



# The Art of International Business

UK companies are going to have to up their exporting game if they're to realise the government's ambition and double exports to £1 trillion by 2020.

However this is easier said than done. So we asked an array of experienced interim managers who have helped develop international businesses for their top advice...here's what they told us...



Norrie Johnston Recruitment

## 🕒 Strategy & Structure

David Ogilvie, a director at the Resilience Development Company, has launched existing UK high street financial service brands into international markets. He says that, whether you are setting up a new business or expanding an established one overseas, it is vital that you understand and can articulate a clear product to market fit. You then must decide on where the profit and scale is.

Andrew Luce, who has been involved in developing international businesses for some 30 years, adds: "Once you have identified that there's a viable target segment, the questions of whether you have a local operation or distributor/agent come into play. You will need to gain local knowledge. To do this you can acquire it yourselves over time, hire it or buy it. One way or the other it will take time and money," he argues.

For Philip Rawlings, a commercial HR director with a mix of corporate, interim and consultancy experience, it is crucial to have a clear business plan and know what you are willing to invest in time, money and people to be successful. "Also be clear as to whether it is a local self-standing business or clearly linked to the home country organisation," continues Rawlings.

## 🕒 Know Your Limits

Thinking of the home country, Tom Pickering, a board member & entrepreneur, also thinks it is important for the core business back at home to be secure and generating cash before overseas expansion is embarked on.

Michael Cowl, strategic accounts manager at Tapco Inc., argues that you need buy-in from the home office, especially in terms of how long it will take to go from initial set-up to a level of profitability in the new market.

Mike Attwood, an experienced interim director, warns: "Do not commit to long term commitments and investment until the business growth is known. Let the sales growth drive the cost base and not the other way round."

Philip Rawlings adds that if the numbers aren't being hit you need an exit strategy. "You need to know what metrics you will use to measure a lack of expected success, so you can gauge if you need to reduce/ pull out of that country."

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## 🕒 Checking Out The Territory

Keith Allsopp, a consultant and director specialising in market strategy for telecommunications and technology intensive business, has experience of several international market expansions. He recommends considerable desk research – to scope the market, gauge its potential size, the competitors and risks. "Then you can get on the plane knowing what you need still to find out and can arrange to meet local businesses, authorities and potential customers to get the deeper understanding. You will almost certainly need to ask yourself the build, buy or partner question as a part of this process."

Jon Gregory, who has spent 20 years working in interim operations and business-development positions at a senior and board level, says nothing beats going to the place where you're looking to expand, understanding its business culture and building-up trust. A higher frequency of shorter visits is better than a low number of very long visits. He argues: "People deal with people, when it comes to international business."

Phil Wilkes, senior partner and project manager at I.C.E. Management Consultants, agrees: "Short frequent trips are always better than long ones, where you run the risk of losing focus."

Based on his experience establishing new or different supply chain & factory operations in SE Asia & Africa, Jeremy Cartwright thinks the length & duration of visits depends on a number of factors. "I have found 'short & frequent' works best where the future state is clear, locally understood and the level of cultural change required is relatively small. If however, the need is for a fundamental step change in culture, ways of working & standards then a more embedded approach is usually necessary."



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Paul Ross

## 🕒 Culture Considerations

Phil Wilkes has project managed the construction of food and drink factories in a number of overseas locations including Russia, Iceland, UAE and Latin America. He argues that you should respect local customs and practices but maintain high professional standards, and of course be culturally aware. "Everyone does business differently and has different expectations of you and of others. For instance status matters – in Russia, being an engineer is a great accolade!"

Tom Pickering agrees you should value diversity "…particularly if you are focusing on the Middle East." He also has a note of caution for those looking at the North American market: "Avoid the USA unless you have substantial legal support!"

Paul Ross, an interim end to end supply chain professional, says when it comes to culture and approach you should be open minded: "Don't dismiss local ways – we all have things to learn. But under no circumstance dilute your values."

Jeremy Cartwright adds: "Respect (but don't just accept) the local culture."

"Always remember that you are a guest of that country, regardless how much you may think you know better than the locals," cautions Izabel Braz Harwood, a senior international customer service, CRM, and change management professional. "You need that country, their people and products – so respect the local knowledge, talents, and the business and country cultures."

Experienced interim CEO, Francisco Vazquez, shares insights into how he gets to know a culture. "I usually do my first visit to a supermarket, and from there start questioning traditions and customs."

He suggests that ex-pats can save a lot of time, provide a lot of information – and thanks to social networking they can be contacted very fast.

## 🕒 The Power of People

Business associations, chambers of commerce, trade councils, embassies and high commission commercial attaches are well worth investigating – providing advice, insights, networking contacts and in some cases practical services.

In addition to such resources, Bogdan Buzdugan, a C-level transition & turnaround specialist, says people are vital. "It's very important to find a good local team. In some countries this may represent the difference between success and failure."

Phil Wilkes suggests establishing a trusted local partner and taking up references if they are not well known to you.

Jeremy Cartwright agrees: "Identify (or recruit) one or two knowledgeable & respected local 'advisors'. They are vital in helping you understand & work through the local legal, financial & cultural challenges."

Depending on the business, Matthew Wright, a director level IT consultant and CTO, recommends that key staff from the other country should visit the UK operation too, and meet their colleagues.

Rose Gledhill, an interim HR professional and leadership coach with diverse industry experience, builds on this, arguing you should take time to understand what motivates people in the target country. Try to get people in your team who understand both the new and existing cultures to aim for the best of both. She believes nothing beats getting face to face with people. "Go there as often as you can - phone and skype just don't do it!"

For David Robbins, a finance, transformation, process improvement & programme management delivery partner, such knowledge is a two way street. It's as important to ensure your key employees understand the corporate vision (and buy in to it). "Helping them understand the culture and ways of working of the parent company is critical to them feeling part of the wider organisation."

Jeremy Cartwright adds that it's important to do this in a way that makes the most sense to employees. "Using the local language is a great help but it can also mean adapting the message structure & content to make it more locally relevant."



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## 🕒 The Perils of People

Some people share a note of caution about employing people. Philip Rawlings again: "If you are employing people ensure you have good local knowledge of contract terms and conditions; you also need to understand the implications for employee representation on your parent organisation."

Brett Lloyd Payne, a highly experienced interim who has worked in many countries across multiple industries over the past 27 years, agrees: "Always investigate how you can exit, if required, and the HR costs of doing so. Equally how you can manage underperforming team members out of your business, within the HR laws of that specific country. I have seen several situations where this due diligence was not carried out effectively, and those specific countries created many challenges for the parent/HQ organisation."

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## Local Laws

Izabel Braz Harwood believes foreign companies wishing to establish or expand in a new territory struggle when they fail to take into account the local rules and regulations. "In some countries the labour laws can break a company, take it to bankruptcy. Ignoring this or taking it lightly can be a huge mistake." She adds that customs taxes, speed in importing, bureaucracy, are also very real factors, that if overlooked can cost foreign companies dearly in terms of project delays or fines for late deliveries to customers.

Peter Sibbald, an interim procurement & logistics specialist, provides some vivid examples of how different the legal framework can be. "In Chile (even with its very European, codified legal system) you cannot give evidence in a court of law, if you have a financial interest in the outcome of a case! You can, and will, be impeached as a witness. Also, in China, business people have a very different view of a contract than they do in Anglo-Saxon countries."

He adds: "A fact of life in some countries is that the law will be enforced more rigorously against foreign-owned companies, than domestic ones. None of these things need be a 'show-stopper', but you need to do your research & planning in advance. You would be surprised how many companies do not even understand the import duties on their products in the markets they are targeting."

Mike Attwood also encourages companies to think about their intellectual property: "...though protecting your IP in certain countries is sometimes easier said than done unless you have deep pockets."

## 🕒 Suss Out the System

Ian Luke, from his many years of setting up (and closing down) businesses of different types in the construction field, agrees that reliable tax and legal advice plus knowledge of local authorities, customs, visas and work permits is important. However, this alone isn't enough: "You also need to know how the system works in practice and how long it takes. For that you need to not only obtain the advice locally but also cross check it extensively with those who actually use it."

Garry Hirth, a finance and commercial director, has set up operations in Brazil, China, US, Japan and EU. He says it always takes longer than you envisage to set up an international business and it's often the practical issues that can catch you out.

"Having successfully set up a silk buying office in China and a sales office in Brazil, it was only when I tried importing silk into Brazil from China that I discovered that the former do not like the latter and refused to allow the shipment into the country!"

## 🕒 Does Your Brand Travel?

Added to all of this, Matthew Wright warns that companies need to be realistic about the power of their brand. "It's very easy to think that the new employees in the country you are setting up in are familiar with the parent company, and that the parent company 'brand' has influence and kudos over there, but it doesn't. This has to be built, along with knowledge of the operations."

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## Interim Managers

We'd like to thank the many interim managers and international business experts for their contributions to this download. Their insights give a flavour of the value of knowledge and experience when developing an international business.

That's why many organisations use senior interim managers to support their international expansion plans. We help clients source such highly specialist talent, finding people with exactly the right mix of skills, experience and language capabilities – no matter where in the world they are needed.

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