## Boise State University ScholarWorks

Accountancy Faculty Publications and Presentations

Department of Accountancy

12-3-2013

## Think Your Business is Ready for Internationalization?

Michael Lee Boise State University

Michael Wright Boise State University

This document was originally published by The Idaho Statesman in The Idaho Statesman. Copyright restrictions may apply.

## **8** hink your business is ready for internationalization BOISE STATE ON BUSINESS

you know the mountains "The Art of War": "Unless coordination, and it is considerable resources and international operations. Inway to grow into a multinatoward the global stage as a fraught with business risks ternationalization requires ing business involvement in tion, the process of increastional corporation. This is their domestic market look a relative saturation point in any small and medium-size en-terprises that reach known as internationaliza-A quote from Sun Tzu in

and swamps, you cannot maes, the lay of the marshes and the forests, the defiles you cannot get the advan-Uniess you use local guides, neuver with an armed force. [narrow gorges] and impass-



University Accountancy, Boise State Department or Assistant professor

## WRIGHT MICHAEI

Audit associate, Deloitte, Boise

tages of the land."

with BDO Singapore, a students and I completed a prominent global accountabout internationalization the opportunity of talling course in Singapore. We had This past summer, my

> ing and consulting firm. In tant steps to assist clients. gests that internationalizato their clients. BDO sugis increasingly becoming an addition to reporting, audits counting firms can provide important service that acand tax, internationalization tion involves three impor-

proach that involves a small and a low-risk, low-cost apstrategy, foreign market BDO's IRI measures a firm's eign markets using an Interto an assessment of the forand capabilities in relation through detailed research imowledge is gauged Often, a firm's market tionally by scoring the firm's readiness to expand internanational Readiness Index. ment of the firm's resources knowledge and resources. Step I involves an assess-

> analysis of the internationalsumer preferences and comand political environment a firm's international moves. el, resource availability, consucceeding. At the firm levon the firm's likelihood of economic health and legal ization initiative. The strateto see whether they support petition must be researched the impact of the market's include an understanding of the foreign market should This macro assessment of foreign market exposure through infrequent exports. Step 2 requires a risk

strategies fit with internagic ranking index can help a tionalization by quantifying measure that evaluates the move. Psychic distance is a returns from malang the the credibility and financial turn understand how well its

porting is one of the most inevaluate its options for enterand highlights whether addifrom a given set of resources nationalization initiative is alization using projected ingaged in developing a profit Management accountants cal and legal atmospheres. nomic situations and politied cost, benefit and risk. Extry, and each has an associating the international market. expected to create value demonstrates how the interments. The profit plan sheets and cash-flow statecome statements, balance plan that forecasts the exand business analysts are en ers, cultural barriers, ecorelativities of language barri-There are many modes of enpected results of internationtional investment is required Step 3 requires the firm to

> eign market. If the capital reeign country by constructing of the business processes. overcoming barriers such as petitor, supplier or distribu-Others may acquire a comstart a new venture in a fortrol on pricing or marketing. distribution and a loss of contrade restrictions, product toreign market. It can involve tor to gain entry into the forfacilities from the ground up. More adventurous firms may may subcontract a foreign Juirements are too much. irm to perform one or more hese issues, domestic firms To overcome some of

expensive ways of entering a

or franchising agreement as michaellee2@boisestate.edu

venture, licensing agreement

irms can consider a joint

micwright@deloitte.com

a mode of entry.