Going Global
What to Know When Entering the Unknown

The allure of foreign markets and the advances in technology that enable us to do business remotely have led to what many people refer to as the global economy. The idea that borders have become obsolete and that we can engage in commerce wherever we wish is still slightly ambitious, but it is true that the opportunities for international trade and business have improved remarkably in recent years… and they're just going to get better. Anyone not preparing to "go international" may one day wake up and find they are looking back at an awful lot of lost revenue.

The fact that the opportunities are greater does not mean that the risks are fewer. The chore of entering a new, foreign market can prove overwhelming if not executed with great dedication to a number of core principles. The elements of the Going Global Doctrine include the following:

1. Knowledge & Intelligence *Before* All Else

The key to success in a foreign country is intelligence. Just as there is a crucial need to understand the market, consumer behavior, competitive environment, and so on when operating in the United States, so too is it important (perhaps more so) to understand all critical factors before beginning activity in a foreign country. The natural disadvantage that comes from not living among your customers (and competitors), perhaps not knowing the language, and not being familiar with all the nuances of the culture need to be neutralized through preparation and diligent study. Just as knowledge is the foundation of your strategic and tactical thinking in the U.S. so too must it be the core of your planning and implementation processes oversees.

In addition to the information you might gather for a local market as well, entering a foreign market requires you delve into other considerations. The instrument most helpful in achieving the analysis you need is called a PEST Analysis. Under a PEST process you will review the Political climate and influences as they affect your business, the Economy and how interacts with your business (including its stability), the Social environment, including cultural and social dynamics as they relate to your business, and the Technology infrastructure as it will enable or inhibit your operations. By executing a PEST analysis you will fill in the blanks generally associated with the risks of engaging a foreign market.

2. Plan and Execute for the Long Term

It is not unusual for a company to move into the international arena because a specific opportunity arises and the company seeks to take advantage of the chance. While the initial deal can be weighed on the merit of its particular virtues, the deal itself will not substitute for the strategic and tactical planning needed to establish a sustainable presence. Entry into a foreign market, because it can be more costly than home markets and involve greater risk, needs to be considered with a long term perspective from the very beginning. Make certain that you are thinking beyond the initial deal and building the marketing/operations/sales plan you need to establish a long term presence in the market.

3. It's Not Who You Know But Who You Need to Know

The old adage it's not what you know but who you know can be the death of a company trying to enter a foreign market. The strategic development of partnerships needs to be the result of an analysis of which local company can assist the company in meeting its well defined goals. If the company enters solely on the basis of an existing relationship without evaluating whether the relationship will help maximize performance potential, the chances are good that the company will find its growth stunted. The appropriate process is an analysis of which contacts are necessary to meet full operation potential and then seek the channels needed to develop and secure those primary relationships. Certainly the circumstances are ideal if who you know is also who you need to know. If they are not, you need not be intimidated by the prospect of having to develop relationships - if your offer is attractive most companies will be interested in exploring working with you.

4. Partner With Locals…But

You should not seek to enter a foreign market on your own. Local partners are essential because they have an innate understanding of the market and existing relationships (the *right* relationships) to move the venture forward. In selecting a local partner it is essential that you develop and stick to a pre-determined set of qualities and characteristics you are comfortable with. It is important that you have both strong mutual business interests and the ability to communicate well. Also, it is important to make certain that you do not rely exclusively on your local partner. This is not meant to suggest that you avoid exclusive deals (some may be necessary), but rather that you make certain that you are providing and performing critical elements that the local partner is reliant upon. It may even be advisable to situate your own employee in the host country to work with the partner. This will allow your company to co-own the channels of distribution and the relationships created, lessening the chances that, once the entire infrastructure is developed, your partner will be persuaded to work with a competitor seeking to disrupt your plans.

5. Establish Communications

Foreign countries are, by definition, not located physically near you. The distance, the time that passes between visits, and the already existing cultural differences can lead to communication breakdowns and misunderstandings. As you develop your partnership make certain to establish the means of communication, the rules of communication (as in all emails are acknowledged, all phone calls returned, etc.) and the timetable for communications (as in each side is obligated to report to the other monthly). By establishing the rules of communication and enforcing them, you will find that trust is developed more easily, business is executed more smoothly, and the sense of partnership is felt more deeply.

6. Recognize the Risks

Finally, the most important aspect of going international is recognizing the risks. It is easy to be lured into business overseas as the excitement, glamour, hospitality, and potential all combine into one very convincing ball of "why not". Yet the "why not" will inevitably reveal itself, and if you have not recognized what they could be before you got started you will not have the instruments of coping you require once they appear. By recognizing what the risks are you will be able to prepare for them, and perhaps, even suppress them.

Entering foreign markets is an excellent way to grow a business. You need not wait until your present market is showing signs of limited or no growth to begin entertaining bringing your product/service overseas. There are circumstances under which what you are selling is more attractive or valuable abroad than it is at home. There can even be times when market penetration will be easier (because the market will be more receptive) overseas. The key to success is proper planning and smart implementation. Then again, those are the fundamentals of success here in the United States as well. So what are you waiting for? The world is calling.

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