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TOP 10 INTERNATIONAL EXPANSION MISTAKES TO AVOID



WHAT WE DO

Globalization Partners enables companies to quickly and easily expand into 187 countries without the hassle of setting up local branch offices or subsidiaries. You identify the talent, and we employ your team member via our in-country payroll. This enables you to quickly and easily hire around the globe, and lifts the burden of figuring out HR, tax and legal matters from your shoulders to ours.

Globalization Partners

Succeed Faster



Contact us today to see how we can help you expand your team around the world.



Global growth is always good for business, right?

Expanding your business to international markets could be transformative for your company, but without a clear vision, a solid plan, and thoughtful execution, it might not deliver the results you expect.

Making these 10 international expansion mistakes could set your business back and slow down growth instead of boosting it.

As a leader in the global expansion space, we've observed how international growth has helped, but also how it's hurt, especially when businesses don't have the right strategy in place.

Here are the top 10 international expansion mistakes we caution our clients against, plus tips for how to avoid them.

Mistake #1: Making a Hasty Offer Letter



There's no doubt about it – international expansion is exciting. And when you find the perfect candidate to help you take your company to the next level in a new market, you want to make it happen, fast.

What many companies do in this situation, is issue a local employment offer letter to a candidate based in another country. But this is a major misstep, for two big reasons.

First, the offer of employment sent to an international candidate that is written with the business' employment law language may conflict with employment law and general employment practices of the country where the candidate resides. This could make the entire contract unenforceable if it goes to a court of law, and that could be costly for your company.

Second, without an understanding of local employment law, the letter could commit your company to a lot more compensation than you may expect. For instance, if they offer 120,000 annually in Portugal, Portugal's custom of a 13th and 14th month bonus could add another 20,000 onto the total compensation, just because of the language in the offer letter.

What should you do?

You don't want to delay an offer to the best talent, but if your candidate is in another country, **get a local labor law expert involved before you make any offer, verbal or written.**

They can let you know what is custom for total compensation, including benefits, in the candidate's country, and guide you on the best legal way to proceed. You want to secure your candidate, but you also want to protect the interests of your business, and experts can help you walk that line.

Mistake #2: Hiring for Today vs. Hiring for a Long-Term Fit



The new international employee you're excited to onboard – are they a good fit for your company's long-term.

Let's say you plan to establish an office headquarters in a major city in the next year. If your new employee in-country lives hours away, they may not be the best person to hire to establish this new office.

What should you do?

A report from the Center of American Progress found that turnover can cost organizations anywhere from 16% to 213% of the lost employee's salary.

Always make hiring decisions within the context of the larger vision for your business. If you don't have a longterm plan and strategy for the future, it's harder to know with any surety that you're selecting the right people to join your team. Clarity on business goals can help you identify candidates who are aligned.

Mistake #3: Not Selecting Entrepreneurial Leaders



When you're expanding internationally, there is a lot that you don't know. From cultural norms to local customs, you're going to be depending heavily on your new international employee to help you navigate the market and define the best path forward.

If you hire an employee who needs to be told what to do on a day-to-day basis, you're going to miss out on the proactive insight you could gain from someone who's able to jump in and volunteer ideas.

What should you do?

When hiring, don't just focus on skills and capabilities. Screen for personality and working style. Ask questions that help you determine if the employee has a history of taking the initiative.

When checking references, ask specifically about how the employee helped propel a company's growth through curiosity and innovation. You will need international team members with these characteristics to sustain a high level of growth in new markets.

Mistake #4:

Depending on Independent Contractors



Hiring independent contractors instead of full-time employees might seem like a fast way to get an employee on board and bypass the complexities of entity setup, but it could be one of the top pitfalls to sustainable international growth.

If the contractor you hired should be classified as an employee and the local authorities find out, you could owe hundreds of thousands of dollars in back taxes and unpaid benefits.

What should you do?

Never make the mistake of thinking that hiring contractors comes without risk. And consider that undue risk is the last thing you need when you're making your first foray into a new market, whether you're sourcing talent or starting operations there.

Get the peace of mind that comes from knowing you are following all the right local labor laws. Whether you invest in an entity or depend on an Employer of Record, you're preserving the bottom line through smart risk management.

Mistake #5: Failing to Attract the Best Talent



The war for talent is at an all-time high, both in the U.S. and around the world. One of the big international expansion mistakes is assuming that it will be easy to locate the right candidate in-country, but this can often be the hardest part.

If you don't put together a fully compliant and competitive package with salary and benefits, the best talent won't give your company any consideration.

And if you don't yet have a presence on the ground, it can be hard to do the necessary firsthand legwork of networking to find the best talent, then the recruitment of that talent.

What should you do?

A McKinsey Global Institute study suggests that employers in Europe and North America will require 16 million to 18 million more college-educated workers in 2020 than are going to be available.

Always make hiring decisions within the context of the larger vision for your business. If you don't have a long-term plan and strategy for the future, it's harder to know with any surety that you're selecting the right people to join your team. Clarity on business goals can help you identify candidates who are aligned.

Mistake #6: Waiting Too Long to Figure Out Payroll



Don't make the mistake of hiring now, then waiting until later to figure out how to run payroll in your new hire's country. International payroll is very complex – you can't just transfer money to an international bank account.

You must pay employees in their local currency, then there are taxes and withholdings that you must consider. It's your responsibility as the employer to make sure it's all paid properly and on time to the local government.

If you hire now and wait until pay day to figure this out, you'll wish you didn't.

What should you do?

Think through every aspect of your international hire, especially payroll, before you even go forward and make the offer.

You'll be happy that you took the time to figure out the logistics before you finalize the employment contract.

Mistake #7:

Ignoring the Importance of Cross-Cultural Communication



Once your international team member is on board, it's critical to spend the time required to get to know them and their communication style. Cross-cultural communication is one of the biggest challenges for companies that go global, because communication styles differ greatly across cultures.

If you're a U.S.-based business, it's important to understand that most cultures are not as direct and to-the-point, and sometimes it takes in-depth relationship-building before your global employee is willing to open up completely.

And sometimes you may have to read between the lines to understand what they are truly trying to say.

What should you do?

A mantra to follow is, "slow down to go faster." Most cultures value relationships heavily, so taking the time to get to know your team is an investment worth making. You can also invest in cross-cultural education to build rapport between your team at your local headquarters and your international team.

Pay to fly your international employee to headquarters to meet the team and spend time together locally, on a regular basis. And before you jump to email and text in your daily working rhythm, try to prioritize video calls.

A high percentage of human communication is nonverbal, which makes the ease of modern communication through video one of the best ways to form connections across cultures.

Mistake #8: Not Giving Local Teams Enough Autonomy



Micromanaging never works, especially across borders. First, you're showing you don't trust your team member enough to give them ownership. Second, you probably don't know nearly as much about the local culture as your local employee.

You're more likely to make a faux pas and you'll be regretful that you didn't let your local employee inform the messaging and delivery.

Besides how your business appears to the audience in country, trusting your team empowers them to use their entrepreneurial spirit to figure things out and move forward without first obtaining permission for everything.

What should you do?

If you don't trust your team, it might be because you didn't hire the right person, and that's on you. But if you're just having trouble letting go of control, you can work on this by getting clear on your collective team goals, make sure they're on the same page as you, then move forward by backing off slowly over time.

Make sure you consult them on all major decisions in their country and market, and area of responsibility. The more you involve them in discussions that happen at headquarters and spend the time to develop a relationship, the more trust will develop naturally.

Mistake #9: Trying to Reinvent the Wheel



When jumpstarting their international expansion strategy, so many companies make the mistake of trying to do something completely different.

Look for the path of least resistance for your business. For example, expand marketing and sales teams into an Englishspeaking market like the UK or the Netherlands, then make the jump to France or Germany.

Follow models that have worked for companies who have done the exact same thing and found great success. Trying to be too original or different is not always the best go-forward strategy.

What should you do?

Study businesses who have made similar moves and use them as a model for what you want to accomplish.

It's much easier to avoid pitfalls if you learn from the past mistakes of others.

Mistake #10:

Failing to Get Familiar with Regulations In-Country



Businesses who are only hiring one or two international employees may not spend the time and resources to research the local compliance environment.

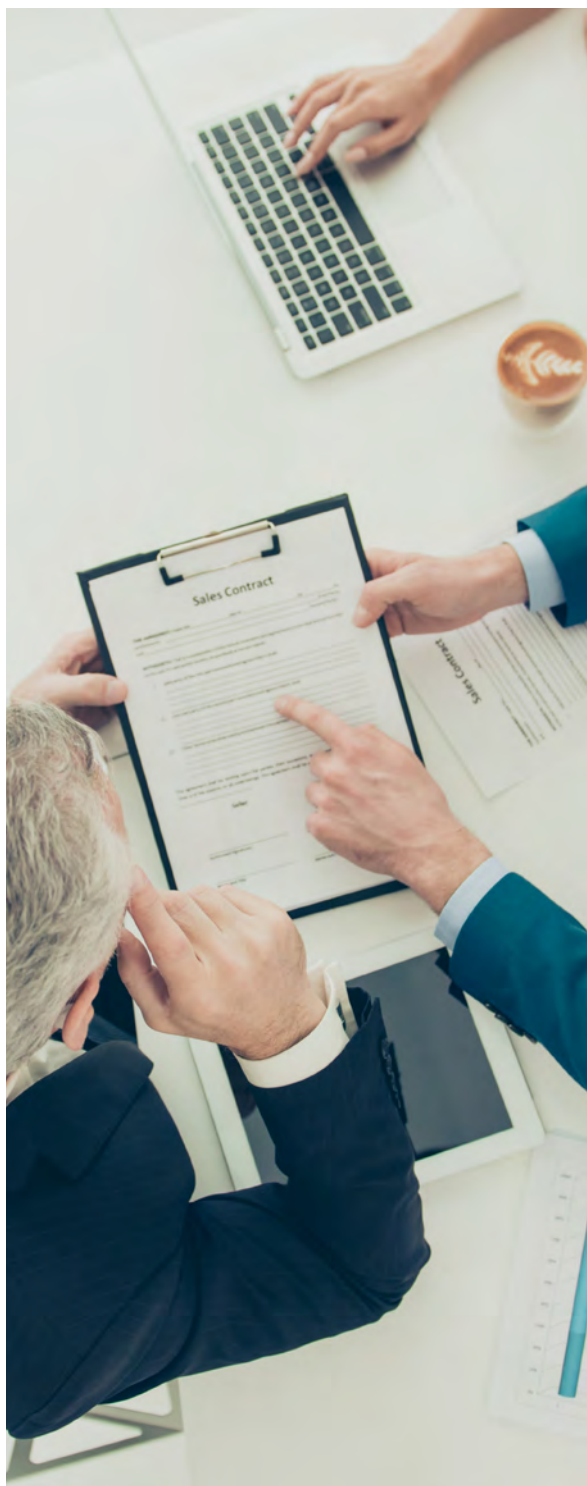
What labor laws apply to their industry or type of hire?
What are the country's laws surrounding data privacy?

Even if a business plans on using a partner like an Employer of Record, knowledge of the compliance issues that will most frequently affect the company is critical – it's how the internal team can best assess the right party to trust, and do their utmost internally to stay compliant and avoid heavy fines.

What should you do?

At least get familiar with the basics of any in-country employment arrangement and the regulations that apply to your business.

You don't have to be an expert, but an awareness will help you identify the right experts to help you manage risk and take care of the details.



You Can Employ Anyone, Anywhere with the Right Partner

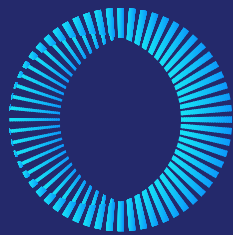
The world today is different. With technology enabling real-time human connection across continents, innovation happens fast. Don't let the slow wheels of legal systems and the complexities of international financial and tax regulations slow you down.

When an expansion opportunity is on the horizon, turn to Globalization Partners. Our team offers an unmatched platform, services, and expertise, enabling companies like yours to grow their businesses internationally, with confidence. Our strict adherence to legal compliance protects and insulates our clients from accidentally making the wrong decision, avoiding costly lawsuits and payouts.

From international labor issues to compliant contracts, finance, global payroll, and benefits, our team of international experts has seen it all. Working with Globalization Partners, any company can leverage our knowledge anywhere in the world.

Contact us today to see how we can help you grow your business around the world.

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