BMT 2630. INTERNATIONAL BUSINESS MANAGEMENT
FINAL PROJECT.

STUDENT'S NAME:____

DATE:_________________________

You must address all the requirements.

(Neatly write your answers. Word processing your answers is preferable so you can grammar and Spell-check your work. Always remember that the reader is not your co-author. So, express yourself as much as possible).

Note: You must attach this examination to the cover of your answer sheet. Your answer sheet may not be accepted without it.

BENDIX CORPORATION FOREIGN DIRECT INVESTMENT

Bendix Corporation, a multi-National Enterprise as result of increased demand for their product is planning an expansion of their business to several foreign countries. The demand for their product is expanding exponentially, making it difficult and more expensive to fill in all the foreign orders from their operations in the United States. However, doing business outside the United States entails a lot of intricate planning both tactical and strategic. You have been appointed the President for this foreign operation.

Additional Project Information.

1. South America is the target for this expansion.
2. The foreign Direct Investment manager should decide:
   a. On multiple locations (Countries), or
   b. One central location.
3. The candidate countries are Brazil, Chile, Uruguay, Guatemala, El Salvador, and Honduras.
4. The Board of Directors approved the sum of $15,000,000 for this venture, and does not have any intention of approving further funds in the near future. Any further fund requests must be justified and must be something that would add to revenue income. Venture will perform with local currency. (Find out the exchange rates for these countries as a basis for comparison).
5. Your decision should include location where the dollar can buy you more local currency, availability of local labor and labor costs, acquisition of raw materials, potential customers and availability of disposable income – willingness and ability of the local community to buy processed materials.
6. The new site/s will need 250 employees.
7. You must decide whether to use a turnkey operation or build the operation site yourself.
   a. Site and machinery is projected to cost $8.5m.(Fixed Cost)
   b. Transportation (land, air, and sea) projected to cost $1.5m.(Annual)
   c. Operating expenses (salaries and related benefits) projected at $2m (Annual).
   d. Office expenses projected to cost $1.5m annual.
   e. Projected Emergency Fund (rainy day fund) is $1.5m.
   f. Corporate expects to recoup the cost of this venture between 5 to 8 years max.

REQUIREMENTS:

1. Determine the exchange rate for each candidate country.
2. Compute your annual labor cost (projected cost per candidate country).
3. Determine how much annual sales you would make to enable you meet the recoup-goal.
4. From your research, determine any potential risks that could prevent you from meeting your goals based on your research of country of choice, or potential advantages, explain.
5. Is there a regional free market or free trade integration that would enable free flow of trade? (You must take into consideration the environment in which you plan to operate).
6. Would you use domestic or local accounting for your operation? Why?

Please Note

1. You must justify any sources from which you obtained any statistical information.
2. You are free to make any assumptions. Such assumptions must be indicated as such.
3. Use all resources available to you to respond to this project.
4. Log-on as often as you need to learn more.