

# Do not expand your business globally... before you haven't asked yourself 5 important questions

*A quick guide on:  
How to approach international growth*



## TO EXPAND OR NOT TO EXPAND – HOW IS THE QUESTION

The expansion of existing products and services into new markets is called market development, as Ansoff had already taught with his matrix carrying his name. It reflects one of the four generic strategy options for growing a business alongside market penetration, diversification, and product development.

Expanding a business internationally definitely is exciting, but it can also be a bit frightening and overwhelming, as the outcome often is not predictable. More and more SMEs use this option though to secure their position in the long term but also rely on internationalization in order to grow sustainably. If expanding locally or opening a new entity abroad altogether, growing your business is a big investment that should never be taken too lightly. There certainly are a lot of aspects taken into consideration before going this step.



Expanders as a leading provider and enabler for internationalization, has substantial experience in expanding businesses globally and would like to share with you some insights and considerations, a company should make. It all starts with questioning:

### The core questions you should ask yourself beforehand

- **WHAT ARE YOUR OPTIONS?**

There are many ways to grow your business internationally. Whether it is an own subsidiary, a branch, a representative office, a franchise, a local joint-venture or a stand-alone company, every option has upsides but as usual also downsides or better, challenges. Expansion initially makes sense, when your potential in your domestic market has been exploited to full extend. Maybe you need to better utilize your existing resources, whether it be people, processes, logistics or fulfillment. Or if you see a scaling of your business as a fruitful opportunity. Especially in our digital age, an expansion is tempting as there are low barriers to do so.

- **DOES YOUR MODEL WORK INDEPENDENTLY OF YOU?**

Is the business you do, or are you yourself the brand and what actually makes your company a business? If your company does not work without you, your skills and knowledge, you should reconsider your plans to grow internationally. If the business itself is the brand, it looks more promising: Choose the right partners or people. Train those competent people to do a competent job. Adapt your leadership style with local and cultural spices but let locals do the work. Give them goals and guidelines and monitor performance.

- **DO YOU HAVE THE FINANCIAL RESOURCES?**

You are probably coming from the point that your business in domestic markets works well and as a subsequent step, it must be expanded to be available to more customers. Your existing business should however not be put at stake for setting up and growing your new business. Be aware that a typical and successful expansion of any SME or start-up company will minimum cost 100.000 EURO or 120.000 USD despite the entry option you choose. And success will not come immediately, you need to work on it frequently, invest time and money in building up trust, a brand, processes, marketing, fulfilment and and and... to eventually have a break even or pay-off of your investment. You must have the perseverance and the breath to cope with this investment without harming your basic business.

- **ARE YOU WELL (ENOUGH) POSITIONED?**

It is difficult to fully anticipate the risk associated with expansion. A preliminary risk assessment is an exercise you need to make to set the best possible position in order to opening up a new base

with as few hiccups as possible. Your domestic success not necessarily is a guarantee for succeeding abroad. There are so many internal and even more external factors that are restricting your international growth or that will interfere with your plans. Things you took for granted in your home market may not work in an international context. Let us give you some examples:

- Your products and services are not meeting local taste or need, be it because of language, culture, religion or simply taste. Maybe competitors have a too strong standing
- Pricing is not according to regional standards, which could be related to the pricing model, taxes, purchasing power
- Push and pull efforts (promotion, advertising, pr, sales) work differently, as many channels are used differently or worst case not at all in that region
- You are selling in locations, where your audience is not present channel wise, as online and mobile or stationary retail bear many options and are again used differently in each market
- Processes and fulfilment do not meet or are exceeding local standards or simply are restricted in other markets
- Relying on people with a deferring attitude due to background, skills, culture or religion
- Your physical appearance locally is not well received

If you have asked yourself these questions, thought about them sufficiently, and have come to a positive vote, you should plan to embark on your international journey. By now, you probably figured it yourself, the heading mentions five core questions, but only four core questions are asked above.



Coming to question #5: **HOW COULD YOUR JOURNEY LOOK LIKE?**

**Step 1:** You should decide to either “travel” all by yourself, to rely on an outsourcing solution – or a mixture in between. In general cases, there is no right or wrong. Your way depends on your company, your available resources and your expectations and capabilities.

**Step 2:** Do research ... a lot. Spot the potential growth markets, look what competition is like there, identify the need for your product and service locally, learn about the structure of the market, demographics, the culture, tastes and likes, and eventually derive your own way forward. You cannot expand to a market you do not understand. For that you must go there – personally, guided, meeting with distributors, partners, competitors, advisors, and clients. *A professionally prepared and guided field trip is mandatory.*

**Step 3:** Match your assets, i.e. the DNA of your company with the potential goal of expansion. Identify where you are extraordinary strong and where the shortcomings could be. Make a detailed plan to close those gaps prior to launching abroad and extend it with your way forward with a roadmap, setting milestones and timings. Bear in mind that again a foreign market may bear many pitfalls and other bureaucratic hurdles, especially when it comes to certifications, documents to be provided.

**Step 4:** Keep in mind, expansion is a C-level matter. It is a strategic decision that must be on everybody’s agenda within the company. The intend to expand must be there, otherwise you lose the momentum and waste valuable resources in terms of time and money. The topic must be kept current, and people need to be standing behind it. Involve the relevant people deeply, integrate them into task forces and see it as a valuable transformation of the company.

**Step 5:** Now the difficult part: You must execute the expansion now. You have done your homework and prepared the organization for the step. You decided on your strategy, have a roadmap and plan in place and put the investment money aside. The whole company is motivated and hot! **THE MOMENTUM IS RIGHT! LET’S MOVE!**

From a preparation side, the questions and steps drafted above give a general way forward of how to expand internationally. Of course, this is only a quick guideline and not the only way possible. A full journey

must be planned a whole lot more in detail and must reflect your company, your values, background, and goals.

We wish you a safe journey and a lot of success with your endeavors to go international!

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#### About the author

Gerrit Stroomann has been an international business development expert with primary focus on multichannel expansion for start-up companies and SME for over 20 years. Before co-founding Expandeers Global Network in 2015, he gathered operational experience at Bertelsmann, Libri, Accenture and served as CEO of an international Online Marketing consultancy. For several years now he has been developing global multichannel expansion strategies for B2B & B2C segments. Gerrit holds a university degree in marketing and international business, as well as an MBA.



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