

Courtney Lee

Management research paper

Fall 2012

Management Considerations of an Import Company

When it comes to working with imports, or starting an imports company yourself, there are a great many considerations about the nature of the business that can have a drastic effect on the needs and objectives of management.

Walking through the process of importing goods will showcase a number of things to be considered:

First comes the process of choosing products and placing orders. Will you subcontract with a local company to make orders on your behalf? Will you create a 'home base' in the exporting country in order to have more control over the staff and the process? If so, will you hire employees that are natives in the other country, or take local employees and assign them overseas? These initial choices can lead to three completely different business models and staff structures. Having a small, domestic staff of English-speaking natives might be the easiest to manage, but risking outsourcing all of the importing process could carry heavy risks. Trying to manage two separate offices, with two separate staffs, in two separate languages could prove extremely difficult for a new company, but would give much greater control over delays and problems. And how much authority should be given to the top management overseas? Should everything be 'run by you' as the domestic manager, or should they be given the authority to take care of problems as soon as they arise?

Next comes the process of packing and shipping. When a company is small, it might be

wisest to just let those on the sending end wear a few different hats, and have packing be part of a few employees' job descriptions. Depending on the size of the order, it can then be shipped by the national post service, or can be loaded onto a private shipping vessel. Or would it be better to outsource the packing and shipping altogether? A third-party company can make a lot of the process much easier, deal with customs on your behalf, and offer insurance to assure that your order won't disappear, but sometimes even so, there could be a large risk of not getting your product on time. As a foreign-fashion lover myself, and a member of the related communities, I've watched many a nightmare story about orders arriving 6 months after they were originally intended, sellers dropping off the face of the earth, or things never coming at all.

In terms of inventory and stocking, will there be a warehouse with its own staff, a storage space attached to and managed by the main office, or will there be a constant flow of just-in-time orders to keep the business going?

Then there is the matter of how the goods will actually be sold. A brick-and-mortar shop, a webstore, and pop-up shops at relevant events are all to be considered. And a team to run a webstore is drastically different from a team running a retail boutique or imports shop.

Then of course there are the in-between tasks to be considered. Legal consulting on a regular basis to stay on top of taxes, paperwork, and customs fees, managing and timing the flow of orders to make sure stock arrives when it is needed, troubleshooting and contacting the right people when something goes wrong.

I think for my personal goals, and my intended future shop, things would progress from a small, cohesive team to a larger more complicated hierarchy of positions as time went on. Initially, starting from scratch and from investment capital, one could create a small team of associates to help run a brick-and-mortar, handle the paperwork, and process the outsourced buying and shipping. As the team grew, I could hire more bilingual employees to handle the

buying process, and communicate actively with the shipping services until a long-term agreement could be established. Legal consulting and a customs broker would also be hired from third-parties until the company was much larger, and a few employees could be set up to run a webstore after an initial set-up period, wherein the website design and coding could be commissioned.

The actual planning itself also offers unusual planning obstacles. Planning budgets, revenues, and profits all in two currencies, with a fluctuating exchange rate, could significantly complicate the buying and selling process. Finding overseas suppliers from which to buy the desired imports could also prove difficult. Any short-sight or lack of extra stock on the part of the suppliers could disrupt the whole chain of events and slow down business.

I've also heard of a variety of issues arising from inappropriately-labeled customs items, which are then held and inspected, possibly for months, of the issues of payment and fraud when both companies are under separate laws. One solution to this is Letters of Credit that one can obtain to make sure payment is given appropriately. The issues of markups and appropriate pricing are also a constant issue. Is it better to have a large selection of items that all have to be marked up higher to reflect small-batch shipping costs, or to buy large backstock of a few products that are more likely to sell well?

There are issues of licensing, permits, having appropriate business documentation in both countries, and ensuring that neither practices or materials going into the imported goods would be objectionable to either government. There are legalities involved in marking certain types of goods with country-of-origin labeling.

One has to consider the shipping process. Which is the lowest cost, best long-term value, or most environmentally friendly?

I imagine organizing and leading would be very interesting across several locations or in

two different languages, but hiring bilingual employees as the company grows could help things run more smoothly. As the company grows, promoting from within and diversifying tasks will help ease the growing pains. If anything, I think one of the most frequent and prominent problems will be trying to keep employees from wearing too many hats and becoming overwhelmed. Expansion and the importing process itself could be divided up into 'projects' that could then be handled more easily, rather than being one constant stream of 'buy-sell-grow'. Then monitoring and analyzing data based on these 'projects' will give much better and more readable feedback about which tasks are going well, which need to be reworked, and which might have been fumbled by the employees or a lack of resources.

In terms of having two bases, one at home and one overseas, the best thing to do would most likely be to start domestically, then start sending domestic employees overseas to oversee different parts of the process with increasing frequency, until a few employees would be comfortable enough to move there semi-permanently, starting the sending-end branch and hiring native employees until, if they so desire, the native employees can take over and the original employees can return home. Obtaining the extra licensing, paying extra fees, and leasing another space in the sending country would be a significant expense not to be taken lightly, but would also start the business on the road to self-sufficiency and vertical expansion. Being completely self-run is smarter in the long run, but only if the business can afford it, and keeps up with the legality of every new department it adds along the way.

But overall, I think it would be a great business for starting out small and working up, with the assistance of a number of third-party services.

Article: Advantages and Disadvantages of Indirect Exporting

<http://importexport.about.com/od/DevelopingSalesAndDistribution/a/Indirect-Exporting-Advantages-and-Disadvantages-of-Indirect-Exporting.htm>

[es-And-Disadvantages-To-Indirect-Exporting.htm](#)

Article: Manage and grow your Import and Export Business

<http://importexport.about.com/od/DevelopingSalesAndDistribution/u/ManageandGrow.htm>

Video: Balancing local and global HR practices

<http://www.businesswithoutborders.com/industries/importexport/balancing-global-and-local-hr-practices/>

Article: Becoming a certified global business professional

<http://importexport.about.com/b/2012/09/26/becoming-a-certified-global-business-professional.htm>

Video: Navigating an Uncertain World

<http://www.businesswithoutborders.com/industries/importexport/navigating-an-uncertain-world/>

Article: The basics of Importing Products from Overseas

<http://www.practicalecommerce.com/articles/430-The-Basics-of-Importing-Products-From-Overseas>