Overseas expansion is an exhilarating prospect for many businesses — and a pressing, sometimes stressful, reality for others.

New markets. Fresh revenue streams. High returns on reinvestment. Revitalized product development. “Going global” is a strategic maneuver opening the next chapter for many organizations seizing the moment to expand their global footprint.

However, internationally expanding businesses should remember growth is a marathon, not a sprint. As a global PEO, we’ve compiled some of the tips, practices, and attitudes we’ve seen clients adopt in their short- and long-term international planning. These foreign expansion strategies push a company beyond yesterday’s borders without sacrificing domestic activities or objectives — setting the stage for a successful today and tomorrow.

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International expansion strategies are the formal, multi-level strategic plan businesses outline to enter and then get profitably embraced in a new overseas market.
What Is a Foreign Expansion Strategy?

International expansion strategies are formal, multi-level strategic plans that businesses use to enter an overseas market, establish a growing presence, and become quickly profitable.

Foreign expansion strategies make growth more structured and sustainable. When composed properly, these plans mitigate expansion risk and encourage efficient use of resources, timelines, and capital for global expansion.

What goes into a strategy to expand business internationally? Overseas business plans include the following core elements:

- An internal business audit, ensuring internal variables like product offerings, service types, and overall brands are market-ready. Internal audits are multifaceted and tailored to the parent organization. They can include SWOT, gap, and market segmentation analyses helping companies understand their current strengths, growth areas, and differentiating value propositions.
- A competitive analysis, vetting your business offerings and operations against industry competition in the new market.
- A market analysis, researching the health and landscape of the new target market. Thorough market analysis includes market size and growth potential, consumer bases, consumer attitudes, market channel research, market investment analysis, state of the economy, and more.
- A marketing strategy, including brand positioning, marketing channels, product or service delivery, marketing KPIs, marketing programs, and even pricing evaluations based on the new market’s economic environment.
- A localized infrastructure plan, outlining the need, desire, and methods to build a compliant local and regional presence. Infrastructure plans include hiring international employees and executives, finding local vendors, determining legal, regulator, and tax statuses, and positioning a physical facility or base if necessary.
- A top-down budget, beginning with six to twelve months of dedicated launch resources aligned with your overall business plan. Expand that budget to account for at least three years of continual expansion support, with budget-based KPIs tracked every month.
A timeline, with feasible, yet competitive, commitment dates to map the entire expansion around. Ensure that timeline syncs with existing business initiatives and objectives. You don’t want to stretch your organization too thin, with your international expansion resources overshadowing domestic ones.

Why Do Businesses Expand Overseas?

It seems evident growth-minded companies will eventually aim beyond their current boundaries. In today’s globalized commercial world, international expansion is more the norm than the exception.

One thing companies often fail to do is adequately articulate what is behind an international expansion strategy. Growth for its own sake can be dangerous. Knowing “why” is essential, because it will drive decision-making and help you to better measure your success. Here are some common reasons for expansion:

1. To Find New Talent or Fill Talent Gaps

Companies no longer have to limit themselves to local talent when hiring. Communications
technology unlocks collaboration across borders, often instantaneously and in real time. Document-sharing software and project-management suites keep international teams aligned and on task. IT security and network protection bolster end-to-end connections, so employees can work securely from anywhere.

All together, these tools expand the available hiring pool past your backyard. There are also a few situations where a company finds itself in need of specifically hiring international employees:

- When launching physical products into a new market, therefore requiring a local presence
- When launching services into a new market, thus requiring a local presence
- When restructuring the organization based on overall corporate strategy objectives
- When leveraging today’s broad global professional networks, and the more globally-savvy talent pool they offer at all employee levels

2. To Extend the Sales Life of Products

Every product or service follows a lifecycle. While details differ depending on industry, a product generally experiences inception and launch, market maturity, stabilization, and — in most cases — decline and eventual phase-out.

An overseas expansion strategy hits the reset button on that lifecycle. Companies get to reinvent the wheel on strategic products or services they think will excel in a new market, and even correct for past errors. That foreign country, in turn, revitalizes products that may be nearing maturity in other markets. The result is a brand-new revenue branch for the parent company.

3. To Diversify Market Presence

Successfully expanding a business into international markets provides organizations with long-term risk mitigation.
While there are cost benefits to weigh and an inevitable layer of new obstacles businesses will face, successful international expansion reduces one’s dependency on the strength of a single domestic market. Diversified market presences allow organizations to better ride global market waves, with highs in one country balancing the lows in another.

4. Unique Circumstances Present a Rare Moment to Expand

Company mergers, acquisitions, branch spinoffs, or new sales office locations present potential inflection points for a business, and launching onto the international stage is no different. Change management scenarios have an intrinsic momentum to them, and international expansion strategies give structure to that momentum.

Capitalizing on change momentum, company branches, spinoffs, or newly acquired subsidiaries expand the parent company’s reach. They simultaneously accomplish many of the expansion goals listed earlier, such as diversifying market share, extending product lifecycles, and embracing global talent acquisition.

5. Because It’s Time

Perhaps the most common reason to expand is simply because there is measurable demand. If you are seeing international interest in your goods and services, it may be time to take the leap. Test the waters with a small operation, that you can quickly scaling up to launch your company into its next phase.

Sounds exciting, right? It is. However, excitement is no substitute for proper business planning. You’ll need a foreign expansion plan that applies many similar principles of corporate planning and strategy — just in a new market. From market segmentation research and infrastructure development to budgeting, branding, and product or service distribution — your key business strategy needs outlining ahead of time, in writing.
Remember to Audit

Perform the following internal business audits to prevent "one-size-fits-all" expansion woes.

- Market Segmentation
- Gap Analysis
- Product and Service Value Alignment
- SWOT analysis
Tips to Consider in an International Expansion Strategy

When circumstances align, and a business is ready to push its boundaries, you can better ensure your success through the following strategies.

1. Remember to Audit

An internal business audit provides the foundation for smooth, successful expansion. It’s your metaphorical roadmap, one that addresses every turn, pit stop, and potential speedbump before your business takes the overseas plunge.

Your internal business audit should be detail-oriented and comprehensive, including stakeholders from across your entire organization, from operations to sales to finance to IT. Each of these domains will need to scale up and align to help overseas branches thrive. Each department’s insights and infrastructure must be reviewed, feasibility tested, and then tweaked to work in the new market. These steps take time and attention. Copying and pasting domestic processes onto international ones and expecting identical results almost never works.

Perform the following internal business audits to prevent “one-size-fits-all” expansion woes.

- Market segmentation, identifying and then classifying target customer pools in a new country or culture based on values, beliefs, lifestyle, and income
- Gap analysis, to see if the products or service your business provides is currently underserved in a market
- Product and service value alignment, navigating cultural nuances to ensure your overseas clients perceive your business the right way
- A SWOT analysis, lending a numbers-backed look into the actual sales and revenue potential of target market expansion

2. Strike While It’s Hot

As the saying goes, your reputation precedes you. Expanding internationally is easiest to
achieve when your domestic market share and brand perceptions are stable and robust.

A solid domestic foundation is the cornerstone of new initiatives and new efforts. Overseas markets will still have access to your core market impressions, your PR initiatives, and the way your customers generally perceive how you conduct business. Your company carries a reputation with it wherever it goes. Make sure it’s a positive one.

Note “striking while it’s hot” doesn’t mean rushing. A complete international expansion strategy will take months of preemptive research and work to get off the ground. It’ll take even more time to begin implementing in stages along set dates, benchmarks, and checkpoints.

3. The Early Bird Doesn’t Always Get the Worm

“First-movers” are businesses with products or services that are the first of their kind in a new market. This expansion type can be a never-before-seen good, genuinely unique and without clear competition. Or, it can be disruptive, reinventing how consumers view or interact with an established service altogether.

First-mover overseas plans are often aggressive, fueled by the onus that being the first means establishing — and then dominating — international market shares and leaving latecomers to pick up the crumbs.

However, business innovation isn't formulaic — which is both good and bad. The best foreign expansion strategies are adaptive and thoughtful — requiring diligence, nuance, commitment, detailed resource planning, and buy-in from cross-departmental executives and stakeholders. Don’t sacrifice these things for speed.

4. Match Your Business Model with Your Mode of Entry

Business models comprise the operational, interpersonal, and revenue workings of your organization, alongside how its value-adding products or services get created. In short,
business models show you what makes your organization tick.

But business models are not monolithic. Processes that flow smoothly in your home country won’t necessarily transplant into another. What’s more, there will be new organizational hierarchies to structure, new product or service resources to identify, and new employees to hire and classify — each bringing unique culture and expectations into the mix.

All this means an international expansion strategy must include an adapted business model that does two things simultaneously:

• Aligns with a foreign market’s projected value (i.e. why you chose to expand there). These reasons could include cost-effective product production, an expanded customer base, refreshing a product’s lifecycle, or even for the new market’s tax incentives, to name a few.

  and

• Aligns with that new foreign market’s actual culture and practices

A business model with these objectives in mind is a business model that’ll work across international expansion.
Challenges and growing pains are inevitable when expanding overseas. Foreign expansion strategies change the perspective of these hurdles from existential threats into manageable operational ones — with tools already in place to handle them.

Common international business expansion challenges include the following:

1. **Regulatory and Legal Compliance**

Expanding smoothly into another country without violating any laws or rules is a top priority for most business leaders. They know many countries have a laundry list of regulatory proceedings and technicalities that accompany:

- Setting up a subsidiary or regional presence
- Opening local bank accounts
- Registering with tax authorities
- Acquiring local commercial certifications
• Maintaining corporate records and filings
• Initiating patent and trademark reviews
• Administering compliant payroll, compensation, and employee benefits

Solution: Partner with a global PEO.

Global PEOs provide employer or records services that reduce, if not eliminate, your business’ need to autonomously manage these domains. Outsourcing HR, payroll, finance, and legal back-office operations to a global PEO is a cost-effective and competitive way to scale up globally, quickly and easily.

2. Testing and Quality Assurance

Testing a product in foreign markets is a good way to establish your ultimate expansion objectives. A soft-launch into a market lets you road-test the market segmentation conducted during internal business audits, sharpens your value proposition, and takes the temperature of your company’s overall brand perception in that region.

However, many businesses find it challenging to conduct exact product or service market tests, if they do so at all. What’s more, when physical products drive overseas expansion, it requires new raw goods and material supply chains that can lead to inconsistent product quality.

Solution: Rewrap or “localize” products.

Localizing your goods and services better ensures their acceptance within new markets. Localization solves supply chain sourcing and provides quality assurance based on local standards. Also, it smooths the sales transition from one culture to another. Properly translate product or service names, design new packaging, and create culturally appropriate advertising and marketing campaigns as part of your rewrapping or localization strategy.
3. Functional Infrastructure

Will your company be launching a physical presence in its new market? Will a named subsidiary qualify as compliant? When does an organization even need to apply for these titles — and what does the application take? Hint: It varies country by country.

Functional infrastructure during global expansion often entails creating, tweaking, and administering brand new back-office org structures and workflows for:

- Human resources
- Payroll
- Accounting and bookkeeping
- IT
- Legal counsel

This back-office infrastructure is expensive and time-consuming. It opens organizations up to serious regulatory risk if even one system is incompliant with the new country’s laws.

Solution: Use PEO and employers of records.

Global PEOs with employer-of-records capabilities take infrastructure and process risks off your shoulders. Their global networks and existing software provide a turnkey solution for in-country, compliant back-office operations, making global expansion that much more feasible.

4. Lack of Data-Backed Decision-Making

Many have heard the saying businesses today are “drowning in data but starved for information.”

Foreign expansion strategies often fall prey to this cliché. Stakeholders outline expansion plans, set up deadlines, funnel resources, and build goals and objectives for overseas markets. They use data to create these initial expansion outlines, but then allow it to fall by
Tips for Developing an International Expansion Strategy

the wayside.

Solution: Create a metric workflow for all.

Assign clear, quantitative goals to each international expansion stage. Begin measuring those goals immediately, then undergo continual reviews to evaluate progress across all international expansion strategy processes. Doing so minimizes resource costs and provides data-back answers to inevitable process hiccups or culture shock, grounding future market decisions.

Globalization Partners: Building Strategies to Expand Your Business Internationally

With an employer-of-service presence in more than 170 countries, Globalization Partners helps small businesses and Fortune 100 companies expand overseas quickly, smoothly and with a minimum of risk.

If you need help with global expansion, Globalization Partners’ Global Expansion Platform™ enables you to hire in more than 170 countries within days, and without the need to set up costly international subsidiaries. You identify great talent anywhere in the world, and we put them on our fully compliant global payroll—lifting the burden of global corporate tax, legal
and HR matters from your shoulders to ours.

Globalization Partners: we make global expansion fast and easy.

Take control of your company’s future. Get in touch with us today to strategize how you can expand across borders tomorrow.

For more information on how to successfully expand your business internationally, download our guide on How to Scale Globally Without Sinking:

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