

The 7 Mistakes You'll Make Going Global

If you have great Intellectual Property, you know that your business could be impacting more people and generating more profits if you operated globally.

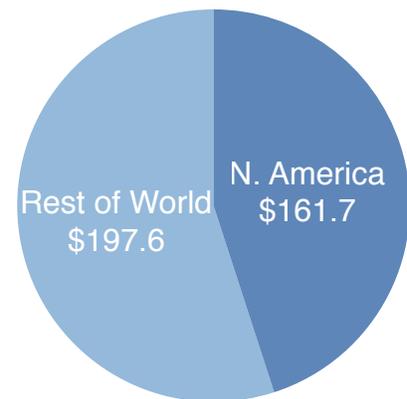
The potential is enticing. According to Training Industry Magazine, 55% of the market for corporate training services is based outside of North America. That percentage will likely increase, boosted by emerging markets with rapidly growing economies.

Everybody loves the idea of building a company with a global footprint. But it's usually not as straightforward as it may seem. So many training companies begin their international expansion with too little planning and too little experience. We see it all the time.

If you've gotten off to the wrong start, the right strategy can help you clean up the mess and get on the right track. Only a few mistakes are fatal. But it's so much better to start with a solid foundation.

Following are the most common mistakes we see training companies make. Avoid the headaches and missed opportunities by catching them early.

Size of Training Market
(in Billions USD)



MISTAKE 1

Underdeveloped Go-To-Market Strategy

You can't franchise a concept. You can only franchise a formula. If you were looking to enter the restaurant business, would you buy a franchise from the newly opened diner down the street? Or would you rather buy a franchise from McDonald's?

Before you go global, it's crucial that you have created a success story and proven formula in your home market. You need a flagship course that has been extensively tested and gets results. You need a well-designed certification process. You need brand-name clients and case studies. This will allow you to attract higher caliber licensees and avoid costly shifts in strategy as you go.

It's also important to look at your internal resources and mindset. Can you dedicate the right focus to your international expansion? Who will manage it? Are you prepared to give up some level of control over your brand for greater influence?



MISTAKE 2

Selecting the Wrong Licensees

That first email is thrilling - someone outside your market wants to represent your brand! You already begin to imagine workshops in Paris, keynotes in Tokyo, and retreats in Rio. So you certify everyone who comes to you

Before you know it, you have a network of well-intentioned individuals around the world that don't have the capability to expand the brand to its full potential. Half of them are running lifestyle businesses, and the other half have mostly forgotten your brand.

We look for the following attributes in a licensee:

- **Character** - Do they have a reputation for high integrity? Can you trust them to be stewards of your brand?
- **Competence**- More than just business competence; do they have experience in the training industry?
- **Capital** - Do they have the resources to invest in sales and marketing to grow the business?
- **Passion** - Are they inspired by your message and excited to represent you?
- **Proactivity** - Are they resourceful? Do they take initiative? Or will they require extensive hand-holding?
- **Full Time Focus** - Do they have at least one person dedicated full time to growing your brand? Ideally, do they have a separate general manager, salesperson, and subject matter expert?



MISTAKE 3

Inadequate Legal Framework

There are a variety of business models you can utilize to expand globally, including the following (ranging from most control to least control):

- Direct Operations
- Sales Agents
- Joint Ventures
- Distributors
- Master Licensees

Depending on your strategy and resources, you may choose to utilize a combination of the above, depending on the market you are entering.

You will need a solid legal agreement for any of the business models that require a partnership. Make sure that these agreements have a term limit and termination options - don't get stuck in a bad business relationship. In several markets, you'll want to take care to avoid qualifying as an operator of a franchise - which requires much more compliance work.

It's important that you own the trademarks to your brand. Many countries have a "first to file" trademark system, so make sure that you are the first to do so in any countries you plan on entering.

Never assume that laws will be the same as in your home market. It's always important to explore any legal differences that may exist in new markets.



MISTAKE 4

Flimsy Financial System

Any friction in your financial system will cause you major headaches in collecting royalties.

Make your royalty reporting and payment process as simple and quick as possible for your licensees to complete. We recommend creating an easy-to-use online royalty reporting system.

Make it clear to your licensees upfront that there will be zero tolerance for late royalty payments. Late royalties threaten the whole point of why you have signed an agreement together and are grounds for termination. You are not a bank, and should not be financing your licensees.



MISTAKE 5

Lack of Community Building

From our past experience, we've found that licensees learn as much from their peers as they learn from you as the licensor. Encourage them to get to know each other and develop relationships.

We recommend gathering your entire licensee network together at regular conferences. At these conferences, you should talk about results, recognize top performers, and invite key licensees and members of your team to speak. This is a great time to talk about any new programs that are coming up. Hold workshops on best practices, and invite your top licensees to teach them. Let your licensees bring as many people as they want, and charge them at cost.

Without regular meetings, licensees will begin to feel isolated, and your brand can slip from being top-of-mind. Building a sense of community between licensees will turbo-charge the growth of your brand worldwide.



MISTAKE 6

No Global Sales Policy

Multinational companies are often seeking multinational solutions. Do you want to be in the main tent, or are you content to be a sideshow? If you're looking to be a player in this market, you need a global sales policy.

Getting the incentives right is essential. You want to encourage licensees to pursue global sales where the opportunities to arise, but you don't want to do so to the extent that they focus on selling in other licensees' markets and forget about their own. This will cause a lot of infighting and subsequent headaches to manage.

Ensure that your international partners' delivery capability is consistent with your domestic capability, and look to close up any gaps. This can largely be done through a well-designed certification process.



MISTAKE 7

Getting Translations Wrong

We once worked with a training company that had handed over the international publishing rights to their domestic publisher. This publisher had done an excellent job in their home market, why would international be any different?

Unfortunately, in Italy, the publisher outsourced this very business-oriented book to a company that specialized in romance novels. The translation was terrible, the packaging was off-brand, and the book totally flopped. It was only when a new edition was produced that the training business could really take off.

We recommend retaining international publishing rights to your book whenever possible. Your licensees are highly motivated to get a good translation of the book published and can help you select a local publisher.

When it comes to your training materials, don't waste resources getting translations done yourself. You don't have the local knowledge or awareness of subtleties in connotations to check the work of the translator. Your licensees will be far more invested than a translation company in ensuring that the translation is done right - allow them to manage the process.





SMCOV helps organizations around the world leverage their training business through proven success formulas, tested over 25+ years in the industry.

If you're looking for greater impact and profitability, we're here to help.

