

A 3D maze with a globe in the center. The maze is made of white, raised walls on a white background. The globe is a light gray color with a white outline, showing the continents of Africa, Europe, and Asia. The text is centered within the maze.

# **BUSINESS BEYOND BORDERS**

**Take Your Company  
Global**

**CYNTHIA DEARIN**

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## INTRODUCTION

In 1989 my parents took me overseas for the first time. We travelled from Sydney, Australia to Singapore, to Tashkent and on to Moscow for a week, before finally arriving in London, where we spent several months.

Those were extraordinary times – the Berlin wall was coming down, communism was ending and globalisation was starting to surge. As an impressionable twelve year old, that journey had a big impact on me and was a defining influence on how I chose to shape my life. I had always been interested in other countries and I loved helping people. I decided that I wanted to be a diplomat.

Fast forward 15 years and you will find me sitting in a corner office in an embassy, gazing out over the desert, disillusioned. I had achieved my dream, been accepted into the Department of Foreign Affairs and Trade as a graduate, trained as an Arabist and been sent to represent Australia in the Middle East. It was a huge honour, and I should have been ecstatic, but I was not. Despite all the glamour, I could not see the point of a lot of what I did. Even though I was working with Australian citizens and companies, I did not seem to be creating a real difference for people, which was what I had always aimed to do.

A couple of years later, to the astonishment of almost everyone I knew, I gave up the dream job and went to London for postgraduate study. Armed with some more qualifications, I became a management consultant and spent four years in Iraq, working with the British and US governments to get the country back on its feet. That was an intense period of my life. Amazing work, real impacts, but also lots of danger. Extraordinary as it was, it could not last forever, and when the political will to see Iraq transformed evaporated, my role went with it.

I came home to Australia and took a job running an industry association that represented Australian businesses internationally. After a couple of years, I ran into the same problem I had faced as a diplomat – I was deeply unsatisfied because I could not see how my work created real value for people.

And so, in fear and trembling, I quit my job and started out on my own. It was just me, my kitchen table and a blank sheet of paper. It was scary. I knew that I wanted to help companies to scale internationally. I had loads of exotic professional expertise, but limited understanding of how to create something powerful, something valuable that would change lives by helping companies to get incredible products and services into the hands of people across the world.

That is the journey I have been on since 2013 and this book is the result of what I have learned along the way. It is about how to create a successful strategy for scaling internationally, so that you can multiply your impact on the world by a factor of ten.

Many business leaders dream of expanding their company's footprint into international markets, but the majority never get there.

I have been working internationally for 22 years and of the hundreds of business leaders I have come across, only a handful have what it takes to be an international success – a crystal clear vision, a powerful plan and the momentum and resources to make the dream a reality.

The majority of businesses expand globally by launching a series of half thought-out concepts and steer the ship on 'gut feel'. Often it does not end well.

Although the challenges are many, I believe there has never been a better time to go global. Because of the way in which technology has shrunk the world, 99.9% of the people you could serve are no longer in your hometown, your home state or even your country. These days, you can reach customers in ways that were impossible just a few years ago and you can get your message and your products out to millions of people.

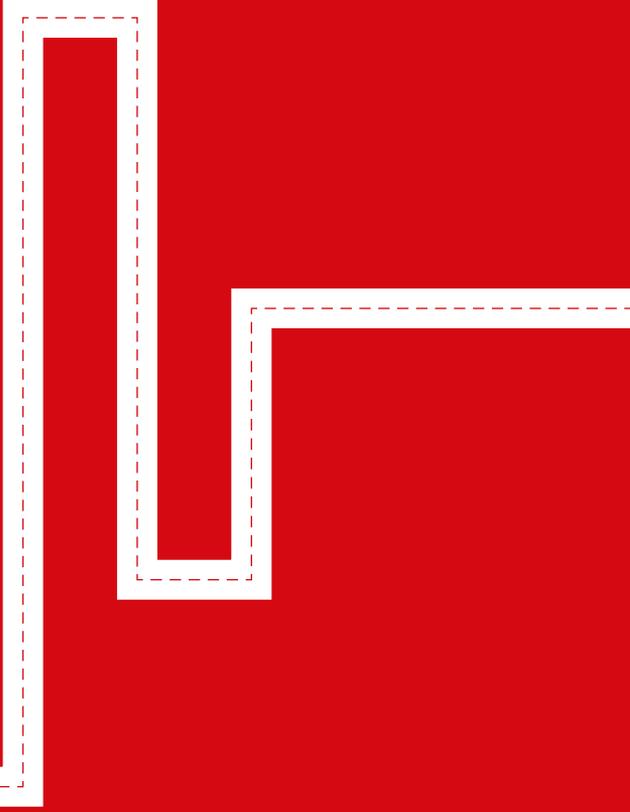
In this book, I set out to show you the steps to creating a successful international business and how to avoid the mistakes that bring you undone.

I hope it serves you well.



# CHAPTER 1

WHY YOU NEED AN INTERNATIONAL STRATEGY – EVEN NOW!



## CHAPTER 1

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### **WHY YOU NEED AN INTERNATIONAL STRATEGY – EVEN NOW!**

As this book goes to press, the COVID-19 pandemic is reshaping the global business landscape and the world as we know it. For many executives, just surviving is a fight to the death and expanding internationally is the last thing on their minds.

But if you are a business leader with big dreams, you still need an international strategy. COVID-19 has slowed the movement of goods and all-but-halted the movement of people, but global business is not going away. It is evolving. To keep up, grow, and flourish, you need to evolve too.

The death of distance is a key driver for international business, even as we grapple with COVID-19. Massively improved supply chain logistics, travel and technology are enabling goods, people and ideas to move around the world faster than at any other time in history.

Activities that previously had to be done in one place have been unbundled and spread out around multiple geographies. In many industries, especially elaborately transformed manufactures<sup>1</sup>, supply chains have become truly global. New technologies let us meet people on the other side of the world, transmit our data across the globe in a heartbeat and make and receive payments in the space of a few minutes. Services including

telemedicine, architecture, design, accounting, coaching, management consulting, and dozens of others can be provided from virtually anywhere, irrespective of where the customer is.

The death of distance has implications for almost everyone in business because we can communicate and work with customers and suppliers who were unreachable just a few short years ago. For now, global trade in goods has slowed, but it will eventually return to historic levels because the movement of goods is far less risky than the movement of people. That said, I believe that we will see a big, permanent step change in the way services are sold.

The increase in technology-driven service delivery that we have seen in the last decade is just the tip of the iceberg. As COVID-19 forces people out of public spaces and prevents us from gathering, the landscape is changing rapidly. Those of us who preferred face-to-face meetings and balked at virtual business coaching, management consulting, legal advice and medical support, are coming to terms with the fact that, for now, this is how it is. Like it or not, telehealth and Zoom socials are a reality and, for many people, almost the only contact that they have with others. As populations get more comfortable with the new normal, I predict that we will see a rapid acceleration of the technology trends that were already taking off before the virus took hold, and a bunch of new ones too.

### **Limitless opportunity means unbridled competition**

For services providers, this means international markets will be more accessible than ever before. Increased uptake of technology-enabled service delivery equals lower barriers to entry. In other words, if you have a great product that can be delivered without you needing to be there in person, and a powerful message that resonates with your audience, you suddenly have almost limitless potential to sell anywhere.

The downside to limitless opportunity is a massive increase in competition. If barriers to entry fall and you can suddenly sell anywhere, people from all over the world can suddenly sell into your home market too. And if they can create and sell a better product at less cost and market

it with equal flair, that is the end of your market share. The truth is that the dark side of borderless markets – increased competition – should be just as great a driver for a perceptive CEO as its bright side – increased opportunity.

Even if you put current global trends aside, the classic reasons for international scale continue to matter.

### **Reach more customers**

Access to international markets enables access to more customers. This matters for any company that only has clients in one geography, and is especially true if you are based in a country that has a relatively small domestic market.

Over the last 20 years the global marketplace has grown by 3 to 4 billion new customers, to a total of around 7.6 billion people. This reflects the way in which economies have evolved in that time. Not so long ago, China and India were still considered developing countries. These days, they are leading economies whose rapidly expanding middle classes have money to spend. Similar trends are apparent elsewhere in the world as the middle classes grow rapidly throughout Asia, the Middle East and Latin America. In many cases, 99% of the people you could sell to are now located outside your own country.

According to the Brookings Institute, the next decade could see an even faster expansion of the middle class than at any other time in history. Globally, the middle class is already spending \$35 trillion annually, and could be spending \$64 trillion by 2030, accounting for roughly a third of projected GDP growth. Within a few years, based on current forecasts, most of the world's population could have middle-class or rich lifestyles for the first time ever.

This explosion of middle-class populations with increased purchasing power and a hunger for higher standards of living has generated huge demand for all types of products and services, which host countries often cannot meet. The sheer volume of the opportunity that the rising middle class represents can be difficult to grasp. For example:

*India's electronics market, valued at USD 120 billion in FY17/18, is expected to grow to USD 400 billion by 2025.<sup>2</sup>*

*And in China, high quality Australian milk can sell for up to \$9 per litre, compared to its \$1.50 to \$4 price tag in Australia.*

Incredibly, even these enormous markets for 'traditional' products are dwarfed by the opportunities in emerging sectors. For instance, the global market size of Internet of Things (IoT) platforms was USD 1,340 million in 2017 and is expected to reach USD 9,960 million by the end of 2025<sup>3</sup>. And these examples are not outliers. Do a quick Google search for your sector – you will find dozens of opportunities of the same magnitude.

Many multinationals, tech giants and luxury brands have gone on the front foot to gain a first mover advantage and position themselves to capture middle class consumers as they move out of poverty and into the middle income bracket. The good news is that micro-to-medium-sized businesses can capitalise on these opportunities too. Plenty of smaller companies are carving out their niche in international markets and gaining access to new clients that they would not have won had they stayed at home.

### **CASE STUDY: Siteminder**

*Mike Ford and Mike Rogers started Siteminder in 2006. It began as a two-person operation working out of a rental home on Sydney's northern beaches. The company now has more than 800 staff, services over 35,000 hotels around the world and generates more than AU\$100 million in annual recurring revenue. Eighty per cent of Siteminder's turnover comes from offshore. It processes 87 million hotel reservations a year, or \$38 billion worth of hotel, Airbnb or bed and breakfast stays. These days, Siteminder is considered one of the 20 greatest pioneering technology companies to come out of Australia and New Zealand.*

### CASE STUDY: Emma and Tom's

*Australian juice and snack company Emma and Tom's was founded in 2004 by childhood friends Emma Welsh and Tom Griffith. Getting a fruit-based drinks business off the ground was anything but easy in the early years. The first batches did not taste good, Emma and Tom could not get anyone to manufacture their instantly recognisable bottles, and the distribution just was not working.*

*Today, Emma and Tom's is an international brand, sold in Jordan, Dubai, Hong Kong, Singapore and Malaysia.*

### CASE STUDY: Jane Jackson, Career Management Coach

*Jane Jackson is a career management coach and solopreneur who services clients all around the world. Originally from Hong Kong, Jane established her coaching business in Australia in 2001 and recognised the opportunity that rapid advancements in technology offered her business.*

*Instead of flying around the world to deliver training for her clients, Jane began using videoconference technology while maintaining the same standards of service as her in-person clients received. She discovered that changing her delivery model radically changed her business as well. Jane was able to reach hundreds of new clients while dramatically reducing the cost of providing advice. She saved time, money and energy by working remotely, and maintained a healthy profit margin. Today, Jane has worked with over 8,000 professionals from Asia and Australia to reinvigorate their careers.*

### CASE STUDY: Skimlinks

*Alicia Navarro founded her automated affiliate marketing firm, Skimlinks, in Australia in 2012. When she realised that there was virtually no market for her product in Australia, Alicia moved her operation to the United Kingdom. Through her clients in London, she was able to target many of their parent companies in the United States as well. Two years later, the company expanded to the US market. Today, Skimlinks facilitates \$1 billion worth of transactions for its clients and is used by more than 4 million websites worldwide.*

### Spread your risks

The expression ‘don’t put all your eggs in one basket’ applies equally to investment portfolios and customer bases. In an investment context, you spread risk among different types of assets to protect the portfolio against wild price fluctuations. The same principle applies to a company’s customer base. A business can pay dearly if too many of its customers are concentrated in one country and conditions change quickly. If you only sell in one market and there is a downturn, new competitors appear, regulations change or your machinery fails – damaging your product and losing you a major contract – sales may drop dramatically, putting the company at serious risk.

Diversifying your markets offsets risk in the domestic market by opening-up opportunities with new clients, new partnerships and joint ventures, as well as new opportunities to develop products for specific geographies. Diversification can also help smaller companies survive tough economic times and political volatility – factors which are increasingly important as global politics and the dynamics of international trade continue to shift rapidly and unpredictably.

Companies that operate in several markets typically have a more sustainable business, with better sales growth and higher margins. And if you are a small company that wants to get into a large company’s supply

chain, being in different markets is particularly useful because you can tell the bigger players that you have experience in these markets. That gives you a leg up when approaching large global firms and buyers.

### **Protect against competitors**

International expansion does not just let you reach more customers. It is also a hedge against the competition and it has never been more important than now. As I mentioned above, the transformation of global economies has created 3 to 4 billion newly minted consumers. It has also created a sea of well-educated, hard-working people with aspirations – meet your new competitors.

In the services sector, it's becoming easier and easier for these competitors to take your clients as technology continues to shrink the world. You do not need a big imagination to see how a surge of new, international competitors could threaten your market share.

When it comes to goods, tariffs were once a major hurdle to doing business internationally, and a barrier to competition. That is generally not the case anymore, despite the US-China trade war that has plagued international markets recently. Sixty years of trade liberalisation has dramatically reduced tariffs, making it cheaper to sell goods overseas and compete with locally produced products. In some senses, this is a plus. But low tariffs also make it easier for international competitors to sell into your domestic market. Sooner or later, most sectors will face threats from foreign entrants, and in sectors like retail, local players are already feeling the squeeze.

Foreign competitors are not the only worry. Even if you are confident that your industry is safe from external threats, you cannot afford to ignore the threats at home. Some of your canny domestic competitors have already realised that they can turn geo-arbitrage to their favour. They are using web developers and designers from Jamaica, graphic designers from Hungary and Slovenia, bookkeepers from India and virtual assistants from the Philippines to source services for themselves and their clients at a fraction of the cost of buying domestically. And that means they can reduce their cost of goods sold and undercut you, while still making a profit. I work with companies

that have built their entire offering around the geo-arbitrage model, and they are doing well.

Expanding overseas remains a smart way to counter the threat from overseas competitors and from local firms capitalising on geo-arbitrage to compete with you at home.

### **Control costs**

Every astute CEO wants to reduce expenses and entering the global arena can help to achieve this.

Across Asia, countries are competing to attract foreign businesses to set-up onshore, by offering low taxes and setup costs for companies. Vietnam and Malaysia are leaders in this space and both markets also offer extremely high-speed internet and attractive living conditions, making them emerging hubs for the media sector.

If done correctly, using offshore resources can be a highly effective way to reduce costs. In Asia and India top talent is available across a range of business functions at a fraction of the cost of hiring the same person at home. This trend is no longer just the domain of big organisations. Growing numbers of smaller companies now rely heavily on virtual assistants and back-office staff, as well as professionals including programmers, engineers, architects and accountants from countries with lower costs of living and employment.

You may also find more economical solutions to your production and manufacturing challenges offshore. However, COVID-19 has manufacturers everywhere re-evaluating their supply chain reliability and looking for supply chain solutions closer to home.

### **Maximise profits**

Overseas markets may generate higher returns for your business, especially if they are less advanced, attractive or competitive than your domestic market, or harder to do business in. Difficult markets usually attract fewer foreign companies. You may find a blank space in the market that you can

fill, potentially allowing you to charge a higher premium than you can attract at home. Niche milk-producing companies, Bellamy's Organic and The a2 Milk Company – which sell infant formula products to China at higher retail prices than they can command at home – are good examples of companies that have tapped international markets to maximise profits.

### Expansion equals innovation

In an era when robots are replacing highly trained professionals, business leaders cannot afford to be complacent about innovation. The commercial and technological environment is changing so quickly that those who stand still will be left behind.

The good news is that research suggests that operating internationally drives innovation<sup>4</sup>. In other words, if you want a company that is more innovative, productive and competitive, look offshore. Exposure to new ideas and clients, and the challenge of generating solutions to new problems, will help you and your team become more innovative and more productive, creating an enduring competitive edge, at home and abroad. The result? A virtuous circle with the potential to drive further international success.

The word 'innovation' conjures up images of ground-breaking new inventions and revolutionary technologies, but most innovations are an evolution, rather than a revolution. A change to your processes, delivery model or even your marketing can be just as effective as a new product in creating a lasting competitive advantage, increasing margins and helping you unlock profitable new markets.

Here are five different ways that small companies can use innovation in international markets to drive growth:

- ▶ **Product and service innovation.** Selling internationally can help you find a broader customer base for an innovative, niche product that may have a limited market onshore. It also lets you capitalise on innovative product features with unique appeal offshore – the same features which might not appeal at home.

Sean Ashby's aussieBum apparel brand is a living case study of

product innovation on the international stage. After his concept was scorned in his native Australia, Ashby took his ideas overseas, securing none other than luxury London department store Selfridges as his first stockist. These days, aussieBum has global sales of more than \$150 million.<sup>5</sup>

On the flip side, adapting your products and services to the special needs of an overseas market is also a proven route to international success.

- ▶ **Delivery innovation.** Finding an innovative way to distribute your product or service can be game-changing for your company's performance in international markets. Digital technologies have made it easier than ever before to reach out to overseas customers directly, creating many new opportunities, particularly in the services sector.
- ▶ **Business model innovation.** New business models have the power to overturn established players and reshape entire industries. Businesses like Amazon, AirBnB, Google and Uber have revolutionised entire industries with powerful digital platforms that can be used to deliver a whole range of products while sidestepping traditional distribution channels. Yet some of the most effective business model innovations are refinements of existing strengths, rather than revolutionary new methods of doing business. If you already have a great business model, think about which aspects of it could be tweaked to reach new customers overseas.
- ▶ **Marketing innovation.** Making sure that your marketing appeals to customers in new markets is essential to international success. Although this takes some work, innovation in international marketing is easier and less expensive than ever before, thanks to digital technologies and social media.
- ▶ **Financing innovation.** Securing finance for international ventures is a key challenge for many small companies. But innovative finance methods are becoming increasingly popular and creating new opportunities for international businesses. For example, a growing number of startups are using crowdfunding: raising capital directly from the public, usually via websites and social media channels.

## **Increased company value**

Lastly, nothing increases the value of your company like an international footprint. When a management team can demonstrate to investors that it is selling internationally, or has a clear strategy to reach into multiple markets, they have already flagged the potential for making a lot more money, for all the reasons that I have mentioned. Simply put, companies with international reach have an unfair advantage over their domestic cousins.