Import and Export / Countertrade.

Read Closing Case: Exporting and Growth for Small Business at the end of chapter 15 and write a 3-4 page paper in APA format with a detailed analysis that answers the following questions:

* What are the main benefits of exporting for companies like Morgan and Wadia?
* What would be the outlook for a company like Morgan Motors if it neither exported nor imported?
* What impediments to exporting success do companies such as Morgan and Wadia face?  What steps can these companies take to improve their probability of succeeding in export markets?
* Is it legitimate for local and national government agencies to use taxpayer money to help small companies export?

Morgan Motors is one of the iconic small businesses of the United Kingdom. The company has been making its classic sports cars since the 1909. Today some 150 employees build up to 700 cars a year, each of which sells for $40,000 to $100,000. However, Morgan’s niche is so small that it could not survive if it did not export. Today some 70 percent of its production is shipped overseas, primarily to the United States and Europe. Moreover, the modern Morgan car, although looking every bit the British sports car, contains major components that are imported from foreign manufacturers, such as engines from BMW and components for ABS breaking systems from Bosch.

Morgan is not alone. Many other small businesses have found that exports can drive growth. Another success story is Wadia, a Michigan-based manufacturer of high-end premium-priced compact disc players for audiophiles. Wadia, with annual sales of $8 million, makes approximately 70 to 80 percent of its sales overseas. Around 35 to 35 percent of sales come from Asia, with both Japan and China accounting for as much as 15 per- cent of sales volume in any one year. Like Morgan, Wadia’s high-end product is so specialized that it could not survive on sales in its home country alone.

Exporting, however, is not easy, particularly for smaller enterprises like Morgan and Wadia. Many succeed only after tapping into help from government export agencies and export financing institutions. Con- sider Malden Mills, the United States manufacturer of Polartech®, a high-technology textile material used in premium-priced outdoor wear, with annual revenues in the $50 million range. Facing limited growth opportunities in the United States, Malden Mills contracted with the South Carolina Export Consortium, a state agency, to perform an international market analysis to determine the sales potential of its portfolio of high-tech fabrics. Malden Mills used the consortium’s research to identify new opportunities for its materials, forecast future demand trends, and secure a $20 million working capital loan guarantee from the U.S. Export–Import Bank (which was later raised to $35 million). The resulting expansion in export sales to France, Korea, and the United Kingdom allowed Malden Mills to better utilize its capacity and to continue to make textile products in the United States, despite the fact that the industry as a whole has been in rapid decline due to globalization and the rise of low-cost manufacturers in developing nations. Today over half of Malden Mills’ sales are due to exports.31