CERTIFIED INTERNATIONAL BUSINESS SPECIALIST (CIBS)

STUDY GUIDE

Sponsored by:

Business Training Institute

and

GTC

TABLE OF CONTENTS:

Please use this guide to assist in preparation for your Certified International Business Specialist (CIBS) Certification examination.

The contents of this study guide are as follows:

I. BUSINESS TRAINING:

The Business Training Institute is the leading online program for specialized niche business certification programs. The team behind the Business Training Institute is made up of industry experts on niches such as online marketing, project management, public relations and consulting. Their experience combined with our advisory board's expertise in online education and training is what provides our firm with the tools to provide the many training and certification programs see on our website.

The Business Training Institute is part of the G.T.C. Institute, a global training and certification organization that has provided practical industry-specific certification to over 1,000 clients within the United States, Europe and over 50 other countries.

Mission: To provide professionals with high impact business training and certifications in niche subject areas that are functional and immediately beneficial.

Business Training.com helps you:

- Quickly gain specialized knowledge within highly valuable business niches
- Enhance your credibility, resume, and total value in the marketplace
- Complete our training programs in 5 months from anywhere in the world

MASTER'S CERTIFICATE PROGRAMS: The G.T.C. Institute, LLC is proud to offer several advanced Master's Certificates that require the completion of five programs from the Business Training Institute platform.

To learn more about these Master's Certificates and how to earn one, please see our website: BusinessTraining.com/Masters-Certificate.html

II. CIBS DETAILS AND TIMELINE:

Program Details:

The **Certified International Business Specialist (CIBS)** certification program is unique in that it is modeled after many online courses offered at Ivy League institutions today, offering more value for a more cost-effective program. The CIBS Program is a self-study program that includes educational multimedia resources in video form, a study guide, required readings, and a flexible online examination process, accessible around the world. The online exam is structured so that in order to complete the exam within the 2-hour time frame one must read through all of the assigned materials and conceptually understand the majority of the material to score well enough to pass the exam. Our goal is to offer the most challenging program in the industry while also providing all of the learning tools possible to ensure participants get the most out of the experience.

The Certified International Business Specialist (CIBS) program is sponsored by the GTC Institute and offered by the Business Training Institute. This certification program is designed to show and certify that you have gained an in-depth understanding and high level specialized knowledge in international business.

Timeline:

Programs are offered through open enrollment, making our programs 100% flexible with your current work or academic schedule. We offer the final test on the first Wednesday of each month with registration closing two weeks prior to the test date.

Business Training Institute exams are administered 100% online. When you have completed the strategic project (outlined later in this study guide), please follow the project submission instructions. Once you have submitted your completed project, you are welcome to schedule your exam date.

Please note that your exam date request must be received at least 3 weeks before the exam date. For example, if you would like to sit for the January 10th exam, we would need to receive your request no later than December 20th.

To register for an examination date:

1.) Send your completed project (*explained in detail on page 34 of this study guide*).
2.) Include your desired exam date in the email with your completed project.

Learning Objectives of the CIBS:

- Master the various ways in which a company can gain advantages by operating on a global scale, and know these will enough to make sure your company is taking advantage of these opportunities to the fullest extent possible
- Understand the breadth of culture differences in how business is conducted around the world, allowing you to more quickly assess and adapt to different ways of doing business around the globe
- Gain a solid foundation of global negotiation skills and frameworks that you can use and operate on regardless of where you are based and which country you are selling your products or services to
- Learn how to manage some types of international business and finance risks so that you can seek out the appropriate tools, actions, and resources when needed
- Leverage the global business landscape to help your business or employer create more innovative solutions to solve your domestic and global business challenges

Benefits of Completing the CIBS:

- Compete with others in the job marketplace who are seeking international positions but don't have any formal training on this niche area of business
- Help your company evolve faster by applying the cultural and negotiation frameworks provided within this program
- How to analyze potential markets to determine their potential profitability and business challenges
- How to create content, product lines, and marketing materials for use in several countries, cultures, and languages at one time
- The 7 step formula for taking a product into a new international market
- How you can develop a Strategic International Development Plan to use best practices in selling your firm's products globally

- How to use online marketing, pay per click advertising, and affiliate marketing to reach a global audience

III. REQUIRED READINGS:

1. **A Road Map For Strategy & Execution** by Tarun Khanna & Krishna Palepu, ISBN# 978-1-4221-6695-6
2. **The Marketer's Bible** by Richard Wilson,
3. **Competing for Global Dominance: Surviving in a Changing World** by Jack S. Katz, ISBN# 978-1-60773-042-2

IV. CIBS EXAM PREPARATION

a. **Exam Composition:**

There are a total of 100 points available to earn for the exam, 80 of which can be earned from the multiple choice or true/ false questions that are worth 1 point each, and 20 of which can be earned from 2 short answer questions that are worth 10 points each. Please see below for the composition and distribution of the points in-depth. **To schedule your exam date, please see instructions in on page 3 (above).**

Topics and Weights	
Global Business Basics	20 Multiple Choice Questions
International Distribution Considerations	15 Multiple Choice Questions
Selling & Negotiating Globally	25 Multiple Choice Questions
International Business Risk Mitigation Tactics	20 Multiple Choice Questions
International Business Best Practices	20 Multiple Choice Questions
Comprehensive & Conceptual Essay Questions	2 Questions

You will have 2 hours to complete the exam. Those who have not made the effort to read the materials will have a hard time completing the exam within the allotted time, but for participants who have read the required readings 2 hours will be sufficient.

b. **<u>Terms and Concepts to Know:</u>**

Below, please find the terms and concepts that you should be able to define after having read the required readings. Please define the terms from the required readings rather than a dictionary. You will be tested on the definitions that authors have provided. Feel free to print out this study guide and write your page number notes and definitions right here within the study guide:

Raw Inputs

Economies of Scale

Domestic Life Cycle Factors

Economies of Learning

Local Profit Distribution

Political Risk

Barriers to Entry

Hedging

International currency management

The KISS Principle

Individualistic

Win-win orientation

Uncertainty Avoidance

Collectivism

Power Distance

Risk Attitude

Multinationals

Institutional Voids

Intellectual Property

Social Media & Global Business

Competitive Analysis

Market Entry Research

Commoditization

Positioning

The New Silk Road

Marketing Mix

Sales Channels

---

c. **<u>Sample Questions:</u>** (Answers are provided on the last page of this study guide.)

1) **What is Collectivism?**
   A) A value system within a culture that puts more emphasis on personal accomplishments than group success or behavior.
   B) A way of negotiating which looks for a win-win within every situation
   C) A value system within a culture that puts more emphasis on group well being and accomplishments rather than individual behavior.
   D) A type of cultural system used by Brazilian's in making sure that everyone within their community is heard before any decisions are made.

2) **What is Deportment?**
   A) What happens when you break a low in another country, you get deported.
   B) How you carry yourself, formally or casually.
   C) The way in which you enter a room or place of dining in another country
   D) The method through which you say goodbye or farewell to someone after a business meeting

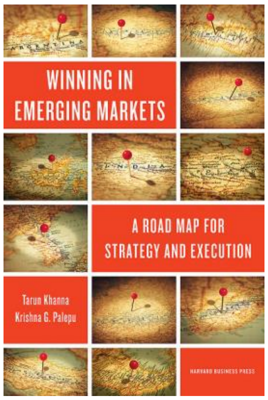
3) **According to *The Marketer's Bible,* which of the following is not one of the three things that can really affect global sales and negotiations?**
   A) Individual Differences
   B) Cross-Cultural Differences
   C) Age
   D) Context

4) **True or False: Often times, companies expand globally so they can access cheaper raw inputs for their manufacturing processes**
   A) True
   B) False

5) **True or False: Stereotypes are always bad and not useful when it comes to understanding and analyzing different cultures.**
   A) True
   B) False

V. <u>Book Summaries:</u>

<u>Winning in Emerging Markets: A Road Map For Strategy & Execution</u> by Tarun Khanna and Krishna Palepu



As Economic globalization has brought down trade and investment barriers and has connected far-flung countries in integrated global supply chains and emerging markets seem to be converging with the world's rich industries companies, distinguishing these companies from developed markets may seem to matter less than before.

The term *emerging markets* was coined by economists at the International Finance Corporation in 1981 when the group was promoting the first mutual fund investments in developing countries. Since then, references to emerging markets have become ubiquitous in the media, foreign policy and trade debates, investment fund prospectuses and multinationals annual reports.

Based on many signs of emergence, some might say, emerging markets are not distinctly different from other markets; rather, they are simply starting from a lower base and rapidly catching up. Indicators such as the growing numbers of emerging market-based companies listed on the New York Stock Exchange or the growing ranks of billionaires from emerging markets listed annually.

We see emerging markets as symptoms of underlying market structure that share common, important and persistent differences from those in developed economies.

Emerging markets reflect those transactional arenas where buyers and sellers are not easily or efficiently able to come together. Ideally, every economy would provide a range of institutions to facilitate the functioning of markets, but developing countries fall short in a number of ways.

Intuitively managers know that operating a business in an emerging market is different from doing so in a developed economy. It is tempting to chalk up these differences simply to country text. Indeed, market structures are the products of idiosyncratic historical, political, legal, economic and cultural forces within any country. All emerging markets feature institutional voids, however, although the particular combination and severity of these voids varies from market to market.

Emerging markets is shaping the business opportunities and challenges in these economies, companies can tailor their strategies and execution in emerging markets to avoid mistakes and outcompete rivals.

Companies of various stripes face similar strategic choices as they respond to institutional voids in emerging markets.

Institutional voids invariably challenge the execution of business model in emerging markets. Business need to determine the extent to which business models can be replicated in emerging markets or adapted to fill institutional voids.

Developed market-based multinationals and emerging markets, but each might also gain from collaboration with other parties. Multinationals bring brands, capital, talent and other resources to emerging markets and yet their track records in these economies have been mixed. Local companies can exploit their inherent advantage in navigating institutional voids as a source of competitive advantage.

Business operating in emerging markets can take the institutional contexts of these markets as given or can work actively to change them by filling institutional voids. Multinationals based in developed markets can either sidestep voids as best they can or strive to fill them in service of their business. Changing market context can be an entrepreneurial opportunity in its own right for intermediary-based business that fill institutional voids.

Chapter 1: Institutional Voids in Emerging Markets

What is emerging in emerging markets is not only their forecast potential or liberalizing investment environments but also the institutional infrastructure needed to support their nascent market-oriented economies.

Institutional development is a complex lengthy process shaped by a country's history, political and social systems and culture. The landscape of emerging markets, in particular, remains deeply striated by institutional legacies.

Emerging markets to be fully developed, it is important to create physical infrastructure roads, bridges, telecommunication networks, water and sanitation facilities and power plants. The most important feature of any market is the ease with which buyers and sellers can come together to do business.

It is difficult for buyers and sellers to access information to find each other and to evaluate the quality of products and services. When disputes arise, there are limited contractual or other means, such as arbitration mechanisms, to resolve these issues.

The institutional arrangement of an emerging market's travel and hospitality marketplace, however differs in fundamental ways. Informal institutions have developed in many emerging markets to serve intermediary roles.

Absent or unreliable sources of market information, an uncertain regulatory environment and inefficient judicial systems are three main sources of market failure. When business do operate in emerging markets, they often must perform these basic functions themselves.

When Market Fail, Make Them Work Again

It is generally easier to transact in developed than in developing markets. Transaction costs, which offer one measure of how well a market works, include all the costs associated with conducting a purchase, sale or other enterprise-related transaction.

All markets, irrespective of development phase are less than perfectly efficient. Compared with emerging markets, however developed markets are more likely to approach consistent standards for efficient transactions.

Developed Markets

Developed markets for products, talent and capital are full of institutions that are equivalents of the independent car mechanic in the used car market. To reduce the transaction costs that arise from the differential information between buyers and sellers and to limit potential conflicts of interests, markets need institutions to intermediate between buyers and sellers of goods, services and capital.

In developed product markets, consumers are able to search for their desired products based on information provided by companies through advertising in newspapers and magazines, direct mail marketing, telemarketing, Web sites and other forms of communications. Companies are prohibited from misleading potential customers through false advertising or promotion.

Maintenance, which can reduce retail competition. Consumers can sue companies for selling goods that cause damage or injury.

All these mechanisms in a developed consumer products market rely on a comprehensive network of soft and hard infrastructure. Soft infrastructure includes advertising agencies and media outlets that facilitate corporate communication, market research companies and logistics consultants that assist retailers and credit rating agencies that collect consumer credit information to assist credit card companies. Hard infrastructure, such as roads and bridges, is also essential for low-cost movement of goods from procedures to retailers. Public institutions such as national, state and local governments that promulgate rules, consumer unions that lobby for such rules and courts that enforce these, all play an important role.

Capital Markets

Similarly complicated sets of mechanisms underpin the functioning of capital markets in well-developed economies. Financial reporting facilities investor communication. Financial intermediaries such as venture capitalists, commercial banks, insurance companies and mutual funds help investors channel their funds to attractive investment opportunities and facilitate access to capital for entrepreneurs and established companies.

In developed markets, investors can hold corporate managers and directors accountable through the threat of securities litigation, proxy fights and hostile takeovers. By reducing risks to investors, these institutions make it possible for new enterprises to raise capital on approximately equal terms as big, established companies.

Labor Markets

In the labor market, educational institutions not only help develop human capital but also certify its quality through graduation requirements. Placement agencies and headhunters help employers find talent.

In developed economies such as Unites States, Canada, Western Europe and Australia, dozens of market institutions facilitate the smooth functioning of capital, product and labor markets.

Emerging markets as those where specialized intermediaries are absent or poorly functioning. These markets are emerging as market participants work to find ways to bring buyers and sellers of all sorts together for productive exchange. This definition implies that every market, including those of the United States and other developed economies, has some degree of emergingness built in.

Chapter 2: Spotting and Responding to Institutional Voids

Structural definition of emerging markets to equip managers with toolkits to spot and respond to institutional voids. Emerging markets are hardly uniform in the nature and extent of their institutional voids. The development of business strategy in any economy is driven by three primary markets product, labor, and capital and institutional voids can be found in any, or all, of these markets in developing countries.

The advantage is that it specifies the particular combination of features that prevents efficient exchange in each market. Some countries might lack specialized intermediaries in the labor market but have them in abundance in the capital markets.

Chile is lauded for its capital market efficiency, whereas Korea's financial markets remain constrained by the entanglement between banks and its conglomerate business groups.

For any interested in managing or investing in emerging markets, spotting institutional voids is a key first step.

Marco Context

Institutional voids in factor and output markets are shaped by the broader macro context of emerging economies.

In capital markets, the development of financial reporting and independent auditing depends on transparency and trustworthiness.

The ability to create value in product markets may also be hampered by a closed economic context wherein consumers are uncomfortable or unwilling to share information about their tastes and needs. Open economies can also impair institutional change.

The entry of mass retailers has been subject to serve restriction in India because oh the aggressive lobbying and political clout of the small retailers. In this respect, aggressive state mandates can sometimes be more effective than the democratic process in implementing change.

Developing the capability to spot institutional voids can help companies from developed markets in two ways, not only pursue business opportunities in emerging market but also may open their eyes to opportunities and challenges in their own markets.

Market Segments in Emerging Markets

Companies need to appreciate the importance of market segments in emerging markets. Market segments in emerging markets distinguish not only by income and prices but also by needs, tastes and psychographic characteristics. Targeting particular segments requires particular capabilities and knowledge and not simply different price points.

Some customers in emerging markets might look for products with global quality but with local features and prices.

The bottom of the market consist of people who can afford only the least-expensive products. Understanding these segments can help multinationals as well as domestic companies in emerging markets tailor their business models and growth strategies.

Companies operating in emerging markets also need to think about segmentation as it relates to factor markets.

Chapter 3: Exploiting Institutional Voids as Business Opportunities

Institutional Voids are often a source of frustration. Foreign firms, for example, have trouble replicating models from their home markets in contexts that lack the intermediaries that underpin them. Institutional voids can even derail business, as illustrated by the challenges faced by software, such as China, that have undeveloped intellectual property rights regimes.

Institutional Voids impose costs on market participants, entrepreneurial ventures that seek to fill these voids can create significant value. Although some market intermediaries are under the purview of governments, many can be owned and operated by private sector players, developed market-based multinationals, domestic companies or upstart entrepreneurs.

Identifying Opportunities to Fill Voids

To build a business that fills institutional voids, companies and entrepreneurs first need to recognize the absence of an intermediary that would add value in an emerging market.

In developed market economies, dozens of institutions facilitate the smooth functioning of markets.

Multinationals entering emerging markets, would prefer to focus on their core business but often need to invest in expensive efforts to build market infrastructure to execute their core business. Some void-filling business have been spin-offs of such initiatives.

Taxonomy of Market Intermediaries

There are essentially six types of market institutions. Each type of institutions performs a distinct task that is critical to the functioning of the market. These institutions help resolve the problems arising from information asymmetries and incentive conflicts between buyers and sellers. Together, they constitute the network of institutions that makes markets work.

For raising capital, companies must convince providers of finance that the money being sought will be used in the way it is intended.

Information analyzers and advisers find and generate information that facilitates business decisions, typically by providing data mining, number crunching and consulting services. To develop and tailor products and processes that meet customer needs, companies rely on intermediaries such as market research firms to solicit information regarding the preferences of consumers or manufacturers.

Venture capital firms also provide disseminating outputs by connecting business with sources of capital.

Transaction facilitators provide a transaction platform and facilitate buying and selling in markets.

Adjudicators help market participants resolve disputes. Courts and arbitrators facilitate communication and resolution and they issue rulings in a neutral setting.

The Value of Market Intermediaries

Many institutions of the marketplace are themselves privately owned and hence are driven by market forces. The fact that private sector intermediaries exist in a free market setting suggests that their services are valuable to buyers and sellers. The fact that so many different types of intermediaries exist and that within each type still many more individual institutions exist, suggests that intermediation is based on deeply specialized knowledge and skills.

The development of these institutions is a matter not only of economics but also politics.

Exploiting Opportunities to Fill Institutional Voids

With expertise, credibility and experience in developed market contexts, multinational companies may seem to have a natural advantage as market intermediaries.

Multinationals cannot fill some emerging market voids because of government regulation or other political considerations, void-filling domestic firms are limited in their ability to apply their business models outside their home markets. Even without international expansion, however, the sheer size of large emerging markets such as Brazil, China, India and Russia presents big opportunities for intermediaries to grow into large domestic business. Business that fill voids in smaller emerging markets can grow into adjacent opportunities.

Companies looking to build business based on the alleviation of institutional voids face many of the same challenges experienced by other companies operating in emerging markets.

Consider the ways in which global executive search have related their operations to the institutional voids in emerging markets. Some have focused almost exclusively on the global market segment, exploiting their relative advantages, whereas others have adapted their models and acquired new capabilities.

In Brazil, the company initially focused on the country's privatizing telecommunications industry, where it exploited its industry knowledge.

Like other multinationals in emerging markets, the foreign intermediary adapted operations and acquired new capabilities to reach a different market segment in an emerging market.

<u>Filling Voids in Emerging Markets</u>

Any company seeking to build a business based on filling institutional voids in emerging markets should first recognize that an institutional void exists and that filling it could create significant value.

Prospective intermediaries need to match their capabilities to the broader institutional context of the emerging market.

Domestic firms need to identify a source of relative advantage in filling the void.

Prospective intermediary business need to identify which segment of the market they can serve with their current capabilities or which skills or other capabilities they need to acquire to serve it. Intermediaries often depend on other market institutions or contextual features.

Successfully changing the market context requires a great deal of sensitivity to stakeholders that are affected or displaced and the broader ecosystem that often underpins market intermediaries.

Chapter 4: Multinationals in Merging Markets

The rise of emerging markets has not gone unnoticed by multinationals based in developed markets. In many cases, multinationals landed in the larger emerging markets immediately after liberalization and have been operating in those markets for years.

Multinationals can succeed in emerging markets only by adapting to or shaping the institutional voids in the markets they enter, particularly given that they must compete against local companies having an inherent advantage in navigating the business contexts of their home markets.

Facing Institutional Voids

Developed market-based multinationals have built business on foundations of strong market infrastructure. Soft infrastructure plays critical role in the ability of developed market-based multinationals to execute their standard business models in emerging markets and it should not be overlooked.

Emerging markets can be exploited as consumer markets, regional or global production platforms, innovation and product development hubs, sources of talent, raw materials, or either inputs, and untapped opportunities to develop market infrastructure.

Through sourcing and local production, multinationals gain market entry and also infuse capital into the economy, improve the quality and processing standards of domestic industry and share technology, management and other expertise.

Institutional context is a critical determinant of the ways multinationals choose to exploit factor markets.

Understanding the institutional context can help multinationals determine whether to sell or source in the emerging market.

Firms that scan the institutional context and develop a clear and realistic understanding of intermediation gaps or other market voids and the ways they align with their own core competencies and value propositions are more likely to choose the best markets to enter, select optimal strategies and extract the most value from operating in emerging markets.

Responding to Institutional Voids

Multinationals face a series of strategic choices as they confront institutional voids in emerging markets. These choices are faced by multinational firms that exploit their global brands and reputation. Choices closely tied to the various market segments within emerging markets.

When General Motors entered China, the automaker replicated its model and targeted the global segment of the country's nascent car market. But only after retreating from an earlier failure to adapt to the country's local market segment. Adaptation for multinationals can also mean tailoring operations and organizational structures in emerging markets.

Adaptation is not enough for many multinationals to manage institutional voids in emerging markets.

Institutional voids prevented The Home Depot from executing its standard business model in emerging markets.

Managing Voids and Growth in Emerging Markets

Developed market-based multinationals that enter and operate in emerging markets inevitably face institutional voids and have a range of choices to respond to them.

Multinationals should be open to and supportive of experimentation as they align themselves with institutional contexts and seek out competitive advantage in these markets.

In addition to these choices, multinationals must face the competitive challenge posed by what we call emerging giants.

Chapter 5: Emerging Giants: Competing at Home

Globalization and liberalization have intensified competition in firms' home markets as multinationals from developed markets enter with all the advantages outlined established global scale, brands, technology, financial, muscle, talent and organizational capabilities. Beyond foreign competition, emerging market-based firms have faced each other in tough local competition and have confronted the challenges of institutional voids in their home markets.

We use the term *Emerging Giants* to refer to the successful and globally competitive companies from emerging economies, which are thriving not as a result of protectionist regulatory barriers but on the basis of sustainable competitive advantage.

Institutional Voids and Multinational Competition

The rapid growth of the domestic markets has helped these firms fast-track their development, but they have been able to enter the competitive global arena only by first managing the prevalence of institutional voids and surviving the entry of multinationals into their home markets. With the advantages of their global brands and resources, multinationals can quickly displace domestic companies from the global segment of emerging markets. Because of institutional voids, emerging market companies often cannot access risk capital and experienced research talent in their home markets. As a result, it is difficult for them to invest large sums in research and development.

In some emerging markets such as Brazil, India or Russia, emerging market companies are also hampered by creaky domestic infrastructure and unreliable quality in their supply network.

Prospective emerging giants face a set of strategic choices to respond to institutional voids that mirror the choices faced by multinationals.

Many emerging giants have organized themselves as business groups to help confront choices in light of institutional voids.

Business Groups

As a form of organization, business groups are considered by many observes in developed Western markets to be anachronistic. This form of organization, however, makes sense in emerging markets in light of institutional voids. When entering a new line of business, group organizations often can bypass the voids faced by another start-up using the capital, talent, or reputation built by another business in the group. The business group can thus serve as a private equity firm, executive search firm and branding consultant in a market that lacks a sophisticated network of these intermediaries.

A group structure can enable emerging market firms to develop a corporate brand name that signifies quality, trust and transparency. Business groups can help defray the cost of building and maintaining a brand by spreading it across multiple arms of their business. The business media in emerging market countries abound with advertisements that promote group identity rather merely emphasize the products or services of individual companies within a group. Once established, these brands wield tremendous power.

A business group with a reputation for quality products and services can use its group name to enter new businesses, even if those businesses are unrelated to its current product lines, business groups can also exploit their reputations to raise capital in local stock markets.

Established local business groups often become partners of choice for multinationals when they enter emerging markets. Group structures can also make emerging market companies more attractive to foreign investors eager to tap in to these fast-growth markets.

Group structures can also help emerging market firms access, attract and develop management talent in the still-developing labor markets of their home countries. Groups are also able to put new talent to good use. By allocating talent to where it is most needed, conglomerates gain a head start in beginning new activities.

There are risks, however, for emerging market-based companies that organize themselves as business groups. Even though internal financing within business groups offers the obvious advantage of its low cost relative to funding available through external arms-length sources in markets that lack specialized financial intermediaries, this funding method comes at a potential price. Without the external monitoring provided by arms-length investors, internal cash flows are more easily diverted to ill-advised investments.

<u>Becoming an Emerging Giant</u>

Prospective emerging giants face a raft of challenges as they navigate the growth opportunities of their home markets, the pressure of new foreign competition and the obstacles of institutional contexts. Managing institutional voids is tough for prospective emerging giants, but they are better positioned to manage them than are multinationals.

Prospective emerging giants can use their ability to identify and manage institutional voids.

Business group organizations can help emerging market-based companies executive any response to institutional voids, but groups present challenges and sometimes costs.

Chapter 6: Going Global

Emerging giants can expand beyond their borders for reason of scale or stretch, learning to do new things that their local environment may not facilitate.

Encouraged by flush balance sheets, enable by regulatory changes and compelled by home market overreliance and institutional voids as well as the globalization of industries, however, many emerging market-based companies have turned their attention overseas. Market selection is a critical strategic decision for these companies.

Prospective emerging giants that decide to go global need to think systematically about how they should grow their business outside their home markets and which capabilities they need to seek out.

Prospective emerging giants that decide to go global need to think systematically about how they should grow their business outside their home markets and which capabilities they need to seek out.

The journeys of emerging giants that move into foreign markets vary widely, but they often reflect core capabilities developed in the companies' home markets. The origins of emerging giants in market contexts rife with institutional voids can hamper their globalization, but their ability to negotiate institutional voids can enable globalization to other markets having similar market structures. Emerging giants can also compensate for the institutional voids in their home markets through globalization by borrowing market institutions to help build global capabilities.

<u>Adapting Business Models to Developed Markets</u>

To be truly global companies, many emerging market-based companies aspire to operate and be competitive in the world's most developed markets. Entering these markets can enable emerging giants to learn how to compete amid developed market infrastructure, such as sophisticated retail channels and cater to highly demanding customers. This experience can help prepare emerging giants to compete in their home markets as more developed market-based competition enters and as more sophisticated market infrastructure and more demanding customers emerge.

Like multinationals looking to establish a presence outside the global segment in emerging markets, emerging giants need to adapt to the market contexts of developed economies.

<u>Globalizing Emerging Giants</u>

Emerging giants can extend their reach beyond their home markets by replicating their models in similarly structure markets, or by adapting to the contexts of developed markets. They can also build capabilities through global institutions once they have established value propositions in their home markets.

Acquiring new capabilities is often necessary if prospective emerging giants are to access resources and capabilities to improve their competitiveness in the global marketplace.

Emerging market-based can extend the capabilities they have developed in their home markets into other emerging markets for scale with simultaneously stepping into developed markets for stretch and learning.

Globalization is not a straightforward process for emerging giants.

Multinationals from developed markets that have succeeded in emerging markets have been willing to experiment, and so too have emerging giants that have become successful multinational enterprises. To manage growth and globalization successfully, emerging giants need to cultivate a range of capabilities.

Many emerging market-based firms have become world-class companies without aggressively moving outside their home markets.

Emerging giants not only have strong value proposition in their home markets but also high standards in their management and corporate governance.

Even small efforts can be a major source of differentiation in emerging markets.

Emerging giant can build confidence and social capital in consumer, supplier and investor circles, contributing to its competitive advantage.

Chapter 7: Emerging Arena

Emerging markets have garnered news headlines and have figured prominently in the strategies of companies and investment funds of all stripes because of their emergence. The liberalization, growth and development of these economies have lifted millions out of poverty and have created attractive new markets for firms and investors. Many of these markets are already among the world's largest economies and are poised to be critical drivers of the world economy in coming decades. "Companies need to understand and respond to the emergingness of emerging markets to craft strategies and operate successfully in these economies"

The structural view of emerging markets has different implications for entrepreneurs, for multinationals based in developed markets and for domestic companies looking to position themselves in their home markets and build themselves into multinationals in their own right. As a first step, however, all these companies need to audit the institutional context of the emerging markets in which they operate or invest. Voids in the product, labor and capital markets of emerging economies.

The process of identifying voids also points to entrepreneurial opportunities to fill those voids. Because institutional voids carry costs for companies operating in emerging markets, filling them adds value.

Institutional voids can prevent multinationals based in the developed world from replicating their models in emerging markets and can stifle the ability of domestic companies to develop and compete against those incoming multinationals. Voids present foreign-based and domestic companies with a common set of strategic choices.

Multinationals based in mature markets can build emerging market strategies on their core capabilities but exploiting these capabilities without adaptation often limits these companies to the narrow global market segment.

GM successfully transplanted its global model when it entered China while targeting the country's wealthy elite with its Buick brand.

Stepping outside their comfort zone in global segment brings greater opportunities and challenges to multinationals in emerging markets. Adaptation to the contextual challenges in other segments of emerging markets can take a number of forms.

Given the limits of replication and the challenges of adaptation in emerging markets, multinationals need to consider collaborations, such as joint ventures or other local partnerships, to help them acquire local knowledge and navigate institutional voids.

Microsoft attempted to enter China by adapting its software largely on its own but successfully established a business in the market only after it collaborated with local players and invested in the development of the local software industry.

When adaptation and collaboration are not sufficient, multinationals can look to fill voids in service of their businesses.

in the face of pervasive institutional voids that are too difficult to adapt to, navigate with partners, or fill on their own, multinationals can decide to exit or to emphasize opportunities elsewhere. Multinationals are in a privileged position to choose the markets in which they operate. Forswearing particular markets or waiting until the institutional context changes can be a wise strategy for multinationals when voids raise doubts about building viable business or suggest the prospect of significant investments in filling voids.

Waiting can carry costs for multinationals in emerging markets. Waiting can be particularly problematic for companies in industries where first-mover advantage is highly valuable.

Domestic companies in emerging markets have a different set of responses to these strategic choices because of their origins in developing amidst institutional voids. Some emerging market-based companies have sought to build business by replicating models from the developed world.

Institutional voids are obstacles for prospective emerging giants, but efforts to fill voids can be powerful sources of differentiation and competitive advantage face-to-face domestic and foreign rivals.

Although emerging market-based companies do not have as straightforward and exit option as multinationals, these firms can choose to emphasize opportunities elsewhere.

We describe how emerging giants can build global business by extending their home market models in markets having similar institutional contexts, or transcending their origins by adapting to developed markets.

Emerging giants have gained prominence in the developed world in large part through headlines of their entry and acquisitions in developed markets.

<u>Emerging Markets Action Items</u>

Institutional voids can frustrate, stifle and undermine the business models and operations of any company doing business in emerging markets. In light of these contextual challenges, some companies choose to exit or avoid emerging markets.

Emerging markets are so tough to crack that companies are highly unlikely to get their strategies right the first time out.

Foreign as well as domestic companies have found success in emerging markets by positioning themselves as partners in progress, in service of business or as stand-alone projects.

Nonetheless, working to be a partner in progress can help companies in emerging markets, particularly multinationals coming in from more developed markets.

<u>Humility and Balance Ambition</u>

Multinationals based in developed countries as well as emerging market-based companies face a tension between ambition and humility. Multinationals want to exploit the tremendous opportunities in emerging markets, but they need to carefully evaluate the extent to which they have the local knowledge and capacity to fully exploit those opportunities. Segmenting these markets and carefully aligning ambitions and capabilities can help multinationals avoid costly mistakes.

Emerging market-based companies also need to weigh their ambitions with their capabilities, particularly as they consider approaches to globalization.

To many observes, the emerging market story is largely one of growth and opportunity. This euphoria can quickly end when companies are burned by corruption, abrogation of contracts, wanton experimentation, or other risks in these markets.

Companies can exit these markets, limit their ambition so as not to encounter them squarely, limit their exposure by operating through an agent or other party, or build in mechanisms, such as audits and internal vigilance, to deal with corruption.

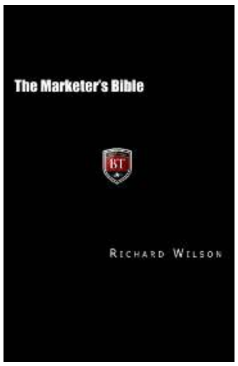
The growth in emerging markets has made prime grounds for innovation and experimentation. Ideas and models born in emerging markets will continue to shape industries in the developed world.

In the wake of the financial crisis and recession of 2008-2009, emerging markets have, in the eyes of many observes, taken on an even more important role in the global economy. Some emerging markets have been havens of growth and opportunity as many developed economies struggle. Other emerging economies have been hit hard by the crisis, their trajectories of growth seriously disrupted. The persisting importance of emerging markets behooves executives, policy makers and citizens to better understand these markets.

The Marketer's Bible by Richard Wilson

Chapter 20: International Sales Expansion

This chapter of The Marketer's Bible will help you understand why international sales is important and how selling your products globally can be a competitive advantage. Building both a diverse team internally while also working with a diverse range of clients in different cultures can lead to rapid product and service delivery improvement and innovative solutions.



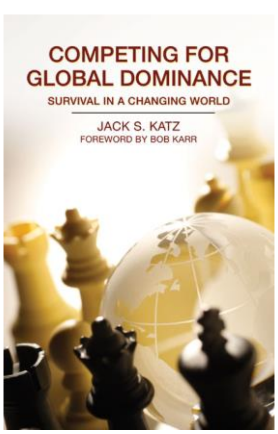
This chapter reviews the many different motivations for expanding globally including raw inputs, labor, political status, new markets, economies of scale, economies of scope, and domestic life cycle factors. It is important for the examination that you know about these motivations and the top 5 risks and top 10 barriers to entry associated with expanding globally. The chapter finishes with a short discussion of working with sales affiliates abroad and how to manage international business risk in different ways.

Chapter 24: International Negotiation

This chapter provides insights into how to negotiate business deals in different regions of the world. This is an area studied by some for their entire lifetime so it cannot be done justice within a single chapter, book, or certification program. The goal of including this chapter within this program is to show you how different many cultures are in how they conduct business so you can be more open-minded and flexible in how you work with others around the world. In any type of negotiation knowledge is power so the more knowledge you have about the perspective of where the other side is coming from the better off you are. These strategies can help when seeking business partners, supply chain participants, distribution agreements, or when selling directly to potential clients in other countries.

One resource to make sure and note from this chapter is the chart which breaks down the 11 most common ways which different cultures act differently in business environments. This chapter also provides some different frameworks for analyzing any country you visit to make sure you understand at least a few of the most important parts about how their culture works. This is one of the most important chapters required for this examination.

Competing for Global Dominance: Survival In a Changing World by Jack S. Katz



CHAPTER 1#

"Those who face the unprepared with preparation are victorious."

With the globalization, industries are shifting even more dramatically than the past. Shifting within regions are as significant as those occurring between nations. Citizens are trying to figure out what is going on with their way of life. Now, they find themselves forced to compete unprepared in a global market, even customer landscape has suffered changes.

Social and business networking websites have grown up as new ways are found to exploit the capabilities of these networks. Being great news for those who want to start and grow business because of the new customers coming in to the market place for the next decade. For those emerging markets that have the right attributes, economic growth will be pushing them beyond their current standard of living, where they will start to spend on discretionary goods.

A unique behavioral transformation is occurring, which encourages us to communicate and work together with others around the world. We can't only make casual relationships with others but we can help to develop new services and products, promote, buy and sell, form interconnected virtual communities of business through the Internet, make relationships through the Internet, etc...

For companies to become successful in their target markets they will need to identify and appreciate the differences of their diverse consumers.

Global Trade Challenges.

There are challenges facing any business entering a new market. Challenges like trust, accessibility, risk of asset loss, competition, unfamiliar regulations level of commitment and time, increased start-up costs, etc...Some market characteristics are relevant intelligence through market research is needed from distributors and other services providers to better understand how a product will be accepted. A clear understanding of the unique interactions of each market segment is imperative for business survival.
Success comes to those who can make the leap. People now go to China for manufacturing, Thailand and Malaysia for impressive labor, India for programming. Companies are always looking for dynamic economic regions too, looking for countries, that can share their global ambitions. Each of them have attributes to create an international business environment with investment opportunities and low-entry barriers providing elements for sustainable growth.

CHAPTER2#

Global Trade Elements

Companies that are not taking advantages from the opportunities available in the emerging market countries, are going to face an irreparable threat to their existence in the following years. With millions of people using social media websites, they are fast and powerful growing way to connect with customers and partners around the world. Forcing the global business to enter this subgroups of regardless because of their different nationalities and languages to sell and promote their products. The capability for having a real-time interactive conversations provides instant feedback on issues that affect a company, resulting in an uniformity behavior across the community bringing these groups of individuals and their countries closer together through trust and understanding. Culture, customs and practices all play a role in successfully establishing a presence and conducting business. Some business owners believe that they are getting substantial return on investment because of the use of the social media, so they are building bridges to the world with people from different cultures while influencing changes in consumer buying habits, and also have this focused community available for strategic marketing and sales that can be used to analyze their product will best fit group demographics.

Products Increase

Costumers referenced are huge difference for potential buyers who want to see how well the product is doing before they make their own purchasing decision. You see media and sports celebrities hawking everything from perfumes to cars in markets around the world. People associate themselves with celebrities by using the products that celebrities are using, and they also feel comfortable with advices or recommendations from people they know and trust. The thing is, in a competitive marketing you need to do your homework first. Executives need to be aware that cultural similarities exist, but there are also very large differences. Language, images and graphic symbols must be correctly handled to communicate the right message to conduct business and carry trade.

CHAPTER #3

The Myth of American Competitiveness

America is so fertile with innovative ideas and perspectives of obtaining wealth for creative entrepreneurs, companies that are acting on ideas, investors who are taking the risk after imaging the possibilities. Globalization has been mainly the spread of Americanization through worldwide appeal of products and services. For example, a traditional American brand can be used in numerous foreign countries. Companies that are successful in the U.S. market, the rewards can be substantial. By winning the American market, the opportunities for entering other international markets follow. America teds to be trendsetter in such industries as motion pictures, search engine technology, Internet marketing, etc. Where the evolution of business has been linear for most of the world, in America it has been much more impulsive. Explains why there has so much more opportunities.

Adapt or Die

Adapting to the behavior of the consumer will help in penetrating the American market. There are certain traits displayed by most Americans and knowing these will help in how business will be conducted. Americans first and foremost tend to network more openly both in person and online than others and they also tend to network outside of their own groups with diverse individuals of many cultures. This is one of the reasons why online social media has taken off and companies are doing well. We all believe that Americans know how to sell, promote and market their products and services better than anyone. They are always looking for a next opportunity. Many times has happened that a foreign company has traveled to U.S. to present their company and they have returned back to their countries with no follow-up to determine interest. If there was interest, these companies did not make themselves available for further inquires or meetings.

Creating Value in a Commodity World

With the introduction of new technology and globalized brands, competition has forced the commoditization of many products into a downward spiral to reduce the cost of goods and services. There has been a rise in replicas and luxury goods and services. There has been a rise in replicas of luxury goods or "knock-off" products, which look like the original but are without the quality, thereby eliminating the profit for the original manufacturer.

CHAPTER #4

Every week we see new products being advertised and placed on store shelves, advertises, only to quickly disappear if sales expectations are not met. Creative distraction applies to governments as well. The Roman Empire survived for centuries but eventually fell into ruin. The British once could claim that the "Sun never sets on their Empire" but found themselves after the Second World War back to an island nation, the empire lost. Manufacturers have given us so many choices that customers may feel overwhelmed. It's like a battle between a mother and her child, the mother wants some proteins and a child wants the cereal that is all day shown on TV while they are watching their favorite cartoon channel.

Pricing has always been a major factor in consumer decision making. The mother in the grocery store is probably on a budget and looking for ways to reduce costs. Products become exceptional when a consumer is impressed but they don't expect to be. The product goes well beyond fulfilling their expectations. It has the WOW factor! When the brand conveys a strong positive message well understood by the consumer it usually has staying power.

Reason why Companies Fail

There are many reasons why companies fail; from poor management to products that are no longer accepted by the market. Poor positioning in best demonstrated by the increase in store brands versus national brands that principal retailers are carrying to increase their sales. As more retailers provide their own brands, the amount of real estate in a store dedicated to national brands will continue to reduce.

Shoppers in most cases will not care if the product is a store brand if the quality is equal to the nation brand. Economic hard times present new challenges as well as opportunities for those companies considering expansion globally. Consumer shopping behavior is changing in response to retailers changing their methods of operation. This behavior is best exemplified through the expanded use of the Internet.

Global Survival Tactics

Most entrepreneurs know very little about their costumers, the only time the costumer is interested is when you can tell them how a product will improve their life. Customers will often tell you what they want; few really know what they need. Those who understand what customers really need are in a better position to expand in the market and increase sales. Knowing what customers need is especially true when trying to sell products into foreign markets because the needs of those customers may not be the same as in your domestic market. Companies need to understand the dynamics of a specific country's market before going it alone.

What a Company Need to Enter in a Foreign Market

Foreign companies trying to enter the U.S. market should take their time in establishing a presence. One of the first goals should be to create product and company credibility and visibility through the establishment of references and market "buzz." This is more important than having a U.S. sales office. Most markets are based upon a network of influencers. These influencers could be experts in the field, press, analysts, blogger, etc. Not having an aligned strategy to build credibility and messaging with these people will reduce the chances of market-entry success. Failure comes when you haven't figured out what the customers want or need and why or what they will buy.

Promotion

Promotion is becoming more complex because of the many more specialized ways to reach existing and new customers. Almost all product areas have trade publications and trade shows directed toward a very specialized group of customers.

CHAPTER #5

U.S. Market Challenges

Companies that make a migration are considered by their home country to be the "Pearls" of opportunity. Unlike VC's, these entrepreneurs haven't had the advantage of evaluating thousands of similar business plans and are not usually informed of what other companies are doing in comparison.

After gracefully being rejected by the VC's, they return home empty handed. The executive that doesn't move into these challenges carefully runs the risk of being disregarded by the funding community.

Foreign executive may believe they know the American market and feel confident introducing their products, but without a research and proper preparation these people or companies are likely to fail no matter how excellent their product.

Global Emerging Company Survival

The most important prerequisite for survival and growth is to find the country in which there is an environment where achievement and wealth creation is held in high esteem. When this is the case there exist the regulatory and tax environment that doesn't hinder new companies and will reward risk takers. America keeps having the world's largest influx of foreign direct. The Venture Capitalist has limited time and patience. We need knowledgeable people in the target market to help and assist us; otherwise we are setting ourselves up for failure. Marketing involves far more than just knowing a market and what motivates consumers. Most businesses focus on the marketing "push" but few ever focus on the "pull", which is one of the secrets to success.

All About Results

Innovation and creativity make business more competitive through efficiency in operations, which increases productivity and reduces costs. It will also help you to expand globally to increase revenue and market share. Innovation is not our traditional problem solving, it is the process of creating new and different products that people wait in line to buy. The foundation for creative thinking is an open system for experimentation, dialogue and for challenging assumptions and testing results. This should be done prior to sending your representative to the new country, doing so will save you time and money. Innovation can be used both to increase the profitability of companies by either internal development as well as through the merger and acquisition process.

Marketing Mix

Every company operates with the same four elements of the marketing mix. These are often referred to as the "four Ps": Product, Price, Place and Promotion. To get this mix right an understanding of the needs, motivations and buying process of the customer. Consider the benefits of buying your product from the customers' perspective and what makes you stand apart from them. Putting this together in terms of customer benefit, not just the technology will assist in developing and exceptional selling proposition.

Right People

Staff recruitment will probably be the single most important issue we'll face when expanding your overseas presence. Hiring local staff can be more expensive and time consuming but the investment is worthwhile if you know the culture, law and the best ways to motivate your recruits. Outsourcing to the right companies can create faster demand and sales and prove the viability of the product in the market. Many people have come from other countries that we may want to hire. These candidates may not be the best fit for our business if the primary goals are sales, business and market development. The mistake that most companies make entering a foreign market is to bring their own staff.

CHAPTER #6

Market Entry

Foreign market provides a new array of entry options for the business executive. The options available fall into two distinct categories, the first are alliance options, which range from the tactical to strategic, the second are sales and marketing, which are based on the longevity of the relationship. These options can be further broken down by geography, demographics or vertical industry segmentation. Foreign companies have to consider the kinds of support and training that would be required to build these partnerships. They need to consider a model of introducing services and integrate it into their market entry plan. There is a broad range of options available depending on whether a company's objectives for market entry are additional contracts, a merger or acquisition, alliances or venture capital funding.

Choosing the Right Distribution Channel

Growth is the goal for most companies that desire a worldwide reach. They need to prepare by setting up the international operations and selecting the right distribution channel and partners. Business plans that commit to growing their business through partnerships but in reality it never materializes. All companies are primarily concerned about their own livelihood and will concentrate their efforts on what will bring in revenue for the short term to stay in business. This is no different in partnership. By identifying a select group of partners who are capable of supporting your specific program objectives you can begin to determine if these selected partners are readily available for you and not promoting a competitor's product. The more a product is different and increases value through awareness, the more likely it is to reach the channels. The more you can reach your target customers better.

Distributors

A Distributor buys product at a discount from the manufacturer and then resells or licenses the products for a profit to their dealers or retailers. Distributors typically have trained representatives and knowledgeable staff operating their offices and will have warehouse facilities to store and ship the product. If a distributor plans to spend substantial amounts of money marketing your products, they may require an exclusive territory and a long-term contract. Distributors generally purchase product at a substantial discount you will receive a smaller percentage of each retail sales dollar than if you market your products through a sales representative.

Sales Representation

The sales representative depending upon their industry may stock inventory but does note takes title to the products and cannot bind a company to make the sale. The sales representative is usually limited to a specified geographic territory and can be either exclusive or nonexclusive to the manufacturers that they represent. Having sales representative work on commission only can be a risky proposition to a foreign company because the representative could go months without being paid and may look to other sources of income to maintain their standard of living. Selling through a sales representative will net them a higher percentage of revenue than selling through distributors of licensees. Companies will spend billions of dollars on personal selling to get their products to market. Top salespeople usually work on a base salary and commission plus bonuses. The real cost for the business is note the sales commissions paid it's the costs related to the difficulty in finding qualified customer prospects and the expense of long and complex sales cycles. The local sales force is the greatest source of information in that they are directly engaging with the customer and received feedback as to customer requirements. Representatives will be responsible for attracting channel sales partners and assisting them in growing sales for your products.

Getting Product through Customs

No matter what structure you decide on to bring your products to market you have to understand the customs intricacies of market entry. Before shipping product to the target country you will need to find out how the product will be classified and valued by customs and what procedures you must follow. In the United Stated all products must comply with U.S. Customs and the import procedures that they have established. Licensed customers brokers can assist you in this process.

The U.S. often imposes quotas and tariff sanctions on specific products and countries and may prohibit importation of products from certain embargoed countries.

CHAPTER #7

Global Advantage Position

Opportunity is built on the principle that providing a product, service or an experience that can makes people's lives easier and more enjoyable will always be in demand. There is an array of alliance options available to those aggressive companies wanting to enter a new market. They range from intellectual property exchange to product integration, which can provide a solution for something that may be missing in the technology of either company. Alliances are made to advance common goals and to secure common interests.

In many countries suppliers are generally free to decide to whom they will or will not sell a product. There are so many methods for finding and qualifying value-added resellers (VARs). They can be found on the Internet or CDs can be purchased from research companies that create lists sorted by product type, services offered and specialty focus.

Their VAR should take into account regional population centers for determining the best geographic expense of your channel partners and their customer base. They must be prepared to manage their unique pricing, security and documentation requirements. In recruiting a partner you will be required to remove much of the risk from them in the initial purchase and that may include providing no or low-cost evaluation units, free product training and products on consignment.

Marketing and Sales

Market success will be based on the ability to sell yourself, your product or both. A sustainable value and a solid reputation will do more to enhance your profitability than your pricing. Not all customers are the same. The dilemma is how balance costs of acquiring a new customer against the time involved maintaining your existing customers. More money is spent on direct sales than all other forms of marketing combined. Most companies sell their products and services three ways, directly, indirectly and web-based. In a channel agreement the channel will pay the supplier for their products and then sell the products to their customer base. The rise of the Internet has made the buyers much more powerful than the vendors. With this kind of growth, the channel is a key driver for market leading companies.

Sales and Marketing Options

Alliances are based on value creation through product or service integration needed by both companies. Most foreign companies first tend to establish a direct sales force to penetrate a new market rather than an alliance. When this approach doesn't work or becomes too costly they will reevaluate their overall distribution strategy. There is only one way for a foreign company to achieve growth in a market and that is to increase its customer base. This is accomplished by reaching new customers in existing markets or by entering new markets.

Channel Management

The problem that foreign companies are up against is the indifference of the reseller. In order to get the resellers interest, try focusing on the products that will bring reseller's revenue. To get representation make sure the products blend in or compliment the others in their catalog. To be effective with the reseller you may want to use your social network and have them communicate with the reseller's sales team to influence them about the value of your products. Also, closer to the customer and if there is perceived demand they likely will tell their management.

Selling the Way Customers Want to Buy

Few resources exist through government sponsored programs or country supported chambers of commerce to provide companies with the insights and tools required to develop a competitive market advantage. Representatives government programs treat the channel as an afterthought only because they are unfamiliar with it. Only after the foreign company discovers the high cost of direct sales do they seek the use of agencies or channels to increase their revenue. The challenge for the manufacturer is to build a strong marketing strategy to sell the way customers want to buy. As simple as this sounds the unpredictability of your customers makes this the most challenging task that few companies are prepared to handle alone. Because the introduction of the Internet and the growth of social media the world has greatly changed in the way business in being conducted. To get to them customers today, they have to rely on the marketing power of the media and Internet.

Structuring Sales Force

There are several ways to organize your sales force depending on your product and customer base. A territory arrangement works best when there are geographically dispersed customers and a sales representative is assigned to a specific area. Enterprise companies with complex business requirements often focus their sales force around customers in identifiable vertical industries. Systems integrators play a very strong role and may constitute good partners for some companies but they tend to be service driven as there is little margin in hardware and software for them so they will typically require product support from the supplier. In other countries you can attend industry events and meet the central players whereas in the United States you can attend the same type of events and not meet any of them. Prepare to be referred elsewhere by the group you would like to recruit because they may have all the clients that they can currently manage. On the other hand, if they are too easy to engage be wary because they may lack experience and trained personnel.

CHAPTER #8

New Silk Road

The Internet, social media and other technologies are drastically changing the international business environment often in ways most companies are not yet able. Companies are experiencing downward pressures on their product prices and margins like never before, being asked to change their products on a consignment basis thereby assuming more risk and financial burden. Companies will search for market niches worldwide to try to overcome the risk and commodity pressure thus trying to maintain their margins and differentiate them from the competition. Some of today's international business dealings are reminiscent of the pre-Internet economy. In a world where customers have access to many suppliers through alternative means both online and off, the only way to make money is by keep trying different business models while lowering your cost structure so that you can compete with pricing.

Commoditization and Product Pricing

By looking at product pricing long-term you can set internal pricing targets, which can be modified as market conditions change. Pricing is primarily a way of managing margins and costs. Pricing change your margins or eliminate costs to be more competitive. The goal is to find new ways to keep your pricing competitive and fair. Customers, no matter what country they are from, they will always appreciate a memorable buying experience. In the case of wine they would likely move up to the more expensive varietals if they were treated differently from the start.

It is all in the marketing strategy, presentation, and salesmanship of the owner and staff. Wine is a good example of how pricing can affect product sales but also how marketing and sales can influence the purchase of the product and overall customer loyalty. In business, the younger executives look at different criteria than their older counterparts in making their decisions. They want to be sold to having a conversation with the supplier to find out about the company and its products. But everyone enjoys being catered to and there is no better way to experience this than taking a trip to a supplier's customer briefing center.

Price War

When a foreign company enters larger, sophisticated markets and begins acquiring market share, competitors will eventually take notice. They will, in response to the entry, attempt to eliminate their opposition. The advantage you have as a foreign company is as long as you remain under their radar they will believe that you pose no immediate threat. Underfunded companies without the appropriate market entry strategy and operational savvy will not be able to compete and will close.

History has shown that companies that are worried with their traditional rivals are blind to the risk from disruptive, lower cost competitors either domestic of foreign. Most companies when entering a new market struggle with how to set prices on their products and services. Out of concern that customers may find their prices too high most will set their prices low to first gain traction in the market. Markets tend to go in cycles from a seller's market to a buyer's market as demand increases or decreases relative to supply.

A shortage of products in demand will usually make the consumer compete for a product thereby increasing their willingness to pay a higher price. In a buyer's market, which has more sellers than buyers, the abundance of product has manufacturers competing for consumers, thereby reducing their prices to hold market share. New companies try to differentiate themselves from the huge selection of local competitors based on product price.

Collaborate and Improvise

Companies that have developed and nourished a strong network of supporters and influencers have the ability to move the market. These people can come from social media or from traditional industry customers, alliances or partners and are in a better position to support you than those that do not have connections. That means that we will spend a lot of time working with these groups and most will not provide a return, but the ones that can, will make a crucial difference in your revenues.

While many companies focus on selling higher margin products, others have successfully focused on doing the opposite ruthlessly pushing for higher turnover to increase their operating margins. Then there are those companies that lose focus or dilute their marketing message by making it difficult for others to understand what they are trying to provide to the customers. This is especially prevalent with foreign engineering based companies that have technology whose value is difficult to explain in monetary terms. Having an inconsistent message will result in customers being unsure of what they are getting for the money.

Media Influence

The buying public is influenced by movies, television, print or the Web, which reflects the cultural norms for the society. Technology companies pay premiums to place their products on television shows and in the movies just to get visibility. The media has a greater influence on numerous demographic segments of society than ever before. Just travel to an American shopping mall during December holiday season and you will notice that more people have used the web to explore the products that they are interested in and going to the retailer to receive discounts on those selected products.

Making a Profit in a Commodity World

Globalization has made products from many countries more alike than different. Marketing goal is to capture the attention of your prospective customers while assisting them with their decision making process. This has been demonstrated during the past decade with new technology products such as cell phones and PCs that fist sold to businesses but now go directly to the consumer market. For most small to medium sized business the start of the sales process begins over the Web and is concluded either by phone or in person.

One factor that has not changed in globalized business, whether conducted through the social media or through traditional business dealings is that personal relationships matter. The United States as well as other countries has established laws and regulations regarding the restriction of trade and competition between businesses. The purpose is to promote a level playing field by prohibiting any abusive behavior by a company that holds a dominant position in the market or is using anti-competitive methods that would create a monopoly.

Competitive Analysis

Competition in established markets is fierce and hurdles have to be overcome but a new silk road awaits those who can enter successfully. For many companies around the world there is an underlying concern regarding the changes that are occurring from increased competitive globalization. Globalization is affecting the economic and political stability of their citizens and their competitiveness as a country.

The few organizations that have good intentions are limited to how much assistance they can provide their fellow citizens. In most cases these organizations operate under the guidelines that have been in place because the end of the World War II. They are measured on the ability to grow their membership, the number of events created and the overall number of attendees participating. Most organizations continue only to perpetuate themselves, oblivious to the new operating methods brought about by technological changes that have occurred in communications, computers, networking and supply chain logistics.

CHAPTER #9

The Dragon, the Tiger and the Eagle

China's approach differs by first entering the U.S with their products and second acquiring existing U.S. companies for their brand recognition. This strategy is a significant change from what originally began as a foreign designed contract manufacturing operation. The strength of this strategy by China is that they not only have kept the manufacturing of the foreign designed products but also are using modified designs to manufacture products as their own brands. China is implementing new strategies for their country's small to medium sized business to enter foreign markets no by imitating Western methods but by developing new methods and processes to conquer these markets.

Chinese companies are breaking into new markets particularly in the higher value segments such as alternative energy, computers and automobiles where they can gain market intelligence by being in close proximity to their customers and to vital innovation centers. In the meantime, while the world's largest economies have slowed emerging economies are expecting at a rapid pace. China's business juggernaut is focused and moving forward with their twenty-first century model for doing business-a one-world concept geared to penetrating the American and the well-guarded markets of the European Union for the purpose of profit and influence.

China prefers to do business with foreign companies in two ways. The first more traditional way is to establish equity joint ventures with these foreign manufactures who want to enter the Chinese market. The second method for entry into the Chinese market is designed for the foreign retailer wanting to enter the market by establishing a wholly owned foreign enterprise. The world's leading retailers and suppliers have focused on China with the intention of acquiring a billion new consumers with increasing disposable incomes in which to sell their goods and services. These wholly owned foreign enterprises (WOFE) make market entry easier for this segment of companies. In China, Web-based shopping has grown to handle more of the middle-income population, the fastest growing segment.

The Chinese have become very astute in product development and have a better understanding of the business world outside of their boarders than most foreign companies have of the Chinese. The Chinese are mastering the skills usually found in non-Chinese companies such as marketing, innovation, branding and effective management skills as they bring their operations in line with international business practices. China and India are developing a close affinity with the other peoples of Asia. China is developing closer economic ties with India, Japan, South Korea and Taiwan in its goal to expand its market influence worldwide. India is developing closer economic ties with its immediate neighbors as well as Europe and United States. As the markets in China and India grow over the next decade, their companies that have successfully operated abroad will play a central role in shaping the products and services to fit the tastes of their own domestic markets. They will also bring new knowledge, technologies and methodologies back to their countries replacing their reliance on western companies.

CHAPTER #10

Breaking Through the Barriers

Business survival requires the ability to implement bold and creative ideas and to dominate potential rivals all the while generating revenue. Aggressive companies use a number of innovative approaches to gain market share from developing alliances to effectively using the marketing and sales channels that are available to them. Real innovation involves companies that are willing to change their competencies and tactics in order to compete worldwide. Companies entering new international markets are apt to be more open, horizontal in their structure and non-hierarchical in their decision - making. They tend to be more efficient, focused and accountable for their success. Making the wrong decision or loosing face prevails in so many cultures that even if the risk is mitigated and all the data is in their hands before taking any action they still are hesitant to move forward. The only difference between those who succeed in overcoming their fears and those who don't is that successful people act in spite of their fear, doubt and worry.

Sources and Financing

There are two methods of financing commonly used to start or expand a company. The first is equity financing, which is an ownership stake taken in the company by an investing party, usually in the form of common or preferred stock. The second method is debt financing when a company raises money by bonds, loans and other financial instruments. In return for lending the money, the individuals or institutions become creditors and receive a promise that the principal and interest on the debt will be repaid. Either equity or debit financing can be successfully used to expand a company into a new market.

Finding Investors

In most cases if the product is horizontal in nature going across multiple industries and not specializing in the customers industry then the opportunity may be more lucrative because noncompeting companies can purchase the product. Most of the suppliers and customers you will be dealing with may not think of this option. With the advent of the Web it is much easier to find funding sources. Venture capital companies will indicate the types of investments that they have made and the companies that they are invested in. Beyond the VCs there is a range of options from angel investor groups to investment bankers that should be explored.

Preparing for Success in the Face of Globalization

Thinking about the future means asking though questions and facing some harsh realities. To be forward looking requires the time and resources to anticipate global changes. This is accomplished by understanding the basic trends, patterns and behaviors that are occurring on the global stage. It is by observing what is occurring in India, China, Brazil and other countries to determine how you proceed with your business in America.

The American entrepreneurial juggernaut is being challenged by individuals and businesses from countries such as Brazil, Israel and South Korea, who were once on the sidelines of innovation and commerce. These countries will continue to increase in economic power through their exports of more universally accepted products. In the future I see a gradual shift away from American created and designed technology products to those of other countries.

We are seeing advanced security and green technology products from Israel, alternative energy products from Brazil and unique consumer electronics and heavy industry products from South Korea. The "American dream" will be attainable for foreign companies in the foreseeable future even though American businesses still offshore many of their operations. We are seeing more interest by small and medium sized businesses who never thought of expanding beyond their regional influence are now taking advantage of the opportunities first nationally then internationally.

Searching for the Trends of the Future

There are only a handful of nations where the general populous embraces an entrepreneurial culture and is cutting edge in innovative technologies. Throughout history we have found that these nations change and those who were leaders at one time such as Italy and France have given away to Israel, South Korea and the United States. Today you can count which nations are driving innovation on two hands. Whether the trends for the future are in alternative energy, enhanced food production or green technology, foreign companies will established themselves in the American market in order to springboard out to markets worldwide. Yet, creativity without any limits is total chaos. By defining a timeframe for each possible trend, what emerges is a range of choices that identify potential threats and opportunities over specific periods of time. By highlighting future warning a sign such as what s competitor is doing or a change in legislation, a business can avoid surprises and be better prepared to adapt and act efficiently. New strategies derived from future planning have the potential to create distinct competitive advantages.

CHAPTER #11

The Doorway to the World

International trade and commerce is about competing for global dominance. Companies are struggling to determine how best to position themselves to survive the changing market dynamics brought on by globalization. The competitive landscape for technology companies requires an understanding of today's markets and consumer buying habits as well as the cultural dynamics driving behavior and market changes. This can be local, regional, national or international scope. The affects of globalized change have had a trickledown effect on most communities around the world. Entry into new markets has become easier than at any time in history. Emerging global trade is increasingly becoming a threat to those established firms who have had to change their methods of operations to compete with the influx of new companies and products from different countries that are entering their sphere of influence. The nature of work is flowing to where it is produced efficiently and for the lower cost.

The Benefits of Global Trade

The process of developing and managing a business is focused on the future. Yet, for all our understanding and knowledge we are limited in our abilities to predict the future. In a global seller's market it doesn't matter if a country's products or the way they are produced differ significantly from those of another country. But in a buyer's market, as we are seeing today, when the money flow slows and competition becomes fierce, the lack of either strategic positioning or product value will force companies to battle it out solely on price. Successful global companies have gained an understanding of the world around them and know how to exploit that knowledge to their advantage.

The New Silk Road

The United States has been the destination for entrepreneurs from around the world for the last five decades. It is still the primary focus for those companies looking for capital and an open market to expand and grow. Other countries are now competing for these same entrepreneurs and companies to produce tomorrow's dynamic products and to develop their markets. The United States remains one of the most attractive countries for entrepreneurial companies because it has a deep history of risk taking and capital formation. Immigrants are at the forefront of technological innovation and entrepreneurship. Foreigners who immigrate to the American shore are risk takers who in their desire for a better life start businesses and investments. If they fail, they pick themselves up and start all over again. The same way their predecessors have done in past generations.

INTERNATIONAL BUSINESS SPECIALIST (CIBS) STRATEGIC PLAN:

The **International Business Specialist (CIBS)** Program requires participants to complete a Strategic international business plan in order to graduate from the program. This plan is worth 100 points and accounts for 50% of the total grade within the program.

As such, non-submission of this strategic plan will result in an automatic failing grade for the CIBS program. If you have any questions, please email us at **CIBS**@BusinessTraining.com**. *This must be completed and submitted at least 3 weeks before the exam date, in order to schedule your exam for a specific offered date.***

Once you have completed this project, please send it and your request to take your desired exam date at least 3 weeks before the scheduled exam date. **To schedule yourself for an exam date**, this project must be received, completed, at least 3 weeks before the exam date. For example, to take the October 10th exam date, this project must be received (as well as a request to take the exam) no later than September 19th.

INSTRUCTIONS:

For this strategic project you are to pretend that you have been hired by an organic energy drink company based in Portland, Oregon called *Greenergy*. This company has $500,000 in annual sales and believes that it may face less competition by selling its energy drink in global markets starting with Brazil, Australia, and the UK. This company has a total of 20 employees including two vice presidents who are in charge of marketing and distribution.

For your initial consultation with this client they would like you to prepare an analysis and series of suggestions as to how they show approach their global expansion. Please prepare a 2-4 page plan exploring various considerations and approaches to use while exploring and pursuing this international expansion. Include what you think would be the most valuable ideas and make sure at a minimum that you cover the following areas:

- A timeline for expansion
- Cultural considerations
- Work priorities
- Global sales abilities
- Customer service and operational issues
- Regulations and compliance
- Competitive analysis (what should be done)
- What to get started on first

Once completed, please email this report in to our team at CIBS@BusinessTraining.com. **Once the completed project is received, you are welcome to schedule your exam date.**

Also, keep a copy for yourself as it may help to bring to a job interview at some point in the future.

VI. FAQ (Frequently Asked Questions):

Have other questions or need more information?

Please see our consistently updated FAQ (Frequently Asked Questions) section on the Business Training Institute website here at http://BusinessTraining.com/FAQ.html.

You can also get in touch with the Business Training Institute team over email at *Team@BusinessTraining.com*, by phone, and through our ClickAndChat tool, accessible from our homepage: http://BusinessTraining.com.

Thanks for joining the Business Training Institute! Please let us know if you have any questions.

-The Business Training Institute Team & G.T.C. Institute

The Business Training Institute
328 Crandon Blvd Suite #223
Key Biscayne, Fl, 33156
(305) 503-9050

VII. Sample Question Answers:

1.) C

2.) B

3.) C

4.) A

5.) B