country. However, Three B's we only need to find the young adults that love to surf and want to help us build our name in their home country. Once we find these motivated and driven people, we can put them to work right away. I feel that we are going to find the right people to work for us and want to grow with our business. Once we have grown in South Africa, we will have them assist us in growing the business in other parts of Africa. For a foreign manager you must motivate your people to do the work for you they are the ones that know their country laws better than you. I know some of the

things that I started changing about myself so that I am better prepared for when I go over to Cape Town is that I started greeting everyone that comes into our stores, and I greet everyone personally when I am in a business meeting. I feel that do these changes have really started helping me be better for when I do make the move over there. A few more changes that I have adapted when to learn the young lingo for the locals. I know that if you can get them to trust us and build that relationship with them, they will be repeat customers. Repeat customers are one of the reasons that we grew so fast another reason is that we have a philosophy of quality over quantity. We have always believed in this philosophy and implemented it from day one of building our business. Now we are moving on to FDI Entry-Related Questions.

In this section we are going to answer some FDI Entry-Related Questions. The entry mode that we choose to follow is international acquisition the reason for choosing this will help us with keeping the company fully integrated and compliant with all of the South African business laws. One of the locations that we plan to start in is Cape Town than withing a couple of years build another location in Durban which is known to be the surfing capital of South Africa. I know for sure one of the biggest challenges that face us is finding someone that it skilled in customer service and has a vast knowledge in selling surfboard right off the bat. I think this challenge is going to require a lot of hands on to get that right person. Just liked I stated before finding skill people in South Africa is a challenge due to the poor educational system. The country does not do its people any just when it comes to education. I feel like the government could do better on this and help with funding more trade schools for the older citizen to go to so that they can build a skill. Another challenge that we will face is that we will not on the lingo for non-formal communication right off hand. This is going to take us at least a couple of weeks to pick it up. However, when we pick it up there will be no stopping us from selling and growing

our company fast in South Africa than branching out into other African countries. Our goal is to take African over than move on to Australia. I think the last challenge we will face is trying to understand the business laws in South African. I feel that sometimes there is a fine print that a lot of people overlook. So, our plan here is we are going to take our lawyers from the United States with us over there and we are going to hire a few South African lawyers to partner up with the US lawyers. Once we have all of them working together, they will be able to teach us all of the laws that we need to know. Once we have the laws all figured out. We will go to work on building our business plans.

So, in conclusion we are really looking forward to expanding our brand in Cape Town, South Africa. In the paper you read the background of Three B's Surf company. How it grew from a small mom and pop shop to a mega surf shop that is in all of the biggest surfing cities in the United States. Next, you read about the reasons for us wanting to make the expansion to Cape Town. You also read some of the challenges that we face with this expansion to Cape Town. Here is one of the challenges that we would face if we stated building in Durban. The reason we are not opening in Durban is all of the competition that we would face seeing how it is the surf capital of South Africa. So, I want to state this now we are really looking forward to expanding our business to South Africa. We love the country, and the cost line is so beautiful. The people are super friendly and helpful. We are really hoping that we can take South Africa by storm and take the surfing community over fast. If we can complete those two things. We will be able to expand our company to several location in not just South Africa but to other countries in Africa. I feel that once we get our boots on the ground in South Africa, we can start

meeting with everyone that we need to meet with so that we can build the business fast. Thank you for reading.

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