



Institute of Management Consultants - Orange County

What Consultants Need To Know About International Assignments



William Edwards, CEO

January 9, 2014

Our Agenda This Morning

- **Brief Introduction**
- **Analysis: the key to taking a business global successfully**
- **GlobalVue™ & Trends: choosing and comparing countries**
- **Business cultures – different ways of doing business**
- **International business information sources**
- **Keys To global business success**



William (Bill) Edwards

- **41 years of international experience, lived in 7 countries**
- **Managed projects in 68 countries, including 5 start-ups**
- **20 years of Fortune 100 corporate experience**
- **Master Franchisee in 5 countries**
- **SVP International Operations & Development for US business services franchise**
- **Advisor to over 50 US companies on 'Going Global'**
- **Speaker/author - international business development**



**“Many US companies try to take their company global.
Companies EGS takes global actually make money”**

Experience and Expertise - EGS executives have lived in 7 countries and worked in 68 countries

Track record taking US brands into countries with the best ROI

Proven, trademarked ‘Going Global’ processes

Associate network on the ground in 32 countries

Recipient of the U.S. Presidential Award for Excellence in Exporting



EGS Client Activity In 2013

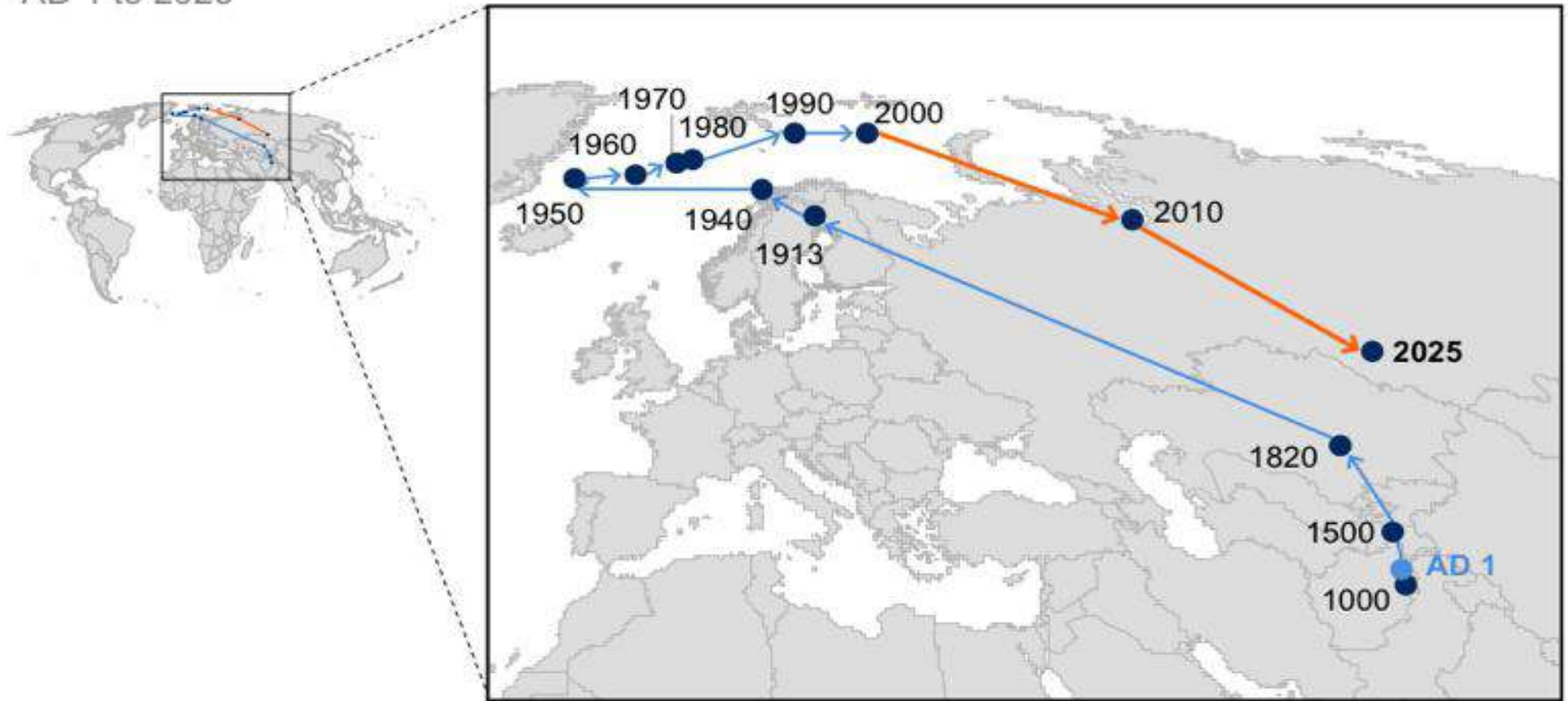
Aruba, Australia, Brazil, Chile, China, Colombia, Denmark, India, Indonesia, Italy, Japan, Mexico, the Middle East (9 countries), Mongolia, Pakistan, Peru, the Philippines, Singapore, Thailand, Trinidad & Tobago, Tunisia, Turkey, United Kingdom and Viet Nam



EGS exports US brands - 12 in 2013

By far the most rapid shift in the world's economic center of gravity happened in 2000–10, reversing previous decades of development

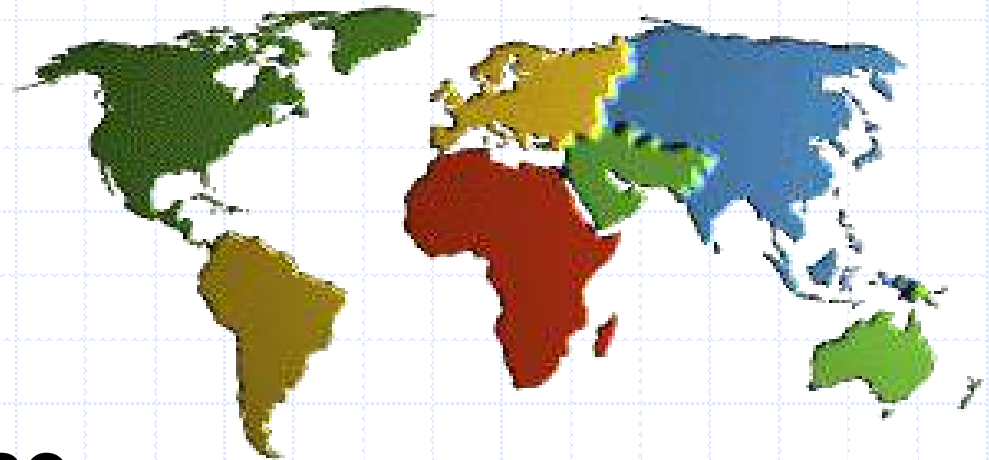
Evolution of the earth's economic center of gravity¹
AD 1 to 2025



SOURCE: McKinsey Global Institute analysis using data from Angus Maddison, University of Groningen

Why US Businesses, Products And Services Are Attractive To Buyers In Other Countries

- ✓ **Brands**
- ✓ **Quality**
- ✓ **Convenience**
- ✓ **Customer Service**



US companies have a systematic and reproducible approach to doing business that is world class

And they have succeeded in the most competitive market in the world



Keys To Taking Your Business Global Successfully

A pro-active business **plan** that focuses on markets that have the best ROI potential

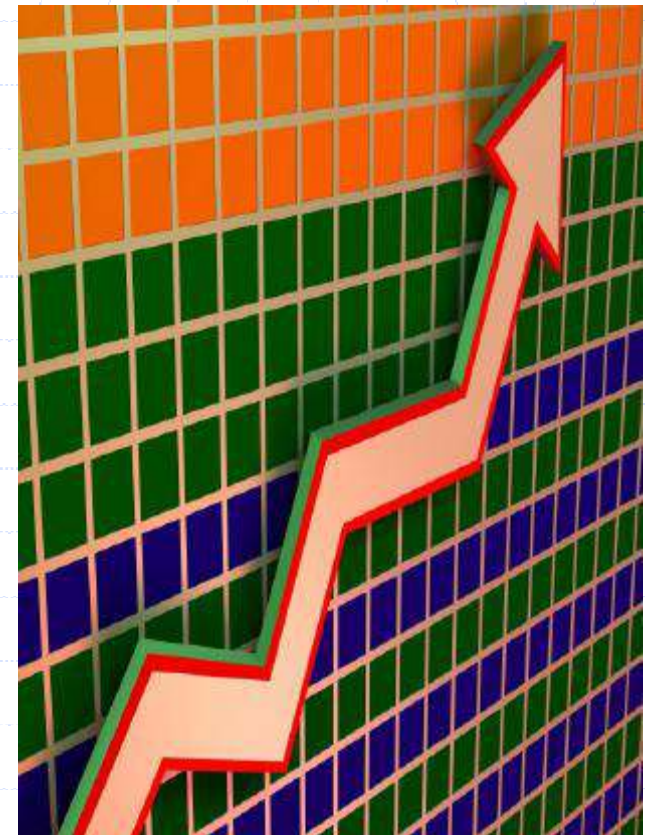
Home country success

Clear concept differentiation

Trademarks

Strong training and support

Market and competitor research



Adapted from an article by Bill Edwards and Robert Shaw in "*Franchise Times*"

International Market Profile

Retail business – Batteries Plus®

Developed market economies
High level of consumers seeking convenience and quality
Technology and electronics are consumer motivators
History of successful franchising and a franchise-friendly environment
Developed retail supply chain



Restaurant business – Denny's®

Developing and developed markets on an area and country level
Appreciation for name brands and professional standards
History of successful franchising and franchise-friendly environment
Western level food safety
Food supply chain in place



Service business – Two Men and A Truck®

Developed and emerging economies on a national or regional scale
Propensity for residential services
Established, but fragmented moving services sector
Appreciation for brands and standards



Factors To Consider When Deciding Which Countries To Do Business In

- Rule of Law
- Country Stability
- Corruption
- Intellectual Property Protection
- Good GDP Growth = Investors
- Consumer market size
- Potential to Achieve An Acceptable ROI



Big Mac Index

The 25 year old Big Mac index compares the price of a Big Mac meal package on a specific day around the world

In Switzerland you pay almost US\$7 for a Big Mac package

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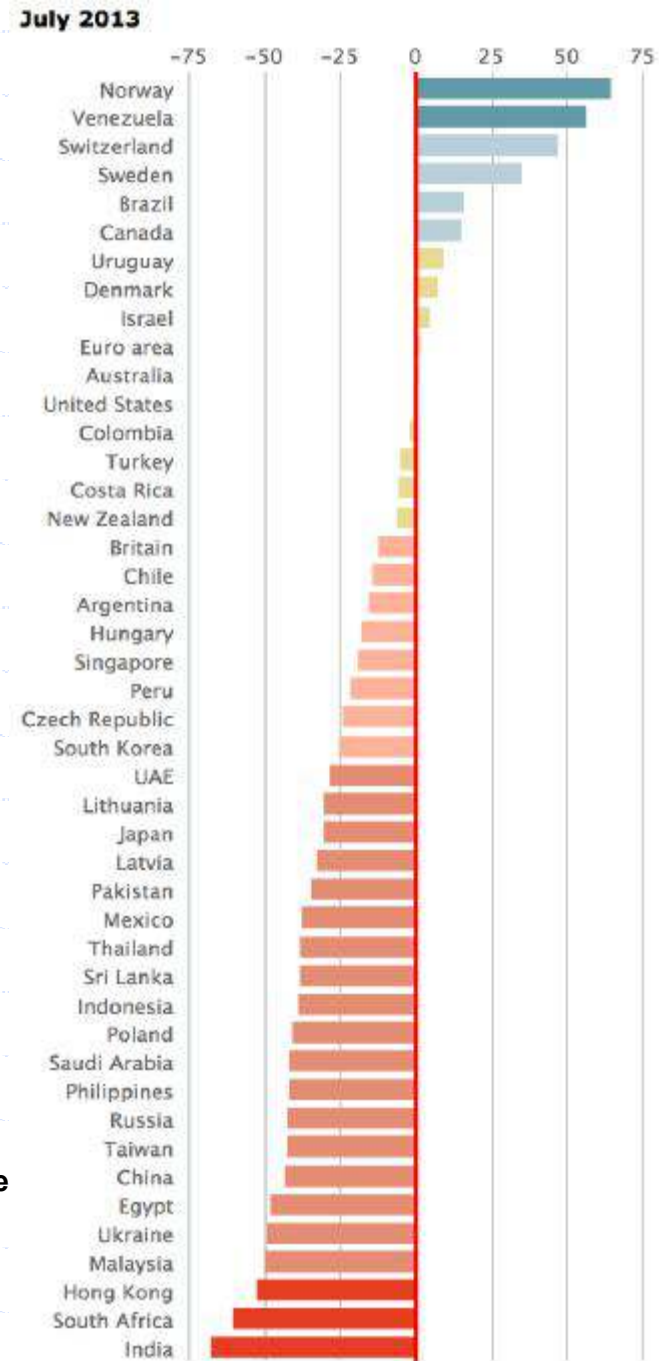
In Shanghai you pay about US\$2.50 for the same meal

Labor and rent costs usually make the difference between countries



'The Economist'

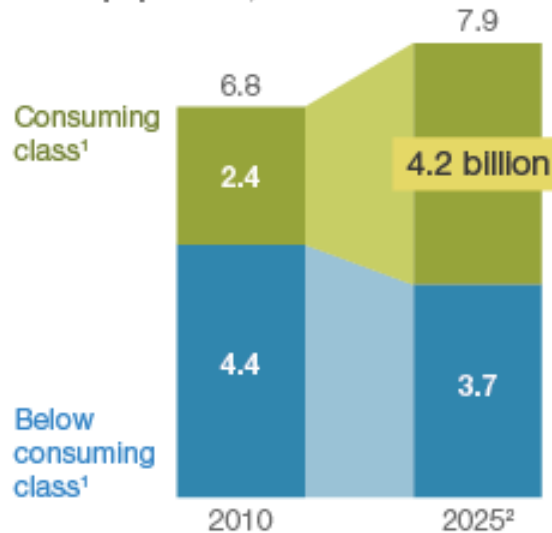
% Higher or Lower Than USA Price



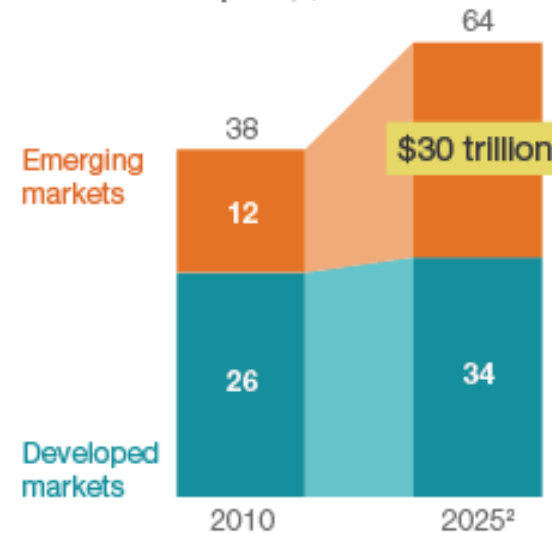
It's All About The Global Consumer

By 2025, more than half of the world's population will have joined the consuming classes, driving annual consumption in emerging markets to \$30 trillion. McKinsey, August 2012

World population, billions



World consumption, \$ trillion



The direction for US businesses going forward is clear

Sell To The “Engines”

- **Brazil, China, India and Indonesia are ‘Engines’ of consumer spending, not tied completely to export income or the economies of the first world**
- **With a middle and upper class consumer population of 700 million, these countries generate huge internal consumer spending**
- **And they desire US brands, products and services**



Economic Freedom Index: How Easy Is It To Start And Grow A Business

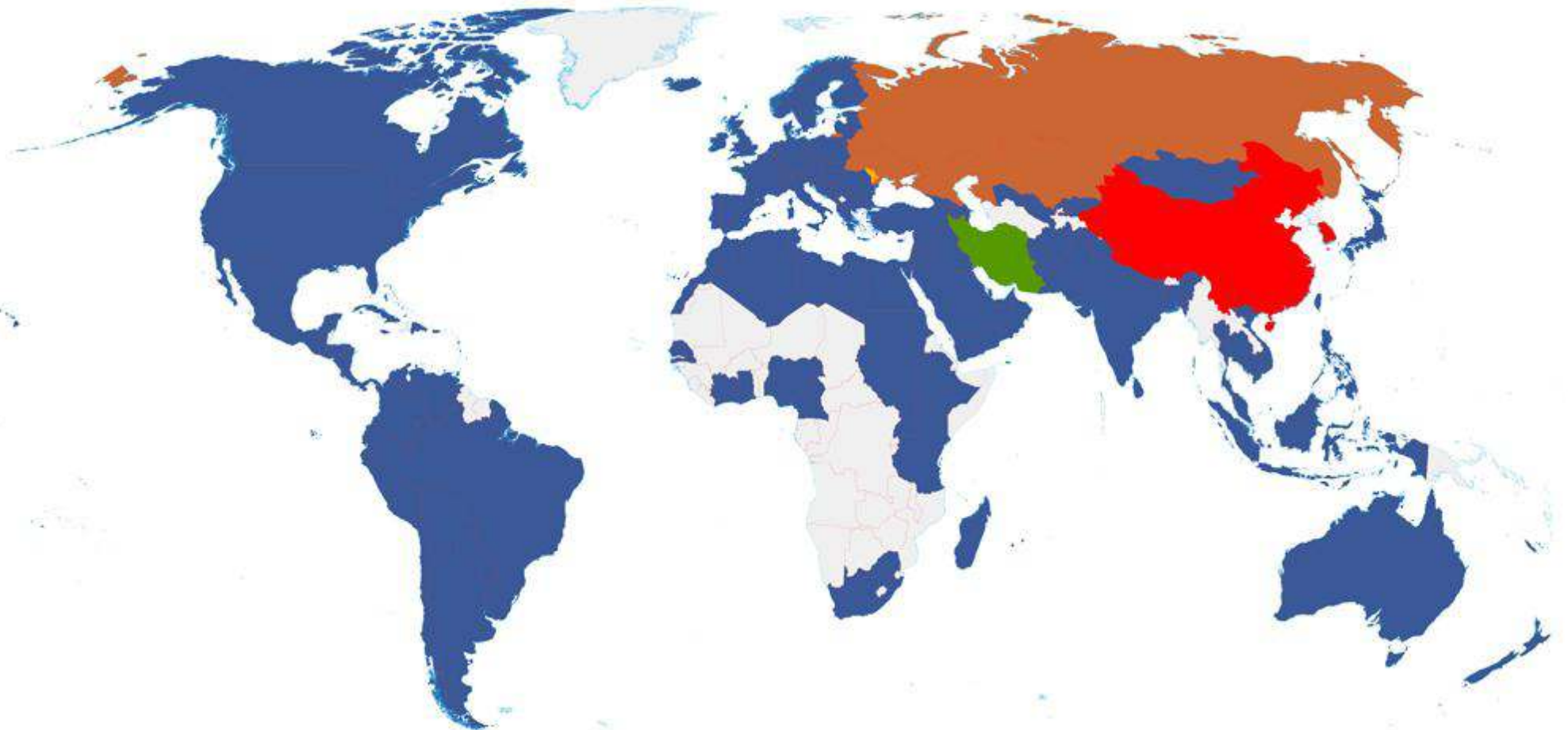
1	Hong Kong	40	France
2	Singapore	52	Czech Republic
3	New Zealand	60	Saudi Arabia
8	Canada	68	Turkey
10	Australia	80	Indonesia
11	Chile	81	Tunisia
12	United Kingdom	88	South Africa
17	USA ('8' 2 years ago)	101	Russia
19	Germany	102	Brazil (189 steps)
20	Ireland	111	India
32	Spain	122	Viet Nam
33	Japan	123	China



The Fraser Institute uses 42 distinct pieces of data to measure economic freedom in 141 nations. A '1' is best

WORLD MAP OF SOCIAL NETWORKS

December 2012



Facebook QZone V Kontakte Odnoklassniki Cloob

credits: Vincenzo Cosenza vincos.it

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sources: Alexa

In more corrupt countries it is much harder and costly to establish and grow a business



Source: Transparency International

Brazil



~200 million people

~50 million in 4 major metro areas

Rapidly growing middle class with discretionary income

Significant barriers to entry and to good ROI for foreign brands



Chile



**1st World country
tacked onto Latin
America**

**Highest GDP/Capita in
the Americas**

**Strong democracy,
economy and rule of
law**

**Model for the rest of
Latin America**

**Strong desire for US
brands**

China: Land of Opportunity, Diversity and Competition

40+ million Chinese households have the purchasing-power parity of a middle class US family (McKinsey)

Higher income urbanites look for foreign brands with more convenience and higher quality than local brands

Chinese wages are increasing at about 20%/year

This increases personal consumption

A growing opportunity for US companies to sell more goods and services into China



Europe

Poland ~3% GDP Growth
United Kingdom ~ 2.3%
Scandinavia ~1.5%



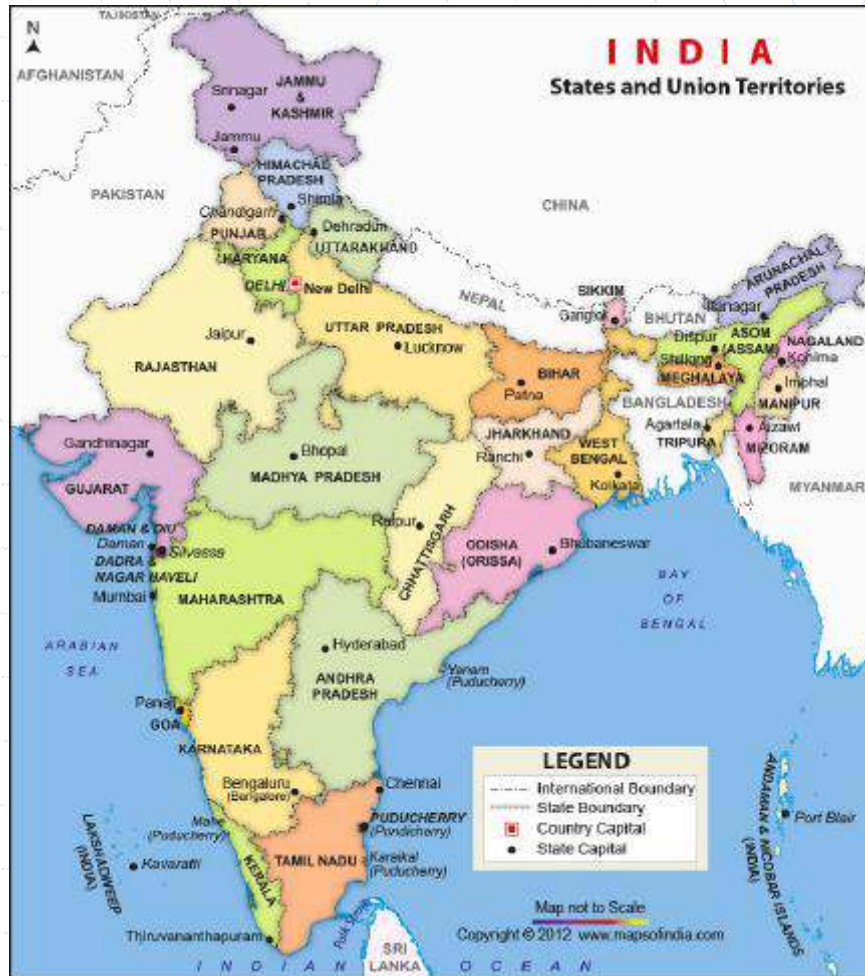
Adapted from the 'Economist' and World Bank - 12/13



Estimated GDP growth for USA in 2014 = 2.7% (Economist.com)

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India



200+ million English speaking Middle Class

6%+ GDP growth in 2014/2014

Large regional cities with high middle/upper class population

Strong desire for US retail and food brands and products

Significant foreign brand entry challenges

Difficult to find companies who will follow your Client's business system



The Middle East



The Emirates, Saudi Arabia and Egypt are seeing new licensing despite the Arab Spring/ Summer

Most of the green countries are not experiencing turmoil and have a high rapid GDP growth curve



Types of Business Cultures

- **Linear** – Aggressive, time is money, transactional, task focused, individualistic, the “John Wayne” approach - **North America, Australia and Northern Europe**
- **Multi-Active** - Relationship FIRST and BEFORE business, top heavy hierarchy, only meet with decision-makers - **Mediterranean, Latin America, Middle East and India**
- **Reactive** - relationships first, quiet nodding, listeners, group decisions - **Asia (except India)**



Business Cultures

- **Brazil: Lack of punctuality is a fact of life**
- **China: Punctuality for appointments is critical**
- **“Indians appreciate punctuality, but do not always practice it themselves!”**
- **Relationships versus transactions**
- **Direct, aggressive negotiation is a negative**



How The World Learns - Differently

- **Israel**
 - **What works** – spirited dialogue between trainers and students
 - **What doesn't work** – indirectness
- **United Kingdom**
 - **What works** – humor and witty asides
 - **What doesn't work** – emotional reactions
- **Japan**
 - **What works** – Using highly concrete models
 - **What doesn't work** – Classroom debate
- **China**
 - **What works** – master/ apprentice relationship
 - **What doesn't work** – Asking questions of individuals in group settings



International Development Information Sources

- www.economist.com **THE** international publication for business
- www.worldatlas.com
- www.fraserinstitute.ca - Economic Freedom
- <http://www.eulerhermes.us> Weekly export risk report
- www.trade.gov U.S. Commercial Service
- <http://www.oanda.com/currency/converter>
- <http://www.mckinsey.com/Insights>
- <http://www.bcg.com> Boston Consulting Group
- www.ft.com The 'Financial Times'
- <https://www.cia.gov/library/publications/the-world-factbook/>
- www.egs-intl.com
- **"Kiss, Bow, or Shake Hands"** by Terri Morrison et al - The business culture and practice reference for international business



Consulting Here And There

The Same Keys To Business Success

- **Develop a pro-active Going Global Plan to focus on countries that have the highest ROI for your Client's specific business**
- **Find and use the best available information resources**
- **Budget conservatively for revenues (low) and expenses (high)**
- **Find, evaluate and sign the right partners or licensees to build long term revenue sources for your Client**



www.egs-intl.com/IMC.pdf