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# Six steps to reduce risk and launch a product overseas

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Most successful CEOs believe that in chaotic times, opportunity abounds due to changes or "cracks" in the market. Many industry leaders think overseas markets are where these "market cracks" or opportunities exist. Often these CEOs have not conducted cross-border business although they have heard about or have direct experience with how difficult it is.

As difficult and full of risk as conducting business overseas can be, the opportunities and rewards, if successful, far outweigh the risks. Outlined below is a six-step process that CEOs should consider, if not follow, when evaluating and/or beginning to conduct business in another country. This process is easy to follow, with steps and details that provide CEOs with a road map to navigate the complex process of developing business abroad. The process involves a go or no-go decision after each step.

By following this process, CEOs and their companies can develop valuable relationships that could play a critical role in the success of their efforts to expand abroad. The following six-step process is designed to help a CEO ask the important questions when considering "going global". The results at each step must be considered before a decision to continue to the next step is made.

**Step 1** is an initial evaluation of product potential. It involves: (a) face-to-face interviews with three to five potential customers based on a detailed questionnaire; (b) face-to-face interviews with two or three people with special market and/or product insight, focusing on market drivers, success criteria and competitor comparison; and (c) comparison with the two to three most important competitors on the six to eight most relevant parameters through the above-mentioned interviews and desk research.

Based on the results: Does the product have potential? What are the most important success criteria? Is the product competitive?

**Step 2** is quantification of the product's potential. This step comprises: (a) an estimation of total market size and potential market share scenarios, based on desk research and customer/sales channels interviews; (b) a contribution analysis based on competitor pricing and total cost estimates; and (c) estimation of eventual cost combined with overcoming barriers and fulfilling assumptions.

Based on the results: Can satisfying profit be obtained?

**Step 3** is development of a sales/marketing plan and budget. It consists of: (a) positioning the company in the target market; (b) defining, developing, and prioritizing the target customers; (c) developing a detailed sales/marketing activity plan with cost and timing; (d) developing a budget, based on potential turnover and contribution and costs combined with sales/marketing activities; and (e) listing basic assumptions for selling in the target market (approvals, price, supply chain capacity, order procedure, reclamations).

This step will provide the basis for a decision to "start up" and for a decision regarding funding.

**Step 4** is funding. If the company cannot or will not fund the plan to enter the target market a funding plan is developed. If bank funding is realistic, a business plan and budget is developed with the bank as target. If other funding sources are needed the possibilities are listed. Business plans, budget and pitch material are developed and meetings with investors arranged.

This step will result in: (1) an assessment of capital needs and strategy; (2) development of necessary material; (3) meetings and closing; and (4) coordination and relationships with lawyers and accountants.

**Step 5** is execution of sales and marketing activities. Direct sales involve: (1) contacting target customers directly through cold calling to begin building relationships and "sell" them on the value, differentiation and economics of company's product; (2) meeting with potential customers; and (3) sending offers and getting first orders. Sales through distributors involve: (1) contacting and setting up meetings with target distributors; (2) negotiating terms, drafting agreements and getting documentation signed; and (3) ensuring that both parties carry out the agreed and planned sales activities.

This step will yield several well-defined customer and distributor relationships with signed agreements.

**Step 6** is creating an incorporated operating entity in the target market, which is owned by the company and is responsible for sales and operations in the target market. The foreign entity will be run by an individual from the company, an agent in the target market or a combination of the two.

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