

animate...

International Expansion: Talent strategies for building a winning team



For many software and technology companies, expanding into a new geographical market is a great way to increase revenue, profits, and market share. Having a diversified geographical footprint is also a strategic defensive mechanism to protect businesses during economic downturns and periods of uncertainty, while allowing for continued expansion when home markets become mature and competition becomes too fierce. A successful new market entry requires extensive planning, but with the right strategy and team in place, companies can capitalise on a previously untapped customer base.

In order to help you navigate this process, we have compiled an easy-to-follow checklist of what you need to consider when embarking on a new international market expansion and some key points for you to consider when recruiting international talent in foreign markets.

“If you think it’s expensive to hire a professional, wait until you hire an amateur.”
~ Red Adair ~



What you need to do pre-launch



Conduct a market feasibility analysis to determine if entering a new market or geographical territory is viable. Every country and region is different and unique; do not assume a one-size fits all strategy will work - local market dynamics may well be very different to your home market. Consider the different regulatory landscape, local competitors and customer base, pricing models, technology adoption rates, product need/fit, and infrastructure.



Develop a strategic plan to define your business goals, critical success factors and key growth objectives. Entering a new market, whether conservatively or aggressively, requires the execution of a successful sales and marketing strategy. This should include an overview for how you are going to promote your products and/or services to that market. Are you planning to sell through a direct sales model or via channel partners? What does the prospective partner ecosystem look like? What existing sales and marketing strategies, case studies, processes and systems can you adapt? How are you going to prepare and equip your sales team with the right tools and information necessary to successfully solicit new customers? What resources you will need to commit and what are the anticipated timescales to move to breakeven and profitability? In short, you need to determine what the scale-up plan looks like and when you expect to bring on additional resources, and in what order.



Plan your finances to estimate your initial costs and create a separate ring-fenced budget. Once you have calculated your preliminary launch costs; it is wise to double or even triple the costs and timescales. Companies often underestimate the costs and time it takes to build traction. If the costs and timescales seem unsustainable or you are expecting a quicker return on investment, consider scaling back the initial plan. Whatever you decide, make sure you have dedicated budgets and resources to commit to achieving these goals.



Assess your resources and decide what your launch team looks like. Are you planning on recruiting a local team or relocating existing personnel? What are the associated timescales for hiring, on-boarding, and training up new staff? What activities can be supported remotely and what needs to be done locally? For example, will ancillary services such as pre-sales, technical support, demand generation, marketing, professional services, finance, legal, HR etc, be deployed in-country or supported from the corporate head office or other regional hubs? What are the implications of this in terms of geographical time differences, potential cultural and language barriers, understanding of local market needs and general expertise? Will these resources be dedicated to the new venture or provided as part of a job share or shared service offering?

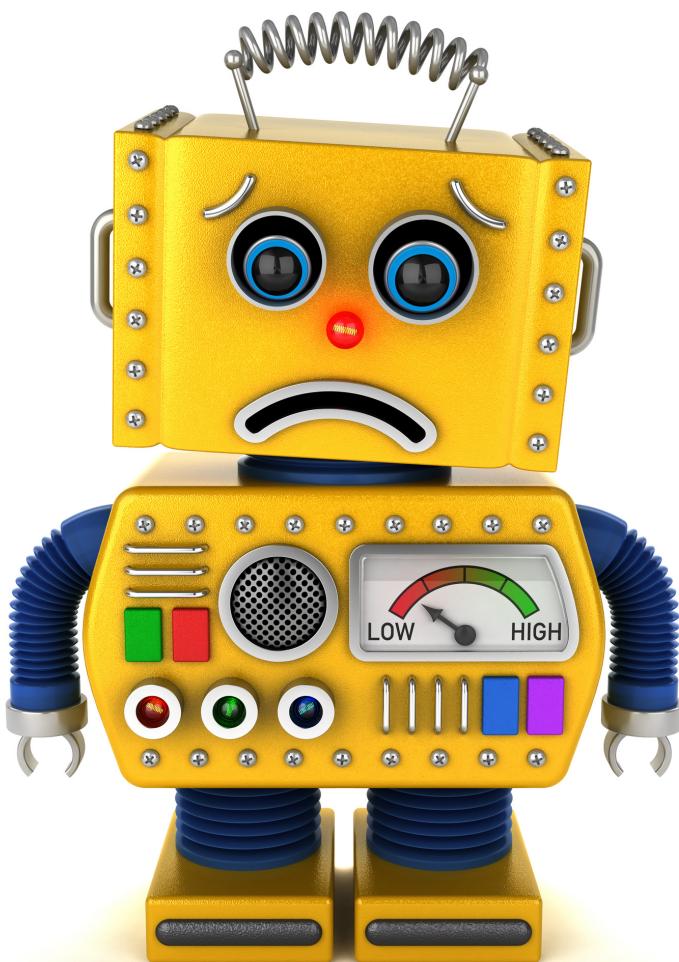
Pros of hiring local talent

- They will typically know the market better and have a clearer understanding of the cultural nuances and ways of doing business in the market.
- They will invariably speak the local language and will be able to communicate fluently and unhindered.
- Likely to have an existing network of target prospects, customers, partner landscape etc. Therefore, they will be able to leverage that network more quickly which should reduce the sales cycle and ramp-up time.
- It is often easier for them to build local relationships due to closer cultural assimilation – “people typically prefer to buy from and work with their own”.
- Good for diversity – hiring local talent enriches a company’s global workforce and overall company culture.
- Able to provide advice and input beyond job specific requirements – for example, they are able to support other functions and departments on local matters, i.e. language translations, working practices, market knowledge etc. which provide additional added value to the business.
- Hiring local talent specifically from your direct competitor base can also have the added benefit of diminishing their market position, whilst bringing valuable competitor insight to the company.
- They are likely to be well networked with other industry peers and local talent in the market, which can provide you with a ready-made talent pool for future hiring campaigns, reducing hiring timescales and costs.



Cons of hiring local talent

- Unknown entity – no guarantee that they will be a success in the role. Making the right hire is critical to early success and a bad hire might not be easy to terminate or expensive to do so due to local employment laws.
- Higher chance of company cultural assimilation failure – coming from a different culture and working environment, will they be able to adjust effectively to the parent company's preferred operating model and style of business?
- They will need more training on the company's products, services, systems, tools, processes, and procedures.
- Potential language and communication barriers – often information can be misunderstood or misinterpreted when being shared between non-native speakers.



Pros of Redeploying Existing Personnel

- Already bought into the company culture, values, mission statement and goals. They are essentially a known entity and presumably someone with a proven track record, who can be relied on and trusted.
- Limited time required to upskill – they already understand how the company operates, what its products and services are and how the systems, processes, and procedures work.
- Typically, will require less management, as the leadership team should already know how they like to be managed, what their relative strengths and weaknesses are, personal motivations etc.
- They should not need to build internal relationships and networks – they already know whom to ask for help and where to find information quickly.
- Good for company morale, employee retention and internal mobility – other employees can see real opportunities for career development.
- No recruitment fees, unless a backfill replacement is required. In addition, it allows you to more accurately benchmark overall salary and remuneration costs upfront.
- Able to test the market remotely to identify market viability and potential opportunities, i.e. can conduct a soft launch without the need to hire externally or setup a new entity in the first instance.
- Redeploying existing resources allows you to build a local culture that more accurately reflects the parent company's customs, traditions, and ways of working. This prevents cultural silos forming in the new geography, which are disconnected from your main hub.



Cons of Redeploying Existing Personnel

- They often do not speak the local language or understand the culture, which can be problematic when doing business in certain countries or regions, i.e. will they be sympathetic and sensitive to local traditions, customs, and values?
- Likely to have a limited understanding of the local market and a smaller network of contacts (if any). The time taken to forge new business relationships, identify customers and partners may be much longer, which could potentially result in a longer sales cycle.
- Will they assimilate to their new lifestyle in an unknown location and will they enjoy this new existence? What impact will this have on their existing friend and family network
- Potentially expensive relocation costs, especially when you consider expat remuneration packages, which may include relocating immediate family members at additional expense.
- They may only be able to stay within the host country for a limited period of time due to visa and work permit restrictions.



Cost of hiring

Assuming you plan to hire locally, rather than opting for an “expat model”, you need to consider whether you plan to hire directly or via external third parties. Either way, you need to ensure you have an accurate understanding of the local market costs and realistic salaryu benchmarks.

Key considerations:



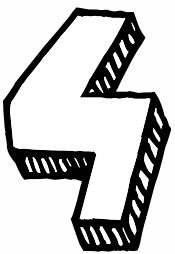
If using a local third-party recruitment company, consider the additional recruitment fees associated with this. These can vary greatly from country-to-country with agency fees ranging from 20-35% of starting remuneration package, depending on what type of agency or search firm you engage.



Be aware that regulatory and employment laws, and legal and tax systems in different markets can be quite complex and add significant costs



Bear in mind you will need to create country-specific, legally valid employment contracts. Does your in-house HR and legal team have the expertise to formulate these compliant contracts? Employment protection rights in certain countries can lead to it being very costly, and you may also face a lengthy process to lay off underperforming employees. Having to engage with local experts can add expensive legal fees to any initial start-up costs. What provisions do you have in place for ongoing HR support and payroll services?



Make sure you have checked the local market conditions relating to starting salaries and overall remuneration packages. What are the typical differences in relation to terms and conditions, perks, benefits, holidays, insurances, car allowances etc? What do local competitors and peers typically offer and how do they manage local talent? What can be learnt from this and how can you stand out from the crowd?



As an unknown player, new market entrant or start-up business, there is a real opportunity to tap into a new talent pool. However, there is also a higher degree of risk for candidates. You might need to pay a premium or offer additional incentives in a new market to entice the best talent, this may include shares or stock equity to attract top performers.

Location, Location, Location



Where you establish your launch base and your team can have a significant impact on costs. Look at the relative costs of hiring in different cities, but also the availability of talent. Build somewhere that you can scale up the team in the long term. A good source of information is [Numbeo](#), which provides a cost of living database for most major markets and cities across the world.

If you are looking for available talent, consider what other companies are based in that area, where your competitors are based, where the major innovation or technology hubs are, and what incentives might be available from local government agencies to set-up in a specific region. Certain countries and territories might offer tax discounts or incentives to get you started. Living standards and costs vary greatly in different countries and even between cities in the same country. Having a flagship address in a capital city may look great, but how much will this increase the cost of hiring? If you ultimately decide to open an office, expect to pay inflated costs for office leases in premium locations.

Simplify expansion through partners

Companies often enter a new market by creating a local legal entity. However, this option does not provide companies with the flexibility and stability needed to navigate an unknown market economy. A new legal entity can often take months to get up and running and cost a significant amount. Furthermore, if you decide to cease operations and close down the entity, the time and money required to exit can be very costly. Alternative options may include using an “Employer of Record”, which gives companies a flexible and compliant way to enter new markets without the need to set up an entity of their own. These managed service providers can often handle the administrative burdens, such as local payroll, employment contracts, tax and compliance needs.

A lot of unknown variables can crop up when recruiting and expanding overseas, so having a local partner on hand to help navigate the cultural and legal requirements in foreign markets can be extremely valuable. These providers can often make it possible to launch in a new market within as little time as forty-eight hours.



S I M P L I F Y

International Hiring Checklist



Make sure you have a [streamlined and slick job application process](#) and have put effort into developing a compelling job specification, which complies with local regulatory and market needs.



Develop an engaging [candidate journey](#) – whilst you might have a great brand and reputation in your home market, when expanding internationally you cannot assume that candidates will flock to your business. Competition for top talent is fierce everywhere, especially for companies entering new markets with no established brand. What are you doing to up your game in order to attract (and retain) talent? You have to be active in building an enticing candidate attraction process and demonstrating how they can grow as part of your organisation.



Make sure you have [developed a compelling employer value proposition](#) which suits the local market – recruitment is no longer about “what a worker can do for an employer”, it’s also about what employers can do to deliver an enriched candidate experience which aligns to the personal wants and needs of a future employee. Offering career development and growth opportunities that make your company attractive to talent is a critical part of this.



[Factor in local market variations](#) – even within individual countries you will find significant regional differences. For example, when hiring in Switzerland you need to consider the local Canton regions and different language capabilities in locations such as Geneva (predominately French speaking) and Zurich (predominately Swiss German speaking). The same goes for Spain, someone from Barcelona will likely be fluent in Catalan and Spanish, however a native from Madrid will most likely not speak Catalan. These nuances can make all the difference when determining your resourcing strategy.



International Hiring Checklist continued...



If hiring locally, ensure you have conducted an accurate [pre-launch remuneration benchmarking](#) exercise and where possible have this independently verified by an external recruitment provider, such as [Animate Search](#), who knows the local market and industry sector, and can demonstrate expertise and evidence of having filled similar roles. If possible, try to identify several target candidates upfront which fit your job description, candidate profile and more importantly, meet your expectations. Having an accurate picture of what you want, what is available and what you can afford at the right price point will ultimately speed up the search and ensure you are targeting the right profiles.



[What employee attributes and characteristics do you need?](#) - Consideration should always be given to hiring a candidate with the right skills, experience, and domain knowledge, but also with the qualities and traits necessary to succeed in a new venture, start-up and remote-working environment. Despite possessing the right experience and market knowledge, some individuals are simply not cut out to succeed in a start-up environment and are unable to work remotely, with little supervision, or in isolation with limited daily interaction. Whilst headhunting and recruiting successful individuals from established local competitors might at first seem to be a logical decision, if they lack experience of working in a similar environment, they might not necessarily make the transition successfully. If they cannot demonstrate the entrepreneurial spirit, mentality, and gusto to thrive in a start-up or greenfield environment, even with relevant experience gained in established companies, they might not be the right hire. Past performance cannot guarantee results, especially when the environments are very different. Therefore, qualifying their experience and assessing their ability to make this switch needs to be considered.



International Hiring Checklist continued...



Hiring Timescales - If hiring locally, consider the notice periods in the host country. This can vary dramatically from country to country. For example, in Germany and France, 3 months is quite common, the UK is usually 1 month, whilst in Spain it is often only 15 days. Regardless of timescales, start the process early, even before an entity or official presence has been established in the new location.



Reporting structure and leadership - Establishing the right local leadership team and structure is arguably the most important phase of an international expansion process. However, the upward and backward reporting structure to corporate head office is also critical. New hires need to know whom they are ultimately accountable to, especially if they are reporting to someone remotely. Will they report to the Country Manager, Regional Director, CRO or CEO? Will you operate a matrix structure with dotted line management? Regardless of your set-up, having the right management structure in place is essential.



Communication - Maintaining communication across multiple locations and time zones is often cited as one the top challenges for businesses when expanding globally. This can be mitigated partly by having effective processes and systems in place to manage the recruitment, onboarding, training, and subsequent operational management of the team. Ensuring remote employees feel part of the parent company and are not a forgotten remote outpost is vital in keeping up morale and employee engagement.



Measuring and tracking success - What metrics are you using to measure and track performance and success? How is employee satisfaction and engagement being measured and monitored? How do you know if your employees are bought in to your company mission and values? How do you know if leadership is being effective? The key motivation behind any international expansion or market launch is to achieve growth and expand into a customer base. However, in order to successfully achieve sustained growth, realistic targets need to be set, tracked, and measured.



Conclusion

As outlined, expanding internationally can be a fantastic way to grow your business and tap into lucrative new markets. There are multiple strategies companies can adopt when embarking on this journey, but prior preparation and planning is critical. Companies often greatly underestimate the costs and timescales associated with an international market expansion, so make sure you have conducted appropriate due diligence before you commit. Ensure you have a clear roadmap in place which is fully costed and supported by the rest of the business, in particular, including Board-level sponsorship.

Central to any expansion success is having the right team in place. Whether you ultimately hire locally, redeploy your existing personnel, or use a combination of both, you need to consider the potential benefits and pitfalls of championing such a strategy, and have a supporting structure in place to mitigate against any potential issues.

“You’re not just recruiting employees, but are sowing the seeds of your reputation.”

About Animate Search

Animate are an EMEA-based Executive Search firm, operating in the Enterprise Software and Technology industries. With offices in Manchester and Barcelona, we support companies who are fighting for a competitive edge. We provide that edge by ensuring that our customers can attract the very best in leadership, commercial and technical talent to devise strategy, build sales pipeline and deliver world class services. Whether you are breaking into a new geography or sector, re-positioning your brand or simply building upon the great work you are doing already, our passion is enabling you to achieve your goals. We do this by devising captivating go-to-market attraction and engagement processes to entice the industry's finest talent.

About the Author

Iain is one of the co-founders here at Animate Search and has worked in the recruitment, talent acquisition and staffing industry for over 20 years. During this time, he has worked for large global recruitment process outsourcing (RPO) companies, but over the past 10+ years he has worked exclusively in boutique executive search and start-up talent acquisition companies, serving Cloud/SaaS, enterprise software and technology companies with operations in Europe. Much of his experience has focused on helping similar start-ups, fast growing VC/PE-backed, pre-IPO and market-leading vendors to scale their sales, marketing, technical and leadership teams across EMEA.

If you would like to hear more from Animate Search why not follow us on [LinkedIn](#)

To contact us directly, feel free to get in touch at info@animatesearch.com