

# Well-prepared to start international business with Fit2Globalize™

Economic growth has shifted to the emerging economies. These new markets are also attractive to the many Swiss companies. At the same time, the opportunities in the enormous market potential are often accompanied by risks to which the companies in the traditional export markets are less exposed. To ideally examine the opportunities and risks associated with a market entry, the Market Entry Evaluation Method Fit2Globalize™ was developed in the Management Center of Bern University of Applied Sciences BUAS in a research project supported by the BUAS Department of Engineering and Information Technology research fund.



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Photos: BUAS-EIT



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There are enormous opportunities for Swiss exporters in the emerging economies. The exports to the BRIC countries are expected to increase by 11% to 19% per annum. This means that exports to the BRIC states are expected to almost triple within seven years. By extrapolating these developments until 2030, the BRIC countries will make up a market share of nearly 45% of the Swiss exports<sup>1</sup>. In addition to the opportunities in the new markets, it is also important to examine the potential risks which could lead to problems when entering the emerging markets, such as legal security, bureaucracy or poorly developed logistics, as well as the lack of internal readiness to do business with the emerging markets. It is important to identify the potential risks in good time in order to be prepared for them and to be able to react correctly.

**The Fit2Globalize™** method helps companies to assess all the relevant factors associated with a market entry. Using this method, companies can process the relevant information in order to develop a country-specific market entry strategy. The method incorporates two dimensions: the external dimension shows the opportunities and risks in a foreign market, whereas the internal dimension demonstrates one's own strengths and weaknesses with regard to international business. It is this latter dimension which is often underestimated: one of the strengths of this method is that it also clearly shows, apart from the potential of a foreign market, whether a company is actually ready to work at an international level.

On the basis of the answers to two sets of 25 questions<sup>2</sup>, each pertaining to the market situation in a country and the internal situation of the company, the opportunities and risks, as well as the strengths and weaknesses are compiled. The questions related to the foreign market deal with the political, social, economic, legal and technological situation of a target country. The customer and competitive situation and the market potential are also the topics of the external analysis. Using the questions related

to the internal situation of a company, its management, core business and support processes are assessed with regard to its readiness for international business. Many of the questions related to the individual export markets are answered by accessing the evaluations of specialist information providers, such as the World Bank, the IMF, Euler-Hermes, Transparency International, doingbusiness.org, Human Development Index, heritage.org, WTO, geert-hofstede.com and others. This ensures that decisions are not made on the basis of a «gut feeling», but on the basis of neutral evaluations. The results of the method include an Attractiveness/Readiness Portfolio, a SWOT<sup>3</sup> analysis and a To-do-List with regard to the identified weaknesses and risks. Finally, different markets are compared in order to facilitate decision-making when it comes to prioritising external business.

In the Market Attractiveness/Readiness Portfolio (Illustration 1), depending on the position of the analysed market, four standard approaches are suggested: for the company taken as an example in Illustration 1, «Italy» is a market which should be developed because the market is attractive and the company is ready to do business with Italy. The potential is, however, limited. In contrast, although China displays great potential, the company is not yet ready to do business in China. Therefore, the standard strategy «Do homework» would be effective in this case. The homework is defined based on the risks of a market and the weaknesses of a company, which are the results of the answers given to the questions listed in the method. The «homework» is displayed as suggested actions in a To-do-List.

The companies should concentrate on the markets in the first and second quadrant. The markets in the fourth quadrant should not be dealt with for the time being, and those in the third quadrant only at a subordinated level – e.g. in case of very low entry barriers.

### Executive MBA program based on the concept of lifelong learning

The Management Center in Bern ([www.mzbe.ch](http://www.mzbe.ch)) supports university graduates with customised post-graduate education programs based on the concept of lifelong learning throughout their entire career after their first degree. One of these programs is the Executive MBA in International Management ([www.emba.ch](http://www.emba.ch)), which prepares the students for international challenges. Fit2Globalize™ is an integral component of this post-graduate study.

Sooner or later, many engineers deal intensively with the development of foreign markets – since most of the Swiss small and medium-sized enterprises (SMEs) are heavily dependent on the export trade. Therefore, to assist the said SMEs, the Management Center in Bern offers the Executive MBA in International Management based on the concept of lifelong learning. Fit2Globalize™ is used in this course ([www.emba.ch](http://www.emba.ch)) and in consultancy projects. The students use the methods in the course of a market entry study to be written by them during their stays abroad in China, Russia or the USA. The findings are very often of great interest to the companies. The key benefits of the method are that all the relevant questions and topics come to light, the findings are neutral and can be successfully used as a basis both for discussions and for the definition of a market entry strategy. ■

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[www.fit2globalize.ch](http://www.fit2globalize.ch)

China is a market with great potential for Swiss companies.  
View of Hongkong.  
Photo: Fotolia.com

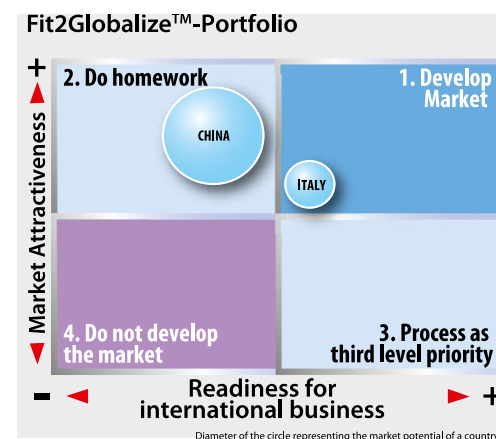


Illustration 1: The Market Attractiveness / Readiness Portfolio of Fit2Globalize™  
Figure: M. Signer



<sup>1</sup> Source: Credit Suisse, Exportindustrie Schweiz – Erfolgsfaktoren und Ausblick, 2011

<sup>2</sup> See [www.fit2globalize.ch](http://www.fit2globalize.ch) for the list of questions

<sup>3</sup> SWOT: Strengths, Weaknesses, Opportunities and Threats