

Exhibit 2-4
European Presence

Company	Function			Locations
	Sales	Sales Support	Manufacturing	
Consultronics			x	UK
Eicon		x		UK
Gennum				none
Gandalf	x	x	x	UK, Netherlands, France, Belgium
Newbridge	x	x	x	UK
Nexus	x			UK
Microtronix				none
Glenayre	x			UK
Positron				none

Another obstacle encountered by a couple of the companies was the strong bias towards domestically manufactured goods, particularly in Germany and France.

2.7 European Presence

One of the most universally proffered pieces of advice was to establish a European presence as quickly as the level of business allows. Six of the nine companies in our survey have established a European presence in some form or other. Exhibit 2-4 gives the function and location of the European facilities of these companies.

The UK is without doubt the favoured location. All six of the companies with a European presence established their initial European facilities in the UK for reasons that are similar to those that governed their choice of the UK as the initial target market. (See section 2.2 above.) Gandalf and Newbridge have established subsidiary companies in the UK both for direct selling into the UK market and for manufacturing. Glenayre and Nexus have established sales offices for direct selling in the UK; Eicon has established a sales support office in the UK.

It is generally agreed that, once the European offices are established, the local content of these offices should be increased as quickly as possible and they should be given as much autonomy as is practical to improve the company's ability to work with the customers in their language on a fully interactive basis.

Some of the companies have set up (or are looking at) multiple locations. In addition to its operations in the UK, Gandalf has set up sales subsidiaries in the Netherlands, France and Belgium. Glenayre and Nexus have plans to open additional sales offices on the continent. Eicon is looking at the possibility of opening other sales support offices, as well a European distribution centre.

The location of a company's European headquarters should be chosen with some care. A country that is perceived to be neutral, such as Belgium or the Netherlands, may be the best choice for a company thinking of entering the French or German market in the future. Cost is another important factor in the choice of a European headquarters, since travel within Europe is very expensive and the costs of maintaining an office in Europe can differ widely from location to location.

The final step in establishing a European presence should be to acquire a manufacturing facility in order to add local content, demonstrate commitment to the European market and, most importantly, obtain tariff-free status after the unified market is fully implemented in 1992. As noted above, three of the companies have manufacturing plants in the UK. Newbridge has benefitted considerably from its presence in the UK, taking advantage of UK trade development programs and even receiving the Queen's Award for Export.

Gennum, Microtronix and Positron had no permanent presence in Europe at the time of our survey.