Norden Corporation Business Expansion into India

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Executive Summary

Taking a look at the companies that are gaining popularity in the field of shipping, undoubtedly Norden Corporation is doing its best. For decades, it has been doing business in various countries, and it is planning to expand its business to India. In the European market, it has a great deal of experience, but now, looking at the international market, it is becoming more interested in exporting products to India. Making a perfect business plan for launching a business in India is the need of the hour for Norden, as its competitors are securing strong positions in the shipping market. While making a business plan, there are certain things that need to be focused on. Culture must be taken into consideration, as there is a huge gap between European and Asian cultures. While making a plan for launching a business in India, the team needs to pay special attention to the frameworks, business strategies, concepts, and theories that must be implemented for launching a successful international business plan (Aarland et al., 2018). Circumstances are different in European and Asian countries, so keeping this fact in mind, an analysis of potential economic, political and legal conditions is necessary. It is not compulsory that products that are launched and run successfully in European countries are going to be equally popular in India. Business ideas being proposed by the team for India would have different operations (Andrikopoulos et al., 2019). There is a need to make different strategies depending upon the operations to be introduced, the analysis, and the products that are planned to be launched in India. The central focus of this company is to launch shorter-term agile management and operator activities while focusing on the reduction of long-term cyclical exposure, as experts believe that return opportunities, as well as risks, are higher for this corporation.

Introduction

Norden Corporation is a Danish shipping company that operates in the tanker segment and dry cargo worldwide. It is interesting to note that Norden Corporation is one of the oldest shipping companies, founded by Mads Christian Holm in 1871. This company mainly deals in dry cargo and tankers and was named after its first vessel, a Glasgow-built steamship. It operates in various countries and has offices in places such as Shanghai, Annapolis, Rio de Janeiro, Melbourne, Vancouver and Singapore. Its head office is based in Hellerup (Copenhagen), Denmark. One of the central areas of focus of Norden Machinery for almost the last 80 years has been advancing the tube-filling system. There are

different products that Norden deals in, and it has been seen that India is one of the countries that is getting the attention of Norden Corporation (Farley et al., 2019). Though it has been one of the leading shipping companies since 2002, DS RORM has become its rival and tried to take over. TORM acquired almost a 33% stake in Norden, but this attempt was still unsuccessful. In 1884, Norden became a founding member of the Danish Shipowners Association. It is also a member of multiple international organizations, i.e. Intertanko, ICC and BIMCO.

Economic, Political And Legal Analysis Of The Potential Trading Country

Norden Corporation, which is interested in exporting its product to the Indian market, has to do an in-depth economic analysis of both countries (India and Denmark). The economic conditions of the potential trading country are important for designing how the business is going to be launched in the host country (India), which market is going to be targeted, what the economic crises and strengths of the targeted market are, and what plans should be made beforehand regarding risk management. In international business, economic planning and analysis are both regarded as techniques for managing an economy (Pham et al., 2019, p. 9). There are various sources that make the structure of an economy complex, and undoubtedly, an economically developing country such as India could witness a number of challenges that Norden needs to keep in mind. The Indian economy is the world's seventh-largest economy when viewed from a nominal GDP perspective. The Indian economy is also the third-largest economy by purchasing power parity.

Economic analysis of the shipping business in India showed that it is one of the emerging stars in the shipping business in Asia, as almost 70% of the value of 95% of trade is transported by shipping. Norden became interested in expanding its business to India because India has 12 major and 187 non-major ports, and in the near future, India will emerge as one of the biggest names in the shipping business. The cargo traffic ratio in India in 2015 was recorded at 1052 million Metric Tons (MMT). Because of its strong partnerships and democracy, the fast-growing Indian economy is expected to become one of the top three economic powers in the world in the coming 10-15 years. There is no doubt that the shipping business is essential for the development of economic activities, as international trade, regardless of country, needs ships for transporting cargo from the place of production to the place of consumption.

It is a basic principle of business that no company wants to invest money in a place where it is not going to make a profit. The basic aim of expanding Norden Corporation's business to India is that it wants to gain 100% profits, as it needs to compete with its competitors in the market. India, on an individual basis, is doing well in the shipping and trading industry, so the expansion of Norden Corporation's business would be supported by the economy of India and prove beneficial to the shipping and trading business. According to the reports, during FY18, the cargo traffic was around 679.36 million Metric Tons (MT). In 2019, an increase in cargo traffic was reported, and profit

increased by 2.90 per cent year on year.

To strengthen the Indian economy, the government of India is taking great initiatives that would contribute a lot to making it stronger. The Interim Union Budget was announced by the Union Minister for Finance for 2019-2020. The GDP of India is expected to reach 6 trillion dollars by FY 27, which would support its globalization program. Norden could double its profit if it starts a business in India, as India is mainly dependent on the import of crude at the international level, so it needs a large number of both crude and gas carriers. It is interesting to note that Indian carriers operate only a few container ships, unlike carriers used globally. So, using the business theories and frameworks that would best suit the strategies and operations of Norden Corporation, Norden could expand its business in countries like India.

Politics plays a major role in the development of any business in a country. Economy and laws are the two factors that question the role of political instruments, groupthink bias and levels of development. The emergence of procedural simplification and deregulation needs to be revisited, as these are the reasons behind over-regulation. The future of maritime, cargo and tanker services is expected to serve several functions for the alternative institutions by keeping governance simple for performing other functions, i.e. mainstreaming and advisory services, etc. The concept of maritime and trading services without political support cannot be considered productive for future planning. It is important to keep the political atmosphere of India in mind while making plans for the development of business with India. Norden Corporation needs to take into account the fact that India is a democratic country where business and policies for trading with international companies are made and passed by the political parties that are in power.

While making a report for Norden Corporation, which is interested in establishing business relations with India, the legislation of the trading country must be taken into consideration. Legislative bodies are a driving force in making a business successful, as policies are going to be designed. There is a need to examine the relationship between Denmark and India, and the kind of international interaction they have must be considered while setting the business policies between Norden and India. One of the factors helping Norden expand its shipping business (cargo and tanker services) is that India’s policies and legislation support the expansion of international business. Legislation and taxation policies are made by taking international trading rules and regulations into consideration. Legal analysis of the Indian Constitution shows that legal policies are being made to facilitate trade relations among various countries. Indian legislation and constitutions are made not only to protect the legal and basic rights of Indian companies and employees who are working in the shipping industry but also to make legal policies that benefit international business partners. At the international level, trade has become an important source of revenue for India, and it is the 9th largest commercial importer. After analyzing the legal conditions and policies of India, it won’t be wrong to say that legislative bodies are more concerned with protecting the rights of international investors. It is important for Norden Corporation to understand the Indian regulatory and legal environment for the better operation of its business concepts. India, being an emerging name among world economies, has become the centre of attention for foreign investors.

Trade Area And Cultural Analysis

Taking a look at international reports and world rankings in the area of trading, it has been witnessed that India is emerging as the next economic power of the world. The trading market is making its name, and India is becoming the first Asian country in trading areas. It is becoming the centre of attention for many international corporations that are doing business and want to expand it as well (Nowińska et al., 2019, p. 163). The area that is being focused on by Norden for expanding its business in India is the shipping industry, taking into consideration the number of ports present in India. Though Norden has been doing business in the shipping industry with many European countries for decades, in the case of India, Norden needs to be more critical, as it would be its first time exporting its business to any Asian country.

One of the main factors that has been analyzed is the cultural difference that exists between the two countries (Denmark and India). The cultural difference would influence the trade relations of both countries to a great extent. As already mentioned in the report, shipping through tankers is used for the transportation of liquids that also include alcohol, but cultural differences must be considered (Jørgensen et al., 2018). It cannot be denied that international business not only deals with the transportation of goods across borders but also across different cultures. Culture is the main factor that shapes and influences the thinking, behavior and communication of people. Negotiation is greatly affected by cultural differences.

For exporting or expanding business on an international level, every corporation needs to keep in mind that a good understanding of each other's culture would help in making the collaboration successful. Norden wants to enter the Indian shipping industry, and one of its primary concerns should be teaching its employees about Indian culture and the cultural issues that they may face. If people on both sides understand each other's culture, only then will they be able to build a healthy relationship. Culture involves various elements, i.e. religion, values, traditions, belief systems, attitudes, education, laws, politics and social organization.

It won't be wrong to say that cross-cultural challenges must be resolved through mutual cooperation. In the case of India, there would be a clash in traditions, beliefs and workplace etiquette. Analysis of the cultural difference shows that Norden Corporation needs to be more careful in narrowing the cultural gap, as it has zero experience in how to launch or expand its business in any Asian country; though it is doing business with many other European countries, it has never expanded its business terms with any Asian country before, so it would be a little tough in the beginning to understand each other's culture and remove any confusion (Skovgaard et al., 2018, p. 281). Analysis of various international corporations shows that when cultural differences are resolved, business efficiency seems to be enhanced to a great extent. In the trading area, especially when it comes to shipping, it would become necessary for Norden to minimise the cultural gaps so that set goals could be achieved (Theotokos et al., 2018). Although cultural differences exist, India, as an emerging name in the international market, has shown cooperation in resolving any sort of issues. Flexibility in India's

attitude is one of the reasons why it is becoming the strongest economy in the world.

Planned Operation Of The Proposed Business

Operations mean anything that is necessary for running an organization or corporation. Shipping is the proposed business that Norden wants to conduct in India, so the operations that would be involved in this proposed business would include equipment (cargo and tankers), processes that are a must for the functioning of the corporation, and people who would plan how things would go (Keskinen et al., 2019, p. 289). Operations would be considered planned only when the administrations of both Norden Corporation and Indian shipping companies convert maximum amounts of labor and material into services and goods to increase the efficiency of operations. As the business that is being proposed to India is shipping, all the operations would be planned according to the strategies that would be helpful for promoting and expanding Norden's shipping market at an advanced level.

Planned operations not only help in maximizing the efficiency of the proposed business but also, at the same time, require a proper framework for dealing with the risks involved. For operational management, risk analysis is of great importance. The central focus would be on foundational issues. Considering the risk while making any decision would help in predicting effective solutions as well. It has been seen that in the case of maritime shipping, a few of the theoretical frameworks are quite important, i.e. traffic conflict technique, system simulation and Bayesian Networks. Though spills from tankers rarely occur, they are still a major concern for the stakeholders, as environmental protection also needs to be the primary focus of Norden Corporation.

Ship-to-ship transfer operations are seen more and more as the size of vessels grows compared with the size of ports and terminals. Most of the plans involve STS operations for providing solutions to delays and avoiding traffic. STS transfer is one of the safest shipping methods. Most STS operations are used for liquid cargo, but at the same time, they could be used for dry cargo as well (Lien et al., 2019). Planned operations for shipping involve proper planning by taking political, legal and social circumstances into consideration, as the efficiency of Norden Corporation would be determined by the circumstances of India through mutual cooperation that would help Norden achieve the set goals.

Norden Corporation wants to expand its shipping business to India, but it cannot be denied that it has no experience in any Asian country. Though it has long been working with a number of European countries, proper planning is still needed for the successful launch of Norden Corporation in India (Woo et al., 2019, p. 3). India is successfully running its trade business with other international companies, and ports in India have become the centre of attention for Norden Corporation.

Proposed Products/Services

One of the main things that anyone wants to know is the product or service that a company wants to provide. As Norden is interested in exporting its business to India, for both professionals and the general public, the main question would be about the product or service that would be offered to them. Though there are various products that Norden is offering worldwide, as far as exporting or launching business in India is concerned, Norden, taking into account the richness of ports and emerging trade, wants to export its shipping business there as it has done in other European countries before. Talking about the services and products that Norden wants to launch in India, dry cargo and tanker services come at the top. India would be the very first Asian country where this international corporation wants to export its business, as it has in other European countries.

In a business context, it cannot be denied that an international corporation would invest in or export only a business that it thinks would earn more reputation for it and would contribute greatly to making its position more secure in the international market. Likewise, Norden, considering its popularity in the trading industry, wants to give its helping hand to India, so it would give India some benefits while taking some advantages internationally as well, as this is the true spirit of doing business. Any business in which a company offers its services and products first focuses on the long-term benefits that it is going to have from the other country. Keeping an eye on the growth in the trading field and the richness of ports, Norden is interested in offering its shipping services to India.

India is one of the biggest importers of consumer goods, and for trading, India needs cargo and other shipping materials so that smooth and flawless transport of goods can take place (Heide et al., 2019, p. 11). Though there is a long list of products, the kinds of products and services offered to other countries depend upon the country with which Norden wants to initiate its business at an international level. Taking a look at the circumstances and business environment, Norden offers shipping services (tanker and cargo services).

One of the main things is the product knowledge that Norden needs to provide to the Indian shipping corporations with which it is going to develop business terms. Dry cargo ships are used for carrying solid dry goods that resist heat and cold. Materials that are used mostly for transportation purposes include coal, iron, steel, forest products, grains, etc. (Serry et al., 2019, pp. 9-25). Vessels are well-equipped with machinery that would help in the loading and unloading of the material. Taking a look at international trade, it has been seen that dry bulk shipping has become popular as more material is being transported from the point of production to the point of delivery.

On the other hand, the second product that is being offered by Norden for expanding its business to an Asian country (India) is a tanker (Gilbert et al., 2019). It is a special ship designed for the transportation of stored liquids and gases. Major types of tanker services that are offered to India include oil tankers, chemical tankers, and gas carriers. It is important to note that these tankers are also used for the transportation of molasses, wine and vegetable oil as well (Tørum et al., p. 113). For

making a successful business plan and an offer that other countries would accept wholeheartedly, it is important to take into consideration the needs and demands of the country in which Norden is interested in expanding its business. So, it could be said that analyzing the target market before offering a business deal is necessary for the business because, if the offer is as per the requirements of the country, the target market or country will accept the offer of selected products or services.

Planned Financing

In making a business plan for a company like Norden Corporation, where investments would be greater, it is important to pay more attention to financing. In 2018, Norden invested more money in order to increase tanker capacity and the growth of Dry Operator. Financial strategies that would be made for a business plan for India could be influenced by the social and political circumstances of the country in which the business is going to be launched (India). The financing plan of Norden Corporation should be pre-designed, as proper planning is needed. Planned finance helps in determining how Norden's business will achieve its set goals and objectives by taking affordability into consideration (Greenhalgh et al., 2019, pp. 501-517). After setting the vision and objectives, it is important for Norden to create a well-structured and well-designed financial plan. Assessing the business environment of India is important for making a financial plan. Planned finance will help Norden in the correct allocation of funds and in determining how Norden's set trading goals would be achieved. Planned finance is equally as important as setting up a business (Omrani et al., 2016, p. 123). For smooth and proper business functioning in India, Norden's financial team needs to focus on properly planned finance.

Before making a proper financing plan in India, it is important for Norden to take a look at risk management factors, cash flow, taxation, legal compatibility, etc., so that future problems and their solutions can be predicted. Before jumping into the Indian trading business, Norden needs a planned finance strategy and must take a look at its financial condition as well as the development of financial goals. The financial strategy should be a plan that takes into account the legal and financial circumstances of the target trading country. Planned finance would help both Norden and India. Planned finance helps in achieving the set goals of both countries, and proper planning helps in mitigating the issues. Planned finance helps to build and maintain good relationships between the partners. Financial stability not only seeks to help the approaching organization but, at the same time, helps the target trading country make progress at the international level (Ganesh et al., 2018). Norden Dry Operator is one of the highly sophisticated business models that focuses on constantly matching cargo with the vessel. Planned financing assists in creating results that would help in taking the right steps to make Norden a more successful international organization. Taking a look at the financial statements and conditions of Norden's other investments in European countries, the financial team should seek help from Asian financial experts, as there is a huge difference in the financial circumstances of European and Asian countries. Norden and its finance experts, while making a financial plan for launching the business in India, need to keep this in mind: because this is its first time in any Asian country, Norden needs to be more focused on things that it has been doing in other

European countries for years.

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