

# Going Global The Biggest Opportunity of the 21st Century

By Verne Harnish "Growth Guy"



Five years ago Eric Zuziak made a few minor changes to his website to be more visible to potential clients in other countries. After landing an architectural job in Beijing, leading to another in Dubai, today 50% of JZMK Partners' \$11 million in revenue comes from international projects. More importantly, it helped him source capabilities, like 3D CAD designers in China, which make him much more competitive in his domestic market. And given the dramatic cutbacks in construction projects in the U.S. he doubts he would have survived without his international clients.

The single largest opportunity in the history of industry is before all of us. Between now and 2020 over 1 billion additional people will enter the middle class, increasing the marketplace for our goods and services by 50%. Five hundred million will arise in India, as their middleclass swells from 53 million to over 550 million. An equal number will move up in China with the rest of the developing world running not far behind.

Let me share a simple way to penetrate these global markets so you're profitable day one versus blowing a chunk of change on establishing a market outside your current sandbox. But first...

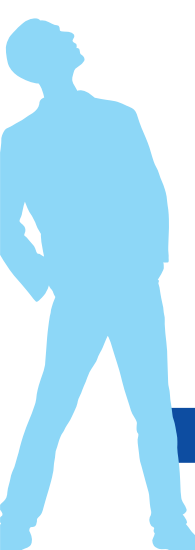
## Hidden Champions



We can all learn a lesson or two from Germany's Middelstands – mid-size companies that serve as the engine behind Germany's success as the #1 exporter in the world, beating the likes of the U.S., Japan, and China. These mostly family owned, privately held businesses hold industry dominating market shares often north of 80% while generating insane profits. Profiled in the 90's best-selling book *Hidden Champions: Secrets from the 500 Best Unknown Companies*, the book highlighted several common straits that have led to their continued success.

In essence, these mid-market "giants" focus on extremely narrow market niches and then follow their market around the globe, like Goldman Produktions, which is the undisputed market leader in supplying expensive pigments in the dipping and coating of candles! The key is to get in your competitor's backyard before they get in yours.

And it's the intel gathered and learning garnered by being geographically dispersed that provides these middlestands with their competitive edges.



Jack Perkowski, author of *Managing the Dragon*, points out that there are two markets in China – the one that represents the 400 million Chinese averaging just over \$8000 per capita income and the other 900 million averaging just under \$500. While the FORTUNE 500 companies are going after the wealthier foreign/local market, it's the latter purely "local" market that is birthing competitors who are learning to build a business under hungry conditions. As the weak are whittled away and the smart begin to move up to serve the wealthier Chinese market, they are hungry to expand internationally.

Case in point, Jack's own firm manufactures automotive parts including piston rings. When he first entered the Chinese market in 1994 there were 150 highly fragmented competitors. However, instead of the market players consolidating as he would have expected, today there are over 400 manufacturers of piston rings in China, fueled by the motorcycles, agricultural vehicles and "inkfish" (single piston engines spewing massive amounts of black smoke) driven by the underlying local market. This kind of competitive marketplace is making these entrepreneurial firms tough, smart, and savvy players itching to get into international markets.

## Managing the Dragon


The first step in exploring international waters is asking your best customers if any of them have potential business in other countries –and have them take you with them – it's that simple. I have a close entrepreneurial friend who did precisely this. He had an existing large company customer that was expanding into Russia and he offered to service them overseas as he is domestically. Since he had an anchor customer he was profitable day one and has subsequently built a sizable business half way around the globe.

It was a similar path for my own company, following one customer to Canada (hey, you have to start somewhere) and then another customer to Malaysia where we've been hosting programs for seven years. It was through those programs that we then met partners that have taken us to other countries in the region. Today, 20% of our revenue comes from international business with a goal to be at 40% in the next three years, prompting me to move my family to India this past September as we further expand our business in the Asia and Middle East regions. It was all through following one customer at a time.

And like Zuziak and his partners, we're tapping into global resources that make us more competitive in our own domestic market like web and printing services in India, marketing help from our partner in Australia, and visibility in the Middle East through our partner in Dubai.



## Follow Your Customers



Besides reading Perkowski's outstanding book, I would pick up a copy of Tom Travis' thin and very readable book appropriately entitled *Doing Business Anywhere*. Having logged almost 10 million airline miles, Tom has been helping companies navigate international waters for over 30 years.

I realize how easy and comfortable it can be to remain focused on your local market. However, the rest of the world isn't waiting. It is time to "get outta Dodge" and smell the curry!

## Doing Business Anywhere