Corporate Ambitions

International business for mini-multinationals

Spring 2018

— Top 5 tips for expanding your company

— Why businesses should pay attention to Fed meetings

— 9 key things to look for in international distributors

WORLDFIRST

Welcome!

For corporations, 2018 so far has been a busy year of keeping up with the ever-changing global landscape and what the U.S. government is doing to protect American commercial interests abroad.

There has been a lot of talk about international trade, tariffs and protecting American jobs. While it's important for businesses to keep tabs on the United States' relationship with various countries and how that might impact the bottom line, for the most part the rules of expanding internationally haven't changed.

Taking operations across borders is still an obvious next step for domestic businesses looking to expand their customer base, cut costs, or have a greater impact.

In this issue of Corporate Ambitions, we've compiled knowledge from our partner businesses to give readers a taste for what they need to do when expanding internationally.

The strategies and opinions in this magazine are those of the individual authors and not WorldFirst.

Expansion advisory firm Galvin International talks through the top tips to expanding to a new country. The key here is to not reinvent the wheel, they say. If a business is looking to expand to a new country, there's a good chance another business has been there done that. Galvin offers services in more than 100 countries.

As part of international expansion, finding international distributors can be one method a business might choose. Globalocity tells what to look for in international distributors, and how companies that understand their strengths and where they need help have the most success acquiring international customers through partners.

For other companies, international expansion isn't necessarily about cutting costs or gaining more customers, but having greater global impact. MyCorporation.com's Deborah Sweeney discusses why B Corporations are so hot right now. As CEO of the legal filing service, Sweeney has seen an uptick in businesses that want to "B the change." She outlines the certification process and what the future looks like for these globally focused firms.

And for readers looking for an economics refresher course, we also dive into the goals of the Federal Reserve. We detail why businesses should pay attention to the Fed's Free Open Market Committee meetings and the accompanying interest rate decisions. Hint: it impacts the USD's buying power overseas and how much international sales will be worth when they're brought home.

These articles outline fundamental processes businesses can take to prepare for, grow and maintain an international presences. Even as today's current international relations fluctuate, international expansion can still be highly beneficial to corporate growth. Taking the time to do some research and read Corporate Ambitions, could give businesses a leg up on the competition.

Inside this issue

Top 5 tips for expanding your company to a new country

So you've decided to expand your company into a new country. You probably already know that international business expansion is a big commitment; you'll be under immense pressure to get things right the first time. Here, we explain our top five tips to expand your business globally and experience success the first time around.

By John Galvin of Galvin International

"Make sure that someone on your team has prior knowledge of expanding into your chosen country, or find someone who does. Equipping yourself with the right experience, resources and connections can make all the difference."

1. Get your legal setup right up-front

You will need to establish up-front what type of legal arrangement you will need in your new country. This does not have to be a legal entity. There are potentially many other options such as a sales tax registration, an employer registration or a representative office. Getting your legal setup right up-front will make your overseas expansion easier and more cost-effective down the line.

2. Outsource whatever you can

When you set up in a new country, one of the most daunting parts is not knowing anyone. For this reason, you may be tempted to do everything yourself or in-house. Resist this temptation and outsource operations wherever possible. Outsourcing will enable you to access skilled local resources at a fraction of the cost of keeping things in-house – and it has other benefits, too. Your service provider will keep you up-to-date on any overseas regulatory changes and provide continuity even when your employees leave.

3. Don't reinvent the wheel

Companies that fail at international business expansion are often the ones that try to do everything themselves. Companies expand into new markets and countries every day, so there will always be someone who has already done what you are trying to do. Make sure that someone on your team has prior knowledge of expanding into your chosen country, or find someone who does. Equipping yourself with the right experience, resources and connections can make all the difference.

4. Take overseas compliance seriously

No one likes form filling and bureaucracy, and overseas compliance can be even more frustrating. There will be rules and regulations which you do not understand, and you you might not see why they are necessary. However, that is no excuse for not following those rules. If you do not comply, you will put the rest of your hard work in jeopardy as you will find it takes you longer to get established. In addition, your business and your employees could be fined or prevented from working.

5. Find great local partners

Your international expansion will become easy if you find great overseas partners. The ideal partner is one who speaks your language, is knowledgeable about their local market, who understands global business and who has great responsiveness and communication. Finding these partners is easier than you may think with international expansion networks, and your relationship with them will likely become an invaluable resource as your business grow.

Overwhelmed by the prospect of expanding your business overseas? Galvin International can help. Our international expansion concierge service lays the groundwork for your business's international success by providing you with all the resources you need to expand. From market entry to tax compliance, we work with you to broker and implement everything you need to operate in a new country. Get in touch with our team of experts today to learn more.

About the Author

John Galvin is the founder and CEO of Galvin International, an international business expansion concierge service that assists companies through every stage of overseas growth. With twenty years of experience as a Chief Financial Officer in international business, John is committed to simplifying the process of doing business abroad, ensuring compliance each step of the way.

What makes B Corporations such a hot entity and **how can your company become a B Corp?**

By Deborah Sweeney

B Corps are to business what USDA Organic is to food. B Corps are those companies that comply with a rigorous standard of social and environmental responsibility. More than just a trend, a growing number of consumers are looking to buy from transparent and responsible companies, and becoming a B Corp could set your company apart.

Nine months ago, I started a series on my company blog dedicated to B Corporations called "Fantastic B Corps." Each month, I interviewed and profiled two certified B Corporations from a wide variety of industries to share their stories about becoming a B Corp. Many entrepreneurs knew they wanted to incorporate as a B Corp entity from day one, but I was surprised to find several that started off as another legal formation, like an LLC, and then made the switch. For those that changed to a B Corporation, there was a common narrative that connected them to those that originally started out as B Corps. These companies wanted to use their business as a force for good. They found an entity that was aligned with their mission-driven commitments. Most of all, they believed in the B Corp movement and wanted to become a part of its like-minded community.

That community, according to research from the B Corporation website, has expanded to more than 2,100 certified B Corps. These businesses can be found in 50 countries and across more than 130 industries. As they continue to grow in popularity with entrepreneurs, we have to wonder how this entity became so buzzworthy so quickly. Let's take a closer look at what a B Corporation is, the certification process required before incorporating as this legal structure, and how its anthem "B The Change" impacts brands to use business as a force for good.

What is a B Corporation?

When Graham Casden first incorporated Ocean First, a company created for ocean enthusiasts passionate about experiencing and preserving the marine environment, he chose an LLC. Casden made the switch to a B Corp in 2016 and told me the decision was made because their company fully believes in the mantra of using business as a force for good. He even admitted that when Ocean First is faced with a challenging situation they ask one question: What would a B Corp do?

A B Corporation is a for-profit company created not to be the best company in the world, but the best company for the world. For a B Corp, making money is not the exclusive goal of being in business. Impacting society and the environment and creating a public benefit are the main priorities for entrepreneurs that choose to form this entity.

However, before they can begin filing to incorporate as a B Corp they need to be certified first. B Lab, a non-profit that powers the B Corporation website, is also the same organization that businesses opting to become B Corps must reach out to for certification. In order to become a part of the B Corp community, businesses are required to meet standards of social and environmental performance, accountability, and transparency. If they do not, the business will not be able to remain in compliance.

How the certification process works

Stephanie Hepburn is the founder of online ethical clothing store Good Cloth, a company based in New Orleans, Louisiana. When I interviewed her this December, she reflected on her experience certifying her business as a B Corporation. The process is rigorous, she admitted, and examines critical areas like performance and accountability with strict standards. For Hepburn, however, these were the same areas that matched her company's ethos. The difficulties of the certification process aside, she continued to push forward to become a B Corporation.

In order to become a certified B Corporation, B Lab states that three steps must be taken by entrepreneurs.

1. **Meet the performance requirement.** This means completing the B Impact Assessment test that assesses how your company is better for its workers, community, customers, and the environment. Earning a minimum of 80 out of the total 200 points is required to receive a passing grade. After taking the test, you will receive two types of feedback. The first is a snapshot report of your grade and the questions answered, highlighting areas where your business excels and softer spots that could use some extra improvement. An impact report is the second type of feedback that provides a holistic look at where your score stands against 40,000 other businesses overall.

"Becoming a certified B Corporation may mean putting extra work into the process, but the end result is worth celebrating and sharing with everyone."

2. **Meet the legal requirement.** This helps determine the path for your corporate structure and state of incorporation. Before certification, entrepreneurs must first determine if they will need to adopt a benefit corporation status or amend governing documents. Should any legal changes be required, this will need to be communicated with board members and legal counsel. Key topics to cover include how the shift will be considered useful and if there will be any implications for adopting said changes. After certification, board approval of the planned amendment will be needed along with shareholder approval of the board-approved amendment.

3. **Make it official.** Sign the B Corp Declaration of Interdependence and Term Sheet and you're done. Congratulations — you are now a certified B Corporation!

Becoming a certified B Corporation may mean putting extra work into the process, but the end result is worth celebrating and sharing with everyone. Certified B Corps may include a badge on their company websites and note the achievement in their social media bios. The physical proof, Hepburn says, speaks volumes about your business. "We became B Corp Certified because I believe in giving consumers assurances that we do what we say. Saying it isn't the same as showing it."

"B The Change" as a global movement and its bright future

Warby Parker, Patagonia, Ben & Jerry's. You are familiar with more B Corp businesses and their missions than you may realize, thanks to their B Corporation statuses. This certification helps consumers identify changemakers while investors make money and make a difference.

As legislation continues to pass in more states throughout the United States and the B Corp hub grows throughout the world, entrepreneurs that want to "B The Change" are welcome to join the movement. In light of the continued growth of B Corporations, I asked the B Corps I profiled on my blog what they think the future looks like for the entity. Many entrepreneurs chimed in about its positive impact and how it would become the new standard to succeed in business, but Jim and Donna Stein, owners of the B Corp The Road Less Travelled, gave me my favorite answer: B Corps are pioneers. Today's B Corps are inspiring the next generation to keep pushing forward with a mission and values that make a difference, no matter how big or small their companies may be. These actions, as the Stein's noted, are what bring hope and will sustain the future of the movement.

About the Author

Deborah Sweeney is the CEO of MyCorporation.com. MyCorporation is a leader in online legal filing services for entrepreneurs and businesses, providing start-up bundles that include corporation and LLC formation, registered agent, DBA, and trademark & copyright filing services. MyCorporation does all the work, making the business formation and maintenance quick and painless, so business owners can focus on what they do best. Follow her on Google+ and on Twitter @deborahsweeney and @mycorporation.

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Why businesses should pay attention to the Fed meetings

Eight times a year the monetary policy arm of the Federal Reserve – known as the Free Open Market Committee (FOMC) – holds a meeting to adjust economic outlooks and determine if there needs to be an interest rate change.

Most individuals go on with their daily lives as these meetings come and go, not worrying about the impact the interest rate has on their bank accounts or their business' profitability. But the truth is that interest rates and the Fed's meetings impact just about everything and anyone who exchanges USD – and, indirectly, every other currency – for products, goods and services.

Interest rates aren't just something you need to worry about if you're buying a home or getting a car loan. An increase or decrease in the interest rate by the Federal Reserve can have tremendous implications on businesses big and small.

By Steve Thompson of WorldFirst

The Fed's most recent increase

After holding rates steady at its meeting in January, the FOMC unanimously raised interest rates 25 basis points to 1.75% on March 21.

The March Fed meeting was the first under new Chairman Jerome Powell's leadership and the increase was widely expected. Going into the meeting, uncertainty focused on whether the FOMC's dot-plot projections would increase the pace of interest rate hikes from three to four for 2018.

The FOMC, however, was split on the outlook for interest rates for 2018. According to the dot-plot projections, seven members believed four quarter-point hikes were needed, while eight said three or fewer hikes were appropriate.

The Fed did increase its hike projections for 2019 from two to three. By the end of 2020 they see interest rates at 3.4%, an increase from 3.1% during the last round of forecasts in December.

Why did the Fed increase rates?

The U.S. economy has seen strong growth with the most recent jobs numbers greatly outpacing expectations. Nonfarm payroll numbers indicated that 313,000 new jobs were created in February, beating expectations of 200,000 and compared to 239,000 in January.

The Fed expects the economy to continue to grow in the coming years, estimating GDP to increase 2.7% this year. During its March meeting, the Fed increased its 2019 GDP estimate from 2.1% to 2.4%.

Inflation has also been on an upward trajectory this year. The consumer price index jumped greater than expected to 2.1% in January and increased to 2.2% in February. Controlling rising inflation is the main reason the Federal Reserve increases interest rates. The FOMC's interest rate decisions impact the prices of goods and services, and eventually could have an impact on unemployment and the U.S. economy's growth as a whole.

How does the Federal Reserve curb inflation?

In order to understand why businesses should care about the Federal Reserve meetings, it's first good to know how and why the Federal Reserve controls inflation.

The FOMC is tasked with three main goals: support sustainable economic growth, increase employment and keep prices stable. Adjusting the interest rate can have an impact on all three of these tasks.

When inflation – or the price for goods and services in the U.S. – is on the rise it means that more people are fighting over fewer goods, so prices increase. The economy is doing well, interest rates are low and unemployment is low, so consumers have more money to spend, thus increasing the demand for products. Slowly, businesses are able to start raising their prices and inflation increases.

By increasing the interest rate, the Federal Reserve is able to slow down the economy to a sustainable pace. Higher interest rates mean it's going to cost more to get home loans and car loans. And for businesses, it's going to cost more to pay business loans and buy goods needed to operate or expand. This eventually can have an impact on unemployment as many companies may have to make personnel cuts as operating costs increase. As unemployment increases and consumers have to pay more on loans, they will spend less money on goods and services – especially the ones they don't need. This forces businesses to cut their prices over time and inflation starts to drop.

"Businesses with international exposure should monitor the exchange rates and how they're impacted by interest rate decisions by the Fed."

By lowering interest rates, the Federal Reserve is able to speed up the economy. When unemployment is high many consumers and businesses aren't spending, causing prices to slowly drop. Thus, inflation falls. In order to pump life into the economy, the Fed might lower interest rates so more people buy homes and cars, and more businesses expand operations and hire more workers. Because they are paying less on loans, consumers have more money to spend on goods and services. This will slowly increase demand for products and prices may increase, starting the cycle all over again.

The Fed is basically balancing the supply of money with the value of goods and services. When rates are increased, the Fed is reducing the supply of cash in the economy, decreasing demand and, therefore, prices eventually decrease. When rates are decreased, the Fed is increasing the supply of cash in the economy, increasing demand and, eventually, prices. The goal of rate changes is to allow businesses to keep prices relatively steady.

Why businesses should care

When the Federal Reserve increases rates, it's trying to fight inflation. The Fed's goal is to make small incremental changes to slow the economy so inflation doesn't get out of hand. The key is not to increase rates at a rate that's too fast for the growing economy. The Fed wants to slow the economy to sustainable levels, but it doesn't want to start a sudden, full-blown recession.

With two more rate hikes estimated this year, it is smart for businesses to start planning now. This is one of the main reasons businesses should pay attention to the Federal Reserve meetings. Companies should watch the interest rate cycles like many consumers watch for retail sales.

During times of low interest rates, buying assets, taking out a loan and hiring is usually smart. As the fed looks to increase rates this year, businesses that are looking to take out a loan could do it sooner than later to help avoid higher rates.

As interest rates increase, many businesses will notice that their costs of doing business could increase. Announcing some simple cost-cutting measures or enacting a hiring freeze could help prevent layoffs in the future.

When interest rates increase, eventually consumer spending decreases. Businesses can use the Fed's interest rate hikes to forecast possible declines in sales and adjust inventory as needed. Eventually, companies could consider slashing prices if there is less demand for their product or service due to higher interest rates.

For businesses that still have money to spend during times of higher interest rates, getting a loan can sometimes be easier since there is often less demand. Businesses can also more easily acquire other struggling businesses during times of higher rates because the company is sometimes worth less because there is less demand from other buyers.

International payments and the Fed

When the Fed makes its interest rate decision, it not only has impact on USD and its buying power here at home, but it can also impact the value of the dollar compared to foreign currencies.

The Fed raising rates is seen as dollar positive and initially we could see the dollar lifting against other major currencies.

In general, when the Fed increases rates it makes the dollar more valuable by reducing the cash supply in the economy. When the Fed lowers rates, it increases cash supply in the economy, but it makes the dollar less valuable.

In the long run, the dollar could become more valuable against other currencies in times of higher interest rates. However, there are a tremendous amount of factors that influence the foreign currency markets and exchange rates, which fluctuate by the minute.

"With two more rate hikes estimated this year, it's smart for businesses to start planning now."

Businesses with international exposure, be that offices overseas or acquiring or selling goods or services abroad, should monitor the exchange rates and how they're impacted by interest rate decision by the Fed. In theory, times of high interest rates, when the dollar is more valuable against other currencies, could be a good time to buy products overseas. The dollar is going to be worth more when it's transferred to the foreign currency. On the other hand, overseas sales revenue when the dollar is strong won't be worth as much when it's brought back to the U.S. WorldFirst can help set up rate alerts and provide seamless international money transfers for businesses, helping to mitigate exchange rate risk and reduce the cost associated with international currency transfers.

This can be especially important during times of higher interest rates when companies might see their operating costs rising at home.

Stay farsighted

While businesses should monitor the Fed meetings and any changes in the interest rate, it is important to do so with a long-term vision in mind. If the Fed raises rates, it does not mean that businesses need to immediately cut costs or cancel a big purchase. Businesses can instead use the Fed meetings as a way to monitor the economic outlook and guide long-term business planning.

The Fed's goal is to keep prices stable, so it is very careful about when to raise interest rates and by how much. A change in the interest rates should not alarm businesses, but ignoring them is far worse.

By staying on top of the Federal Reserve's FOMC meetings and interest rate decision, businesses can make incremental steps to help in long-range business planning.

9 tips for finding great **international distributors**

Companies that manufacture and/or distribute products often look to distributors to develop new overseas markets for their products. Finding distributors usually isn't hard. What's hard is finding the right distributors, because they are critical if you want to really grow your foreign sales.

Finding these distributors starts with YOU, the company seeking them. Exporters must be clear – not only about what they're looking for, but also their expectations, and – just as importantly, what they are willing to provide a distributor.

Here are 9 key tips for finding those great distributors.

By Doris Nagel

1. Focus first on YOU

Many companies just want to start signing up distributors. You're eager to get started, and frankly, many distributors will tell you they can easily sell lots of your products, which is all very exciting. But it's usually wise to pause and step back first.

First, managing distributors is fundamentally about partnering effectively. And it takes two companies to partner. If you haven't evaluated your organization's ability to be a good partner, your results will always be substandard. You can assess your partnering skills using a tool like our validated PQ Assessment. This provides a framework for improving your partnering skills, and helps you articulate how you will support your new distributor. Just giving them product training and sending them off to sell is not a formula for maximizing sales.

Second, articulate what make your best distributors good, and the not-so-great ones disappointing. Yes, the good ones sell more, but dig deeper into the qualities and attributes that cause them to sell more. Consider developing a scorecard – the process helps flesh out many of those parameters. Engaging an external resource just for this piece can be helpful.

Remember that you'll invest a lot of time and resources with a new distributor (companies that quantify this investment -- even roughly -- are usually shocked at the total cost), so it's worth taking time upfront to map out not only the characteristics of good distributors for you, but also how you'll be a good partner for them.

2. Look for a good cultural fit

A key predictor of success is whether the distributor meshes culturally with your company. Culture is like an iceberg – there are things above the surface that are easy to identify, but many more below the surface.
Things above the water surface might include the ability to communicate fluently in English (or whatever language your company uses). Without effective communication, clear understanding and efficient dispute resolution will be difficult.

But the many things below the surface also create friction. These might include expectations about response time, or being proactive about issues. Often neither supplier nor distributor have enough of a common "vocabulary" to be able to identify and name these. Without this shared understanding, issues typically come to light on an ad hoc basis. And usually, this results in mounting frustration for both you and your distributor. The best is to use a checklist like our proprietary one, or create your own to help tease out issues. Be sure your checklist captures suggestions from existing distributors so that you get their perspective as well.

If you find a company that is a perfect fit except for one key parameter, and that can be addressed through training/coaching, consider providing that to your new partners. Helping them become more fluent in English or develop better selling or demand forecasting skills can make your life easier, and quite possibly turn them into the perfect partner.

"Take time to not only learn as much as you can about a new distributor, but also to focus on your own expectations. You'll have more productive partnerships, and your sales will reflect that."

3. Make sure they check out

You seldom really know much about a potential distributor, especially in a country that's new for you. Companies often resist expending resources to investigate new partner candidates. But you can save yourself a LOT of time, money, and trouble down the road if you invest in this step.

First, remember that your local distributor is YOU in the eyes of local customers. If they damage your brand, it can take a long time to regain customer trust and get back into that market. Bad actors can also cause regulatory and compliance problems for you.

Take the time to verify your new partner is reputable. Ask lots and lots of questions before signing on with a new distributor — do your due diligence. Spend just a little time, and perhaps even a little money, to become as comfortable as you can that this is the right partner.

Many companies find themselves with a distributor that is a poor fit when information about the partner's "warts" was readily available, if only they had taken the time upfront to investigate. Consider using a simple due diligence checklist. You can have the distributor complete it, and then verify key information. If they resist doing this, it's a big red flag.

4. There's a good fit with their existing portfolio

You'll want to be sure that your new distributor has the ability to successfully market and sell YOUR products. You want a distributor that not only has a strong customer base, but demonstrated success selling to them, particularly with similar products. What other products are in their portfolio? Do they carry any products that compete with yours? Do they sell to end customers directly, or do they sell through intermediaries?

You'll also want to ask about the profitability of your products and likely length of the sales cycle vs. the other products they sell. Your products may be new and give distributors a reason to visit their customers, but if they make less money selling your products than others in their portfolio, their interest is likely to drop off quickly.

5. They assemble a thoughtful business plan

Ask potential distributors to put together at least a basic business plan on how they will invest and grow your business. This will quickly weed out those who just want to say they have your products in their portfolio, or just want to give your products "a try" to see if they can make a few quick sales.

A simple business plan moves the discussion from "I can sell lots and lots of your products, no problem," to "I can sell lots, and here is my strategy and investment plan to make sure that happens."

You'll quickly learn if they are willing to make new hires to focus on your products. Part-time distributor resources are difficult to monitor unless you have clear, measurable and trackable metrics.

The business plan will indicate what they plan to spend to create local marketing awareness, whether they are prepared to attend local or regional tradeshows to showcase your products, and how they plan to launch your offerings. The business plan also facilitates discussions about training and likely learning curves, as well as expected sales cycles and possible marketing and sales obstacles.

6. They're willing to give you access

Take the time to visit your new partner's customers, and to connect with some of their other suppliers. This will tell you volumes about the distributor's willingness to be open, and will also give you a much broader perspective about their strengths and weaknesses.

Discuss with the distributor about their cost of sales, and how they invest. What is the tenure of their personnel? What investments have they made or are planning to make in technology? These questions not only show you are sincere about helping them be more profitable, but also will give indications about how competitive they will be in building a business around your products.

7. Can explain local requirements

You will be depending on your local distributor to help you clearly identify all of the local requirements. These can be confusing and add significant costs and delays unless these are clearly mapped out. Make sure this discussion includes the support they will need from you in obtaining approvals and meeting local requirements. Without this, your sales projections may be unrealistic.

8. Both you and they commit to clear dispute resolution

You need to be able to have an open line of communication with the distributor to make sure any issues that come up are addressed quickly and clearly. Make sure your points of contact have sufficient stature in the distributor's organization to make decisions.

Similarly, you need to communicate clear processes and points of contact in your organization. Doing so will make you easier for the distributor to deal with, and will signal to them that you are truly committed to growing the business together.

9. Is willing to meet regularly

Regular, scheduled business reviews are critical for both companies to stay focused and grow the business together. Many distributors complain that their suppliers don't seem interested or committed to supporting their business. Some companies – American ones in particular -- have a tendency to be casual about these meetings.

Take them seriously, and stick to the agreed schedule. Review the business plan, revise it, and build on it. Focus not only on what the distributor is doing for you, but also find ways to continually add value to them.

Conclusion

Finding potential new foreign distributors is usually easy. Building solid partnerships that sustainably grow your business overseas is much harder. Take the time to not only learn as much as you can about a new distributor, but also to focus on your own skills, processes, and expectations. You'll have more productive partnerships, and your sales results will reflect that.

About the author

Doris Nagel has more than 25 years' experience in leading cross-functional and global teams, focusing on strategic partnering, channels to market, change management, business integration, compliance, and risk management. For the past 10 years, she has been the CEO of Globalocity, a training and consulting company helping companies grow their global sales.

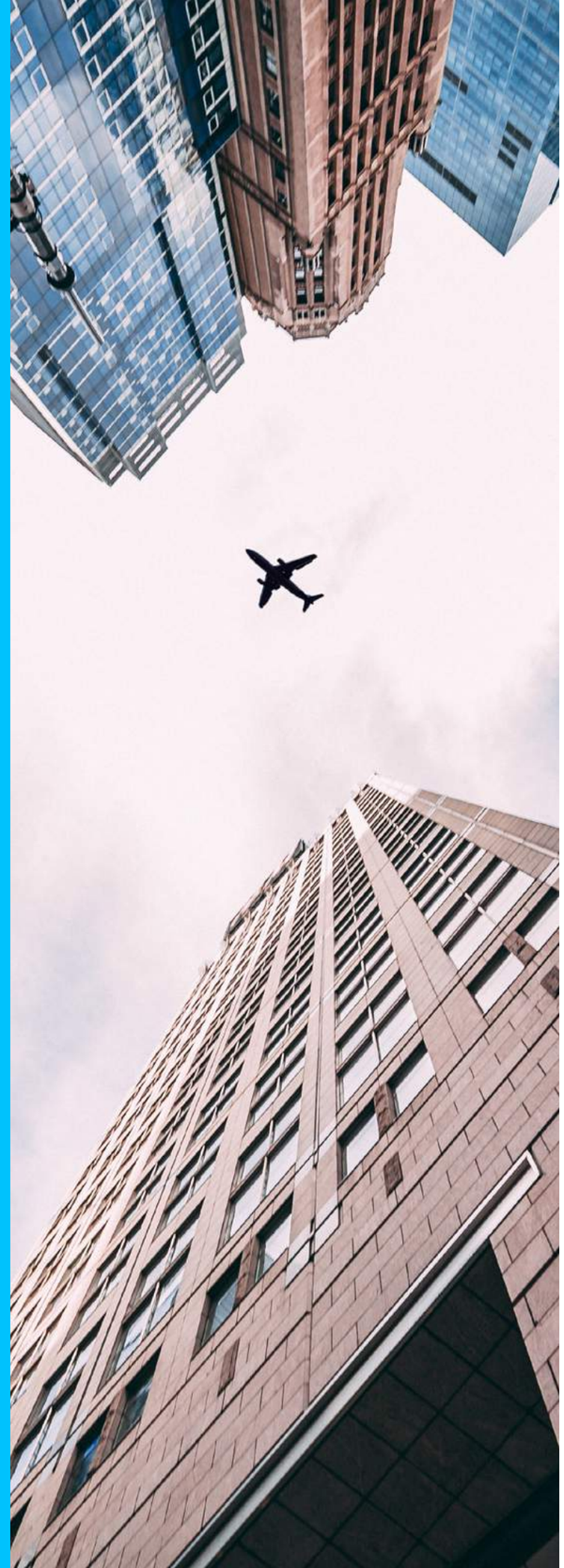
Export Readiness – **What's more important, the plane or the destination?**

By Casey McMechan

Export, market entry, global expansion, international diversification – whatever you want to call it, the harsh reality is that Canadian companies are quite often overwhelmingly underprepared when it comes to pursuing new markets for their products and services.

A Canadian Senate report in 2015 noted "An aversion to risk may... prevent Canadian businesses, particularly SMEs, from pursuing international trade opportunities." Although that statement may hold some truth, twelve years as a successful global consulting firm has lead us to conclude that Canadian businesses simply lack the tools and expertise to sufficiently prepare for international expansion.

Part of the problem is that Canadians have gotten very comfortable with only thinking of the US market when considering export opportunities. In 2017 alone, Canadian exports to the US were worth $297 billion, or about 57% of total exports. Additionally, an Export Development Canada report recently found that up to 70% of all Canadian exporters sell almost exclusively to the US. One can only conclude that Canadian businesses are barely scratching the surface when it comes to global market opportunities.



The UK is Canada's second largest export destination at $18 billion, or 3.4% of total exports (China is third at $15.4 billion). However, due to the uncertainties caused by the Trump presidency, NAFTA renegotiations, BREXIT, and a possible tariff war between US and China, Canada's traditional trade partners no longer seem like sure bets.

Rainmaker Global Business Development was built specifically to help companies expand into new international markets, and if the past decade has taught us anything it's that Canadian companies often underestimate the internal resources and increased productivity their businesses will require in order to sustain any global expansion activities.

Think of your business as an airplane – you would be crazy to depart for your destination if the plane was only half built, lacking fuel, or had an untrained pilot at the controls. New market entry is the same way in that if you haven't prepared your business to cope with the growing pains of expansion, then a little bit of turbulence may very well lead to an in-flight disaster. No targeted export strategy can be successful without first addressing your internal readiness to execute that strategy.

"Think of your business as an airplane – you would be crazy to depart for your destination if the plane was only half built, lacking fuel, or had an untrained pilot at the controls.

New market entry is the same way-- if you haven't prepared your business to cope with the growing pains of expansion, then a little bit of turbulence may very well lead to an in-flight disaster."

There are a few components of export readiness we find Canadian companies struggle with the most. Much of it comes down to simply underestimating the time dedication that a new market venture entails, which is one of the factors we cover under "Leadership Capacity". Replicating sales success in a new market is a daunting task for a business. Without a dedicated individual or team leading the charge, without defined goals and timelines, and without a streamlined reporting process – businesses are setting their leaders up for failure.

Businesses also often neglect to consider how their internal systems will cope with new market expansion. Every system and procedure must be modified and adapted to absorb the impact that new market activity may have on sales process, accounting systems, HR policy, data management and much more. These are the critical pieces that create the foundation for new market growth.

It goes without saying that most sane people wouldn't board an aircraft that wasn't fit to fly to their chosen destination. Business leaders should approach their export strategies from a similar perspective. Export readiness is often overlooked, and this is a costly error for any business who is mid-flight when they realize part of the wing is missing.

About the Author

Casey McMechan is an expert on global market expansion, having worked on three continents over the past decade for groups such as Global Affairs Canada and the Canadian-Ecuadorian Chamber of Commerce. In 2011 Casey joined Rainmaker Global Business Development, an international consulting firm dedicated to helping clients build and execute new market entry strategies.

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