



Globalization – What is your Strategy?

When it comes to globalization, is your firm appropriately weighing various strategies for competitive cross-border business development, and do you have the resources and knowledge to efficiently and effectively compete using the strategy that you have chosen?

In this article we briefly explore three broad strategies for globalization and comment on how ISD could facilitate your success within each.

Introduction to International Subsidiary Development Inc.

International Subsidiary Development Inc. provides fast, cost-efficient penetration of new markets for technology-based businesses in a variety of industries. We increase your return on cross-border & cross-market investments by reducing your time-to-market, market-entry-risk, and business development costs.

Together with ISD, you can quickly develop international strategies, sales, marketing, partnerships, distribution centers, support offices, subsidiaries, and sources of funding. As interim managers or consultants, ISD's geographically distributed business developers provide you with years of hands-on operational development expertise, valuable knowledge of regional business cultures and local services, and a worldwide rolodex of industry specific expertise.

Three Strategies for Globalization

Most companies will emphasize each of these strategies at different times in their evolution toward a global competitive advantage, but as they do so, they will need different expertise and resources. Often these three strategies may seem to conflict, and therefore require a degree of prioritization.

1) Localization

Many companies that are starting to expand beyond their home market should consider starting with "Localization" efforts. Localization seeks to increase revenue and market share by efficiently focusing on customers in a new specific and unique market. Localization allows companies to quickly and aggressively compete with local competition while the global brand recognition is still in its early development. While this method rarely offers economies of scale for the global firm, it facilitates local service and expedited local business development.

Companies which spend a large proportion of their economic resources on sales, marketing and support should most often consider a localization strategy.



ISD has become a leading resource for firms considering localization strategies. ISD's geographically distributed business developers have a unique knowledge of, and years of experience in, the local business culture that you would like to target. Each of ISD's business developers maintains local industry specific contacts for fast local industry intelligence. Additionally, ISD maintains a broad selection of qualified local service providers who support ISD's clients and business developers. The result is that you can compete locally on the same, if not a better footing, than your local competition. Furthermore, localization with ISD is often without many of the extra costs, long term commitments and risks associated with global business development.

2) Arbitrage

Arbitrage opportunities are those which allow firms to exploit differences between markets. One of the most obvious is labor cost differences. For example call centers or software development teams may be set up in India or China where labor is significantly less expensive than in many EU or North American countries. Different facets of a firm's supply chain may be located in different regions of the world.

While arbitrage opportunities are often used to achieve economies through regional specialization, they may also be used in marketing to promote unique regional expertise. For example, following successful localization in North America, a German software provider may uniquely promote itself by marketing its meticulous German engineering.

ISD's local and global business development expertise and specialized resources help you to identify and leverage local arbitrage opportunities for the benefit of your global organization. Together, we may consider economic, geographic, operational and cultural differences that may lead to competitive advantages world-wide.

3) Optimization

After your firm finds success through Arbitrage and Localization, efforts may extend competitive advantage through developing economies of scale and scope through improved international coordination, and standardization. Economies can be achieved in all business units from marketing and sales, to procurement.

Most of ISD's developers are experienced in efficiently managing multi-team, multi-country organizations, and as a result are well equipped to help you to achieve economies of scale and scope in multi-country environments. ISD's unique and flexible consulting, or interim management relationships with its clients, can be used to facilitate a smooth transition of management and expertise to the international parent or regional management group. ISD's service mitigates the challenges that firms often have with costly entrenched single team or country managers.



International Subsidiary Development's interim managers and consultants understand the strategies needed to be competitive in new markets. ISD's industry and local expertise are combined with support from local partners who specialize in law, tax and accounting, therefore offering all the services that companies need to be quickly and efficiently successful in their new markets.

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