How to Take Your Company Global

– with inputs from Wesley Johnston and John E. Cleek

Family firms increasingly aspire to reach newer heights and expand their businesses. The growth oriented business owners often take their businesses to international markets. In this article, Wesley Johnston, professor of marketing and director of the Center for Business and Industrial Marketing at Georgia State University in Atlanta, underscores the crucial factors that make or break the internationalization initiatives of a business. In addition, John E. Cleek, program director at the Bloch School of Business Administration at the University of Missouri in Kansas City, lists the pitfalls of exporting/internationalization. These have some important lessons for the family-controlled businesses.

Why do firms go international? - Going international has many advantages for a business. A firm can extend the sales life of its products and services by marketing them to new markets. Venturing into international markets reduces a firm's dependence on the domestic market. It may also help the firm in beating the seasonal or cyclical fluctuations of the domestic economy. Venturing into international markets exposes a firm to international technological developments and know-how in the industry. Yet another advantage is that the domestic firm also learns to compete with foreign companies.

Are You Entering the Right Country? - Despite the seemingly attractive advantages, taking business to international markets is quite challenging and requires a well thought out plan. Market selection is a crucial aspect of internalization of a business. Johnston suggests the businesses to ask themselves the following questions before they venture into foreign markets **–**

i. ***Will the product/service find acceptance and sell in the target market's culture?*** **–** Culture is shaped over centuries and is difficult to change in a short time span. Company's interest will be best served if it finds the right culture fit between its offerings and the markets it plans to enter.

ii. ***Is your target market familiar with your product or service?*** - If your product or service falls in a category with which the target market is unfamiliar, then you must be prepared to spend more time and money to achieve desired business objectives.

iii. ***Do you feel comfortable in that country?*** – Entry into new markets may require you to learn new language, culture and ways of conducting business.

iv. ***What is the infrastructure like?*** – How are the living conditions, roads, other components of economic infrastructure.

Johnston advises that if the business firm gets satisfactory answers to the above questions only then should it enter that country. In case there are any dissatisfactory answers, they must look for another country.

Adding to the above, John Cleek cautions the businesses against the **common pitfalls of exporting/internationalization** that include –

i. ***Failing to plan an exporting/internationalization strategy*** – The exporting or internationalization effort must fit into the overall corporate strategy. It should not be an ad-hoc burst of unplanned activities. The firm must prepare a well thought out international business plan that also takes care of contingencies that may arise.

ii. ***Chasing enquiries/countries world over*** – It makes better business sense to select the countries you want to enter, than to respond to enquiries that have come from a dozen countries. Lack of knowledge about a market or its dynamics can prove costly, if it is entered in haste.

iii. ***Assuming the success of domestic market, in international markets*** – 'If it works here, it will work there' is a simple but fatal extrapolation. Do not ignore the cultural differences, which shape a country's market. This is a valid caution for all components of the business strategy, be it marketing, pricing, packaging etc. A thorough market research must be conducted to make decisions appropriate for the country's market.

iv. ***Assuming Universality of Language*** – 'Business will be done in English' and 'Body language is universal' are simple generalizations that a business must refrain from when it plans to go international. Such notions can bring significant damage to the internalization prospects of a firm. Firms must learn or take external help for negotiating deals in specific cultural contexts. Similarly, labels and packaging must also be in sync with the norms of the market.

Thus, the family business owners who plan to take their businesses international will be in good stead if they first chalk out an elaborate plan for internationalization. If the plan takes cognizance of all the crucial factors mentioned in the article and is properly implemented, the internationalization process is likely bring positive results for the firm.

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