



Association for Corporate Growth

12-13 NOVEMBER 2013 | SHERATON PARK LANE HOTEL PICCADILLY | LONDON, ENGLAND

EUROGROWTH® 2013

“A historic opportunity for the European M&A community.”

WWW.EUROGROWTH.ORG

Choosing the Right Partner for Global Expansion

Oded Shenkar & Lou Longo



In Collaboration With





Oded Shenkar,
Ford Motor
Company Chair
in Global
Business
Management



Biography

Oded Shenkar is currently the Ford Motor Company Chair in Global Business Management and Professor of Management and Human Resources at the Fisher College of Business, The Ohio State University, where he heads the international business area, and is also a member of the Centers for Chinese Studies and for Near East Studies. Professor Shenkar has been a Senior Fellow at the University of Cambridge, and has taught at the Chinese University of Hong Kong, Hong Kong University of Science & Technology, Peking University, University of International Business and Economics (Beijing), and the International University of Japan, among many others.

Professor Shenkar has published a hundred scientific articles in leading journals. His work has been cited by The Wall Street Journal, the New York Times, the Financial Times, the Los Angeles Times, USA Today, The Chicago Tribune, The Boston Globe as well as on radio and tv.

He has been an advisor to firms in the United States, the United Kingdom, Japan, Korea, China and Israel (e.g., Battelle, Diamond Power International, Netafim, Shepherd Coloring, Wal-Mart Stores), governments (e.g., Department of Business and Economic Development, State of Hawaii) international institutions (e.g., ILO) and universities (e.g., the Chinese University of Hong Kong).



Louis J. Longo II,
Partner, Global
Services



Biography

Lou leads the Plante & Moran Global Services Team. Plante Moran Global Services includes consultants, accountants and engineers experienced in strategy, finance, tax, and business operations for multinational organizations. Lou leads the firm's Global Services' offices in Chicago, Detroit, Shanghai, China and Monterrey, Mexico. In addition to his leadership role, Lou is an international business consultant assisting manufacturers and service organizations with global business strategies and transactions. He provides expertise to clients engaged in international business in North America, South America, Europe, and Asia.

Lou's wide range of experience includes purchasing, operating, and the sale of a variety of business concerns. He assists clients with globalization and off-shoring strategies, foreign investments, mergers, joint ventures, market analysis, and export market requirements. In addition, Lou is a frequent speaker on international business considerations to various groups, including World Trade Center chapters, the Export Academy, as well as business associations and client groups. This experience led to his appointment by the Secretary of the U.S. Department of Commerce to the District Export Council.

US Middle Market

- Equal parts ill-defined and highly important
- Definition varies but the National Center for the Middle Market sets lower and upper revenue limits of US\$10m to US\$1b
- Substantial portion of the US economy accounting for 34% of US Employment and 31% of all GDP.*

*The Market that Moves America

“If you could shrink the world to 100 people, only five would be from the US. In the future the rest of the world will become more important. That is the main reason we focus internationally.”

John Burke, CEO, Trek



NATIONAL CENTER FOR
THE MIDDLE MARKET



In Collaboration With



The US Middle Market in the Global Marketplace



NATIONAL CENTER FOR
THE MIDDLE MARKET

plante
m
moran

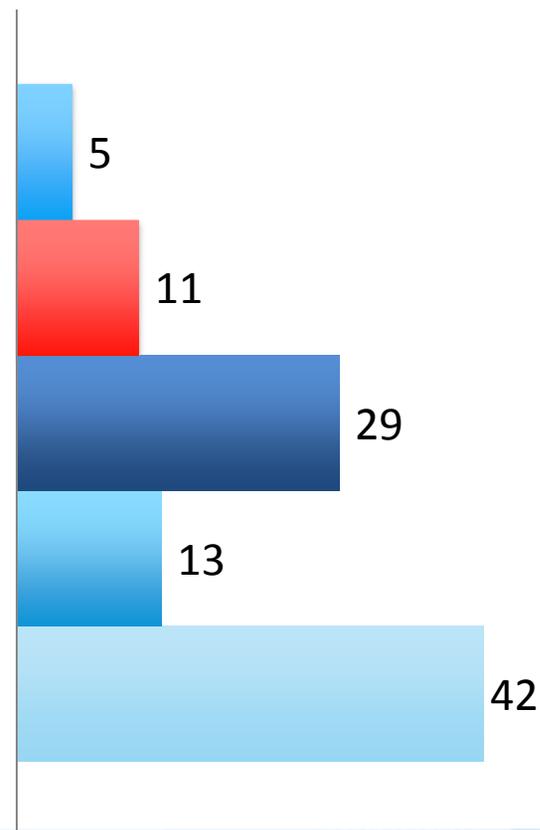
In Collaboration With



Which of the following statements best describes your company?*

(% respondents)

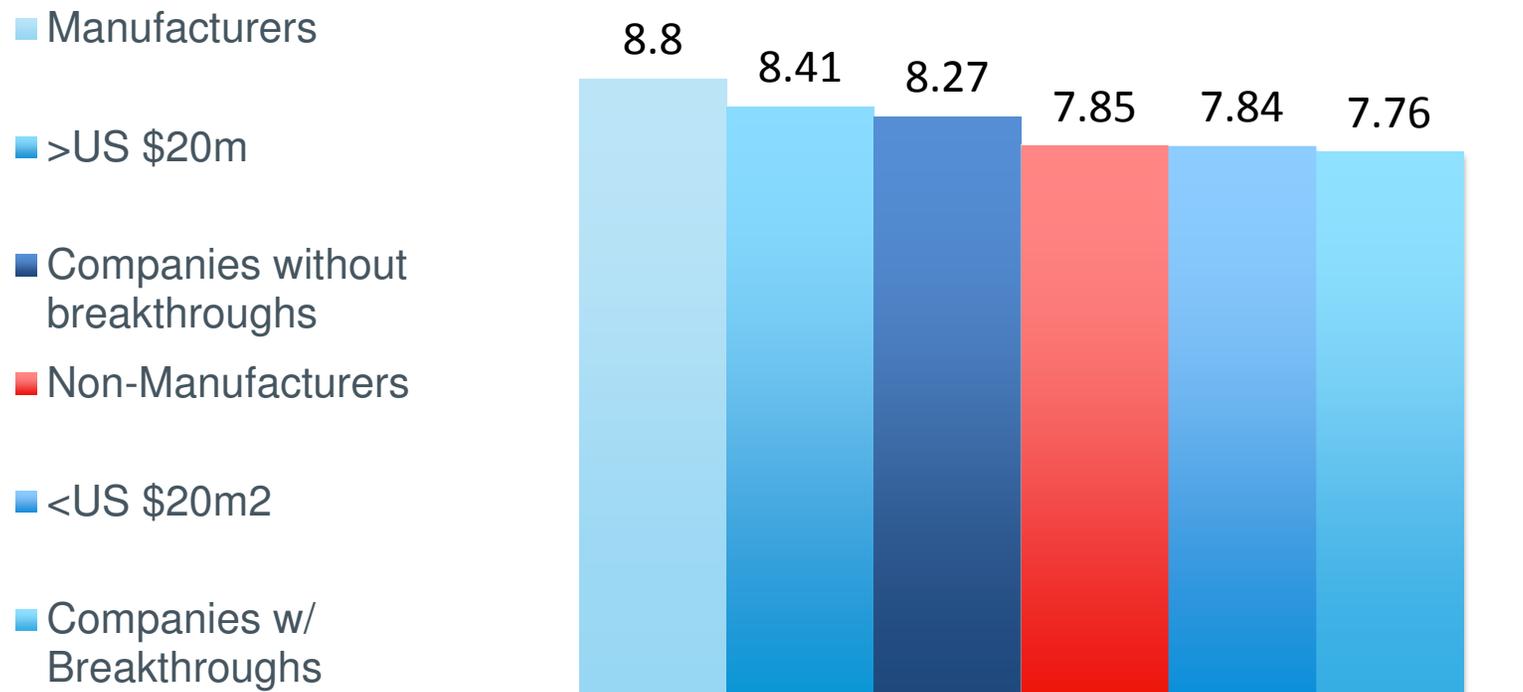
- A majority of our operations and sales are in markets beyond North America
- About one-half of our operations and sales are in markets beyond North America
- A minority of our operations and sales are in markets beyond North America
- We operate and sell entirely in the North American Market
- We operate and sell entirely in the US Market



*US middle market firms and the global marketplace:
Should I stay or should I go?

Going global is on the minds of small and mid-size businesses...

(On a 1-10 scale)



Source: Plante Moran 2013 Innovation Survey

Is it worth it?



NATIONAL CENTER FOR
THE MIDDLE MARKET



In Collaboration With



Is it worth it?

- 81% of companies surveyed say sales in foreign markets have been substantial if not meeting or exceeding their expectations*
- Given the rapid changes in the world economy a company's global strategy needs to be part of its regular strategy, especially if you're interested in growth
- Going abroad before foreign competitors force you to allows your company to stay ahead of the game and be proactive instead of reactive in the face of competition.

*US middle market firms and the global marketplace:
Should I stay or should I go?

How do I go global?



NATIONAL CENTER FOR
THE MIDDLE MARKET



In Collaboration With



Most Common Mode of Entry

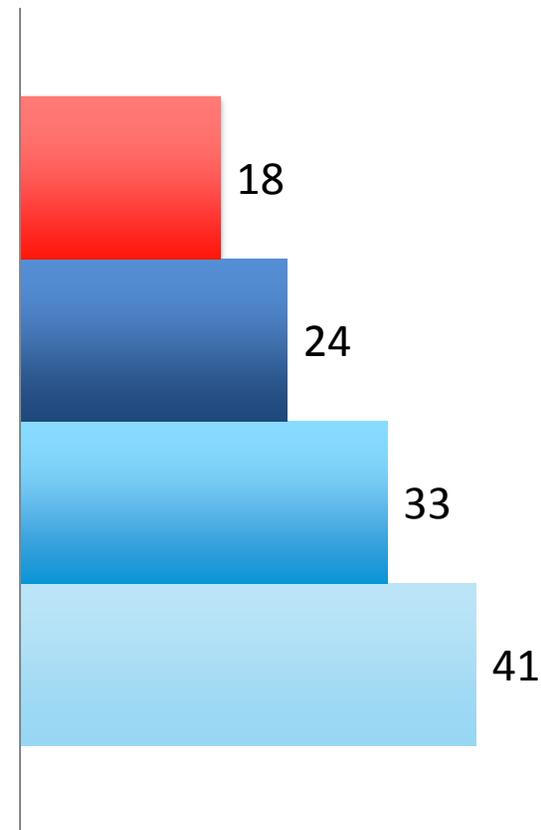
(% respondents)

■ Joint Venture

■ Alliance

■ Direct Exporting/Local Sales Desk

■ Partnership



*US middle market firms and the global marketplace:
Should I stay or should I go?

Perceived barriers to expansion

- Among the leading are...
 - 38% cite lack of knowledge about foreign markets/unfamiliar legal environment
 - 36% cite the economic uncertainty in potential target markets
 - 30% cite finding the right partner

Choosing the Right Partner?



NATIONAL CENTER FOR
THE MIDDLE MARKET



In Collaboration With



1. Know Thyself

- This is key!
- Know your strengths and weaknesses.
- Look for a Partner who is the right fit.
 - Need that can't be fulfilled themselves?



2. Choose larger company partners

- Choose partners that maximize what you need: access and resources!
- Large firms bring access to financing, influence with customers, protection from competition and favorable taxation policies.

3. Leverage Middle Market company expertise in running the joint venture

- Partnering with larger firms doesn't mean the joint venture must be large
- Avoid taking a “big” mindset which will all them to be flexible, adaptive, and innovative. All strengths of small and midmarket businesses

*Global Alliances: The Secret of Size by Oded Shenkar

4. Choose local partners

- Combats the “Liability of Foreignness”
- In emerging economies, connections to key government agencies can translate into favorable policies and incentives.
- Increase the national and cultural diversity of your board and senior management teams
- Allies abroad bring new customers and revenues but also expertise and cost advantages

5. Be proactive about managing risks

- Instead of investing in bricks and mortar, explore vendor relationships, strategic alliances, or joint ventures.
- Develop a thorough understanding of the needs and preferences of each local market.
- Don't ignore the domestic market, integrate.
- Beware of overreach.
- Exit Strategy

Questions?



NATIONAL CENTER FOR
THE MIDDLE MARKET



In Collaboration With

