Adaptation

Adaptation, in internationalisation terms, means that a company adapts its strategy with regards to the foreign market it wishes to penetrate; a more costly means of internationalisation in contrast with standardisation.

Bargaining Power

A concept related to the relative abilities of parties in a situation to exert influence over each other.

Benchmarking

Measurement of the quality of a firm's policies, products, programs, strategies, etc., and their comparison with standard measurements, or similar measurements of the best-in-class firms. The results determine improvements needed; identify the way other firms achieve their high performance levels; and using this information help to improve the company's performance.

Business Chain

A business chain is composed of a number of connected business locations that share a brand name and provide similar or the same products and services. The chains using the same brand name could be as small as two stores or customer-oriented offices in different locations as well as big business chains as McDonald's for instance.

Business Process Reengineering (BPR)

All the radical changes which may be implemented on a management system, company structure, personnel management and so on. In short, the term defines all changes that can affect the manner in which business is conducted.

Capabilities

Firm's ability to use its resources effectively and to achieve its objectives. For instance, bringing a product to market faster than competitors. Such capabilities are embedded in the routines of the firm and are not easily documented as procedures and thus are difficult for competitors to replicate.

Competitive Advantage

A firm is said to have a competitive advantage over its competitors, when maintains returns that surpass the average for its industry. This advantage derives from the characteristics of a product that make it superior to competitive products.

Continuous Improvement

A management process whereby delivery processes (customer valued) are being constantly evaluated and improved accordingly with regards to efficiency, their level of effectiveness and flexibility.

Core Competencies

A core competency is a specific factor that a business sees as being central to the way it or its employees work. It fulfils three key criteria: (1) It provides consumer benefits; (2) It is not easy for competitors to imitate; (3) It can be leveraged widely to many products and markets.

Cost Leadership Strategy

A firm pursuing a cost-leadership strategy attempts to gain a competitive advantage primarily by reducing its costs below its competitors. If cost-leadership strategies can be implemented by numerous firms in an industry, or if no firms face a cost disadvantage in imitating a cost-leadership strategy, then being a cost leader does not generate a sustained competitive advantage for a firm. To generate a sustained competitive advantage depends on that strategy being rare and costly to imitate.

Differentiation Strategy

Approach under which a firm aims to develop and market unique products for different customer segments. Usually employed where a firm has clear competitive advantages, and can sustain an expensive advertising campaign. It is one of three generic marketing strategies that can be adopted by any firm.

Distribution Channel

Path or 'pipeline' through which goods and services flow from vendor to the consumer, and the payments generated by them flow in the opposite direction (from consumer to the vendor).

Economic Downturn

A negative change in the economy or stock market cycle from rising to falling. The economy is in a downturn when it moves from expansion to recession, and the stock market is in a downturn when it changes from a Bull Market to a Bear Market.

Economies of Scale

Cost advantages that a business obtains due to expansion. They are factors that cause a producer's average cost per unit to fall as scale is increased.

Enterprise Resource Planning

ERP software is a means of facilitating the flow of information among different functions within a company, as it combines all business processes and management activities of the enterprise.

Exporting

Exporting, with regards to internationalisation is treated as the most traditional means. Exporting services, products and resources is a common and simple manner to enter a foreign market.

Focus Strategy

Strategic plan under which a firm concentrates its resources on entering or expanding in a narrow market or industry segment. It is usually employed where the firm knows its market segment and has products to competitively satisfy its needs. Focus strategy is one of three generic marketing strategies that can be adopted by any firm.

Foreign Direct Investment (FDI)

FDI is the process whereby one company from one country makes a physical investment into building e.g. a factory in another country; in short it is the establishment of an enterprise by a foreigner.

Franchising

Arrangement where one party (the franchiser) grants another party (the franchisee) the right to use its trademark or trade-name as well as certain business systems and processes, to produce and market a good or service according to certain specifications. The franchisee usually pays a one-time franchise fee plus a percentage of sales revenue as royalty, and gains (1) immediate name recognition, (2) tried and tested products, (3) standard building design and décor, (4) detailed techniques in running and promoting the business, (5) training of employees, and (6) ongoing help in promoting and upgrading of the products. The franchiser gains rapid expansion of business and earnings at minimum capital outlay. (http://www.businessdictionary.com/definition/franchising.html)

Generic Strategies

A firm positions itself by leveraging its strengths. Michael Porter has argued that a firm's strengths ultimately fall into one of two headings: cost advantage and differentiation. By applying these strengths in either a broad or narrow scope, three generic strategies result: cost leadership, differentiation, and focus. These strategies are applied at the business unit level. They are called generic strategies because they are not firm or industry dependent.

Indicator

Data that provides overall information on your business. Indicators can be very different depending on the perspective. In the business environment they are also called key figures.

Internationalisation

The term internationalisation envelops all activities that a company undertakes with the regards to foreign markets. Internalisation can take place in various forms.

Joint Venture

A joint venture (often abbreviated JV) is an entity formed between two or more parties to undertake economic activity together. The parties agree to create a new entity by both contributing equity, and they then share in the revenues, expenses, and control of the enterprise. The venture can be for one specific project only, or a continuing business relationship. This is in contrast to a strategic alliance, which involves no equity stake by the participants, and is a much less rigid arrangement.

Kaizen

Kai stands for "change" and "Zen" stands for "good" in Japanese. The philosophy behind Kaizen is that everything can be improved and thus all organisations must operate on the basis that all processes have room for improvement.

Knowledge

An essential part of KM is, of course, knowledge. For several hundred years there has been a constant search for a unified definition of knowledge, albeit, no formal definition has been found. In literature, knowledge is strongly differentiated from information and data. Meaning, that having knowledge implies that it can be exercised to solve a problem, whereas having information does not carry the same connotation. While data, information and knowledge can all be viewed as assets of an organization, knowledge provides a higher level of meaning about data and information. Knowledge is information that is contextual, relevant and actionable. Knowledge conveys meaning and hence tends to be much more valuable. Another way to define knowledge is to make a distinction between tacit and explicit knowledge. Nonaka and Takeuchi define these two concepts as following:

- Explicit knowledge is documented and public; structured, fixed-content, externalised, and conscious. Explicit knowledge is what can be captured and shared through information technology.
- Tacit knowledge resides in the human mind, behaviour, and perception. Tacit knowledge evolves from people's interactions and requires skill and practice.

In summary knowledge can be seen as the interaction between explicit and tacit knowledge.

Licensing

In business terms and with regards to internationalisation, licensing is the procedure whereby a company (i.e. the licensor) gives the right to another company in the target country it wishes to enter, to use its own property.

Market Niche

Market niche is a small but profitable segment of a market suitable for focused attention by a company. Market niches do not exist by themselves, but are created by identifying needs or wants that are not being addressed by competitors, and by offering products that satisfy them.

Market Share

Percentage or proportion of the total available market or market segment that is being serviced by a company. It can be expressed as a company's sales revenue from that market divided by the total sales revenue available in that market. (Carlton O'Neal)

Marketing Mix

Planned mix of the controllable elements of a product's marketing plan commonly termed as 4P's: product, price, place, and promotion. These elements are adjusted until a right combination is found that serves the needs of the product's customers while generating optimal income. Sometimes the first P (Product) is substituted by 'presentation'.

National Investment Agencies (NIAs)

National Investment Agencies take the active role of promoting the respective countries to potential investors and thus can serve as a good source of information when one is interested in forming a partnership in another country.

Operational Structure

When considering business structure there are two different approaches, namely the organizational structure and the operational structure. In this module we focus on the operational structure of a company. While the organisational structure depicts the structures and human resources, the operational structure illustrates the processes of a company. Normally, these processes are focused on output (i.e. the organization's outputs from products and services).

Outsourcing

Outsourcing is subcontracting a service such as product design or manufacturing, to a third-party company. The decision to outsource is often made in the interest of lowering cost or making better use of time and energy costs, redirecting or conserving energy directed at the competencies of a particular business, or to make more efficient use of land, labour, capital, (information) technology and resources.

Performance Indicators

Numerical measures of the degree to which priorities, goals and objectives of the company strategy are being achieved.

Permissible Changes

Changes which have an immediate benefit, fit in with the existing system, and do not require external approval or extreme effort.

Product Differentiation

The process of distinguishing a product or offering from others, to make it more attractive to a particular target market.

Product Life Cycle

The life cycle refers to the period from the product's first launch into the market until its final withdrawal. It is splits up in 4 phases: Introduction, Growth, Mature and Decline. During the product life cycle significant changes are made in the way that the product is behaving into the market i.e. its reflection in respect of sales to the company that introduced it into the market.

Production Cycle

Recurring set of business activities and related data processing operations associated with the manufacture of products.

Quality Assurance

All actions which are followed in order to ensure that quality control runs properly.

Quality Control

All the operational activities and actions that need to be taken in order to control the quality of the products or services provided by a company.

Quality Management Systems (QMS)

QMS provide a management framework that provides the necessary control to address risks and monitor and measure performance in the business. They also enable the management of company performance improvements through internal and external communications.

RAMS (Reliability, Availability, Maintainability and Safety)

RAMS in short represent all standards that any Total Quality Control system should have. This set of standards will ensure that a system will be able to perform its functions under any given conditions (reliability). It can be restored to its original state in case of maintenance and it will be able to perform its required activities without losses for its entire life cycle (maintainability) and that it will not bear risk (safety). Availability is often omitted as it is a simple function of reliability and maintainability.

Resources

Firm-specific assets useful for creating a cost or differentiation advantage and that few competitors can acquire easily, as, for example, patents and trademarks; proprietary know-how; customer base; reputation of the firm and brand equity.

Return on Investment

Performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments. ROI measures a corporation's profitability and it is equal to a fiscal year's income divided by common stock and preferred stock equity plus long-term debt. ROI measures how effectively the firm uses its capital to generate profit and might be expressed as a percentage or a ratio.

Six Sigma

An inclusive management framework which is defined by companies in two ways:

- A set of tools for the improvement of processes and products.
- An approach for the improvement of processes and business performance.

Six Step Model

Moberg and Palm developed the "Six Step Model" which was basically a means of treating internationalisation as a six step process, which consisted of six critical factors; finding out motives for going international, defining the state of ones company (through e.g. a SWOT analysis), deciding on the product or service which will be internationalized, selecting the right market to penetrate, deciding on the mode of entry and lastly finding the right moment to enter.

Standardisation

The strategy whereby a company undergoing internationalisation, uses the same marketing programme for all the markets they wish to expand to.

Strategic Business Unit

As the number and diversity of products increases the organisational structure is likely to be centred upon division called Strategic Business Units (SBU). SBUs are responsible for developing, manufacturing and marketing their own product or group of products.

Strategic Goals

Strategic goals are statements of what the company management wishes to achieve over the period of the strategy.

Structure of Costs

Structure of Costs includes the expenses that a company must take into account when manufacturing a product or providing a service. Types of cost structures include transaction costs, sunk costs, marginal costs and fixed costs. The cost structure of the firm is the ratio of fixed costs to variable costs.

Systematic Approach

Methodical approach repeatable and learnable through a step by step procedure.

Target Markets

Market segment which a particular product is marketed to. It is often defined by age, gender and/or socio-economic grouping. A target market is usually found after segmenting and analysing the whole market. Target market selection depends on- 1. Number of competitors in the market 2.The preference/choice of customers 3.value attached to the product which company wants to convey to the market.

Total Quality Management (TQM)

Doing business whilst aiming for constant improvement of a company's quality and services. The main idea behind TQM is to ensure the quality of products and services, through the application of a wide range of management tasks.

Value chain

A value chain is a chain of activities. Products pass through all activities of the chain in a set order and at each activity the product gains some value. The chain of activities gives the products more added value than the sum of added values of all activities.

Value Chain Analysis

Useful tool for reflecting the ways in which a firm delivers value to the customers and reviewing how the activities in the chain are performed to maximize that value.