

Running Head: INTERNATIONAL TRADE

CORPORATE PLAN FOR GOYEO TECH TO
INTERNATIONAL TRADE AND OUTSOURCING

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Introduction

Corporate planning is used to map out increasing revenue, visibility, and brand awareness. Corporate planning is a business strategy that successful firms employ to manage their resources more efficiently than their rivals. A business strategy outlines the steps that must be taken and the resources allocated to accomplish the stated goals and objectives (Gnangnon, 2019). In this report, the case of Goyeo Tech will be analysed to create a corporate plan for the start-up business located in London. The company focuses on developing wearable technology for the students, which remind them of assignment deadlines and class timing. The company was founded by two friends in partnership, Luna and Arianna, who have different ideas regarding outsourcing and transport logistics. This report will aim at identifying and evaluating business objectives for Goyeo in terms of trade, outsourcing, export, and logistics so that business growth can be enhanced.

Vision Statement

“By 2025, we aim our wearables to have enhanced the lives of at least one million individuals”.

Mission Statement

“To help individuals and companies worldwide in attaining their highest potential. The goal of integration is for it to become embedded in people's everyday life”.

Justification for Trade Approach

Considering the objectives and interests of Arianna and Luna for their start-up business of Goyeo Tech, it can be stated that the approach of diversification for trade will be effective in the firm's success.

Diversification is critical for small and medium-sized enterprises (SMEs) seeking worldwide expansion

(Sanders et al., 2020). Diversification can add to the strategy's long-term stability and development of Goyeo. Diversification is a risk management strategy that entails diversifying the product, service, location, customer, and market portfolios in the market of wearable devices. For example, as Goyeo targets the students, therefore, Goyeo should focus on consumers of different age groups, socioeconomic status, ethnicity, gender, or race through this strategy. On the other hand, the production is occurred in Arianna's garage, which seems to cause some production issues. According to Luna, outsourcing should be incorporated to access new markets (Giri et al., 2019).

Diversification of trade will help the company enter a new market through their products. Diversification is a critical idea to comprehend while trading or investing. Diversifying the product rather than relying on a single investment to provide all of the income will support Goyeo's growth and development (Sanders et al., 2020). Diversification's primary advantage is that it reduces the investment portfolio's risk of losing money that start-up companies often face. This approach mitigates risk for Goyeo by spreading assets

over many markets; if one market fails, the gain from the other markets will more than offset the loss. Additionally, it will enable

Goyeo to access a broader market potential since other countries have less competition than the UK. Additionally, it will enhance the firm's total market share at the global level (Gnangnon, 2019).

Diversification may help Goyeo safeguard the money if the business is not in the accumulating stage of life. Diversification may help some retirees meet their financial objectives. Diversification ensures that Goyeo is not reliant on a single source of income since investments may not always perform as predicted. Diversification is a business strategy that entails broadening a company's operating environment by expanding into new sectors, markets, or product categories (Giri et al., 2019). Goyeo must offer its target consumers a diverse array of new services, goods, and commodities to diversify the business in a new market. Businesses may look into new distribution channels to enhance their reach, income, and return on investment. Diversification strategies enable businesses to diversify their income streams while entering new markets and divisions (Bachtar, 2020).

While some businesses seek growth via acquisition or merger, others choose to develop organically. Luna and Arianna must do an analysis of their current operations and future goals before diversifying to stay competitive (Stadler et al., 2018). This is the process through which a business notifies its target market of the availability of a new product or service. Future commodities or services obtained or produced would be equivalent to or on the same developmental level as the current activity. Additionally, the additional products or services complement wearable devices' primary business and appeal with more functions to existing customers. Diversification often results in the formation of new or closely related industries. Many businesses do this via acquisitions or mergers, whilst others maintain their independence (Sanders et al., 2020).

Therefore, Goyeo must consider these options for accessing new markets to gain stability in the market. Moreover, diversification may also be accomplished by investing in a new area or market that suits the strategy's current requirements (Giri et al., 2019). In contrast to unconnected diversification, linked diversification enables enterprises to operate in a well-known industry, minimising risk. Diversification is becoming an increasingly critical component of a business's existence and success. As a result of the influence on production and the COVID-19 epidemic, businesses have been forced to develop novel risk management and revenue development approaches. Diversification enables quicker development by expanding into new areas, but it requires adjustments to the business and strategy. Goyeo must consider external when developing a diversification strategy to maximise economic potential in current and new markets (Gnangnon, 2019).

Objective 1

To achieve an efficient allocation of resources by saving 60% of the cost utilised in the production.

Strategy 1

The business process outsourcing (BPO) strategy should be adapted to reach this objective.

Justification 1

Process-specific outsourcing refers to outsourcing approaches focused on a single activity or internal process. Hiring a third-party service provider that specialises in a certain activity is becoming increasingly common in business (Jadraque, 2020). Outsourcing critical tasks and concentrating on core competencies may enable Goyeo to save time and money. Additionally, it will reduce the time required to react to consumer issues. The approach of business process outsourcing (BPO) will enable Goyeo to save money and increase its efficiency. Payroll accounts payable and accounts receivable are customers for business process outsourcing. When process efficiency and labour cost reductions are coupled, cost savings of up to 40% are possible (Zhang et al., 2018).

After removing the late payment penalty, it has been reported that a multinational car business outsourced its worldwide accounts payables process, resulting in higher on-time payments and an annual cost savings of more than \$400,000 (Suresh and Ravichandran, 2021). As a result of the BPO approach's success and the growth of outsourcing vendor services, businesses are increasingly considering outsourcing core operations and competitive expertise. Under the traditional business process outsourcing approach, core services needing competitive competence would not be considered viable candidates for outsourcing. A paradigm shift occurred as managers became familiar with outsourcing and gained expertise via previous business process outsourcing projects (Suresh and Ravichandran, 2021).

As a consequence of enhanced governance and services offered by outsourcing contractors, the number of firms contemplating outsourcing some of their important tasks has grown. Additionally, businesses are increasingly outsourcing critical services that need analytical thinking and data-driven decisionmaking (Zhang et al., 2018). Market research, financial planning, business intelligence, and risk management are just a few examples. Therefore, Luna should consider this strategy when making outsourcing decisions for Goyeo to increase revenue through cost-saving. While increased productivity and cost savings are obvious benefits of BPO, the primary benefits of "Knowledge Process Outsourcing (KPO)" are less obvious. Access to a large pool of qualified personnel may increase income and competitive advantages for some organisations in knowledge-intensive industries (Jadraque, 2020).

However, since skilled labour is available at a fraction of the cost in London, pricing continues to be a significant advantage that Goyeo should consider. Additionally, KPO converts fixed costs to variable costs, allowing organisations to scale up or down in response to business cycles. Another attractive feature is the ability to accomplish activities on time using several time zones, which can further benefit Goyeo in the global market. The success rate of business process outsourcing is greater than that of other forms of outsourcing (Zarzycka et al., 2019).

Manufacturing outsourcing, for example, is fraught with higher risks. Finding the highest-quality outsourced manufacturing facility requires time and effort, which may harm Goyeo being a startup business with limited time and resources. However, although BPO provides the aforementioned advantages, it also has several significant disadvantages that must be addressed before realising the full benefits (Zhang et al., 2018).

Currency fluctuations are one factor that affects the risk associated with BPO since they may affect cost reductions. A stronger rupee, for example, may significantly increase outsourcing costs. The benefits of

outsourcing may be eroded due to the stronger rupee and the impact of wage inflation. It is not always possible to relocate a job within a reasonable time. Numerous businesses return to their primary business after selecting a BPO partner. Proceed with care, however: premature action might have disastrous repercussions on Goyeo. Following-the-fact repairs may require a substantial amount of time and effort, as well as an increase in outsourcing prices (Suresh and Ravichandran, 2021).

Objective 2

Expanding the market sale for products by distributing them on a large scale

Strategy 2

For achieving this objective, the direct exporting strategy will be adapted.

Justification 2

For achieving the objective of expanding the product's sales, Goyeo should consider the approach of direct exporting. Direct exporting is the process of selling the goods or services directly to another nation which can benefit Goyeo in their decision regarding entering a new market. In other words, Luna and Arianna will be entirely responsible for the success of their export business, from prospecting to customer service to marketing (Manolopoulos et al., 2018). Due to manageable linguistic, cultural, and geographical barriers, most new exporters dealing with surrounding nations selected the direct approach. Moreover, direct exporting will provide Goyeo with more control over the export process, increased revenue potential, a stronger link to overseas clients and markets, and the chance to boost overall competitiveness (Khamphengvong et al., 2018).

Direct exporting is more expensive in time, labour, and resources than indirect exporting. When a business initially begins exporting, it may approach export sales similarly to domestic sales, depending on its present staff and organisational structure (Manolopoulos et al., 2018). As foreign sales and enquiries increase, Goyeo can separate export and domestic sales administration. Separating foreign and domestic operations has several benefits for Goyeo, including the centralisation of specialised skills required to do business in overseas markets and the benefits of a more concentrated marketing effort that is more likely to boost export sales. On the other hand, segmentation is not necessarily the greatest use of a business's resources

(Castillejo et al., 2019).

Whichever technique Goyeo uses to organise its exporting efforts, the objective is to make the marketer's work more efficiently. However, effective marketing skills is required for Goyeo to assist the business in establishing a presence in a new market. According to previous studies, a firm's success in the global market depends more on its marketing strategy than on its unique aspects (Gogokhia and Berulava, 2021). Despite the many benefits of direct exporting, there are a few drawbacks. Direct exporting is a costly business. Profitability, on the other hand, needs a larger initial investment. As a result, small exporting enterprises often struggle to get sufficient export financing (Khamphengvong et al., 2018).

However, there are also some risks connected with direct exporting, including credit, finance, collection, returned products, and after-sales support, which Goyeo should consider when implementing this strategy in their export operations (Manolopoulos et al., 2018). All of these dangers are the manufacturer's responsibility. On the other hand, direct exporting allows Goyeo to complete control over the price of your products in a foreign market. Additionally, the exporter may establish the conditions of sale depending on the foreign market's competitiveness. Customers are delighted with their purchases only when they get fast after-sales support. By exporting superior after-sales service, the exporter's direct export market potential may be boosted (Gogokhia and Berulava, 2021).

Objective 3

To integrate sustainable transportation in product logistics to contribute to corporate social responsibility.

Strategy 3

The business can achieve this objective by incorporating a reverse logistics strategy in its logistic operations.

Justification 3

When a logistics strategy encompasses all three critical levels of logistics planning – strategic, operational, and tactical – as well as the supply chain's four primary pain points – facility locations, customer service levels, inventory management, and transportation decisionmaking – the strategy becomes comprehensive and effective. The principal objective of any logistics strategy is to deliver the right products to the appropriate customers at the best possible price (Saruchera and Asante-Darko, 2021). A smart logistics strategy determines the service levels that result in the greatest financial savings for Goyeo, enabling it to save on capital and other expenses. Customers get items when they request them, and the business saves money, resulting in greater brand confidence and customer happiness. As observed in the case of Goyeo, Arianna wants to integrate sustainable practices in its logistics operations with low waste production to contribute to environmental protection and reduce poverty (Jayasinghe et al., 2019).

In this regard, logistics planning is critical in a volatile and rapidly changing market because it will enable Goyeo to minimise the risk of uncertainty by anticipating and reacting to sustainable changes in logistics. Automation, mobile devices, robotics, and a slew of other technological advancements reshape how things are transported. Businesses increasingly depend on a diverse variety of supply chain solutions to capitalise on the possibilities created by these advancements (Mishra and Singh, 2020). These solutions are critical for the modernisation and expansion of logistics operations. Therefore, considering the interests of Arianna towards poverty reduction and environmental protection, reverse logistics should be implemented for contributing to corporate social responsibility achieving sustainable growth in the market. A supply chain management strategy in which a company gathers and repurposes part of the items it distributes is known as reverse logistics (Jayasinghe et al., 2019).

A supply chain network, in most circumstances, serves as a conduit for companies to connect with their consumers. Goyeo can use reverse logistics to create a new supply chain network that works in the reverse direction and allows them to connect with their customers (Saruchera and Asante-Darko, 2021).

Moreover, businesses that employ reverse logistics reduce waste and positively impact the environment, improve consumer accessibility, and show a higher degree of corporate responsibility. Therefore, this approach will benefit Goyeo in its sustainable growth and development. The process of returning a product from its place of consumption to its origin to recover value or guarantee appropriate disposal is known as reverse logistics. Its scope and importance continue to increase as one of the fastest-growing commercial logistics organisations (Pushpamali et al., 2019).

Reverse logistics is essential for a company's long-term sustainability strategy and costcutting goals. Because reverse logistics aims to maximise asset value, it prioritises recycling goods and resources. As a result of reverse logistics, a company produces less waste.

Refurbishment, repackaging, recycling, and material harvesting are just a few instances of how reverse logistics may help Goyeo reduce its environmental, social, and economic impact (Mishra and Singh, 2020). It may also increase a company's profitability and asset utilisation. Reverse logistics is crucial for organisations seeking to boost sustainability because of their inextricable link. Compared to other logistic management strategies such as logistic software, this approach is more sustainable as other strategies generate high technological waste, which can impact the objective achievement for Goyeo (Mishra and Singh, 2020).

When reverse logistics is done correctly, it may offer a company several advantages. It helps to reduce administrative, shipping, and support costs while simultaneously increasing product velocity. It is also important for customer happiness since consumers prefer a clear and easy return policy, leading to higher retention and profit margins (Saruchera and Asante-Darko, 2021). Reverse logistics improve supply chain procedures by allowing things to move in both directions. However, there are also some risks associated with reverse logistics, which Goyeo should consider. The top three risks associated with reverse logistics are financial instability, security, and bad customer service. Price and cost, currency exchange rates, and the financial sustainability of supply chain partners are all elements that contribute to financial instability. Increased financial instability, for example, might prompt investors to reduce their real estate assets (Pushpamali et al., 2019).

Challenges to Implementing and Mitigation

Mitigation of Risk

As identified above, the identified strategies for exporting, outsourcing, and logistics also have some significant risks which Luna and Arianna should consider for ensuring sustainable growth of Goyeo. The systematic process of recognising, monitoring, analysing, reacting to, and conveying risk to a company is known as risk management (Suresh and Ravichandran, 2021). Goyeo should develop risk management that can assist the start-up business in recognising circumstances that might have unanticipated or unwanted outcomes and choose the best plan of action for recognising, analysing, interpreting, acting on, and communicating risk issues. The goal of the risk management process is to identify and analyse possible dangers so that they may be adequately recognised and managed. Risk

identification/assessment and risk management are inextricably linked by comprehension. Risk management also entails taking the required precautions to avoid potential threats to Goyeo's growth (Jadraque, 2020).

However, it should be noticed that risk management, on the other hand, is not a one-process event; it must be a continuous process to be effective. While proper planning and preparation may help mitigate many of the risks involved with business process outsourcing development, predicting and resolving potential issues is considered very important (Zarzycka et al., 2019). For mitigating the issue of currency fluctuation, which can impact the cost and revenue in the new market during outsourcing, Goyeo should choose a nation with a strong and rising currency if they want to invest there, such as India. It can be stated that these currencies are more valuable than the money Luna and Arianna will spend in London on daily production.

When the value of a foreign currency rises, the value of a local currency investment rises in lockstep with it. On the other hand, global diversification might be beneficial in the form of index funds with concentrated exposure to important currency areas like the UK, the Eurozone, and Asia-Pacific. Diversifying the portfolio's exposure is a natural hedge. A strong pound benefits products that are denominated in pounds. Pound-denominated investments outperform assets denominated in other currencies when they underperform. Therefore, Goyeo should consider investing in nations with a low debt-to-GDP ratio and a history of fiscal discipline

(Zhang et al., 2018).

However, reasonable risk-taking is required to prevent making a mistake during export.

Even after exporting responsibility, exercising utmost care while losing control is recommended.

It takes time for new practices to become established and successful. It is recommended that Goyeo record their operations in process and keep track of them to mitigate the risk which can cause by returned products, credit financing, etc (Gogokhia and Berulava, 2021). Businesses operating or conducting business in a nation may face many obstacles when the political environment changes or deteriorates. Exporting products is one way for governments to acquire assets. Payments into and out of the nation may cause problems for businesses (Khamphengvong

et al., 2018).

If political unrest or changes in government regulations can have a negative impact on

Goyeo's operations, customers may fall behind on payments. Because political risk cannot be predicted or avoided, direct exporting Goyeo should focus their efforts on monitoring the political environment in the countries where they do business to mitigate such risks. Provided the situation seems deteriorating, Goyeo must take rapid action to reduce financial risk, such as cutting credit limits for customers in that nation, if a well-defined process is in place. In the case of political unrest, several types of insurance, most notably credit insurance, may offer coverage as a mitigating response (Castillejo et al., 2019).

Risk management in transportation and logistics frequently include strict quality control and process monitoring throughout the process. Some insurance plans may cover shipping delays and concerns, and specialised transportation and logistics organisations may also help. One strategy for alleviating the issue is a collaboration amongst the many parties engaged in the supply chain. Mishra and Singh (2020)

claimed that the danger of a hacked online transaction is sometimes greater than the risk of actual items theft. The item's cost and description determine the consumer's security risk exposure, with risk reduction based on customer behaviour and the quality of procurement services. Security concerns may be alleviated with a good information management system that provides transparency to customers. Using marketing methods like promotions to regulate demand is one strategy to reduce consumer risk (Jayasinghe et al., 2019).

External Factors Affecting Trade Diversification

The export-import balance of Goyeo can be affected by trade restrictions. Import quotas and export subsidies influence the relative pricing of specific goods, making them more or less appealing for import or export trades (Bachtar, 2020). Agriculture subsidies, for example, may cut agricultural costs, resulting in increased export production. Import restrictions increase the cost of imported goods, leading demand to plummet. Tariffs and import tariffs on particular commodities may lead to bigger trade imbalances than countries that have signed free trade agreements. Due to trade limitations, they may be unable to reach export markets. Non-tariff trade restrictions must also be taken into account. Inadequate infrastructure may result in a rise in market distribution costs (Gnangnon, 2019).

This raises the cost of such things while lowering a country's worldwide competitiveness, limiting exports. A strong local currency raises the cost of exporting products dramatically, thus pricing exporters out of foreign markets. Consequently, the trade balance of a nation may be strained, which can also impact Goyeo. The economic importance of trade balance figures varies per nation (Giri et al., 2019). Exposure to trade data might cause substantial currency swings in nations with little foreign exchange reserves. The trade balance is often the most important component of the current account, which investors and market professionals actively monitor for signals of economic health. The current account deficit as a percentage of GDP is evaluated regularly for signs that the imbalance is becoming unsustainable and that currency devaluation is on the way (Stadler et al., 2018).

Conclusion

In conclusion, when developing new corporate plans and strategies, Goyeo needs to identify effective approaches that can help the start-up maintain sustainable growth in terms of trade, outsourcing, exporting, and logistics. An effective risk management approach should be developed to identify and mitigate the risks which can arise during business operations.

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