

Mastering global expansions and complex market entries

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There was a time, not so long ago, when U.S. companies dominated the exclusive club of global firms. In less than one generation, the decline in trade barriers and the free flow of goods, service, and capital, combined with technological changes in communication, information processing and transportation have made it possible for small and medium size companies, from around the world to join the club and successfully compete globally, side-by side with global giants.

Globalization has facilitated a rapid economic growth, helping raise the world's GDP from \$50 trillion in 2000 to \$80 trillion in 2018, and presenting a wealth of opportunities by creating demands for more goods and services, new technologies and innovations, and opening the door to new markets and customers.

Today, there is no such thing as a domestic market anymore. Businesses, consumers and governments are now accustomed to buying globally and looking for the best products and services worldwide. Foreign direct investments are at a record high, global sourcing is growing, and competition is heated in the pursuit of customers in emerging economies.

In this accelerated globalization trend, going global is no longer just a possibility, but it has become a necessity and even a requirement in many industries. While many companies have benefited from globalization, others have failed to successfully develop and execute global strategies. Too often, failure could have been avoided.

In this exciting, fast pace globalization craze, there is somewhat the illusion that small and large companies can successfully compete side-by-side on what seems to have become a leveled playing field. In reality, market entry and expansion into a foreign market are complex. Foreign countries have different laws, economies, business environments and currencies, just to name a few differences. Culture, while too often misunderstood and underestimated, is a major impediment to a successful market entry.

Global strategies are complex. Entering into a foreign market often requires product adaptation to suit the market, amplifying the already complex dilemma of standardization vs customization. Every business expanding globally should expect a big learning curve. The understanding, selection and implementation of proven business strategies will be key, as well as the skills needed to effectively implement a globalization strategy.

When considering a global expansion, companies should take the time to assess internal competencies and resources as well as external conditions to minimize their risks. Some key considerations:

- Does the leadership team have the experience and the organizational structure to develop and implement a clear and comprehensive global strategy?
- Is the company committed and able to dedicate capital and human resources for the long-haul?
- How flexible is the company to adapt to international markets and competitive conditions?
- To what extent will culture, language, the legal environment, the country's infrastructure, impact the company's ability to operate and access customers?
- Which market entry strategy is best adapted to the company's products/services and market conditions: exporting, distributing, producing, sales channels, greenfield or M&A?
- What is the short, medium, and long-term attractiveness of the target market? How do you best estimate your level of investment in that market?
- Is there an exit strategy?

Global strategies need to be highly customized to each company, market, product/service. There is not a "one-size fits all" strategy companies can acquire and roll out. There are certainly principles and methods to help guide this complex process.



Despite the actual short-term trade disputes and nationalistic discussions, long-term trends of global business and further globalization are unquestioned! Pampers will continue to ensure baby's comfort across the globe, and iPhones will continue to be produced in China out of parts coming from across Asia and the globe. The world economy is more than ever before interlinked, integrated and connected.

The companies that carefully assess their readiness and preparedness will be able to identify the gaps they may have in expertise, organizational structure, and resources. This will enable them to team up with experts who can guide them and support them entering new markets, accessing new customers, limiting their risks through increased diversification, and successfully compete for their share of the wealth created by globalization.

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