



CHOOSING RIGHT PARTNER KEY TO SUCCESSFUL TRADE

How to avoid the most common mistakes in international business

BY CHRIS O'BRIEN

Conducting business across international borders is an intricate process involving things your every day domestic operation rarely has to worry about: political risk assessment, customs duties, language barriers, foreign exchange, and the list goes on.

Taking advantage of the tremendous benefits and opportunities that await the international entrepreneur begins with knowing the right people with the right tools to make the experience both timely and productive.

Almost without exception, identifying and capitalizing on foreign opportunities

requires Canadian businesses to develop overseas contacts.

“The single biggest mistake a company can make is selecting the wrong foreign partner,” says Cheryl Lockhart, an Edmonton based international business development consultant. “Beyond extreme frustration and poor business results, the

hidden costs of making a bad choice can be devastating.”

Lockhart points to brand erosion, undue demands on management time, higher than necessary project management costs (such as last minute airfares) and termination expenses as just a few of the pitfalls that await the unwary.

“Understand what you’re looking for in a foreign contact,” she urges. “Are you looking for someone to facilitate your overseas business? A consultant or sales agent may be most appropriate. Do you need someone to physically store your product? A distributor or fulfilment warehouse will have the infrastructure to do this.”

Companies selling advanced technology, for example, may wish to consider a licensing partner. Service providers will often partner with other service providers.

Lockhart underlines the importance of appreciating, early on, what your responsibilities will be and what to expect of your foreign partner. With that accomplished your next step is to actually find the right person for the job.

“Identifying foreign partners often starts with the Internet. Industry groups like the World Trade Centers Association, your local chamber of commerce, government trade offices, even online networking services like LinkedIn can yield all kinds of potential business partners.”

Lockhart recommends investigating multiple service providers when sourcing a potential referral. And even with a strong recommendation she counsels you undertake your own careful due diligence.



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When considering international business opportunities, forming relationships with partners such as the World Traded Centers Association, can be very beneficial.

Another common mistake many businesses make is to entrust international business development to their bi- or multi-lingual staff without any consideration of their aptitude, ability to represent the company or business acumen.

“Don’t mistake language ability for international business competence,” Lockhart warns.

Fortunately English is widely spoken in business circles and interpreters can be hired just about anywhere. Simply bear in mind that implementing an international business strategy requires much more than second language skills.

Foreign culture is another potential stumbling block for the business owner prospecting international sales. It seems every trade related book, magazine and expert has at least one story of a major busi-

ness deal gone awry due to a single unfortunate gesture or cultural faux pas.

For her part, Lockhart recommends a healthy respect for the culture you are dealing with – but cautions against over doing it.

“Definitely understand typical business norms in the country you’re visiting,” she says, “but remember business relations are built only after personal relationships have formed. And how can a friendship evolve when one party is constantly afraid of offending the other?”

Lockhart suggests you consider the background and personality of your foreign contact.

“Frequently you will find they’ve been educated in North America, they’re exposed to our culture through television and the media, and many if not most are extensively well travelled.”

Genuine interest in your partner’s family and community, she says, along with a willingness to understand their situation will further the relationship with mutual respect – professional and personal – far beyond simply presenting your business card with the proper deference.

It is also a good idea to remember that, through all this, you need your international contacts’ expertise more than they need yours. The best foreign partners are inundated with partnership proposals from companies around the world.

Lockhart observes it is not just the best product (or service) that attracts their attention but rather sophisticated plans that show you are also committed to their success.

“Be prepared to offer perks and incentives such as marketing support, technical training and a rewards program. That helps set you apart from your competitors,” she advises.

Overall, there are few companies that wouldn’t benefit from a globalization strategy. While the process can be daunting, working with a knowledgeable, competent partner can make the experience both rewarding and profitable.

Cheryl Lockhart is the owner and principal consultant of International Strategies Ltd. in Edmonton. For more information visit online at www.intl-strategies.com.



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