When is a company ready to go Global?

Mart Corporation

Martwash.com

Four essential Conditions
- Management Commitment
- In-Depth experience with product or service
- Adequate Cash Flow
- Capacity and capability to produce international products
Management Commitment

- Commitment Statement
  - Commitment of top management
  - Allocation of talent
  - Financial resources
  - Necessary to overcome barriers

Management Issues

- Payback period
- Allocation of resources
- Overhead allocation
- Staffing decisions
- Decision-making
- Risk aversion level
- Willingness to allow failure

Product Experience

- Must be successful in home market
- Don't undermine domestic market for international ones
- 6 questions should be considered before developing strategy
**Question 1**

- Who are end-users?
- Why YOUR product?

- Businesses
  - Manufacturers
  - Service providers
  - Governments
  - NGOs
- Personal consumers
  - Perishables
  - Durables
  - Luxury

**Question 2**

- What is your company's competitive advantage?

- Innovation
- Price
- Features
- Quality
- Service
- Distribution
- Brand equity

**Question 3**

- What is the most effective distribution channel for your product?

- Direct
  - Internet
  - Personal sales
- Indirect
  - Retail
  - Bulk
  - Agents
  - Brokers
  - Wholesale
**Question 4**
What role does a company play in the value chain?
What value-added activities do you perform?

- Support Activities
  - Organizational Infrastructure
  - Information Systems
  - Human Resources
  - Research and Development

- Primary Activities
  - Materials Management
  - Manufacturing
  - Marketing

**Question 5**
- What is the overall assessment of the industry and the potential for profit?
  - Truly assess the market potential
  - Access resources available to provide objective basis for decision
  - Don't rely on "what you would like to do"

**Porter's Five Forces**
- Bargaining Power of Buyers
- Rivalry among existing firms
- Threat of new entrants
- Substitute Products
- Firm or Product
Question 6

- How will you evaluate success or failure?
- How much you can stretch your resources?

Be objective
Beware of escalating commitment
Don't go too big all at once

Cash Flow

- It COSTS money to develop new international markets
- Stopping an initiative due to finances detracts from credibility
  - May be hard to restart
- The key is efficient usage of resources and proper strategy

Capacity and Capability

- **Manufacturing**
  - Impact of sales volume increases
  - Shortened production periods
  - Logistical challenges tracking buyers separately
- **Product**
  - Able to modify
  - R&D challenges
  - Instructional and product documentation for appropriate customers
- **Service**
  - Necessary staff
  - Know and understand standards
  - Levels of expertise
  - Handle increased volume
Perceived Barriers

- International Expertise
- Product vs. International Expertise
- Language

Should you visit markets?

- If at all possible, YES
- Many resources and support systems available