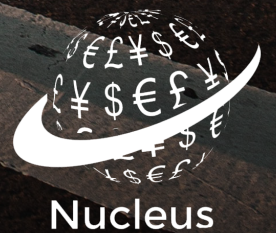


Global Expansion as a Competitive Advantage: 2020





OVERVIEW

A few short weeks ago, we were operating with full employment and global expansion was extremely strong. As the COVID-19 pandemic raged across the globe, the story changed. Today, we are seeing a sharp contraction of economic growth, sudden and rising unemployment and companies trying to adapt to a “new norm”.

While many organizations may have a knee-jerk reaction to the pandemic and swiftly move to pull back and streamline operations, innovative companies are thinking beyond today, and are looking toward the future. While a short-term runway is important, it is also necessary to articulate what you want to be the future for your company 18 months from now – and beyond.

Long term growth is the lifeblood of a company’s success. In order to accomplish sustained growth in an environment that is increasingly being constrained, organizations need to build new opportunities, attract talent and, yes, expand into international markets that are less expensive, have the desired talent pool and provide opportunities for new revenue streams. The time to evaluate and act on international expansion is therefore now.

DIVERSIFICATION

Many businesses expand internationally to diversify their assets, an action that can protect a company’s bottom line against unforeseen events, such as the one we are experiencing now. For instance, companies with international operations can offset negative growth in one market by increasing growth in another. Companies also can utilize international markets to introduce unique products and services, which can help maintain a positive revenue stream and attract loyal customers.



ACCESS TO TALENT

Another big benefit of going global is the opportunity to access new talent pools. In many cases, international labor can offer companies unique advantages in terms of increased productivity, advanced language skills, diverse educational backgrounds and more.

In addition, international talent may also improve innovation within a company by looking “outside the box”; and what is more, the wages of these workers might also be more competitive than those in the U.S.

It is important to find the key person or persons that will be the anchor for your new country expansion. Every country has a specific culture. Having senior and committed team members that reside in country provides valuable insights into that market and stability. Local hires will speak the language, understand the customs and be able to make customers more comfortable.

Remember that hiring internationally is very different from in the U.S. It is not as simple as sending an offer letter. You need to set up a legal structure first. Then you will need to follow the proper legal procedures in each country before onboarding your candidates. You will also need to consider the appropriate taxes, payroll and be compliant throughout the employment relationship. In particular, U.S.-based companies that are expanding internationally need to understand the various components of the employee relationship, including medical leave, parental leave, PTO, “Me-Too”, discrimination issues and more. International benefits administration as well as the impact of each country’s employment laws on employment risks also need to be understood.



COMPETITIVE ADVANTAGE

Companies also choose international expansion to gain an edge over their competitors. For example, businesses that expand in markets where their competitors do not operate often have a first-mover advantage, which allows for them to build strong brand awareness with consumers before their competitors can do so. International expansion can also help companies acquire access to new technologies and industry ecosystems, which may significantly improve their operations. International business can also provide a company with greater prestige, as the perceived image of global operations can help build brand recognition to support future business scenarios, such as contract negotiations, new marketing campaigns, hiring talent or additional expansion.

FOREIGN INVESTMENT OPPORTUNITIES



Companies considering international expansion should not forget about the additional investment opportunities that foreign markets can offer. For instance, many firms are able to develop new resources and forge important connections by operating in global markets.

Enterprises with multinational operations can also benefit from lucrative investment opportunities that may not exist in their home country. For example, many governments around the world offer incentives for companies looking to invest in their region. Thus, U.S. firms should always work with an experienced partner before making a final international expansion decision.

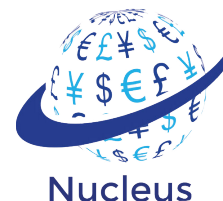


FINAL THOUGHTS



Going bravely into new international markets can be a tremendous boost for U.S.-based companies who have the desire to pull ahead of the competition. Understanding the spectrum of issues and opportunities associated with expansion is the key to success. Setting up a legal entity, hiring, being compliant with local laws and taxes is the foundation for a venture that will provide an organization with – literally – all the opportunity in the world. Let Nucleus' team of experts help you navigate the next phase of your company's growth so you can focus on making your business super successful.

As your one-stop resource, Nucleus will help you manage the complexities and logistics of international expansion. Rest assured this will happen!



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