

# Design Week – 7<sup>th</sup> February 2008

Business Insight

## In search of new horizons

For many design consultancies of a certain size, overseas expansion can be a logical next step in building the business, says **Tony Walford**



Having an international footprint can bring a business many benefits, such as attracting clients and employees who are excited by foreign horizons. Equally, the chance of working in the consultancy's headquarters can be a tempting career prospect for locals employed in the new market.

Other benefits include the scope for consultancies to work round the clock to deadlines, and draw on different and complementary elements of various markets, unlocking value that wouldn't be available in a single territory.

However, expansion abroad presents risks, not least in contending with different business and cultural customs, ethics and languages, as well as the sheer distances between markets. It demands meticulous planning, and an understanding of a broad range of commercial and cultural factors, like local employment legislation and business styles.

The easiest way – and the one which carries the least risk – is to go in on the back

of a client relationship. The perfect scenario is where a consultancy is undertaking a global branding exercise and communications programme, ideally for a multinational that runs its marketing programme from the UK.

If you can't get in on the back of a client project, an alternative is to target a synergistic partner, not necessarily with a view to acquiring or merging, but rather for sharing offices and help with establishing a footprint.

For example, a UK design group could use an overseas research company's offices as a base from which to run overseas projects, and vice versa. The complementary nature of such businesses may yield other benefits, such as using channel partners.

London-based brand design consultancy Inaria has successfully expanded into the US, using many of the strategies set out above. It set up a New York office partly in response to some of its luxury-brand clients expressing an interest in having Inaria's expertise and understanding of the market in the US. The group also had a couple of existing clients in New York, and several leads.

As they were conscious of not overstretching the London office, Inaria decided to share office space with a very cool, well-connected architect in the SoHo district. This was the route that required the least amount of investment, while still giving the group a presence in the US market.

Another option is to acquire a group, although it would be advisable to ensure that there is a strong cultural match, and that the ambitions for the joint business are clear. If the acquisition is relatively cheap and 'low-risk', however, it can be a very quick way to market.

Regardless of how overseas expansion is achieved, it makes sense to send someone from the UK consultancy to head up both the project and

the overseas office, recruiting local talent to ensure that the message has local flavour. This latter point is vital: the group must be aware of cultural differences not only in terms of doing business (Asia-Pacific has very specific nuances, for example), but also in delivering the message correctly.

An employee from the UK office will be home-grown in terms of consultancy culture and approach. There needs to be confidence that the overseas office will be run in exactly the same way as the parent consultancy, and that the key players have the same goals and aspirations. A great deal of thought needs to be put into developing strategies to attract local talent to your foreign office.

Cultural differences are bound to arise within an international organisation and will have to be managed. For this reason, it's a good idea to bring all the different offices together at least once a year for a bonding exercise that includes both work and leisure. It's a truism, but people trust people they have met.

Thorough research is imperative before piling in overseas and opening offices. Just because you are very successful in the UK does not automatically mean you will be as successful in, say, China. You need to understand the competition you will be facing, and how overseas clients buy design services.

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### OVERSEAS EXPANSION: THE GOLDEN RULES

- Be familiar with the business culture – and language – of the market into which you are expanding
- Ensure any business you are combining with has similar goals to your own
- Send a representative of your UK office to head up any new operation, to ensure it is run in the same way
- Devise a strategy for finding the best local talent