



IS “GOING EAST” IN YOUR 2010 PLANS?

by Verne Harnish “Growth Guy“

www.gazelles.com

Gazelles
GROWING LEADERS – GROWING COMPANIES



IS “GOING EAST” IN YOUR 2010 PLANS?



It's obvious the top entrepreneurs and investors understand that India and China are the future of our global economy. Do you?

One of India's wealthiest business leaders, Anil Ambani, invests \$325 million in Steven Spielberg's movie studio DreamWorks – something unimaginable just five years ago. In turn, Warren Buffett invests \$230 million for a 10% stake in Chinese electric car manufacturer BYD, the same investor who shunned technology investments earlier this decade. It's obvious the top entrepreneurs and investors understand that India and China are the future of our global economy. Do you?

With over 1 billion people moving into the middle class, effectively increasing the global market for products and services by 50% over the next decade, can your firm afford to ignore the single largest market opportunity in the history of business? It's time you consider “going east” as part of your 2010 strategic plan. And it's as critical for small to mid-size firms to make the move as it is for top investors and large corporations.

MADE IT IN CHINA

Two entrepreneurs helping others make the leap are Graham Jeal and Simon Cann, authors of a new book series entitled Made It In.... Graham, a British-born entrepreneur who has been building companies in China since 2001, is the former president of the Entrepreneurs' Organization (EO) chapter in China. Cann, a

In all cases, these entrepreneurs left their home countries and built businesses in a culture different from the own – and their stories are both inspirational and instructive.

prolific writer, has been a management consultant to companies spanning the music, entertainment, and broadcast industries.

I met Graham and Simon on my last trip to China and was impressed by their enthusiasm and initiative to encourage others to leave the comfort zone of their own markets and venture out into some of the leading business hotspots around the globe.

In their first book, *Made It In China*, they feature specific lessons learned from nine entrepreneurs including Graham, who have built manufacturing plants, launched internet businesses, started hotels and restaurants, and created large sales organizations within China. One of the entrepreneurs was even the first foreign participant on China’s equivalent of “The Apprentice.” In all cases, these entrepreneurs left their home countries and built businesses in a culture different from the own – and their stories are both inspirational and instructive.

Other countries in the series include Vietnam, Russia, and Kazakhstan with more in the works. I encourage you to go to their website www.MadeItIn.com to learn more.

COMING WITH QUALITY

Another must read book for growth firms wanting to dominate their industry is Hermann Simon’s *Hidden Champions of the 21st Century*. I was speaking with Hermann Simon upon his recent return from China. He brought news that Chinese firms are focused on building competing quality products that will challenge even Germany’s lead in many export areas – and that they are building factories in Germany and the U.S. and other parts of the world. They want to get “in our backyards” before we get in theirs! And with over \$2 trillion in surplus cash vs. a projected U.S. 2010 \$14 trillion deficit, they have the financial muscle to do it.

No longer will the “Made in China” label mean low cost or low quality. Their entrepreneurs are hungry to learn from the best and bring their business models, products, and services to other countries.

India is aiming for the same upgrade to their brand. Seen primarily as a cheap supplier of back office functions, they are building global brands and bringing their products, like the \$2500 Nano car, to the developed world. And with one of the youngest populations in the world, India is well poised to incubate entrepreneurs that will be hungry to get into other markets. Again, it will be crucial for established businesses to plan their India strategy for next year and beyond.

WHOLLY OWNED SUBSIDIARIES

Hermann Simon notes, based on his research of the world’s top mid-market companies, that they almost always set-up wholly owned subsidiaries vs. licensing or joint venture relationships. It’s been critical for these firms to control their brands and have their own people “on the ground” in other countries. And they tended to expand into one or two different countries each year, with many now having operations in over 50 countries.

When these “hidden champions” are asked which countries they’re focused on for the next decade, it is India and China. And while it might be too late for manufacturers outside these countries to make inroads as quickly, the customer service models and cultures of the west will not be easy to imitate by the eastern entrepreneurs. This is the distinct advantage, plus a long history of good management practices, that entrepreneurs in the west have as they pursue these eastern markets.

Read the two books mentioned above and make 2010 the year you focus on the east.

When these “hidden champions” are asked which countries they’re focused on for the next decade, it is India and China.