

Take Your Company Global

The New Rules of International Expansion

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THE SUMMARY IN BRIEF

Today, business is global from the moment you create a website. Billions of people around the world can theoretically discover your company, learn about your products and services, and form an opinion of your brand. As a result, the era in which companies focused on just one geography at a time has begun to disappear. Indeed, a growing number of companies today are not only “born digital” but “born global.” This trend isn’t just good for the companies, either. It has the potential to grow the world’s economy overall.

Your company can become global sooner than ever before, which offers tremendous advantages and growth potential for your business. The problem with this new reality is that it can make international expansion even more chaotic and less predictable than before. If you’re not careful about refining your expansion strategy, you may enter too many markets, too soon, before your company is ready. In *Take Your Company Global: The New Rules of International Expansion*, author Nataly Kelly will help you achieve a balanced approach to taking your business global, helping you build new organizational muscles and skills that you will need along the way.

IN THIS SUMMARY, YOU WILL LEARN:

- How to prepare for global growth by aligning strategies
- What localization really means in practice
- How to determine how attractive a market is for your business
- Why a Global-First mindset is a key driver to international expansion

Part One: Prepare for Global Growth

Understand Market Intensification

“Market intensification” is a conscious choice your business makes to go deeper into a market, targeting more local customers, selling more effectively and at a bigger scale, finding the right channels, and further adapting your company’s offerings to truly map to local market needs. More and more companies are finding ways to meet customers from many countries where they can all be found initially—online—addressing customers in many markets from the beginning stages of their business.

One major benefit of market intensification is that because it’s more continuous, you can more easily adapt and adjust as you need to. You can throttle your speed and invest more or fewer resources in each local market based on factors such as performance, funding availability, and changing economic situations. Overall, under the new rules, you can adjust your international expansion strategy in a more continuous way, one that is more in keeping with today’s ever-changing environments.

Today’s leading technologies that are modernizing the world tend to be delivered in more continuous ways than in the past. Newer digital offerings that achieve success in today’s reality tend to use what is known as a continuous integration model.

When you build things in a continuous way, responding to inputs and customer needs, you need to operate differently. And when you’re doing this in multiple markets at once, the need to adjust and pivot in many directions at the same time can feel overwhelming. For this reason, it’s impossible to overstate the importance of making sure you truly listen to local customers so that you’ll know precisely where you need to flex, in order to make those local market adjustments as continuously as you can.

Here’s the bottom line: if you’re at a digital business going global quickly, and you need to figure out where to intensify your efforts, make sure to invest in data analysis and local insights by country as early as you can.

Only then can you truly paint a quantitative and qualitative picture of each local market and the opportunity it represents for your business. Otherwise you’ll run a major risk of going into too many markets all at once, spreading your resources far too thin to make any real impact in any one market.

Align International Strategy with Corporate Strategy

There are many paths to growing your business, and ultimately, many of them will lead you toward international growth at some point. One or more of the classic paths to growth will form part of a corporate strategy for many businesses. So, at what point does international strategy become a priority?

Many companies take their eye off the international ball in favor of maintaining focus on their other growth strategies. While this is not a bad thing, one risk is that if you don’t devote any attention to your international business whatsoever, you might struggle later to align your international strategy with your corporate strategy. At a minimum, you’ll want to ensure that your international business does not pose any risk to your broader corporate strategy. In an optimal scenario, you’ll want to leverage your international business in order to fuel your overall business growth.

As your business grows, an advanced question you need to ask is how much of your company’s growth and your ability to meet your overall revenue targets is dependent on your international business. Basically, you need to know not only what percentage of your revenue comes from international, but how much uplift your international growth is adding to your overall growth rate. This will enable you to forecast future scenarios, so that you can determine whether creating an international strategy should be a priority.

Intensify Local Market Presence

While you can get started with global growth without needing to set up an office and officially enter a new local market, there comes a point where most businesses need to build their company’s presence in a local market or they won’t be able to scale in that market further.

There are five main triggers that typically cause companies to set up a local office along their international growth journey. On the surface, these triggers might seem to be the same today, in the digital age, as they were many years ago. However they tend to happen now at a different phase of a company’s growth, and for different underlying reasons.

All of the reasons for setting up local entities in offices have to do with one core theme—access to talent. Companies usually expand their business outside of their home country to hire people who speak another language, who live in a time zone closer to customers, or are in an economy where the employer’s cost will be lower.

When localization is poorly done, your customers can directly suffer, as can your company's relationship with them.

Five Reasons for Setting Up Local Entities and Offices:

1. Proximity to customers
2. Language
3. Time zone
4. Financial
5. Mobility

When a company decides to set up a physical presence in a local office in an international location, they need to create a playbook unique to the culture and business. The list of tasks you create will depend on your company, who does what, and how you decide to go to market in each place, but will include things like being able to actually hire and pay people locally, ensuring compliance with local employment and tax laws, and learning what benefits are attractive to local employees.

Enable Revenue with Localization

The term “localization” is often thrown around in conversations about international expansion, but for many business leaders, localization is an elusive area that isn't covered in management courses or in business school. Yet, it's a vital part of international growth for any company, so it's important for you to know what it means and why it matters for your business.

Localization means adapting an experience for a local market. The ultimate goal of localization is to enable an excellent customer experience for customers in a local market. The degree to which localization is successful depends squarely on several other processes that must occur either before it, or alongside it: translation, internationalization, and globalization.

- Translation means adapting a message, not just words alone, for a local market.
- Internationalization means adapting code, on any web-based or software experience, to enable localization.
- Globalization means adapting the underlying framework, on any web-based or software experience, to work for multiple local markets at the same time.

The customers who pay your company are the ultimate stakeholders that localization and its associated processes all seek to serve. Ensuring they have a delightful experience is imperative. When localization is poorly done, your customers can directly suffer, as can your company's relationship with them.

Localization is a vibrant and thriving profession. While it's a niche and specialized area, localization leaders can prove tremendously helpful to your company as allies, advocates, and key drivers of international growth. To ensure localization is done right, it's important to provide strong functional representation at the highest possible level of leadership that makes sense for your company.

Part Two: Determine Where to Focus

Apply the MARACA Model

There's no doubt that figuring out where to focus can initially be a daunting task. The purpose of the MARACA framework is to clear this fog. It provides a clear, at-a-glance view of the relative value of a given country to your business compared with others, in order to facilitate international strategy decisions and help you prioritize.

The MARACA model is made up of three areas that, in combination, can tell you how attractive a market is for your business at any given point in time. You'll learn more about each of these in the sections that follow. But to start, it's important to understand why you need to look at market attractiveness from these different lenses: market availability (MA), real-time analytics (RA), and customer addressability (CA).

- MA tells you how much opportunity the market offers. It matters because of revenue.
- RA tells you how you are performing in the market. It matters because it indicates traction.
- CA tells you how easily you can address this market. It matters because it impacts timelines.

Many companies find it helpful to turn these different areas of measurement into numbers, so that they can create a score, or ranking, to help prioritize markets. A 10-point scale

works well so that each area of the score—MA, RA, and CA—is worth 10 points. Those points can be broken down into the following key strategies that matter most for businesses, with 20 percent of the total available points available to each, weighted evenly and averaged to yield a score:

- Economy
- Packaging and pricing
- Ease of doing business
- Language
- Local market presence

The goal is not for any market to have a perfect score, but rather to use the score to prioritize markets and timing of intensification efforts, as well as to determine appropriate local market strategies.

Calculate Market Availability

If you hope to expand internationally, you'll want to know how much opportunity awaits. MA is a quantifiable number used to designate the size of opportunity for your business in a given country.

Three primary concepts come into play when calculating CA:

- **Total Addressable Market (TAM):** Number of total potential customers x average selling price
- **Serviceable Addressable Market (SAM):** Number of customers currently able to buy your produce x average selling price
- **Serviceable Obtainable Market (SOM):** Number of customers served currently by your company and competitors x average selling price

You can calculate these and arrive at your MA using internally derived or third-party data. No matter what formula you decide to use, it's important that you focus on a few important principles:

- **Seek data that is trustworthy and reliable, from valid sources.** Do not just resort to online search results. Purchase actual reports if they are available for your industry. If none exist, you'll need to come up with your own estimates.
- **Clarify what MA means for your business.** Make your formula as simple and clear as possible, so that everyone can understand how your market size estimates are derived.

- **Look for data that is geographically consistent.** Many research firms only offer regional estimates, not country-specific ones. You might need to come up with country estimates based on the regional ones.

For purposes of MA, pick the countries that make the most sense for your business. These will usually be the ones with the largest economies—ones where your industry is known to have a solid presence, or ones that your competitors are known to succeed in—and focus on those.

Pick Your Real-Time Analytics

Companies today have the advantage of analytics that are available in real time. Most businesses with a digital model use “funnel” or “flywheel” metrics to represent the various stages of a customer journey or life cycle. If you want to put your local customers at the center of your thinking, view the various stages of their interactions with your company not as static phases they “pass through,” but as a more ongoing and continuous motion.

These metrics usually look at a few key areas:

- Attract: marketing
- Engage: sales
- Delight: customer success and retention

Beneath each category of metrics, there are usually many different pieces to look at. Ideally, you should choose only the top metrics in every area, and no more than three or four metrics per function. Once you have identified the top metrics that matter, you will need to calculate them separately for each different country.

Focus and clarity are hugely important for international expansion. Focus on fewer countries initially and look at them separately. Develop a playbook for those, and then apply that playbook to similar countries with adjustments. This will help you avoid spreading your company and its resources way too thin.

Measure Customer Addressability

Your company needs to understand the needs of, develop empathy for, and properly address your customers in a given local market. Barriers to payment are some of the highest risk barriers you need to surpass, because if you don't, potential customers will abandon you during the checkout process or upon signing a contract, simply because you failed to meet their needs at a critical moment: when it's time to pay. But these are not the only things that matter

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when it comes to determining your ability to truly address the needs of your local customers.

Categories to Calculate CA:

- Payment, including currency and type
- Product, including pricing and packaging
- Language, including existing proficiency or degree of localization
- Presence in the local market, including local employees, physical office, and partners
- Operations, considering the local market's economic development and ease of doing business

The more geographically and culturally distant a market is from your founding location, the more important it will be to pay close attention to CA in the new local market. Cultural distance barriers between you and your customers can be overcome by changing your internal company culture and the composition of your employees. Make sure you're hiring for international experience and cultural knowledge from the earliest possible phase.

Part Three: Go Global Within

Build a Global-First Culture

If you're an early stage founder or your company is still small, you have a great opportunity to be global from your earliest days and should consider this approach and whether it might work for your business. But if you've already started a company, or you are a business leader at any company, it's not too late to infuse a Global-First mindset into your business. No matter how big you are, and no matter how far your journey has gone, it's never too late to become a champion of Global-First thinking, so you can build it into your culture.

Global-First means creating things with global in mind from the beginning, but unfortunately that isn't enough. That's just the first step.

The next step, and what really makes something Global-First, comes down to (1) the details of how you execute to enable local flexibility, (2) the ability of teams to quickly connect with each other across GEOS, and (3) letting the local leaders make decisions about what is best for their markets, while ensuring they have the resources they need to turn plans into results.

Global-First also means connecting the dots, thinking through all the various pieces of how a given initiative will succeed—or fail—in each market based on a company's ability to connect those internal dots. Global-First not only means thinking globally from the start, but considering how to execute locally too.

Ultimately, make sure you advocate for everyone in your company to think globally, but execute locally. This is a hallmark of Global-First thinking and can make or break the success of your global business.

Amplify Local Customer Voices

By not tuning in early enough to key local markets, many businesses eventually hit a slowdown in growth because they're not listening carefully to their international customers early enough in their market expansion. Use customer insights to fuel your business, so that you can keep growing steadily over time without risk of slowing down.

Using a combination of quantitative and qualitative research is of great importance. Qualitative feedback from local customers is hugely important, but you run the risk of leaning too heavily on one-off anecdotes. Avert this by gathering qualitative input in a structured way. Gather local feedback with a qualitative approach, such as interviewing customers or otherwise capturing their verbatim feedback and then create a way of categorizing and coding this feedback. This moves it from anecdotal to structured qualitative feedback. Ideally you build this into your business so that isn't just a one-off but rather a continued initiative.

On the other side of the spectrum, some companies lean way too much into their data, letting it dictate every move they make. When it comes to local markets, data can be

very misleading. Talking with customers can accelerate learning and show what gaps exist in more tangible terms than just looking at the data alone.

There is no replacement for talking to customers. They will tell you which aspects of your product are appealing to them and which might need more work. Never assume that data gives you the full story, especially if you're using it to drive international expansion decisions. Small decisions early on can snowball, and if you're not careful, they can defocus your team and lead you down paths that ultimately are not the most advantageous.

Build a Globally Equitable Organization

The best motivation for building a global company is that you want your customers to be successful with your company, without geography becoming a barrier that prevents this from happening. Customers are happy to pay a price in exchange for value that they believe is fair. That's where creating an equitable experience comes in.

To ensure that your customers have an equitable experience with your business no matter where they are based, you'll want to strive to make local experiences equitable, but not necessarily identical.

In fact, where many companies go wrong is that they try to enforce a cookie-cutter approach onto all their markets in the name of global leverage but in doing so they miss out on the importance of local adaptations that are required to ensure their customers are equally happy with the value they're receiving in their local market, even if they define and derive that value in different ways.

Here are five guiding global principles your company may want to adopt, from the top down, bottom up, and across every function of your company, along with a mnemonic, GLOBE, to help make it easy for everyone to keep them top of mind:

Geo-agnostic: If you believe your market is the world from day one, you'll think, act, and grow in a way that naturally enables multiple markets.

Linguistically inclusive: Always build things in a way that makes language easy to access, understand, and ideally, localize.

Operationalized: Everything you do should be done in a way that supports international expansion and does not create blockers for your international customers.

Balanced: You have a fiduciary responsibility to your employees, shareholders or investors, and ultimately your customers. Make sound choices that won't destabilize your business.

Empathetic: Understand your customers' perspective and know what it's like to walk in their shoes.

Hire for International Knowledge

You can fast track some of the organizational learning—and minimize the global growing pains—if you hire the right types of employees from the earliest possible stage. The sooner you do this, the faster your company will evolve into a global business.

Start by prioritizing international experience, ideally as part of the hiring process, and your company will naturally have a strong global mindset built into its DNA. Here are some of the main categories of people you may want to consider hiring as early as you can to ensure you have less friction taking your company global when you decide to do so.

- Immigrants and refugees
- Children of immigrants
- Workers who speak other languages
- Employees with international work backgrounds
- People who demonstrate global curiosity

Multimarket is the New Multinational

International expansion is no longer reserved just for a special league or class of companies. Taking a company global can be accessible to anyone who wants to do it. Going global, quite simply, is something available and achievable for every entrepreneur, every business, every company who seeks customers and other markets.

You don't need to be a multinational to go global these days. What you do need is to have a multimarket mindset. Solve for more markets, sooner, to enable your company to go faster in more markets later on. By adopting this mindset and making it part of the way you operate, you'll build a business that can intensify your presence in more places when you decide to do so.

If you can't access or hire people with specialist knowledge and international growth right now, don't despair or think that you can't build a global company without this type of expertise. The hunger and drive to go global is often more important than any other factor in making international expansion actually happen.

Don't underestimate your organization's capability to learn what it takes to be a global success directly, by listening to your customers first. This is more powerful than what any international business specialist can tell you and in fact, if they are good, it's one of the first things they'll advise you to do. It's fine to hire people to help you with this, and it can put you on the fast track for expansion. But just know that this isn't your only option.

Remember that as a founder, entrepreneur, or business leader, you are operating from a special position. You already know your business and customers, and that is the foundation upon which all global success is built. Taking your business global is simply a matter of knowing a wider range of your customers and understanding how to adapt to reach more of them in new local markets. The key is to have a mindset of curiosity and an expectation that every market will have different needs to some degree.



Nataly Kelly is a seasoned business leader, international business expert, and longtime Harvard Business Review contributor on the topic of global business who is dedicated to empowering business leaders to strategically expand internationally. She is currently Chief Growth Officer at Rebrandly, a global software firm with customers in more than 100 countries. Previously, Kelly served at HubSpot as Vice President of Marketing, Vice President of International Operations and Strategy, and Vice President of Localization, where she helped drive international expansion.

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