

# BUILDING YOUR GLOBAL BUSINESS

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10 Steps to Expand Your Business Globally



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The growth of non-English language users offer businesses a unique opportunity in catering to a relatively new and untapped market.

As a business owner in today's market, it is more important than ever to be able to reach new customers and expand your market to increase revenue.

The internet has provided greater access to greater resources than ever before, and this has led to many extreme changes from the top level to the bottom.

In the past ten years, it has never been easier to start your own business and get wide spread publicity, but at the same time, due to the overcrowded marketplace it has become harder than ever to stand out from everyone else.

### What is Globalization/Localization?

For many years, English has been the predominate language of web content. English speaking viewers made up the majority of the browsing audience, and there was never any need for businesses to extend beyond their native language clientele.

That trend is shifting, and at an exponential rate. As more and more non-English speaking users are going online, there is more demand not just for non-English content, but a bigger push for businesses to address these potential clients as well. This effort to reach non-native content speakers is what is referred to as “**globalization**”, and going further, targeting a particular region within that market through content customization, or rather, “**localization**”.



Although the three largest markets for U.S. products are Canada, Japan and Mexico, these countries may not be the largest markets for your business.

As the internet continues to connect people from all over the globe, the effort to provide content in users' native languages has pushed **globalization/localization** to the forefront of business and technology.

Since the U.S. makes up only four percent of the world's consumers, that means ninety-six percent live outside the U.S., so failing to globalize today may mean you'll have to play catch-up later. The key to not letting language and cultural barriers slow you down is to have the right advisors, develop a plan, and learn from others. The following guideline can give you an idea how to get started.

## Step 1. Determine Where Your Company Fits

Before you jump into the global market, it is best to do a little research and make a couple of decisions. The world is a diverse place, and specific countries have their own trends. You need to identify where your industry is today and predict the trends and directions that it will take over the next few years.

Ask yourself these important questions:

- How competitive is your industry in the global market?
- Why is your business successful in the domestic market?
- What products do you feel have export potential?
- What are the competitive advantages of your products or business over other businesses?
- What needs does your product fill in a foreign market?
- What goods or technologies does your product require?
- Does your product conflict with traditions, habits or beliefs of customers abroad?

Once you have a solid understanding of how your business fits into the global market, you can decide which markets to enter.



## Step 2. Develop a Globalization Strategy

### Do your homework

“Companies need to carefully and holistically plan entry to a new market, which can run counter to the American proclivity to act quickly.”

--Dan Brutto,  
Bloomberg  
Businessweek

To maximize your globalization efforts, figuring out beforehand which countries your business would best be suited for is essential. There is nothing worse than spending time and money localizing your business to an area where it falls on deaf ears.

If you're not sure where to do business, one good indicator is to find out where your domestic competitors have expanded internationally.

Once you've identified a few countries that you think have market potential for your product, you're ready to do serious market research.

You can start by researching information for the following factors in each country:

- Is the shipping distance economically feasible?
- Are there existing trade restrictions, tariffs, non-tariff barriers or bilateral trade agreements?
- Is the economy sufficiently developed to support your product?
- How is the market similar to and different from your domestic market?
- Are there intermediaries available if you need them?
- Are there language and cultural barriers to doing business?

**A useful resource are three key United States government databases that can identify those countries that represent significant export potential for your product:**

- The Small Business Administration's Automated Trade Locator Assistance System (SBAtlas)
- Foreign Trade Report FT925
- U.S. Department of Commerce's National Trade Data Bank (NTDB)



## Step 3. Make Connections

### Keep your focus narrow

Instead of diversifying into new products, stay focused with your products or services, and aim to dominate its niche through aggressive marketing.

Once you've identified your business and the product or service you want to import as, well as the country or countries that interest you, it is a good idea to make business connections in the chosen market.

Look for companies, agents or distributors who are looking for the products you offer and that may be interested in doing business.

You also need to determine whether you will handle your global business directly or choose an agent, distributor or intermediary to act on your behalf, and if so, you need to find someone qualified to do so.

## Step 4. Translate Professionally

North American businesses are realizing the importance of localization for their online marketing success. In the past, the temptation was to assume that regions that understood the English language did not require a localized web site. However, according to a Forrester report, customers who speak English prefer to go to sites that offer their local language as well as local product selections and relevant payment options.

Before marketing yourself globally, it is important to be sure your business is ready to deal with challenges presented by the international environment, including language and cultural barriers. Investing in translation and localization services may be a necessary step.

When you establish your web site in an international environment, the content, language and its “look and feel” will have an impact on its success. The challenge is determining how “localized” you should make your site.

Questions you should ask yourself:

- Will you translate your entire site for a particular market or simply translate the most important pages?
- Which languages will you localize into?
- Will you use graphics or not?
- Which products will you sell to a particular market?
- How will you accept payments?



Research has shown that the majority of potential customers will not order from a website if it has poor grammar or spelling errors in the content.

“These language specialists do more than simply translate words—they relay concepts and ideas between languages. They must thoroughly understand the subject matter in which they work in order to accurately convey information from one language into another. In addition, they must be sensitive to the cultures associated with their languages of expertise.”

--Bureau of Labor Statistics

When your business is concerned, it's best not to cut corners with translation and localization accuracy. Grammatically incorrect translations could give the impression that your company is careless, unprofessional, or even worse, fraudulent.

Recently, crowdsourcing translations has become popular in a variety of different industries, with varying success. Crowdsourced translations use the general public to provide their cultural knowledge and bilingual/translation expertise, assuming only those with knowledge of that language volunteer.

While translation crowdsourcing is becoming more mainstream as great strides are currently being made in the tech industry to perfect it, the traditional method of translation might be more beneficial to your globalization effort.

Although professional translations may cost more than machine translation or crowdsourced methods, if you choose the right company or translator, you are guaranteed professional quality and accuracy.

It is important to really understand how a language is used by the people in your target market, and professional translation services usually outsource their translation projects to native professional translators of that particular region. By utilizing a professional translation service, you are sure your translation includes all of the proper grammar and nuance of that particular language.

Whether you choose to go with a crowdsourced or traditional translation, it is important to weigh the pros and cons of each. You should contact a translation service agency and discuss with them your particular goals and expectations, as they can help you decide what is best for you and your company.





Prices must be high enough to generate a reasonable profit, yet low enough to be competitive in overseas markets.

## Step 5. Determine Price

Pricing a product is always one of the most important parts, both of marketing a product and making a business profitable. You may have found the optimum price for your goods or services in the U.S., but when you enter into a new foreign market you have to start from scratch.

Naturally, your cost of goods sold must include all the expenses to deliver your product or services to the foreign country. This adds to the bottom line considerably, but affects your overhead as well.

Don't forget to take into account the monetary conversion rates, and stay on top of the fluctuating value of the currency for that particular region.

## Step 6. Determine Costs

Going hand in hand with determining the price for your goods or services in foreign markets, determining the actual costs can take some considerable effort.

In addition to the manufacturing costs of your product, you must also consider expenses like:

- Export packing
- Documentation
- Inland freight
- Bank documentation
- Handling
- Bank collection fees
- Cargo insurance
- Other misc.



## What do you do if you don't know anybody in your target market?

The U.S. Commercial Service (USCS), the trade arm of the U.S. government, is an excellent resource to help businesses find distributors and partners and secure the right introductions.

Some international overhead costs to consider might be:

- Changes in product packaging
- Promotional materials
- Marketing and advertising
- Sales salaries, bonuses and commissions
- Foreign market research
- Translation, consulting and legal fees
- Foreign agent/distributor product information and training

## Step 7. Look for Ways to Lower Costs

To keep prices competitive, you should spend time researching the best deals for manufacturing locally. This would eliminate a lot of the shipping costs, and you may actually be able to negotiate a lower rate.

You can keep personnel costs down by creating a sales center in that particular country. Other marketing jobs can be created locally that would give you inside knowledge about local trends that would not only give you a competitive edge, but would save money in market research on the home front.

## Step 8. Promote and Advertise Internationally

There are a number of online promotional tools you can implement to gain the attention of markets internationally.

Search engine placement, affiliate programs, email campaigns and newsgroups, link programs, and banner ads all can help promote your business through appropriate and effective local channels.

If need be, you can contact a marketing agency that is familiar with marketing to that particular region.





## Step 9. Develop Relationships

Cultivating business relationships is essential, even more so in cultures outside of the United States. This is especially true in China, Vietnam, Brazil, Poland, and other emerging markets.

In China, for example, going to dinner with colleagues is really important. Confidence and trust for business associates in countries such as China are built around social interaction and personal relationships. Without taking the time to build those relationships, business wouldn't get done.

By going the extra mile to show your respect of that particular country's culture, as well as their business and social practices, could help you in ways you never thought possible. In many other countries, business is more relationship driven and personal than traditionally in the United States.

In addition to building relationships with business partners, it's critical to get to know other exporters. By networking with peers, you learn a lot from each others' experiences.

## Step 10. Stick to It

Entering a new marketplace in another country is just as hard, if not harder, than starting a business from scratch. More than likely, consumers in that country will never have heard of your company. It may take some time before they trust your company enough to buy from you.

However, if you follow the steps in this brochure and invest in your globalization efforts, the rewards for doing so could significantly increase your business.

**How long will it take to earn a profit overseas?**

If your sales cycle is normally 3-6 months, double or triple it. In this way, you know you are allowing enough time for your plan to work.

