

# EMERGING MARKETS: STRATEGIES FOR SUCCESS



With the world's focus shifting towards the East, Margery Kraus, president and CEO of APCO Worldwide, presents top strategy tips for the CEO striking out into newer growth markets, and offers advice on how to build lasting reputations in these new markets.

**N**o one can dispute the allure of gaining market share in high-growth and populous emerging markets, especially China and India. Yet, many companies struggle with trying to make money or protect their investments in these environments. So why do some succeed while many fail? What should an enterprising CEO know about moving forward? How do you build a lasting reputation in markets where your products are barely known and there is no corporate identity? How do you avoid the minefields in markets that are less than transparent?

Over the past 15 years, APCO has been working with companies to develop their emerging markets business. In the course of helping our clients navigate these opportunities, we have not only aided them in enhancing their ROI, but also in building their reputations and achieving their ROR (return on reputation).

Here are some factors that can enhance success for your company as you look east.

## Look before your leap

Make a comprehensive appraisal of the market. This not only evaluates the need for the product and service from a competitive point of view, but also looks to the 'rules of the game'. How transparent is the decision-making process? How strong is the rule of law to protect you, your employees and your interests? How rampant is corruption? Do you have the patience to develop a long-term business in this market?

Additionally, beware of faulty business logic. If a transaction does not appear to make financial sense, don't rationalise it for the sake of 'long-term market potential'.

## Have peripheral vision

Look beyond the business plan to other success factors that enhance your ability to do business. What steps need to be taken to build your reputation? How do you develop the right allies to support the actions needed for success? Can you find ways to work with government to develop and refine the rules that affect you? How can you demonstrate

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your corporate responsibility in a way that is valued and shows that you care about the people and the country? Getting this right is often the difference between success and failure.

## Trust your instincts and keep control

Many companies are drawn to 'fixers' in a local market. Don't use services you cannot control. Reputations are hard to build and easy to destroy.

Make sure you do not put your fate into the hands of third parties with questionable backgrounds and whose 'political' connections make them radioactive to some audiences. If the government changes, does your connection to a 'fixer' mean that your project ends?

## Play by your own rules and ethics

In the long run it will pay off. Some less developed markets make it very difficult to do business in a normal manner. Corruption is rampant and business practices are

questionable. However, multinationals are expected to maintain high standards on everything from the environment and labour force to customer service and intellectual property.

Compromise will hurt you in developing markets where domestic stakeholders often set a higher bar for foreign businesses. Serious mistakes can also mar your global brand. If you cannot do business in a manner that makes you comfortable, perhaps the market is not right for you.

## Take a unique approach

Don't try to transpose your business experience from more developed markets. Each of these markets needs a unique compass, based on local knowledge blended with global strategy. Don't wait until you are in a jam to upgrade your bench with proven experience in the country or region. Keep in mind that finding well-rounded employees with the skills that you need can be difficult, even in populous markets. Doing it right the first time saves time and money, and helps you be seen as a reliable, trustworthy and savvy partner. ■

## Further information

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