

# IPRA Frontline – November 2007

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## Growing your Business Internationally



**Keith Hunt** outlines the necessary steps to ensure successful expansion overseas. His advice is based on a recent Results International conference Growing Your Business Internationally, which took place in London on 2nd October and featured a range of agency speakers who have successfully built their businesses.

The IPRA 2008 Public Relations World Congress



For many agencies that reach a certain size, overseas expansion can be a tempting option and a logical next step if management is really serious about building the business. In some instances growth outside the home market can be prompted by the demands of a multinational client. Meeting this client's requirements by opening offices in relevant countries can be a fruitful way of 'putting on and strengthening the relationship' and is one of the most common factors behind a move overseas.

It can also cut quite considerably the cost and time spent on international travel by the home based agency team. Many agencies deliberate over the right time to expand overseas. Quite simply this is the point in the agency's life cycle where there is sufficient human and financial resource. Many agency heads also have an instinctive sense for when circumstances are right.

However, despite the undoubted benefits of successful expansion, it can be extremely hard to get right and needs meticulous planning and an understanding of a broad range of commercial and cultural factors.

### Opening Offices Overseas

Wherever you choose to open your first overseas office, think carefully about the location you select and research the local market in depth ensuring you understand the legislative and cultural context you will find yourself facing. Italy has a completely different business style and approach from its close neighbour France. While the former may require some flexible and imaginative strategies to avoid impenetrable bureaucracy, in the latter you are first and foremost well advised to make friends within the local business community.

Japan is a completely different kettle of fish and any European contemplating opening there will certainly require local support to help them get established. In Germany, a highly regional territory, the choice of location is a major consideration; Munich, Frankfurt, Bonn, Hamburg, Berlin are all popular choices, but with quite different characteristics.

Companies are advised to get to grips with local employment laws fast. In many European countries, especially France and Italy where workers have heavily protected rights and the unions are still a force to be reckoned with, it can be nigh on impossible to make workers redundant

### East Coast or West?

When it comes to the US there's a choice to be made between the East and West coasts. While the East is often viewed as the bigger opportunity, it is highly competitive and many foreign firms struggle to make inroads in New York. In many cases there may well be greater potential on the West coast. Nor should you dismiss the big cities in between, Chicago, Texas, Detroit and others all have sizeable potential.

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If you are an agency specialising in a specific sector such as IT and dealing with international clients, it is quite likely you will be contemplating a move into popular markets such as China, India and Latin America.

For agencies looking to open a small office in any foreign market, the sensible option is often to partner up with a local firm. This can help reduce the risks and means such businesses are not quite as alone and vulnerable as they could be should they make their foreign foray alone.

### Acquiring Overseas

Mergers and acquisitions are difficult at the best of times when they take place in an agency's home market. Merging or acquiring overseas at arms' length therefore becomes exponentially difficult. The quality of management is fundamental and investing in talented senior people you trust to guide the merger/post merger process is critical.

The best option may be for an agency to send over one of its top three executives to manage the process, to nurture it and to transfer the agency's specific corporate culture across to its new office. Embedding this culture, a sense of "the way we do things" around here must be meshed into the acquired agency.

Many agencies that have expanded successfully may have started life unconventionally or in a relatively low profile market or city. It may simply be that a senior manager has married a foreign national and wants to move or quite simply wants to try out a new overseas culture. The added personal dimension often means there is more at stake for this employee and relocation is regarded as an important benefit.

### Managing Talent Mobility

As already mentioned it's imperative to move some of the agency's top talent across from the home market to oversee foreign expansion if success is to be assured. Relocation packages can be extremely costly and may include moving spouses and children and assisting with schooling for the latter. In addition the gaps left in the home agency as a result need to be filled.

When it comes to recruiting for the new overseas office, as a foreign player an agency should also remember that at least in the early days it is never going to be a top choice for local talent. A great deal of thought needs to be put into developing strategies to attract the talented individuals the agency needs to make its overseas office a successful operation.

Yet it's not all bad news. Having an overseas office makes the agency an attractive prospect for employees in the home market looking for foreign experience, equally the chance of working in the agency's HQ can also make it a tempting prospect for locals in the new market.

### How to Minimize the Risks

Going in with a clear awareness of the difficulties ahead is essential. A carefully considered, but realistic business plan with specific targets is a must-have. But equally important is the realisation that should things start to go wrong, there is a point at which the best strategy is to walk away.

Hanging on for the sake of it can be a dangerous move and may ultimately result in bringing down the entire home operation with it. Knowing when to cut one's losses is an important management skill in such instances.

There will always be cultural differences that have to be managed whether they are country specific or simply between different types of people who work together in the same market. For this reason it's a good idea to bring all the different offices together at least once a year for a major bonding exercise to include work and leisure sessions.

It's a truism, but people trust people they have met. This is even more pertinent when it comes to the Japanese and other Asian markets. An agency that demonstrates that it cares about its people and cares that colleagues have an opportunity to develop new bonds is making a major investment in its successful future.

### The Author's Details

Keith Hunt is managing partner at Results International. Results advises the marketing communications industry, working with advertising, PR sales promotion, direct marketing, design, interactive, media buying, market research, telemarketing and others marketing services organisations. It provides a full range of business strategy, client and staff satisfaction, change management and corporate finance advice.

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