

Report

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# What are the biggest challenges and solutions for international growth?



**STARIA**

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A warm thank you to the financial decision makers of the companies

**Swappie**



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**Seriously**

**Management Events**



**DISRUPTIVE**  
TECHNOLOGIES



**TRIMTEX**

# Introduction

International expansion is a significant step for a fast-growing company, but it also presents challenges. We addressed these challenges and their solutions by preparing this compilation for you, which comprehensively addresses the challenges faced by organizations from the perspective of financial decision makers.

Expanding into a new market requires a lot of work and focus, especially from the company's decision makers. Challenges may arise in the integrations of different systems, in matters related to legislation, financial management and accounting, as well as questions related to logistics and imports. Also, finding the right distribution channels in new markets may not be easy and therefore finding good partners is key when entering a new country.

We will present the challenges faced by international growth companies and the ways to tackle these issues. We interviewed financial decision makers from 10 growth companies to get a clear summary of the international growth demands they face. We also highlight their tips and different approaches to overcome these obstacles.

We interviewed the following growth companies and their financial decision makers: Wolt, Swappie, Framery, RELEX, Seriously, Management Events, Eficode, Trimtex, Disruptive Technologies, and Kognity. We asked them to share what have been their three biggest challenges with international growth and how they overcame those challenges. We compiled the topics raised in the interviews, keeping the answers anonymous. We warmly thank the companies for sharing their experiences! For you reader, we hope that you will get new ideas and perspectives on international growth.

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**Joonas Sipola**

Executive Vice President & CFO  
Staria

## What are the challenges in international growth?

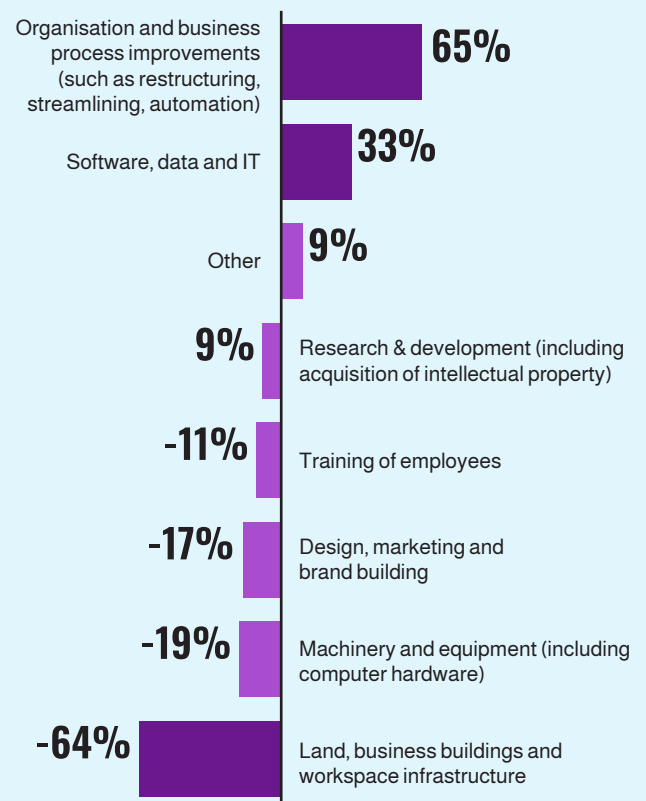
The global expansion into new market areas brings along completely new types of challenges to the company. Creating the agreements and documents needed to expand the business, as well as setting up a business in a new country, can take several months and require a lot of effort, especially in the early stages. Entering new markets means facing competition in completely new ways. From the interviews we gathered the most common challenges and how they can be solved.

### Financial readiness

The pace of digitalization has accelerated further with the pandemic and it is forcing more and more companies to think about the international markets. Plans for internationalization should be built in the smallest achievable steps, ensuring that the company's systems and adaptability fit into an agile and growing business model. With digitalization, borders are collapsing and the whole world is accessible. International growth is possible when economic capacity is taken into account, legal matters and a good internationalization strategy are in place.

Economical readiness is one of the most critical elements in developing a global growth strategy. For example, a company needs to ensure that payments throughout the supply chain can be managed in the desired currencies. Building the right infrastructure for the target market is an important step and can ensure that the company complies with local tax regulations and laws. A risk management plan, legal details, and sales reporting are all important parts of financial readiness.

Compared to pre-pandemic plans, CFOs expect to increase their investments in organization and business process improvements, and software, data and IT over the next 12 months



COVID-19 and capital expenditure Net % of CFOs who expect their businesses' investments in the following areas to increase over the next 12 months, compared to pre-pandemic plans

Source: Deloitte CFO Survey: 2020 Q3 - The long COVID recovery [www2.deloitte.com/uk/en/pages/finance/articles/deloitte-cfo-survey.html](http://www2.deloitte.com/uk/en/pages/finance/articles/deloitte-cfo-survey.html)

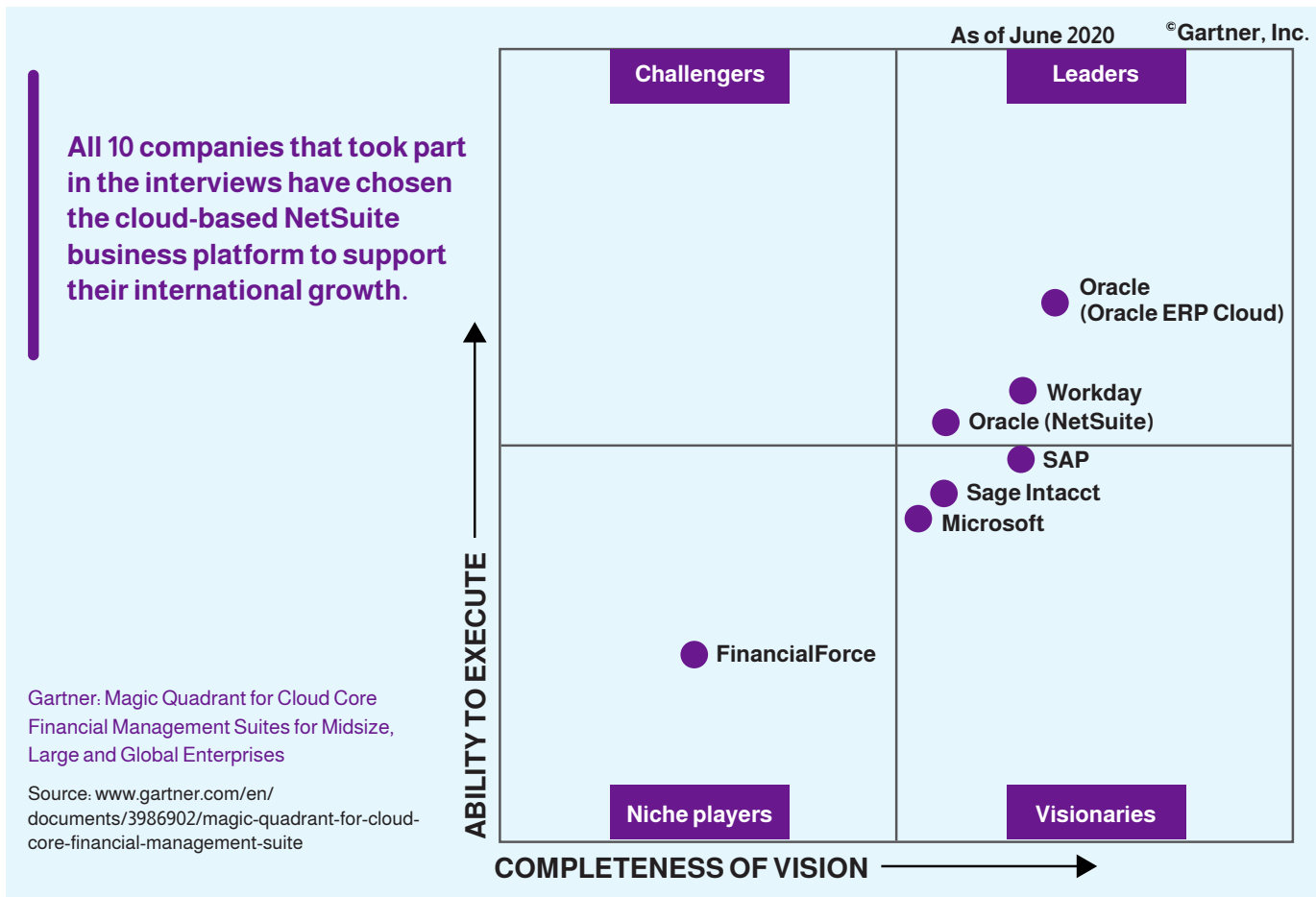
## Organizational changes

International expansion must also be taken into account in Groups' operations. It is not enough to define an overall strategy for new markets, but also to have a separate strategy for managing internal change in the organization. Management should take into account the systems used and how to implement them into different markets. Different cultures and languages also pose their own challenges and work behaviors may vary greatly in different countries and cultures.

Reviewing the current organizational structure and its functionality will help to identify appropriate procedures and practices that help changes to be made. Establishing a new team to build the target market is justified and helps to allocate resources correctly. If team members

already have experience in the new country and opening up new markets, things will certainly progress more smoothly.

System scalability and integrations are big issues for international growth. Choosing the systems for the global environment will facilitate the transition from local operations to the strategic international operation model. It is important for the change strategy to take into account the thorough training of employees in the use of the new systems. External partners play a significant role in these change processes.



## Personnel

International expansion can also mean hiring employees in the new country to handle product sales, distribution and customer service. The details for hiring personnel can vary greatly in different countries. It's beneficial to hire a consultant or a local accounting company to clarify various issues related to hiring employees, such as pension and trade union payments, taxes, annual leaves, employment benefits, and so on.

While employing new personnel the company may face different linguistic and cultural differences as well as different ways of working in each country. The very first hirings in a new country are critical because they build up the

foundation for a company to operate and grow in the market. It is important to find a person with strong managerial and motivational skills as well as strong skills needed to build sales and distribution networks to lead the new business. Sufficient resources must also be allocated from the company's existing management to build the new market. How well a new organization is managed and motivated also largely determines how successful the business will be in a new market.



## Risk management

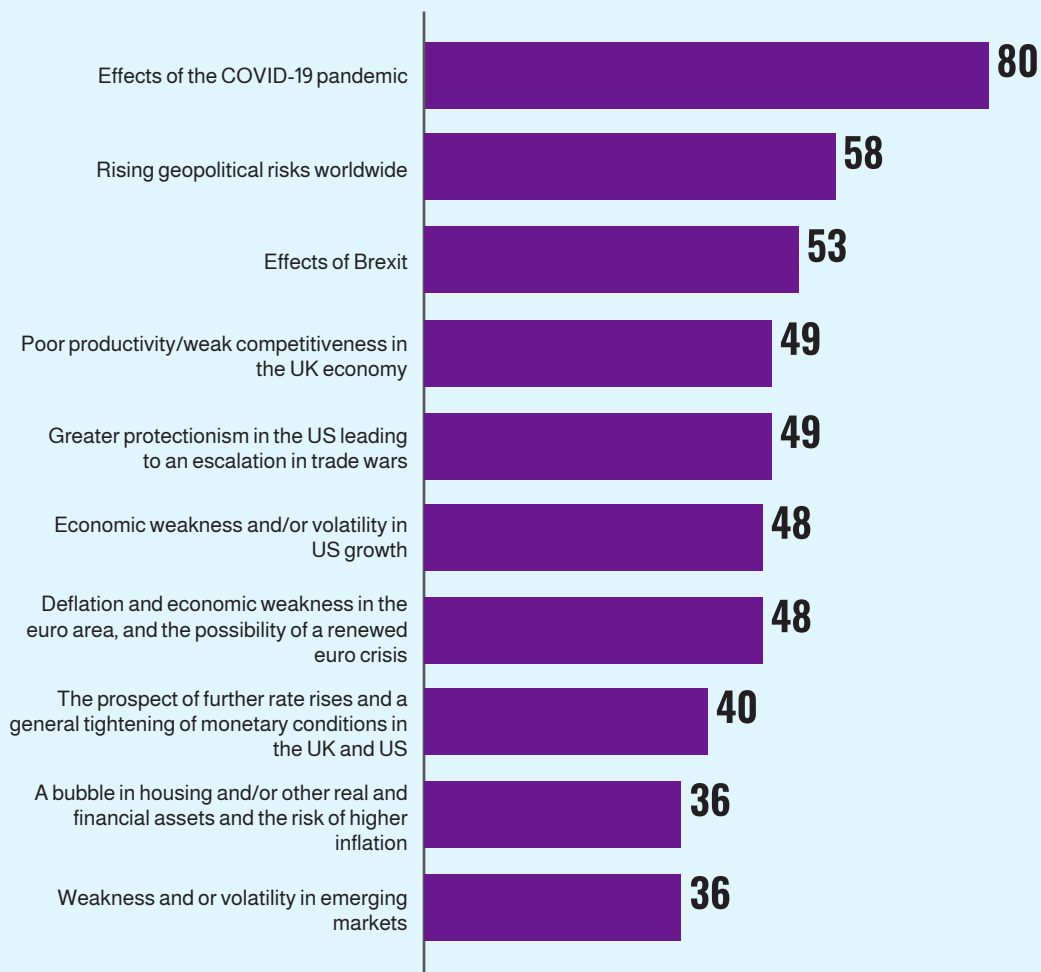
Before launching an international growth strategy, it is essential to define a risk management policy.

What risks the company is willing to take and what can be handled by a local partner. The risk management policy should be addressed throughout the organization so that risks are known at different levels of the organization.

What are the biggest risks in internationalization?

There are many different pitfalls involved in international business. These risks are partly the same as in the domestic market, but abroad each country has its own legislation and e.g. customs regulations on importation define how a foreign company can operate in the country.

Risk to business posed by the following factors weighted average ratings on a scale of 0-100 where 0 stands for no risk and 100 stands for the highest possible risk



Deloitte CFO Survey: 2020 Q3 - The long COVID recovery

Source: [www2.deloitte.com/uk/en/pages/finance/articles/deloitte-cfo-survey.html](http://www2.deloitte.com/uk/en/pages/finance/articles/deloitte-cfo-survey.html)

Notice the following risks:

- Operational risks, such as risks related to the logistics and import of products. For example, do the import documents meet the customs requirements of the destination country?
- Liquidity risks, i.e. the company's readiness to pay business expenses. Liquidity risk can be prevented with financing, the right payment methods and cash planning.
- Credit risks that may arise in commercial relationships with corporate customers or distributors. These risks can be minimized, for example, by agreeing risk-free credit limits, asking the customer to open a letter of credit or planning the deliveries according to solvency.
- Exchange rate risks that arise if the income and expenses are in different currencies.
- Global risks such as pandemics and natural disasters.
- Security risks that digitalization and global networks can create. Even greater part of all information is contained in web-based systems that can be managed and protected from hacking and other data theft by various cyber security programs.
- Political risks, such as the unstable political situation in the target country. Political and economic instability in different countries should be taken into account when planning expansion abroad.

Internationalization requires long-term work towards goals, and the company management should be prepared for the fact that the first 3-5 years will go solely to building operations, and financial profit may not be obtained. Internationalization creates the conditions for significant business expansion and builds independence from domestic demand.





## Political risks and legislation

### International legislation in different countries

Learning the laws, regulatory obligations, business rules, tax information, and packaging standards of different countries can be challenging. Rules, regulations and laws often vary considerably from country to country, so it is essential to review all relevant local laws, tax regulations and trade requirements. Non-compliance could result in significant financial penalties and loss.

In some cases, companies may also need local accreditation based on international criteria for trading, which allows the operator's qualifications and the credibility of the certificates it issues to be reliably established before moving on. Failure to apply for the required permits and approval can result in substantial penalty and a ban on trading.

When expanding internationally, a company must be familiar with local regulatory systems before starting a business in a new market. GDPR, FATCA and MiFID II are examples of jurisdictional laws and regulations that should be considered. Legislation is also constantly changing and the company needs to keep up to date with updates and new regulations.

Consulting companies typically provide business law services, which include the creation and registration of legal activities, the preparation and archiving of legal documents, and the auditing of internal records. The use of experts in the initial phase helps to build operations in a new country according to local legislation and requirements.



## Legal aspects

The legal aspects of global expansion tend to be the most challenging, as the risks of the costs and sanctions they entail can be significant if these points are not taken into account. Minimizing commercial risks requires compliance with laws and legal processes. The accuracy and legality of supply chain documents must be based on international agreements and requirements. These documents include all export and import documents, freight and logistics documents, customs related documents and distribution agreements.

IPR (Intellectual Property Rights) issues also appear as the internationalization project progresses. With fairly simple measures, a company can ensure that intellectual property issues are in order and the company can focus on internationalization. Without IPR protection, a company's products and investments are vulnerable to copying. Properly utilized, IPRs give a company a strong strategic competitive advantage in international markets.

Managing international employment contracts is often difficult due to different regulations

in different countries. Therefore, there is no single valid method that could be applied in all countries. In the context of global expansion, employers must take into account e.g. local collective agreements and country specific requirements related to employment contracts.

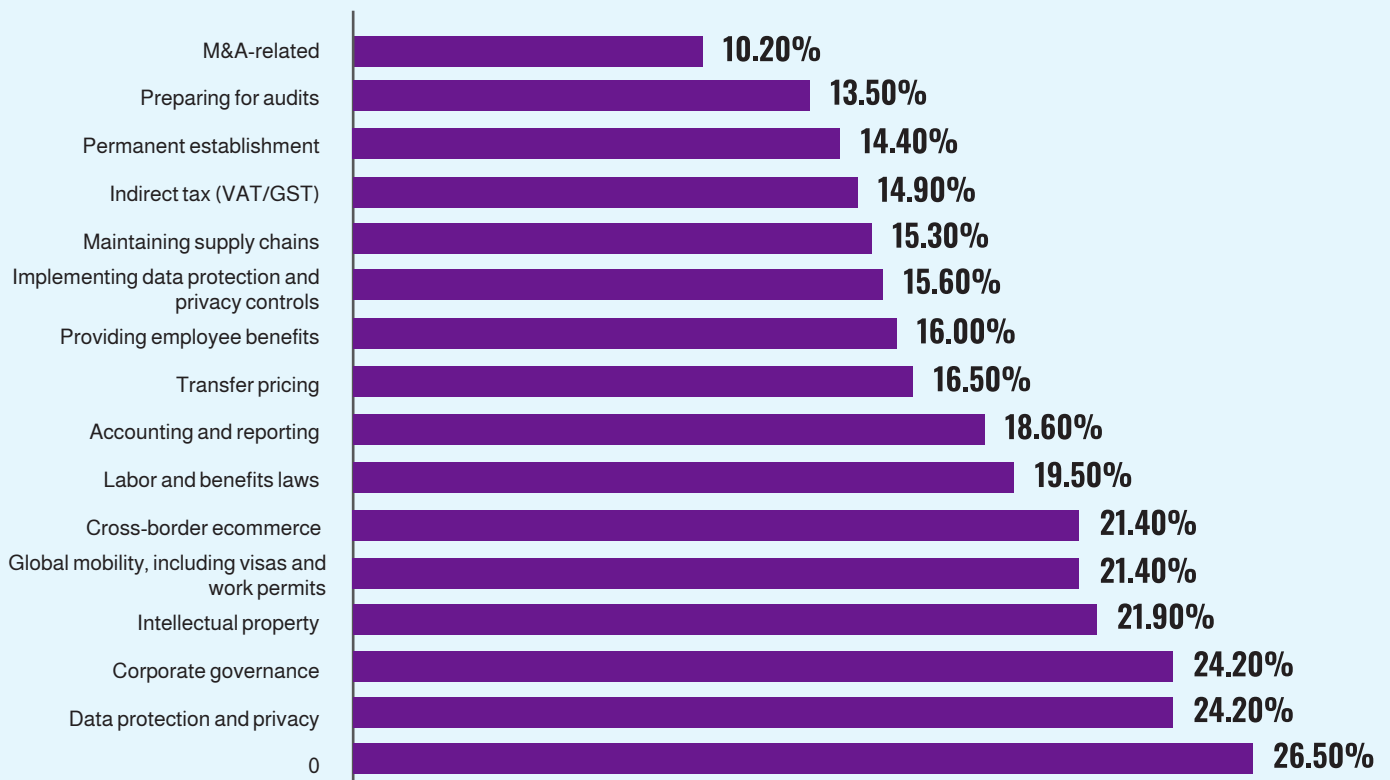
For example, some countries don't require employment contracts at all. If a problem arises between an employee and an employer, the situation is resolved in accordance with general laws. In other countries, contracts are 100% mandatory and have very strict requirements. Contracts must be in written form, in the employee's own language and in English and signed by both parties.

Establishing legal operations, opening a local corporate bank account, and handling accounting are some of the most important legal issues a company must handle while expanding into new markets. Depending on the size of the company and its expansion goals, it's worth considering whether to have an own in-house legal team or hire an external consulting company.



### Among compliance requirements, data protection and privacy are top concerns.

What kinds of compliance requirements are you most concerned about when operating or expanding globally?



CFO Vistra 2020 eBook - Cross-border operations: regaining momentum in 2020 and beyond

Source: [cdn.cfo.com/content/uploads/edd/2020/06/CFO-Vistra-2020-eBook-1.pdf](https://cdn.cfo.com/content/uploads/edd/2020/06/CFO-Vistra-2020-eBook-1.pdf)

### Monitoring political risks

Global business offers significant opportunities, but challenges and potential risks need to be considered. The unstable political situation in the new country can also be a challenge for a growth company seeking to enter the market. Legislative changes imposed by the government can affect a country's policies, regulations, interest rates, and taxes, which may prove to be challenging for a foreign company.

Different political, regional regulations and restrictions can also affect the expansion. For example, expanding within EU countries is much easier than outside the EU, which requires a whole new level of investment than expanding within the EU.

## Taxation

In a global environment, it is often difficult for national governments to coordinate taxation between countries. However, international coordination is essential for companies to invest internationally and participate in world trade.

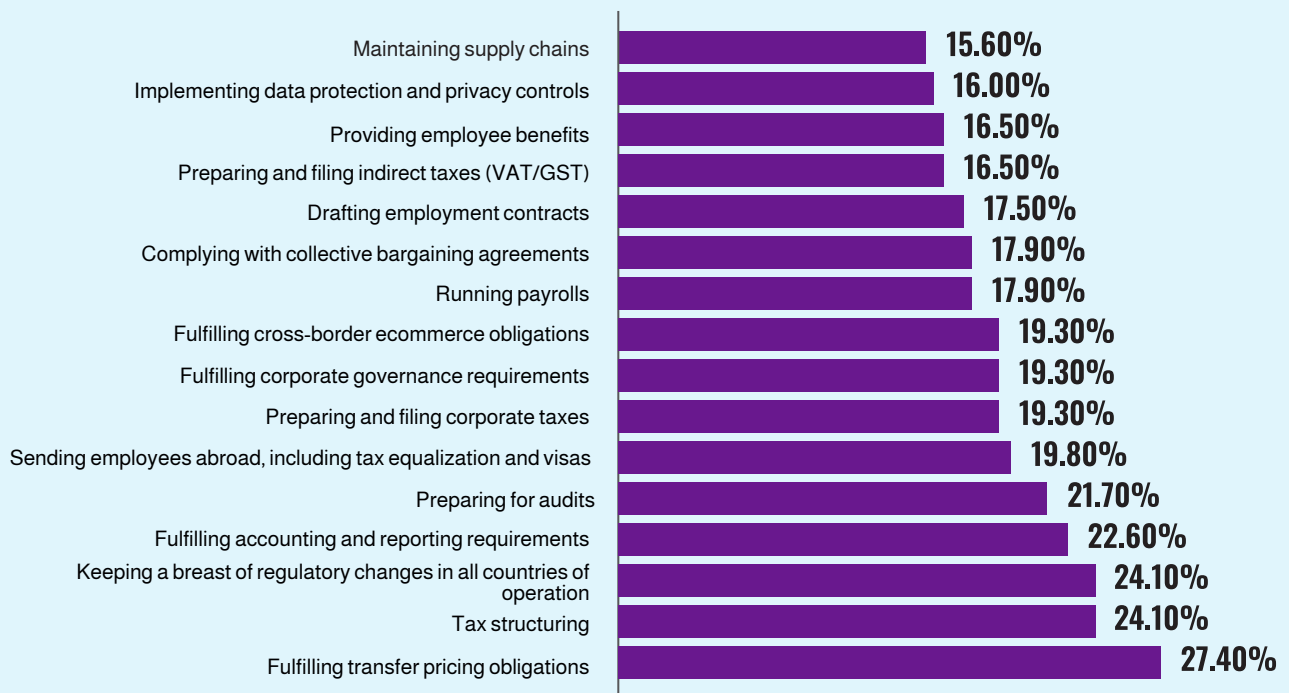
As a new international player, the company is likely to face various challenges, including tax and administration. Dealing with taxes, charges and tariffs in international trade can be a major challenge for many businesses - especially smaller growth companies. When entering a market, be aware of the trading standards and regulations in that specific market. Failure to

comply with compliance regulations in the new country may be an obstacle to expansion plans and may also result in additional costs for the company. Smooth progress in the market requires compliance with international tax laws.

The conditions for the obligation to document transfer pricing vary from country to country. The company may be obliged to document its transfer pricing under the legislation of another country, even if domestic legislation would not require it. International growth requires the company to clarify transfer pricing documentation requirements by country.

### Cross-border operations: regaining momentum in 2020 and beyond

What areas of cross-border operations do you feel your organization has the least insight into and control over?



With regard to cross-border operations, respondents reported their companies have the least insight into and control over fulfilling transfer pricing obligations.

CFO Vistra 2020 eBook - Cross-border operations: regaining momentum in 2020 and beyond

Source: [cdn.cfo.com/content/uploads/edd/2020/06/CFO-Vistra-2020-eBook-1.pdf](https://cdn.cfo.com/content/uploads/edd/2020/06/CFO-Vistra-2020-eBook-1.pdf)

## Bank connections

Payment challenges between countries can also make it difficult to expand into new markets. In many countries, customers expect to be able to pay locally and therefore opening a local bank account may come up as a necessary measure. The process with banks is slow and opening a local bank account may require several physical on-site visits. Some countries also require the establishment of a legal entity in order to open a local bank account.

A good option when entering a new market is to consult with a local company that can handle all matters related to financial management, such as payment transactions, invoicing, taxes, accounting, salaries and other human resource related management tasks. [A partner](#) with international networks will help set up a proper business by performing these administrative tasks according to local legislation.



## Supply chain management

Larger companies working with international trade usually have their own departments for warehousing and logistics. This is because supply chain management in international trade is challenging. Geographical distances and the transport costs cause challenges to the export process. The cost structure and suitability of different modes of transport also cause a lot of tendering and in-house research. The taxation, customs clearance practices and document requirements of the destination country create their own challenges in supply chain management. If the delivery documents are not in order, the consignment may remain at the customs office in the country of destination, thus incurring significant additional costs or even preventing delivery.

Finding the foreign business partners and the right distribution channels is also a challenge in global growth. Retailers can offer foreign customers top-class service, in which case the company's own organization only handles wholesale. Establishing your own distribution channels may not be easy in a new market since it usually is expensive and time consuming. It is worth considering the appropriate infrastructure when starting to expand globally.



### **Customs requirements and certifications of products**

Many countries have different requirements, for example regarding the import and customs clearance processes. Product labels, product compositions and tariff codes need to be carefully researched and defined. For example, North America has its own tariff codes that determine the tax on goods that are cleared through customs. Australia and China also have different customs measures. These should be studied carefully if the goal is to expand into that market.

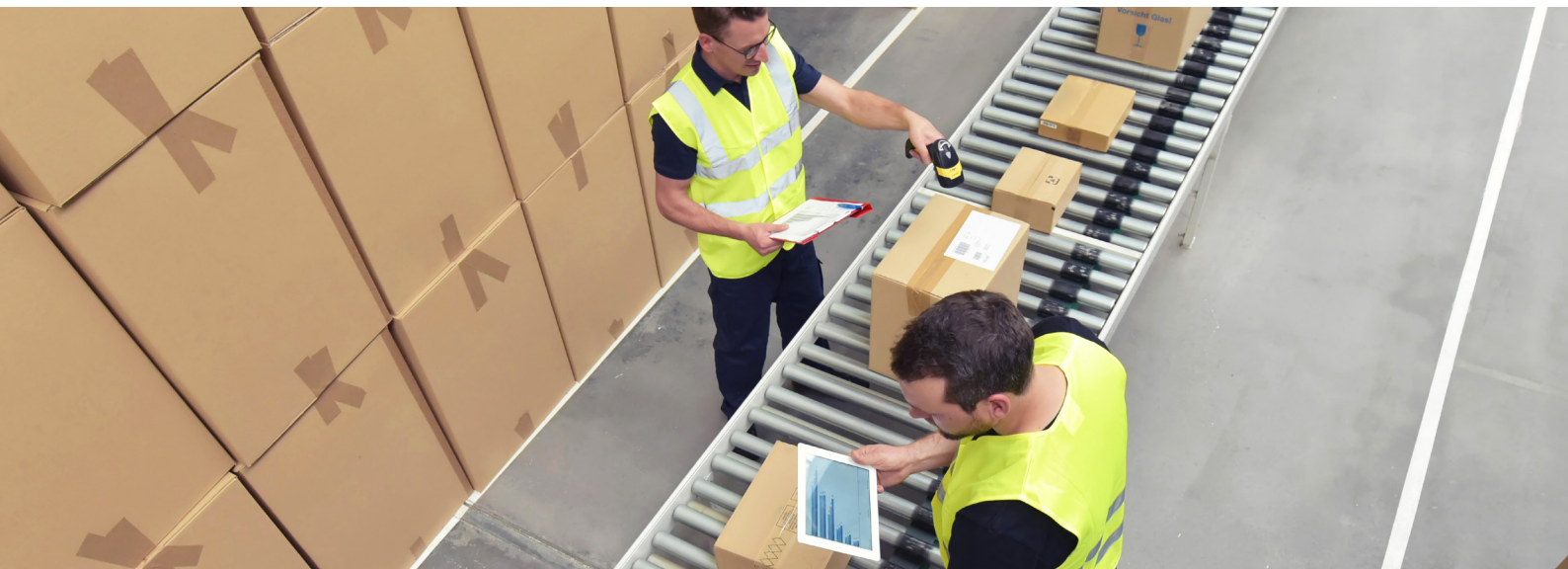
### **Logistics and packaging**

Internationalization offers huge business opportunities for retailers, but finding reliable, fast, and cost-effective delivery and distribution methods can be tricky in some markets. Depending on the quantity and destination, are the consignments delivered by land, sea freight, air or combined transport? The choice of delivery method can have a significant impact on cost structure and can be a limiting factor for a profitable selling of the goods.

### **Payment methods and exchange rates**

When making international trade, different local payment practices must also be taken into account. Countries may have a variety of locally popular payment methods, but they may not be widely used internationally. To secure your business, you should always choose the safest option for your company. The exchange rate is also important and must be taken into account in international trade.

Various financial services for international growth can be negotiated with banks. International trade and the payment terms it requires can be financed, for example, by a letter of credit. There are also instruments available to protect against, for example, the buyer's credit risk or the political risk of the target country. In addition to banks, there are also numerous companies that offer solutions for international growth with a variety of financing options. The credit insurer companies provide risk management services. These services complement the service selection provided by the banks.



## Sustainable development

After understanding the environmental risks and impacts of climate change, sustainable development is now on the agenda of many large global companies. Recent international laws and proposals, such as the UN Sustainable Development Goals, have put environmental issues at the forefront of international business development.

country specific environmental regulations and industry related issues. One key consideration is how production methods can affect the local environment through waste and pollution. In addition to more environmentally friendly, legal or ethical incentives, creating environmentally conscious business practices can attract new, vigilant consumers as customers.

When considering starting a business in an international market, it is important to be aware of



### CFOs and Sustainability: Shaping their roles in an evolving environment

Source: [www2.deloitte.com/content/dam/Deloitte/global/Documents/Risk/dttl-risk-Deloitte-CFOs\\_and\\_Sustainability-2014.pdf](http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Risk/dttl-risk-Deloitte-CFOs_and_Sustainability-2014.pdf)



## Building a new market

### Market research

When entering a new market, it is worth doing a more extensive market research at least a year before the actual expansion. It is particularly important to consider business factors such as the competitive situation, the target market and the workforce. Cultural and local differences and nuances can affect operations and expose them to economic, legal and reputational risks. Correcting errors and omissions in the research phase can lead to significant additional costs in retrospect.

It is also important for the company to understand to whom the product or service range is made and what the brand message is. This can be defined by creating imaginary buyer personas that are vital to product success, as they guide product development and design decisions by taking into account the needs of end-users. Buyer personas provide the entire organization with a common understanding of consumer behavior and target customers.

International growth also means facing tougher competition. When entering a new market, a company may face competition that may not have been present in the domestic market. The right local partners with local market knowledge will help build relationships with other local players. These relationships can be used to establish cooperation with, for example, foreign transport, warehousing and logistics companies, and to use them to support business growth.

“Never say no” is a good guideline while operating in a new country, as companies need to be significantly more proactive than in a domestic market where the brand and products are already well-known.

Effective marketing, events and sponsorship agreements can gain visibility in new markets. As a new entrant, a company must have a strong market strategy and marketing plan to differentiate itself from the competitors. Distinctive advertising and the right kind of brand message will help build a foothold in the market.



## Strategy, business plan and budget

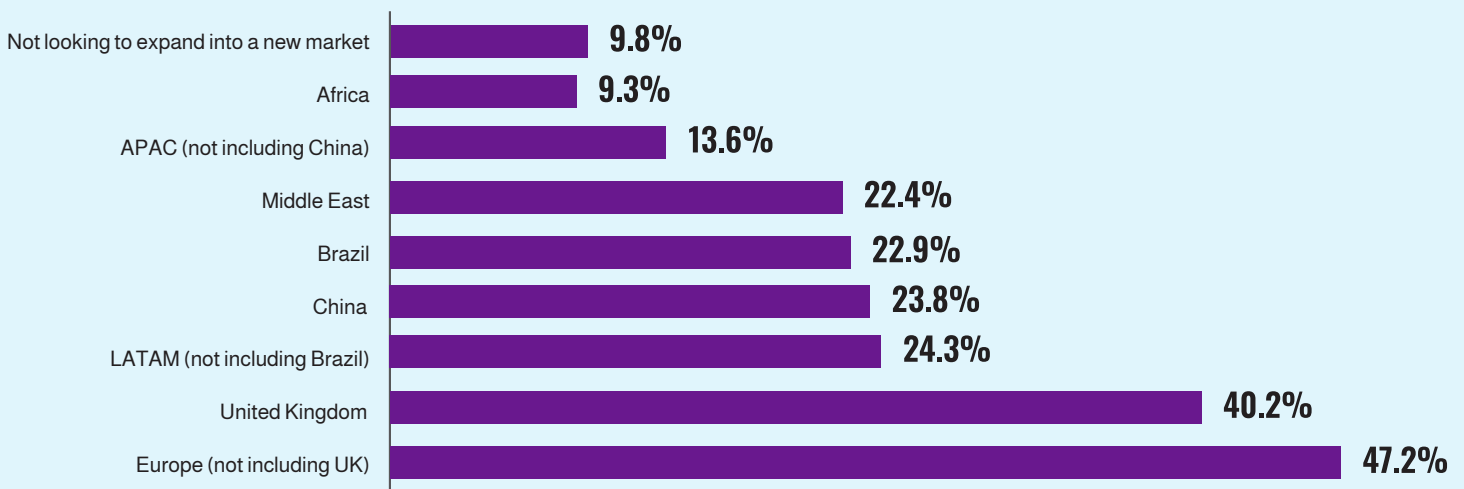
International growth requires the development of a business plan, strategy and budget. Careful planning will help to avoid surprises that may occur, for example, in relation to consumers' purchasing or payment behavior.

During the planning stage a company should look at the competitors and their distribution network. Various consumer surveys and research help to identify potential customers. Using a consulting company specialized in such surveys ensures that the company is getting the right kind of data.

Matters to ensure are:

- product and organizational readiness for a new market
- a competent team capable of meeting the demands of expansion
- the infrastructure needed by the company to handle international trade
- equivalence of all financial and logistical documents in terms of customs and legal requirements of the target market
- the ability of the products to meet international standards. The necessary changes need to be made as soon as possible
- launching the right products at the right time, in the right place and for the right audience to ensure business success.

### Pre-pandemic target regions considered for expansion



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Source: [cdn.cfo.com/content/uploads/edd/2020/06/CFO-Vistra-2020-eBook-1.pdf](https://cdn.cfo.com/content/uploads/edd/2020/06/CFO-Vistra-2020-eBook-1.pdf)

## Expansion strategy

Creating clear goals and an expansion plan are essential in launching an international growth plan. Expansion plans should be launched when clear objectives have been set. Segmenting short- and long-term goals and setting goals for each phase of implementation will help measure the success and cost of expansion at different stages.

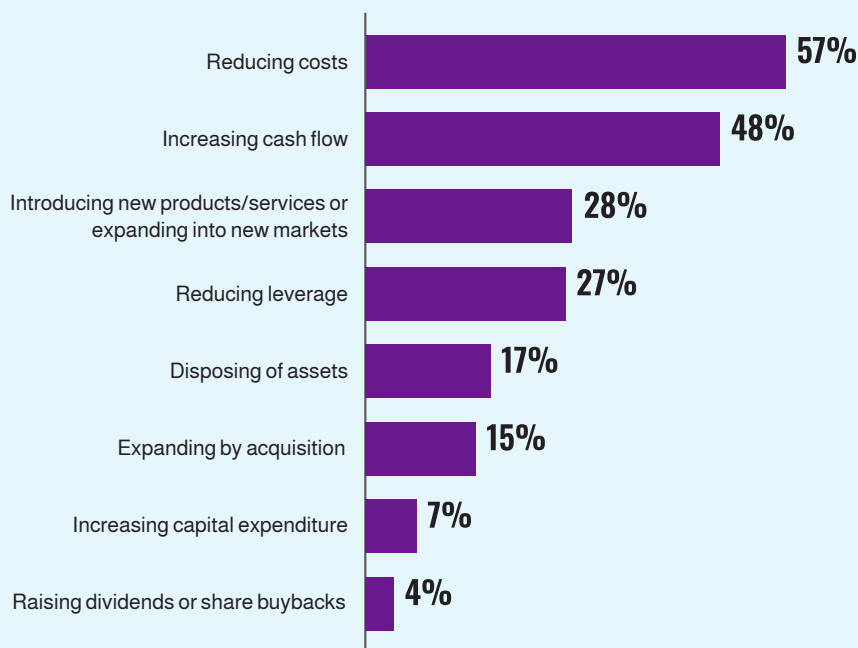
## Linguistic and cultural differences

Communication is always challenging, even with your native language. Needless to say, a company needs to be able to communicate effectively with

the customer's own language. There are many kinds of cultures in the world and they can vary considerably even in neighboring countries. Different customs and habits also guide the teams activities in the work environment.

It's important to approach each country in a culturally appropriate manner. Companies should therefore carefully approach the target countries and make sure their tone of voice matches. Local expertise helps highlight these differences.

### Corporate priorities in the next 12 months % of CFOs who rate each of the following as a strong priority for their business in the next 12 months



Deloitte CFO Survey: 2020 Q3 - The long COVID recovery

Source: [www2.deloitte.com/uk/en/pages/finance/articles/deloitte-cfo-survey.html](http://www2.deloitte.com/uk/en/pages/finance/articles/deloitte-cfo-survey.html)

## How the international growth challenges can be solved?

### Careful background work and the right partners

The role of local consultants and service providers is crucial, especially in creating a new legal entity. The partner can help with recruiting and training employees and senior management, and supporting day-to-day administrative functions such as payroll, cash management, regulatory reporting, employment benefits and other administrative tasks. Local knowledge and experience are essential and are therefore best handled by local consultants and accounting companies. By choosing global partners the administrative tasks are managed smoothly in the new country.

Companies that expand their operations globally for the first time, can learn from companies that have already done so. One of the biggest challenges companies face is that they have no understanding of local laws and business rules. Without these, a company can unintentionally ignore local stakeholders or even break the law. By outsourcing commercial and administrative services, companies can focus on establishing their core business and sales.



## Market strategies

There are many ways a company can enter international markets. There is no single right strategy that works in all countries. Direct export may be the most appropriate strategy in one market, while another may need to set up a subsidiary. Different licenses may also be required, depending on the products and target market. The choice of strategy is influenced by many factors, such as the market suitability of the product and marketing and transportation costs. These factors increase costs, but are offset by sales growth. Proper pricing of products can also contribute to sales growth. Here are a few different strategies you can use to enter the international market:

- direct export
- acquisitions
- franchising
- partner agreements
- joint ventures
- licensing
- turnkey projects.

# 80%

of CFOs see transformative change, e.g. in digital or innovation, as a strategic opportunity

The Future CFO

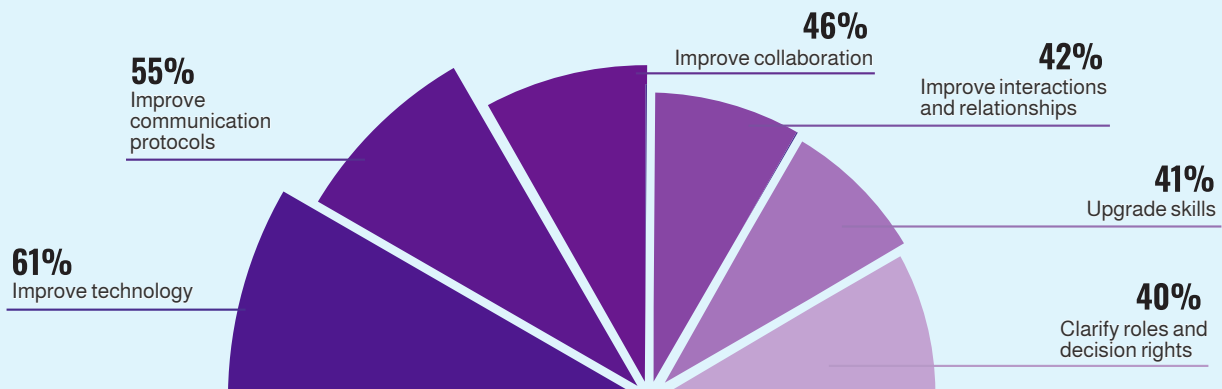
Source: [insights.raconteur.net/the-future-cfo](https://insights.raconteur.net/the-future-cfo)

## Change management

Technology and new innovations are evolving at a rapid pace. Most companies are not able to adapt to developments as the market trends are changing faster. The business environment is constantly changing and evolving. Agility and quick decision making are required to keep a company on the cutting edge of development. Readiness for change and adaptation at a fast pace are vital conditions in international competition. Staying open to new ideas and perspectives helps companies to develop in the desired direction and thus meet the demand of the target country and the customer needs better.

## Technology is the top way to improve effectiveness of the finance function

Steps to improve finance effectiveness



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Source: [insights.raconteur.net/the-future-cfo](https://insights.raconteur.net/the-future-cfo)

## The right kind of infrastructure

A company planning to expand must be able to adapt to the new market according to market needs and consumer habits. Getting to know the business environment and developing a **go-to-market** strategy will help you to adapt into the new market. The company's operations must correspond to the reality of the market. Usually system changes and integrations are needed, and it is not worth wrestling with them alone, but building the right kind of business platforms and systems with international partners.

Important questions when considering the infrastructure for international growth are:

- Can the operations be controlled from another country or is a local office required?
- Can decisions be made in a local team or is guidance needed from the company's headquarters?
- Is there a need for a subsidiary or can the

company operate without it?

- Is a global marketing appropriate for the market or is a localized marketing strategy needed?

International partner networks help by taking care of administrative tasks in a timely manner and in compliance with local legislation. With the right partners the company can build business processes and system solutions that guarantee a stable foundation to build international growth. The company should pay particular attention to the choice of partners. At its best, a partnership is built through open and confidential cooperation into a mutually beneficial business partnership.



## Adaptive customer service

It is also important to understand that companies operate in different ways in different countries. Your business needs to be aware of the infrastructure it needs to work with in order to compete with the rest of the supply in the target country. In some countries, customers expect delivery the very next day after ordering or are used to customer service that is available 24/7. If your business fails to meet these customer expectations, the risk of market failure increases.

Consumers expect timely service and complaints must be resolved without delay. Local customer service is a good solution.

## Choosing the right team

One of the most critical things to invest in the beginning, is to hire competent employees for the new country. It pays off to invest in having enough people in your team to move forward effectively in the new market.

- It is crucial to set up a local office and a team that understands the market and language to comply with local regulations.
- Hiring a local country manager to ensure that the company complies with all local requirements and regulations in a cost-effective manner.
- Working with a local partner can also help communicate your company's products in a way that is relevant locally.
- The people you hire to work with your foreign business partners and customers need to be trained to meet the requirements of your target market and understand the business environment in which you operate.
- Common goals and practices despite cultural differences.
- Implementing the company's strategy in the market.



52%

of CFOs plan to make remote working a permanent option for roles that allow it

Source: [insights.raconteur.net/the-future-cfo](https://insights.raconteur.net/the-future-cfo)

## 10 tips for internationalization

Global sales and expansion require effective sales, marketing and a unified strategy for products or services. The company should develop a clear expansion strategy and business plan, distribution strategy, sales and marketing strategy, branding and appropriate market pricing to create a starting point to step into a new market. Here are a few tips you can take advantage of in your growth plans.

# 78%

of financial decision makers agree that technology skills are essential to the future of their department

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Source: [insights.raconteur.net/the-future-cfo](https://insights.raconteur.net/the-future-cfo)

### Market research

It is essential that the way of doing business responds to the challenges and benefits of expanding abroad. As described earlier in the text above, conducting market research helps to understand the specific characteristics of the market, consumer behavior, economic feasibility, market development, financing costs, and market forecasts.





## Due diligence analysis

Before internationalization steps forward, it is critical to understand how the target market will affect the company. Here are some steps to consider:

- market segmentation analysis can be used to determine whether there is a demand for products in the local market
- product gap analysis is used to find out if a company can meet demand that local companies are unable to supply
- SWOT analysis of competition in the market. It is good to note that depending on the country and industry, the company's exported products may be more expensive than the local products. Is there a market demand for the products?
- checking the pricing of products to suit the target market
- market opportunities reflected into the expansion strategy
- market size and estimates of sales figures. How long does it take for a company to become productive in the market?

## In Pursuit of Better Analytics

- A vast majority (**97%**) of finance analytics programs incorporate non-financial data into their analyses, most commonly data from operations, sales, and supply chains.
- Excel is still very prevalent — **97%** of those surveyed said it's one of their primary tools for finance analytics.
- A substantial number (**48%**) have developed their own in-house tools for finance analytics, while **39%** use off-the-shelf analytics software.
- **70%** of the finance executives surveyed rated their finance analytics approach "effective" or "average," but only **24%** rated it "very effective".

Source: [www.cfo.com/analytics/2020/06/in-pursuit-of-better-analytics/](http://www.cfo.com/analytics/2020/06/in-pursuit-of-better-analytics/)



## Strategy and business plan

Each market has its own nuances due to economic, cultural, governmental and market conditions. It is important to develop a localization strategy and business plan that guides local success while being integrated into the overall strategy and goals of the company.

- defining strategy and objectives for the short, medium and long term. Goals should be set realistically to measure business progress, benefits, and cost structure.
- setting goals, objectives and indicators of success.
- choosing a business model and structure. Is it necessary to establish a separate company or

branch for the market?

- draw up an annual budget and a tactical project plan with commitment dates.
- prepare 3-year and 12-month budgets and a business plan with detailed key indicators, which are updated every six months.
- quarterly activity reviews are performed.
- create a real-time budget for actual reporting.



51%

say thinking of new ways to help their business with financial matters is the most challenging aspect of their job

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Source: [insights.raconteur.net/the-future-cfo](https://insights.raconteur.net/the-future-cfo)

## Tax and financial capacity

The right tax and financial infrastructures need to be put in place at an early stage to ensure that the foreign entity complies with local corporate laws and business practices. Here are some things to consider:

- outsourcing of accounting, payroll and taxes
- establishing local banking relationships
- developing a risk management plan
- preparation of a transfer pricing study
- development of a cash return plan
- declaration of sales and VAT taxes.

## Legislation and regulations

Doing business in a foreign country is possible if the business is flexible enough to operate in accordance with local laws and regulations.

When looking at local statutory issues, it is highly recommended to seek experienced legal advice on foreign business practices in terms of identifying risks. There is no point in saving on the costs of foreign legal experts, as it will benefit the company considerably in the long run. Good relations with local government and authorities are very important for business success.

Some countries are known to be very strict on legislative matters, so it is really important that strong legal processes are put in place immediately to minimize unnecessary risks. Many countries also have very strict requirements in their government agencies. They require legal documents to exist before the imported products are legal in the country. Proactiveness requires money, but it benefits by reducing risks and responsibilities.



## Setting up a local team

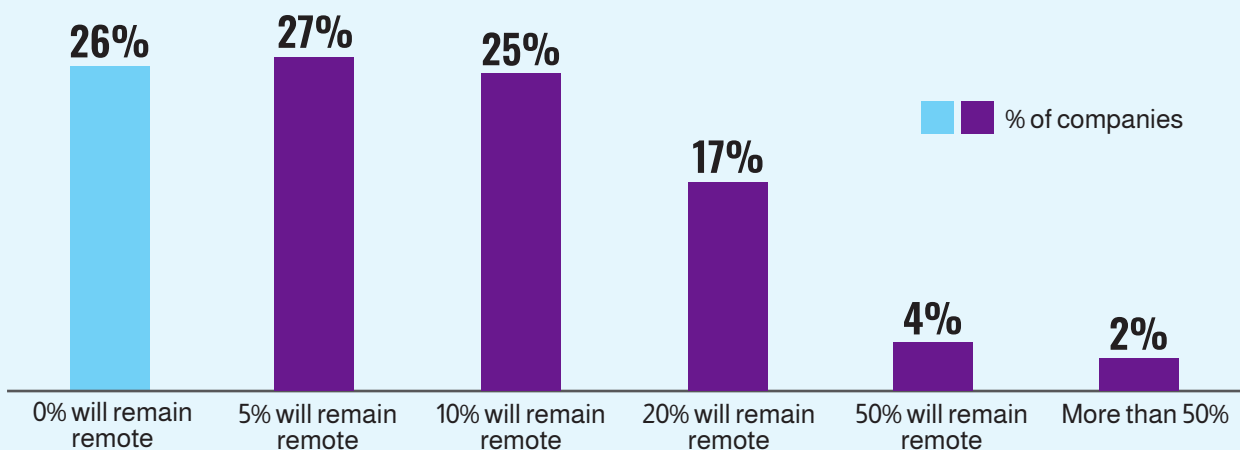
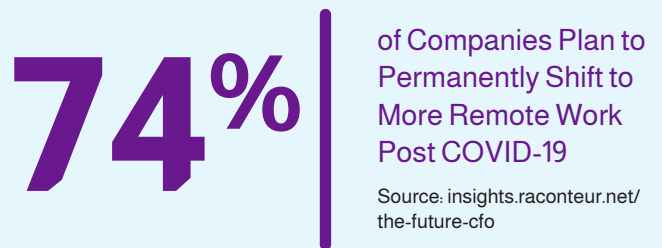
Many global companies are trying to start a local team from scratch. It is time consuming, risky and slow. In practice, it has been found that a company should send its own skilled personnel to open operations in a new country, so that brand implementation and corporate culture can be implemented directly in the new organization. Using a mentoring program allows a company to quickly open up operations in the field and drive important issues forward, while hiring the local top management for the market.

## Organizational readiness

International expansion requires flexibility and a committed workforce so that a company can ensure the implementation of the expansion strategy, regardless of cultural, linguistic, regulatory or customs differences. Implementing a successful strategy requires the right kind of organization. Policies, procedures and guidelines in accordance with local requirements should be developed while maintaining the company's general practices.

### Gartner CFO Survey Reveals 74% Intend to Shift Some Employees to Remote Work Permanently

What percentage of your workforce will remain permanently remote post-COVID who were not remote before COVID?



**Nearly Three in Four CFOs Plan to Shift at Least 5% of Previously On-Site Employees to Permanently Remote Positions Post-COVID 19**

Source: [www.gartner.com/en/newsroom/press-releases/2020-04-03-gartner-cfo-surey-reveals-74-percent-of-organizations-to-shift-some-employees-to-remote-work-permanently2](https://www.gartner.com/en/newsroom/press-releases/2020-04-03-gartner-cfo-surey-reveals-74-percent-of-organizations-to-shift-some-employees-to-remote-work-permanently2)

## Scalable systems

In the pursuit of international expansion, all system related decisions must be made slightly broader than what is currently needed. Thus, at a time of rapid growth, systems will adapt to growing demands.

The right kind of [scalable ERP system](#) helps in international growth. The choice of partners is important in order to take into account the different cultures and country specific requirements. Partners with scalable systems and international support are a great help with growth challenges.

# 77%

of financial decision makers agree that they will be unable to provide insights if they do not invest in financial management technology

Source: [insights.raconteur.net/the-future-cfo](https://insights.raconteur.net/the-future-cfo)



## Automations and real-time reporting

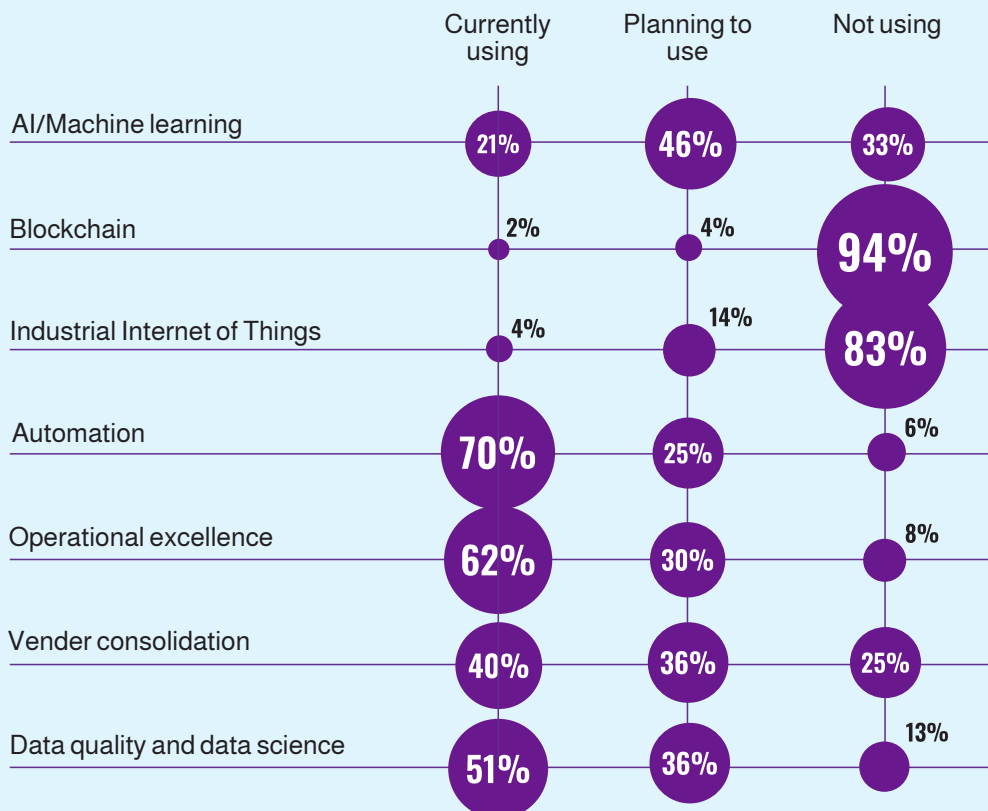
Automation means eliminating manual time-consuming tasks with robotic process automation, artificial intelligence (AI), and other digital tools. [Robotic Process Automation \(RPA\)](#) allows companies to automate routine tasks, allowing experts to focus on more demanding and productive tasks. The goal of automation is to streamline the recurring tasks that the organization performs on a daily, weekly, or monthly basis.

## Innovation

Businesses find it challenging to take risks in the current economic situation, but innovation is important to keep business competitive in a rapidly evolving world. While the current global pandemic brings challenges, many companies have already realized that by staying innovative, they will continue to be pioneers for years to come. It is therefore important that business decision makers nurture new ways of working and take advantage of the latest technology to stay innovative. By doing so, they ensure that the company does not lag behind in a rapidly evolving global economy.

### Automation is the most popular technology, but businesses are exploring a number of others

Finance functions' use of technology



Leathwaite 2020

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# Here is a short checklist for the international growth challenges. By taking care of these, you will build a solid foundation for scalable growth:

- Financial readiness
- Organizational changes
- Personnel
- Risk management
- Political risks and legislation
- Supply chain management
- Building a new market

We hope you received valuable information from this report to support your company's global expansion. Get in touch and we can check the solutions together to support your business growth.

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A warm thank you to the financial decision makers of the companies

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