



Cegid

Expert View

Adapting to local cultures is vital for international expansion to succeed



Once speciality retailers reach a critical size, expanding abroad is an inevitable step to ensure future growth. The process is complex and delicate, with many risk factors to take into account including: which geographic area/country to enter first and which business model to employ, specific cultural, legal and technological requirements, how to go about finding the right local teams and how to streamline processes between the head office and the widely dispersed owned or franchised stores. These are just some of the challenges faced when considering international expansion.

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Introduction

No two retailers will have the same experience when expanding into new countries. A specialist homeware retailer opening a store in a neighbouring country, for example, will not have the same business stakes or employ the same resources as a large multiple goods retailer simultaneously opening dozens of stores across three continents. What is common, however, is that internationalisation is a strategic choice.

Quoting Ari Zlotkin, CEO and co-founder of the ladies fashion chain Anne Fontaine «The owner must believe in the expansion. He must inspire his teams by sharing his vision and international culture». Expanding across borders means following some fundamental rules, as detailed below.

Think global, act local

There are two ways to become international: buy an existing store network or purchase retail space abroad before your competitors do. In most cases a combination of market research and consulting firms' recommendations on export and business models will help determine the feasibility of the project. Depending on the retailer's activity, they may have to rethink their business models and product ranges as it's not always possible to simply transfer strategies from the home market. Avoid the mistake of thinking that what works well in one country will work everywhere!

To be successful overseas, retailers must understand and adapt to the local market, including country-specific regulations and local business practices. Anne Fontaine knows this. Within just a few months of opening a subsidiary in the United States with a team of mostly French employees, they were forced to very quickly review their plans and mobilise a team of local professionals.

Streamline and formalise processes

Once a local sales and management team is in place, an IT system has to be installed. Depending on the degree of autonomy the head office wishes to give its subsidiaries, the retailer will define purchasing and replenishment guidelines, pricing and promotions margins and assortments and product ranges. What is key is that communication between the head office and the stores will not be efficient unless operational and sales processes are streamlined. It is therefore fundamental to spend time documenting sales, management, HR and technology processes.

It is also essential to choose point of sale software which has been translated into the local language and is compatible with the head office solution. During the first few months, numerous trips will need to be made between the head office and the new stores to support the international development and gradually transfer the corporate culture.

Retail practices, labour laws, telecommunications networks, fiscal printers: everything counts

You may not think it, but paying attention to the small details can mean success or failure for your international project. Labour laws and business practices will have a bearing on how your head office solution is configured, as will accounting requirements, hardware choices (for instance fiscal printer models vary from country to country and you are often obliged to use approved hardware), goods exchange/returns policies, VAT rates and management of deposits and partial payments.

+25
languages

+65
countries

20,000
retail stores



Another issue that must be anticipated is the telecommunication network between the stores and the head office (in Italy, for instance, a new phone line can take several weeks to organise). Connections are also important; check that any PC equipment and peripherals are compatible with local sockets.

In brief

Below is a summary of the functional and technical stages involved in a successful international roll-out.

Stage 1

- Define the future organisation, with the assistance of an expert consultant from the country of implementation;
- Define the necessary prerequisites (hardware, software);
- Select partners (local and international).

Stage 2

- Create an IT model prototype for managing the stores;
- Roll out the solution to pilot sites;
- Document store processes.

Stage 3

- Train the store staff;
- Translate all the process documents;
- Train local IT engineers;
- Implement in the target country(ies);
- Organise technical support (hardware and/or software), either local or remote.

International reach

For over 25 years, Cegid has supported hundreds of speciality retailers in their national and international growth strategies.

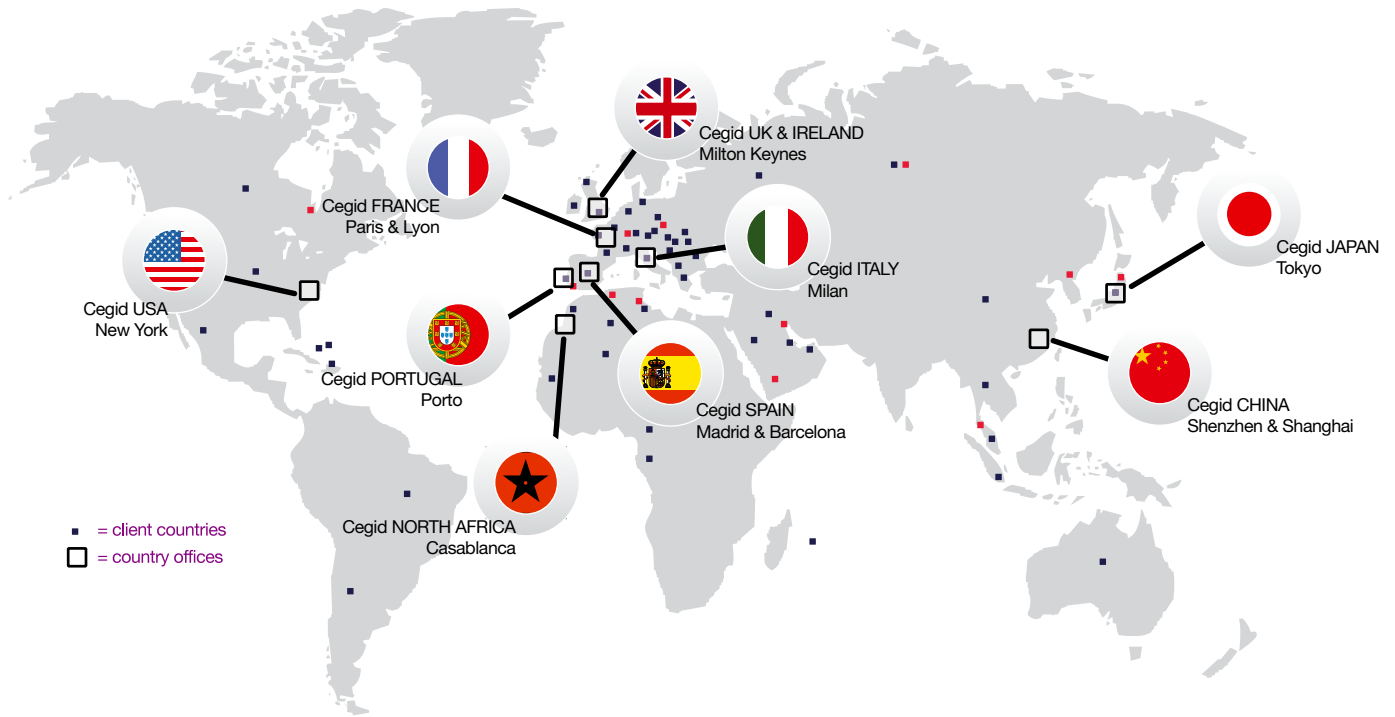
Experts in speciality retail, our consultants work with our clients to analyse their organisation, according to their activity, and to recommend the human resources, functional and technical options to help optimise their activity. In addition, they anticipate the retailer's future plans according to the international locations and to the chosen business model (owned stores, franchises, resellers).

Our local and international network, expertise and experience allow us to support our clients across the globe. From the outset, we are able to inform our customers of country-specific laws, culture, social and economic regulations including tax laws, fiscal printer requirements, as well as local retail practice variations such as local laws in goods exchange, refunds etc.

Cegid has also introduced an international certification programme in several languages for clients, partners and staff. Our solutions are available in more than 25 languages, including Chinese and Japanese.



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About Cegid

Cegid Group is a leading international enterprise management software provider, with €248M revenues, 2,000 employees and 35,000 users worldwide. Combining international expertise and reach, the company has offices in Paris, New York, Barcelona, Madrid, Milan, Milton Keynes, Casablanca, Shenzhen, Tokyo and Singapore and a network of resellers throughout the world supporting our customer's international expansion.

Delivering solutions and services to improve our customer's performance and development, our expertise extends from vertical business solutions (retail, industry/manufacturing, hospitality, services, wholesale, chartered accounting, public sector) to "enterprise-wide" solutions (accounting, asset management, tax, finances, human resources, payroll). Cegid's solutions are also available "on demand" based on a SaaS deployment model and addresses the needs of companies of all sizes.

About Cegid Retail

Cegid's best in class retail management software solutions are proven to improve the productivity, performance and profitability of speciality retailers. Solutions include merchandise planning, manufacturing and sourcing, merchandise management, wholesale, advanced replenishment, EPoS, CRM and business intelligence. Over 1,000 retailers and 20,000 stores in more than 65 countries are currently using Cegid's retail management solutions to drive their businesses forward.



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