

Enter Foreign Markets with Advantage

Introduction

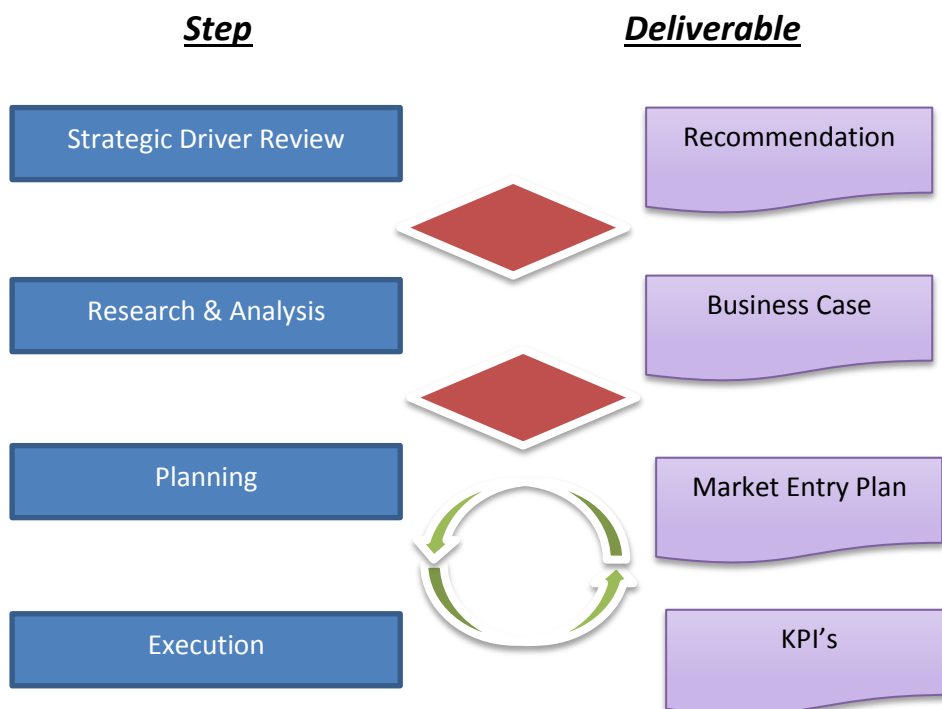
This note considers the challenges and opportunities for businesses when entering Foreign Markets. I use the term Foreign Market to describe any market in a new geography, which the business is unfamiliar with, so it could be an adjacent or remote City, County, State or Country

Starting to export or entering a new geographic market is in many ways like starting a new business, so whether you are starting up with an export orientation or looking to expand through exporting as part of your scaling program you need to know where to start? and how to approach it?

The Business Advantage Model™ (BAM™) as outlined in the book “Advantage” is one appropriate model, because it is organic, agile and dynamic in nature, while recognising there are sequences to be followed to minimise risk and maximise success potential. The benefit of the BAM™ is that it guides teams so they “Do the right things, the right way, at the right time” when entering foreign markets.

The BAM™ approach is organic in that it’s about learning, facts and information milestones , which inform specific actions and deliverables for moving forward through the levels of evolution of a business towards achieving its vision. It applies at all levels of the business and that includes Foreign Market Entry (Exporting). The model provides the framework and guides, for the entrepreneur and/or leader to follow the specific unique path for their business and market based on their advantage.

The process for entering new markets has 4 key step’s, this paper discusses each key step.



Entering Foreign Markets (Exporting)

There are 5 key questions to be asked, listed below. In answering these questions the leadership team will acquire the data, information and knowledge to ultimately have a solid business case to enter a foreign market

- Why export?
- What?
- Where?
- How?
- Business Case?



In the process of answering these questions and by adopting a structured approach we will clarify:

- ***The Business Driver to enter a foreign market***

Whether it be strategic or tactical we must be clear on the compelling reason versus alternative investments. This will allow us to ensure the business case exists (ROI etc.)

- ***The Offering to the foreign market***

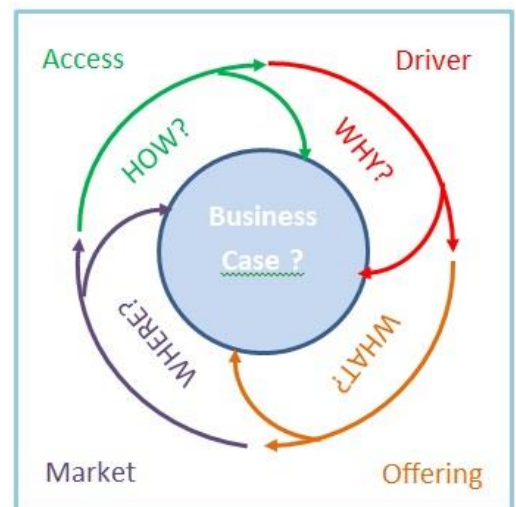
What products/services are we offering what is the advantage, value proposition and differentiation (Do not assume the home market Offering and positioning will work in new markets)

- ***What is the Market & is it attractiveness?***

As with a new business the Market, Segments and attractiveness need to be understood and defined and customer groupings and needs understood.

- ***Can we access the customers and service them?***

Success will depend on being able to communicate, sell, deliver and support the customers profitably. Are we sure we can access and how will we access, it's likely to be different from home market



We will need to complete both an internal and an external analysis, to verify and validate the business case and confirm entry into a foreign market can occur with advantage that can convert into value for the customers and our business

- **Internal Advantage**

What are our sources of advantage core competence, capability, process, offerings in the home market and how do they apply or are adapted for a foreign market.

- **Market Advantage**

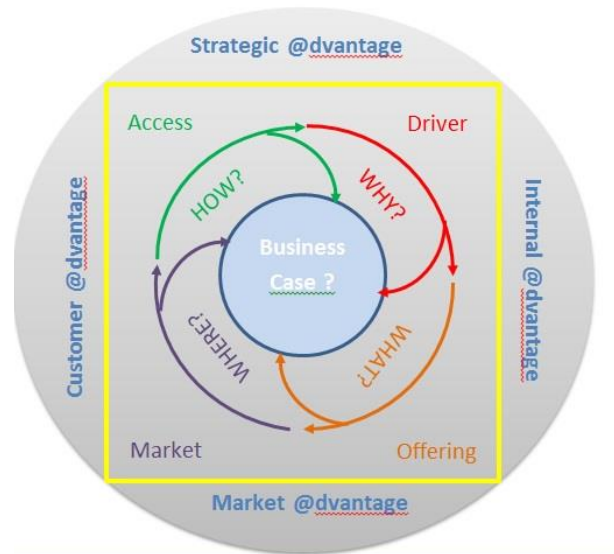
What is our core advantage over the competition in the new foreign markets, is it different from the home market and how do we adapt and leverage

- **Customer Advantage**

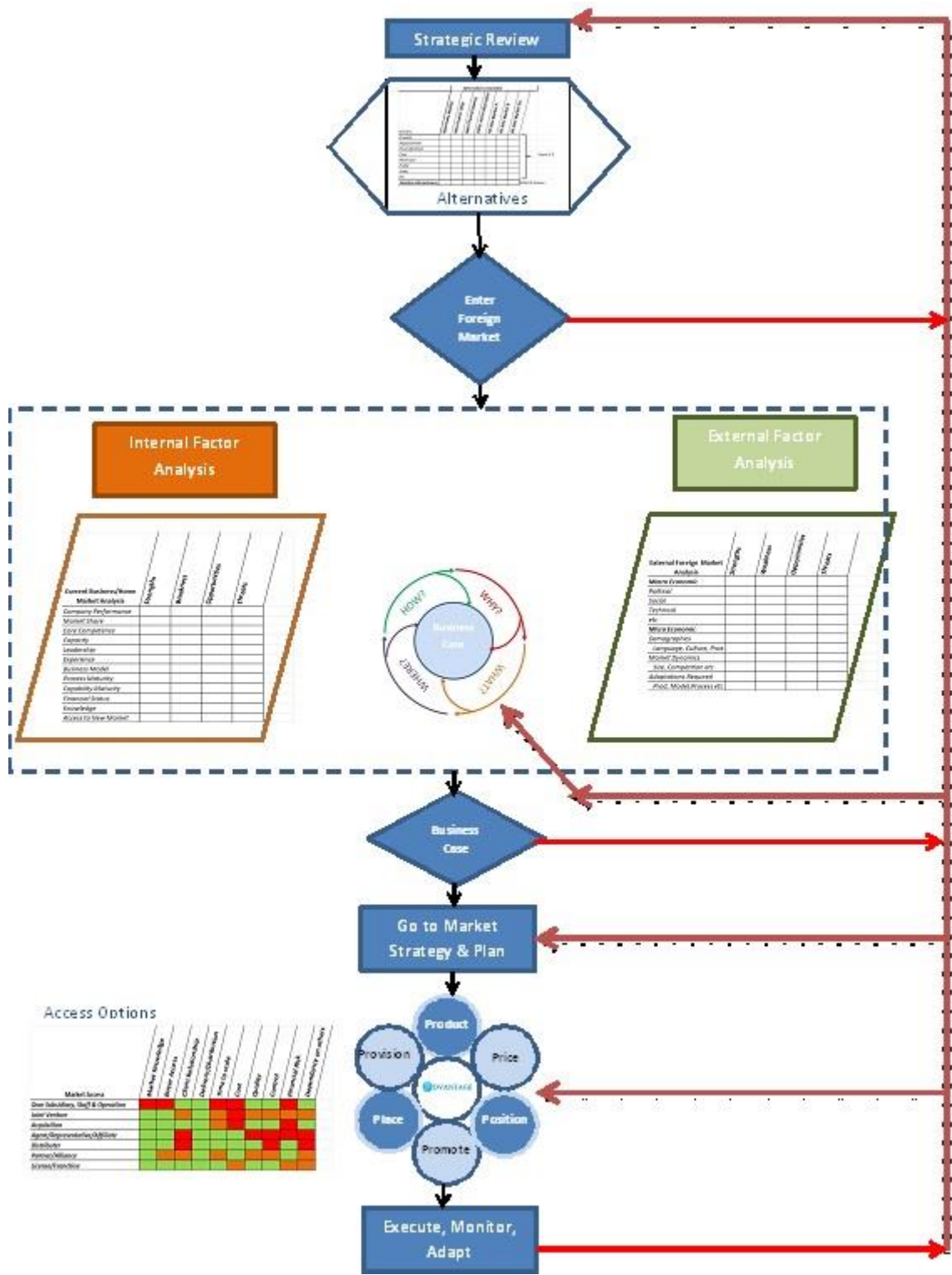
Is there a compelling value proposition for a customer or group of customers in the new market

- **Strategic Advantage**

When we consider our internal and external advantage does it give some level of strategic advantage that might allow for achieving a leadership position



An Approach



Internal Factor analysis

Before we consider entry to a new foreign market, it is important that you have the competence and capacity to achieve your foreign market entry goals and that it is the best available option for your focus and investment. This part of the analysis must gather data and information to be the basis of your decisions and plans in conjunction with your external analysis . The key questions you will want to answer include the following:

- How are we performing currently (Often the home market)?
 - Financial Performance, Growth, Market Share, Competitive Advantage, Customer Satisfaction and References
- What experience and knowledge do we have selling and delivering to Foreign Markets
 - Is it adequate?, Does it relate to the specific target market? Can it be acquired?
- Have we the capability to access the foreign market and its customers (Competence & Capacity)?
 - To Market, Sell, Deliver & Support
- Is our business mature and robust enough to enter a foreign market?
 - Will it be credible in the sales process and competent in delivery and support?
 - Are our Policies, Processes, Procedures, Models & Tools robust & reliable?
- Have we the resources financial or otherwise to enter , grow and achieve our objectives?
- Have we the capability to change to adapt to respond to new market(s)?

External Factor analysis

Before we enter a new foreign market we must know and understand the Macro & Micro environment we are entering, these will be important influencers in selecting the most attractive (Maximum success potential, minimum risks) market to enter.

Macro-economic (Barriers & Supports)

- Political: Is it stable, ethical & business friendly?
- Social: Is the social environment aligned with our goals and culture?
- Economic: Are there positive economic indicators, Business & Industry profiles?
- Technological: Are the technology resources aligned with our value proposition?
- Legal & Regulatory: Can we comply ?
- Infrastructural: Does the infrastructure support the sale and delivery?

Micro-economic (Market & Customer environment) - Trends

- Demographics
 - Proximity
 - Language
 - Size
 - Culture
 - Etc.

- Target Markets
 - Size, Profile, trends
 - Competitive landscape
 - Legal, Taxation & Regulatory
 - Selling & Buying process & Behaviours
 - Costs & Pricing
 - Supply Chain ecosystem
 - Contracts
- Localisation & Change (What do we need to change to succeed)
 - Business Model
 - Structure & Organisation
 - Products & Services
 - Processes & Tools
 - Information & Data
 - Company Infrastructure
 - Commercial approach
 - Access model

Go to Market Plan (Market Entry)

Foreign Market Entry is normally a strategic decision and as such the market entry plan normally becomes a sub-set of the business plan , requiring board/key stakeholder approval. Traditionally we focus on the marketing mix (4 P's) in preparing and executing the plan. However the *Advantage Mix* needs to focus on (6P's), introducing (Positioning & Provisioning) as key elements for minimising risk and optimising opportunity.



Product:- Clear definition of the offering in terms of the problem it solves and benefits, outlining its advantage for the new market, over its complete life cycle.

Price:- Clear understanding of the price and pricing model appropriate for the new market, this price must reflect the advantage and value perceived by the customer, while creating the maximum long term market value for the company compared to alternatives.



Promotion:- The strategy to ensure you can provide information on your advantage to your new target market, communications, create an organic marketing list and enable target market engage with the company - Access

Place:- The BAM™ focuses more on the selling and access side of getting to the customers, ensuring that leads can be generated, qualified and converted to sales through an aligned model and strategy that optimises access to the customer base whether it be virtual (on-line) and/or physical. - Access

Provisioning:- Once the product or service has been sold, how is it delivered and supported with the highest value to the customer and also the highest value to the company. Leveraging advantage in the model and processes, development of stakeholders. (Place and Provisioning are two sides of a coin) - Access

Positioning:- Is about ensuring all of the P's communicate and deliver the advantage, value proposition and differentiation, it's about really having the best option to solve the customer problem/opportunity over alternatives such as the competition.

Access

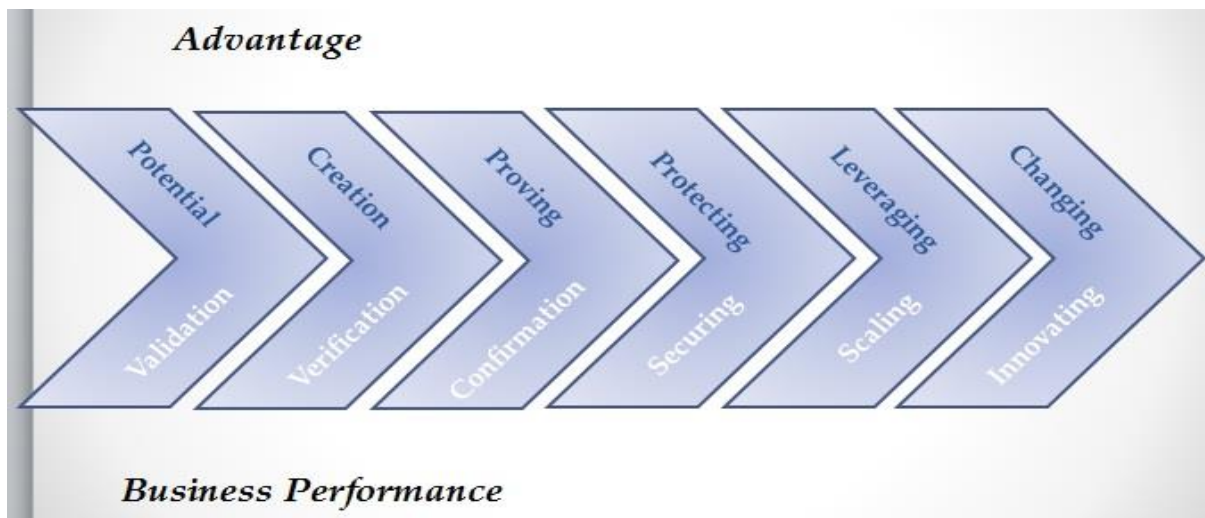
You need to consider how you can best access the customers in your target market to Promote, Sell (Place) and Provision (Deliver & Service). You must select the optimum approach for the new market and often this will differ from your home market approach. The drivers will be to quickly communicate, sell and delivery while accelerating growth and maximising long term value creation leveraging your advantage. Often you are servicing your home market directly, with your own staff and operations, regularly entering foreign markets, alternative indirect approaches are chosen working with partners/channels who already have market knowledge, customer access and relationships and capability to leverage your advantage greater than your own direct approach and thus creating higher value for you.

The key is to analyse the options available and ensure you select the best option considering the strengths and weaknesses of each before choosing.

Market Access	Market Knowledge	Buyer Access	Client Relationship	Delivery/Distribution	Time to scale	Cost	Quality	Control	Financial Risk	Dependency on others
Own Subsidiary, Staff & Operation	Red	Red	Green	Green	Green	Red	Green	Green	Red	Green
Joint Venture	Green	Green	Green	Green	Green	Red	Green	Green	Red	Green
Acquisition	Green	Green	Green	Green	Green	Red	Green	Green	Red	Green
Agent/Representative/Affiliate	Green	Green	Red	Green	Green	Green	Red	Green	Red	Red
Distributor	Green	Green	Red	Green	Green	Green	Red	Green	Red	Red
Partner/Alliance	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
License/Franchise	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green

Summary & Conclusions

Following a structured but agile process which is organic and continuously learning and adapting enhances the potential for successful entry to new foreign markets. There are many questions to be answered and choices to be made but by following a simple process decisions can be made on the basis of facts and information, the combined knowledge of your organisation and any partners with allow you to rapidly proceed through the stages of entering and scaling in a new foreign market leveraging your advantage as appropriate to that market.



The process recommended in this note is designed to help you maximise long term advantage for entering a foreign market and moving through each stage of the BAM™ above following the simple 4 step approach.

