

Going Global, Locally

EXPERT TIPS ON INTERNATIONAL EXPANSION

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Coming out of the pandemic, doing business in other countries has both changed and stayed the same. With this in mind, experienced international experts provided advice on doing business successfully in key franchise countries today. The common factor for success remains building relationships.

Australia. While the U.S. and Australia speak English, there are language and cultural differences. Australians tend to be straightforward and open to new ideas. Communication and meetings are often informal, but don't misconstrue: Business is serious, and Australians are both friendly and hardworking. They frequently use slang and abbreviations, which, when combined with local accents, may occasionally leave you with the impression you are speaking different languages. (Alison McElroy, CEO, Kaleidoscope Growth Advisors)

Japan. Companies here respect and value face-to-face meetings. Several may be necessary during due diligence. If practical, several members of the Japanese management team will attend all meetings. The franchisor should include the appropriate counterparts when practical. Japanese prefer to communicate indirectly, which may serve to avoid focus on an apparent difference or disagreement. The direct yes-or-no or take-it-or-leave-it approach common in the U.S. usually is not appropriate or comfortable to the Japanese. (Robert Shaw, CEO, Shaw Meridian)

Latin America. Family ties can be stronger than business ties here. For franchise recruiting, it's important to consider the succession plan with adult children or other relatives. I've seen deals come apart after considerable negotiation when the chosen next-generation family leader is brought in late in the process and feels obligated to exert influence by disapproving a deal. Remember to be respectful of the many different national identities in Central America. (Marc

Mushkin, VP, international franchise sales and development, CKE Restaurants)

Saudi Arabia. Despite Saudi Arabia adopting numerous Western business methods and styles, many cultural differences remain. Most important is that business generally will be conducted only after a degree of trust and familiarity is established. Saudis often maintain an "open office" in which they will sign papers, take telephone calls, and converse with friends or colleagues during business meetings. (U. S. Commercial Service Country Commercial Guide)

Spain. When a U.S. company wants to develop in Spain, the personal relationship is more important than the contract. North Americans often like to conduct business rapidly and place a high level of confidence in the contract. Spaniards, however, place more faith in the relationship. To be successful, Americans must invest time (and money) to develop that relationship. This could include long lunches or dinners where personal, non-business matters are discussed. It may take several trips and phone calls before meeting in person with the Spanish businessperson with the power to make decisions. (Robert Jones, chief international officer, Edwards Global Services)

United Kingdom. Quality candidates here will be numbers-focused. "Is the proposition profitable?" They will also want to ensure cultural alignment with the franchisor. "Can we work with these people?" Meeting socially and getting to know key team members is important. They will be looking for the franchisor's commitment to a long-term, profitable relationship. Large initial fee expectations don't play well here. Candidates will expect to see comprehensive briefing documents and financial models. (Iain Martin, senior consultant and director, The International Franchise Centre)

Vietnam. Greet people with a handshake and a smile. (Handshakes usually take place only between members of the same

sex.) Schedule meetings in advance and show up 5 to 10 minutes early. When speaking English, speak slowly and clearly and repeat if necessary. A Vietnamese interpreter is very helpful. Business partners are expected to dine with their Vietnamese counterparts. If you are visiting during a national holiday, it is best to give a simple, inexpensive gift. (Sean Ngo, CEO and co-founder, VF Franchise Consulting)

Here are some "doing business successfully" points I've learned the hard way over three decades of awarding franchises in three important franchise countries.

Brazil. Lack of punctuality is a fact of life. Be flexible about your counterpart's (lack of) punctuality for meetings. When negotiating, be very patient and expect a series of discussions and/or trips to conclude an agreement. Negotiation becomes highly personal. Direct and aggressive negotiation is viewed as a major negative.

China. Punctuality for all appointments is important. Americans are typically viewed as impatient, so be prepared for longer negotiations. Everything is negotiable. Sometimes, it happens at the 11th hour or on your way to the airport. Then, once the deal is signed, they start negotiating again.

India. Indians appreciate punctuality, but do not always practice it themselves. Business is highly personal and negotiations are less hurried than in the U.S. For business decisions, get to the top of the company. Negotiations and bargaining are inherent to Indian culture.

Doing business in different countries is both the same and different than doing business in your home country. Knowing the differences can determine whether or not you are successful in taking your franchise into new markets around the world. ■

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