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a newsletter on practical strategic planning and action  
issue #8: the challenges of doing business internationally

## welcome message

This month, we share some thoughts on doing business internationally. Whether you are pursuing lower cost manufacturing through outsourcing to India or China, diversity of clients throughout the Americas and Europe, or cheaper finished goods suppliers worldwide, doing business internationally carries with it a greater risk. So, you want to make sure that you are getting a sufficiently higher reward to justify your risk.

In Strategic Planning, we outline some of the critical information you need to gather before entering into a new market. In Strategic Action, we examine the communication challenges of developing and executing your international strategies. Our Industry Snapshot is on the Alliance for Corporate Wealth, a new national organization we are supporting to increase the awareness in the multidisciplinary challenges of and opportunities for maximizing private company shareholder value. And finally, this month's Reading List reviews **Solving Tough Problems** by John Kahane.

## strategic planning

*Fresh Information for International Success*

Our regular readers are familiar with our strong belief in injecting a constant flow of fresh information into your management processes (see "Don't Make Decisions in a Vacuum" - <http://www.trekconsulting.com/Publications/Newsletter/Issue4/Issue4.html>). The risks of international business make this idea even more important as you develop and execute your strategy.

The information you gather about a foreign market includes some of the same data that you would use domestically: size of the market, competitive structure, and needs of the customer. But, there is significant additional data that you may not think about because it includes factors that you take for granted in your home market:

- Local market practices
- Culture and customs
- Legal requirements on business
- Political trends and power structures
- Currency regulations and/or restrictions
- Language and communication norms

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Many of these factors change greatly from country to country; it is extremely important to spend the time to learn about a market and find the best partners possible. When I worked in Latin America for Citibank, we frequently hosted visiting companies to gain a first-hand view of the country. If you are doing business offshore, ask your bankers, lawyers, and accountants for personal introductions to trusted contacts in your new market. Use these introductions to make sure that you get off to the right start.

But, don't rely on advisors alone. You also need to travel there to see things for yourself. Take the time to see the local situation, get to know your partners, and/or your employees. And, do your homework:

- Are you asking your international partners to do something they're experienced in doing?
- How do their references check out?
- Have you evaluated the risks against your expected return?

As with any project, the more research and planning you do up front, the fewer nasty and expensive surprises you will encounter later on.

-Mary Adams ([adams@trekconsulting.com](mailto:adams@trekconsulting.com))

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## strategic action

### *Clear Communication in International Business*

When I worked in Buenos Aires, Argentina in the early 1980's, most international communication was done with telexes. To make an international phone call, you went into a locked room with a special phone that was used sparingly, because it was so expensive. Today, international communication is much easier, faster and less expensive. E-mail, VOIP, video conferencing, cheaper phone and cell phone connections all make it easier to communicate. But ease of communication does not guarantee perfect understanding. Managing international communication will always be more challenging than for domestic business.

As Mary mentioned above, it is important to get to know the market, your employees, and/or partners first-hand. When dealing across cultures and languages, it is important to be careful and explicit in your communications. It is better to risk being repetitive than to misunderstand each other. When our firm recently helped a client in a series of meetings in Germany, we used two PowerPoint slides in every meeting: one to summarize what we had discussed in the prior session, and a second to outline the goals and agenda for the coming session. Reviewing these summaries helped us ensure that we were all on the same page as our discussions progressed.

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One critical goal of your face-to-face meetings should be to secure an agreement on your on-going communication, at the time of the meeting as well as after you go home. You should discuss very specifically:

- What do we expect from each other?
- How are we going to accomplish our goals?
- How do we want to communicate going forward?

Being careful and explicit in your communications is vital to your success in your international ventures. Whether you are opening a new plant or just selling your products in a new market, take the time to develop a mutual understanding with your partners and a clear agreement on how to communicate moving forward.

- *Michael Oleksak (oleksak@trekconsulting.com)*

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## industry snapshot

### *Alliance for Corporate Wealth*

This month we would like to introduce to you a “new” industry that we are helping to create as founding members of an organization called The Alliance for Corporate Wealth (ACW). The Alliance will attempt to address the fragmented and inefficient advisory services available for the owners of private companies.

Shareholder value is a concept we hear every day in relation to public companies. Ironically, it is almost never mentioned in relation to private companies, even though the shareholders’ value often represents up to 90% of their personal net worth. In order to build and protect the value of this significant asset, owners need to pursue two parallel tracks—building value in the company and preserving value in their estate.

A team of professionals that could help these owners accomplish their goals might include management consultants, accountants, valuation professionals, investment bankers, wealth management professionals, and/or attorneys. Until now, most of these professionals have worked with an owner independently. The goal of the Alliance is to create a coordinated team approach using, in some cases, an interactive web-based collaboration system.

ACW is still in its infancy. As the organization develops, we will share our successes and progress with you. We welcome your inquiries and feedback (link to [info@trekconsulting.com](mailto:info@trekconsulting.com)).

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## reading list

*Solving Tough Problems* by Adam Kahane

In *Solving Tough Problems*, Adam Kahane talks about his problem-solving experiences in both the corporate and political worlds. He shares with his readers how his life and career took a dramatic turn when his employer, Royal Dutch/Shell, asked him to travel to South Africa in the early days of the post-apartheid government. While there, he applied his corporate experience with scenarios and facilitated a groundbreaking retreat with a diverse group of South Africans. The work of this group has had significant influence on the relatively peaceful, productive process of change that has occurred over time in that country.

Kahane's problem-solving method involves creating scenarios for possible futures, in a country or a company. By examining the full implications of possible futures, he creates a way in which meeting participants and their broader communities can understand the choices they collectively face. Kahane has continued to refine his methodology in both public and private settings. While the public stories outnumber the private ones, there are valuable lessons for all managers here.

For more information about this book, visit:  
<http://www.bkconnection.com/ProdDetails.asp?ID=1576752933&PG=1&Type=BL&PCS=BKP>

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## announcements

As 2004 quickly comes to a close, we at Trek send you our best wishes for a happy holiday season and a fruitful new year.

-Mike Oleksak and Mary Adams

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Next month, Trekking will address effective use of outside consultants.

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## about trek consulting

Since 1999, Trek Consulting has helped CEO's of early stage and middle market companies to face challenges of growth, change and succession. Our hallmarks are fresh information, disciplined analysis and practicality. We help you create specific action plans with metrics tied to revenues, costs or corporate value. Then we follow up to help you keep on track and/or adjust your plans as circumstances change.

Our clients report improved market focus, increased revenues, better margins and lowered costs. To learn more about Trek Consulting and how we can help you improve your company's results, visit us on the web at [www.trekconsulting.com](http://www.trekconsulting.com) or call us at 781-729-1008.



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