

Going global

How to plan for opportunities and capture business abroad **Interviewed by Kristen Hampshire**

Businesses today face more competition than ever, driving them to go beyond their own backyards and look globally for ways to capture market share and meet the needs of customers. Whether doing business at home or abroad, many of the challenges businesses face remain the same — turning a profit, delivering value to shareholders and satisfying customers, says Robert Olszewski, a director in the Audit & Accounting Group at Kreisler Miller, located in Horsham, Pa.

“Beyond those basic goals of running a business, customer demands have become more persistent, with heightened expectations from markets that companies can potentially serve,” says Olszewski. “The good news is that significant advances in technology during the last two decades have provided the tools that businesses need to grow their presence internationally. Companies that take advantage of these resources and think beyond geographic borders can capture market opportunities outside the U.S. The business world has become a flat playing field, and companies have developed strategies to adapt to an ever-changing world that may present expansion across the globe.”

Smart Business spoke with Olszewski about the advantages of going global and how a business can prepare to compete in the international marketplace.

What benefits can businesses realize when they go global?

International expansion can provide an opportunity to deliver new products or services to a previously unexplored market. Making this possible are technological advances that have enabled companies to operate efficiently across international boundaries at spending levels that were previously insurmountable.

Global expansion continues to extend beyond sophisticated overseas markets. Companies have benefited from expanding into newly industrializing countries such as Korea, providing an additional stimulus to international business activities. By going global, companies can take advantage of an enhanced supply chain network of facilities and distribution centers that expedite the delivery of goods. There are tightened demands with respect to procurement, manufacturing materials into intermediate and finished products, and product distribution to consumers. Global expansion may give companies geographic leverage by having production facilities, distribution centers and sourcing points that may drive efficiency and promote success.



Robert Olszewski
Director, Audit & Accounting Group
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How can a business prepare to expand its operation for global business?

Before simply jumping into the pool, it's a good idea to test the waters and determine whether global expansion is truly an option for your company. Companies that have effectively integrated into global markets must have a well-designed strategic plan, which involves market research and analysis of those results. It requires establishing a first-year operating budget and developing a support structure to accommodate anticipated growth.

The plan should also prepare the company for expansion, answering the question of what is next. The creation of a plan will serve as your roadmap, albeit one that is reviewed often and revised as needed. The main goal of your strategic plan for going global is to identify the right mix of domestic and international operations, and the sequence of expansion into varying markets.

Ultimately, success at the international level requires a broad awareness of the local environment. The company and its leadership should be flexible and prepared to adapt to change quickly. By identifying the risks and opportunities of expansion in advance, a company can make smart tactical decisions while implementing its strategic plan.

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What are some common mistakes companies make when doing business globally?

The most common mistake is not playing by the rules. Corporate policies must be appropriate and comply with conditions in the countries in which a global expansion occurs. Simply put, a one-size-fits-all approach will not work. Companies involved in international markets must be aware of government regulations and pay careful attention to these when conducting business.

This can be difficult without a well-established management team that possesses an understanding of the requirements. It's a good idea to enlist the help of a third party who has expertise in international business and who can steer your company in the right direction as the strategic plan is implemented.

It's also important to recognize that international trade and financing have grown at a rapid pace. Companies are buying, selling and making financing decisions across borders. As a result, businesses must formulate policies for managing cash flow in foreign currencies that must be updated and monitored as relevant information becomes available.

Finally, companies must carefully manage human resources if they want to succeed in the international market. Again, since no two companies operate the same way, how HR issues are handled will depend on the organization.

What advice would you give to companies that are considering entering the global business marketplace?

First and foremost, global expansion is not meant for everyone. The U.S. is blessed with a significant population, high gross domestic product, large median income and a limited language barrier.

For the majority of companies that fail with global expansion, the reason is not a substandard product or service. Instead, they fail because of poor advanced planning, refusing to understand the local environments and investing funds without regard for the anticipated return. That is why careful analysis and planning are critical first steps to expanding business globally.

Consult with trusted advisers as your strategy is developed to ensure that the company stays on course for success. <<

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