

Concerns, Complexities and Dialogues in going Global

Dr. H.C Azeeza Jalaludeen (*Invited Contribution*)

ABSTRACT

Keywords: Go Global, Pandemic-Proof, Globalization, Accelerator, Conscious Capitalism, Digital Transformation

Globalization has many benefits for our global economy, especially through Conscious Capitalism and Digital Transformation. Amidst all chaos in the world, it is essential for making businesses Pandemic-proof. This paper shares on what to look out for when exploring new markets at this juncture in the world. The various elements that determines the success when going global is discussed here, while highlighting the possible breakdowns with solutions to overcome them.

The Author's life experiences for 15+ years with real case-studies, together with researches done with other platforms / organizations that has its substantial client's experiences, establishes the importance of globalization for businesses, results focused in National Growth, Regional Development and Global Prosperity.

INTRODUCTION

Globalisation is a mis-understood word. Business leaders have been thinking of travelling as an important / inevitable need to go global. This paper is to highlight the concerns and complexities that can hold back globalisation, also focusing on solutions that can ease globalisation.

The paper shares the various internal and external risks and solutions derived from case-studies on what worked and what didn't work when companies expand to / from Singapore, Malaysia, India, China, USA, UK, Africa, Australia, Middle East.

The emphasis is on Conscious Capitalism and Digital Transformation for globalisation, to ensure successful "pandemic-proof" business growth, sharing the experience of the author as a GoGLOBAL Accelerator, in the mission of creating a high-tech hi-touch global business community.

OBJECTIVES

- Discussing the important reasons to Go Global, with concerns and complexities of going global
- Identifying the solutions and innovative ways to make the business pandemic proof to ensure globalisation is achieved successfully.
- Emphasis on Conscious capitalism and Digital Transformation as focus to ensure successful exponential growth in business
- Author's experience in globalising her own business and working with companies to globalise since 2004 forms the basis of this paper.

RESEARCH METHODOLOGY:

Her book 'Shining Red Dot' launched in 2017 showed case studies of 30 different global leaders going global. Under the leadership of the Author and her business partner, Business Development Director of GoGLOBAL Business School™, Singapore, Mr Ayyappa Dass, many feedbacks and ideas were derived from more than 3000 business leaders in the last 3years. During the period of 2020 March till Dec 2020, 300+ online programs were conducted by the Author, where more than 250+ business leaders and mentors shared their experiences in navigating and reap the rewards from doing business in Asia/global

On top of this, the paper includes insights & experiences from various other organisations that work with start-ups and business leaders from various parts of the world, in their globalisation venture. These organisations are

Resources

<http://www.shinegoglobal.com/goglobal-accelerator/>

<https://www.capital-ges.com/>
<https://www.sibylentertainment.com/>
<http://www.GoGLOBALChannel.com>

WHY GLOBALISATION IS IMPORTANT FOR BUSINESS?

Capital GES is 25years old employment company that has supported staff for companies opening new markets across the world. With offices in Singapore, Europe, Brazil and USA, these are the reasons they feel why globalisation is important for business.

1. INCREASE REVENUE POTENTIAL

When businesses have exhausted growth opportunities at home, they turn to global expansion to help grow their business. For many companies, international expansion offers a chance to explore markets and gain access to millions of customers, thus increasing sales. This is also includes share value of listed companies.

2. ENTRY TO NEW MARKETS

Once the company has been successful in its own home country, it's time to look at markets overseas. However, before entering the new market, it's vital to do research. Whether it's looking at emerging markets in South America, advanced technology hubs in Asia or exploring developed markets in Europe, each region offers plenty of opportunities for expansion success.

3. NEW CUSTOMER BASE

Another benefit of expanding abroad is that it gives the opportunity to not only sell current product or service to a new customer base but also to invest and introduce new products/services. With a much broader customer base, companies can generate more business and increase sales.

4. EXPANSION ALLOWS BUSINESS TO DIVERSIFY

Keeping businesses in the home market can limit potential for profit. One of the downsides companies face when they operate in only one country is the exposure to market changes. Taking business international seriously allows them the opportunity to diversify their markets, so the online revenue is more stable. If the domestic market is slowing down, having the advantage of a global market will help cushion the company during slower economic times

5. GAIN COMPETITIVE ADVANTAGE

Go to market before competitors do. Expanding abroad allows companies to get out of a saturated market. Expanding abroad gives them the access to new customers and in a market where competitors do not operate.

6. IMPROVE COMPANY'S REPUTATION

One of the reasons why businesses expand globally is to be able to provide a reliable service to their international clients. A good global reputation will attract new customers. Expanding abroad allows a company to build name brand recognition and establish credibility internationally.

7. COST SAVINGS

By setting up in a new country, a business will be able to lower their operational costs and save money. Many companies have found its advantageous to move some of their manufacturing operations to other markets due to cheaper labour costs and more affordable talent.

8. GREATER ACCESS TO TALENT

Another excellent benefit of taking your business global is that you get access to a much greater pool of talent. Hiring international talent can bring many advantages including advanced language skills and diverse educational backgrounds. In addition, expanding globally also allows companies to employ local workers who have the expertise to communicate and serve your clients (within the same time zone) without any complications.

CONCERNS AND COMPLEXITIES OF GOING GLOBAL:

Established in 2018, Sibly Entertainment provides advisory services to its clients about Go Global plans. They use this framework for risk analysis.

Internal Risks (inside the company)

1. **Budget & Risk Appetite.** On the continuum of market-expansion strategies, some are decidedly lower risk & investment than others. For instance, appointing a distributor versus setting up a legal entity and hiring a team. But often, there is a minimum viable level of investment to even test if their expansion strategy is going to work. The risk of under- or over-investing is substantial.
2. **Internal Readiness.** There are potential failure points across all internal activities they conduct to execute their business model: from sales, to marketing, to logistics, to deployment, to engineering, to support, to HR, to finance. Especially to the extent the intend to make decisions & execute key operations from the home market in support of a global expansion. Distance, time zones, language and cultural barriers can easily expose scalability weaknesses in a team that otherwise seems to be doing pretty well. This risk isn't just about succeeding or failing in a target market; it can have real ramifications on their performance in your home market if the team is over-stretched and under-focused.

3. **Proven Model.** The Harvard Business Review published a great article about using Netflix as a case study. Their assessment is that Netflix started slowly, and as it became more competent at global expansion, and refined its model for doing so into a template, they rapidly accelerated. We agree – and the extent to which your business has past experiences to draw on from other global expansion projects has a significant impact on overall risk.
4. **Opportunity Cost Risk.** The resources, capital, and attention required to go global could be applied to the status quo too... continuing to invest in their product/service, your marketing, and so on in their home market.

The question to be asked: Are you creating opportunities for your competitors at home by expanding globally? Of course, the flip side to this analysis is the risk of ceding international markets to competition.

External Risks (the target market)

1. **Geopolitical & Macroeconomic.** All countries & economies go through ups & downs, sometimes dramatically, over a long enough time frame. Sometimes the writing is on the wall, while at other times there are few warnings signs. In the experience of Sibly Entertainment in recent years, they have been caught out by these factors in Russia, Ukraine, Turkey, Iran, and the United States. These risks can range from extreme currency shifts, to political instability, to war, to trade disputes, to taxation changes, to extreme weather.
2. **Regulatory & Legislative Risk.** Every go global expansion means implementing a business model in a new place. Sometimes that's copy & paste from the business model in the country companies expanding from, in other cases it's been tailor-fit to the target expansion market, while in others there may be an entirely new business model that accompanies market entry. Every part of a business model is a risk factor, from the value proposition, to the target customers, to how the company deliver its value proposition to those customers, to the mechanisms of revenue and cost that generate profits from the business model, to the activities and resources they need to operate the model. To take a well-known example, Uber's business model in its home market is a "connector service" between drivers and passengers. When a country decides Uber is no longer simply a connector, and that it's liable for its drivers as employees, it changes everything.
3. **Competition.** Companies might be clobbering Competitor X in their home market, but if it is a late entrant to a market, established competitors can be very difficult to dislodge having already established their brand name and market infrastructure.
4. **Security Risks.** This one is more context-specific than the others, but is very real for some industries (e.g. oil & gas). It may or may not apply. Expanding their artisanal organic cookie business from France to Germany is probably a little less sketchy than evaluating a new mining operation in West Africa.

Mixed Internal-External Risks (company, meets the market)

1. **Product-Market Fit.** Very few markets in the world are so alike that they'll support an identical business model with identical results. One of the most common failure points is simply from not having the right model for the target market. This includes having right product/service, but also delivering it in the right way for the right price, and with sufficient support.
2. **Cultural Risks.** Best Buy's expansion to the UK as an example. Everything looked great in the board room PowerPoint, and they were set to dominate the consumer electronics market as they had done in the United States. But in the end, they retreated from their expansion, and wrote off billions of dollars in losses. It turns out, that their huge store formats meant they had to open in out-of-the-way locations, and the British simply don't share the American car culture to support those mega-box formats.
3. **Partner Risks.** Going global often means introducing new partners into their business model: be it service providers, distributors, financial institutions, or even joint-venture partners or franchisees. Each one is a key risk, especially if they lack a Plan B or exit strategy should they not work out.
4. **Decision Paralysis.** There are an overwhelming number of things to consider for a global expansion strategy. A company and its team could be spinning the hamster wheels of indecision indefinitely by overanalysing everything. It wouldn't be hard to expand the above list tenfold. The risk of indecisiveness and not able to make clear decisions, that can cost much in terms of time and money.

DIALOGUES ON GOING GLOBAL

GoGLOBAL Business School™'s Mentors found the following solutions for listed companies and SMEs alike to benefit, creating a successful structure to grow global. These solutions have its own pros and cons, yet its time tested and proven to work for any businesses and any industries to achieve a successful globalisation experience.

1) Right Conscious Mindset

Business Leaders and Team to be alignment to the business mission and resilient. This has proven again and again, going into new markets, cultural barriers holding them back. The biggest gap filled solved most if not all problems to progress, is with the right frame of mind, to adapt and establish its brand. Especially for the business owners to plan keeping in mind that the people & the country of the new market thrives through the establishment of its business. This level of consciousness has always seen the success of all brands.

In one of the cases of expansion from India to Singapore, a Saree business owner entered successfully got into partnership through the author's consultation and connection. The beginning focus and growth was very encouraging. When they got busy with good, there was no consistency in communication, complacency set in. This resulted in misalignment between the partners. The Saree owner managed to recoup his investment, but couldn't continue his business as the mindset to be resilient was distracted. Surely his confident in his business grew, going back to India and he created a business bigger than what he started with a decade ago.

2) Right Exit Planning

One important aspect to understand the capital mechanism to go global. Ensuring that a clear business financial roadmap is drawn, so the business knows how to exit, be it in a clear public offering or M&A. This will also support in its roadmap for raising funds to progress its global operations smoothly and with ease, increasing its valuation at every stage of growth. Uber's efforts in establishing itself in Asia, got them to swap share with Grab in South East Asia, this was a very powerful strategy to leverage and grow global.

3) Right Local Connections

With access to Global network. When business leaders are able to establish global connections, it supports facilitate reliable networks to expand and grow together. This will save much time, money and efforts when going global, as some times, new office and other resources can be shared/out-sourced to the local team.

One of India's most famous gold jewellery brand started its business in mid 2010s in Singapore. They overlooked in maximising its resourced. They delayed the opening of their outlet in Singapore by more than 6months (with wastage of rental cost and all other costs incurred), only because they refuse to adapt, listen to the market demand and requirements of the local customers, nor did they leverage on the local expertise to reduce their learning curve.

A GoGLOBAL Business School™ client was supported through its global network, working from Singapore. Mac Hotel Ltd, SME-Listed company from Goa, India was able to connect with contacts in Malaysia, India and China, where new business models and partnerships were established, increasing its confidence in going global, getting new strategies to raising funds and increasing its share values back in India.

Creating Pandemic-Proof Globalisation Plan:

Digital Transformation as emphasised in today's world, is the strong foundation to become pandemic-proof. Digitalisation when going global is crucial now more than ever. This can be creating an eco-system or a simple app-based model, that will facilitate the globalisation process. Though initial cost may be high, the long-term cost savings, plus working on data

acquisition of the new market, that you can access even before entry, is the best approach to globalisation.

Edu-tech platforms and many other industries have innovated their business model to ensure they stay relevant to today's economy too.

GoGLOBAL Business School™ has been innovating this for training and coaching business leaders by creating an online www.GoGLOBALChannel.com to ensure the global network grows together a one community online. Right now, Many American Training / Coaching Businesses are getting global visibility through their online channel, reaching Asian market without the need to travel. This is achieved through their TrainOpeneur® Program. They advocate Going Global by first going Visual and going Online, before getting on the flight.

AN EXAMPLE OF A GLOBALISATION HUB:

Singapore as a Hub to Globalize in Asia.

- 1) **Global Trustworthy Branding with HQ in Singapore** - Financial Hub of Asia known for its stable economy, transparency, professionalism and tax benefits - the Asian Heaven for Top Forbes Companies.
- 2) **Global Network - Connections - Ecosystem of Businesses** – Most if not all Singapore Connections have resources needed for ANY Business in Education, Tourism / Hospitality, Technology, Professional Services, Lifestyle, Trading, etc.
- 3) **Investment Strategies** (in Equity / Debt / Project / Government / Crowd Funding / etc.) and **Access to Investors Networks** as investors love to invest in / from Singapore.
- 4) **Latest updates and Learnings of Global Trends and Technologies** are easily available for successful Globalisation and continuous expansion. Singapore Government promotes Digital Transformation
- 5) **Access to Elite Pool of Industry Experts and Global Mentors who are multi-lingual**, able to guide progress of business - globalisation at every stage of growth - includes transformation of business teams to be Global Leaders.