

6 Trade, Case study: Ashbury Guitars, page 53

Information file: KGC

Models	You want to supply three models in the first year: Ashbury SG1000, SG500, and SG200. The SG1000 will be costly to produce because it has advanced technical features.	
Quality	To reduce costs of production, at least 40% of the order will be manufactured by other Korean firms.	
Quantity	You want Ashbury Guitars to place a first order for 3000 guitars. You need a large order to cover the costs of setting up the production lines. Try to persuade Ashbury to buy a large number of the SG200 model because your profit margin on this guitar is high.	
List price (US\$)	Estimated cost of production	Prices quoted to Ashbury
	SG1000	700
	SG500	220
	SG200	140
		920
		550
		475
Payment	By bank transfer, as soon as the goods have been dispatched.	
Guarantee	One year.	
Delivery	June 30. If an earlier delivery is required, production costs will increase by 10% because of overtime payments to workers. Before June 30, the factory will be fulfilling orders for other customers.	
Discount	Your company policy is to offer new customers 3% off list price for a first order, and 5% for second and further orders.	
Exclusivity	You want an exclusive contract because Ashbury is a big distributor. It could be very profitable to do business with them in the future.	
Transport	Prices are FOB, Pusan (Korea). If CIF Francisco is required, your prices must be increased by 5%.	

11 Change, Skills, Exercise F, page 91

S Dubois, Production Controller

You have strong feelings about how to increase the company's profits. You believe it must produce the cars in a lower-cost country such as Korea or China. This would enable the price of the car to be kept at a competitive level. You are worried because labour costs have been increasing and this has reduced the profit margin on the cars. In your opinion, the price of the car should not be raised. You think that production could be increased by 10% a year if more power-driven tools were used to make the body of the car.

2 Brands, Starting up, Exercise C, page 14

Top 10 global brands

1 Coca-Cola	5 Ford	8 McDonald's
2 Microsoft	6 Disney	9 AT&T
3 IBM	7 Intel	10 Marlboro
4 General Electric		

Source: Interbrand/Citibank 1999

Companies ranked according to:

Weight (market share)	35%
Breadth (cross section of society reached)	30%
Depth (brand loyalty)	20%
Length (brand-stretching ability)	15%