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***Drivers to Internationalization in
an SME Company with Young and
Dynamic Management***

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Internationalization Drivers

- Understanding your own added value:
 - Geographical advantage (i.e. industrial clusters)
 - Expertise in a specific market
 - Innovative idea/process
- Individuate where to concentrate:
 - Strategy with a first level area, second level area ,etc.
- Make a customized strategy:
 - Understand the different structure of the market in the overseas area.
 - Consider how different tastes, cultures and behaviors influence the market.

Added Value

- **Geographical advantage:**

Industrial clusters, economy of area / experience, industrial parks (with national or international investment), etc. can lead an area to be extremely specialized in specific industries. In this environment newborn companies and small companies with limited resources can find easy supports and advantages when going abroad.

- **Expertise in a specific market:**

Being in an industrial cluster means for a company an easy access to resources and expertise with a long time tradition and experience, this is indeed a good support while doing strategy and market analysis; it is also a good help with reputation entering in a new market (not new for the cluster).

- **Innovative idea/process:**

Giving a good background of the market, the business model has to be innovative or has to propose an innovative service / product.

In the contemporary complex and globalized world a small company has to focus on niche and excellence markets when going abroad if it doesn't want to compete with multinational groups.

Where

- **Which area / country to focus:**

When a SME or a newborn company wants to internationalize, choosing which country/area is always a key chose considering the efforts needed to enter in a new market. This mean it is very important to make the right moves from the beginning.

- **Where in the country:**

Once the company has chosen where to set his presence is essential to establish a good geographical strategy in order to maximize its efforts: Individuate the target city with an analysis based not only on costs/profits but also on strategic position with the core of the market, with the political institutions (if needed), logistics, services, home country community, etc.

- **Growth management choices: National / International**

- National: first tier cities / second tier cities.

- International: having settled a model valid for the first country then replicate it in other countries in order to open in new markets.

Customized Strategy

- **Strategic plan:**

For all company's activities having a good strategic plan is the key to success. This is extremely true when a company starts to internationalize for the first time: keep always in mind the structure of the business strategy (i.e.: entering strategy, budgeting, marketing / commercial strategy, etc.)

- **Cultural differences:**

Consider the cultural differences with the new country and try to understand how these differences can effect the business core / non core activities. Consider different tastes, culture and behaviors as assets to be analyzed and managed properly.

- **Adapted strategy:**

Given all the considerations before, adapt the strategy to the new country's characteristics in order to be as most "local" as possible.

- **Feedback:**

The strategy modified and applied to the country has to be constantly under feedback. This means a continuous presence of the management in the market specially during the startup phase.



*Drivers to Internationalization
in a SME Company with Young
and Dynamic Management:
The case of **Luxlife S.r.l.***

Luxlife S.r.l.

- *Luxlife is an Italian Limited Liability company created in 2005 by young managers already involved in luxury and internationalization.*
- *The business idea of the company is to promote Italian Design in strategic countries with high potential future growth: starting from China, then being able to replicate the model in any S.E. Asian country.*
- *Luxlife is an agent company and represents some of the most prestigious Italian Design brands. It has an office in Shanghai, its headquarter in China, and good networking undergoing in other Asian countries.*

Added Value

- *Luxlife is located in the middle of the Italian most famous design cluster. In this area is very easy to access the most prestigious brands, exploit group strategy, get market info, etc. (Geographical Adv)*
- *All of the represented companies are already dealing worldwide for years, this maximize the efforts in sharing strategy and ideas. (Expertise)*
- *The business model is new and more structured compared to the existing potential competitors of Luxlife. (original idea)*

Where

- *At the moment when Luxlife was created **China** was already a part of the business idea:*

- *An high growing / high potential market with an impressive number of rich customers.*

- *A difficult market where Italian Design companies were not going to enter directly due to physical and cultural distance.*

- ***Which city?***

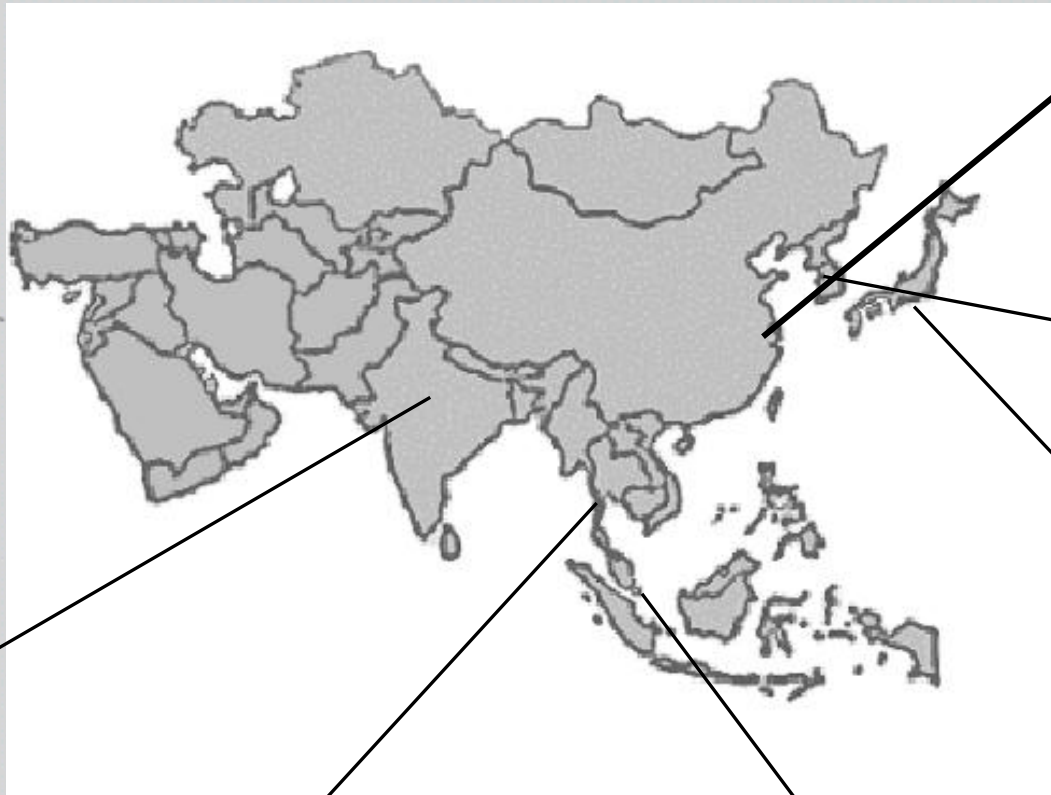
Luxury and design in China meant: Hong Kong, Shanghai, Beijing.

Hong Kong: too expansive/too "far" from mainland China

Beijing: too political / still more keen with classic style

Shanghai: good compromise costs / customer's tastes

Where Next



Luxlife China

Luxlife Korea

Luxlife Japan

Luxlife India

Luxlife Thailand

Luxlife Singapore

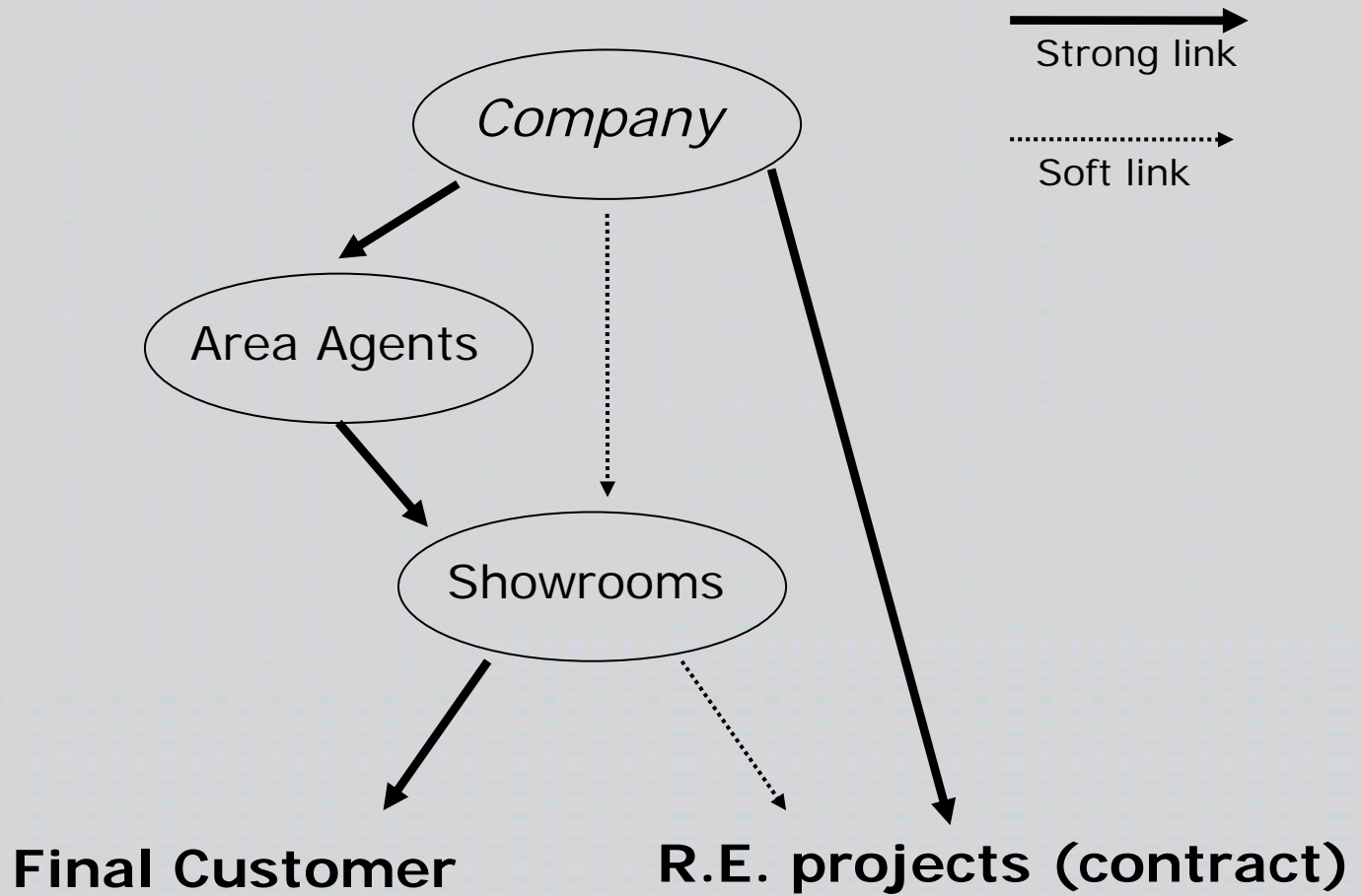
Customized Strategy

The structure of the market is the main strategic aspect for a commercial company such as Luxlife. That's why most of the start-up efforts were concentrated in the analysis of the market and of the factors influencing the market.

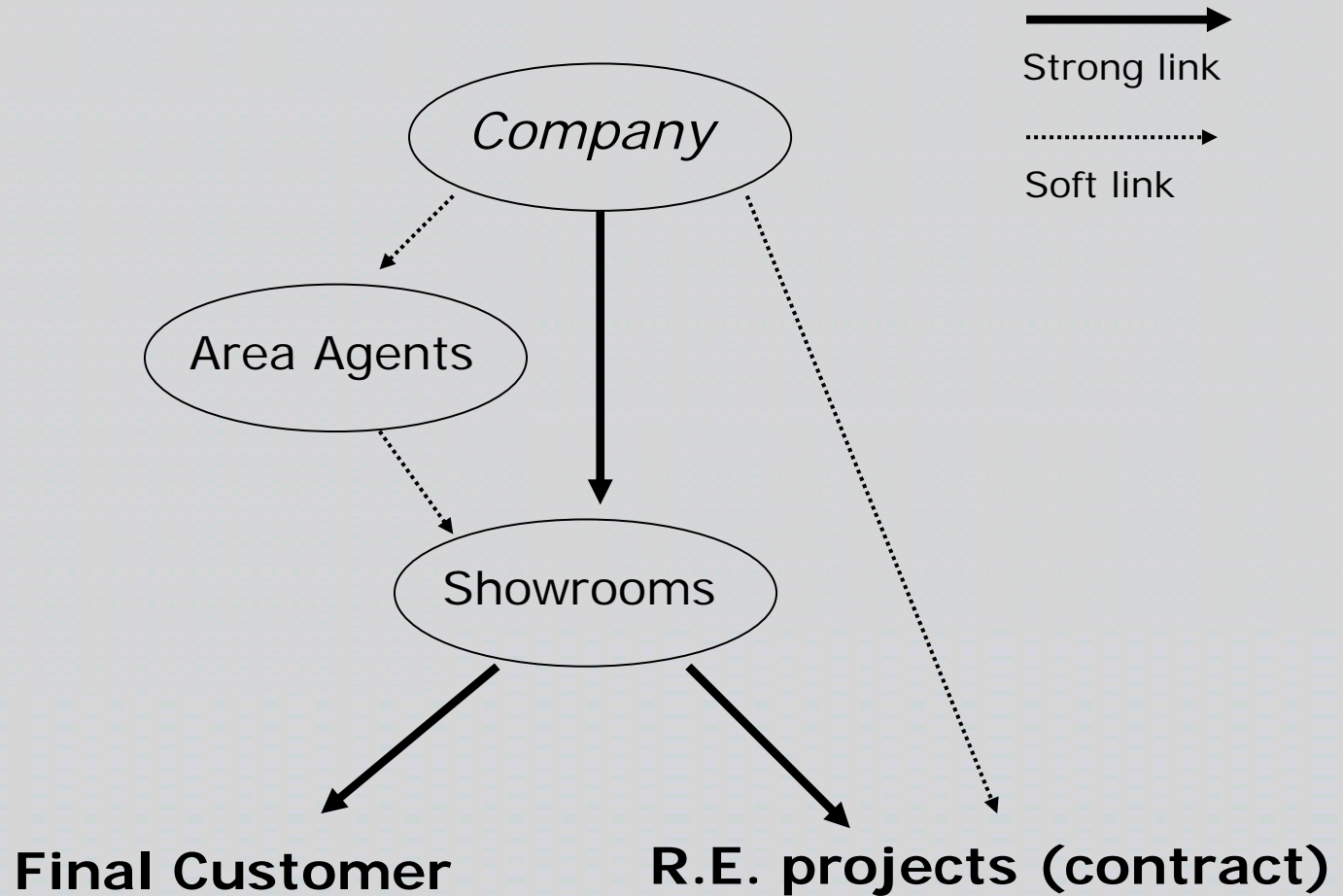
The conclusion was that in China the cultural aspects are very strong, this meant Luxlife had to adapt its strategy to:

- The Chinese way to feel luxury /design.*
- The Chinese way to do business (i.e. Guangxi).*
- The Chinese way to do distribution / logistics.*

Italian sales network



China/Asia sales network



Luxlife Strategic positioning

China business structure

