

Faculty of Economics and Management

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# Be Ready for Internationalization

## Part II: Selective Success Factors

Webinar in collaboration with the Chamber of Commerce of Bolzano,  
partner of the European project BE READI ALPS

Bozen-Bolzano  
Monday, May 18<sup>th</sup> 2020



## I In Need of an Internationalization Strategy

*Monday, May 11<sup>th</sup> - 5.00pm – 5.45pm*

I.1 The Current Situation: (De-)Globalization and Digitalization

I.2 Building Blocks of a Successful Internationalization Strategy

I.3 Key Decisions: Why, what, where, when, and how?

**Questions and Answers**

## II Selective Success Factors of Internationalization

*Monday, May 18<sup>th</sup> - 5.00pm – 5.45pm*

II.1 Customized Success Factor Analysis Needed

II.2 Customer Orientation and Responsiveness

II.3 'By Chance' or: 'Windows of Opportunity'

II.4 Organizational Readiness for Internationalization

II.5 Passion and Leadership is Key

**Questions and Answers**

**For questions and comments: pls use chat or write to [michael.nippa@unibz.it](mailto:michael.nippa@unibz.it)**



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## Questions and Answers





- **Variation within a peer-group / industry**
- **Root causes for success (or failure) not easy to detect**
- **High complexity and interdependencies**
- **In search of guiding principles and key performance indicators**
- **Management research focuses on explaining success**
- **Empirical research is dominated by simple cause – effect relationships**
- **People love winners (although they often can learn more from losers)**



- Predominantly **simple cause – effect relationships**
- **Easy to investigate, to quantify, and to measure**
- Often **highly aggregated constructs** that need further investigation
- Frequently **inconsistent or anecdotal findings**
- Even if based on robust findings **success factors will disappear over time** as everyone will apply them
- They are **dynamic and dependent on contingencies**



- Identify the **basic requirements** for going abroad and get them **implemented**
- Identify and build upon **your own success factors** – do not always refer to your competitors
- **Assess what you read, hear or learn** against the background of your own experiences and area of responsibility

For **BE READI-ALPS** service providers:

- Consult firms and individuals accordingly
- Checklists should be devoted to the basic requirements
- Help them to identify opportunities and to assess accompanied risks



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**II.2 Customer Orientation and Responsiveness**

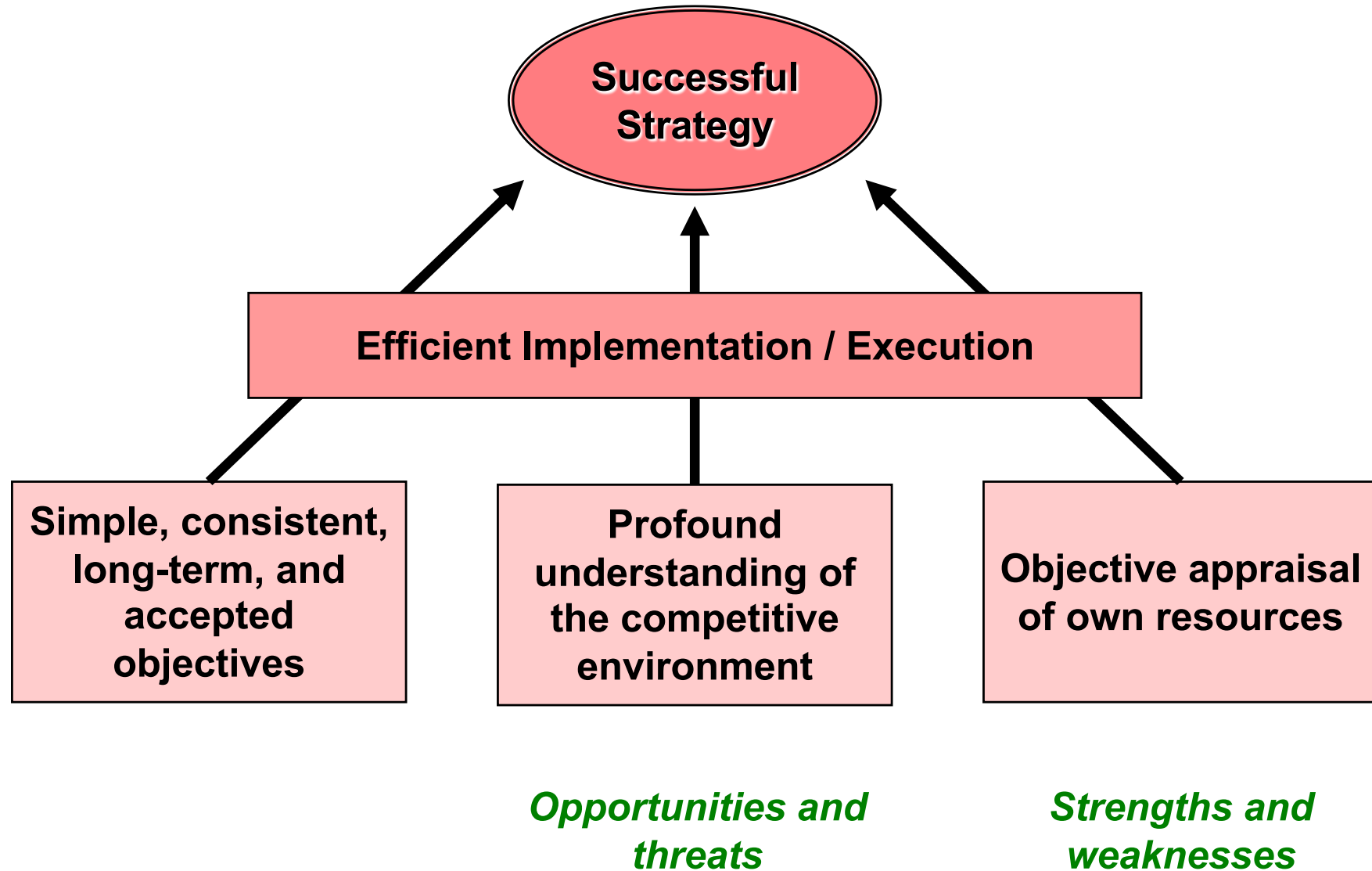
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### Questions and Answers





Grant (2010): 'Contemporary Strategy Analysis' p. 9f.

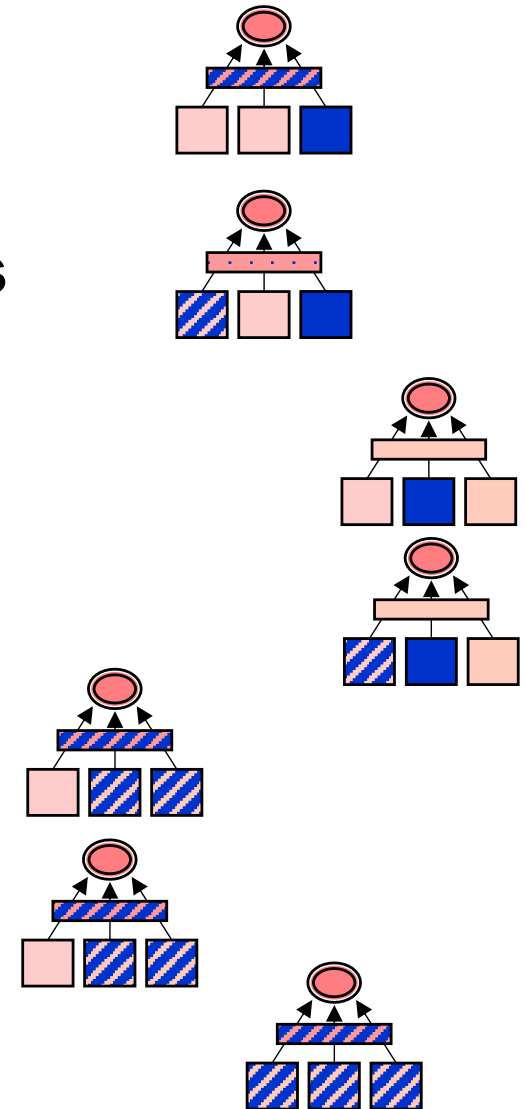




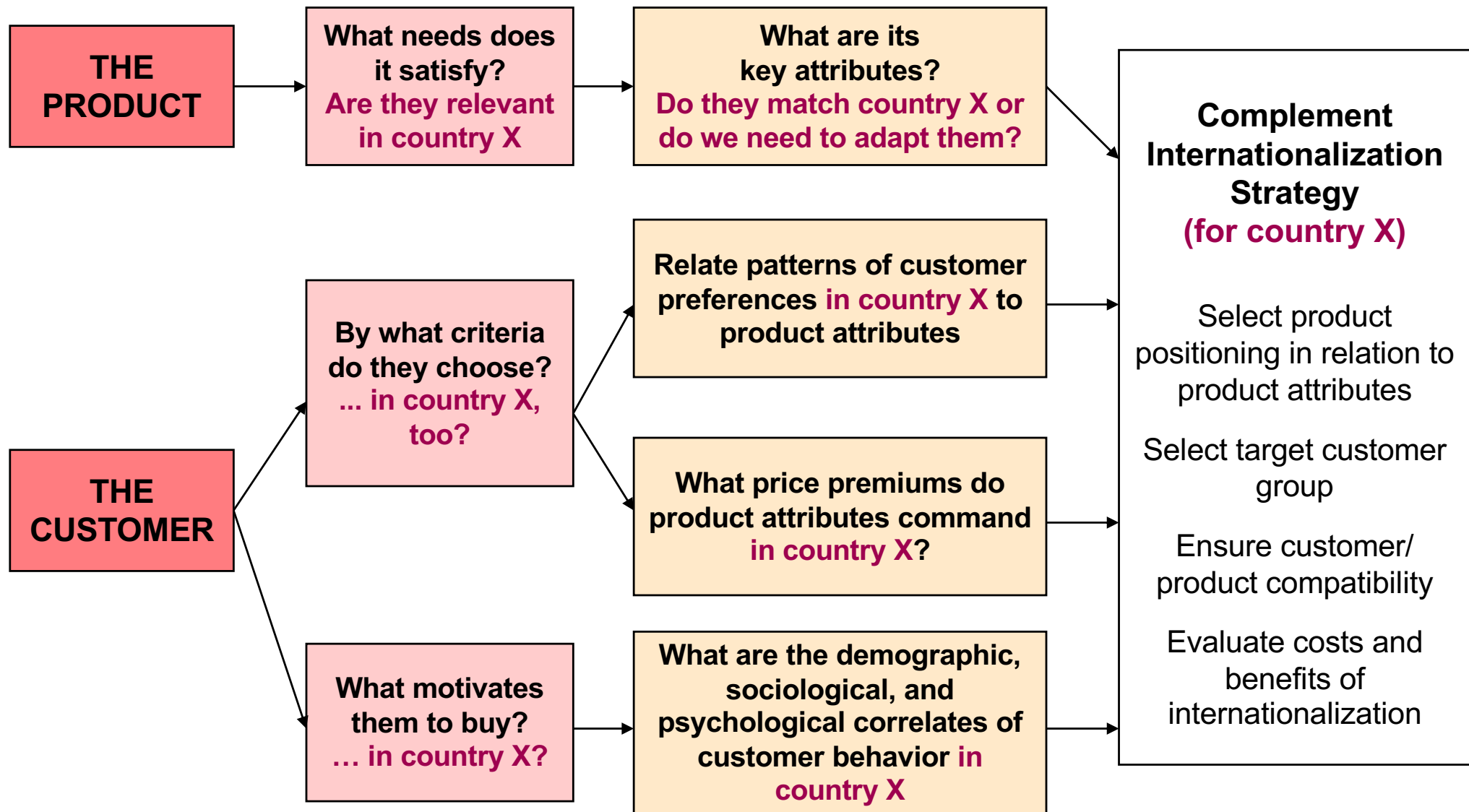
## Domestic and Foreign Markets (from the perspective of the firm)

		already targeted	not targeted so far
Products / Services (from the perspective of the firm)	new	<p><b>Product-Development and Adaptation</b></p> <ul style="list-style-type: none"> <li>* Adaptation / Differentiation</li> <li>* New Product Development esp. Research &amp; Development e.g., <i>new service concepts</i></li> </ul>	<p><b>Entrepreneurial market conquest</b></p> <ul style="list-style-type: none"> <li>* Value chain analysis</li> <li>* New Ventures / Businesses esp. corporate development e.g., <i>GE or Schindler → India</i></li> </ul>
	existing	<p><b>Market exploitation /penetration</b></p> <ul style="list-style-type: none"> <li>* cut-throat competition</li> <li>* means to exploit market esp. marketing e.g. <i>Mila in Alto Adige</i></li> </ul>	<p><b>Market entry and development</b></p> <ul style="list-style-type: none"> <li>* Segmentation of markets, niche</li> <li>* Market entry strategies esp. business development e.g., <i>Markas → Germany</i></li> </ul>

1. Analyze organizational readiness to internationalize
2. Assess the suitability of the firm's products and services for foreign markets
3. Screen countries to identify target markets
4. Assess industry market potential
5. Decide on market entry mode
6. Choose foreign business partners
7. Estimate company sales potential



Adapted from Cavusgil et al. (2012): p. 372ff.



Modified based on differentiation model by Grant (2013): 195



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## Seizing opportunities

- The **'family firm case'** → one family member willing to go abroad
  - Most likely not much of market potential analysis
  - Reduced transaction costs (trust) but limitation
- The **'foreign co-worker case'** → employee who wants to return to his/her home country expresses interest to build up a business there
  - Ditto: Most likely not much of market potential analysis
  - Reduces need to search for foreign business partners and agency risk
- The **'follow your customer case'** → the (satisfied) customer expands into another country and offers opportunity to follow
  - Applies to standard products and services which are not location-bound
- The **'team-up with the project planner case'** → applies mainly to project business, the planner / architect / main contractor seeks reliable partner
  - Trust building through reliability
  - Risk that business in this country is based on just one relationship



- The **‘buy your foreign competitor case’** → the competitor is a portfolio business of a conglomerate or family firm who wants to bail out
  - Fast and significant internationalization process
  - However, full of risks (→ international M&A)
- The **‘born globals case’** → the business is global per definition, e.g. because of the products (e.g. software) or specialized supplier to global industry
  - The basic risk is not to grow fast enough as to allow competitors to catch up
  - Missed opportunities
- The **‘born regionals case’** → companies located close to borders especially within an economic bloc are international without great effort
  - Main question: opportunistic business or clear growth strategy
- The **‘importer case’** → some companies internationalize inverse, i.e. they start as a local partner for foreign MNE and build bridges back

**Do our attendees have more examples of this kind of opportunity seizing?**



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## • Organizational Structure

- \* Custom tailoring or patchwork?
- \* Two options for the early growth stage:  
International Business Development → Staff Department (attached to Top Mgmt)  
Do not attach to single business function (e.g. sales), but central administration  
(Org – ICT – HR – Accounting)

## • Organizational Processes

- \* Analyze those business processes relevant for international business activities
- \* Tangible (supply, logistics, distribution) and intangible (order processing, invoice)
- \* Is ICT an enabler or inhibitor
- \* Define strategic projects: goal – kick-off – milestones – reporting – due date

## • Organizational Culture

- \* Cultivate your heritage, but develop the awareness of being an international company
- \* Be aware that cultural change is difficult and time-consuming
- \* Increase diversity – also at the top management level
- \* Educate, train, hire and promote with regard to your internationalization goals





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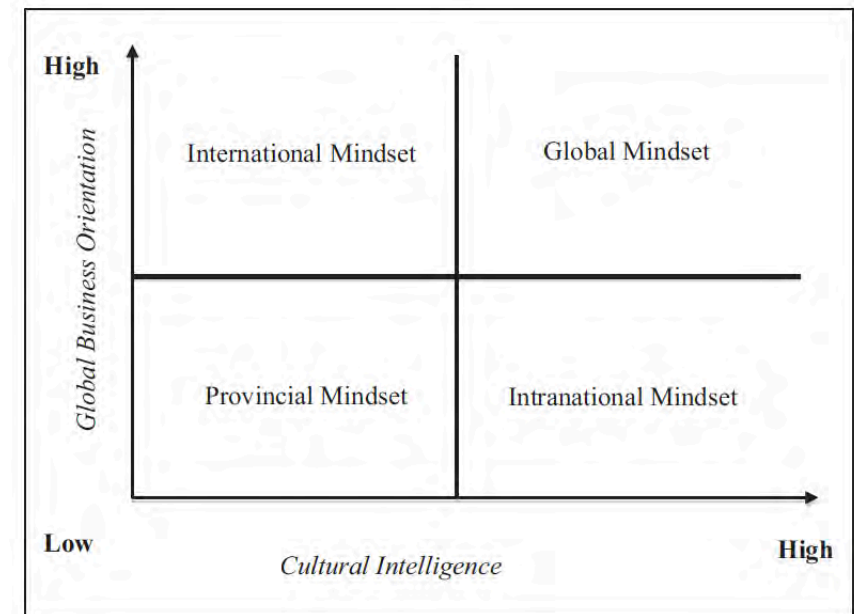
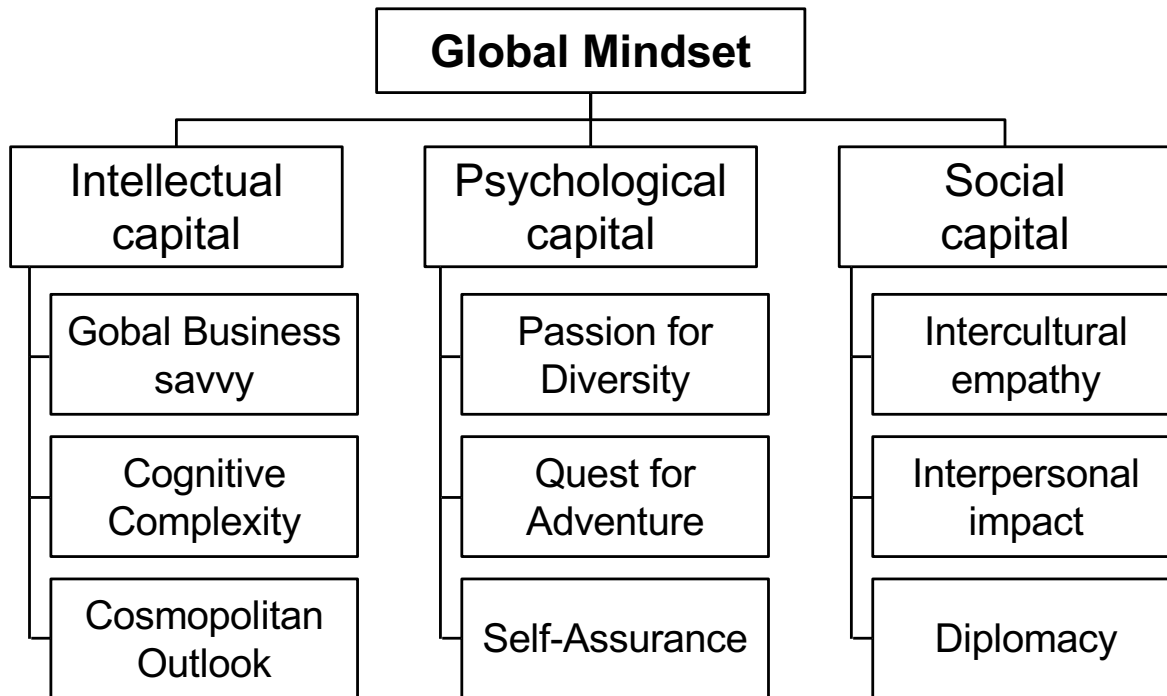
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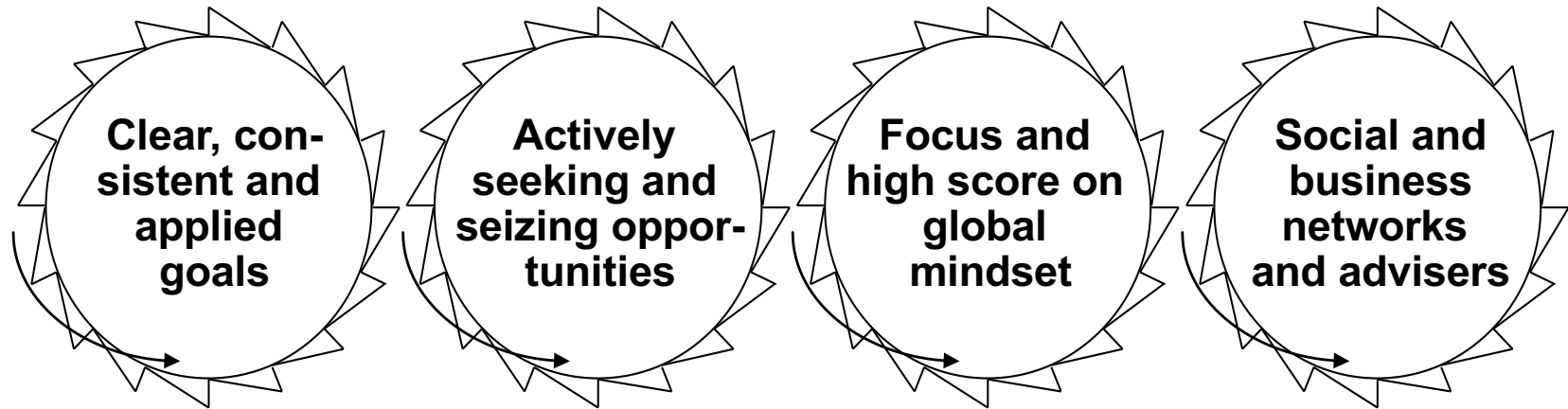
- **What hampers firms to internationalize successfully?**
  - Liabilities of origin** (e.g. local versus world-class standards)
  - Lacking self-confidence** or **over-confidence** because of lacking exposure to world-class competition
  - Paralysis of will** (this is a resource!) and **psychological barriers**
- **What is needed?**
  - Vision** from the top and the **will** to transform the company
  - Shift in mind-set:** International/global mind-set and cosmopolitan values
  - Investing** a significant part of revenues, i.e. **risk taking**
  - Willingness to **invest in human assets** and developing a **learning culture**
  - Intelligent **selection of target markets**
- **Initiate change (from the top)**
  - Push from home** – top management responsibility
  - Pull from abroad** – invest in management capabilities for subsidiaries and HQs

Based upon Bartlett & Ghoshal (1990): 2000): Going Global", HBR; Cavusgil et al. (2012): p. 346ff.



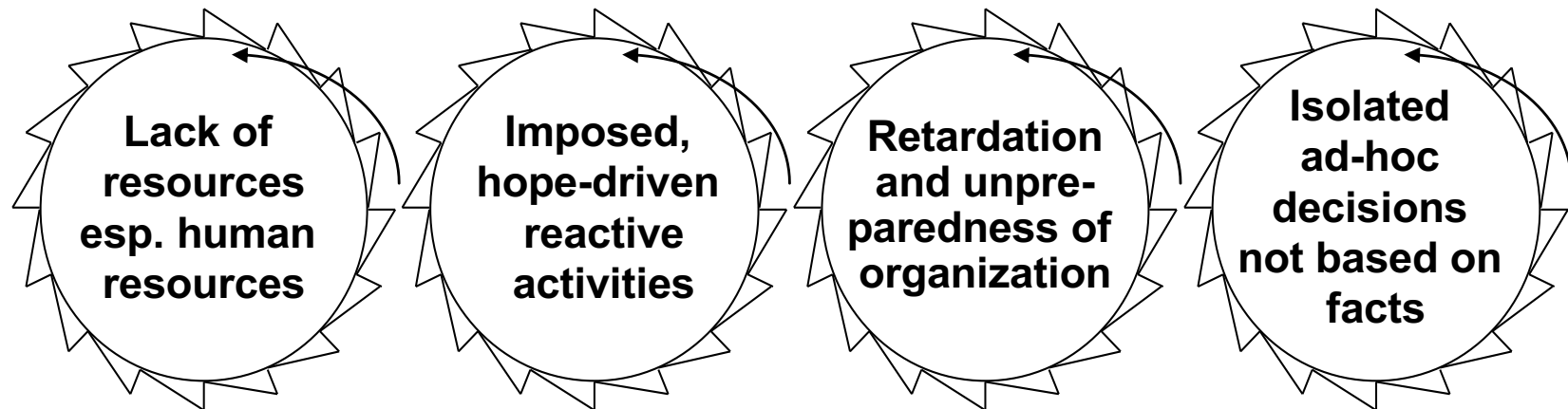
Cavusgil et al. (2012): p. 346ff.; Global Mindset: Schon Beechler; Story & Barbuto (2011) Global Mindset. A Construct Clarification and Framework

## DRIVERS 'ENGINES'



## Successful internationalization process

## BARRIERS 'BRAKES'





# Thank you for your interest in the **BE-READI ALPS** Webinar!