

WHAT SUCCESSFUL EUROPEAN COMPANIES DO RIGHT - PART 2

6 keys for European companies to be successful on the US Market



By JP Kalmeijer

Entering the U.S. market is a strategic Business decision that requires preparation, planning and excellent execution to achieve the desired success. It is critical that all the stakeholders in this Business Development venture are in sync and are 100% committed to its outcome.

In part 1 we discussed the importance of not only understanding the differences between Europe and the US, but also the attention that should be given to the preparation of the project. Part 3 in the series will cover Value proposition and the selection of the right partners.

The 6 keys to a successful entry are:

1. Full awareness of the *differences* between Europe and the US
2. Launched the project after *meticulous preparation*
- 3. Considered the project as *Business Strategic* and provided Executive backing**
- 4. Backed the venture with *sufficient funds* for success**
5. Defined a great *Value Proposition* for the market
6. Brought the *right partners* on board early

Let us look at and consider the importance and impact of key factors 3 and 4 on any Business Development venture onto the US Market.

1. Business Strategic

We cannot underscore enough the importance of continuous support for the decision to open the US market at a business strategic level. The decision to

enter such a demanding market will need the unequivocal support of the highest Executive levels.

It is not a short-term *'boost the revenue line'* activity, it is an investment and it will take time to reap the fruits of your labor. Executive management needs to plan for a combination of lower margin and higher operating costs to get the business off the ground. Expectations of a quick return on investment will be met with disappointment.

Invest in building the right team – *a strong combination of business development skills with mature market experience and strategic thinking* – that finds the right blend of European company values with American requirements. A team that can quickly analyze and articulate the US domestic market needs back to *'mother corporate'*. Provide the team with easy access to highest Executive levels that can quickly turn on any vital company support - *because it will not come naturally*. Any functional management layer will have brighter and higher priority objectives (*and pecuniary rewards*) that will not necessarily fit with (*the lower short term impact of*) the US market entry efforts.

Unless the support of the US entry is made strategic, success will remain optional.

2. Sufficient Funds

Many European companies enter the US domestic market on a shoestring budget, making them look anemic and quickly out of (budget) breath.

This is the wrong time to skimp. Prospective clients in their decision process to replace established domestic competition compare all your touch points to the reigning players in the market... Touch points can be *products, prototypes, people, proposed pricing, marketing collateral* (think print, website, brochures) that should be sending the same consistent quality message...

In most cases the ‘budgeteers’ (*those who have ‘zero’ responsibility over the Business Development effort and who are there to ‘protect’ the company*) score easy points in two areas: marketing costs and people costs.

Marketing & Sales budget for a continent

Very often when a (too) quick return needs to be shown, ‘budgeteers’ skimp on the Marketing and Sales budgets. These budgets are very easily cut and unrealistic token budgets are left as sore reminders in the plan. Sales and Marketing budgets are treated as an expense/cost not as an investment to open a huge market.

To avoid the ‘inbound investment hangover’ one should earmark enough budget to be able to run a smart strategy at your laser targeted (*by the market entry strategy*) market segments. You will be unable to outspend established competition, but there are no rules against outsmarting them!

Budgets to hire the right people

European companies can struggle with the compensation requirements of high quality domestic players. We have heard the remark too often: *“I cannot hire someone who makes that much (more) money (than I do)”*. Most likely this indicates that the US project is not handled at the right executive level, it has become an operational effort and the manager responsible makes the wrong hiring choices.

Opening a new market, building new business, displacing entrenched competition is hard, it is very hard and it should only be entrusted to the best candidates available.

Firstly, identify the right partners to help you budget realistically and spend specifically; and secondly, budget to invest – because it will take longer than you think/plan.

In our third and last article we will discuss the importance of the fifth and sixth keys: Defining a great Value Proposition specifically for the USA market and the selection of the right partners to support the entry onto the US market.

COGNEGY is a privately held Business and Market Development Firm that provides an array of targeted services to help small or mid-size companies enter the US market successfully. Complementing the Client's industry knowledge with local expertise COGNEGY offers flexible programs from *Business Incubation, Market Feasibility, Competitive Analysis, Strategic Planning to hands-on Market, Channel and Business Development* typically for companies already successfully established in Europe who want to market their offer/product on the highly competitive US market.

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