BDO AMBITION SURVEY 2011
Global opportunities

REPORT
BDO Ambition Survey: Global opportunities

1. FOREWORD

BY MARTIN VAN ROEKEL

The appetite for global expansion among ambitious growing businesses has not been thwarted either by the current economic situation or the perceived risks and difficulties of expanding abroad. At BDO, our clients continue to approach us for advice regarding their plans to develop their businesses overseas.

In our first study into globally ambitious businesses in 2010, it became clear that driven business leaders do not focus on the barriers or challenges when expanding their business, but on the opportunities a new market affords them. With this in mind, in the second year of the BDO Ambition Survey we sought to identify the factors that make a new market attractive and we asked CFOs experienced in global expansion to share their knowledge and experience in order to help our clients who are going through this for the first time. While respondents perceive no issue as insurmountable, these are detailed in the Report so that when planning a new venture abroad they can be mitigated early in the process.

Almost all of the CFOs we spoke to believe that they will be successful in their overseas expansion initiatives - as long as they conduct proper research, make sure they have talented, local people on the ground and seek good, solid advice. Businesses aren't held back by challenges such as the intensity of local competition or geo-political risks - what they focus on are the opportunities, for example the size of the market they are entering and their potential to gain market share. This is borne out by looking at the countries growing companies are preparing to enter. According to the BDO Global Market Opportunity Index, the top three global investment destinations are China, USA and Germany, with China representing fully three times the business opportunity of Brazil, UK or France. China is still seen as potentially hazardous, however: although it has the most reward factors, it is also perceived as being one of the most challenging countries.

That's not to say that the CFOs we interviewed are positive about everything. A number of them did say that they think it is getting harder to conduct business overseas and a third of them report that the financial crisis is still causing problems. However, these are not problems related to finding funding, because well over half of them claim to have no difficulty in raising money and only 17% suggest that banks' unwillingness to lend is an issue.

According to our respondents it is vital that you have people in place who understand the cultural differences when doing business in another country: it is not good enough to automatically assume your standard business model. Success is more likely when you recruit from the local market, training staff in situ to understand your business. It's also important to seek unbiased, knowledge-based guidance, and many of the CFOs cited their accountants and tax advisers as being a trusted source of advice.

This focus on people mirrors BDO's experience. Our firms are experts in the country in which they operate: they know the culture, understand the environment and how to operate effectively in their market. This approach has given us consistent business growth over the years,

MARTIN VAN ROEKEL
CEO

particularly in emerging markets. In China alone, where we take the approach that our business should be led by local professionals, BDO's revenues increased by 64% in the year 2009 to 2010, with personnel numbers growing four-fold over a four year period.

We build on national expertise and enable local culture to shine through within a strong global framework, which is an attitude that our clients value. They receive sensible, actionable advice grounded in local knowledge and backed by global experience, so that what may appear as a challenge can rapidly be converted to opportunity.

For those of you who are starting your first overseas venture, as well as for those of you who are experienced but know there are always things to learn from others, I hope you find this research useful and insightful. If you wish to discuss any of the issues raised, please contact me or your local BDO contact.

Martin van Roekel
CEO
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2. INTRODUCTION

BACKGROUND, OBJECTIVES AND METHODOLOGY

The BDO Global Ambition Survey is now into its second year. The 2010 survey Report demonstrated that ambitious businesses were confident about cross-border expansion, despite continued economic challenge. This year we have once again asked CFOs from globally aspiring companies how they view their growth prospects overseas, as well as looked at what is changing and what, in the last year, has made a difference to their plans.

The BDO AMBITION SURVEY: GLOBAL OPPORTUNITIES 2011 assesses where established international businesses see the greatest opportunities for further growth and which markets will have the biggest impact on their balance sheet in the next three years. And CFOs experienced in growing their companies overseas offer their advice on how to avoid the pitfalls and realise the opportunities available.

The Survey's basis is thought leadership research among globally aspiring companies with international expertise. The focus of the study is on identifying the strategies, critical success factors and challenges to cross-border growth encountered by those companies. It explores how globally ambitious midsized companies can maximise the business opportunities abroad and navigate the regulatory challenges of cross-border growth.

This multi-country executive survey was designed by StrategyOne in close consultation with BDO and the research was conducted by an external fieldwork supplier, in several languages.

In the inaugural BDO Ambition Survey in 2010 we surveyed 237 'c-suite' executives with a variety of job titles in ten countries. This year we have expanded our research to cover 13 countries and have narrowed the respondents to Chief Financial Officers (CFOs - or their equivalent). The number of interviews conducted has increased considerably to 751.

The businesses we interviewed represent businesses across North America, Europe, the Middle East, Asia Pacific and Latin America:

- Australia
- Brazil
- Canada
- China
- France
- Germany
- India
- Japan
- Netherlands
- Russia
- Saudi Arabia
- UK
- USA

METHODOLOGY & RESPONDENT CRITERIA

As mentioned above, this BDO Survey records the responses of a specific group of people: the CFOs of internationally growing medium-sized companies. These entities can be seen as the 'growth engines' of global trade, and this survey documents the opinions and aspirations of those responsible for finance and investment. We look at where CFOs are focusing their international expansion, what their mood is and ask for their practical advice on the primary success factors when expanding overseas.

751 interviews were conducted across 13 countries with CFOs, Financial Directors and other Heads of Finance. All respondents' titles refer to their entire organisation (i.e. not a division or subsidiary) and all report to the CEO or similar. Strict screening was employed to produce credible executive research for use both at a global and country level.

All interviews were conducted by telephone between 23 May and 8 July 2011 and lasted +/- 20 minutes.

Interviewees were sourced from Dun & Bradstreet, Hoovers and other internationally respected lists, augmented by Chambers of Commerce, with company details as follows:

- Size: globally aspiring medium-sized companies with revenues of between US$50m - US$1bn
- International profile: respondent companies have at least one international office and /or export internationally
- Industry sector: respondent companies were sampled from the following sectors, using Dun & Bradstreet counts in each country when setting quotas:
  - Financial services
  - Manufacturing
  - Real estate & construction
  - Technology, media & telecommunications
  - Retail
  - Natural resources
  - Professional services
  - Tourism, leisure & hospitality
  - Transport and utilities

This year's survey includes several additional, closed questions, relating to the following topics:

- Ease of conducting business abroad, and reasons for this
- Proportion of business accounted for by sales outside headquartered country: now, in the future, and in non-BRIC emerging markets
- Expansion with existing or new products and services
- Countries that will be a focus of new market entry and general expansion
- Countries that will account for a higher, lower or similar proportion of company revenues
- Important factors - opportunities as well as challenges - when expanding abroad
- Expansion 'push' and 'pull' factors
- Attitudinal and behavioural statements
- How fast a new office is opened once a decision is made to do business abroad
- Most trusted sources of advice and the ease of finding practical advice
- Factors affecting funding, and reasons for difficulties
- Ease of finding the right local people, and reasons for difficulties.

3. EXECUTIVE SUMMARY

KEY POINTS

Mid-cap CFOs are nearly all (95%) confident that their three year plans to expand internationally will succeed

China, USA and Germany are the top three countries that are both global investors and attractors of inward investment. For China, opportunity and risk go hand in hand

Finding local people with the right skills and knowledge is more challenging than finding the money to expand abroad.

KEY FINDINGS

Despite the economic and regulatory difficulties facing all businesses, a huge 95% of the mid cap CFOs we interviewed are confident that their three year plans to expand internationally will succeed. On average, they expect 44% of their revenues in 2014 to come from sales outside their headquartered country, up from the current 37%.

This confidence and readiness to expand is set against a background, however, where 28% of CFOs state that conducting business abroad has become more difficult, while 23% claim it is easier than three years ago.

For these CFOs, China offers three times the business opportunity of Brazil, the UK or France. However, China is seen as something of a gamble – although it has the most reward factors, it is also perceived as being one of the most challenging countries. That said, the business leaders we spoke to are more likely to make expansion decisions based on opportunities than on challenges.

"It's a massive market [China]. The people and market have a strong desire for innovative goods and new brands. There is a plenty of opportunity to increase size if you get the marketing and branding right. High risk but high return." *Manufacturing, Germany*

Brazil is the second most-mentioned country for new market entry intentions, after China, but it remains a relatively unexplored market where acquisitions are seen as more likely to make an impact than starting from scratch.

There is no evidence that Brazil, Russia, India and China – the popularly grouped-together 'BRIC' - look to each other over and above other potential target markets. If anything they are less interested in each other than in other countries.

The CFOs interviewed say they have relatively little problem finding practical advice or gaining funding to expand abroad. However, cultural differences generally are a recurring theme and, in particular, finding the right skilled, trustworthy, and cross-cultural people is a major challenge for the majority of the businesses we spoke to.

Investment in people is a more important focus than either channels of distribution, or product development, or capital investments, but there remain major concerns about the reliability and trustworthiness of local staff. Cultural considerations may explain why companies in several countries (e.g. Brazil, Russia, and India) prefer a regional focus for expansion. The Chinese, on the other hand, are far more global in outlook.

"Embrace local people, don't try and move people into a different company overseas - you have to have significant local presence to be successful." *Professional services, Australia*

The best sources of advice as to how to expand abroad come from close to home. Our interviewees turn to internal sources, trusted customers and existing contacts, as well as accountants and tax advisers, who they see as best understanding the CFO's business.

These companies and their CFOs are in a hurry to expand and the majority expect to open an office within a year of making a decision to expand their business overseas. Aligning customers, staff, partners, distributors, advisers and bankers is therefore critical. Only 3% of our respondents take more than three years to open an office once the 'go' button is pushed.

Most overseas expansion is within the comfort zone of the core sectors of the companies we spoke to, and they continue to market existing products and services. European and Japanese businesses in particular feel most comfortable operating in their core sectors.

Casting a very positive light over the subject of cross-border expansion as a whole is the fact that, for the large majority of the CFOs interviewed, the opportunities dominate the challenges. These businesses base their growth decisions more on the opportunities they perceive than on the challenges and barriers they face. China and India are considered important markets because of their size and growth rate, for example, but the challenges associated with investing there - perceived and real – are not considered insurmountable, merely issues that need to be overcome.

"Great deal of opportunity. The [Indian] market has a lot of regulations but is a sizeable market" *Professional services, Canada*

Twice as many CFOs claim that their company's expansion plans are driven by 'pull' factors – that is, conditions that attract companies to a new market - than by 'push' factors. The latter are those factors that drive companies to put relatively less emphasis on their home market. The most commonly-mentioned opportunities that drive international expansion in general are:

- Market size
- The availability of skilled personnel and strong local partners and suppliers
- Access to new customers
- Higher growth rates than are available domestically
- Strong existing client and customer relationships and / or demand
- Acceptable geo-political risk

Market size and higher growth rates dominate their thinking when these companies look to expand into the 'BRIC' markets, notably China and India. It should be noted, however, that the size of the US market and access to its consumers is also very important. The perceived lack of geo-political risk, together with the availability of skilled personnel, are unsurprisingly important factors in the continued attractiveness of North American and European markets.

Less positively, the challenges that can hinder international expansion should not be underestimated, and vary considerably. The most commonly quoted are:

- Intensity of local competition
- Finding the right local management, staff, partners, suppliers
- Red tape, bureaucratic hurdles, state protectionism, trade barriers
- Currency fluctuations
- Cultural or language barriers, as well as different business customs

Many of the greatest challenges are associated with the apparently more developed Western markets – for example intensity of competition. Currency fluctuations, meanwhile, concern those with an expansionist eye on the USA and UK. Red tape and cultural barriers are highlighted more by companies targeting the BRIC markets.

4. BUSINESS MOOD AND CONFIDENCE

KEY POINTS

CFOs in the BDO Survey report that conducting business abroad is more difficult now than it was three years ago

Despite this, nearly all the CFOs we spoke to are confident that their own company's future international plans will be successful

Increased globalisation together with less border control is the key reason why 23% of CFOs are more optimistic - although this is countered by the 28% who point to the financial crisis and economic environment generally making business life more difficult.

GETTING TOUGHER

The survey respondents feel that conducting business abroad has become more difficult in the last three years: 23% of the firms interviewed have found doing business easier, but 28% have found it more difficult. Meanwhile, just under half report no overall change.

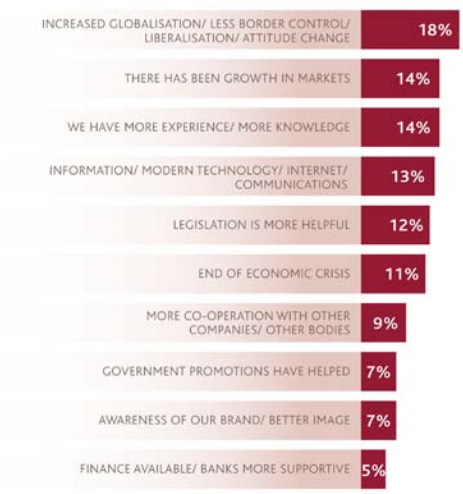
Doing business abroad is significantly easier for Brazilian and Indian CFOs (44% and 38%respectively), but notably more difficult in the UK (20%), Japan (30%) and Germany (32%). In line with some of the measures included in last year's survey, the mood in Canada remains less than positive, with just 4% of Canadian CFOs stating that business abroad has become easier compared to three years ago.

"I think the global recession of two years ago was the biggest challenge that we have experienced conducting business [in the USA]." *Manufacturing, Canada*

There is some evidence that financial services firms and manufacturers, in particular, have emerged in a more positive mood, whereas conducting business abroad remains more difficult for companies operating in the real estate & construction, natural resources, transport & utilities and retail sectors.

The mood of optimism is generally greater among businesses looking to expand into China and India – in fact, into the Asia Pacific region generally - whilst those with a European focus tend to be more cautious.

Of the 23% of businesses reporting easier conditions abroad, several reasons were highlighted spontaneously:



Q: What are the primary reasons that your company finds conducting business abroad generally easier, compared to 3 years ago?

The liberalisation of international business is a reason reported most widely in the USA, Canada and Brazil as affecting ease of doing business abroad, while for Chinese businesses it is learning through experience that makes a particular difference.

Of those businesses in the BDO Survey that find conducting business abroad more difficult, three main reasons were given without prompting: Economic difficulties/financial crisis, Legislation/ bureaucracy/regulation and Competition. See below:

Q: What are the primary reasons that your company finds conducting business abroad generally more difficult, compared to 3 years ago?

But it is the European CFOs specifically that are finding conditions more difficult as a result of the recent global financial crisis. In North America, businesses struggle with legislation, bureaucracy and regulation. Increased competition is a key difficulty reported by Chinese companies, while increased costs and currency issues - most notably the weak dollar - are highlighted as particular difficulties for the manufacturing sector.

CONFIDENT OF SUCCESS

"We have had a presence over there [in Singapore] for over two years and the business is going really well, we are developing and growing there, there's a lot of potential for us." *Manufacturing, India*

The generally less than positive mood that pervades does not appear to affect the optimism of individual companies. Nearly all of the CFOs we spoke to are confident that their own company's future international plans will be successful. Overall, 40% are very confident and a further 55% are fairly confident - a similar position to that observed in 2010. Confidence is greatest amongst Indian and Saudi Arabian businesses (68% and 66% 'very confident', respectively). By contrast, just 4% of Japanese CFOs are confident to the same extent and in fact, 12% of Japanese businesses actually admit to not being confident in their company's plans.

87% of the CFOs responding agree with the statement, "I am optimistic about my company's ability to expand abroad." Saudi Arabian CFOs, as well as those in Brazil, France and Australia, are the most likely to agree with this.

"Since the financial crisis Dubai is back to normal now, I believe the growth rate is getting better out there." *Financial services, Saudi Arabia*

A further 77% of CFOs claim that their "...company is good at doing business abroad." Again, Saudi Arabian and Brazilian CFOs show the greatest belief here.

This confidence is further supported by the 69% of CFOs who claim their "...company has global, not just international, aspirations." Indian and French businesses are the most bullish in this regard.

5. INTERNATIONAL EXPANSION OPPORTUNITIES

KEY POINTS

CFOs in all thirteen countries surveyed believe that a larger share – some 44% - of their revenues will come from sales abroad in three years' time - an increase from a current mean of 37%

Most companies are primarily looking to expand within their core sector, and with their existing products and services

Investment in people will be a key investment focus in the next three years, more so than either channels of distribution or product development

The established major economies, together with the BRIC countries, dominate expansion plans. China overall remains the number one target internationally.

OVERSEAS REVENUE GROWTH GLOBALLY

Despite the perceived increased difficulties in conducting business abroad, the CFOs in all the countries we spoke to believe that a larger proportion of their revenues will be accounted for by sales outside their headquartered country by 2014.

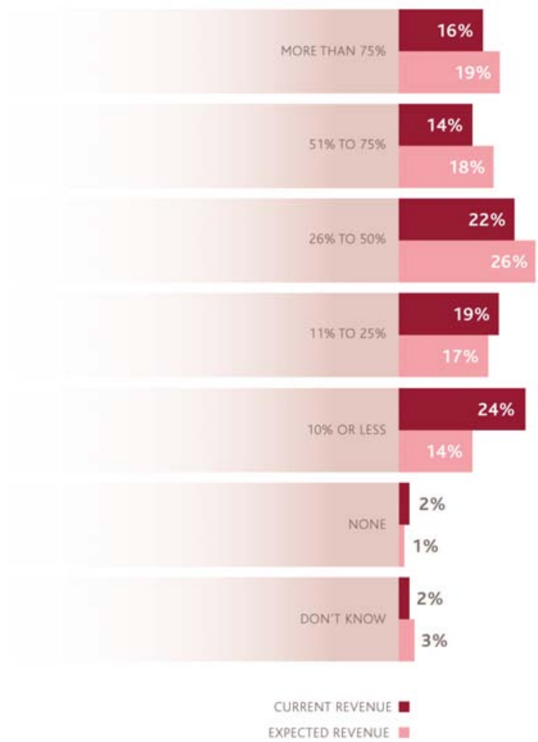
Currently a mean average 37% of revenues come from abroad, with the European companies questioned (i.e. in France, Germany, the Netherlands and the UK) all claiming an average of at least 40%. In contrast, companies in all the BRIC countries gain fewer revenues from abroad as a proportion of their total revenues - in the case of Brazil and Russia it's under 30%.

But, while BRIC country companies have fewer overseas sales, those looking to expand into these four markets are more likely to have greater revenues abroad. It is likely that this is due to the greater experience that these companies have in trading internationally – as well as, of course, the greater potential rewards that these large markets promise.

From an industry perspective, companies operating in the natural resources sector are most likely to rely on overseas revenues (51%) and those in real estate and construction have the lowest levels of revenues from outside their headquartered country (26%).

"As the USA is a large country with resources widely available, it is perfect for a natural resources procurement company to expand their business into." *Natural resources, China*

Looking ahead to 2014, the CFOs of the companies surveyed expect an average 44% of their revenues to come from abroad - an increase of 7% on now. This figure is highest in the Netherlands, Canada and Australia, interestingly the three countries with the smallest populations in the survey. It may be assumed that businesses in these countries are restricted by their more finite home markets and have turned their attention to overseas trade out of a greater need to expand. In the case of the Australian companies represented, it is expected that by 2014, 52% of revenues will come from overseas, up from 42% currently:

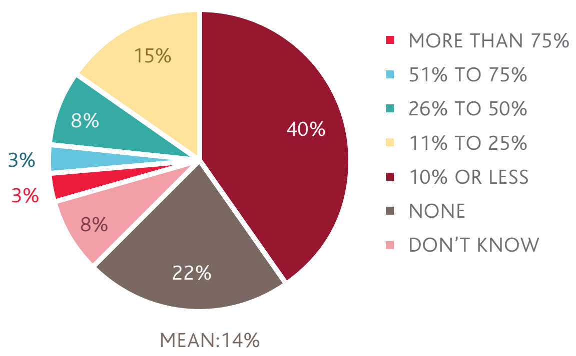


Q: What proportion of your company's global revenue is currently accounted for by sales outside your headquartered country?

CFOs in Brazil and Russia claim the greatest increases in revenues from overseas, with both expecting a 12% average increase in these revenues between now and 2014. As noted earlier, because Brazilian and Russian companies have lower overseas revenues generally, they have a degree of catching up to do to reach the global average. Indian businesses also expect a slightly higher than average increase in revenues coming from abroad, up from 31% currently to 40% in 2014. Contrastingly, CFOs in all of the four European countries surveyed expect a relatively lower increase in revenues from abroad.

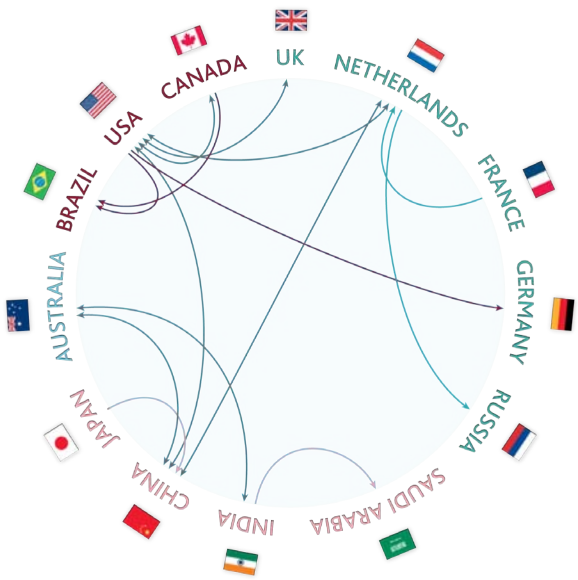
We also asked CFOs to consider revenues from the 'non-BRIC emerging markets, for example the so-called 'Next 11' markets'. They expect that in 2014 14% of all their revenues will come from these emerging markets, which is equivalent to one third of all sales outside the interviewees' headquartered countries. Companies in India (28%), Brazil (21%) and Saudi Arabia (19%) claim that the largest proportion of revenues will come from these markets so, for businesses in these countries, the emerging markets revenues will account for over half of their total revenues. The European companies, meanwhile, typically expect about a quarter of total revenues to come from these markets. Interestingly, Chinese businesses expect the lowest proportion of revenues to come from emerging markets: 9%. More detail is in the chart below:

EXPECTED REVENUE FROM NON-BRIC EMERGING MARKETS



Q: Thinking ahead three years, in 2014 what proportion of your company's global revenue do you expect will be accounted for by sales outside your headquartered country?

WHERE BUSINESSES ARE INVESTING



Q: Thinking about your firm's international expansion plans more generally, which specific countries will be a particular focus for general expansion – these could be new or existing markets - in the next 3 years?

The BRIC countries and the established major economies dominate these CFO's expansion thoughts. China is the country most often mentioned in international expansion plans.

When asked to think about their firm's plans to invest in new markets, 17% of the CFOs we questioned spontaneously mentioned China as a particular focus in the next three years. The other three countries spontaneously mentioned by over 10% of the respondents were Brazil, USA (13% each) and India (12%). The most frequently mentioned European countries were Germany (9%), Russia (8%), France and the UK (5% each).

China appears to be a country as yet unexplored by many medium-sized international businesses. With the exception of UK companies, the CFOs from all the European and North American countries surveyed indicate a greater than average propensity to be focusing on China. US businesses show the greatest inclination to be looking at China as a new market to enter for the first time, together with Brazil and India. Several US companies also point to the UK and Australia as important new markets for them. Considering the businesses in the European countries as a whole, it is the four BRIC markets and the USA that have noteworthy importance in their new market entry plans. Chinese businesses are also looking to Brazil, Russia and the USA as priority new markets, as well as Canada, Germany, France and Australia.

CFOs were also asked which specific countries will be a particular focus for general expansion - both new markets and territories where they already have a presence - in the next three years. China is once more the country where the largest number of CFOs will be focusing their efforts, gaining 16% spontaneous mentions. Note, however, that although Brazil is the second most-mentioned market after China for new market entry, for general market expansion it is the USA and Germany that are ranked second and third. India is the fourth most mentioned country, ahead of Brazil, France and the UK. Brazil's position, and to some extent that of India, is interesting in that it is not yet considered one of the established countries for general expansion, but is very much top of mind for new market entry.

Looking at general international expansion in more detail, there are some notable differences in the relative flows between countries. Although the BRIC markets and the USA are the most sought-after markets for international expansion, this finding hides some considerable regional and country differences. Chinese, US and European companies are focusing on each others' markets, but Indian companies have a greater focus on the USA, Gulf States and the Asia Pacific region generally. By contrast, Russia and Brazil's focus is often much closer to home, while Japanese companies look to prioritise general expansion in China (40%). There is less 'BRIC to BRIC' emphasis in the BRIC nations than amongst the established major economies.

Both the US and Canadian CFOs interviewed expect each others' nations to be a focus for international expansion, but both countries are also looking towards Western Europe and China as destinations for general expansion, as well as Brazil. Interestingly, Brazilian businesses show relatively little interest in North America - with the exception of Mexico. The Brazilian CFOs questioned have a particular interest in Latin America generally, with Argentina (24%) the country that will receive their greatest focus in the next three years.

"The European market is extremely difficult to break into due to their laws and regulations. There are also too many economical barriers due to the value of the euro, and even of the pound." *Manufacturing, Brazil*

Turning to Europe, there is strong evidence of the continuing expansion of trade within the EU, with French, German, Dutch and UK businesses all looking at each other's markets to help them expand internationally. That said, with the exception of France, all the European businesses represented are looking to the USA for general expansion opportunities. German businesses show a particular interest in China and this interest is reciprocated - 22% of the Chinese CFOs questioned point to Germany as a particular focus for general expansion, placing it second behind the USA (33%) in their intentions. Of all the BRIC countries, China is the country with the widest global ambitions.

Indian companies also have the USA in their sights - 26% are looking to focus on the USA. In contrast, just 10% of US companies highlight India for general expansion. The Indian CFOs interviewed are particularly interested in the Gulf States, above all the UAE and Saudi Arabia. They also express an interest in investing in South East Asia, most notably Indonesia and Vietnam.

"A good business opportunity and brand name is already established and we already have a postal network set up in some places in the Asia Pacific region." *Manufacturing, India*

The Russian CFOs' focus is generally closer to home, on Europe and the former Soviet Bloc countries. They do indicate a greater than average likelihood to focus on Germany and the UK, but it is countries such as Ukraine (36%), Kazakhstan (32%), Belarus (16%), the Czech Republic and Poland (12% each) that will receive their greatest attention. Saudi Arabian businesses are similarly more interested in a more regional focus, highlighting Qatar (24%), UAE (22%), Egypt (12%) and Kuwait (10%).

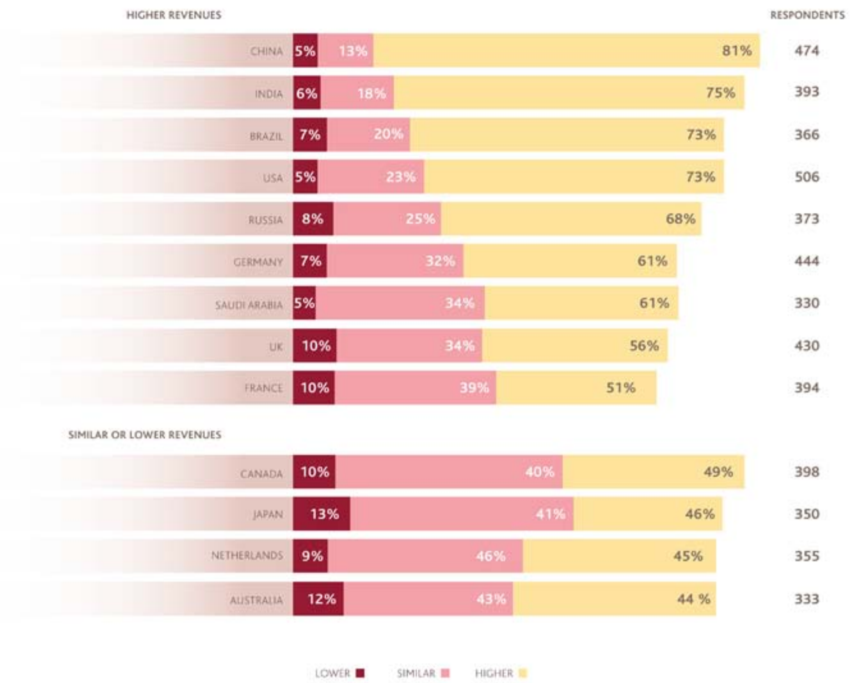
Australian businesses are looking to expand into the Asia Pacific generally and China and India in particular. North America and Europe are not a strong relative focus for Australian companies.

"New Zealand is very similar to us in their legal system; we already have existing business there which will make it easier to expand." *Financial Services, Australia*

COUNTRY-SPECIFIC REVENUE EXPECTATIONS

Those already investing in a market expect a strong link between the size of the potential market and the proportion of future revenues that will be accounted for by that country. Of those companies that already have a presence in the markets in question, 81% expect China to account for a higher proportion of revenues in three years' time:

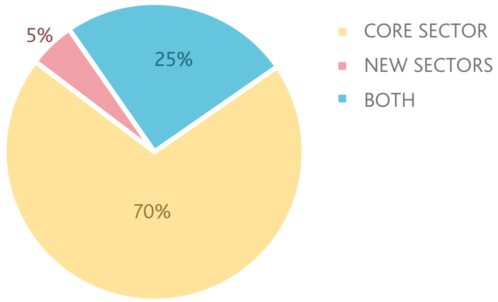
Of those with a current presence in India, 75% expect this country to account for a greater share of revenues in three years' time, ahead of Brazil and the USA (73% each), Russia (68%), Germany and Saudi Arabia (61% each), the UK (56%) and France (51%). Note that of those companies that are currently present in Canada, Japan, the Netherlands and Australia, a greater proportion expect either a similar or lower proportion of revenues to come from these countries. Clearly, CFOs will direct more of their operations to countries where the prize looks greatest.



CONTINUING WITH CORE SECTORS...

"When a company enters a new market, it should focus on its core sector. The company should have a strategic view." *Manufacturing, China*

In line with the results from 2010, most medium-sized international companies are primarily looking for growth from within their core sector. In total, 70% of the CFOs interviewed state that their company is looking to expand predominantly within their core sector: this is similar to the 69% in 2010. Only 5% expect expansion to come from new sectors, which is a decrease from the 15% reported last year. This may be a reflection of this year's sample, who are CFOs only rather than a broader range of senior executives, including CMOs and heads of international development that we spoke to in 2010. Nevertheless, 25% of the CFOs interviewed for the 2011 survey expect expansion to come from both their core and new sectors:



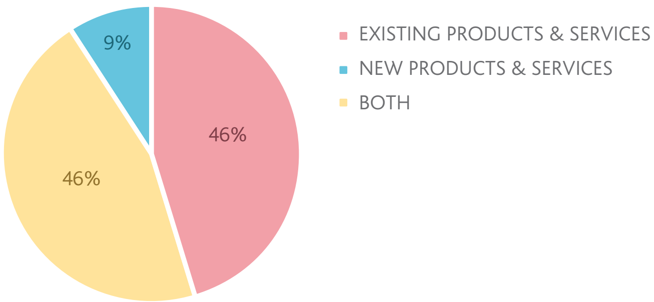
Q: Thinking about international expansion, in the next 3 years is your company looking to expand primarily within your core sector, primarily into new sector, or both?

There is a greater likelihood of concentration on core sectors within Europe – especially France – India and Japan. Meanwhile, 41% of Chinese CFOs point to both core and new sector expansion and 22% of Saudi Arabian businesses expect to expand in new sectors – which is a far higher proportion than that reported in the other twelve countries.

"Stick to your niche. Look at the detail – if something sounds too good to be true, it probably is." *Retail, UK*

... AND PRODUCTS

We asked the CFOs whether their businesses will be looking to expand with their existing products and services, primarily with new products, or both. The respondents were equally split between those who will concentrate on existing products and those who will concentrate on both these and new products: 46% each. Japanese companies are far more likely to state that their businesses will concentrate on existing products and services (84%) and German, Dutch, Russian and Chinese businesses are all more likely than average to expect a more mixed approach. In line with their plans to expand outside their core sectors, Saudi Arabian businesses are the most likely to be expanding with new products and services (26%), ahead of Brazil (18%) and significantly ahead of an overall mean of 9% (see over).



Q: Thinking about international expansion, in the next 3 years is your company looking to expand with your existing products and services, primarily with new products and services, or both?

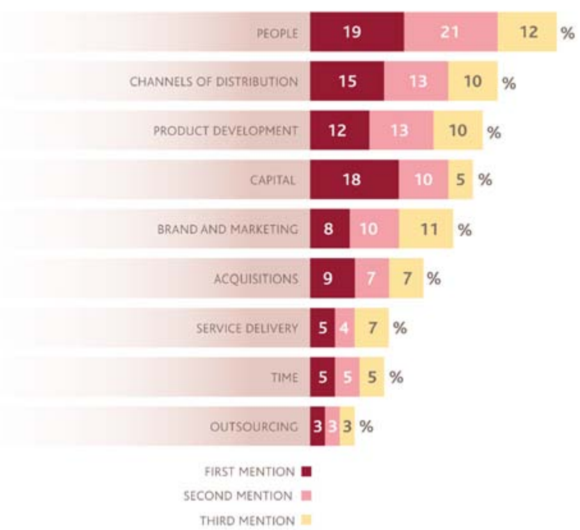
Most CFOs agree that their company "...offers a product or service that is well suited to export markets": 45% 'strongly', 38% 'somewhat' agree.

"Companies should always have their own core product ready for the market and be looking for a ready platform for the trade." *Manufacturing, China*

FOCUS ON PEOPLE

"Understanding the cultural aspect of that market. Employing local people that are respected in that market." *Manufacturing, Australia*

Investment in people will be a main focus of international investment over the next three years. From a list of nine key considerations, 'People' was mentioned first by 19% of CFOs, ahead of 'Capital' (18%) and 'Channels of distribution' (5%). If we consider the top three mentions, 52% of CFOs mentioned 'People' ahead of 'Channels of distribution' (38%) and 'Product development' (35%). Of relatively less importance are 'Service delivery' and 'Time' (each 16% top three mentions) and 'Outsourcing' (8%)



Q: In the next 3 years which, if any, of the following areas will be your main focus of international investment?

People is a particular investment focus in all European countries and amongst Australian businesses, but less of a focus for companies in the BRIC countries. It is also an important factor for businesses operating in the professional services sector.

"You can't expect Japanese standards of work force outside Japan. Finding and keeping good local staff is crucial, as well as keeping a close relationship between local branches overseas and head office in Japan." *Manufacturing, Japan*

OTHER FOCUSES OF INTERNATIONAL INVESTMENT

The channels of distribution are particularly important to manufacturers and to those companies looking to focus on expansion in Russia and France. Russian businesses themselves, as well as those from Brazil, China and Germany, also state that this factor will be a key focus.

"Look out for an opportunity at the right time. You have to study the market and look at how it is going to develop and grow - you also need to think about good branding support and good channels of distribution." *Manufacturing, USA*

Product development is understandably an important focus for manufacturers, as well as for those companies looking to expand into some of the more established international markets - that is, Europe in general, the USA and Russia. It also plays a significant part in the plans of Brazilian and Chinese businesses looking to expand abroad.

According to the CFOs, it is UK and Saudi Arabian businesses in particular that highlight capital investment over the next three years, as do businesses within the natural resources and real estate & construction sectors.

It is noteworthy that companies from the four BRIC markets are most concerned with ensuring an emphasis on their brand and marketing as they look to invest abroad - presumably in more sophisticated consumer markets where branding considerations are of greater importance. Branding is also important to manufacturers and to financial services firms, two industries emerging from the global financial crisis in a more positive than average mood.

"A company should have a solid business plan. It is essential to take into account all the risk factors involved. It's advisable to hire media consultants to probe the market and have a good marketing campaign, in order to raise brand awareness." *Manufacturing, Brazil*

Acquisitions will be a main focus of investment for North American, Brazilian, German, French and Australian businesses, as well as for companies looking to expand into Brazil. It's an important consideration for natural resources companies and those operating in the transport & utilities sector too. CFOs from the UK, Russia and Japan are notably less likely to claim to be thinking about acquisitions over the next three years.

"The USA is a large market and thus comes with an increased demand for our products. In addition, it offers the opportunity to make many acquisitions." *Manufacturing, Germany*

6. DRIVERS AND BARRIERS FOR AMBITIOUS GLOBAL BUSINESSES

KEY POINTS

Both 'pull' and 'push' factors influence the majority of internationally expanding companies, but twice as many CFOs are driven by 'pull' factors as 'push' factors

Market size, access to new customers and higher growth rates are the three main reasons why companies focus on a specific country over others

Intensity of local competition, red tape and bureaucratic hurdles, and currency fluctuations are the most commonly quoted challenges when focusing on a specific country

78% CFOs claim that "...the challenges when expanding abroad are greater than at home"

'PULL' VERSUS 'PUSH' FACTORS

For businesses, the term 'push' factors are the conditions that drive companies to put relatively less emphasis on their home market. 'Pull' factors, conversely, refer to the conditions that attract companies to a new market. On balance, twice as many of the CFOs BDO surveyed claim that their company's international expansion is driven more by pull than push factors - 35% to 18% - with the remainder stating that their expansion plans are driven by both equally.

"Trade and products standard requirements are lower [in Romania], making it easier to expand our business there." *Manufacturer, China*

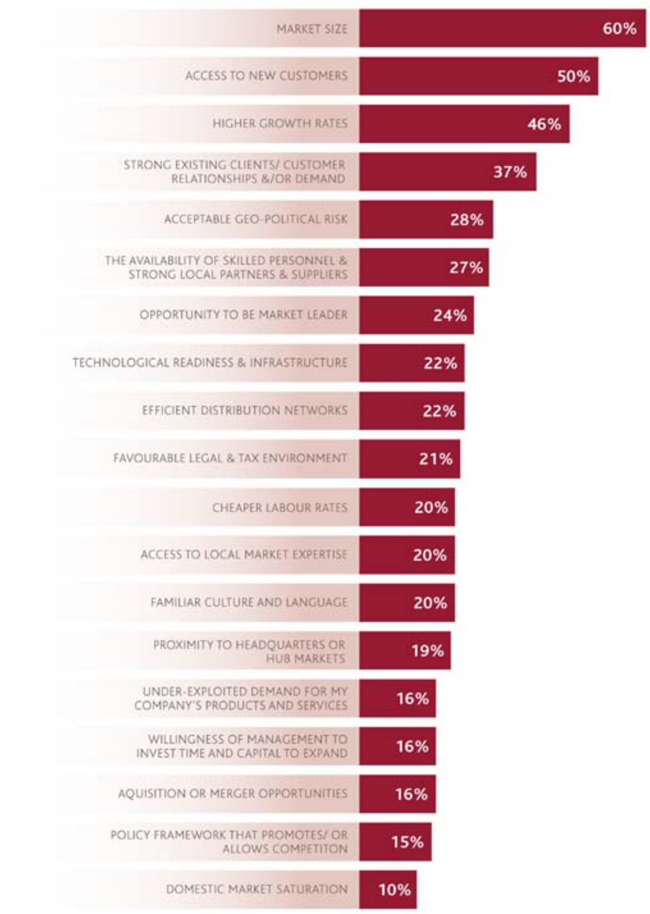
French businesses are most driven by the attractiveness of new and expanding overseas markets, with 60% of them pointing to pull factors and just 2% to push factors. Brazilian, Russian, Chinese and German firms are similarly driven by the pull of overseas markets. Note that CFOs in Australia and the Netherlands, the two countries in the survey with the smallest populations, are most likely to be driven by push factors, presumably because of the finite size of their home markets. Indian CFOs are also slightly more likely to highlight push factors and US businesses are almost equally divided.

Reinforcing each other, it is also the Australian and Dutch CFOs who are most likely to agree with the statement "Expansion abroad will largely drive my company's future growth" – in fact, this is an opinion shared around the world by 75% of the CFOs surveyed. Relatively few CFOs agree (13% 'strongly', 22% 'somewhat'), meanwhile, that "...market saturation at home has forced [their] company to look abroad."

"We have good relationships with customers [in Germany] and there are large scale businesses there that we can supply too." *TMT, UK*

WHAT MAKES A NEW MARKET ATTRACTIVE

CFOs were asked which specific countries will be a particular focus for their general expansion - these could be either new or existing markets - in the next three years. We then asked them which factors, from a list of nineteen, are particularly applicable to their company as they look to expand in the specific countries referred to. See below:



Q: Which of these factors are particularly applicable to your company as it looks to expand?

Factors relating to the scale of the opportunity dominate CFOs' thinking, with the 'pull' of the larger markets dominating their intentions.

Market size, specifically, is highlighted by those companies looking to expand into the USA and China (76% and 75% respectively), but it is higher growth rates that are particularly applicable to firms expanding into China (64%), Brazil and India (62% each). Another factor of relevance to companies expanding in China is a perceived under-exploited demand for their company's products and services (26%).

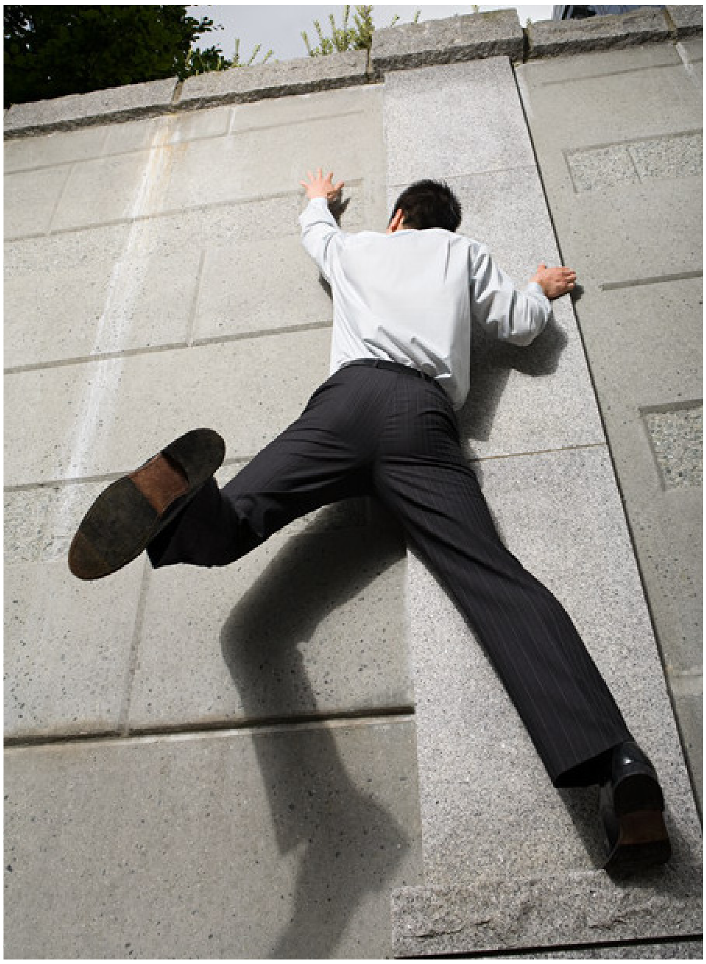
"India is attractive for expansion because it also has a great market for our products, and shows tremendous growth, too." *Manufacturing, Germany*

67% of those companies expanding into the USA highlight access to new customers as being relevant in their planning. Interestingly, the same factor was highlighted by 64% of the CFOs looking to expand in France. Firms targeting the USA and France have another factor in common, in that 36% cite an acceptable geo-political risk in both countries.

'Strong existing client relationships and demand' were mentioned by 51% of CFOs targeting Germany and 49% of those looking to the USA for general expansion. 'Technological readiness and infrastructure' were highlighted by companies looking to expand in Germany (35% mentioned this factor), the USA (33%), and India (31%). 'Efficient distribution networks' are strongly associated with European markets - France (43%), Germany (31%) and the UK (30%).

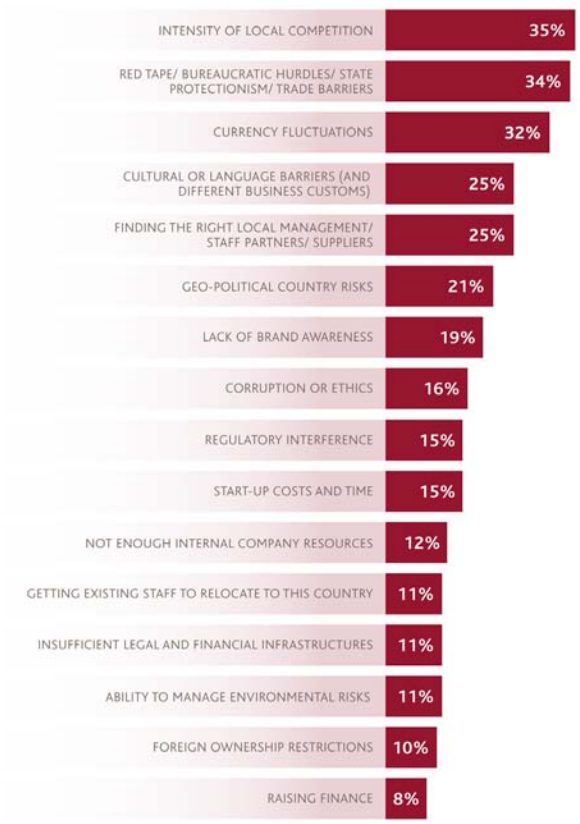
Of the other factors 29% highlight Brazil as a destination with a favourable legal and tax environment and cheaper labour rates are particularly applicable to companies expanding in India (43% applicable), China (40%) and Brazil (29%). The availability of skilled personnel and strong local partners and suppliers is particularly pertinent to CFOs highlighting the USA (36%) and Germany (34%).

"Europe is an attractive area for expansion because it offers stability and reliability. Furthermore, we already have existing relationships with partners there. The market for fashion builds itself on its own." *Manufacturing, Germany*



CHALLENGES WHEN EXPANDING ABROAD

We also presented the interviewees with a list of fourteen challenges which might hinder international expansion in the specific countries highlighted for general expansion:



Q: Which if these challenges are particularly applicable to you company as it looks to expand?

The majority of the CFOs refer to market size and growth factors as an especially positive draw when expanding abroad, and to the intensity of local competition being the single greatest challenge. It's an issue too for companies looking to expand in the major European markets and the USA.

"We were surprised to find that the Danish local competition is so very fierce. It was a lot stronger than we expected it to be. We had no choice but to withdraw from the Danish market." *Transport and utilities, USA*

An issue reported by 53% of the CFOs looking to expand into the USA is currency fluctuations, a factor also associated with the UK (43%) and Brazil (40%). This did not appear to be a significant stand-alone issue in the wider 'C-suite' interviews conducted last year: either it is a particular concern of CFOs, or the continued challenges to currency are starting this year to become a much larger issue.

"It's always more difficult to expand into South America. Even if we have the same 'consumer habits' we also share the same problems - corruption, strikes, a reliable workforce, insufficient technology, etc." *Manufacturing, Brazil*

Red tape and bureaucratic hurdles are perceived to be challenging by companies setting their sights on the BRIC markets. The issue is seen as particularly acute in Brazil and Russia (58% and 57% respectively), but also in China (50%) and India (43%). Corruption or ethics are also negative factors in these four countries and are highlighted by 41% of CFOs targeting Russia, ahead of China (27%), India (26%) and Brazil (22%).

"We found that there is a lot of corruption in Russia. In fact it was an impediment to our attempt to establish our business there. Right now we have put our project on hold in Russia while we look for a solution" *Manufacturing, Germany*

"UK legislation is very difficult to follow for a Russian company, lots of time spent on paperwork to register the company in the UK and to get work permits for the company employees." *TMT, Russia*

As well as corruption or ethics, Russia (35%) and China (33%) are the two countries highlighted more generally for their perceived geo-political risks. Cultural or language barriers, together with different business customs, are applicable in China (42%) and Russia (41%), and to an extent in India (31%).

Another common challenge is finding the right local management, staff partners and suppliers and appears to be a particular consideration for firms expanding into Germany (33%) and Brazil (31%). Regulatory interference is a perceived issue amongst companies expanding in Brazil (27% mentioned) and it's also a relatively large issue when expanding into China (23%). The same number of CFOs also point to foreign ownership restrictions being a problem in China.

Start-up costs and time are most commonly seen as a challenge when expanding in Germany (23%) and the USA (21%) and raising finance was also highlighted by 15% of CFOs looking to expand in the USA. Not many of the CEOs highlighted the challenge of getting existing staff to relocate to this country, although businesses looking to expand in China, India and Brazil claim some difficulties. A challenge that is particularly associated with France is lack of brand awareness (31%).

Recent unrest in certain countries has changed some companies' international plans and overall, 12% 'strongly' agree and 18% agree 'somewhat' with this statement. The emphasis is greater in Saudi Arabia, however, where 28% of CFOs 'strongly' agree with this sentiment, and a further 32% agree 'somewhat'. Saudi businesses are also significantly more likely to agree that "...recent natural disasters have changed [their] company's international expansion plans", a view also shared by Chinese CFOs.

In summary, nearly all CFOs agree that "...each international market creates unique challenges", with Australian, Chinese and US businesses most likely to agree with this. Furthermore, 78% claim that "...the challenges when expanding abroad are greater than at home", an issue recognised in particular by CFOs from the UK, Germany, Netherlands, China and Australia.

7. BDO GLOBAL MARKET OPPORTUNITY INDEX

The index was created from CFOs' stated intention to expand in specific countries. The arithmetic mean is based around 100 for intention to expand to all 18 countries listed.

PROCESS

CFOs' stated intention to expand into specific countries were based on the frequency of CFO mentions of expanding into a country, and the priority order of the country being mentioned, up to a third mention.

We validated the 'Specific countries that will be a focus for general expansion in the next three years' against a pre-determined list of nineteen opportunity factors and sixteen challenge factors.

The 6 most important factors driving **opportunity** for expansion were:

- Market size
- Ease of entry
- People and culture
- Market potential
- Acquisition opportunities
- Better opportunities abroad than at home

The 5 top **challenge** factors were:

- Geo-political risks
- Finding the right local people
- In-market competition
- Red tape and corruption
- Having money and resources to expand

This enabled us to determine which countries offer the greatest opportunities in the foreseeable future. Please see the Index on the right hand side.

COUNTRY	OPPORTUNITY
CHINA	298
USA	279
GERMANY	200
INDIA	145
UK	97
BRAZIL	97
FRANCE	95
RUSSIA	84
UAE	63
CANADA	60
AUSTRALIA	58
UKRAINE	52
MEXICO	50
INDONESIA	49
BELGIUM	47
CZECH REPUBLIC	44
JAPAN	42
ITALY	40

ARITHMETIC MEAN 100

8. PRACTICALITIES

KEY POINTS

Finding the right people is a challenge for most businesses when expanding abroad. A lack of specialist skills and reliability of staff are key perceived difficulties

Most CFOs claim that it is never difficult to gain funding for international expansion

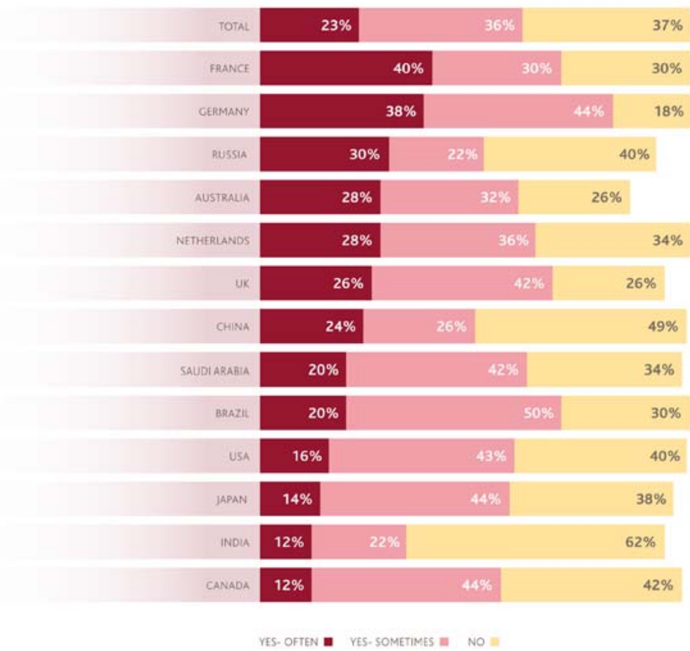
Over half the firms surveyed claim that once a decision is made to open a new office abroad, it will be active in less than a year

Access to practical advice is not difficult to come by. Internal sources and existing contacts are the most commonly trusted sources, followed by accountants and tax advisers. There are significant differences by country of interview

The most commonly quoted recommendation offered by CFOs is to improve knowledge of the market in question when looking to expand there.

FINDING THE RIGHT PEOPLE IS CRITICAL

Finding funds for international expansion is generally not an issue for these CFOs, but finding the right local people is far more of a challenge. Overall, nearly 23% report difficulties in finding the right local people for international expansion. Just 37% claim to never have difficulties with this issue:



Q: Does your company ever find it difficult finding the right local people for international expansion?

Overall, the European CFOs are struggling the most in finding the right local people - 40% of French, 38% of German, 28% of Dutch and 26% of UK companies. Russian and Australian firms also more likely than average to have the same issue. By contrast, North American businesses report far fewer people sourcing problems - just 12% of Canadian and 16% of US CFOs own up to difficulties in this area.

"I found that it can be difficult to find adequately qualified employees when expanding abroad. In the USA we have been looking for over 11 years to find the right people for our business there. After 11 years we still have not found adequately qualified personnel in the USA to deal with our products." *Manufacturing, Germany*

"France's laws made the initial establishment of our business there very difficult. There were many impediments we had to overcome. We successfully mastered this challenge by hiring a native French person, who was perfectly bilingual in both French and German, as our CEO in France. He dealt with all the bureaucracy for us." *Transport and utilities, Germany*

A lack of specialist skills is a particular issue, according to the Indian, UK and Canadian CFOs interviewed. It is also highlighted by CFOs in the financial services, natural resources, and real estate & construction sectors. See below:

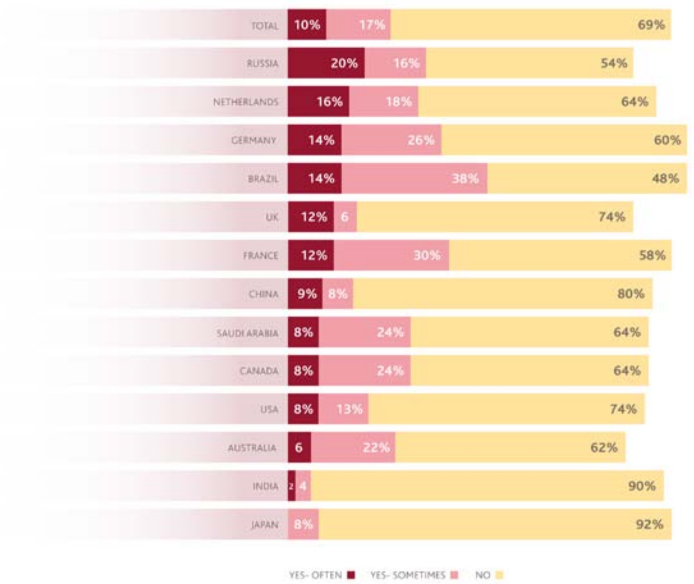
Q: Why is your business often or sometimes unsuccessful finding the right local people for your international expansion?

Difficulties finding reliable and trustworthy staff are highlighted more by French, Dutch, Indian, Chinese and Japanese, and Chinese and Indian businesses also have greater difficulties in understanding local culture and language.

The challenge of finding good local people is further highlighted by the high level of agreement with the statement "Finding good local people is the biggest challenge when expanding abroad." In total 72% of the CFOs agree with this statement. French CFOs are the most likely to cite this challenge.

FUNDING IS NOT THE BIGGEST ISSUE

Gaining funding for international expansion appears not to be a common problem. Most CFOs (69%) claim never to find it difficult to gain funding for international expansion:



Q: Does your company ever find it difficult to gain funding for international expansion?

That said, 10% of companies ‘often’ and 17% ‘sometimes’ have difficulties when expanding internationally. Russian CFOs are most likely to claim difficulties in finding funds: 20% ‘often’ and 16% ‘sometimes’ - and the situation in Brazil and France is similar. In contrast, Asian businesses generally have the fewest issues when gaining funding - 92% of Japanese, 90% of Indian and 80% of Chinese businesses claim that they never experience problems in gaining funding.

Funding is a difficulty highlighted particularly by real estate & construction firms, 21% of which often experience difficulties.

When asked why their business is often or sometimes unsuccessful in gaining funding, the main reasons given were as shown below:

Q: Why is your business often or sometimes unsuccessful in gaining funding for your international expansion?

Just over half of the Chinese companies reporting difficulties mention that costs are too high and German CFOs point to unhelpful or unwilling banks.

ACTING FAST

Most businesses act fast once they decide to open a new office abroad. Just over half of CFOs claim that once a decision is made to open a new office, it will be active within a year. A further 26% will have opened an office within two years of making their decision and only 3% claim that it will take over three years once a decision is made. A further 15% state that the length of time varies.

Businesses from Asian and BRIC countries are generally a little slower in opening new establishments abroad. This may in part be a reflection of the relative lack of experience that some companies have in expanding overseas, particularly in the BRIC countries.

Financial and professional services firms and natural resources companies are generally quickest in opening a new office; retailers are slightly slower. Companies expanding with new products and services move fast.

The CFOs interviewed who are targeting Brazil claim to take a little longer to open a new office there, with just under half taking under a year to open an office, compared with 57% overall.

WHO TO TURN TO

It seems that it is not difficult to find practical advice about expanding overseas and only 12% of CFOs claim that they 'often' find it difficult to find practical advice. Some 28% admit to 'sometimes' having difficulties. 27% of Chinese CFOs admit to often having difficulties with trusted sources of advice, ahead of Russian and Brazilian CFOs (18% each). In India this is not a problem at all, as none of the Indian CFOs interviewed claim to 'often' have difficulties finding practical advice - although 14% do 'sometimes'. CFOs in Japan and the UK are also notably less likely to find it difficult to seek practical advice regarding their international expansion intentions.

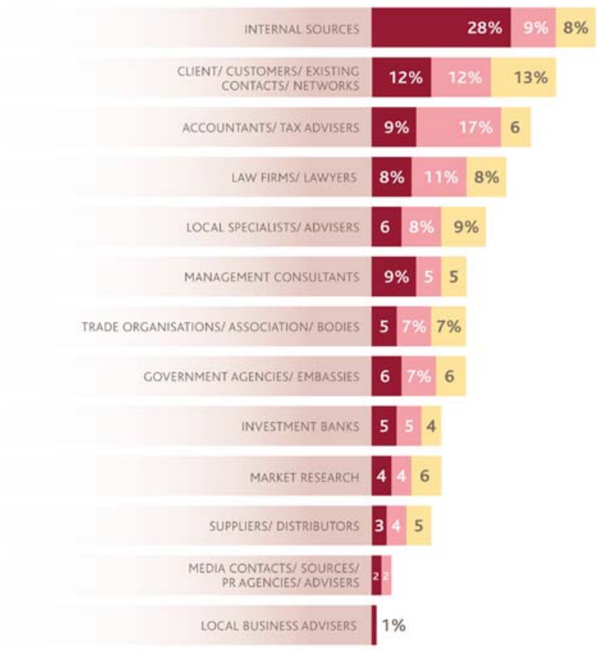
Medium-sized companies have a wide range of sources that they can turn to for advice when expanding internationally and, of these, internal experts and existing contacts are the most trusted. We asked them to list their three most trusted sources of advice from a list of twelve, and 28% mentioned internal experts as their most trusted: in total, 45% mentioned these as one of their top three advice providers. The second most trusted sources are clients, customers, existing contacts and networks: 37% mention these contacts as one of their three most trusted.

"In general we found that it is difficult to acquire the right local knowledge about federal and local taxes, about federal and local laws, and about employment laws and practices. We found this challenge particularly pronounced in Germany. It took us a while to figure out where to get formal documents translated there. We successfully solved this problem by turning to a local attorney and tax adviser who understood our problems and who helped us solve them." *Professional Services, USA*

Of all the professional, paid-for external sources available, accountants and tax advisers are most mentioned (9% first mentions, 31% top three mentions), ahead of law firms and lawyers (27% top three mentions), local specialists or advisers, management consultants, trade organisations government agencies and embassies and investment banks, with market research bringing up the rear at 14%.

"We are still in the process of completing the establishment of our subsidiary in the USA. We had much to learn about the language barrier and the American rules and regulations. We had to struggle with some regulations, but we successfully solved our problems by hiring a local attorney." *Manufacturing, Germany*

There are some noteworthy differences by country regarding our CFOs' most trusted sources of advice. European businesses generally are more likely to turn to internal sources (58%), especially in the Netherlands and France (60%). German (62%), Chinese (53%) and Russian businesses (50%) place particular trust in clients, customers, and existing contacts or networks. Chinese firms place more trust in suppliers and distributors (38%) than those in the other countries surveyed. See below:



Q: What are the most trusted sources you turn to for advice about international expansion?

Accountants and tax advisers are most widely trusted in the UK and the Netherlands (52% in both countries), a situation mirrored in Australia (50%), USA (46%) and Canada (44%). By contrast, in Brazil, Russia and China, less than 15% cite accountants and tax advisers as their top three most trusted sources of advice.

Australians and North Americans are more likely than average to turn to law firms and lawyers (52% and 41% respectively) when looking for trusted advice but very few CFOs mention turning to lawyers when expanding abroad in China (15%), Germany (10%) and India (4%). Japanese (40%), Indian and Saudi Arabian CFOs (34% each) show a far greater propensity to trust investment banks when seeking advice.

Brazilian companies are by far the most likely to place their trust in market research (44%). Trade organisations are trusted to a greater degree in Germany and China, 42% and 33% respectively. Additionally, Chinese businesses are by far the most likely to turn to government agencies and embassies (42%) and Russian CFOs also find more help from their government's agencies (28%).

CFO INSIGHTS AND RECOMMENDATIONS

Local knowledge and people issues are seen as of paramount importance when expanding internationally:

Q: If you were to give a CEO of a similar sized company your top tips for growing internationally based upon your lessons learned so far, what would these be?

CFOs in the UK, Brazil, India and China offer advice relating to improving one's market knowledge, with their Brazilian and French counterparts highlighting the recruitment of good staff. Brazilian and French CFOs are also most likely to place emphasis on the need to find good contacts and partners. French and UK companies stress the need to ensure that language skills and cultural understanding have been considered, but Indian CFOs emphasise the need to get the product right.

"Before any expansion attempt, a company should try to know as much as possible about the country they are trying to expand into, like: political/economical situation, consumer habits, local laws, possible local partnerships. The company has to be sure that whatever product/service they offer is in demand and compatible to the place they are trying to expand into. Investing time and money in your work force is important." *Manufacturing, Brazil*

"Be paranoid, don't think you've done enough on the market research, do a lot of visits on the local environment that you're looking to expand into." *Professional services, Netherlands*

"Do your research on the global economy. Markets can change quickly and there is a high amount of geo political risks. You should always have a strong profile of the market you intend to enter or expand into." *Financial Services, USA*

"Intelligence is key. Know your market, your customers and country, so you don't run into problems down the line." *TMT, UK*

Market knowledge and employing good staff are often inextricably linked. Research and intelligence is often easy to come by, but the best insight usually comes from talking to the right people on the ground. Listening to what they say and understanding that there are many different ways of doing business around the world is key – as is recognising that your approach does not always suit the country in which you wish to develop your business.

"Understanding the market and the sub-set of that which is, understanding the cultural aspect of that market. Employing local people that are respected in that market." *Manufacturing, Australia*

"Embrace local people, don't try and move people into a different company overseas you have to have significant local presence to be successful." *Professional Services, Australia*

"When you are dealing with international development it is important to be patient. You need to take into consideration the cultural factors of the countries in which you want to expand. Finally it is important to be vigilant of the staff you are recruiting." *TMT, France*

The specific need for good contacts and partners is mentioned nearly as often as people and cultural considerations. Good contacts and advice - in particular financial and legal counsel - are of paramount importance.

"As a CFO with many years of experience in international expansion, I consider it vitally important to get to know any new market where I am moving into as thoroughly as possible. This includes working closely with local professional people who know the culture. They can then help overcome barriers and ensure that the project does not veer off in the wrong direction." *Natural resources, USA*

"To get the country specific experience by yourself, or someone you really trust. Just go there and live there. The research is of course very important, but the person needs to understand the country." *Professional services, USA*

"They need to have a strong business plan and good budget, as well as finding good people and having local management. Also, get sound professional advice!" *Professional services, USA*

"Understand the legal requirements of the region on all levels (finance, etc) and make sure you have the right advice. Get local knowledge as soon as possible." *Real estate & construction, UK*

Language skills can cause problems and should not be overlooked. Several CFOs talk of English as the language that needs to be spoken but many more regard local language skills as important in unlocking doors:

"I would recommend that the CEO himself learns an Asian language in order to be able to overcome the language barrier himself. Furthermore, he should establish local contacts and really care about them." *Transport & utilities, Germany*

"The language skills are becoming more and more important for the global business. English is must and it is very advantageous if we have a good command of the local language where we expand our business." *Manufacturing, Japan*

"Always find a local partner, insist on staff with the language and cultural skills - also, make sure you have a good communication/IT infrastructure." *Real estate & construction, UK*

People and cultural considerations are clearly of paramount importance but a new enterprise will not get anywhere if their product is not matched to the market. A business needs to have a good product or service in place in order to succeed. American CFOs place great importance on what their business has to offer potential customers internationally.

"Find out what your customer NEEDS then make the trip yourself - you take your management team and you go there. For example, I go to trade shows. Goat suede - there was a demand for it here so I went to Pakistan and did the deals - I saw what my customer needs." *Natural resources, USA*

"It's very important to offer a very high quality product, be honest about the prices and of course maintain a strong ethical standard. Also, establish a long-term relationship instead of just looking at the short-term benefits." *Manufacturing, USA*

"Our [product] range was not popular and we had to change it to become more successful. The quality of the product was too complicated for the market in France to comprehend." *Retail, Netherlands*

Of course, all these considerations will be undermined by a lack of finance. Most CFOs don't seem to struggle to gain funding, but nonetheless there are several that stress the need to ensure correct financial planning and business planning generally, and to obtain the best practical advice possible. Good financial practice underpins success - and if expansion can be achieved through existing operations, so much the better.

"He should have an excellent lawyer by his side, try to get as much information about the country's culture as possible, and get the maximum of information about distribution channels." *TMT, Brazil*

"I would advise any company to have a well structured plan. Gather as much information as possible regarding the country's economy, culture and consumer habits. It's also advisable to look for local companies which can guide you in the right direction in those difficult early days. You should also be persistent and have enough funds to see your project grow." *Manufacturing, Brazil*

"The advice I would give would be to try and finance it out of your operations and don't rely on certain parties to get things done for you - for example: marketing consultants/local specialists. I would say try and get as much of the work done at your home base as you can." *Natural resources, Canada*

"Try to keep everything simple as possible, try to find the correct people at the correct place and at the correct level. Keep it cheap internally and keep track of your finance." *TMT, Netherlands*

Ultimately, however, companies with international aspirations need to show ambition. If a business is to succeed internationally, it will be the opportunities that drive the expansion, while challenges need to be met and problems overcome.

"Go forward, don't step back, be aggressive and ambitious." *Real estate and construction, Russia*

"I think the opportunities abroad are great but you have to plan really well and be diligent to follow through." *Retail, USA*

"There is no panacea for expansion. Every company is different, has its own philosophy and corporate culture. Therefore I can only generally say that the CEO should strive to acquire a sensitivity for the market abroad and for the need of their products. Furthermore, the CEO should carefully consider if the strain that an expansion can place on the company is tolerable for the manpower and for the finances. Obviously, one has to be in a condition to expand. This means that the daily business has to run so well that additional resources that are needed for expansion, can be made available without incurring any losses. Expansion costs many resources in terms of manpower, time and money. These resources have to be available before an expansion can be considered." *Manufacturing, Germany*

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