International Business Operations

Phase 2 Individual Project

Colorado Technical University

Brittany Crowe

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**Introduction**

International business is a broad term that is used to refer to the internationalization of multinational corporations as they expand their operations into new countries and regions across the world. When a business has its operations in more than one country, it is considered to be a multinational corporation. It does not depend on which operations or activities take place in which country so long as the operations are in different countries. When a firm is a multinational, it must possess the capability to coordinate different activities that are being undertaken simultaneously through proper management. The extent of the operations of multinational corporations means that there are very huge risks that are associated. However, there are also huge benefits that are attributable to institutions that operate as multinationals. This is mainly due to the large market where they can sell their products and services. The aim of this essay is to pick an organization of interest and describe its business operations while at the same time assessing the risks and benefits that it faces in its operations around the world.

**Ford International Business Operations**

Ford Motor Company is an automobile manufacturing multinational company that is based in Dearborn, Michigan. The company is considered to be one of the biggest automakers in the world with a significant percentage of the international market. The company was incorporated in 1903 by Henry Ford. It produces two major types of vehicles namely luxury cars under the Lincoln brand the commercial vehicles under the brand Ford (Banham, 2012). Apart from the Ford automobile line, Ford Motor Company also owns Troller which is a Brazilian car manufacturer. It also has an 8% stake in United Kingdom's Aston Martin. In China, it has a 49% stake in Jiangling Motors. Apart from these investments in the automobile industry, Ford is also in business ventures with other car manufacturers in countries such as Taiwan, Thailand, Turkey, Russia, and in Europe. The company is listed and traded on the New York Stock Exchange. The family of Henry Ford still controls some of the major operations through its board and this has ensured sustained success over the decades.

Due to its many operations across the globe, Ford can be considered to be a perfect example of a multinational corporation. It produces and sells its vehicles to all countries across the world meaning that its operations are very vast. In the United States, it is considered to be the second largest automaker behind General Motors. Globally, it is the fifth largest automaker. In the Fortune 500 list, Ford is listed as the eighth company in the United States. The global revenues also go a long way to suggest that Ford is one of the biggest companies in the world. The revenue for the year 2017 was over $156 billion. The net income for the same year was more than $7 billion. In 2017, Ford produced over six million automobiles that were supplied to different countries from around the world. It employs more than 200,000 people in more than ninety plants in different destinations around the world.

In its operations, Ford is faced with many risks and benefits due to the vastness of its activities and the large scope in terms of areas where operations are undertaken. Assessing these risks and benefits requires an individual to clearly identify its operations through the use of examples in its activities. One of the major benefits of operating on the international scale is that there is a greater potential for growth than in the local or domestic market. The domestic market is limited in terms of units that can be sold to the public since the number of consumers is less. However, the international market is one that can never be exhausted since there are over seven billion people in the world who could act as ready markets for the products and services that are produced. With a bigger market, profitability can be guaranteed through high revenues as the one produced by Ford.

Operating on an international scale also improves the financial performance of the multinational corporation. Financial performance can be improved through enhanced stability in revenue and profits. When a firm is operating in the domestic market, there are times when economic downturns affect the local economy meaning that there would be reduced sales and this would affect the revenues and profits of the company (Woods, 2014). However, when a company has operations across the world or in different destinations, it is impossible that all regions could be going through economic downturns. This means that at every single time, the company is assured of revenues and this plays a huge role towards stabilizing the cash flows of the corporation in the international market. Stability of cash flows is a great attribute that is desirable by many firms and one that Ford has achieved through international business operations.

Despite the advantages associated with operating on the international scale, there are many risks that also come into play. One of the major challenges is cultural differences across different countries. These cultural barriers often require the firm to differentiate and tailor the products and services so that they can meet the needs of the customers in the market. Doing this is often expensive and can reduce the profitability of the company. Political and legal issues in different countries can also affect the operations of the business (Czinkota, Ronkainen, & Moffett, 2011). Legal issues can affect the business operations whereas political issues can cause disruptions to the operations thereby creating huge losses for the company. Severe exchange rate risks can also be observed in international trade when converting the foreign currencies into the local currency. This risk can increase the losses that the business reports.

**Conclusion**

Operating a business in the international realm can be seen to have both advantages and disadvantages. Before a business decides to go international, it must delve into some of the factors that could determine its success or failure. Such an assessment must at all times be conducted so as to guarantee that the investments that are made when expanding into the international market do not go to waste. Many firms can learn a lot from the operations of Ford and how it has dealt with different challenges when operating in the international realm. A firm must thereby be cautious as it decides to delve into the international market as it is one that is also associated with high competition and rivalry. Such competition can harm a business of the management does not possess the appropriate skill set that would allow them to prosper is such a market.

References

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