

Hedging currency risk at TT Textile Harvard Case Solution & Analysis



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What is AIFS?

- American Institute for Foreign Study
- Founder: Sir Cyril Taylor, 1964
- Academic/Cultural Foreign Exchange
- 50,000+ Students
- Major Divisions:
 - College
 - High School

Colleg

- 5,000+ American students
- Sessions include
 - Academic
 - Summer/Winter
- Countries with
 - Australia
 - Austria, Czech Republic, Spain, France
 - Russia
 - South Africa

College Division

- 5,000+ American university students
- Sessions include:
 - Academic Year
 - Summer/Winter Holiday
- Countries with study programs:
 - Australia
 - Austria, Czech Republic, Italy, Spain, France
 - Russia
 - South Africa

High School

- Founded 1964
- American Council on International Studies (ACIS)
- 20,000 high school teachers annually
- 1 to 4-week educational programs in Europe, China, Mexico, Australia and the Middle East
- All Inclusive

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High School Division

- Founded 1978
- American Council for International Studies (ACIS)
- 20,000 high school students and teachers annually
- 1 to 4-week educational trips to Europe, China, Mexico, Africa, Australia and the Americas
- All Inclusive

Pricing

College Pricing

- Academic planning year from July 1 to June 30
- Prices for any given year had to be set by June 30 the previous year

High School Pricing

- Calendar year basis from January to December

****Guaranteed Pricing***

Hedging at AIFS

- Incurred revenues in American Dollars (USD)
- Incurred costs in Euros (EUR) and British Pounds (GBP)
- AIFS hedged its future cost to manage different types of risk
- Covered 100%

Solutions

Type of Risk

Bottom-line

- Volume
- Competitive Pricing