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Global Guru

Shaking Things Up.
Making Things Happen.

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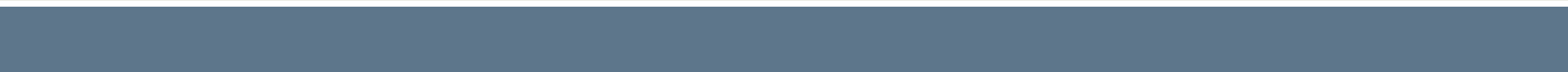
AUTHOR

Laurel Delaney

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Small businesses and entrepreneurs need advice, information, and guidance in navigating through these radical times and expanding internationally. They are a huge group that has soared 75 percent in the last 25 years to 25 million. Their combined economic value to America is staggering. If U.S. small business was a nation of its own, that nation would have the third-largest gross domestic product in the world!

What does this mean? If you have not gone global or even considered it, this simple one-stop manifesto is for you and your business. If you have gotten this far, stay with me because you have taken an important first step: You admit that, by ignoring globalization, you and your business just might be on the verge of extinction. Don't worry.

My goal in this manifesto is to get businessmen and businesswomen out of their own backyard and transition from local, regional or national firms into global players. Call it what you like but I refer to it as a kind of "global fever" that will take hold in small businesses. Think you've got it? Let's find out.

SMALL BUSINESSES HAVE ENORMOUS POTENTIAL FOR GOING GLOBAL

“Tough domestic rivalry breeds international success.”

— Michael Porter

Small businesses and entrepreneurs represent a powerful force both in the traditional and the new global e-business marketplace, as evidenced by the following data points:

- » There are more than 230,000 small businesses exporting in the United States alone.
- » The number of small business exporters rose 250 percent from 1987 to 2001.
- » About one of every five U.S. factory jobs depends on exports.
- » Exports mean new customers and more than 95 percent of the world's consumers live outside the United States.
- » Small businesses with fewer than 500 employees export roughly US \$182 billion a year, or 29 percent of all exports.

Despite these compelling numbers, small businesses have not yet fully realized their potential for global trade. Only about ten percent of small businesses are involved in the global marketplace. Research identifies several reasons why businesses have a difficult time going global. They lack knowledge, resources, technology, incentives, support, brand recognition, competitive pricing and, in some cases, guts. Although these arguments are tentative, they are indeed a reality and must be taken into account when addressing how small businesses and entrepreneurs can best realize their potential in the global marketplace.

But let me give you something else to think about. Today the status quo is a prescription for disaster. The business climate of the 21st century is characterized by speed, change, and chaos. Companies have to continuously learn, adapt, innovate, create value, provide superior service and constantly look for new customers. How can this occur on a larger scale if we choose not to do business with the world? It can't.

BLOWING AWAY BOUNDARIES: SMALL BUSINESSES ABSOLUTELY HAVE WHAT IT TAKES TO SEIZE THE GLOBAL FRONTIER

“Companies are opening their boundaries, and people are enlarging their perspectives, not because they are farsighted, but because they must.”

— Rosabeth Moss Kanter

The good news is that even with inherent barriers, small businesses are still well positioned to overcome obstacles and seize the global frontier before them. Here's why:

- » Export data analysis shows that 97 percent of U.S. companies that export merchandise are small businesses.
- » Web-based small businesses are far more likely to communicate and attempt to do business with people anywhere in the world than those that do not have an online presence.
- » Entrepreneurs start to go global soon after start-up.
- » Nearly 55 percent of business owners take their first active step toward exporting within two years.
- » The size of a company does not hinder exporting initiatives because more than two-thirds of U.S. exporters have fewer than 20 employees.

- » Preparation time for entering a first foreign market is minimal, reflecting the opportunistic nature of many first-time exporters.
- » Small businesses going global play an instrumental role in economic prosperity.
- » Studies show that exporting firms regularly outperform those that stay at home.
- » Entrepreneurs who break rules to grow a business are far more likely to break boundaries while looking for new markets.
- » Most firms indicate that their product or service lends itself to international markets or customers.
- » Small businesses not only compete on a more level playing field, but also can enter international markets with less financial risk.
- » Small businesses excel at forming strategic partnerships and alliances which make them look bigger than they are and offer their customers a global reach.

WHY BOTHER GOING GLOBAL?

“Global business is not the sole preserve of large companies. For small and medium-sized enterprises, too, it is neither a theory nor a discussion point, but a fact of life.”

— Nigel Andrews and Laura D’Andrea Tyson

The playing field is wide open for small business. both men and women should consider going global to:

- » Increase sales.
- » Generate economies of scale in production.
- » Raise profitability.
- » Insulate seasonal domestic sales by finding new foreign markets.
- » Create jobs, productivity growth, and wealth.
- » Encourage the exchange of views, ideas and information.

Small businesses in particular can serve as mentors in educating other men and women to go global. They can establish educational programs, conferences and other activities to advance their colleagues, and in doing so, promote professional growth and leadership among all small business owners. The best is truly yet to come.

WHICH SMALL BUSINESSES ARE GOING GLOBAL?

“The timing has never been better for businessmen and businesswomen to get out of their own backyards and transition from local, regional or national firms into global players.”

— Laurel Delaney

According to “Small Businesses Are Going Global,” a recent *Small Business Trend* report, (<http://smallbusinesses.blogspot.com/2004/09/small-businesses-are-going-global.html>), small businesses are going global in three distinct categories:

A. COMPANIES THAT MANUFACTURE OR DISTRIBUTE NICHE PRODUCTS.

Finding markets for export products depends not so much on price as on uniqueness and expertise. Trying to compete with very low-cost providers in places such as China on basic, undifferentiated goods is not what we are talking about. Instead, we are talking about changing the paradigm, and exporting goods that are the world’s best at their intended purpose. Niche products that require special expertise to manufacture or create, or that fill specific market needs, are hot exports today. Examples include home furnishings, sporting goods and recreational equipment, and software applications.

B. INTERNET-BASED BUSINESSES OR ONLINE SERVICES THAT CAN BE DELIVERED ACROSS BORDERS.

The Internet is a crucial tool for hungry globetrotters interested in seeking new overseas business opportunities. Companies that have an online presence are far more likely to find markets for export by a ratio of 20-to-1. Even service businesses that rely on brains rather than corporate brawn are more likely to find overseas markets if they have an online presence because customers demand extra service with closer partnerships and fewer suppliers. Examples include eBay sellers, site translation services, search engine optimization services, eLearning businesses, logistics coordinators, and border compliance providers.

C. CONSTRUCTION MATERIALS AND ENERGY SOURCES.

China has a red-hot economy right now. It is consuming huge amounts of construction and building materials and related services. Supplying China with the basic materials needed to manufacture end goods is a significant focus of exports from the U.S. and other Western countries today. In addition to building products, companies export other products and services, including steel, scrap metal, engineering services, architectural services and environmental consulting.

The world can indeed be your oyster if you keep up to date on what is happening across the globe, and get the right help to export, import or outsource.

TWELVE KEY QUALITIES OF THE SPIRIT AND INTELLECT (How To Push Boundaries and Accomplish Extraordinary Things)

Any small business owner must be adaptable, strategic and willing to take calculated risks. But becoming a successful global entrepreneur or small business requires the following twelve commitments:

- 1. BE COMFORTABLE WITH CHANGE.** The world is rapidly changing, and change always includes the potential for positive developments. International sellers learn to enjoy the challenges of the unknown and to watch for emerging opportunities.
- 2. WELCOME NEW EXPERIENCES,** even crises, for they bring about a positive confrontation between different perspectives. These challenges to your perspective should be used to map out new directions for your creative energies. As a global small business, you must always seek to improve yourself, your product, your business, and your world.

3. **BE ADAPTABLE, TAKE RISKS AND INNOVATE.** You must have mental agility and take nothing for granted. Do whatever you can to extend your global reach. Your adaptability means that you know how different markets operate, and are sensitive to the cultural values of other countries. The more you risk, the greater your chances for success or failure, but either way, you're pushing your limits and extending your reach. Keep your mind fresh, fertile, and open to new perspectives — the prerequisite of innovation — if you want to conduct business effectively worldwide.
4. **LEARN AS MUCH AS POSSIBLE ABOUT THE CULTURE** in which you are about to do business. Pay attention to etiquette and protocol, and behave exactly as interpersonal situations dictate. Know how to ask instead of tell.
5. **HAVE ENORMOUS RESERVES OF ENERGY ALONG WITH PATIENCE AND STICK-TO-IT-IVENESS.** It's great to be an aggressive, energetic mover-and-shaker, but just as important to know when to slow down and let a negotiation take its own course. Real business breakthroughs don't come easily or quickly on the domestic front, and in the global market it's a thousand times more difficult. It requires patience. Stick-to-it-iveness is vital if you are going to maintain the committed effort needed to make things work.
6. **FIRE UP YOUR PASSION, ENTHUSIASM, PLAYFULNESS AND CURIOSITY.** Be alive, alert and exquisitely aware of the world around you. Enthusiasm makes your passionate involvement friendly and accessible. Make your listener want to bottle up your energy and use it themselves. Show your eagerness to discover more, to do more, to push the limits of the known. Curiosity didn't kill the cat, and it won't kill you, either. It can only give you a bigger and better life. Do what it takes to create change across borders.

- 7. TRAVEL TO AT LEAST ONE FOREIGN COUNTRY AND STAY FOR SEVERAL WEEKS** — preferably with a native family. Get on a plane and head for a place you've never been before. When you get there, make yourself at home. If you can do that, you are on your way to building a global small business.
- 8. VALUE A RELATIONSHIP MORE THAN THE DEAL.** When cultivating a potential client, never forget that the individual is more important than closing the deal under discussion. You can only do so much to make it happen — then you have to let it happen. If a relationship is meant to be, it will be — over time and at its own pace.
- 9. HAVE AN ALL-ENCOMPASSING PERSPECTIVE.** You will need to function well on both a small and large scale. Hone in on details, yet always comprehend the big picture, and keep pace with that picture as it changes. Cultivate your perspective and it will keep you at the cutting edge of global business.
- 10. TAKE ACTION WHEN NEEDED AND IMPLEMENT RELENTLESSLY.** Do not think for a minute you can sit back, relax and wait for things to happen. Build stamina that necessitates action and implement relentlessly. Make prompt decisions and execute on them without hesitation.
- 11. BE AN INSPIRED – AND INSPIRING – TEAM BUILDER AND LEADER.** The challenges of the global economy are best met by a new organizational model: a team of highly gifted professionals brought together by a leader who knows how to act as "first among equals." Such a leader must provide direction, encouragement, vision and inspiration so that, together, the group becomes much more than the sum of its parts. If you can find the right people, trust them and help them grow to do great things, you'll be on the surest possible ground — because the only resource your competitor can't duplicate is the unique and winning chemistry of your talented team.

- 12. ABOVE ALL ELSE, HAVE COURAGE** — because freedom in this world is born from courage. Going forward with anything about which you have even the smallest doubt takes courage. Taking the first step on a project which everyone else tells you will be difficult or impossible takes courage. Putting your reputation on the line and making up your mind to deal with the consequences takes courage. Staying true to your vision, and your mission, in the face of criticism and opposition takes courage. But if you can somehow call up courage when you need it, your rewards will be extraordinary.

It is always satisfying to live according to the rules you create for yourself. Do these ways of being come naturally to you? Perhaps not yet but when they do, you will have developed a dynamic outlook that will enable you to take on the world.

TWENTY FACTORS TO CONSIDER BEFORE GOING GLOBAL

As with any sound business plan, the first step is doing your homework. Here are twenty factors to consider before going global:

- 1. GET COMPANY-WIDE COMMITMENT.** Every employee should be a vital member of the international team, from the executive suite to customer service through engineering, purchasing, production, and shipping. You are all in it for the long haul.
- 2. DEFINE YOUR BUSINESS PLAN FOR ACCESSING GLOBAL MARKETS.** An international business plan is important for defining your company's present status and internal goals and commitment, but it is also required if you plan to measure results.
- 3. DETERMINE HOW MUCH YOU CAN AFFORD TO INVEST** in your international expansion efforts. Will it be based on ten percent of your domestic business profits or on a pay-as-you-can-afford basis?

4. **PLAN AT LEAST A TWO-YEAR LEAD TIME FOR WORLD MARKET PENETRATION.** It takes time and patience to build a great, enduring global enterprise.
5. **BUILD A WEB SITE AND IMPLEMENT YOUR INTERNATIONAL PLAN SENSIBLY.** Many companies offer affordable packages for building a web site but you must decide in what language you will communicate. English is unarguably the most important language in the world but only 28% of the European population can read it. The percentage is even lower in South America and Asia. Over time, slowly build a web site that communicates sensibly and effectively with the world.
6. **PICK A PRODUCT OR SERVICE TO TAKE OVERSEAS.** You can't be all things to all people. Decide on something. Then stick with it.
7. **CONDUCT MARKET RESEARCH TO IDENTIFY YOUR PRIME TARGET MARKETS.** You want to find out where in the world your product will be in greatest demand. Market research is a powerful tool for exploring and identifying the fastest-growing, most penetrable markets for your product.
8. **SEARCH OUT THE DATA YOU NEED TO PREDICT** how your product will sell in a specific geographic location. Do you want to sell a couple of units to a customer in Australia or ten 40-foot containers on a monthly basis? Doing your homework will enable you to find out how much you will be able to sell over a specific period of time.
9. **PREPARE YOUR PRODUCT FOR EXPORT.** You should expect to adapt your product to some degree for sale outside domestic markets before you make your first sale. Packaging plays a vital role in enabling international connections. Make yours the best in its class, and you'll be able to sell it anywhere in the world.
10. **FIND CROSS-BORDER CUSTOMERS.** There is no overseas business unless you have customers.

- 11. ESTABLISH A DIRECT OR INDIRECT METHOD OF EXPORT.** It all boils down to export strategy and how much control you wish to exercise over your ventures. On the other hand, readiness to seize an opportunity is more important than having your whole strategy nailed down beforehand.
- 12. HIRE A GOOD LAWYER, A SAVVY BANKER, A KNOWLEDGEABLE ACCOUNTANT AND SEASONED TRANSPORT SPECIALIST,** each of whom specializes in international transactions. You may feel that you can't afford these professional services, but you can't afford to do without them.
- 13. PREPARE PRICING AND DETERMINE LANDED COSTS.** Be ready to test out your price on your customer. See what reaction you get and then negotiate from there.
- 14. SET UP TERMS, CONDITIONS AND OTHER FINANCING OPTIONS.** Agree on terms of payment in advance, and never, ever sell on open account to a brand new customer. No ifs, ands, or buts. Just don't.
- 15. BRUSH UP ON DOCUMENTATION AND EXPORT LICENSING PROCEDURES.** If you find it too time-consuming, hire a freight forwarder who can fill you in on the spot. Ask a lot of questions. Use their expertise to your advantage.
- 16. IMPLEMENT AN EXTRAORDINARY AFTER-SALES SERVICE PLAN.** The relationship between you and your overseas customer shouldn't end when a sale is made. If anything, it begins on the sale and requires more attention. The "care and feeding" of customers determines if they will keep coming back.
- 17. MAKE PERSONAL CONTACT WITH YOUR NEW TARGETS,** armed with culture-specific information and courtesies, professionalism and consistency. Your goal should be to enter a different culture — adapt to it — and make it your own.

- 18. INVESTIGATE INTERNATIONAL BUSINESS TRAVEL TIPS.** The practical aspects of international business can make or break the success of your trip. In preparing to go boldly where you have never gone before, plan accordingly.
- 19. EXPLORE CROSS-BORDER ALLIANCES AND PARTNERSHIPS.** In charting your global strategy, consider joining forces with another company of similar size and market presence that is located in a foreign country where you are already doing business, or would like to. Gauge your readiness — or willingness — to take on a 50/50 partnership and what it can and cannot do for you.
- 20. ENJOY THE JOURNEY.** Never forget that you are the most important and valuable business asset you have, and that the human touch is only the more precious in our age of advanced technology. Take the best possible care of yourself, your employees, your suppliers, and your customers, and your future will be bright, prosperous and happy.

REFERENCE WEB SITES TO HELP YOU GO GLOBAL

All of your basic questions about going global can be answered by visiting a handful of online resources. You will also learn how to further develop a global entrepreneurial mindset, create a global marketing strategy and locate additional tips for taking on the world.

- » **CENTER FOR INTERNATIONAL BUSINESS EDUCATION AND RESEARCH (CIBER)** University of Illinois at Urbana–Champaign <http://www.ciber.uiuc.edu/>
- » **COUNTRY WATCH** <http://www.countrywatch.com/>
- » **GLOBALEDGE** (from Michigan State University) <http://globaledge.msu.edu/>

- » **GLOBETRADE** <http://www.globetrade.com>
- » **INTERNATIONAL TRADE ADMINISTRATION, US DEPARTMENT OF COMMERCE**
<http://www.ita.doc.gov/index.html>
- » **MYEXPORTS** (a public-private partnership of the U.S. Department of Commerce and Global Publishers LLC) http://www.myexports.com/resource_links/index.html
- » **OFFICE OF INTERNATIONAL TRADE, U.S. SMALL BUSINESS ADMINISTRATION**
<http://www.sbaonline.sba.gov/OIT/>
- » **STAT-USA/INTERNET** (from the U.S. Department of Commerce)
<http://www.stat-usa.gov/>
- » **THE FEDERATION OF INTERNATIONAL TRADE ASSOCIATIONS** <http://www.fita.org/index.html>
- » **THE U.S. GOVERNMENT EXPORT PORTAL** <http://www.export.gov>
- » **U.S. COMMERCIAL SERVICE** <http://www.buyusa.gov/home/>

This manifesto is living proof that entrepreneurs and small businesses can transact business beyond borders and have enormous power to create a brighter future for our brave new world – one filled with open-ended possibilities. It all goes back to becoming a global guru, shaking things up and making things happen. The question you need to ask yourself is this: What can I do to develop a “global fever?” When you have your answer, dear global guru, go to work. The world is at your doorstep.

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ABOUT THE AUTHOR

Laurel Delaney is a successful international entrepreneur, speaker, educator and author with more than twenty years of experience in global business. She runs <http://www.globetrade.com> and <http://laureldelaney.com>. Both firms specialize in international entrepreneurship. Ms. Delaney is a member of the International Editorial Advisory Board of the Journal of International Entrepreneurship, a recipient of SBA's "Exporter of the Year" award and has written numerous articles and books, including *Start and Run a Profitable Exporting Business and Insanely Global!* In addition, she is a contributing author in The Handbook of research on International Entrepreneurship, publisher of "BORDERBUSTER" e-newsletter, and oversees The "Global Small Business" and "Escape From Corporate America" blogs. She is also a member of Women in the Academy of International Business (WAIB).

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NAVIGATION & USER TIPS

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