



**University of Azuay  
Faculty of Law**

School of International Studies  
Graduation Project prior to obtaining the Bachelor Degree in International Studies with Bilingual  
minor in Foreign Trade.

**INTERNATIONALIZATION OF MSMEs IN AZUAY, IMPORT PLAN FOR THE  
AUSTROFIL COMPANY**

**Authors:**

Paula Martina Carmona Ullauri  
Jennifer Carolina Vásquez Rea

**Director:**

Ramón Valdivieso

**Cuenca – Ecuador**

2021-2022

## GRATITUDES

I thank God

To my father, Hugo Carmona,

To my mother, Taly Ullauri

To my grandparents, Carlos and Elidio,

To my grandmothers, Rosario and Mircita

To my brothers, Samira, Andrés, and Nicolás

To my thesis colleague Caro with whom we started this path and we have achieved it

To my college friends who were always the support you need.

Carolina

I thank God for being my daily pillar of life, for the blessings and for being my support to get ahead.

To my family, especially my husband and parents, for always giving everything for me, for all their affection, love and patience in this process. To my brothers who gave me their help at all times,

Dear Pau, for being the faithful friend and companion that we all need to support us in every circumstance. Thanks for sharing this project with me.

## **SPECIAL THANKS**

To our director, Ramón Valdivieso,  
To our professor, Antonio Torres, for giving us the opportunity to work on this internationalization project, for all the knowledge provided throughout the course,  
Studex, for the advice provided on the use of Apa standards.

God bless each one of you.

## ABSTRACT

The community engagement project is based on the cooperation between the academy and the private sector. This project is focused on the Internationalization of MIPYMES of Azuay, coming to work together with Austrofil, a small company established 10 years ago, helping them to internationalize through an import project.

To achieve the proposed objective, an internationalization audit was realized, which allowed knowing the needs that the company must solve to proceed with the project.

Finally, through an improvement plan, different solutions and easy-to-reach recommendations were provided, also an import plan was made for the company, which will help Austrofil to get closer to the international market.

## TABLE OF CONTENTS

ABSTRACT4

### CHAPTER 1: State of the Art on the Internationalization of MSMEs9

#### 1. Introduction9

##### 1. 1 Traditional Theories of Foreign Trade10

###### 1.1.1 Absolute Advantage10

##### 1.1.2 Comparative Advantage11

###### 1. 1.1.3 Two countries, two factors, two products Eli Heckscher and Bertil Ohlin14

#### 2. Competitive Advantage of Nations16

##### 1.2 Theories of Internationalization17

###### 1.2.1 Uppsala model. Gradualist Theory17

###### 1.2.2 Born Global Model18

###### 1.2.3 Psychological distance, Hofstede model19

###### 1.2.4 Internationalization for imports20

###### 1.2.5 Competitiveness in Internationalization21

##### 1.3 MSMEs Theories21

###### 1.3.1 MSMEs according to the Andean Community of Nations, CAN21

###### 1.3.2 MSMEs according to the Inter-American Development Bank, IDB.22

###### 1.3.4 Continuous Improvement22

#### 1.5 CONCLUSION23

### CHAPTER 2: Internationalization Audit for Imports24

#### 2.1 Introduction24

#### 2.2 General diagnosis of the company "Austrofil"25

##### 2.2.1 History25

##### 2.2.2 Audit Process25

##### 2.2.7 Self-assessment: Project development status32

###### 2.2.7.1 Table of Decisions.35

##### 2.2.8 Internal Diagnostic Results.35

#### 2.3 Development of an audit model for imports36

##### 2.3.1 Adaptation of Export-Audit to Import-Audit36

##### 2.3.2 Methodology36

2.3.1 Rating table	37
2.4 Fieldwork, data collection in Austrofil, and application of the Imporaudit.	38
2.4.1 Administrative Department	38
2.4.2 Department of Information Development or Business Intelligence	42
2.4.3 Marketing Department	45
2.4.3.1 Marketing Department.	46
2.4.4 Purchasing Department.	46
4.4.1 Purchasing Department Analysis	47
2.4.5 Sales Department (Credit and Collections)	48
2.4.6 Finance Department	50
2.5 Results Table	52
2.6 SWOT Analysis	53
2.6.1 STRENGTHS	53
2.6.2 Opportunities	53
2.6.3 Weaknesses	53
2.6.4 Threats	54
2.7 Conclusion	54
<b>CHAPTER 3: Preparation of a business improvement plan for the internationalization of Austro</b>	<b>55</b>
Introduction	55
3.1 Pareto Chart	56
3. 2 Barriers to internationalization	58
3.3 Business Improvement Plan	58
3.3.2 Actions to carry out	63
3.3.2.3 Recommended certificates for Foreign Trade operations and continuous improvement	64
3.4 Deming Cycle	65
3.4.1 Planning	65
3.4.1.1 Objectives	66
3.4.2 Doing	66
3.6 Improvement Recommendations.	70
3.6.1 Administrative Department	70
3.6.2 Purchasing department.	71
3.6.3 Marketing	72
3.7 Sales and Collections Department	76

3.8. Business Model Canvas for Austrofil	77
<b>3.9 Conclusion</b>	<b>78</b>
<b>CHAPTER 4:</b>	<b>79</b>
<b>Construction of an Import Plan</b>	<b>79</b>
<b>Introduction</b>	<b>79</b>
<b>4.1 Analysis before the import process</b>	<b>80</b>
4.2.1 Procurement Logistics	80
4.2.2 Selection of supplier country	81
4.3.1 Analysis of trade agreements	81
4.3.1 Negotiation	82
<b>4.1. The Import Process:</b>	<b>83</b>
4.1.2 Register in ECUAPASS:	84
4.1.3 Obtain Importer Registration	84
4.1.4 Customs clearance:	84
<b>4.5 Case Study Import of Austrofil from Colombia to Ecuador</b>	<b>85</b>
4.5.1 Supplier selection	85
4.5.2 Choice of the product to import	86
4.5.3 Import Licenses or Technical Barriers:	90
<b>4. 6 Imports GALLON GLOBAL OIL MAXLUBE 20W50 SL</b>	<b>90</b>
Disembarkation and nationalization of merchandise:	90
4.6.1 Calculation of import costs	92
<b>Import Calculation</b>	<b>Error! Marcador no definido.</b>
<b>Conclusion</b>	<b>78</b>

**LIST OF TABLES**

Table 1: Comparative advantage.....	11
Table 2: Comparative advantage.....	12
Table 3: Comparative advantage.....	12
Table 4: Comparative advantage.....	13
Table 5: Classification of companies according to CAN .....	21
Table 6: Austrofil product portfolio.....	28
Table 7: Audit Variables .....	33
Table 8: Diagnosis of Austrofil.....	35

<b>Table 9: Decision Table.....</b>	<b>36</b>
<b>Table 10: Valuation for Internationalization Audit.....</b>	<b>38</b>
<b>Table 11: Audit Administrative Area .....</b>	<b>42</b>
<b>Table 12: Audit Department of Information Development or Business Intelligence .....</b>	<b>44</b>
<b>Table 13 Marketing Department Audit.....</b>	<b>46</b>
<b>Table 14: Purchasing Department Audit.....</b>	<b>48</b>
<b>Table 15: Sales Department Audit.....</b>	<b>50</b>
<b>Table 16: Financial Department Audit.....</b>	<b>52</b>
<b>Table 17: Results.....</b>	<b>54</b>
<b>Table 18: Pareto Chart 2021.....</b>	<b>59</b>
<b>Table 19: Austrofil improvement plan.....</b>	<b>61</b>
<b>Table 20: Area for improvement Administrative Department.....</b>	<b>70</b>
<b>Table 21: Best Area: Purchasing Department.....</b>	<b>71</b>
<b>Table 22: Area for improvement: Marketing.....</b>	<b>72</b>
<b>Table 23 Product Import.....</b>	<b>88</b>
<b>Table 24 Import calculation.....</b>	<b>94</b>

**LIST OF FIGURES:**

<b>Figure 1 Theory of Comparative Advantage.....</b>	<b>14</b>
<b>Figure 2 : Organization chart of Austrofil.....</b>	<b>26</b>
<b>Figure 3: Products.....</b>	<b>29</b>
<b>Figure 4:Products.....</b>	<b>30</b>
<b>Figure 5:Products.....</b>	<b>30</b>
<b>Figure 6 :Products.....</b>	<b>30</b>
<b>Figure 7:Products.....</b>	<b>31</b>
<b>Figure 8: Products.....</b>	<b>32</b>
<b>Figure 9: Products.....</b>	<b>32</b>
<b>Figure 10: Canvas Model.....</b>	<b>86</b>
<b>Figure 11: MAXLUBE Technical Data Sheet.....</b>	<b>88</b>
<b>Figure 12: MAXLUBE Technical Data Sheet.....</b>	<b>88</b>
<b>Figure 13 Requirements for INEN 2027 Registration.....</b>	<b>90</b>



## **CHAPTER 1: State of the Art on the Internationalization of MSMEs**

### **1. Introduction**

MSMES (Micro, Small and Medium Enterprises) are small companies born from business venture ideas. These are generally comprised of family businesses that gradually become involved in product market segments. The process to internationalize this type of smaller companies results difficult without the necessary support and knowledge, or capital to develop this type of project.

Austrofil is a MSME that sells lubricants, filters for the automobile sector in the region. We have chosen to work with them to be able to jointly develop an internationalization plan that will benefit the company's growth, as well as its continuous improvement process.

To make this project possible, it's necessary to take into consideration different concepts and theories of foreign trade. This first chapter will discuss the theoretical bases for internationalization projects that will help to better understand how they are carried out.

The theories to be analyzed comprise the basis of what foreign trade means. This will help to clarify the mistaken idea that internationalizing a brand means to export products, and that only in this way a business can become to be related to the foreign market; however, this is not the case, internationalization goes far beyond just exporting.

Internationalizing a brand includes several processes that indicate that a company has developed conditions to play a role in foreign markets. One of these processes can be importation of products, given that a relationship with a supplier from another country, benefits the company's presence in the local and international markets.

The theories that will be used in order to develop the internationalization project for Austrofil company will be discussed next.

## **1. 1 Traditional Theories of Foreign Trade**

### **1.1.1 Absolute Advantage**

Foreign trade has several theories that can be considered as traditional; and Adam Smith's theory of Absolute Advantage is one of them. The theory proposed in his 1776 book "The Wealth of Nations," indicates that it's possible to have a positive-sum game where all trading partners can benefit, helped by the invisible hand that decides what a country should import and export (Hill, 2011).

The theory of Absolute Advantage put an emphasis in that countries understand the dynamics of trade, and how it was evolving at the time. This demonstrated the importance of having a dynamic trade that could benefit everyone, since each country involved could benefit from the products or services that were scarce within its borders. That is the reason behind Adam Smith's thinking that in 1776 proposed the theory of Absolute Advantage, which claims that each country should specialize in the production of goods in which they have the best advantage, in other words, to focus more on doing what they do best (Hill, 2011).

From Smith's point of view, trade was seen as a positive sum-game, since all the parties involved could benefit. This has served as a key concept that each country must specialize in the production of the good in which they have absolute advantage, these being the most efficient good in their production than any other. In this way, the dynamics of international trade would be much more beneficial for all, exchanging one country's most efficient goods for another country's most beneficial products. This is better explained by understanding the international division of labor, where each country must specialize in the good that they best produce, for instance: if we analyze factors such as time, work, capital where Country A is better at producing coffee than sugar and Country B is better at producing sugar than coffee, Country A should specialize in producing only coffee and Country B only in producing sugar. This is what Smith considered absolute advantage.

For the international sphere, from Smith's perspective, cooperation, specialization, and exchange of goods between countries were considered important characteristics for the world's economic progress (Cho & Moon, 2002). Such was the case of France and England, in which both countries specialized only in the production of their star product, France would manufacture wine, while England textiles, thus, by exchanging them, both would have the advantage of acquiring these products at a lower price. (Hill, 2011, 157)

### **1.1.2 Comparative Advantage**

Over the years, some have questioned the theory proposed by Smith, such as, What happened if a country had the absolute advantage in the two goods to be traded? Therefore, several economists decided to make certain contributions to add to Smith's idea, one of them was David Ricardo, who presented Comparative Advantage. For him, two countries could benefit from international trade regardless of whether one country is superior to another in the production of the two goods. Ricardo tried to give a better explanation and tried to address much more than Smith in the Theory of Absolute Advantage. According to some authors, Ricardo's theory refers to: "the superior country should specialize where it has the greatest advantage and the inferior country should specialize where it has the least absolute disadvantage" (Cho & Moon, 2002, p. 7).

Ricardo's idea was mainly based on the fact that countries should specialize in products that are produced more efficiently and are better elaborated, and source products that have not been produced efficiently, even if these can be improved over time. There are two factors to take into account, work and distance, that is, labor costs and exchange relations so that in this way there is a commercial exchange that helps facilitate free trade in an optimal way (Hill, 2011 ).

The idea presented by David Ricardo is explained in the following chart: Two countries, Ghana and Korea, with 200 resources in total in each country. Ghana has an absolute advantage in cocoa and rice. In Ghana it takes 10 resources to produce a ton of cocoa and 13 resources for a ton of rice. Ghana can produce 20 tons of cocoa without rice, and 15 tons of rice without cocoa (Hill, 2011).

Table 1 Comparative advantage.

<b>GHANA</b>		
<b>PRODUCTION</b>	<b>MEANS</b>	<b>TONS</b>
Cocoa	10	1
Rice	13	1

Source: (Hill, 2011).

Table 2: Comparative advantage.

<b>COCOA</b>	
10	1
200	20
<b>RICE</b>	
13	1
200	15

Source: (Hill, 2011).

In Korea, 40 resources are needed for a ton of cocoa and 20 for a ton of rice. That is, Korea can produce five tons of cocoa without rice, and 10 tons of rice without cocoa.

Table 3: Comparative advantage.

<b>COREA</b>		
<b>PRODUCTION</b>	<b>MEANS</b>	<b>TONS</b>
Cocoa	40	1
Rice	20	1

Source: (Hill, 2011).

Table 4 and 5: Comparative advantage.

<b>COCOA</b>	
40	1
200	5

<b>RICE</b>	
20	1
200	10

Without trade, each country must consume what it produces, the combined production would be:

Total, Cocoa: 12.5 tons

- Ghana 10 Tons

- Korea 2.5 Tons

Total, of rice: 12.5 tons

- Ghana 7.5 tons

- Korea 5 tons

Figure 1 Theory of Comparative Advantage



Taken from: (Hill, 2011, p. 160)

It is important to go beyond the absolute advantage, and understand the comparative advantage, since the two countries can increase their production of rice and cocoa, and it is possible to have more of both goods. With trade: “Ghana produces four times as much cocoa than South Korea, but only 1.5 times as much rice. Ghana is comparatively more efficient in producing cocoa than rice” (Hill, 2011, p. 160). In simple words, comparative advantage indicates that: "consumers of all nations can consume more if trade restrictions are not imposed" (Hill, 2011, p. 161).

### 1. 1.1.3 Two countries, two factors, two products Eli Heckscher and Bertil Ohlin

David Ricardo's theory of comparative advantage was further developed by economists Eli Heckscher and Bertil Ohlin. This theory is an extension of the theory of comparative advantage in which the factor endowment, that refers to the resources that a country possesses, including labor, land, and capital, is also taken into consideration (Hill, 2011).

These economic theories were based on the following assumptions (Pimentel Linares, 2015, p. 43):

1. There are two countries, two uniform goods and two uniform factors of production whose initial levels are fixed and are assumed to be different in each country.
2. The technology is the same in both countries; that is, the function of production is the same. Production is characterized by constant returns to scale for both goods in both countries.
3. Tastes and preferences are the same in both countries. Furthermore, for any set of product prices, both products are consumed in the same amounts relative to all income levels.

4. There is perfect competition in both countries.

5. Factors are perfectly mobile within each country and are not mobile between countries.

6. There are no transportation costs.

7. There are no policies that restrict the movement of goods between countries or that interfere in the determination of prices and market products.

This is how Heckscher and Ohlin base their theory that comparative advantage is determined by the interaction between a country's resources, the relative abundance of factors of production, and technology. Evidencing its interaction between abundance and the intensity with which these resources are exploited. It also concludes that each economy produces two goods and that two factors of production are required to produce those goods. The same factors are used in both industries, Land and Labor. In this way, a country would export its most abundant factor and import what it doesn't have available. (Under Blonde, 1996, 14-16)

As well as that, their theory is based on the factor endowment, this being the amount of resources such as land, labor and capital that a country has. It can be understood that nations are endowed with various factors, which can be used at the time of trade, this is how the different factors are used to generate greater production in goods. This theory explains that when a factor is more abundant, the same is cheaper, therefore countries take advantage of the factors that exist in larger amounts within its borders, and export goods that result from them, while at the same time, those that are made with the factors that are less accessible within its borders, will be imported from other countries. (Hill, 2011, 167)

## 2. Competitive Advantage of Nations

In 1990, Michael Porter, a Harvard student, published an article that determined why some nations prosper and others fail in terms of international competition, studying 100 industries from 10 countries. For Porter, competitive advantage revolves around the idea that a company is capable of producing and generating the product or service for which buyers would be willing to pay with relation to their competitors, whose lower prices don't affect the market, which compensates for the higher price. For Porter, "A company is considered profitable if the value that it is capable of generating is higher than the costs incurred in creating the product. Therefore, instead of costs, we should use the concept of value in the analysis of competitive position". (Díaz Fernández, 2009)

Porter stated that there are four factors that determine the competitive environment of local companies, these factors can hinder the creation of a competitive advantage, these attributes are:

**Factor conditions:** The situation of a nation in terms of production factors, such as infrastructure, trained workers, that help to compete in the industry. These factors can differ from others depending on the investments made either in the company or by the Government, these being investments in education, public investment, improvement of the standard of living and knowledge that stimulate research by the population. (Hill, 2011, p.174)

**Demand conditions:** These are the different characteristics of the internal consumer of a given product. This demand makes companies more interested in improving their capabilities and drive them to offer better products. If consumers in their country are demanding, this will help meet the needs of the international demand. (Hill, 2011, p.175)

**Related and supporting industries:** This groups foreign trade sectors to be able to achieve a firm advantage worldwide, having better results when offering a product. For example, Germany and its textile and clothing sector have excellent quality cotton, fibers, high-end machines, this means that clothing is offered with high quality standards. Having the knowledge of the Germans will spur innovation depending on the level of ideas exchanged among competitors. (Hill, 2011, p.175)

**Firm strategy, structure, and rivalry:** These are the conditions that determine the organization and management of companies and their rivalry with the competition. Porter points out that countries have different administrative ideologies that stimulate or hinder the achievement of a



national competitive advantage. He also says that there is an advantage when there is internal rivalry, this means that there is a competitive advantage within a sector, causing companies to seek improve their processes which would help to be better competitors at an international level. (Hill, 2011, p.176)

## **1.2 Theories of Internationalization**

### **1.2.1 Uppsala model. Gradualist Theory**

It can be said that the Uppsala model changed the perspective of internationalization, especially for MSMEs, given that most people who are in the world of foreign trade and negotiation usually believed that it's necessary that a company be large, successful with strong investment capital abroad to acquire international presence or to be related with international markets.

In 1975 the Uppsala Model was presented by Jan Johansson and Finn Wiedersheim-Paul, where it is not necessary for the company to be successful at the national or local level, in order to achieve internationalization. Rather, the Uppsala Model has another perspective which opts for a gradualist process (Oliveira, Figueira, & Pinhanez, 2018).

Companies, especially MSMEs, can gradually progress through stages that they meet at the national level that will help them gain experience to enter the international level. The creators of the Uppsala Model studied four Swedish companies, where as a result they were able to find: “empirical evidences that those firms started their international operation when they were comparatively small and followed a gradual development of their operations abroad rather than large, spectacular foreign investments” (Johanson & Wiedersheim, 1975, p.305)

This model predicts that the company will gradually increase its committed resources in a specific country as it gains experience of the activities carried out in said market.

Where there is talk about entering the international market, it is necessary to comply with 4 stages of the development phase (Johanson & Wiedersheim, 1975, p. 307):

1. Sporadic or non-regular export activities.
2. Exports through independent representatives.
3. Establishment of a commercial branch in the foreign country.
4. Establishment of productive units in the foreign country.

The Upsala model seeks to achieve an optimal evolutionary process in terms of knowledge about exporting/importing. It is pointed out that the lack of knowledge about foreign markets is a big obstacle to achieving the objectives. That is why the accumulated experience, which is acquired gradually through experience in international markets will come handy. (Oliveira, Figueira, & Pinhanez, 2018).

For this project, the presented model would be adapted for the gradual importation of products where the following stages would be applied for the development of the project.

1. Sporadic or non-regular import activities.
2. Imports through independent representatives.
3. Establishment of a commercial branch of the foreign country in the national country.
4. Establishment of productive units of the foreign company in the national country.

### **1.2.2 Born Global Model**

The Born Global model refers to the group of entrepreneurial companies that were born to be part of the international markets. These are the companies that internationalize their activities in extremely short periods, generally skipping some internationalization processes. These companies usually are in international markets within their first three years of existence. (Leiva & Darder, 2008).

Born Global companies are characterized by their capacity for innovation, learning, and adaptation to interact with international markets. The concept of Born Global is also valid in the internationalization of MSMEs, which seek to enter an international level through imports in an accelerated manner and no longer gradually, or in stages.

Therefore, the Born Global model explains how a group of companies skips some phases of internationalization, reaching their objectives sooner, since the knowledge to enter foreign markets, which is acquired in a quicker and easier manner, for example, importing companies can adapt easily to work with international suppliers (Leiva & Darder, 2008, p. 11).

### **1.2.3 Psychological distance, Hofstede model**

This model was developed by Geert Hofstede, who analyzed and surveyed 88,000 employees using questions regarding cultural factors in 40 countries. The results of the studies carried out by Hofstede and other investigations made it possible to identify six dimensions to characterize different countries through basic cultural values (Chamorro, 2016).

Hofstede's wanted to explain people's attitudes towards certain everyday problems such as:

*1. Power Distance:* As its name implies, this dimension seeks to explain the existing inequality between social classes in which groups with less power in organizations accept that power is divided unequally, and how people feel about the existing division (Chamorro, 2016).

*2. Uncertainty Avoidance:* This dimension describes the degree to which a society feels threatened in situations of uncertainty, and therefore seeks statutory structures. Hofstede related this dimension to the existing stress in a society to face an unknown future (Hofstede, 2011).

*3. Individualism versus collectivism:* There are people who live in societies where belonging to social groups is prioritized, this is called collectivism. It is the sense of belonging to a group, such as family, school, and work. But there are also citizens who live in societies where the individual comes first, rather than the whole community, this is called individualism (Hofstede, 2011).

4. *Masculinity versus femininity*: A society is masculine when the emotional roles are clearly distinguished and separated. Men are supposed to be assertive, tough, and focused on material success. Whereas, a feminine society is supposed to be more modest, tender, and concerned with the quality of life (Hofstede, 2011).

5. *Long Term Orientation*: It the pursuit of virtues oriented towards future rewards, particularly perseverance and through savings (Hofstede, 2011).

6. *Indulgence versus Restraint*: Indulgence is the gratification of fulfilling human desires to enjoy life. On the other hand, moderation is defined as the conviction that gratification needs to be curbed and regulated by social norms (Hofstede, 2011).

#### **1.2.4 Internationalization for imports**

Part of the concept of internationalization refers to any activity carried out by the company in a country other than its country of origin, where imports of goods and services are part of the commercial flow of internationalization. In turn, they help the company to maintain relations and presence in international markets, through the purchase of raw materials so that the company can produce a final product or the sale of merchandise received from third parties (Canals, 1994).

The reasons that lead companies to seek internationalization through imports are the following:

- Stay in the market and find new business opportunities.
  
- Have international supply logistics.
  
- Innovation and competitiveness in the local market.

(Giménez & Espinosa, 2015).

### 1.2.5 Competitiveness in Internationalization

Competitiveness and internationalization work simultaneously to reinforce each other. They involve business resources for their operational development. The characteristics between internationalization and competitiveness are new technologies, identified product opportunities and business partners. It is important to mention that when a company manages to import a new product, it reflects its capacity for innovation, while it also reflects its differentiation from competing products (Vega, 2011).

The company must analyze the situations that involve the internationalization process and be willing to internally generate the dynamics of permanent transformation and adaptation to act successfully in various contexts. On the other hand, they are processes that are strategically linked with the actions of the States. States and companies have structural and functional responsibilities, since in this way they generate favorable conditions for local development and expansion outside the country of origin (Pinzón & Dary, 2014).

### 1.3 MSMEs Theories

#### 1.3.1 MSMEs according to the Andean Community of Nations, CAN

MSMEs are generally considered entrepreneurship projects compared to the large companies that are in the market. For the CAN, MSMEs are those who address the productive and social fabric of the Andean countries, since they generate employment, use labor-intensive technology and generate national inputs, for this reason their strengthening is a priority for this organization (CAN, 2013). See table 1.5 that explains the classification of companies.

*Table 6: Classification of companies according to the CAN*

<b>Classification of companies</b>	<b>Annual sales volumes</b>	<b>Staff</b>
Micro Business	Less than 100,000	1 to 9
Small Business	100,001 to 1,000,000	10 to 49
Medium Business	1,000,001 to 2,000,000	50 to 99
Medium Business	2,000,001 to 5,000,000	100 to 199

Big Business	5,000,001 to onwards	200 onwards
--------------	----------------------	-------------

Source: (CAN, 2013)

### 1.3.2 MSMEs according to the Inter-American Development Bank, IDB.

For the Inter-American Development Bank (IDB), MSMEs are not consolidated efficiently due to the lack of financing in the sector, this being their greatest barrier to being more productive and growing and facing large companies established within the countries. Therefore, it is necessary to help these small companies financially to propel their rapid growth, since they represent 40 and 65% of national income in Latin American countries (IDB, 2003).

The Oslo Manual, within the theory of innovation, identifies four types of innovations:

1. Product innovation, which involves changes in the characteristics of the goods and services offered.
2. Process innovation, based on the changes that occur in production and distribution methods
3. Organizational innovations, includes the changes in the organization and the practices that are developed inside and outside the company.
4. Marketing innovation, implies putting into practice different methods of commercialization of products and services offered.

(Sanchez & Carlos, 2011).

### 1.3.4 Continuous Improvement

Continuous improvement promotes a more open learning culture in companies, which helps them seek new markets for the growth of their organization. In this way internationalization is a form of continuous improvement since this concept includes both a philosophy and a system designed to continuously improve the levels of organization and administration, such as quality, productivity, costs, satisfaction levels, security levels, total times of the various cycles, response times and degree of reliability of the processes (Valverde, Robaina, & Pallerols, 2017).

This process is based on teamwork and joint action to improve and achieve perfection within the organization. In turn, it implies implementing continuous learning and knowledge systems for the organization, with participatory and active management of all the actors of the company or organization (Valverde, Robaina, & Pallerols, 2017).

## **1.5 CONCLUSION**

It has been possible to understand theories that support the internationalization process through import.

This type of process was focused on MSMEs, which, despite not having sufficient support to carry out an internationalization process, show evidence that by generating different improvements in the organization, it can be done.

The internationalization of Austrofil will be carried out by importing new products from neighboring countries that will help generate growth for the brand. Foreign trade theories, ranging from the classic to the current ones will allow us to have vast knowledge to develop a plan to help the company in its relationship process with international markets.

The theories presented, give us an approach of how to start with a relationship process with international markets, although it is true that these are focused on exports, a model was made according to the import of products, where it is established that a company was born to go out to the foreign market.

In this way, Austrofil, through a process of continuous improvement, taking into account that to start developing an import project, must follow a constant path of changes that will benefit the entire organization in the near future.

## **CHAPTER 2: Internationalization Audit for Imports**

### **2.1 Introduction**

Once the basic concepts of foreign trade, internationalization, SMEs, and imports have been explained, we will proceed to work directly with the company to internationalize, Austrofil.

Austrofil is a company dedicated to the sale and commercialization of lubricants, spare parts, oils and filters for all types of vehicles nationwide.

In this chapter, first a current diagnostic of the condition of the company will be made; second, the internal import audit will be carried out; and third, with the information collected it will be analyzed in order to continue with the next step of the project.

In other internationalization projects, the Export-Audit model is used to find out what level the company is at as an exporter. However, in this project, the Export Audit questions were adapted, since it is the first time working with a company that seeks internationalization through import, this pioneering model is called Import Audit.

In the first place, for the business diagnosis, the history, mission, vision, values, organization chart and some products of the company will be indicated. In this way, it will be possible to have a general knowledge of Austrofil and how the company has been developing all these years in the business field. The results will determine the current situation of the company.

Second, in the Import Audit, each question will be given a numerical score and a percentage of an accumulated value as a result, this result will provide information on the stage in which the company is found.

Third, with the results, it will help to determine in which parts there is a comparative advantage and in which business aspects it has to be improved.



## **2.2 General diagnosis of the company "Austrofil"**

### **2.2.1 History**

Austrofil is a MIPYME founded by Fernando Chica and Cecilia Pauta, a couple from Cuenca, who started their business activities in 2006. Austrofil has 35 employees, it is located in AV. de las Américas and Calle Quero, and recently opened a new branch in the Totoracocha sector. Since its inception, the company has followed a process of continuous improvement. It is one of the largest wholesale distributors in the trade of lubricants, spare parts and filters for all automobiles types, which has allowed it to obtain several recognitions and awards. However, one of Austrofil's short-term goals is the internationalization of the company, which will be achieved through import and continuous improvement.

### **2.2.2 Audit Process**

As this is a pioneering project, before visiting the company, it was necessary to adapt the questions of the diagnosis and the export audit to the needs of the company, since internationalization is sought through import and continuous improvement.

Once the diagnostic and Import Audit questions had been developed, information was collected. On Thursday, October 28, 2021, the second visit to Austrofil was made to carry out the diagnosis and internal audit, collecting the following information.

#### **2.2.2.1 Information Collected**

##### **2.2.2.1.1 Mission**

We are distributors of the highest quality products in the automotive area, providing our customers with a comprehensive solution with competitive prices at the right time, seeking mutual development in a profitable manner. Guaranteeing the positioning of the brands and the sustainable growth of our company (Austrofil, 2013, p. 4)

### **2.2.2.1.3 Vision**

To be the leading company in the automotive area, recognized and trusted nationwide for its efficient management and products with high quality standards. Based on effort, honesty and transparency, with committed and motivated staff who work within the framework of our values and ethical principles. (Austrofil, 2013 p.4)

### **2.2.2.1.4 Values**

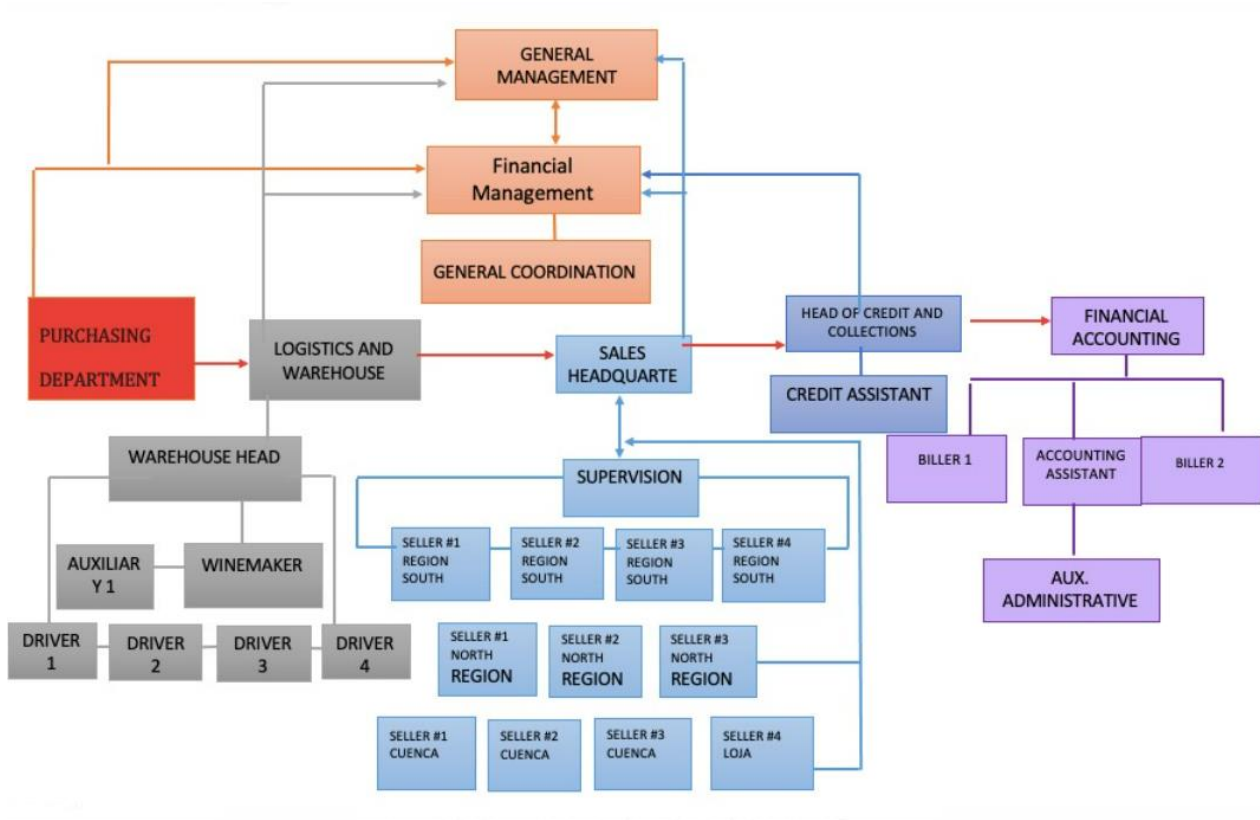
- Respect people
- Integrity
- Customer satisfaction
- Efficiency with simplicity
- Employee Support
- Positive attitude
- Security

(Austrofil, 2013, p.4)

### **2.2.2.1.5 Organization chart**

A business organization chart is a chart in which the company specifies how the departments within the organization are divided. The organization chart reflects: "the lines of responsibility authority, the different positions, the departmental units, the communication relationships both horizontal and vertical, in addition, if it is a flat structure, or it is a tall structure". See figure 2 understand how the company is managed (Larroza et al., 2020).

figure 2 : Organization chart of Austrofil



Source: Austrofil

Own elaboration

Austrofil's organization chart shows that the highest authority of the company is the general and financial management, which are responsible for controlling five areas: purchases, logistics and warehouse administration, head of sales, head of credit and collections, and general accounting.

On the other hand, Austrofil has a vertical corporate organization chart, however, this has not been updated for some time, and certain business departments are not included in it, such as the new marketing department.

### 2.2.2.6 Products

Austrofil has not yet formally started importing any type of product, however, its business focuses on the commercialization of the line of lubricants and filters, which are acquired through national suppliers. However, Austrofil has seen the need to import in order to better cover the national

market with competitive prices, in the first instance they consider importing the line of lubricants. See table 2.1 to find the product portfolio that Austrofil manage:

Table 7: Austrofil product portfolio

OILS	FILTERS	ADDITIVES	GREASE	BRAKE FLUID	PLATINUM SPARK PLUGS
SHELL	Redfil	3m	ECUALUBE	ATE	CHAMPION
PENZOIL	XTRAGUARD	ABRO	Lubrygras	Brake Line	NGK
AROIL	Hardman	Clean Degreasers	KENDAL	WAGNER	NIPODENZO
BIOFACTOR	HENGST	LOCTITE	Shell		
CASTROL	INTERFIL	LUBRISTONE	Top 1		
MOBIL	SAKURA	UV3	ALFA		
VALUE TECH	SHOGUN	WD40	Amaïlle		
CHEVRON	FLEETGUARD	MOTOREX	PREZOIL		
HAVOLINE	FRAM	PERMATEX			
TEXACO	FRANING	RALLY			
URSA	LUBER FINER	SIMONIZ			
KENDALL	PENITUS				
MOTUL	PRENZOLI				
PDV	TECFIL				
TOP 1	UNIVERSAL				
AMALIE					
GOLDEN BEAR					

Source: Austrofil

### 2.2.2.6.1 Products Description

Oils: Motor oils are a mixture of base oils and additive compounds that serve to help improve performance and protect the engine for a long life, providing protection to all the moving parts.

Among the functions that an oil can make are:

- Separate and lubricate moving parts.
- Reduce engine wear.
- Help prevent deposits from forming on internal engine parts.
- Remove and keep dirt and contaminants suspended in the oil until such contaminants until the next oil change.
- Cool engine parts.
- Increase fuel economy.
- Provide protection over a wide range of temperatures.
- Perform hydraulic functions on variable valve timing.
- Help protect the emissions system.

(Pennzoil, 2015)

Austrofil offers a wide range of lubricants for every customer need and for all kinds of vehicles. These can be seen in figure 3:

Figure 3: Products

- Shell
- Pennzoil
- Aroil
- Biofactor
- Castrol
- Mobil
- Value Tech
- Chevron
- Havoline
- Texaco
- Ursa
- Kendall
- Motul
- PDV
- Top 1
- Amalie
- GoldenBear



**Filters:** filters are responsible for protecting engines and other machinery against dust and dirt, which penetrate the mechanical equipment mixed with oil, air, fuel and hydraulic oil, making them provide protection to the vehicle and avoid future problems with it (Xtra Guard, 2014)

The filters that Austrofil offers can be seen in Figure 4 Figure.5 Figure 6 and Figure 7

Figure 4:Products

- Redfil

- Xtra Guard
- Hardman
- Hengst
- Interfil
- Sakura
- Shogun
- Fleetguard
- Fram



Figure.5 : Product



Source: Austrofil

Figure 6 : Products

**Additives:**

- 3m
- Abro
- Desengrasantes
- Loctite
- UV3
- WD40
- Motorex
- Permatex
- Rally



- Simoniz

Source: Austrofil

Figure 7: Products

Car Greases:

- Lubrygras
- Kendal
- Shell
- Top 1
- Alfa
- Amalie
- Prezoil



Source: Austrofil

Brake fluid: The brake fluid is in charge of moving the components of the vehicle's brake system, operating at high temperatures and pressure, this product helps the vehicle brakes not suffer or stop when pressing the pedal. At the same time, it transmits force to the pressure of the pedal and helps to amplify the brake rotors of the four corners of the vehicle (Morales, 2016.).

In Austrofil the brands that are currently offered are:

- Ate
- Brake Line
- Wagne

Figure 8: Products



**Platinum Condensed Spark Plugs**

- Champion
- NGK
- Nippondenso

Figure 9 Products



**2.2.7 Self-assessment: Project development status**

Next, a self-assessment of Austrofil will be carried out to find out what stage of development it is in.

The table will have the following divisions:

- Variable Description
- Qualification
- % Percentage
- % Accumulated percentage

For this, the following numerical qualifications will be assigned: If the answer is "NO" the number "0" will be assigned, and if the answer is "YES" the number "1" will be assigned. A percentage of 0% and 3% will also be assigned to the numerical qualifications depending on whether or not it meets the characteristics and needs for internationalization.

*Table 8: Diagnosis of Austrofil*

VARIABLES	SCORE	PERCENTAGE
Fulfill	2	3%



Partially Fulfil	1	2%
Does not Fulfill	0	0%

*Table 8: Diagnosis of Austrofil*

<b>Project development status</b>				
#	Variable Description	Score	% Percentage	% Accumulated percentage
1	Do you have your business idea defined?	2	3	3
2	Do you have a clear profile of your clients and/or potential users?	2	3	6
3	Have you executed consumer evidence or market tests?	0	0	6
4	Do you have a brand and/or logo design or have you developed the corporate image of your company business?	2	3	9
5	Do you have a business model or canvas?	0	0	9
6	Do you know the market for your product and your competition?	2	3	12
7	Do you have a business or perspective profile?	2	3	15
8	Have you received support	2	3	18

	and/or technical support for the start-up of your business?			
9	Have you registered your logo / patent with SENADI?	0	0	18
10	Do you have your own working capital?	2	3	21
11	Do you have a financing line for the development of your business activity?	2	3	24
12	Do you have a portfolio of customers who buy on a recurring basis?	2	3	27
13	Have you conducted accounting and/or financial studies and analyzes of your internationalization project?	0	0	27
14	Do you consider that your business took position in the market?	2	3	30
15	Do you have knowledge about warehouse management, inventories, and layouts?	2	3	33
16	Have you identified the growth potential of your business in relation to internationalization?	0	0	33
<b>TOTAL</b>				33%

Entrepreneurship **61.11 %**

Source: Austrofil

### 2.2.7.1 Table of Decisions.

With the results obtained, a proportion is made to get the total over 100%. It will help to know at what level the MSME is.

54% 100%

33% **X= 61.11 %**

Table 9: Decision Table

<b>DECISION TABLE</b>		
<b>Project Development Status</b>		
<35%	idea/product	Pre-Entrepreneurship
35% to 73%	<b>Commercialization</b>	<b>Entrepreneurship</b>
>74%	Growth	Post-Entrepreneurship

Source: Austrofil

### 2.2.8 Internal Diagnostic Results.

The Internal diagnosis of Austrofil resulted in the company being at the level of commercialization, the action being to take is the entrepreneurship model since as a total result obtained, the company has 61.11% of its level of innovation.

On the other hand, the diagnosis also allowed us to perceive certain essential criteria that the company does not have. Such as evidence of consumption or market tests, a CANVAS business model, accounting studies for its internationalization, and it has not identified the growth potential of your business.

Taking these criteria into account and the result in percentage obtained . It will facilitate the development of the project since it is known in which areas it is necessary to work, as well as what is the level that is sought to be completed so that the company can move towards internationalization.

## **2.3 Development of an audit model for imports**

### **2.3.1 Adaptation of Export-Audit to Import-Audit**

The Export Audit is a business self-assessment tool, which allows knowing if a company is suitable to export, or in what stage of the export process it is. The Export Audit analyzes the strengths and weaknesses of the exporting company and the threats and opportunities of the target market (Barzallo & Molina, 2009).

Different questions are asked where results are obtained that allow to see in what phase of the export process it is, and also with this it is possible to identify the strengths and weaknesses of the exporting MSME as well as the threats and opportunities in the market. goal (Barzallo Moreno, 2009).

However, for this project the export-audit model will be adapted to the needs of the Austrofil company. The questions asked in the internal audit will be related to the import, and will result in the current state of the company in terms of its imports, and also with the results, a SWOT analysis can be carried out.

### **2.3.2 Methodology**

An approach was made with the managers of the company, who rigorously explained Austrofil's business model, and which are the short- and long-term objectives. The first stage of the project consisted of carrying out an internal diagnosis and an import audit within the company to find out

the current situation and have a clear perspective on what needs to be done to achieve internationalization.

An audit model for imports was made, taking different export-audit models as examples. During the fieldwork, numbers are assigned to the responses given by the Austrofil staff. The numbers used are from 0 to 3, which specify whether or not the company meets the necessary parameters to achieve internationalization through import and continuous improvement. The lowest rating is 0, which refers to Not apply, while the highest is 3, which refers to Accomplished.

The following tables are divided by departments, with the information obtained, an accumulated percentage can be obtained to know the current state of the company. In this way, it is possible to work in a better way on the project, since the strengths and weaknesses of Austrofil will be known.

### 2.3.1 Rating table

RATINGS: The following ratings are assigned depending on the level of innovation in each area.

*Table 10: Valuation for Internationalization Audit*

DEPARTMENT	SCORE	PERCENTAGE
Fulfil (KSF)	3	10%
Fulfill	2	8%
Partially Fulfil	1	4%
Does not Fulfill	0	0%

Source: Austrofil

## 2.4 Fieldwork, data collection in Austrofil, and application of the Imporaudit.

Austrofil provided a person who is in charge of the project and who collaborates with us with all the necessary information. The diagnosis was made on September 28, 2021, for each of the company's administrative departments. The results obtained are shown below

### 2.4.1 Administrative Department

Table 11: Administrative Area Audit

<b>Administrative Department</b>			
	SCORE	%	% Accumulated
1. Are you clear about what type of company you manage, for example, if it is a Public Limited Company, Limited Company, individual company, etc.?	3	10	10
2. Do you have strategic business planning with a mission and vision?	2	8	18
3. Have you developed objectives for managing the business?	3		28

		10	
4. Is importing part of the strategic planning?	1	4	32
5. Have the needs of the local market been considered?	2	8	40
6. Have staff members attended fairs or events to look for new imported products?	3	10	50
7. Does it have differentiation from the competition?	1	4	54
8. Do you have a business model or canvas?	0	0	54

9. Has continuous improvement processes been applied in all areas? Are there regular meetings to define strategies?	1	4	58
10. Has Austrofil received technical support for the start-up of the business?	3	10	68
11. Is Austrofil registered as an importer?	0	0	68
12. Do you consider that Austrofil is positioned in the market?	2	8	76
13. Is there a Departmental division?	3	10	86



14. Do you have personnel trained in logistics and import processes?	0	0	86
<b>TOTAL</b>			<b>86%</b>

Source: Austrofil

140% 100%

86% X= 61%

#### 2.4.1.1 Administrative Area Analysis

Austrofil is a family business managed by Fernando Chica, who in turn appears as Manager of the company, since its creation this married couple, they focused on the growth of their business, always trying to improve at a competitive level both in Azuay and now at a national level, which has helped Austrofil to be positioned within the market of filters and lubricants. The creation of departments was a key factor in its growth. Today they have five departments distributed by specific Areas according to their needs, these are, the Financial Department, Department of Information Development or Business Intelligence, Purchasing Department, Sales Department (Credit and Collections), Marketing Department, and Sales Department. All supporting each other within the Administrative Area.

The analysis of this Department was based on the key points that the company should follow for its correct operation. As for the type of company that Austrofil is, it appears as a Natural Person, which is represented by its Manager. At the same time, in their strategic planning, they have clear objectives for their business development, always trying to focus on the needs of the national

market, therefore, both the Manager and his wife attend international fairs, such as Brazil, to look for products that can be offered within the country, thus proving their quality and effectiveness.

Likewise, they have opted for improving processes and continue to hold regular meetings to analyze the results obtained, generally, these are held weekly. This is very important, since knowing the details of what has been happening within these periods of time has favored the improvement of the company. This is how they seek to differentiate themselves from the competition, constantly trying to improve.

The result of the internationalization audit in this area has been 61%, this is a favorable result for the company since it indicates that Austrofil is on the right track and well managed, although it is true that some fields such as the creation of a business model that guides the company in a better way, its development has been successful.

#### 2.4.2 Department of Information Development or Business Intelligence

*Table 12: Department of Information Development or Business Intelligence*

<b>Department of Information Development or Business Intelligence</b>			
	SCORE	%	% Accumulated
1. Do you have trained staff in Foreign Trade Areas?	0	0	0
2. Has Austrofil previously imported anything?	0	0	0
3. Do you have staff that speak another language?	1	4	4
4. Have market studies been conducted on potential international supplier markets?	1	4	8
5. Do you have a brand and/or logo design or have you developed the corporate image of your	3	10	18

business?			
6. Does the company have procedure manuals?	3	10	28
<b>PRODUCT AND CONSUMER</b>			
7. Do you have a clear profile of your consumer and/or potential users?	3	10	38
8. Are you clear about the brand you are going to offer to the market?	3	10	48
9. Have you carried out evidence of consumption (lean startup) or market tests?	0	0	48
10. Do you know which are the star brands that Austrofil distributes?	2	8	56
<b>TOTAL Department of Information Development or Business Intelligence</b>			

Source: Austrofil

#### **2.4.2.1 Department of Development of Information or Business Intelligence Analysis .**

Continuing with the Austrofil Import Audit, different questions related to the area were asked. The questions were focused on the internationalization and the local competitiveness of the business.

As Austrofil is a company that has been working for more than 10 years in the distribution of filters and oils nationwide, it has successfully developed its brand, consumers are clear about what the company is dedicated to and, in turn, both brand and logo are known to differentiate it from the competition.

To obtain the products, the company works directly with different supplier companies. That is why, they have not yet seen the need to hire people for the foreign trade area, on the contrary, they have chosen to hire external companies, to help them guide in the import process.

However, it is not yet a secure contract, but only an approach for them to have the knowledge to start importing. Likewise, they only have one person who speaks another language, the manager's daughter is who provides these services.

In the same way, the test focused on the market studies that have been carried out for the line of business, however, they have not been carried out formally, but the behavior of the clients has been studied as they associate with the brand. Sellers are in charge of feedback and safeguarding each need of a new client.

Also, within the Internationalization Test, the question about the procedure manuals for each area was considered important. They successfully comply with these processes. Each area has the necessary manuals to be able to carry out each of the activities that are carried out within the facilities as well as outside the company.

#### **2.4.2.2 Product to be imported.**

Within the same area, it was decided to ask the necessary questions about the product that Austrofil offers to its customers. Despite the fact that market tests have not been carried out prior to the distribution of the product, the profile of the consumer and the potential users of everything they offer is clear. These are small stores, which Austrofil reaches directly through different orders, and in turn, they also have personalized attention to the end-user, who can go to both the company's headquarters and the branch to buy their products.

As for the type of products to be imported, the company wants to start with the line of lubricants, since these are the most requested products, for example, the best-selling brands are Aroil and Castrol, and it is necessary to look for international suppliers to be able to lower prices. costs and thus offer a better service to Austrofil consumers.

The result within the Department of Information Development or Business Intelligence was 56%, considered a good result, this department is still growing since new strategies are being implemented to continuously improve the organization.

### 2.4.3 Marketing Department

Table 13 Marketing Department Audit

Marketing Department			
	SCORE	%	% Accumulated
1. Do you have planning and policies focused on the Marketing area?	1	4	4
2. Do you use advertising media?	2	8	12
3. Is the image of the company projected to the client?	3	10	22
4. Do you know what the needs and purchasing processes of customers are?	3	10	32
5. Do you know what your competitors' goals, strategies, shortcomings, and market share are?	2	8	40
6. Do you know how customers perceive the company, regarding its reputation, quality of products, service and prices?	2	8	48
TOTAL			48%

Source: Austrofil

60% 100%

48% X=80%

### 2.4.3.1 Marketing Department.

The Marketing area is new within the company, before its creation this was carried out within the Department of Information Development or Business Intelligence. Being an extremely important area for the proper functioning of the company, the questions that were asked were based on advertising, brand development, policies, and the purchasing needs of customers.

When carrying out the Test, it was possible to verify that the company carries out a planning process for this area, however, it is not yet fully developed, in turn, they try to use advertising media within social networks, which are managed by an agent external to the company, and in turn, on physical posters in the commercial premises.

Austrofil is clear about its competition such as the reputation and perception that its customers have about the brand since they try to ensure that sellers have a direct approach with them so that they are the ones who transmit the different messages and needs that the customer wants to transmit to the company to improve.

The result of this department was 80%, since the department is new, this result is given, although it is a high value, it is still necessary to work and focus on improving this area so that the company can move forward in terms of brand positioning. , it is still necessary that there is more brand presence in social networks since this has become a fundamental pillar in these times.

### 2.4.4 Purchasing Department.

*Table 14: Purchasing Department Audit*

<b>Purchasing Department</b>			
	SCORE	%	% Acumulated
1, Do you have any import plan?	0	0	0
2, Do you have staff focused on negotiating and purchasing products with international	1	4	4

suppliers?			
3. Do you know the logistics process that is carried out in an import?	0	0	4
4. Do you have information on the distribution channels of the supplying countries?	1	4	8
5. Is the staff trained in handling INCOTERMS?	2	8	16
6. Have you started your import sales formally?	0	0	16
TOTAL			16%

Source: Austrofil

60% 100%

16 % X=26

#### 4.4.1 Purchasing Department Analysis

Within the Purchasing Department, the questions were developed based on the import project, since they will be in charge of the import. The company is clear in wanting to import lubricants to Ecuador, and they plan to do it from Spain, however, there is still no defined plan that corroborates that this is the best option.

In the same way, the department does not have the necessary knowledge for both, the logistics and negotiation process in the face of a possible import, which means that the project is not carried out correctly. Specifically, at this time they are negotiating with national suppliers, who provide them with the necessary support with products.

The result of the Purchasing Department is 26%, due to the fact that a clear idea has not been expressed for the implementation of an import project, although the collaborators are clear about the notion of a possible import, it is necessary to settle the project proposal. It is expected that, over time, this area will be able to count on the necessary logistics for the implementation of an upcoming import project.

### 2.4.5 Sales Department (Credit and Collections)

Table 15: Sales Department Audit

<b>Department (Credit and Collections)</b>			
	<b>SCORE</b>	<b>%</b>	<b>Acumulated %</b>
1. Do you have procedure manuals for the area?	<b>3</b>	<b>10</b>	<b>10</b>
2. Are you clear about the product with the highest turnover and the highest profit for the company?	<b>2</b>	<b>8</b>	<b>18</b>
3. Are there defined policies for the application of guarantees and returns? (In physical, redacted)	<b>3</b>	<b>10</b>	<b>28</b>
4. Do you have information on the demand for the product in local markets?	<b>3</b>	<b>10</b>	<b>38</b>
5. Do you have information on the possible prices of the product outside and inside the country?	<b>3</b>	<b>10</b>	<b>48</b>
6. Is the company staff qualified and trained for the sale of a new imported product, in this case a line of lubricants?	<b>3</b>	<b>10</b>	<b>56</b>
7. Do you know how to present your product to potential customers?	<b>2</b>	<b>8</b>	<b>66</b>
8. Do your sales representatives have assigned target markets?	<b>3</b>	<b>10</b>	<b>76</b>
9. Do the sales representatives currently follow any sales process established by the company?	<b>3</b>	<b>10</b>	<b>86</b>



10. Are there regular meetings with the sales team to discuss the overall strategy and set goals?	3	10	96
11. Have you been able to distinguish yourself from the competition in the sale of products?	2	8	104
12. Do the sellers have a monthly sales budget established?	2	8	112
TOTAL			112%

Source: Austrofil

120% 100%

112% X=93%

#### 2.4.5.1 Analysis of the Sales Department (Credit and Collections)

The sales department is the most important for Austrofil because thanks to this Department all the income for the company is obtained. Which makes it necessary to give it a priority in the decisions and procedures that are going to be carried out within the company. Each seller has a manual of procedures to reach the potential customer, these range from the sales process to the after-sales process, focusing on providing the best service to differentiate themselves from the competition, being a necessary tool to know how other companies are managed that are dedicated to the same, in this way, they to establish objectives that can help improve.

In the same way, they have an established client portfolio of frequent clients, focusing on a personalized and appropriate treatment for each need. They also have policies for both guarantees and product returns, which need to be established in writing for the customer's knowledge.

Likewise, they have periodic training according to each product, if a product is new, each representative is immediately trained to sell it, and periodic meetings are also held where both, the target market and the sales goals to achieve in the month are discussed.

## 2.4.6 Finance Department

Table 16: Financial Department Audit

<b>Finance Department</b>			
	SCORE	%	Acumulated %
1. Is there a planned budget for the development of an import plan?	0	0	0
2. Analysis and review of cash flow reports	2	8	8
4. Do you have an analysis and review of costs generated by imports?	2	8	16
5. Does the company have external financing sources?	3	10	26
6. Is the company willing to commit its resources to an import project?	3	10	36
7. Are they subject to credit?	3	10	46
8. Do you know what would be the credit time required for payment to foreign suppliers in case of importation?	3	10	56
9. Do you know what is the maximum time for which the company is willing to borrow for an import project?	3	10	66
10. What is the budget assigned for the continuous improvement of the company?	0	0	66
11. Is there any criteria for the designation of	2	8	74

the budget?			
12. Have you carried out accounting and/or financial studies and analyzes for a possible import?	0	0	74
13. Does the company have a RUC and are they affiliated with the Superintendence of Companies?	2	8	82
TOTAL			82%

Source: Austrofil

130% 100%

82% X=63%

#### 2.4.6.1 Financial Department Analysis

As for the Financial Department, the questions were made according to the budgets and financing sources of Austrofil for the possible import project. Austrofil is not yet affiliated with the Superintendence of Companies, they only have a RUC, which would be necessary due to the rapid growth that the company has been experiencing.

For the allocation of budgets, Austrofil hires an external company that is in charge of developing the budget for each department, based on the projections that the company has for each year.

As far as the import project is concerned, it still does not have an established budget for the development of an import plan, however, they are clear that this is the goal. They have very broadly reviewed certain analyzes and costs for the project, which gives them some insight into the budget that would be required.

The financing sources for Austrofil are the Banks, however, the company is not subject to credit, whoever appears as a representative of the company also has a personal savings account from which the company is financed.

If the company wants to borrow for the project, the representative tells us that the maximum time for borrowing would be 6 months.

The result of this department was 63%, this is a favorable result, since the company, having already been in the market for 10 years, has managed to keep its accounts correctly, which is a good sign of the company's profitability.

## 2.5 Results Table

*Table 17: Results*

<b>Results Table AUSTROFIL 2021</b>	
<b>Business Department</b>	<b>Results</b>
Administrative department	61%
Department of Information Development or Business Intelligence	56%
Marketing (External)	80%
Purchasing Department (Import)	37%
Sales department (Credit and collections)	93%
	63%

## 2.6 SWOT Analysis

The SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) is a method, which, is based on carrying out an evaluation of the strong factors and weaknesses that diagnose the internal situation of an organization, likewise, it diagnoses the external factors, that are to say, opportunities and threats. This tool is considered one of the simplest to obtain a general overview of the situation in which the organization finds itself. (Ponce, 2007, p.114)

### 2.6.1 STRENGTHS

- Consolidated Brand (Azuay level)
- Loyal customers
- Loyal Workers.
- All products offered are from world-renowned brands.
- The only distributor of filters, oils, and lubricants at the best prices.
- The client-company relationship is personalized.
- Close relationship with the staff, which fosters a good work environment and therefore it is transmitted to the client.
- The Managers of the company are open to new projects that promote the growth of Austrofil.

### 2.6.2 Opportunities

- The products are offered at competitive prices.
- There is a variety of brands for every customer need.
- Austrofil is the main supplier of small businesses within Azuay.
- There is a consolidated brand at the local and regional level.
- Highly qualified staff committed to the continuous improvement of the company.

### 2.6.3 Weaknesses

- Lack of strategic planning for the turn of the business.

- Lack of focus in the Marketing area.
- Need to have greater alliances with international suppliers.

#### **2.6.4 Threats**

- Lack of suppliers due to the global crisis due to the pandemic.
- New measures by the Government that obstruct the entry of imported products. (Austrofil depends 100% on imported filters, oils and additives)
- Depend on high costs for imports from third parties.

#### **SWOT Conclusion**

Austrofil has not prepared a SWOT analysis, where it can capture all its strengths, weaknesses, opportunities, and threats, however, when conducting the company's internationalization audit, we were able to verify each of the points mentioned above.

Austrofil is a company that has grown and has been constantly improving to achieve its objectives and better results for itself, it is consolidated as one of the best distributors of elements for all types of vehicles, which made it easier to carry out the previous analysis, is that, together with one of its collaborators, we were able to obtain a clear picture of how the company is in terms of the parameters established by the SWOT method.

#### **2.7 Conclusion**

Currently, Austrofil is a company that has been in the market for more than 10 years, dedicated to the sale of Filters, Oils, and other products for the care of all types of automobiles. They have focused their growth on continuous improvement, and have positioned themselves as leaders in the distribution of these products, which has allowed them to open up to new markets nationwide, today they have 2 branches in the city of Cuenca and in turn, distribute its products to the South and East of Ecuador.

Based on the results obtained through the diagnosis, on the State of Development of the project, carried out in accordance with the conditions established by the Ministry of Production, Foreign Trade, Investment and Fisheries, Austrofil qualifies as an Entrepreneurship, at the Marketing level. . This score is beneficial for the company since it shows that it is capable of continuing to grow in key markets and that it can have clear objectives that allow growth and improvement of the brand.

Likewise, through the Import Audit or Internationalization Test tool, we obtained information, both from Austrofil, which was provided by a collaborator of the company, who was in charge of answering each of the questions of the Internationalization Test carried out.

Austrofil opened the doors for us and we were able to verify its status. Thanks to this tool, we were able to obtain information about a company that already has a consolidated brand, which has taken them several years to achieve.

Both the Manager and the team members are totally committed to the continuous improvement of the company, with a much broader panorama of the state of Austrofil, we can learn about specific aspects that should be included in the subsequent improvement plan since some areas still need to be developed. In the different departments, there is already a structure, but it could be improved in some aspects, which will be presented in the next chapter.

## **CHAPTER 3:**

### **Preparation of a business improvement plan for the internationalization of Austro**

#### **Introduction**

After carrying out an internal audit of the company with the use of a Pareto Diagram, we will identify the percentages where Austrofil has the most problems, based on the information, we will prepare a correct business improvement plan.

In many Latin American countries, it is difficult for a MSME to achieve internationalization due to internal and external barriers that companies are not aware of. They may not allow companies for an international presence.

This chapter provides solutions through a Business Improvement Plan, which helps Austrofil to achieve its internationalization process through importations and continuous improvement.

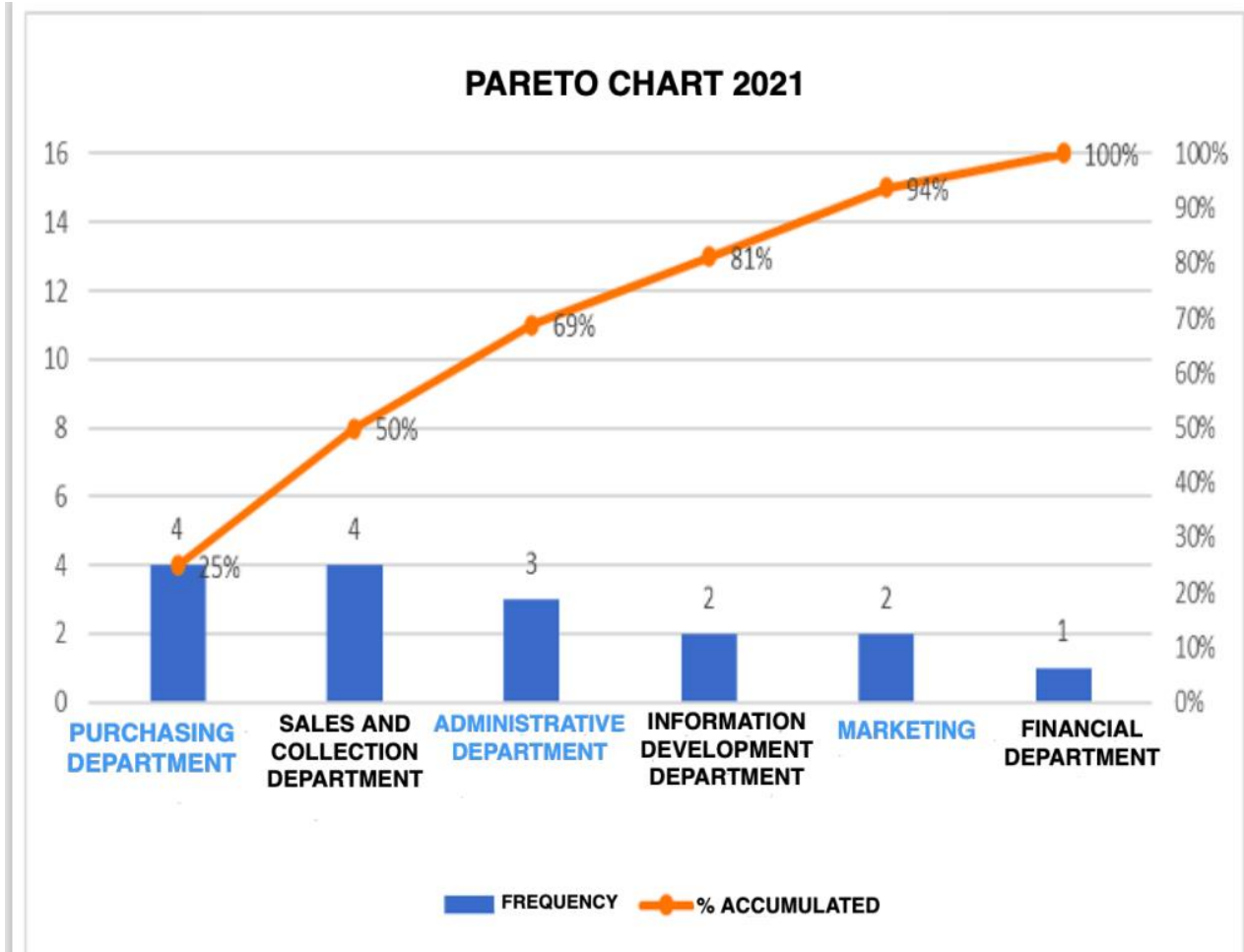
The business improvement plan is divided into two parts: the first, by implementing the foreign trade area; and the second, by the continuous improvement of the company, which will be carried out through two stages: Planning and Doing, these, taken from the Deming Cycle.

### **3.1 Pareto Chart**

The Pareto chart is a graphical tool where the data is ordered from highest to lowest quantities, which makes it clearer which aspects must be solved first and last. This is based on the Pareto principle, which says that 80% of the consequences are based on the 20% of the causes.

Table 18: Pareto Chart 2021





**ANALYSIS table 3.1:**

The blue bars show the frequencies of each department of the company in 2021, and the orange line represents the accumulated percentage of existing error. It is observed in the table that four departments represent 80% of the problems within the company, that is why most of the improvement actions have to be carried out within these areas, in order to reduce and improve existing problems.

## **3. 2 Barriers to internationalization**

According to an article written by the OECD (Organization for Economic Cooperation and Development) the internationalization of MSMEs is difficult to achieve due to internal and external barriers that exist in companies, which restrict access to international markets to companies. (OECD; America, Development Bank of Latin, 2019).

### **3.2.1 Internal Barriers**

There are internal barriers such as (Thorrens, 2020):

- The lack of working capital to finance imports.
- Insufficient management skills and knowledge.
- The lack of specialized workers in foreign trade operations
- The lack of information in the company about the operation of foreign markets, its sales channels and logistics for foreign trade.

## **3.3 Business Improvement Plan**

An improvement plan is the result of a detailed study of business needs, in this case the internal audit carried out in Austrofil, shows the needs or problems in the company (Gómez Mejía, 2002).

In the Business Improvement Plan it is important to distinguish between two stages: first, the needs and problems encountered, must be transformed into specific training actions; and second, they have to choose who will be the recipients, who will be in charge of imparting the solutions, the time, the methods to be used and the results (Salinero & Muñoz, 2007).

### 3.3.1 Business Improvement Plan for Austrofil

Austrofil, like other MSMEs, has also internal barriers that do not allow them to internationalize. That is why a business improvement plan was made so that it can reach its goal in the near future.

#### 3.3.1.1 Identification of improvement problems

This table shows the different problems that are identified in Austrofil:

Table 19: Austrofil improvement plan

<b>IMPROVEMENT PLAN FOR AUSTROFIL</b>			
<b>IMPROVEMENT ACCIONS</b>	<b>Actions to carry out</b>	<b>Necessary Resources and Financing</b>	<b>Tracking</b>
Create a foreign trade department	<p>*Invest in the creation of a foreign trade department</p> <p>*Correct choice of international suppliers.</p> <p>.*Incorporate personnel specialized in imports who speak another language for negotiation.</p>	<ul style="list-style-type: none"> <li>● Initial investment for the creation of this area.</li> <li>● Budget allocated for this area that includes factors such as:               <ul style="list-style-type: none"> <li>● Salaries</li> <li>● Office items</li> <li>● Computers</li> <li>● Etc.</li> </ul> </li> </ul>	Management

<p>Implement trained personnel to the company for the management of the Ecuadorian single point of entry (VUE)</p>	<p>To know the procedures to be carried out on the VUE platform, and the advantages it has for internationalization.</p>	<p>X</p>	<p>Human Resources</p>
<p>1. Administrative Department</p>	<ol style="list-style-type: none"> <li>1. Update mission</li> <li>2. Update Vision</li> <li>3. Update Organization Chart</li> </ol>	<p>Budget for hiring a consultant.</p>	<p>Management</p>
<p>2. Department of Information Development</p>	<ol style="list-style-type: none"> <li>1. Training on how to obtain business certifications.</li> </ol>	<p>Budget for external consultancy.</p>	<p>Company managers and human resources</p>

<p>3. Marketing</p>	<ol style="list-style-type: none"> <li>1. Creation of a Marketing plan for the institution.</li>   <li>2. Special focus on businesses to whom the products are distributed.</li>   <li>3. Carry out Activations according to established dates where there is less demand for products.</li> </ol>	<p>Budget for the Department</p> <p>-Activations</p> <p>-Advertising and publicity material.</p>	<p>Marketing department</p>
---------------------	--	--	-----------------------------

<p>5. Sales and Collections Department</p>	<ol style="list-style-type: none"> <li>1. Have a closer relationship with the client through personalized attention</li> <li>2. Regular training and meetings for Sales and Collections staff focused on clear goals.</li> <li>3. Clear and specific return policies for the customer.</li> <li>4. Have a portfolio of regular customers to improve the relationship with them.</li> <li>5. On-time delivery of merchandise.</li> </ol>	<p>" Budget, department of Purchases</p>	<p>Head of sales and collection</p>
<p>6. Finance Department</p>	<ol style="list-style-type: none"> <li>1. Establish an import budget (Approximate)</li> </ol>	<p>Budget through external financing.</p>	<p>General manager  Financial manager.</p>

### **3.3.2 Actions to carry out**

#### **3.3.2.1 Implementation of a Foreign Trade Department**

The most important objective of the Business Improvement plan is to create a foreign trade department within the company, this way the staff can focus directly on creating an international presence, and help the company move forward efficiently in its foreign trade process.

The advantages of having a foreign trade department for imports are the following: (ProColombia, 2017):

- It allows greater efficiency in the acquisition of supplies and capital goods.
- If there is a person knowledgeable about international trade within the company, they can take advantages of the tariff benefits of trade agreements.
- Not waste money or time due to lack of knowledge of import processes.
- Choose and retain suppliers, seek to obtain credit in a medium to long term period.
- Not paying extra in logistics costs due to ignorance of rates and services.
- This department will also be able to resolve conflicts that arise in the import process.

#### **3.3.2.2 *Single Point of Entry for Foreign Trade (VUE)***

Within the foreign trade department, it is important that the hired personnel know how to use the VUCE system (Ventanilla Única de Comercio Exterior) which facilitates the internationalization process for MSMEs.

In Ecuador, this service was implemented in 2013 and is known as VUE (Ventanilla Única Ecuatoriana). Its use is mandatory for the 20 public entities that comprise it (ECLAC United Nations, 2020).

The implementation of this system allows operators, who participate in international transport and trade (import, export, or the transit of goods) to be able to use this “intelligent” tool related to borders that makes it possible to present standardized information and documents, fundamentally

in electronic format, through a single point of entry to comply with all the official requirements related to these transactions" (OMA, 2017).

The VUE for Foreign Trade uses the Ecuapass system for the procedures required by the economic operators for the export or import of products. Depending on the product to be marketed and the country of origin of the item, some importers manage the verification of certificates of product through the Ecuadorian Single Point of Entry (VUE), one of the modules within the ECUAPASS web portal, as provided by the INEN technical regulations. SAE personnel carry out the verification according to this procedure (Guanoluisa, 2020).

### **3.3.2.3 Recommended certificates for Foreign Trade operations and continuous improvement**

Certificate of Conformity: Law No. 2007-76 of the Ecuadorian Quality System in its article 31 establishes that natural or legal persons who wish to market a product in the national territory must demonstrate that it is of quality through the certificate of conformity issued by a certificated institution accredited in the country, or by those that have been issued in relation to (sic) the mutual recognition agreements. (Ecuadorian Accreditation Service, 2007).

Producers and importers may register certificates of conformity under the rules of a conformity assessment system in which it is declared that a identified product conforms to a technical regulation or conformity assessment procedure, which must be done prior to the commercialization of the products (Gob.ec, 2020).

ISO certificate:

- ISO 9001 Certificate Quality Management Systems: Quality and continuous improvement are guaranteed in both the products and the services it offers and reaffirms its commitment to quality.
- ISO 14001 Certificate Environmental Management Systems: The certification guarantees the implementation of processes that care for and respect the environment.



- ISO 22301 Certificate Business Continuity Management Systems: Guarantees the development of methods and practices that ensure that the company will continue to function in adverse
- circumstances.

### **3.3.2.4 Improvement actions to be carried out for the continuous improvement process**

The second point of the Business Improvement Plan is to seek the continuous improvement of the company, since, with the evolution of technology, globalization and the existing internationalization in today's tendency, it is essential for business survival to constantly adapt practices, products, services, and processes. The tool to be used for this continuous improvement process will be the first two elements of the Deming cycle, that way the company can improve its commercial relations and can adapt to the current reality (Universidad de Alicante University, s.f).

## **3.4 Deming Cycle**

Walter A. Shewhart represents the Deming cycle, also known as the PDCA (planing, doing checking, acting) cycle, which is a continuous improvement strategy, also used by quality management systems. (Walton, 2004).

In this project only the first two stages of the Deming cycle (Planning and Doing) will be used.

### **3.4.1 Planning**

### 3.4.1.1 Objectives

Accelerate the internationalization process of Austrofil through imports.

Improve the B2B relationship with clients, with international suppliers and Austrofil employees in a clear manner, explaining what is sought to be achieved and how it is structured.

### 3.4.2 Doing

According to the Deming Cycle, at this stage everything planned must be verified, pilot tests are chosen to verify the correct functioning of the new tools before being applied in a general way within the company (Castellanos, 2018).

For its application, it will focus on the departments that have presented problems to be solved.

Improvement actions to be carried out:

- Rewrite the mission and vision of the company
- Make a new business organization chart
- Make a B2B marketing plan
- Develop a written return policy system
- Creation of a Department dedicated to foreign trade.
- Seek to obtain certifications for the company

### 3.5 Sequence of improvement actions

Table 20: Area for improvement Administrative Department

Improvement Area: Administrative Department	
Description of the problem	The company's mission vision and organizational chart are out of date..

<b>Causes of the problem</b>	Lack of motivation and time to improve the basic concepts of the organization.
<b>Objective to achieve</b>	Improve these elements, so that the client and potential international suppliers can better understand the concept of the company
<b>Improvement actions</b>	<ol style="list-style-type: none"> <li>1. The vision and mission will be redrafted</li> <li>2. Work together with the company's staff to find out what message Austrofil wants to transmit.</li> <li>3. Make an updated organization chart</li> </ol>
<b>Expected benefits</b>	<ul style="list-style-type: none"> <li>● Be clear about the concept that Austrofil manages and what its objective is to achieve in the future.</li> <li>● Improve communication between departments according to the company hierarchy.</li> </ul>

Table 21: Improvement Area: Purchasing Department

<b>Improvement Area: Purchasing Department</b>	
<b>Description of the problem</b>	<p>Lack of knowledge and delay to choose international suppliers, and follow import processes.</p> <p>It is necessary to hire personnel specialized in foreign trade, to continue with the implementation of the import project for Austrofil</p>
<b>Causes of the problem</b>	<p>There is no deadline for the import project, therefore there is a lack of interest in starting it</p> <p>Also, there is no knowledgeable staff in the area of foreign trade.</p>
<b>Objective to achieve</b>	To be direct importers and market supplier
<b>Improvement actions</b>	<ol style="list-style-type: none"> <li>1. To be direct importers and suppliers of Lubricants in the market.</li> </ol>

<b>Expected benefits</b>	<ul style="list-style-type: none"> <li>● Speed up the import process</li> <li>● Negotiate with qualified suppliers.</li> <li>● Long-term negotiation.</li> <li>● Obtain products at a good price and quality</li> </ul>
--------------------------	---

*Table 22: Area for improvement: Marketing*

<b>Improvement Area: Marketing</b>	
Description of the problem	Need to have brand presence and have a better relationship with our main customers (distributors).
Causes that originate the problem	There is no channel dedicated to the creation of content that facilitates customer loyalty.
Objective to achieve	Capture a consolidated brand image as a direct importer and supplier of the best international brands of Lubricants.

Improvement actions	<ul style="list-style-type: none"> <li>● Create a channel dedicated to monitoring the customers who buy the most products within the company.</li> <li>● Earn prestige through loyalty with small distributors in the market.</li> </ul>
Expected benefits	<p>Attract more companies to become part of Austrofil's client portfolio.</p> <p>Customers satisfied with the brand.</p> <p>Higher sales volume.</p>

### **3.6 Improvement Recommendations.**

#### **3.6.1 Administrative Department**

Below are suggestions that can be used for Austrofil to solve administrative problems.

##### **3.6.1.1 Previous Mission**

We are distributors of the highest quality products in the automotive industry, providing our customers with a comprehensive solution with competitive prices at the right time, seeking mutual development in a profitable manner. Guaranteeing the positioning of the brands and the sustainable growth of our company (Austrofil, n.d., p. 4)

### **3.6.1.2 Updated Mission**

Distribute and provide high quality products, with competitive prices in the automotive industry, collaborating with internationally and national positioned brands.

### **3.6.1.3 Previous View**

To be the leading company in the automotive industry, recognized and trusted nationwide for its efficient management and products with high quality standards. Based on effort, honesty and transparency, with committed and motivated staff who work within the framework of our values and ethical principles.

### **3.6.1.4 Updated Vision**

Austrofil seeks to be a leading company and direct distributor at the national level, through internationalization with products from the automotive area.

To be a leading company in the direct distribution of automotive products, with the best national and imported brands with high quality standards.

## **3.6.2 Purchasing department.**

The purchasing department has the function of: "deciding what to buy, from whom, when and at what price" according to the needs of the company (Martínez, 2007).

However, this is the department that causes the most problems for Austrofil and prevents its internationalization, since the staff cannot concentrate 100% on carrying out the operations that an import involves, that is why it is recommended the creation of a foreign trade department within the company.

Austrofil's purchasing department is in charge of supplying the products to be marketed in the national market, these products are acquired through international suppliers.

However, Austrofil is in a process of internationalization and it is important that it will be able to choose its international suppliers correctly, since "the supplier profile is essential as an inducing lever towards entering international markets".

In other words, Austrofil will have better possibilities of supplying and marketing the products acquired internationally, if their strategy is through suppliers that meet all the necessary characteristics to supply the company with good products (Escolano & Belso, 2003).

### **3.6.3 Marketing**

#### **3.6.3.1 What is marketing?**

Marketing has been taking various concepts throughout history, generally this has been understood as advertising strategies, however, marketing is defined as the organization and set of processes that help create, distribute and communicate value propositions for consumers. clients, generating relations with the organization of mutual benefit (Monferrer, 2013).

#### **3.6.3.2 MARKETING PLAN**

Austrofil, being a prestigious brand in the market, and having been in business for more than 10 years, has created a consolidated image of a firm company in what it does. Therefore, by already having business partners, it is necessary for them to feel the importance that Austrofil is willing to give to them.

These are:



- Warehouse distributors of spare parts and imported accessories for vehicles.
- Gas stations,
- Mechanics
- Etc

TARGET:

Capture a consolidated brand image in the distribution of high-quality lubricants.

### **3.6.3.3 Marketing MIX**

The Marketing Mix or the Four "P", is a tool to achieve different goals by combining the elements that make up marketing, these are: Price, Product, Promotion and Place, the variables can be combined in different ways, depending on the case (Kotler & Armstrong, 1998).

Components:

**Product:** It seeks to gather the necessary characteristics to meet the needs of the consumer or the market segment through a product. Austrofil will focus its sales on high-quality imported lubricants, recognized in the international market, starting by importing a benefit brand for the company.

**Price:** The current price of the products is established according to Austrofil's suppliers. However, with the first import, expenses will be reduced allowing lowering the sale price to the final customer.

**Promotion or communication:** It will be necessary to design different advertising and public relations strategies to publicize the product that is being offered to the market. Also, promotion will be focused on the small business partners that Austrofil has, through loyalty programs.

**Distribution:** Austrofil already has an established distribution channel that has been operating in recent years, each market segment deserves its product at the time it has been offered, it must arrive

in perfect condition and the company will be responsible for any damage involving the product (Kotler & Armstrong, 1998).

### **3.6.3.3 B2B Marketing Strateg**

It is necessary for a department to be focused on what customers wants, since they are the star segment for Austrofil, and they have to feel part of the company, this will help brand growth.

The following is recommended:

- Establish a portfolio of key clients:
- Keeping Austrofil's buyers updated will help to better study their behavior, to know what they want and what can be given to them as a brand, and will extend established business relationships.
- Provide advice for each product that is implemented within the company will make them feel supported by the company in their learning process.
- Creation of business fairs for the presentation of new products, through training for attendees (small businesses).
- Involve small businesses indirectly in the company's internationalization process, listen to what kind of product they need and the company can start its distribution.

### **3.6.3.4 Digital Marketing Plan for Austrofil**

It is necessary to create a clear plan that connects the company with the final customer, who usually goes to the offices to place their orders.

During the last months, Austrofil has put its social networks on pause, since it was carried by external providers. Due to this, the presence of the brand in the networks has been affected.

## **STRATEGY:**

Use Facebook as the main page to share content for the retail Customer, because the target audience is using this channel.

Target audiences:

-22 years and older

-Men and women with vehicles

## **Content Strategy:**

It is necessary to opt for different options that make the content dynamic, and help the brand to position itself in social networks, especially Facebook, focused on having a fresh and renewed business that attracts each potential client.

It is an opportunity for the brand to reach more people who are interested in the products that Austrofil offers.

For this plan, the following recommendations are made:

Create posts with informative content about each product, especially the products that need to be sold in greater quantity. This content can be based on the benefits and its characteristics.

Create video clips where a specialized technician or a salesperson can give product tips. For example, the use of filters of the brands offered by Austrofil as opposed to the brands of the competition, comparing them with each other, focusing on the advantages of choosing the company's brands.

Preparation of promotions for social networks, on specific dates where the product is not rotating or on holidays such as Father's Day, Men's Day, Christmas, Carnival, etc.

Establish a policy where each employee is in charge of disseminating the publications made within the company page, so that the reactions that are given are much more real and approximate to the final customer.

### **3.7 Sales and Collections Department**

This department has a direct relationship with customers. One of the problems that was evidenced in the audit within Austrofil is that the department did not have a written and signed document on the actions to be taken in case a client wants to return a product.

It is recommended to develop a model of a written return policy system.

Below is an example of the system that the company can use. Which has been made with the information obtained in the audit of the company.

#### **Austrofil Return Policy System**

In Austrofil we seek that each person who is part of the company is satisfied with our services, that is why for a better relationship between the company and our clients, the following Austrofil return policy system has been established.

The return of products will be accepted only in the following cases:

At the time of delivery, the product is defective or in poor condition.

If the purchased product does not meet the specifications of the requested product.

Change of opinion of the client. In this case, immediate returns will be accepted, that is, only at the moment in which the merchandise is being delivered, returns cannot be made once the merchandise is delivered. If the order is already at the address given by the customer, and the customer no longer wants the product, only the transportation costs will be charged, the other expenses such as logistics will be for the company.

### 3.8. Business Model Canvas for Austrofil

Alexander Osterwalder presented the CANVAS business model, which can be applied in any type of company, whether small, medium or large. (Meza, 2019).

The main objective of this model is to add value to business ideas, the process to follow to have a CANVAS model is to complete 9 modules, which focus on 4 main areas of a business: customers, supply, infrastructure and economic viability. (Meza, 2019).

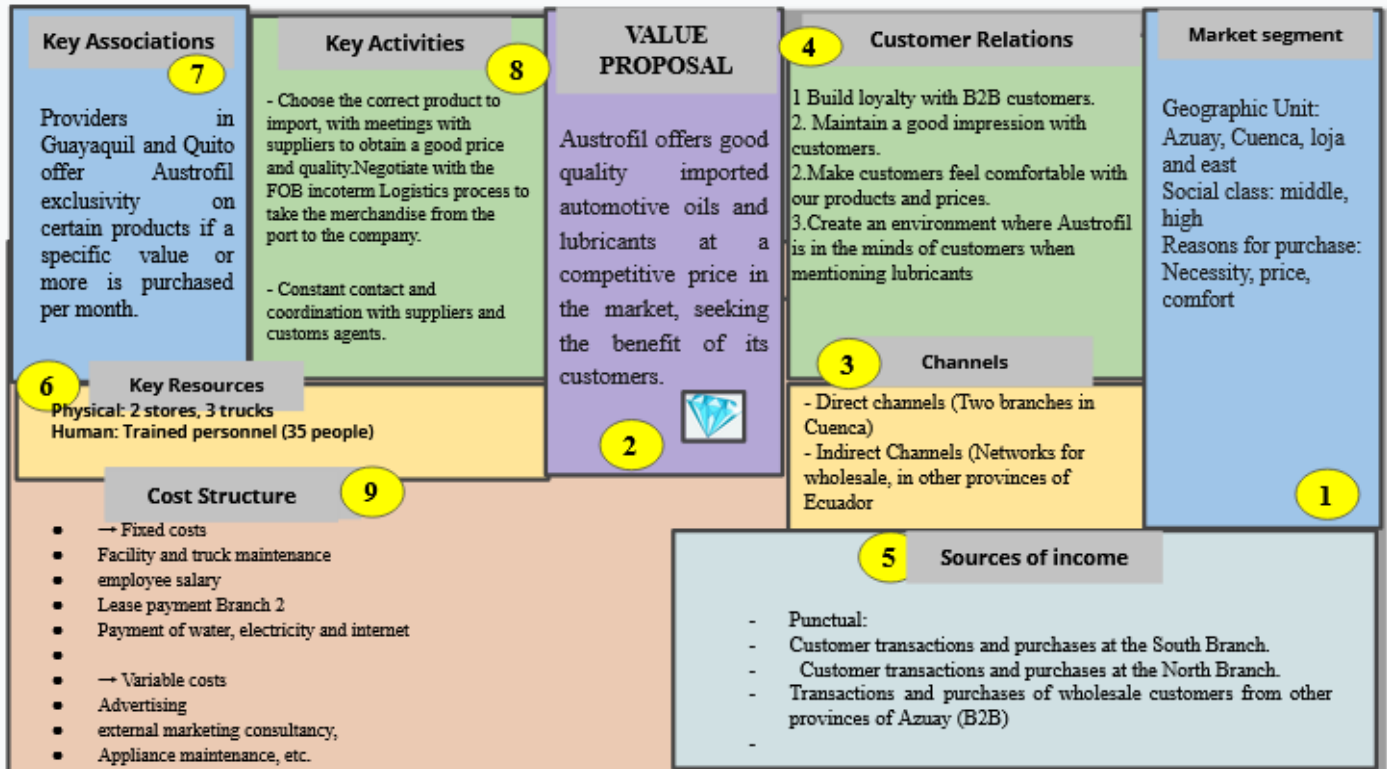
For the internationalization plan, a CANVAS model of Austrofil will be made, which will allow clarifying various aspects of the company, the most important being understanding what Austrofil's business model is.

The business model is the fundamental basis for any organization, it is the basis on which the information of everything that involves the business is based (Ferreira-Herrera, 2015, #5).

For Austrofil, a CANVAS model has been created, which establishes the market segment, the value proposition that the company wants to convey, what its costs and revenues are, main partners, resources and relationship with customers.

See Figure 10

**Figure 10: CANVAS MODEL**



### 3.9 Conclusion

In conclusion, there are different tools that allow the company to achieve internationalization. Some of them are the Pareto diagram, the Deming cycle and the business improvement plans.

In the case of Austrofil with the Improvement Plan, it is hoped that a different approach can be taken and the internationalization of the company can be achieved in the short term. Internationalizing the brand will open up more opportunities that will allow Austrofil to reach its clients with greater confidence and firmness when negotiating.

A fundamental factor is the creation of a Department of Foreign Trade, to specifically cover import needs, and hiring trained personnel to negotiating with suppliers that meet the objectives sought by Austrofil and international quality standards.

It is also necessary to make changes in the Administration Departments, through the adoption of a new mission and vision. A model has been made of how they could be established, however, the company will be the one to decide. It is also recommended to update the business organization chart.

For the Marketing Department, since an external entity is in charge, a Plan was carried out focused on Austrofil's main business partners, these being small businesses, through a loyalty plan, which consists of having a specific client portfolio that involves the brand, giving them greater relevance when negotiating.

This plan is also focused on Austrofil's retail customer, who, although is not the star segment of it, maintaining relationships with them will allow the brand to continue growing. This will be focused through digital platforms, where content will be captured for each client.

In this way, Austrofil will be able to continue its process of internationalization, growth and continuous improvement, to maintain a well-defined company profile focused on an international environment.

## **CHAPTER 4:**

### **Construction of an Import Plan**

#### **Introduction**

One of the characteristics of the internationalization of MSMEs is to maintain business relationships or international presence with external companies, in which imports play an important role. That is why, as the last part of this project, and import plan will be developed for the company Austrofil, with an example product.

In the first part of the chapter, you will find the customs flow chart adapted to Austrofil's needs before starting and during its import process.

It is important to know which product is going to be imported, choose the best origin country, and also know who will be the supplier. In this practical example, the product for Austrofil is a gasoline

engine lubricant GLOBAL OIL MAX LUBE 20W50 SL *belonging* to the Colombian company Dislubrival, with tariff subheading **2710.20.00.00** (- Petroleum or bituminous mineral oils (other than crude oils) (SENAE,2017).

It has been decided to import from Colombia due to different advantages such as the existing proximity, cultural environment, exchange rate, etc. However, the most important factor is the commercial treaties that Ecuador has with Colombia, one of the agreements with Colombia is with the United States.

The most relevant is the agreement with the Andean Community of Nations (CAN), which in May 2021 will have been in force for 51 years.

Finally, at the end of the chapter, there is a detailed table with the necessary import costs to be taken into account in the budget. The values presented will be an approximation of the real costs to be paid in the process of importing this product. However, the process to be followed will be the same in a real case.

#### **4.1 Analysis before the import process**

Before Austrofil starts your import process, the following steps must be followed:

- Supplier and country of origin must be selected
- Negotiation process (Incoterms 2020)
- Payment method selection

##### **4.2.1 Procurement Logistics**

For an import to be successful, it is important to have supply logistics, where product suppliers have characteristics such as comparative advantage, low operating costs, maximization of income, etc., so that their customers can be competitive in the market (Sarache et al., 2009).



Suppliers will determine the incoming and outgoing quality of the products. This ensures the reception that the imported product will have in the market, in this case in the Ecuadorian market (Herrera & Osorio, 2006).

Normally, companies that are importing for the first time find that the most important factor in their choice of suppliers is the price offered.

However, according to Holmberg (2000), this is a complex decision that not only involves suppliers, but also a supply chain, where making a decision based on price alone is not feasible, since it is also necessary to analyze factors such as:

Quality (certifications), availability, service, economic context, innovation, etc. In turn, suppliers have to supply the objectives that the company is seeking, these being competitive priorities (De Boer et al., 2001).

In the case of Austrofil, it is necessary to create strong commercial relationships with suppliers, where they are given priority in purchasing, credit payments, and quality products.

#### **4.2.2 Selection of supplier country**

Austrofil has requested that the importing country has commercial ties with Ecuador since this means a benefit for the established agreements they have.

Such is the case of Colombia, which has the characteristics to establish itself as a supplier for Austrofil's import process, such as the required product, quality, proximity, etc.; but the determining factor is the trade agreements thanks to the Customs Union shared with Ecuador through the CAN, which positioned it as the best option (Rico et al., 2015).

#### **4.3.1 Analysis of trade agreements**

Trade agreements are agreements that seek to improve trade and financial relations between countries through the exchange of goods and services. Some of the benefits of trade agreements are reduction of export and import procedures, elimination of customs duties, economic integration, and elimination of existing trade barriers (Van den Berghe, 2014).

Within the analysis, it was found that Ecuador and Colombia are part of the Andean Community (CAN), which with the Cartagena Agreement, entered into force on October 16, 1969. This community seeks regional, economic and social integration and cooperation. Currently, the member countries as of 2022 are Bolivia, Colombia, Ecuador, and Peru (CAN, 2005).

One of the most significant achievements has been in the area of trade since the liberation of taxes and duties on foreign trade was achieved. This is found in CHAPTER VI LIBERATION PROGRAM of the Cartagena Agreement, Articles 72- 78, which establishes the liberation of taxes on goods originating in the member countries, where the countries commit to eliminating any type of restriction to foreign trade against the community, thus supporting free trade among nations (Fernandez, 2007, 181).

On the other hand, Ecuador is also in the process of becoming part of the Pacific Alliance, which is formed by Chile, Colombia, Mexico and Peru, and the associated state of Singapore. Additional Protocol to the Framework Agreement of the Pacific Alliance from Articles 1 and 3 where the free trade zone between countries of the Alliance is reported Garcia, 2021).

Colombia is also part of the Alliance, which makes the negotiations with this country more beneficial when importing goods. After having made this analysis of the benefits of the Can and the Pacific Alliance, it can be said that Colombia is the right country for Austrofil to start with its imports.

#### **4.3.1 Negotiation**

Negotiation is a communication process between two parties whose final objective is to reach an agreement based on different needs and approaches. That is why in the import process it is a key point, since factors such as culture, language, negotiation protocols, etc. influence. If there is a good negotiation with suppliers, it will be easier to achieve the objectives set at the beginning (Avila, 2001).

An important aspect within the negotiation is the incoterms, which are terms applied in international trade and Austrofil has to study in detail each one to know which is the incoterm that suits you best.

Also, it is important that within the negotiation, Austrofil defines with its supplier which is the payment method it is looking for, which can be: through the collection, letter of credit, consignment, etc. (Gomez & Martinez, 2011).

#### **4.3.3.1 Incoterms 2020, forms of negotiation**

Incoterms (International Commercial Terms) are international rules issued by the International Chamber of Commerce, which seek to standardize the terms of international sales and purchases to have a common language, facilitating commercial terms and international operations (Jasso, 2009).

When incoterms are used in the negotiation, the extent of the seller's and buyer's responsibilities is much clearer. In this practical import case, it is recommended that Austrofil negotiates with the **FOB** Incoterm, which can only be used for maritime transport, which is paid by the seller (Churruca & García, 1995).

The Incoterm helps to specify in which part of the transfer of the goods the risk is transferred. When negotiating with this Incoterm, the seller in this case Dislubrival (the Colombian company) makes sure that all the logistics are included in the sale price, such as the costs and risks of handling the merchandise, transfers, etc. Austrofil assumes the risk when the merchandise is on the ship and designated port of shipment.

It is important to mention that the FOB term does not oblige either party to contract insurance, however, according to Ecuadorian law, the importer must contract 1% insurance for his merchandise (Information system of foreign trade, 1997).

The supplier company will have to submit the commercial invoice and the BOL.

#### **4.1. The Import Process:**

To start an import process, it is necessary to take into account some terms and processes that can be found on the National Customs Service Web Page of Ecuador (SENAE), which will help the importer to have the process in order.

#### **4.1.2 Register in ECUAPASS:**

It is an Ecuadorian customs system that allows Foreign Trade Operators to perform all import and export customs operations, it can be registered to the ECUAPASS platform of the National Customs Service of Ecuador. (SENAE, 2015).

#### **4.1.3 Obtain Importer Registration**

To obtain the importer's registration, the following must be complied with:

- Obtain the Unique Taxpayer Registration Number (RUC) from the Internal Revenue Service (SRI).
- Acquire the Digital Certificate for the electronic signature, issued by the Central Bank of Ecuador or at Security Data's website.
- Register in the ECUAPASS system

#### **4.1.4 Customs clearance:**

It is the procedure to nationalize the goods in Ecuadorian territory, the goods adhere to a customs regime established according to the nature of the goods. (Sanchez, 2014).

The import must have the DAI (Customs Import Declaration): which contains the record of information on weight, port of origin and destination, freight, and transport documents that accredit the goods, this is validated by the technical operators of SENAE (Moreta, 2014, p.28).

Other documents described below are also attached:

- **Accompanying documents:** called prior control documents, they must be processed and approved before the shipment of the imported merchandise. (Art. 72 of the Regulation to Book V of Copci).
  
- **Supporting documents:** containing the information of the IAD, must be carried by the declarant or Customs Broker at the time of filing the Customs Declaration:
  - Transport Document
  - Commercial invoice
  - Certificate of Origin (if any)
  - Necessary documents established by SENAE.

Once the DAI is transmitted, the computer system of the National Customs Service of Ecuador will give the number of the import customs declaration and the corresponding gauging channel (Moreta, 2014).

#### **4.5 Case Study Import of Austrofil from Colombia to Ecuador**

After analyzing the different benefits and concepts involved in a negotiation with a neighboring country that shares a customs union. A practical case of import from Colombia to Ecuador for Austrofil.

Within this recommendation case, information is provided on a possible GLOBAL OIL brand supplier for the company's first import.

##### **4.5.1 Supplier selection**

For the selection of the supplier, the factors and characteristics briefly explained in the chapter were taken into account, and having already established the supplier country, Colombia, the different lubricant suppliers in this country were analyzed.

Global Oil is a Colombian company, dedicated to the sale and distribution of these products nationally and internationally, was created in 2004, and specializes in the development, production, and marketing of lubricants for the automotive and industrial sectors (GLOBAL OIL, 2010).

Below is the contact of the supplier that manufactures the product

*Table 23 Product Import*

<b>Dislubrival</b>	
<b>Product:</b>	Max Lube 20W50 SL
<b>Contact us by e-mail:</b>	<a href="mailto:info@globallubricantes.com">info@globallubricantes.com</a>
<b>Phone:</b>	+ 57 (1) 876 702
<b>Address:</b>	Bogotá Medellín Highway Km 2.5/900 mt via pitches bodega k172
<b>Website:</b>	<a href="https://www.globallubricantes.com/contacte_nos/">https://www.globallubricantes.com/contacte nos/</a>

#### 4.5.2 Choice of the product to import

The product to be imported is "GALÓN GLOBAL OIL MAX LUBE 20W50 SL" of the Colombian brand Global Oil, which is lubricating oil for gasoline engines. The subheading of the product is 2710.20.00.00 (- Petroleum oils and oils obtained from bituminous minerals (other than crude oils) and preparations not elsewhere specified or included, containing by weight 70 % or more of petroleum oils or of oils obtained from bituminous minerals, in which these oils constitute the basic constituent, containing biodiesel, other than waste oils). (SENAE, 2017).

The approximate retail *price* of this lubricating oil is 55,000 Colombian pesos per unit, which is equivalent to 16 dollars per gallon. It is important to know that this conversion from pesos to dollars was made on Wednesday, February 23, 2022 (CUEX.COM, 2022).

Figure 10: Product Max Lube 1 gallon



Below is the product datasheet, which is required for importation.

This brand is not available in the Ecuadorian market; however, this is a quality product, with a good price that makes it competitive in the market.

Compared to other brands such as Shell, this oil has a similar quantity but a big price difference, since Shell 20w50 oil in the Ecuadorian market has an average price of \$25, while Global Oil oil could be offered to the public at \$17.

Figure 11: MAXLUBE Technical Data Sheet

	<b>SHEET DATA</b> (MAXLUBE 20W-50 API SL)		Code CCF-PI-LI-011
			Version Date November-2018
			Page 1 of 2

## MAXLUBE 20W-50 APISL

### DESCRIPTION

**MAXLUBE 20W-50 API SL** It is a gasoline engine lubricating oil that meets API SL and earlier specifications and is designed for passenger vehicles, light trucks and light trucks for which viscosity grades SAE 20W-50 are recommended. MAXLUBE 20W-50 API SL oil is formulated with distilled and refined oils to obtain the best petroleum compounds for the manufacture of this lubricant which with its special divination improves the working conditions of the engine.

### SPECIAL FEATURES

The special formulation of the **MAXLUBE 20W-50 API SL** gives it a set of benefits and features for motor protection such as:

- Good alkalinity reserve that extends the life of the engine by protecting it against acids formed during combustion.
- Long time intervals between oil changes due to its resistance to oxidation.
- Keeps the engine clean thanks to its dispersant and detergent properties.

### SPECIFICATIONS AND APPROVALS

The special properties of the **MAXLUBE 20W-50 API SL** meet or exceed the performance requirements set forth by API SL, CF, ACEA E3, ACEA A3, ACEA B3, standards and specifications. MB 228.3, MAN 3275, Volvo VDS, Renault RD, Renault RGD, MTU 2.0, Deutz DCQ-II-05 and ICONTEC NTC 1295 (PETROLEUM And PETROLEUM PRODUCTS). LUBRICATING OILS FOR CRANKCASE IN ENGINES WITH INTERNAL COMBUSTION TO PETROL, TO DUAL OPERATION OF PETROL/NATURAL GAS FOR VEHICLES (FOUR-STAGE) AND DIESEL (FOUR-STAGE AND TWO-STAGE).

### PRESENTATION

- Drum of 55 Gallons.
- 5 Gallon bottle
- 1 Gallon container.
- Gallon container.

Elaborated and Revised: CCF Coordinator - Coordinator

Source: GLOBAL OIL

Figure 12.: MAXLUBE Technical Data Sheet



	<b>SHEET DATA</b> (MAXLUBE 20W-50 API SL)		Code CCF-PI-LI-011
			Version Date November-2018
			Page 2 of 2

## TYPICAL PHYSICO-CHEMICAL CHARACTERISTICS



CHARACTERISTICS	Method	Units	MAXLUBE 20W-50 API SL
Appearance			Ambar
Kinematic viscosity @ 40°C	ASTM D445	cSt	165
Kinematic Viscosity @ 100°C	ASTM D445	cSt	18,8
Viscosity Index	ASTM D 2270		130
Pour Point	ASTM D97	°C	<-27
Flash Point	ASTM D92	°C	220
TBN	ASTM D2896	mgKOH/g	6,5
Water Content	ASTM D95	ppm	0
Copper corrosion (3h @100°C) (maximum)	ASTM D130		2A
Foam (maximum)	ASTM D892		
Sequence I		mL	10/0
Sequence II		mL	50/0
Sequence III		mL	10/0

The data from these typical tests are average values. There may be slight variations in each production with respect to the indicated values that do not affect the good performance of the product.

## RECOMMENDATIONS

**Techniques:** To maintain the maximum performance of the oil in the engine remember to perform simple periodic checks such as checking the oil level and when it complies with a prudent working time, change it together with the filter of the same; check the engine cooling system, since a poor performance of the same can generate the carbonization of the oil and therefore a bad lubrication; check the air and gasoline filters and change them according to the manufacturer's instructions.

**Health and safety:** It is advisable during the handling of the oil to avoid prolonged or repetitive contact with the skin, wear gloves. In case of contact wash immediately with plenty of soap and water.

**Protect the environment:** Do not contaminate drains, soils or water with oil, its disposal must be in accordance with the regulations of the local authority.

For more information on safe handling of the product it is advisable to follow the recommendations given in the "Safety Data Sheet (Lubricating Oils) CCF-PI-LI-40" of GLOBAL OIL LUBRICANTES S.A.S.

Source: GLOBAL OIL

### **4.5.3 Import Licenses or Technical Barriers:**

Import Licenses or technical barriers are defined as the different physical or electronic requirements that must be complied with for the entry of goods into national territory, so that the control entity can verify the different imports of such products (Pacheco, 2015).

In the case of Austrofil, when importing lubricants, the "Authorization for the exercise of processing, internal commercialization, import and/or export activities" license must be obtained. This procedure is extremely simple and can be applied online at the GOB.EC Procedures page, the following requirements are validated to fill out the form:

- Insurance policy
- Contract
- Trademark registration
- API certificate for oils, engine lubricants.
- Quality Report
- Technical specifications and safety data sheet.
- Brand report.

### **4. 6 Imports GALLON GLOBAL OIL MAXLUBE 20W50 SL**

Once the negotiation is completed, we proceed to the import process. For this analysis, a Colombian product already launched on the international market was taken into account, which can be

The following is the model of an import plan for the MAXLUBE product.

Disembarkation and nationalization of merchandise:

In order to nationalize the merchandise, Austrofil is recommended to adhere to a Temporary Warehouse customs regime, since for the importation of lubricants, it is necessary to have the INEN 2027:2011 Standard. It is possible to proceed with the labeling and the different testing processes to obtain the INEN 2027 Registration.

The requirements for registration are as follows:

Figure 14: Requirements for INEN 2027 Registration

NO.	Requirements	UNIT	MIN	MAX	Test methods	
1	Viscosity index Monograph oil Multigrade Oil				ASTM D 2270	
			93,0			
			120,0			
2	Drain Point Monograde Oil Multigrade Oil	°C		- 6,0	ASTM D 97	
				- 15,0		
			%		0	ASTM D 95
			°C	190,0		ASTM D 92
3	W HUMIDITY	cm <sup>3</sup>			ASTM D 892	
4	Flash point			20,0		
				50,0		
5	Foam trend Sequence			20,0	ASTMD 892	
		cm <sup>3</sup>		0		
6	Foam stability		5,5		ASTMD 2896	
7	TBN		0,5		ASTM D 874	

Source: INEN

Once the standard has been registered, the following taxes must be paid for the nationalization and prompt circulation of the product within the national market (Ecuadorian Institute of Standardization, 2007).

#### 4.6.1 Calculation of import costs

The approximate capital Austrofil has to make its first import is \$25,000.

Table 24 Import calculation

UNITS		1.200,00
UNIT VALUE		13,00
<b>TOTAL MERCHANDISE VALUE</b>		<b>15.600,00</b>
<b>FOB</b>		<b>15.600,00</b>
INTERNATIONAL FREIGHT		1.380,00
INSURANCE	1,0%	170,30
<b>VAT ID</b>		<b>17.150,30</b>
<b>ARCHANGES</b>		
FODINFA	0,5%	85,75
SPECIFIC	<b>0,0%</b>	<b>0,00</b>
Advalorem	0,0%	0,00
VAT	12,0%	2.058,04
<b>TOTAL TAXES</b>		<b>2.143,79</b>
<b>Local expenses Shipping</b>		<b>750,00</b>
<b>TOTAL</b>		<b>20.044,09</b>

Own elaboration

#### 4.6.1.2 Analysis of Import Calculations

Dislubrival's managers from Colombia commented that the unit value of the product is \$13 for imports, and that approximately 1,500 units per container enter; however, in this practical case, Austrofil will negotiate for 1,200 units.

The first thing that was done in the import cost table was to extract the total value of the goods, i.e., the price per unit was multiplied.

Second, the FOB, international freight and insurance values were calculated to obtain the total CIF value, which is the sum of these three values. To calculate the FOB, the company Dislubrival was asked about the approximate value they charge, to which they commented that the initial price they gave us already included the FOB value.

On the other hand, to get the value of the international freight, a quote was made with MSC, Andrea Rosero made the quote, where she indicated that bringing 1 container of 20 feet with gasoline engine oils from the port of Buenaventura, Colombia to the port of Guayaquil, Ecuador with FOB negotiation term was \$1380. Finally, to calculate the value of the insurance, 1% of the value of the merchandise including freight costs is multiplied.

The third point of the table is the calculation of tariffs, in this case Colombia and Ecuador have a customs union treaty (CAN), so it only pays 0.5% of Fodinfra and 12% VAT, the other tariffs pay 0% by the treaty with the CAN. These values of the tariffs to be paid were consulted in the Ecuapass page.

Finally, the shipping company we quoted from told us that once the cargo arrives at the port of Guayaquil there are local costs of around \$750, so this value was also added to the end of the table.

As a result, the total final value of the import costs of a 20-foot container with 1200 units of 1-gallon gasoline engine oils with FOB negotiation term from the port of Buenaventura, Colombia to the port of Guayaquil, Ecuador is \$20044.09.

## **Conclusion**

In conclusion, these are the recommendations and processes that the company Austrofil has to follow to achieve the import. Colombia was chosen because it is a country already recognized in the production of quality oils and lubricants, it is a good partner option and at the same time it is part of the Economic Liberation program thanks to being a member of the Andean Community of Nations (CAN).

Also, the import cost table shows which costs have to be added to Austrofil's budget for an import process,

Therefore, a relationship was established with a company in this country, Dislubrival, a brand responsible for the manufacture and distribution of lubricant products for the automotive sector, choosing MAX LUBE as the product of choice.

It is recommended that Austrofil start with the importation of a single product so that it can test and analyze the market in accordance with the establishment of a new product.

## REFERENCES

Asencio, N., Asencio, L., Tomala, M., & Pachana, M. (January 2019).

*Safeguards and the trade balance in the Ecuadorian economy*. Retrieved on February 20, 2022, from Scientific and Technological Journal UPSE: <https://incyt.upse.edu.ec/ciencia/revistas/index.php/rctu/article/view/405/387#:~:text=The%20salvuardias%20are%20measures%20of,o%20relative%20of%20the%20imports>.

Avila, M. (2001). *Tactics for international negotiation: the differences between the two countries*.

Bajo Rubio, O. (1996). Theories of Foreign Trade: an overview. *Ekonomiaz; Revista Vasca de Economía*, 12(36), 12-27. 0213-3865

Barzallo, A., Molina, J., (2009). *Management model for exporting to the European Union (EU) and the Andean Community of Nations (CAN) using a self-assessment tool (Export Audit)*. [Master's Thesis, Escuela Politécnica Nacional]. <http://bibdigital.epn.edu.ec/handle/15000/8235>

IDB. (January 8, 2003). *SMEs and Microenterprise*. Retrieved from INTER-AMERICAN DEVELOPMENT BANK: <https://www.iadb.org/es/noticias/hojas-informativas/2003-01-08/pymes-y-microempresa%2C2592.html>

CAN. (2013.). *ANDEAN COMMUNITY OF NATIONS*. Retrieved from Mipymes:[http://www.comunidadandina.org/Seccion.aspx?id=313&tipo=TE&titl=emipymes\\_culturales](http://www.comunidadandina.org/Seccion.aspx?id=313&tipo=TE&titl=emipymes_culturales). Trillas.

CAN. (01 January 2005). *Cartagena Agreement*. Retrieved February 22, 2022 from Ministry of Foreign Affairs and Human Mobility: <https://www.cancilleria.gob.ec/wp-content/uploads/downloads/2013/12/acuerdo-can.pdf>



Churruca, A., & García, O. (1995). *Marketing internacional*. Piramide.

Canals, J. (1994). La internacionalización de la empresa */Interamericana de España*.

Castellanos, M. (2018). THE DEMING CYCLE TO IMPROVE PRODUCTIVITY IN THE PROCESSES OF A TEXTILE COMPANY.

ECLAC United Nations. (August 18, 2020). *Economic Commission for Latin America and the Caribbean*. Retrieved from Economic Commission for Latin America and the Caribbean :<https://www.cepal.org/es/notas/america-latina-caribe-paises-selected-interoperability-vuce-pcs-existing-1>

Chamorro, E. T. (2016). *Geert Hofstede's cultural dimensions and entrepreneurial intention in university students in the department of Quindío (Colombia)* (Vol. 41). Thinking & Management.

CITES. (December 01, 2013). *E- Permit*. Retrieved February 2022, from CITES: [https://cites.org/sites/default/files/common/docs/informes\\_ACTO/Ecuador/Informe%20Ecuador%20Product%203%20E-Permit%20Partidas%20arancelarias-Registros%20SIB.pdf](https://cites.org/sites/default/files/common/docs/informes_ACTO/Ecuador/Informe%20Ecuador%20Product%203%20E-Permit%20Partidas%20arancelarias-Registros%20SIB.pdf).

De Boer, L., Labro, E., & Morlacchi, P. (2001). A review of methods supporting supplier selection. *European journal of purchasing & supply management*, 75-89.

Ecuadorian Accreditation Service. (2007, February 22). *LAW OF THE ECUADORIAN QUALITY SYSTEM*. LEXIS. Retrieved February 23, 2022, from <https://www.acreditacion.gob.ec/wp-content/uploads/2016/12/LEY-DEL-QUALITY-CUATORIAN-QUALITY-SYSTEM.pdf>

Escolano, C., & Belso, J. (2003). Internationalization and SMEs conclusions for public action from a multivariate analysis. *RAE: Revista Asturiana de Economía*, 169-195. ISSN 1134-8291

Fernández, I. D. (2009). Economics and Development. *Redalyc*, 144, 101-114. Redalyc. Http: 0252-8584

Ferreira-Herrera, D. C. (2015, May 22). The Canvas model in project formulation. *Dialnet*, 24(107), 6. <https://dx.doi.org/10.16925.co.v23i107.12.52>

García, A. (December 17, 2021). Lasso: Ecuador would join the Pacific Alliance by mid-2022. *El Comercio*. Retrieved from <https://www.elcomercio.com/actualidad/politica/ecuador-ingreso-alianza-pacific-2022.html>

GLOBAL OIL. (n.d.). *About Us*. Retrieved February 22, 2022, from Global Oil - Development, production, and commercialization of lubrication solutions for the Automotive and Industrial sectors.: <https://www.globallubricantes.com/>

Gimenéz, A. O., & Espinosa, J. L. (February 2015). Business internationalization plan. *Libros Profesionales de empresa*.

Gob.ec. (2020). Portal *Unico de Tramites Ecuatorianos*. Retrieved from Portal Unico de Tramites Ecuatorianos:

[https://www.gob.ec/tramites/buscar?search\\_api\\_fulltext=certificado%20de%20conformance](https://www.gob.ec/tramites/buscar?search_api_fulltext=certificado%20de%20conformance)

Grados, R., & Obregon, A. (2018). Implementation of the Deming continuous improvement cycle to improve productivity in the logistics area of the garment company KUYU S.A.C. LIMA-2016. *Scientific Engineering Magazine: Science, Technology and Innovation*.

Guanoluisa, I. (August 30, 2020). *Todo Comercio Exterior*. Retrieved from All Foreign Trade: <https://comunidad.todocomercioexterior.com.ec/profiles/blogs/ventanilla-nicaecuatoriana-en-el-comercio-internacional#>.

Gomez, D., & Martinez, F. (2011). *International negotiation methods of collection and payment*. Esic.

Hill, C. W.L. (2011). *International Business. Competition in the Global Market* (Eighth ed.). Miguel Ángel Toledo Castellanos. 978-607-15-0583-5

Hofstede, G. (2011). Online Readings in Psychology and Culture. *Dimensionalizing Cultures:*

*The Hofstede Model in Context*. <https://doi.org/10.9707/2307-0919.1014>

Johanson, J., & Wiedersheim, P. F. (1975, October). THE INTERNATIONALIZATION OF THE FIRM - FOUR SWEDISH CASES. *Journal*

*of Mangment Studies, 12, 305-323.*

Herrera, M., & Osorio, J. (2006). Model for supplier management using fuzzy AHP. *Estudios gerenciales, 69-88.*

Ecuadorian Institute of Normalization. (2007). Petroleum products, oils, lubricants for otto cycle internal combustion engines.

Jasso, J. (2009). *INCOTERMS: Operational Aspects and Practical Cases*. Ediciones Fiscales ISEF.

Kotler, P., & Armstrong, G. (1998). *Fundamentals of marketing (Vol. 1)*. Prentice Hall.

Larrosa, J., Cruz, G., & Sayay, S. (2020). The Trends in Business Organization TRENDS IN BUSINESS ORGANIZATION. *Journal of formative research in innovation and technical applications*. Doi: 10.34070/REI.V2I1.215.

Leiva, G. B., & Darder, F. L. (2008). Companies of Accelerated Internationalization. *TEC Business, 2*.

Morales, G. (2016, 05) *What is brake fluid and what is its function?* Guillermo Morales. Retrieved 11/25/202, from: <https://www.guillermomorales.cl/que-es-liquido-frenos-funcion/>

Martínez, E. (2007) *Gestión de Compras, 4 edición negociación y estrategias de aprovisionamiento*. ISBN-13: 9788496743069.

Mise, J. (January 11, 2022). *Bill of Lading BL - Bill of Lading - Customs Clearance*. Retrieved February 20, 2022, from Imports Ecuador: <https://www.importacionesecuador.com.ec/despacho-aduanero/bill-of-lading-bl>.

Monferrer, D. (2013). *Fundamentals of marketing*.

OECD; America, Development Bank of Latin. (2019). Policies for competitive SMEs in the Pacific Alliance and participating South American countries. *Latin America and the Caribbean 2019*. doi:<https://doi.org/10.1787/60745031-es>

Oliveira, R. H., Figueira, A. R., & Pinhanez, M. (2018). *Dialnet*. Retrieved from Uppsala model: A contingent theory to explain the rise of EMNEs: <https://dialnet.unirioja.es/servlet/articulo?codigo=760810/>

WTO. (12 October 2010). *WTO - Safeguards - Technical Information*. Retrieved February 21, 2022, from World Trade Organization: [https://www.wto.org/spanish/tratop\\_s/safeg\\_s/safeg\\_info\\_s.htm](https://www.wto.org/spanish/tratop_s/safeg_s/safeg_info_s.htm)

Pennzoil. (2015). *WHAT IS A MOTOR OIL?* Pennzoil. Retrieved 11 22 22, 2021, from [https://www.pennzoil.com/es\\_us/conocimientos/conozca-su-oil/what-is-a-motor-oil.html](https://www.pennzoil.com/es_us/conocimientos/conozca-su-oil/what-is-a-motor-oil.html).

Pimentel Linares, G. L. (2015). Factor price equalization in the Hecksher-Ohlin model and migration: a comparative study of the United States and Mexico. *Economic Time*, 9(28), 40-54.

Pinzón, B., & Dary, L. (July 23, 2014). INTERNATIONALIZATION AND COMPETITIVENESS. *Strategic Sciences Journals*, 22(32), 187-196.

Pro Colombia. (2017, February 21). *Advantages of having a foreign trade area in your company (part I)*. ProColombia. Retrieved February 23, 2022, <https://procolombia.co/actualidad-internacional/conozca-las-ventajas-de-tener-un-area-de-comercio-exterior-en-su-empresa>.

Rubio, O. B. (1996). Theories of international trade: An overview. *Ekonomiaz: Basque Journal of Economics*, 36(ISSN 0213-3865), 12-27.

Rico, C., Rojas, V., García, C., Riquelme, M., & Rojas, P. (2015). Andean Community of Nations (CAN), Peru, Colombia, Bolivia and Ecuador: convergence process and adoption of IFRS. *Journal of Economics and Politics*, 65-74.

Sánchez, J., & Carlos, J. (June 2011). Innovation: a theoretical review from a marketing perspective. *PERSPECTIVES*, 27(1994-3733), 47-71.

Salinero, M., & Muñoz, M. (2007). How Training Practice Is Developed In Companies An approach to the case of Castilla-LaMancha. *Universia Business Review*. doi:1698-5117

Sarache, W., Castrillón, O., & Ortiz, L. (2009). Supplier selection: an approach to the state of the art. *Administration notebooks*, 145-168.

SENAE. (January 18, 2022). *Registro de la Declaración Aduanera de Importación | Ecuador - Guía Oficial de Trámites y Servicios*. Retrieved February 20, 2022, from GOB.EC: <https://www.gob.ec/senae/tramites/registro-declaration-customs-import>

Sarache, A., Castrillón, D., & Ortiz, L. (2009). Supplier selection: an approach to the state of the art. *Administration notebooks*, 22(38), 145-168.

SENAE. (February 01, 2014). *Manual Especifico para la modalidad de Despacho con Canal de Aforo Documental o Electronico*. Retrieved February 20, 2022 from National Customs Service of Ecuador: [https://www.aduana.gob.ec/files/pro/leg/tra/a3\\_feb\\_2015\\_SENAE-MEE-2-2-011-V2.pdf](https://www.aduana.gob.ec/files/pro/leg/tra/a3_feb_2015_SENAE-MEE-2-2-011-V2.pdf).

SENAE. (March 05, 2015). *ECUAPASS*. Retrieved February 20, 2022, de FREQUENTLY ASKED QUESTIONS- ECUAPASS:  
[https://www.aduana.gob.ec/archivos/Ecuapass/faqs\\_ECUAPASS.pdf](https://www.aduana.gob.ec/archivos/Ecuapass/faqs_ECUAPASS.pdf)

SENAE. (01 of 10 of 2017). *RESOLUCION 020-2017*. Retrieved February 23, 2022, from Ministry of Production Foreign Trade Investments and Fishing:  
<https://www.produccion.gob.ec/wp-content/uploads/2019/06/RESOLUCI%C3%93N-COMEX-020-2017.pdf>.



Foreign trade information system. (1997). Foreign Trade and Investment Law ("LEXI").

SCHUMPETER, J. (1996). *Capitalism, socialism and democracy*. Barcelona: FOLIO EDITIONS, 10.13140/RG.2.2.13183.23203

SUÁREZ, O. M. (JULY 23, 2004). SCHUMPETER, INNOVATION AND TECHNOLOGICAL DETERMINISM. 25(0122-1701), 209-213.

Torres, J. (2020). The foreign trade single window How much does it contribute to the internationalization of small and medium-sized enterprises

University of Alicante. (n.d.). Retrieved from <https://www.unniun.com/la-mejora-continued/>

Valverde, Á. F., Robaina, R. L., & Pallerols, G. M. (2017). *Continuous improvement of knowledge management processes in Ecuadorian higher education institutions*. Cotopaxi: Technical University of Cotopaxi, Ecuador. (ISSN 2306- 9155).

Vega, A.; Flores M.; Solís M. (2011)." *Contingency factors affecting the professionalization and competitiveness of family businesses in the industrial sector in Tijuana, b.c., Mexico*". Global Conference on Business and Finance Proceedings - Volume 6 - Number 2 2011.

Van den Berghe, E. (2014). *Free trade agreements: Challenges and opportunities*. Ecoe

Ediciones.

Xtra Guard. (2017) *Function and classification of Filters*. Xtra Guard. Retrieved 11 22, 2021, from <https://www.xtraguardsfilters.com/informacion>

Zambrano, J. (2016) Classification of organizational charts and their importance as a guide and support for decision making in companies. *Utmach*. Doi: <http://repositorio.utmachala.edu.ec/handle/48000/7982>