

Growing and Managing a Business in a GLOBAL ECONOMY

Taking Advantage - Minimizing the Risks
of the

International Marketplace

presented to the

INTERNATIONAL GROWTH CONFERENCE

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Two areas of focus in the expansion to International Markets

- A. **Planning and Organizing** the enterprise to successfully grow in a Global environment
- B. **On-the-ground execution** in establishing successful operations for the enterprise in the foreign location

A. Planning and Organizing . . . 3 Questions

- 1. WHY:** Clearly answer the question as to why you might be looking outside the USA
 - Lower cost of products?
 - Addressing a local market need - 1st to market?
 - Add to the value of the enterprise? (Be careful with this one - unprofitable foreign operations will reduce the value)
 - Fit with the long term strategy of the company?
 - Understand your resource constraints – can you afford it - the stakes are high!

A. Planning and Organizing . . . 3 Questions

2. **WHO:** Not everyone is suited, for this challenge

- Smaller organizations do not have the bench strength to employ specialists – existing employees often need to “muti-task”
- Non-US initiatives need to be led by the CEO or other senior management; they should have an international mentality in terms of communications, understanding of culture differences and risk management

A. Planning and Organizing . . .

3 Questions

2. WHO (con' t):

Not everyone is suited, for this task!!!

- Cardinal Rule: Surround yourself with resources that understand the non-US environment:
 - **Directors** – look for multinational experience – those who have DONE IT BEFORE
 - **Funding resources** – look for capital providers that have multinational experience

A. Planning and Organizing . . .

3 Questions

3. **HOW:** Structure and resolve

- Senior operating management including the functional support areas – accounting, legal, HR need to work together with “in-country” team
- Need well referenced advisors who can assist and navigate the non-US issues – loyal to you
- Need local partners who can provide contacts and business advice as well as being your “feet on the street” in the country

A. Planning and Organizing . . .

3 Questions

3. HOW (con' t): Structure and resolve

- Multiple points of contact from the foreign initiatives to the CEO and senior management on a routine basis is a must – engages company, lessens risk of over site, method of cross-checking the information
- Foreign operations should be mirrored to the functional departments in the US – then adapted to the local requirements
- Anticipate and Plan for the Financial Cost of this expansion

B. Execution

- Focus on the “WHY” and execute against that answer
- Monitor and reassess at the CEO level – small companies don’t have the staff
- Don’t be afraid of “pulling out” as small companies don’t have the resilience to withstand costly failures – again high visibility a must
- Small companies often want to boot-strap a global initiative in the wrong areas. “Fly economy and spend more on professional advice”

B. Execution (con' t)

- Need to establish a “global” culture within the organization
- Understand the resources requirement – time, \$\$ and effort – all of which are substantial – and manage accordingly
- The length of time must always be considered and managed – and it is critical to a small business’s financial planning

B. Execution (con' t)

- Senior management must focus on staying in contact with the foreign initiatives at all times – delegation can be dangerous
- Force communications between senior management and vendors, customers, partners and business advisors
- Beware of filtering and set up a dual information channel where key information is available from different sources

Lawrence P. Howorth



Lawrence P. Howorth is the President and Founder of HOWORTH International, LLC, (www.HOWORTHLLC.com) a multinational provider of Interim Management, Fractional/Part Time Management, Project Management and Advisory Services. With a global focus, HOWORTH International provides services across multiple industries in strategy, operations, finance, and business development.

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