



Perspectives on Going Global

The Eighth Annual RESEARCH Money Conference - "Going Global, Expanding the International Footprint of Canadian Technology Firms"

Professor Alan Barrell - Ottawa - 12th March 2009

A Preview

- Context – ***The World Today*** – What's Changed ?
- ***Why Go Global*** – Are there choices ?
- ***The Global Business Model – When, Where and How?*** – The European Dimension
- ***Practitioners Tales*** – The Good, The Bad and The Ugly
- ***Best Practices*** – from a World Journeyman
- ***The Global Imperative*** in a Brave New World - ***Predictions***

Casting an Eye on the World's Financial Crisis – What's changed ?



Who said these words and When

“I believe the banking institutions are more dangerous to our liberties than standing armies. If the American people ever allow private banks to control the issue of their currency, first by inflation, then by deflation, the banks and corporations that will grow up around the banks will deprive the people of all property until their children wake up homeless on the continent their fathers conquered”

Who said these words and *When*

“I believe the banking institutions are more dangerous to our liberties than standing armies. If the American people ever allow private banks to control the issue of their currency, first by inflation, then by deflation, the banks and corporations that will grow up around the banks will deprive the people of all property until their children wake up homeless on the continent their fathers conquered”

Thomas Jefferson 1778

And what about these...

“The budget should be balanced, the Treasury should be replenished, Public debt should be reduced, the arrogance of officialdom should be tempered and controlled, and the assistance to foreign lands should be curtailed, lest our Nation become bankrupt. People must again learn to work, instead of living on public assistance”

And what about these...

“The budget should be balanced, the Treasury should be replenished, Public debt should be reduced, the arrogance of officialdom should be tempered and controlled, and the assistance to foreign lands should be curtailed, lest our Nation become bankrupt. People must again learn to work, instead of living on public assistance”

Marcus Cicero 55 BC

**But - think Boomnot Gloom....
many successful businesses *started* in
recessions....**

“I started the Cobra Beer Company in a deep Recession – and it proved to be the best time for me....introducing something innovative and exciting changed the way people thought about Indian Food and Beer”

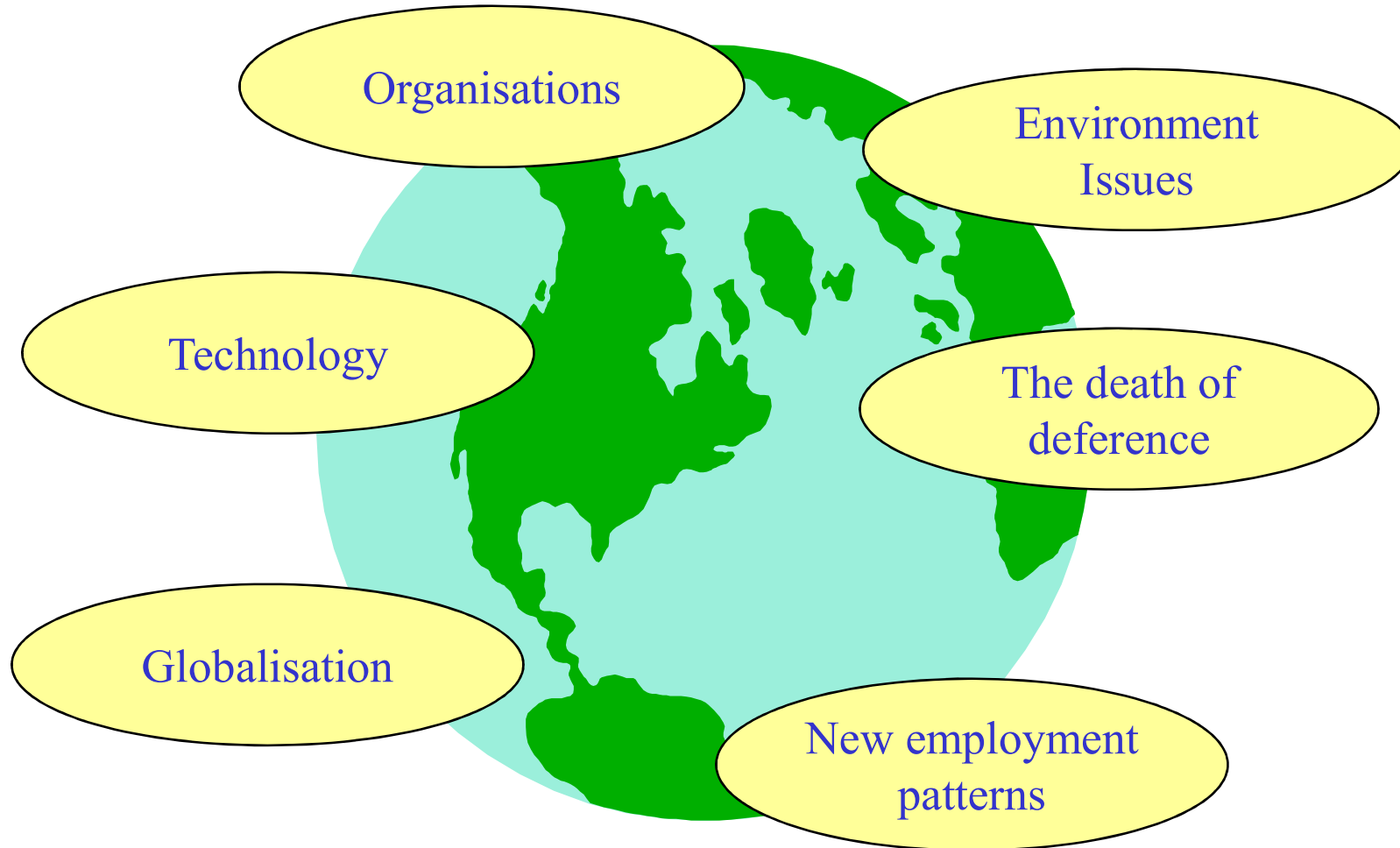
Lord Karan Bilimoria

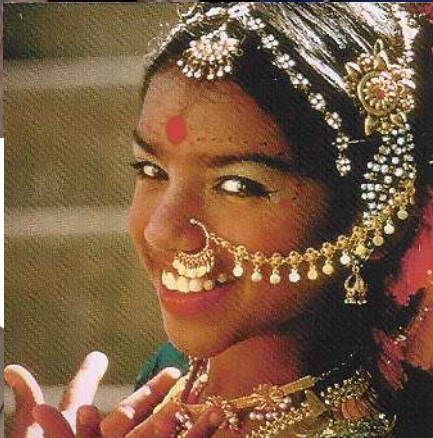
Founder – Cobra Beer

But the eye on the World shows *lots* of changes....its not just the finances....



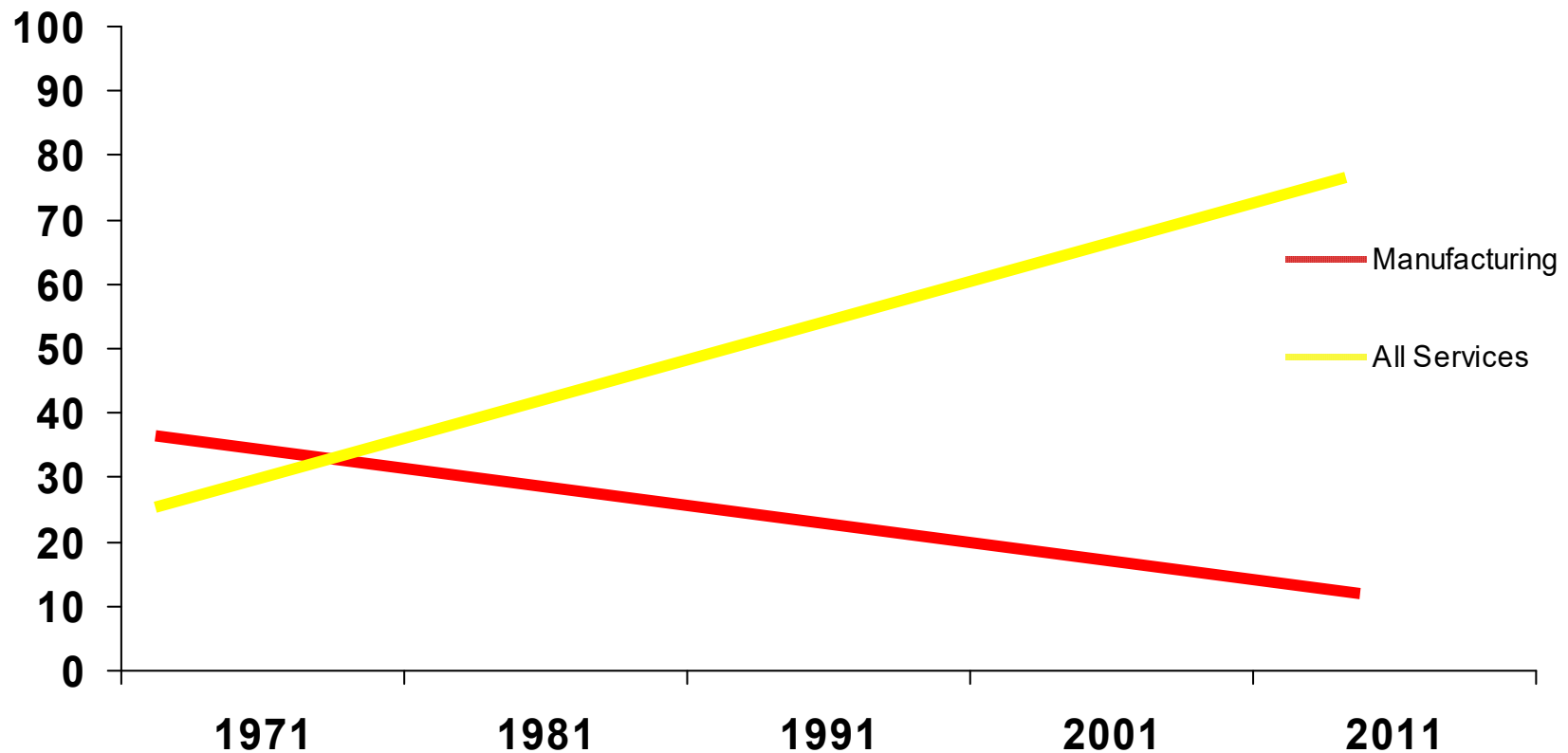
The Changing Horizon





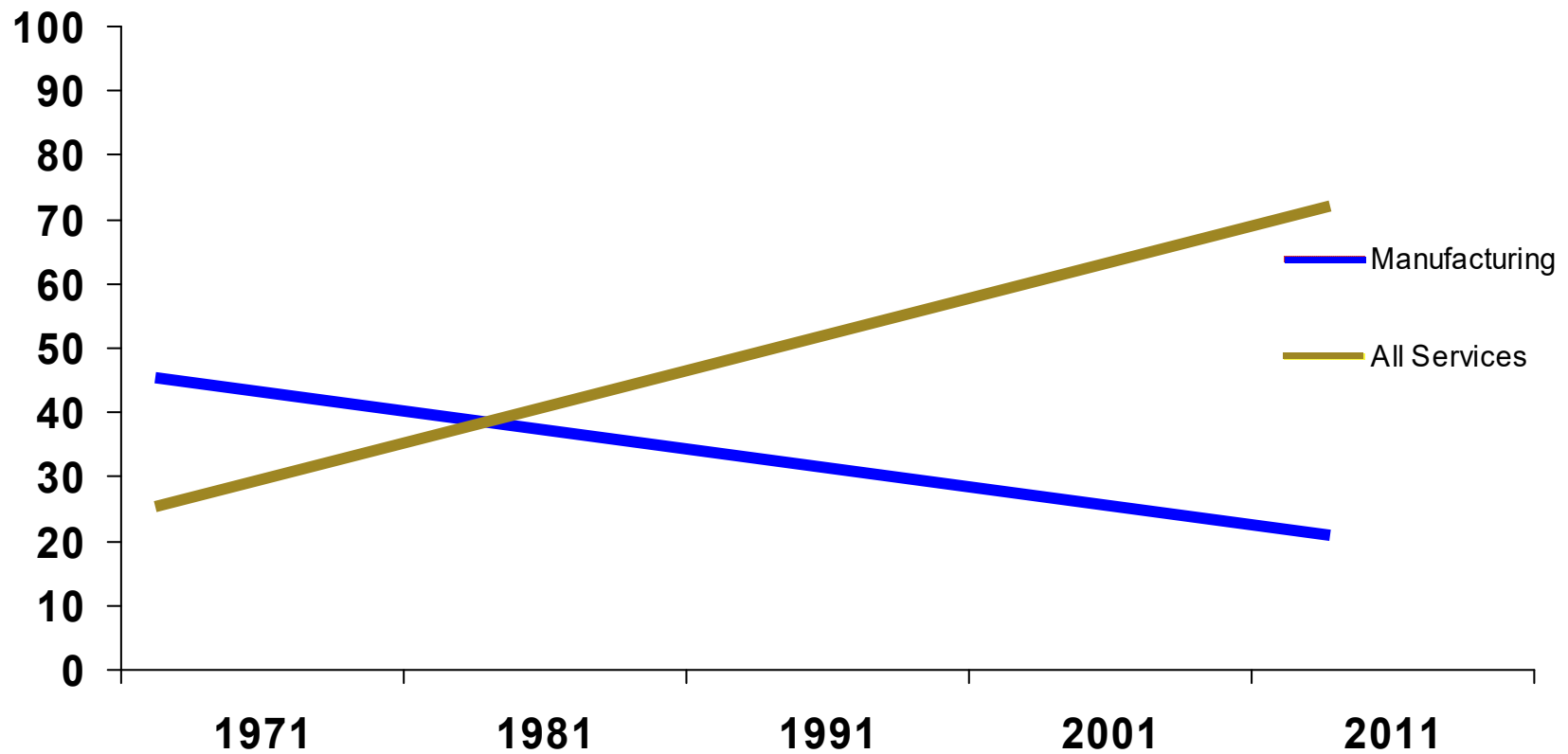
Changes in Industrial Structure - UK

% of Total Employment - UK Government Foresight Report



Changes in Industrial Structure - Europe

% of Total Employment

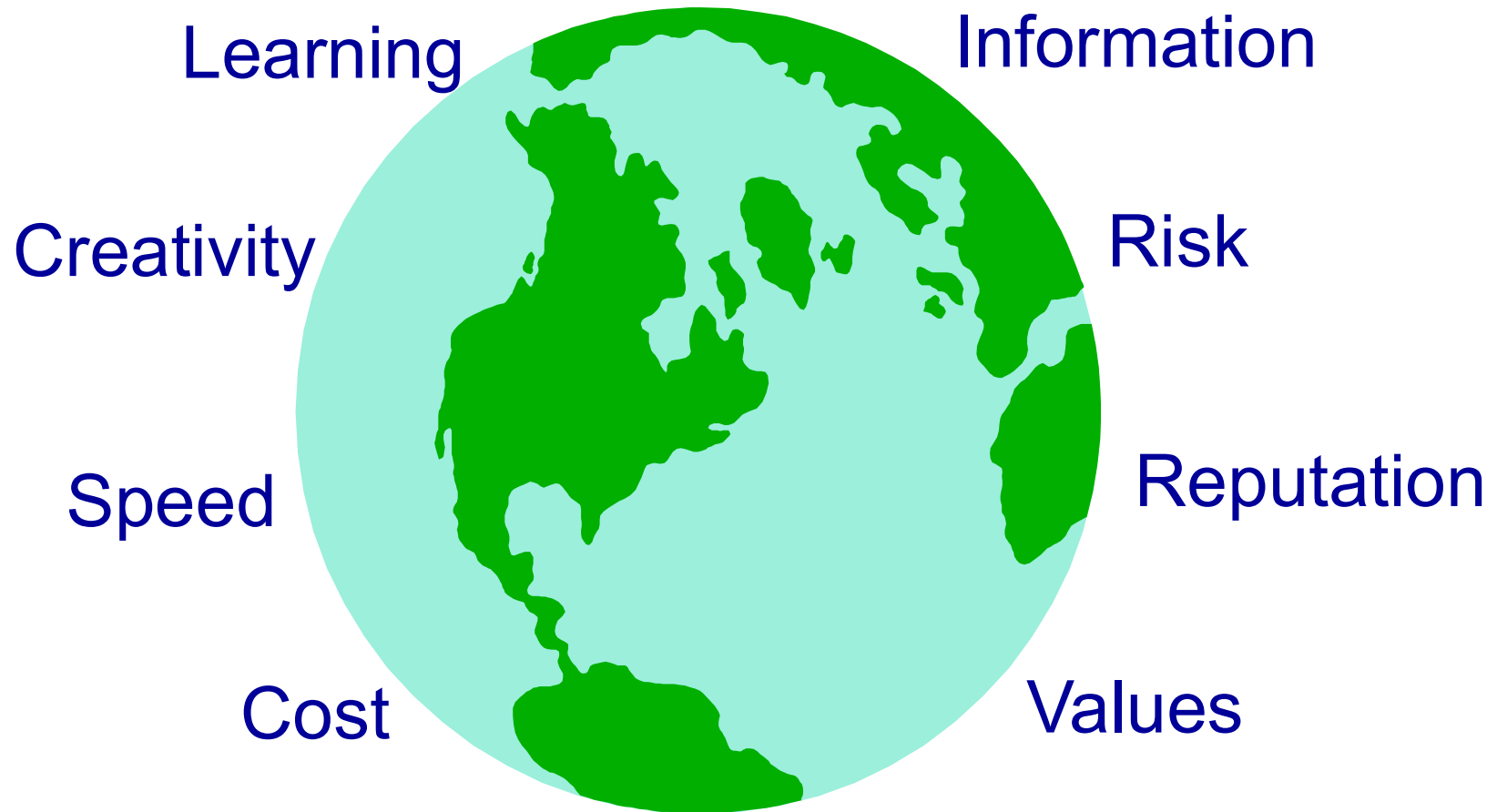


Global Dynamics – Manufacturing has Migrated

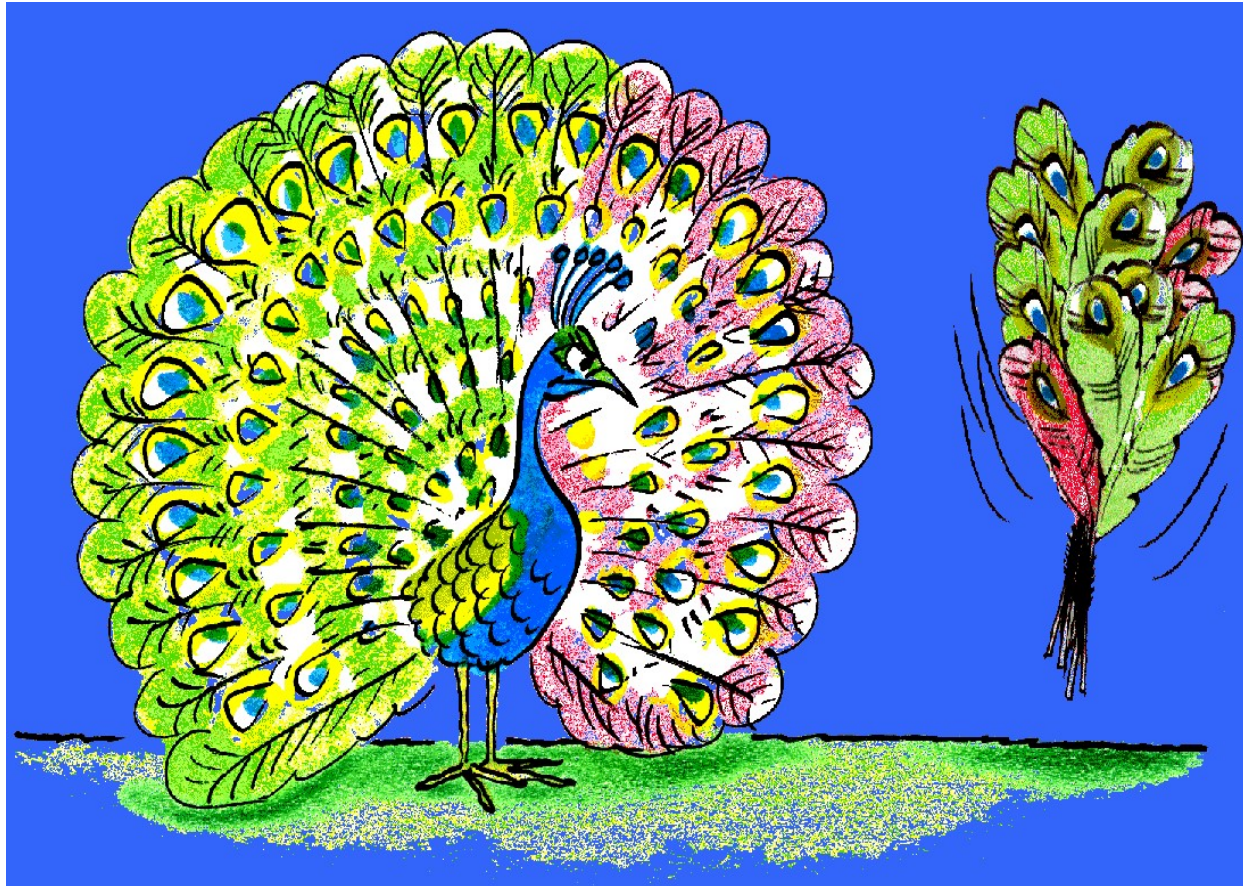
- Two fifths of the Worlds people live in the two fastest growing large economies – China and India
- Education, Wealth Creation and New Knowledge are at the heart of Economic Planning in Asia
- Growth in Asia is far ahead of Europe.
- Dynamic Growth in Manufacturing Base
- CASH is in place in the Asian economies – as well as brainpower- China has US\$ 2 Trillions of reserves
- Labour and Material cost advantages +++++



Sources of Competitiveness



Wherever Competition comes from....things
can change *fast* – Today's Peacock can be
Tomorrow's Feather Duster !



And then there is Technology - Impact of the Continuous Technology Revolution Compared to an average DAY in 2003....

1971

All international phone calls

1975

All airline passengers

1984

All mobile phones

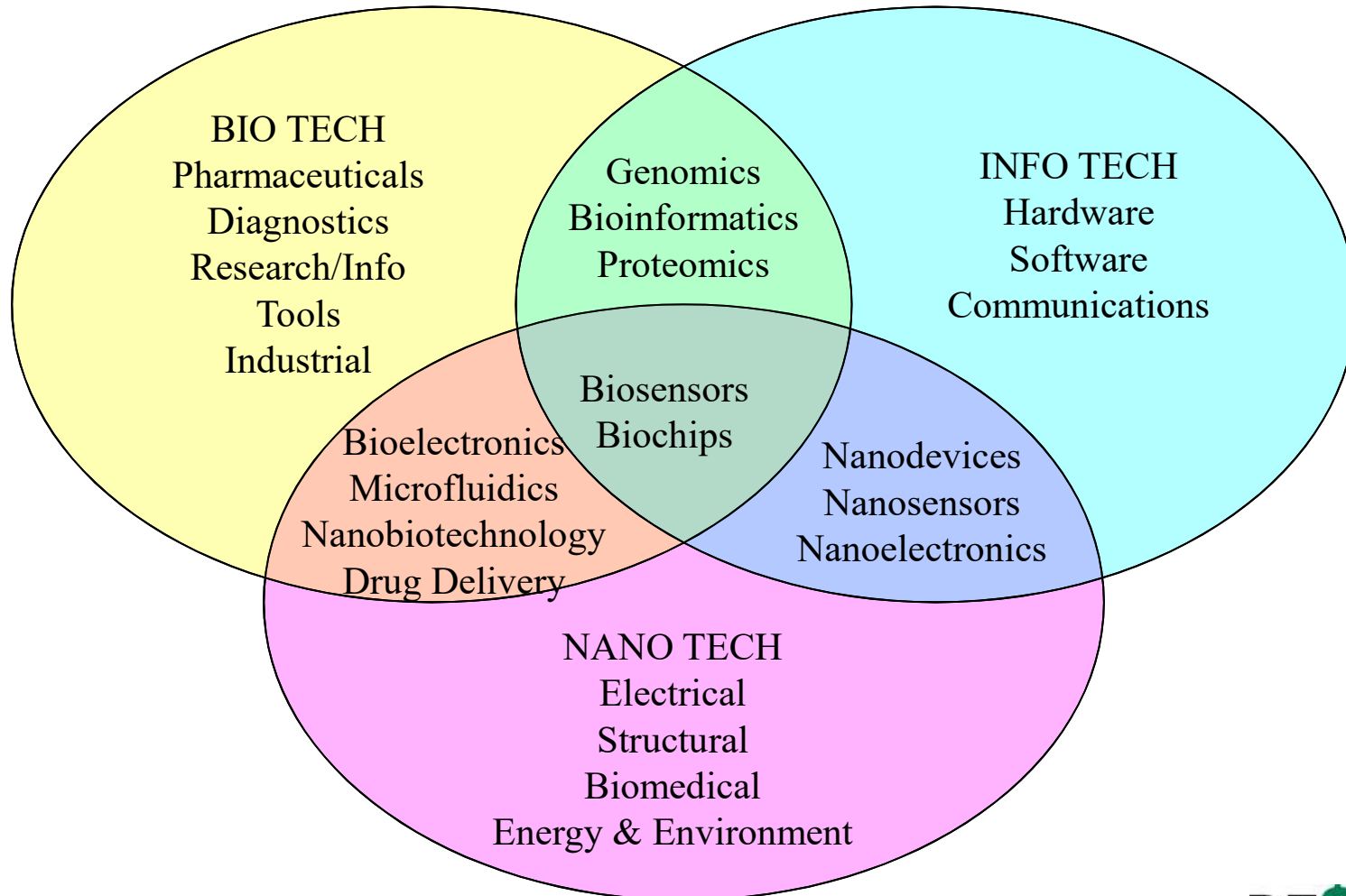
1992

All emails

1998

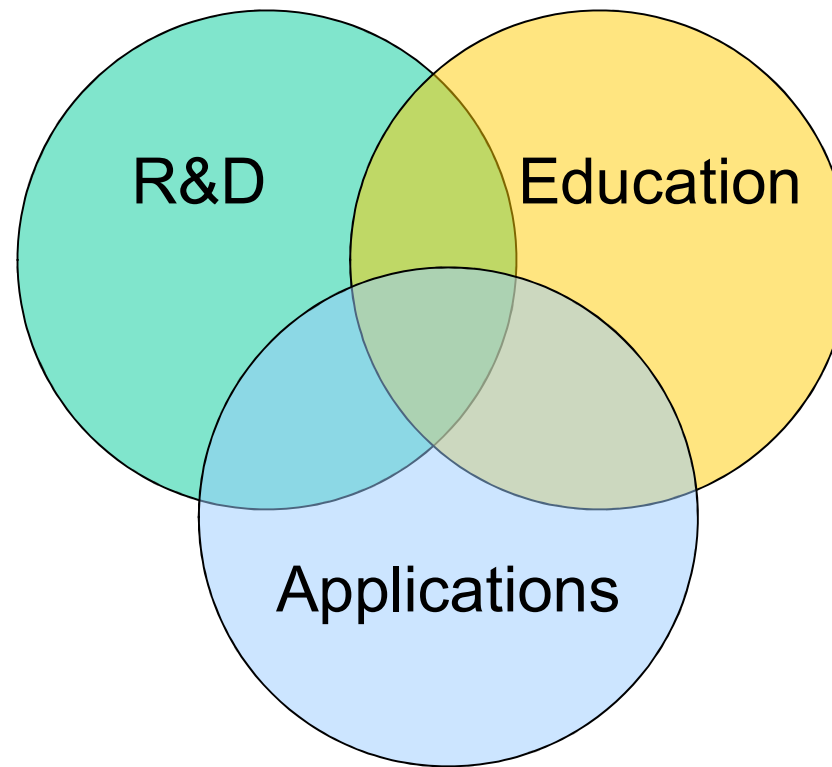
All SMS

And Technologies are working *together* - Three Pervasive and *Converging* Technology Platforms



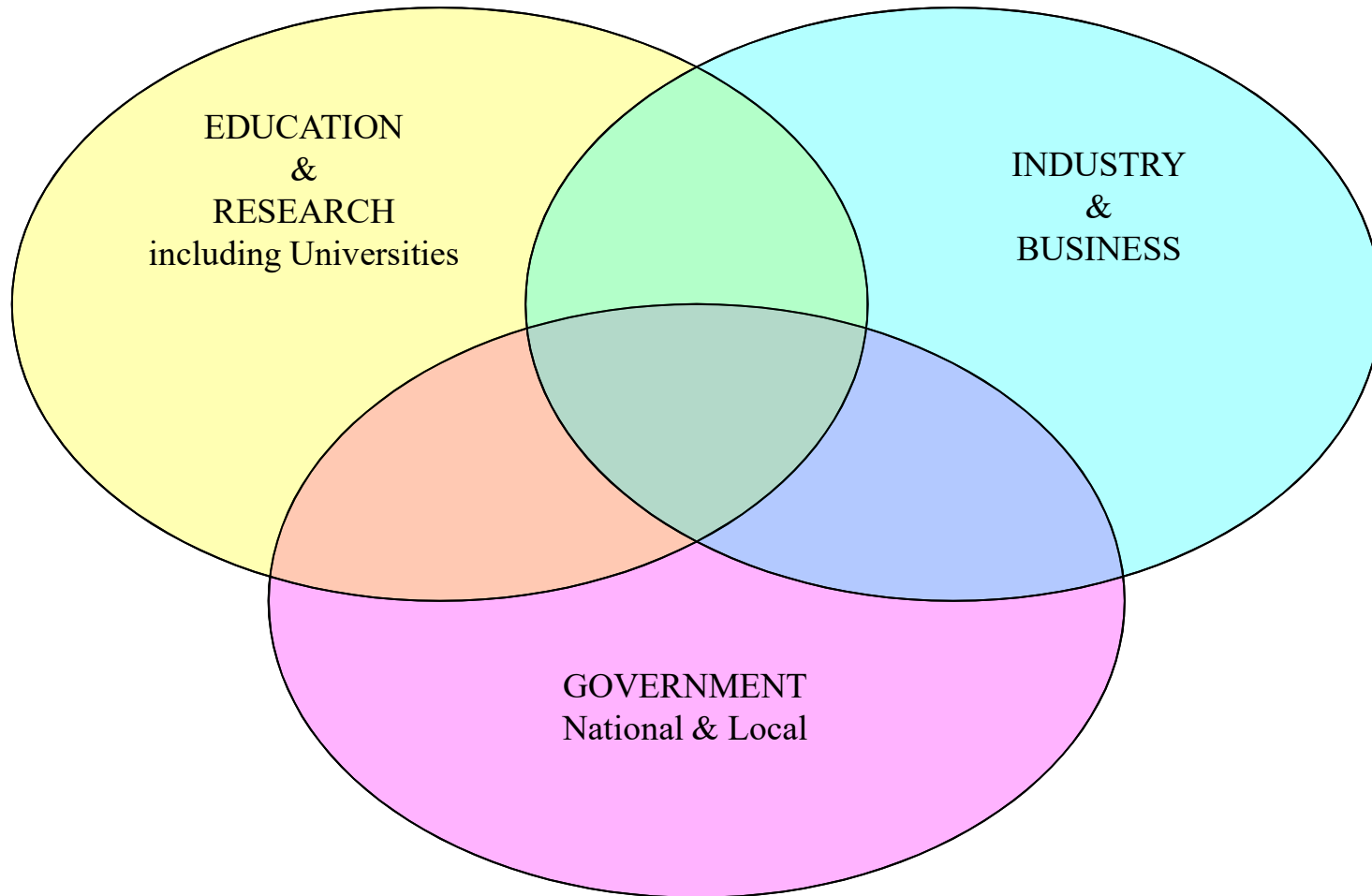
Proximity of Learning, Research and Practical Application

“The Innovation Campus”

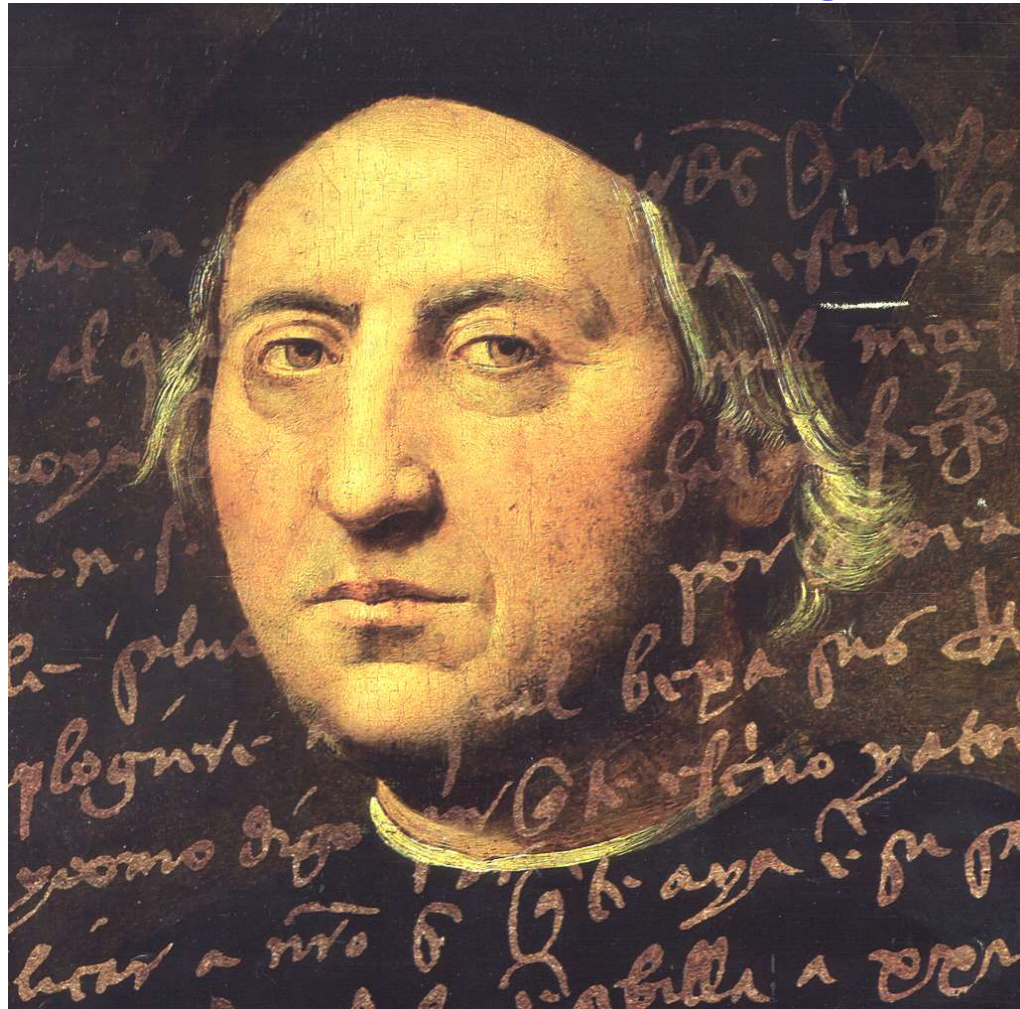


Where open innovation and companies with global potential can thrive

Entrepreneurial Overlap – “Joined Up Thinking and Actions” – Coherence and Common Purpose in Communities and Nations



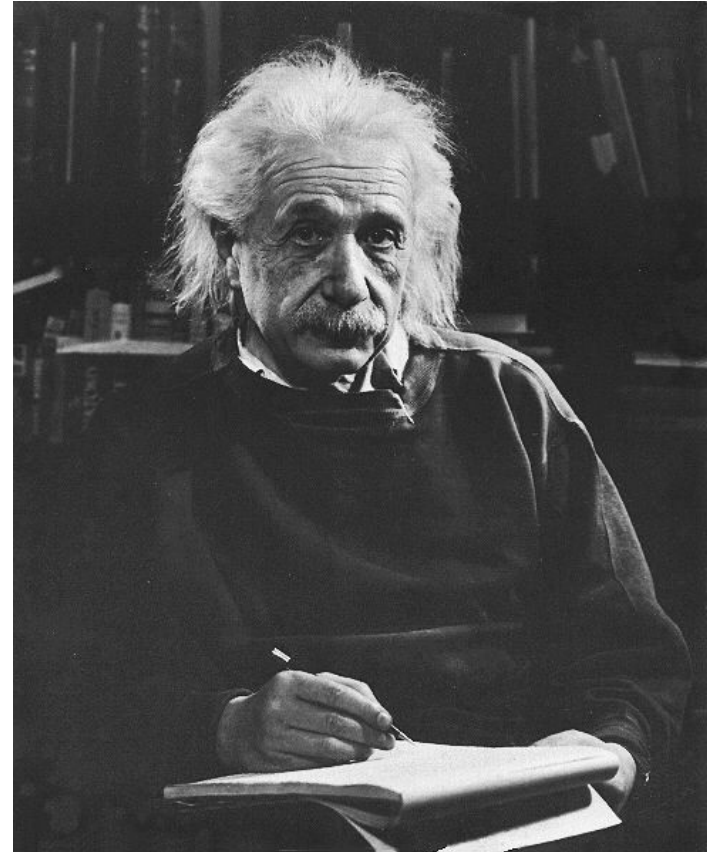
Spirit of Enterprise and Innovation Discovery and New Knowledge – Going Global was never easy....





Pedro de Valdivia - founding of Santiago de Chile

Imagination helps a lot....



Einstein on IMAGINATION....

“Imagination is more important than knowledge. Knowledge is limited. Imagination encircles the world”

Albert Einstein 1879 - 1955

“



Anyone who has never made a mistake
has never tried anything new. /

Albert Einstein (1879–1955)

”

And an Entrepreneurial Mindset helps
even more....



**“You look at things
and ask - why?
but I dream of
things that never
were and ask -
why not?”**

George Bernard Shaw

Some Questions we face as we decide about Going Global

- Why bother? – Do all companies have choices ? – What are the risks ?
- Where ?....to start? And sequence?
- Do we have a strategy - clear direction and purpose?
- What's happening in the industry ?
Competition ?....
- What kind of support is out there?
- When?....Timing.....

**Timing can be everything....
Is the time right?....**

**“There is nothing more powerful than
an Idea whose time has come.....”**

Jules Verne

This strange looking team started in a recession....but got their timing right



And in 30 years, became the most powerful
and dominant Global presence yet seen and
felt....

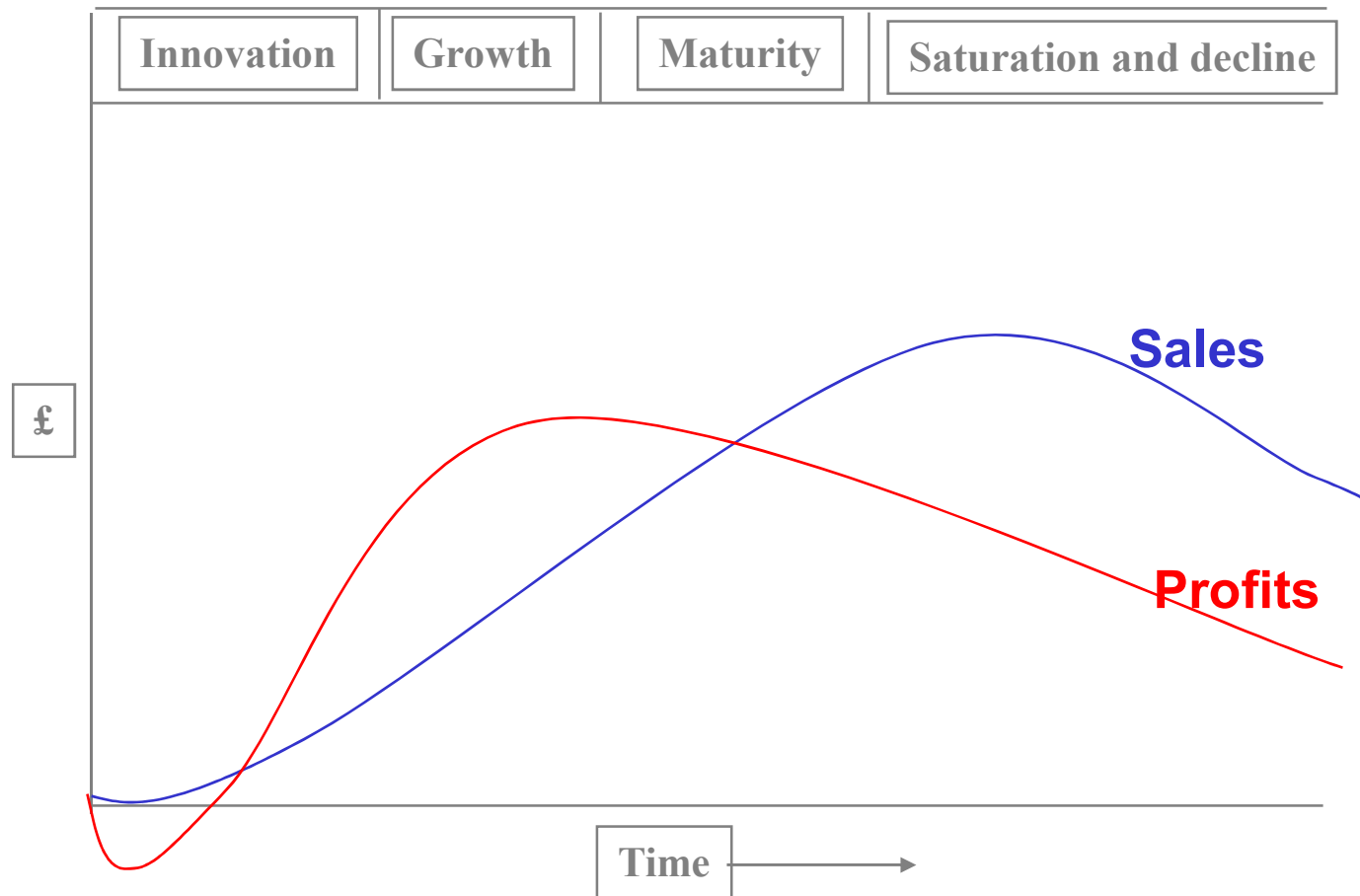


Microsoft Corporation, 1978

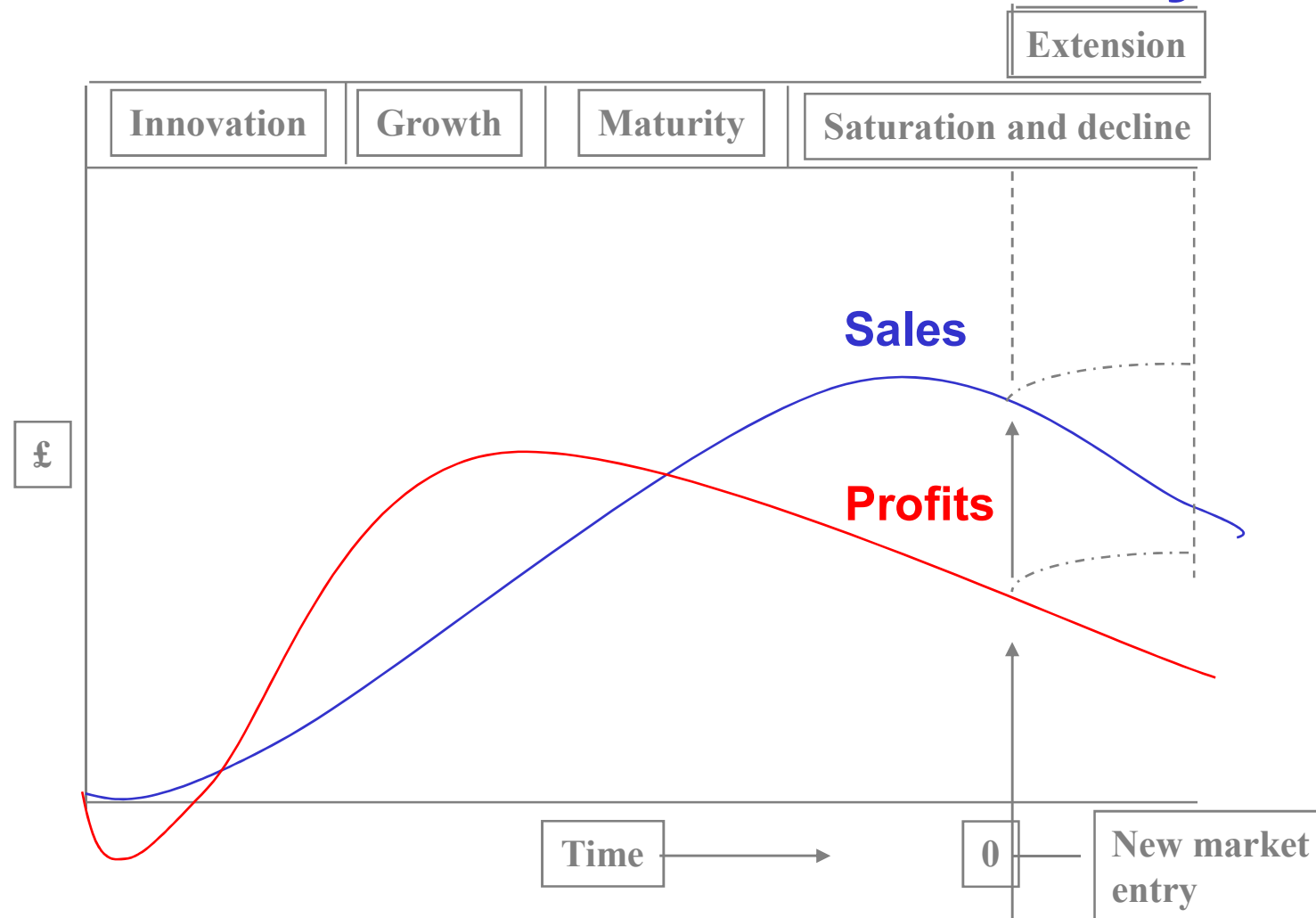
Going Global – Getting Positive....

- “Who Dares Wins”
- It’s easier to ‘dare’ with a clear plan and a well prepared, trained team
- Small can be beautiful and successful, and grow bigger – but “*too small*” may be a problem
- UK Govt. support for Going Global is encouraging and financially supportive – others too
- People development, fulfilment, cultural and world knowledge can be enhanced alongside sales and profits ! The *Human Bonus*....

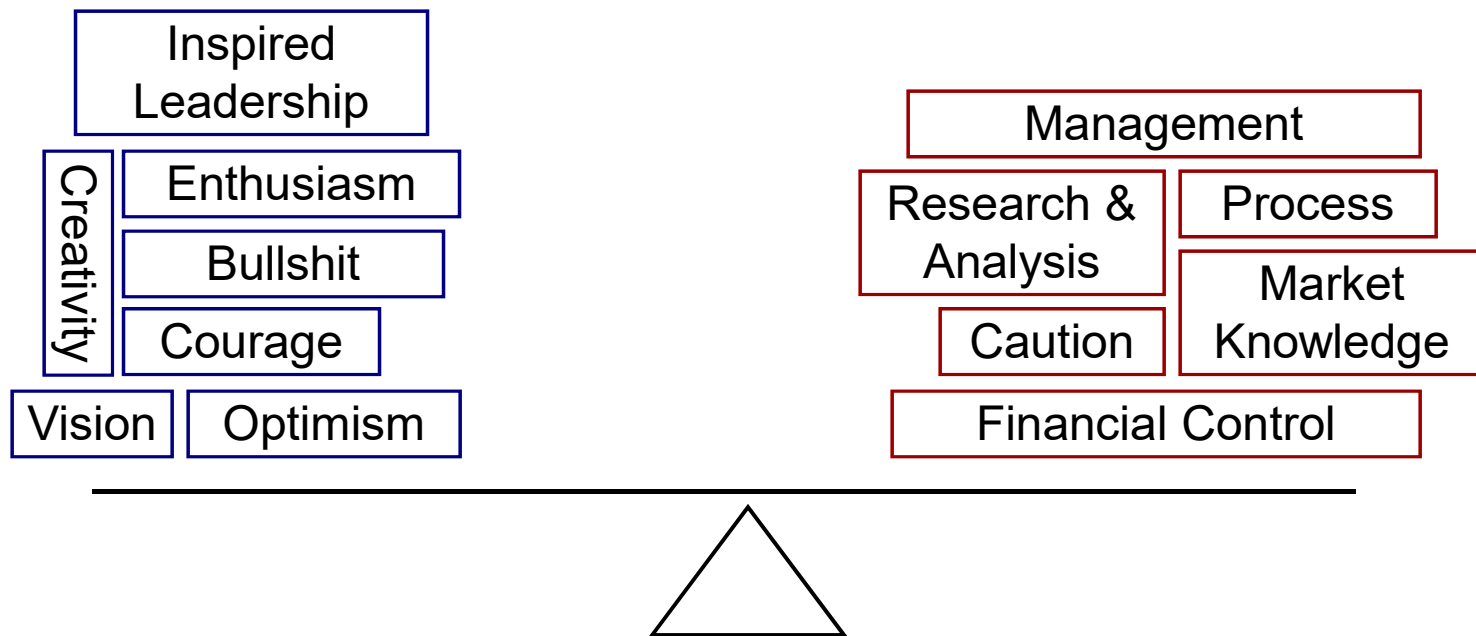
One reason “why to” – Product Life Cycle



New Markets, not just Product Enhancements, extend Life Cycle



Going Global – People, Skills and Management – be prepared....



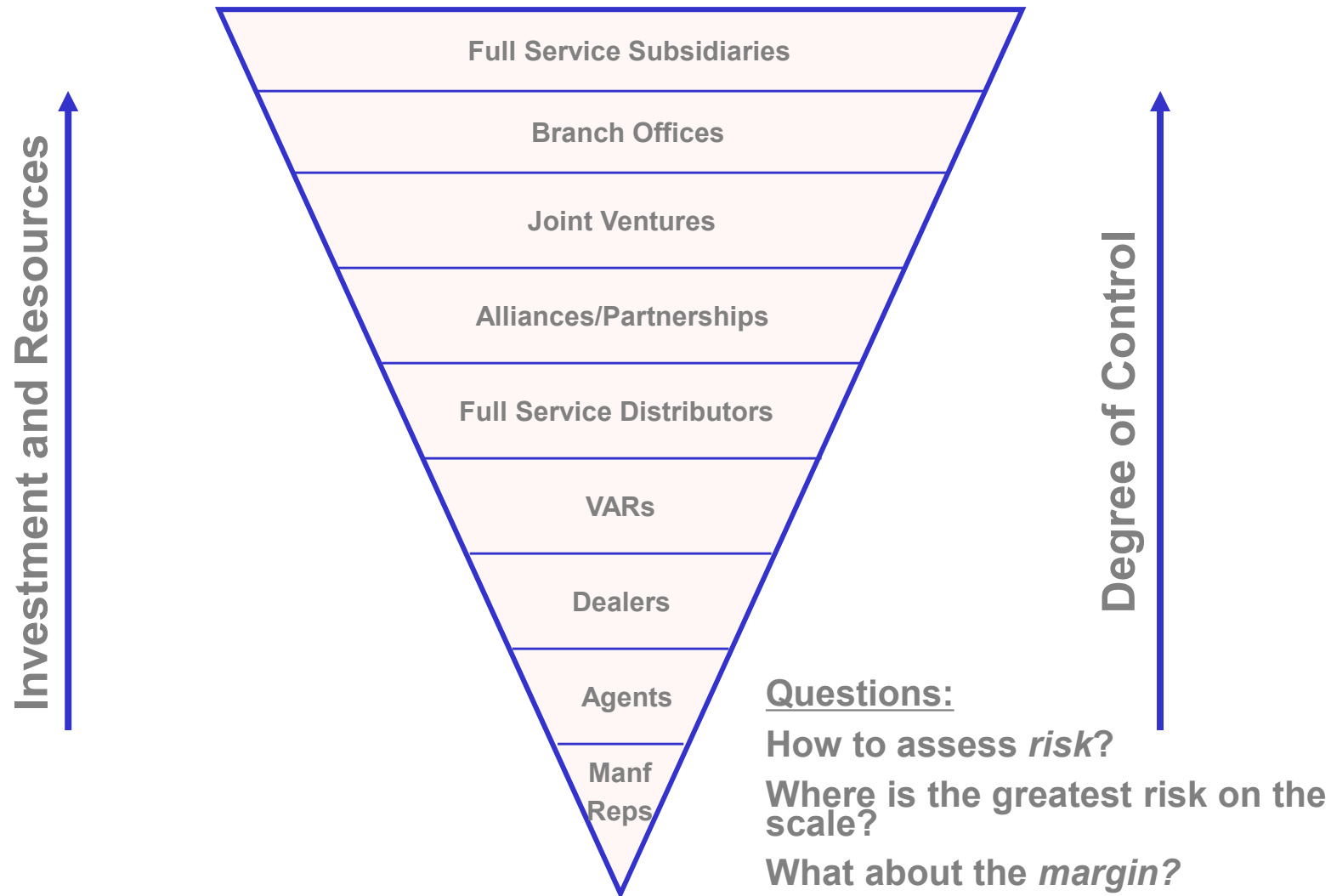
Overseas Partners and Customers will want to see the evidence....

Going Global - memories of *things past*

the “**Goers**” I have seen in action....

- Life long learners
- Practical Geographers
 - “World Thinkers”
 - Have bag will travel
- Cultural Inquisitiveness
- Sleep well on airplanes
- Thrive on disorder and chaos

Going International- some of the options“How to?”



The “How To” - Some Pros and Cons of direct and third party approaches to entering foreign markets

Subsidiary operations

- Can be significant start up costs
- Working capital commitments can be considerable
- Potential for exposure on receivables or bad debts
- Direct control over own resources
- Flexibility to increase investments and resourcing quickly if opportunity for faster growth is offered
- Control over quality of technical resources in industrial/scientific business and overall approach to customer care

Independent distributor or agent

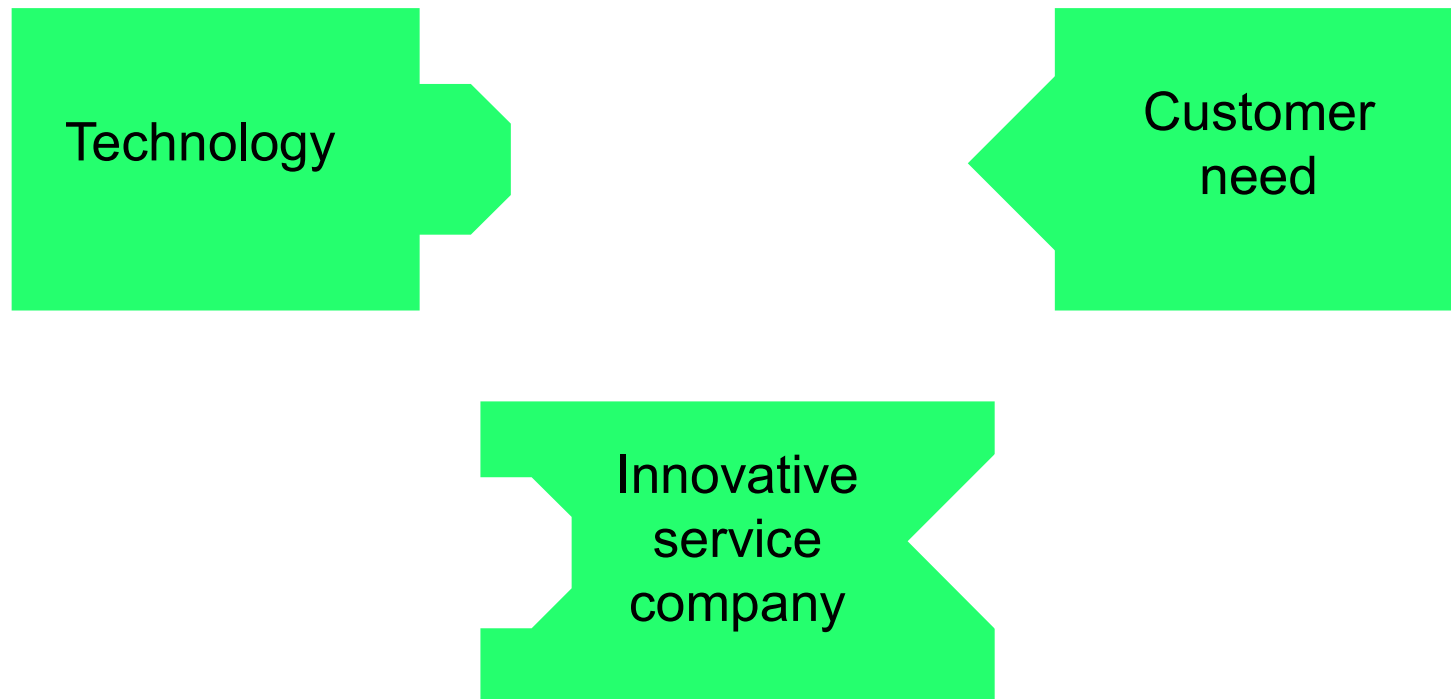
- Little or not start up costs
- No direct working capital needed
- Distributor bears exposure on debts
- Little control over actions of distributor staff
- Distributor may be reluctant to invest more : risk of loss of opportunities
- Limited control over quality of technical resources and end user customer care

Getting the *Mindset* right

Some Issues for the aspiring global company

- Understanding custom, practice, and culture
- “World think” - company-wide
- Implications of global competitiveness
- Organising across time zones
- Logistics and distribution
- Training, trainers, coaches and mentors
- Sources of appropriate people

Maybe we have something special ?– putting technology to work – a new Global Business Model



Completing the Jigsaw – Service Delivery Innovation



Let's look at a World Leader that went Global from day one- with this model – and did the IPO in USA and Europe simultaneously....a rare technology licensing success....

Microsoft
 symbian
 KADAK
 EPOC
 Sun
 Axe Inc
 JAVA
 WindRiver
 integrated systems
 PRECISE
 ETNOTEAM
 Acorn
 Eonic
 Tao Systems
 GEOWORKS
 FIRMWARE SYSTEMS
 Microware
 ACCESS
 U.S. SOFTWARE
 CMX COMPANY
 Accelerated Technology Inc
 LANSORED SYSTEM PRODUCTS

Tektronix
cadence
 CoWare
 TEXAS INSTRUMENTS
 HEPWETT PACKARD
 Aliant Communications
 OKOGAWA
 Mentor Graphics
 MetaWare
 EPI
 Green Hills SOFTWARE
 ADS
 COGENT
SYNOPSIS
 cygnus LAUTERBACH



Acorn
TEKNOX
SYMBIONICS
SSL
Sirius communications
ORIGIN
 neXus
Virata
WIPRO
Acapella
 N1
 SB
 PARTEC
 OXFORD SEMICONDUCTOR

ORACLE
 VOCALEIS
ENSIGMA
JAVA
POLYHEDRA
MOTOROLA
 Lexicus Division
AltoCom
FRONTIER

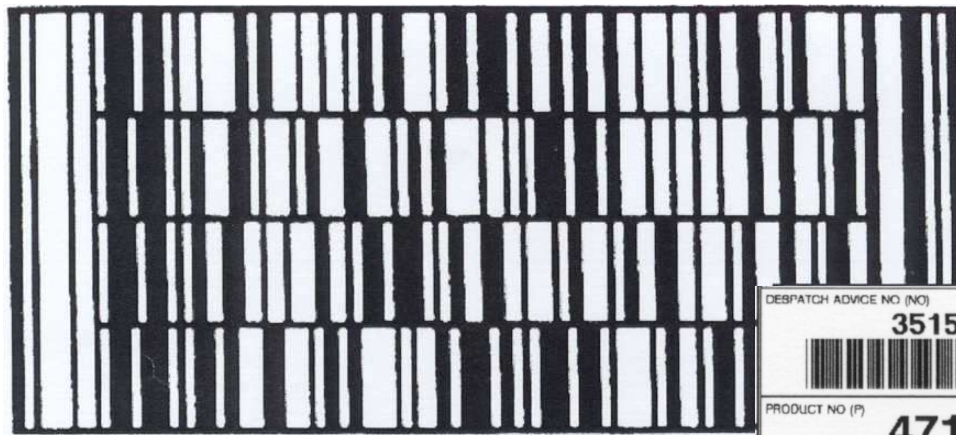
Willett International

Coding and Labelling – Going Global as a latecomer and “bootstrapper” – as it happened....



Willett's Business - Coding and Labelling

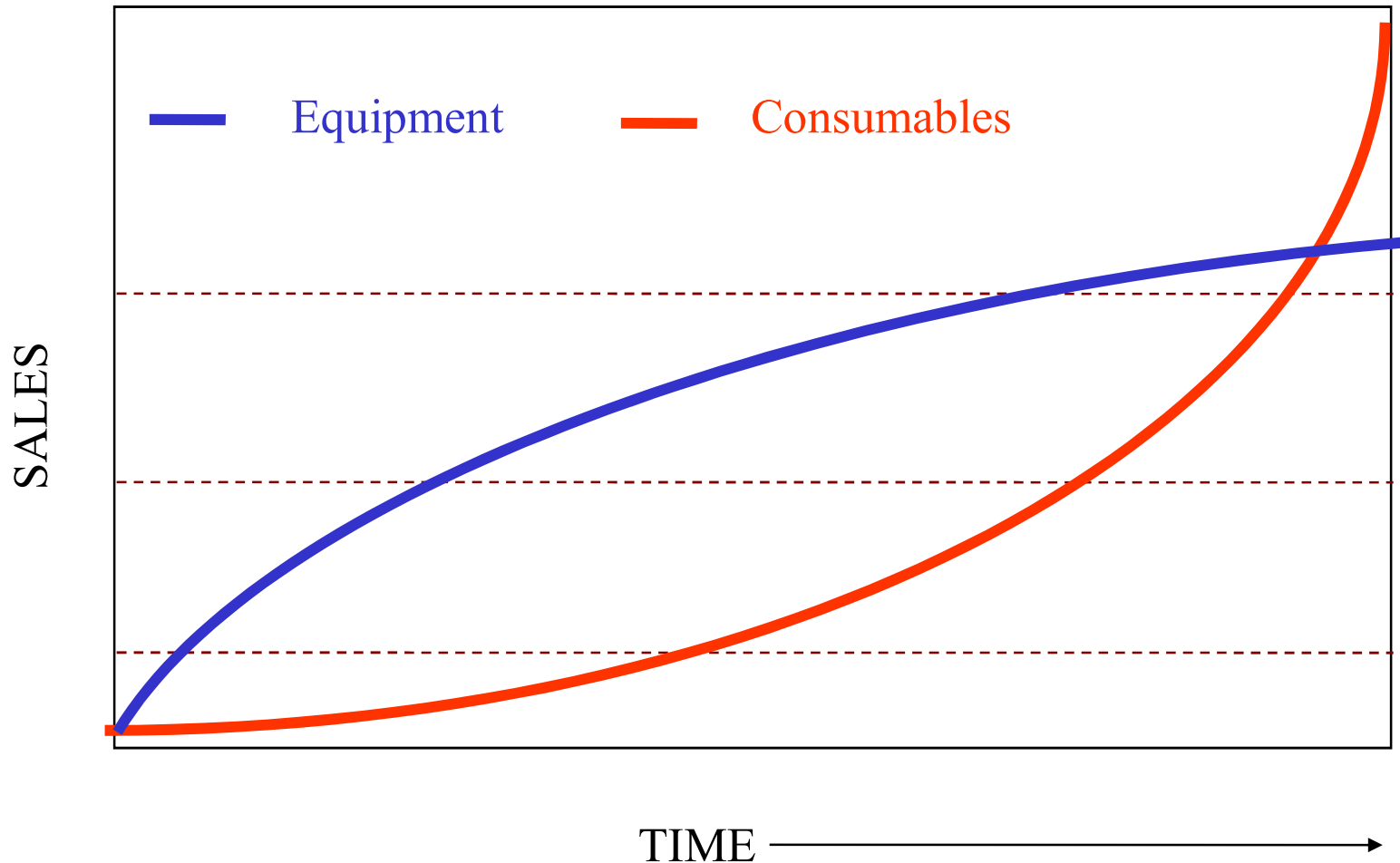
– complex combination of engineering and technology – NOT a product only company



PDF147 Barcode

DESPATCH ADVICE NO. (NO) 3515002 		SUPPLIER XXX STEELS CO.		
		NETWEIGHT (LB) 36618	GROSS WEIGHT (LB) 36871	NUMBER FT1 1125
PRODUCT NO. (P) 471755603 				
QUANTITY (Q) 1000 ST 		DESCRIPTION C1008 A		
		THICKNESS (inch) .123	WIDTH (inch) 72.5	DIAMETER (inch) 024 0053
SUPPLIER (V) 990031 		3,12mm	1841mm	343m
		P900209	ORDER 0813701	
SERIAL NUMBER (S) 265918 		BATCH/CAST/HEAT (H) 10019038 		

Life Cycle - equipment & consumables – a great combination!



Willett International

- Founded 1986
- Sales £100m + by 2003
- Compound Growth 30%
- Operating in 100 countries
- 27 Subsidiaries
- 80 Distributor Partners
- Manufacturing in:
 - UK
 - North America
 - South America
 - India
 - China

Willett International Ltd – *not* an auspicious start

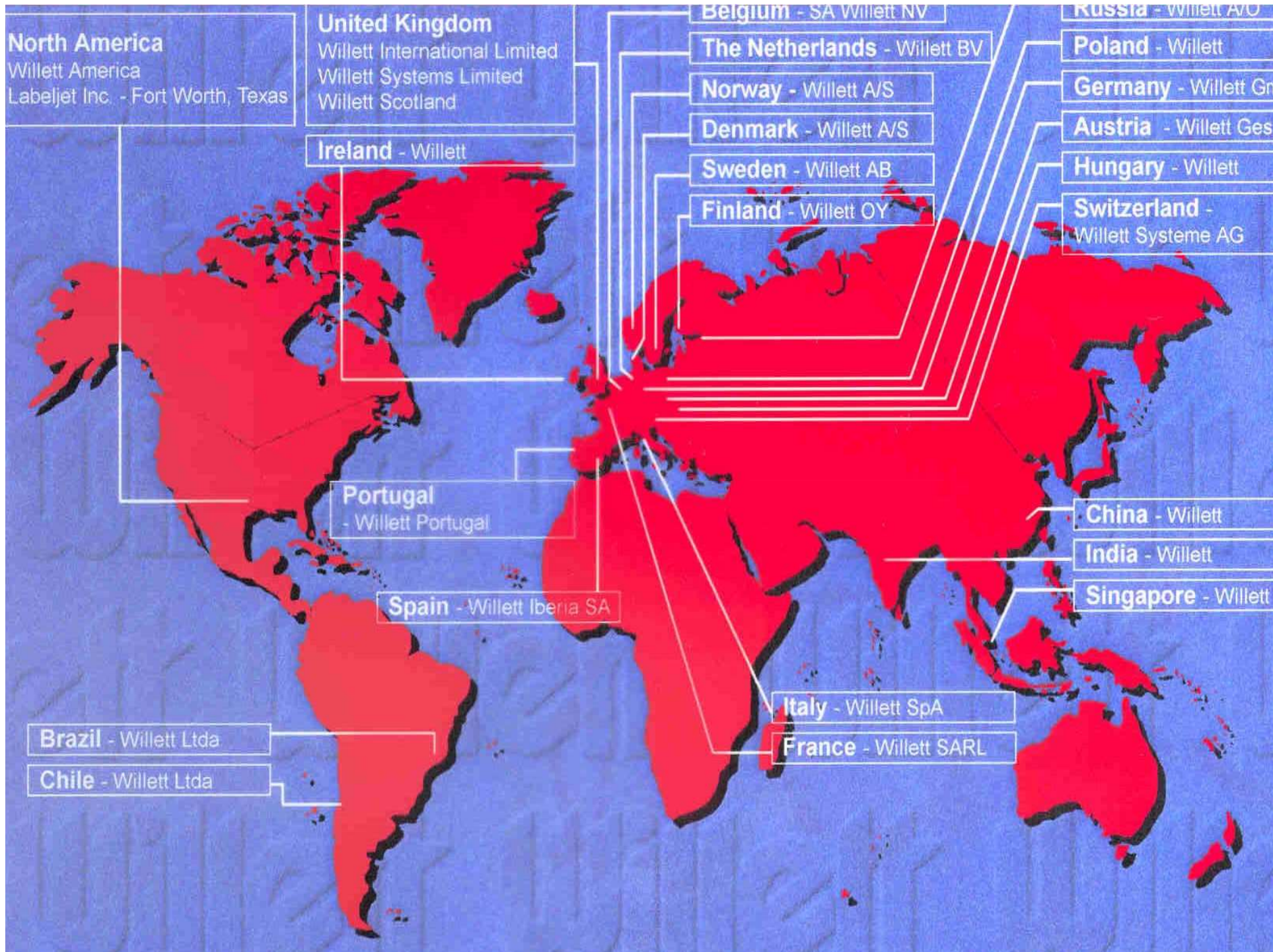
- Late (LAST) to market
- No protectable I.P.
- No technology advantage – “the worst products”
- 5 Global Competitors already active – USA, Japan (Hitachi) UK (Domino plc) and France
- Always strapped for cash – private company
- BUT – always “independent”
- AND Highly entrepreneurial – profits re -invested for growth.
- Invested in a deprived area – local Govt. assistance +++++
- Made the most of R and D Research Grants and R and D Tax Credits. These were ***critical to success.***

Willett International Ltd- building strength from weakness

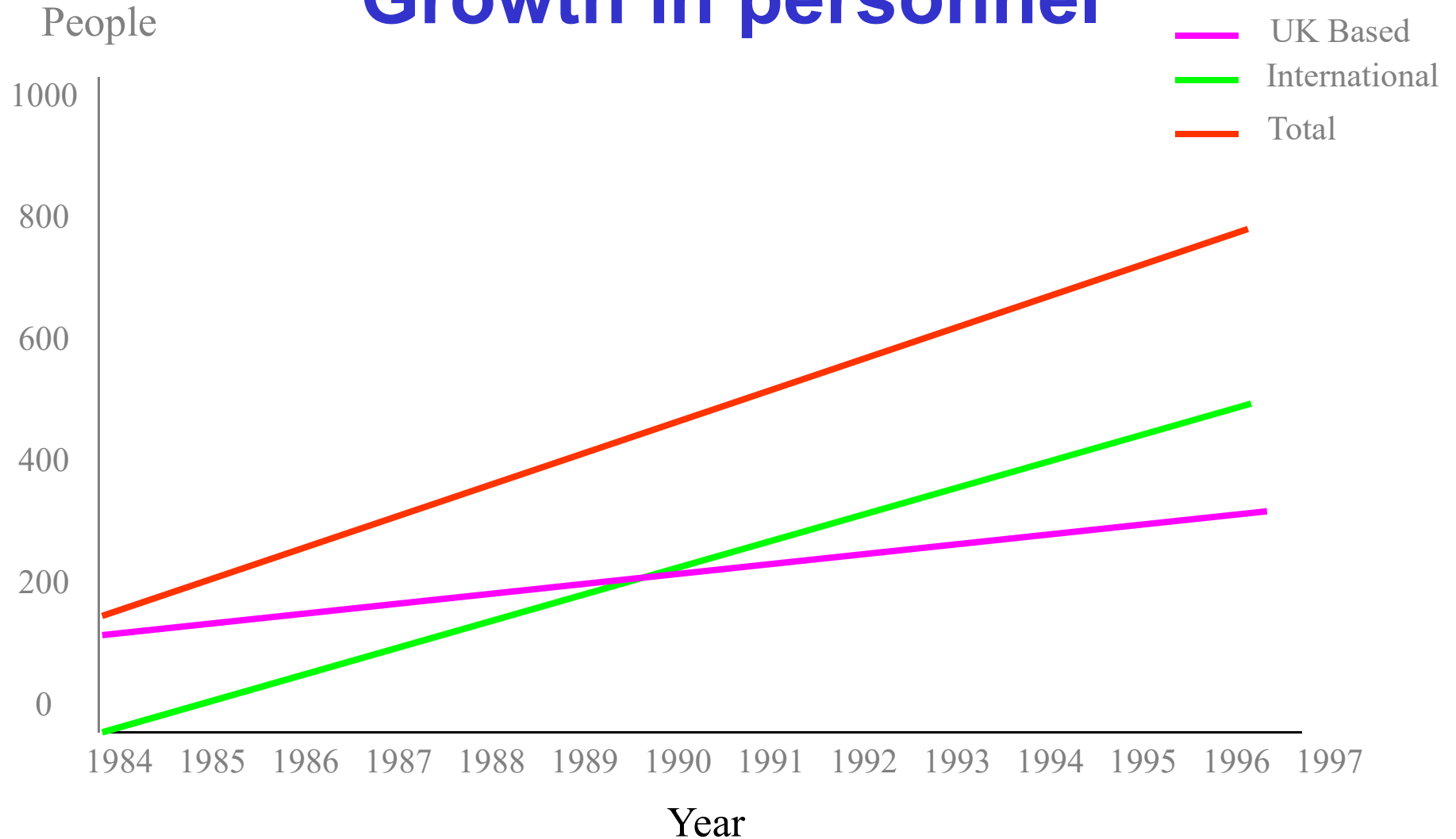
- Positioning, Differentiation and Branding
- **“The World’s Coding Company”**
- “Not another Ink Jet Company”
- Outstanding People *“Worldthinkers”*
- Broader product Range
- Outstanding Marketing
- Sequence of global development
- *“The Best”* technical service and support
- Focus on Training – Staff and Distributors

Willet Group at time of Trade Sale 2004

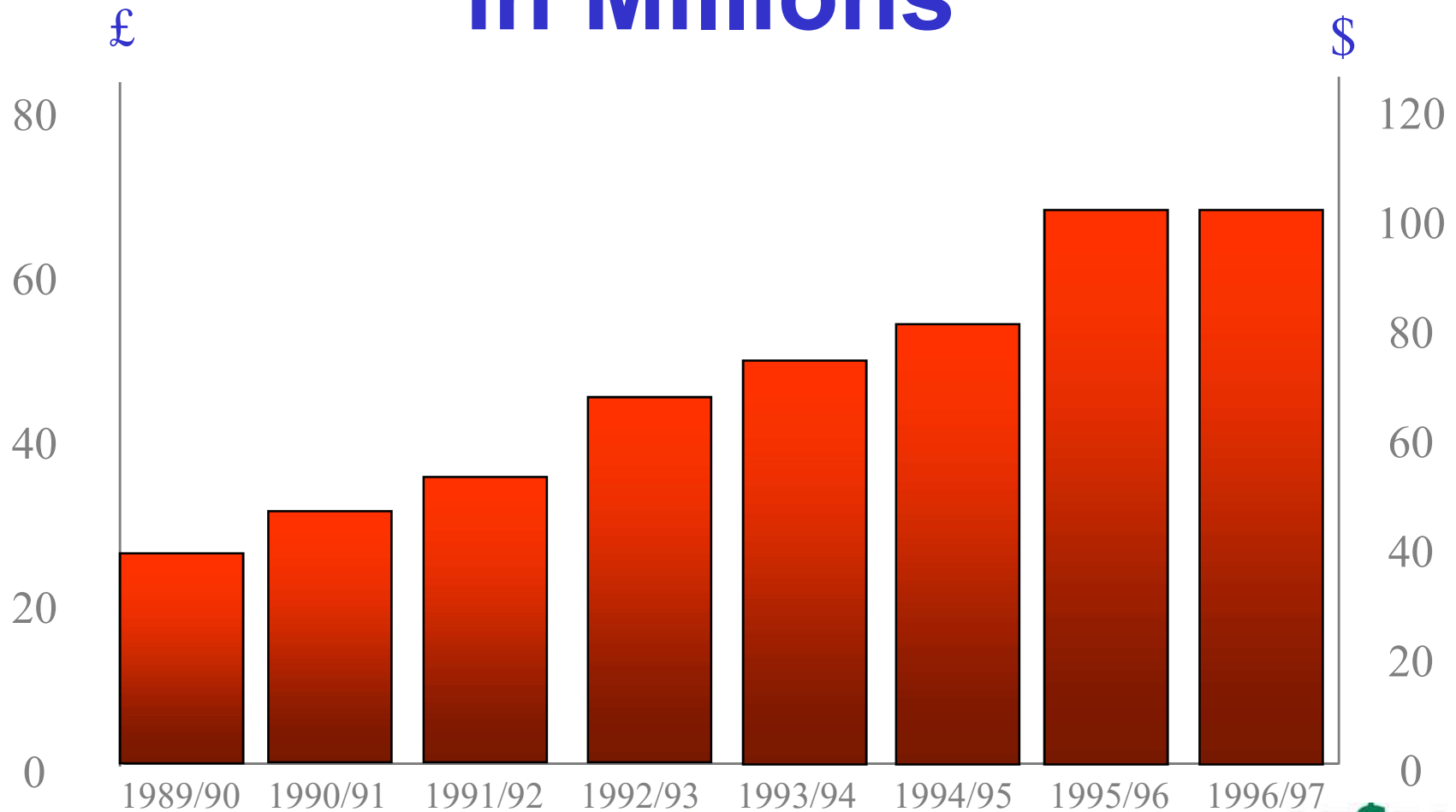
- 94% of business outside UK
- Unquoted
- Growth always organic
- Entrepreneurial - but growth with financial control
- Re-thinking and re-structuring for future growth as it was acquired.
- At £100 millions – aiming at aiming at £250 million in 3 Years



Willetts International Ltd Growth in personnel



Willetts Sales in Millions



Finding those partners - the search

will differ in other home countries – but not much

- Sources of information and support
 - Departments of Trade – Government – Regional and national
 - Chambers of Commerce
 - Libraries
 - Commercial operations - Consultants
 - Overseas agencies
 - Institutes of Export
 - Banks
 - Established Businesses
 - Networking ! Networking ! Networking!

But the DISTRIBUTOR PROFILE is key !

Charles Darwin – “Natural Selection Adaptability and Survival” Darwin’s Bicentenary this year



Natural Selection, Adaptation, Symbiosis Synergy and Service Delivery

Can it apply to
companies ?



Interdependence of
business partners.
Planning for
“Symbiosis”



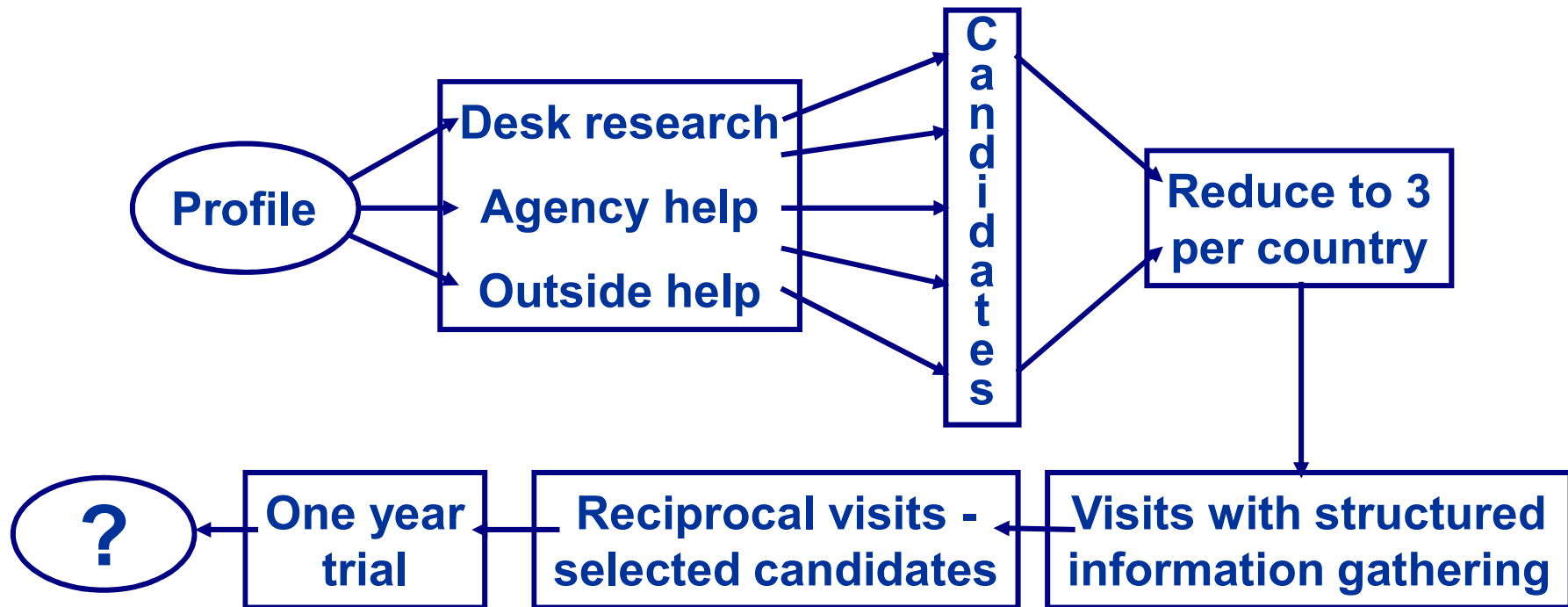
Finding Partners – The Partner Profile – Looking for Symbiosis and Synergy - Considerations

- Ownership and objectives
- Size
- Financial soundness
- Market/channels presence and knowledge
- Technical/engineering fit and capability
- Sales and marketing organisation and style
- Organisation and management
- Commitment to investment
- Customer base
- Potential for 'our business' to become very important
- Willingness for 'seamless' interaction and relationship
- English language capability

What we looked for at Willett....

- Commitment of principals
- Cultural compatibility
- Commercially sound - 5-10 year record
- Technical excellence
- Market knowledge
- National sales and customer support network
- Unquoted and independent
- Commitment to Willett
- Potential for Willett to become at least 60% of business
- Commitment to staff and customer training - including residential visits to UK or other training base
- English language capability

Finding partners - Willett's approach



- Expecting 2 years to bring a new distributor to profitable contribution

Critical principle

Willett top management



Distributor principals

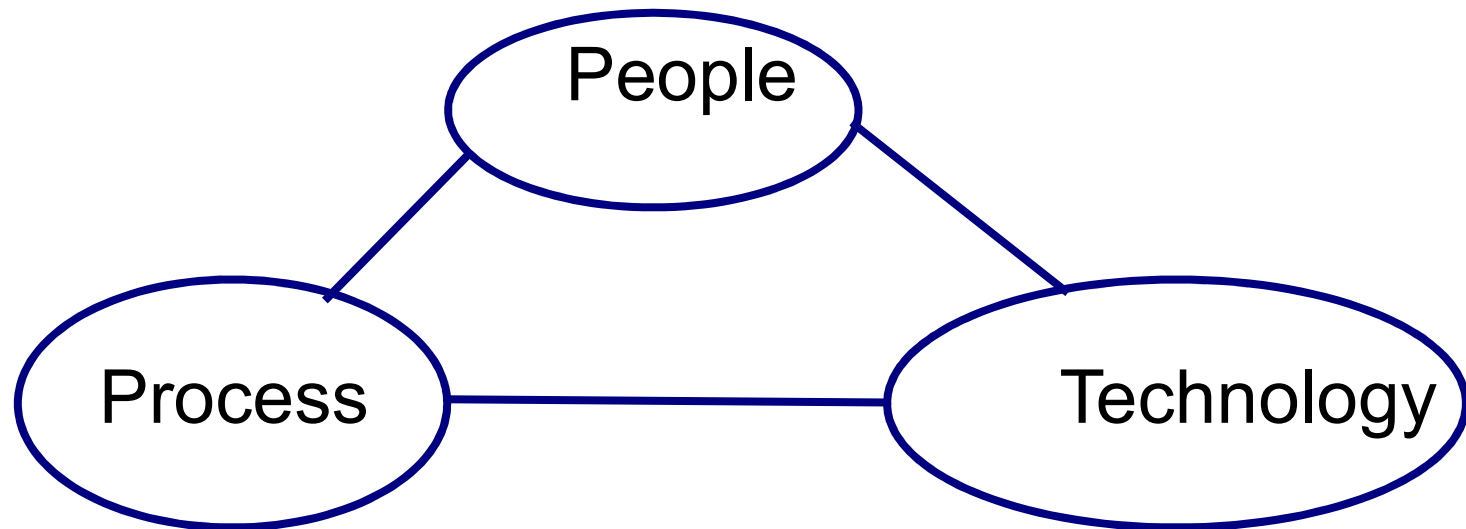
- Delegate the detail
- Don't delegate the business relationship

Distributor and Subsidiary Management Management Best Practices

A meticulous approach

- Time taken on the Search and Selection Process
- Multi-product line will require multiple distribution channels
- Understanding country differences and “World think”
 - Culture
 - Language
 - Geography & logistics
 - Regulatory
 - Custom & practice
 - Distributors’ and Sales Company *Motivation*
 - Training and Support

Getting the best from partnerships



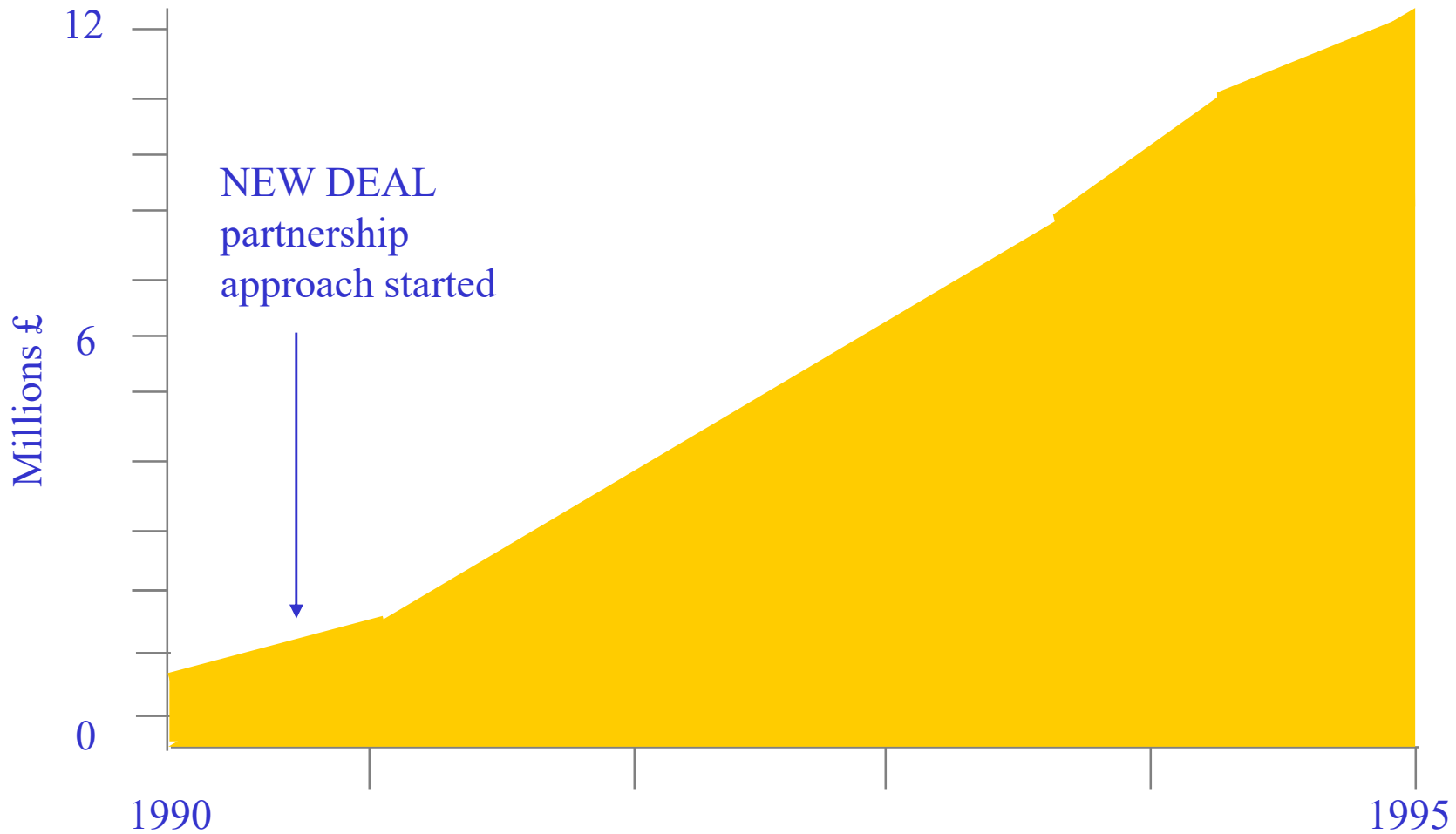
- Distributors should work as ‘our people’
- Best practices for marketing, sales and service
- Measurement and review follow planning

GoingGlobal – Key Words “TTR”

- TRUST !!
- TRANSPARENCY
- RELATIONSHIPS

Willett Group

The “pay off” for the blood, sweat and tears



How did we Finance it all?...Contrasts with direct competitors

Domino

- Venture Capital
- IPO – LSE 43 X oversubscribed
- Growth financed by rights issues
- Significant acquisitions to buy new technology (e.g. laser coders)
- Always profitable
- Half yearly reporting
- 1,500 shareholders
- Regular dividends
- Shareholder driven – business ratios and “bottom line” focus
- Founder realised £21 millions
- Still going strong – Market Cap. Euros 500 millions

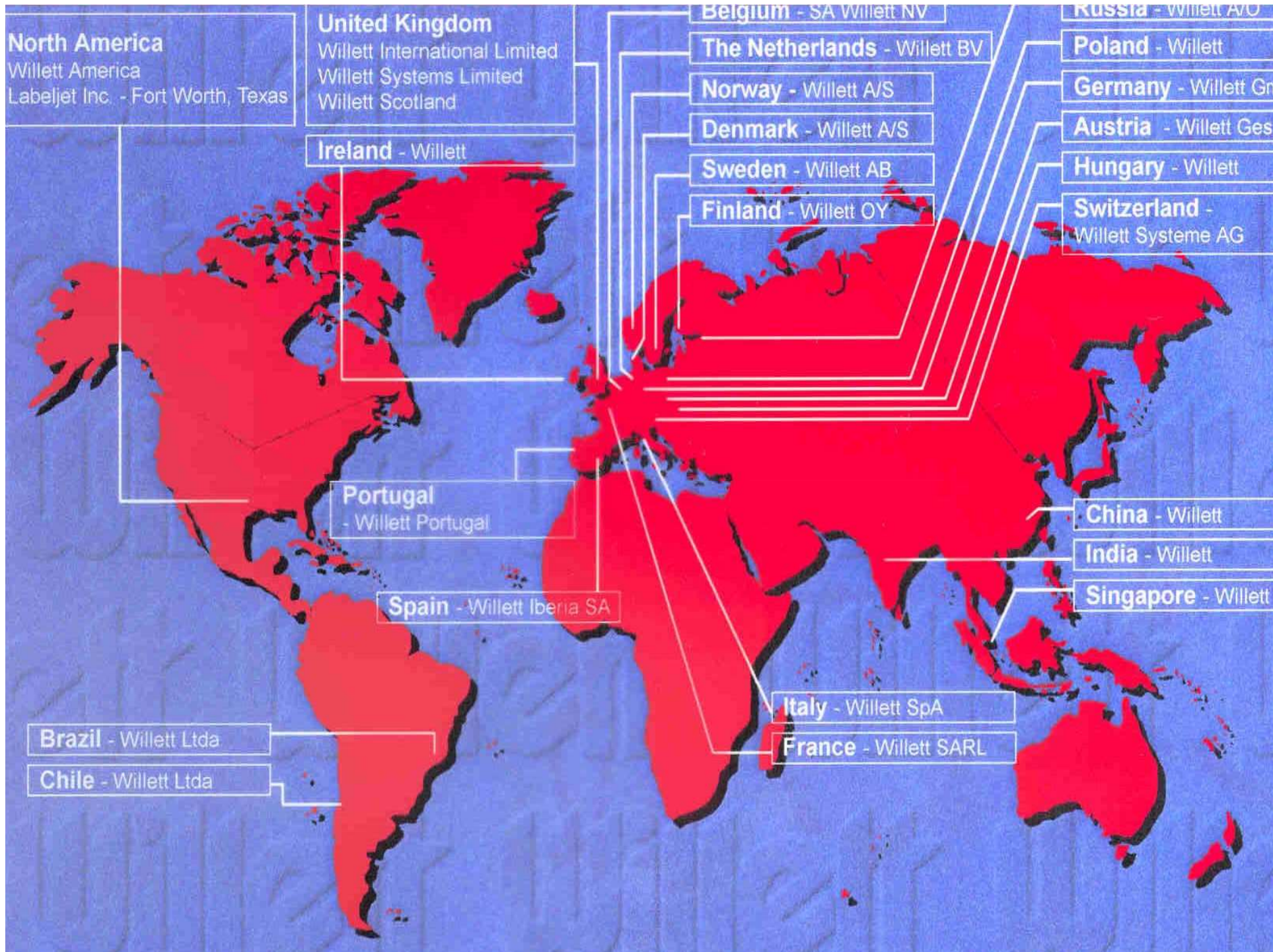
Willett

- Organic growth & bank borrowing
- No equity investments
- No public offerings
- New technology “developed within” – at controlled costs (e.g. laser coders)
- Always profitable
- No public reporting other than annual accounts
- No Dividends for first 10 years
- Growth and ambition driven
- Owners’ re-investment policy minimise reported bottom line and taxes
- Founder realised £60millions – cash.

Willett's Business - Creating

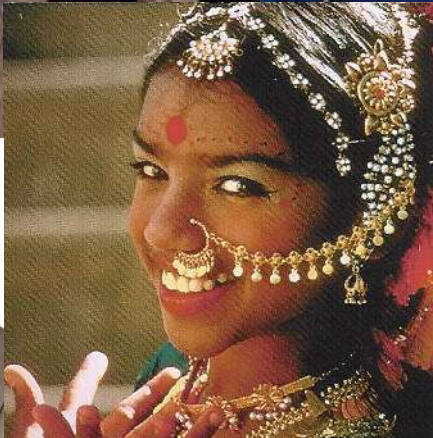
“The World's Coding Company”





Partnerships – *The Key*





The Global Imperative in a Brave New World - Thoughts

- Financial situation demands *innovative response*
- *Entrepreneurship* looks better than breast beating and hair renting!
- Protectionism will make things worse
- Where markets are limited – *The Global Imperative prevails*
- *Competition* will be tougher
- Battening down the hatches may bring survival – but *survival is not success....*
- Those who “*Worldthink*” will be aiming at bigger opportunities
- “*Who Dares Wins*” – but Daring can be planned....*Europe’s Soft Landing Programme*
- Policy Makers can help immensely – *creating an encouraging environment – and making the fiscal situation favourable – look what the French did !* E.C. is helping too
- And on very early funding – Seed Funds and R & D Grants+++
- Only PEOPLE can bring success and fulfilment....

In Pursuit of Global Excellence !

***“Excellence can be achieved, if we:
Care more than others think is wise,
Risk more than others think is safe,
Dream more than others think is practical,
Expect more than others think is possible.”***

Deborah Johnson-Ross

**Maybe Entrepreneurs think this way?....Innovative Service
Companies need to if they are to Excel....**

A world map with a light blue and green color scheme, showing continents and oceans. The map is centered on the Atlantic Ocean. Overlaid on the map is the title text in large blue font.

Perspectives on Going Global

The Eighth Annual RESEARCH Money Conference - "Going Global, Expanding the International Footprint of Canadian Technology Firms"

Thank You for your attention !

Professor Alan Barrell - Ottawa - 12th March 2009

More information on my website –

www.alanbarrell.com

E-mail – alan@alanbarrell.com