

## APAC's middle market is learning to speak a universal language

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*The pandemic has made businesses and governments around the world rethink some of the basics of global trade. Supply chain disruption, changing consumer demands and a greater reliance on technology have all played their part and the result is a very different business landscape to the one that existed before the pandemic.*

For businesses founded in APAC, even before the pandemic there were challenges involved in making the move from regional player to global business. Now that the landscape has shifted, some of the old challenges remain, but there are now new ones to contend with.

When understanding the challenges facing APAC businesses looking to go global, we first need to look at trade agreements and how they influence strategy. Historically trade agreements have been based on geography, partly due to convenience and partly due to logistics.



But as digital communications continue to bring people across borders together and intangible products grow in importance, policy makers have increasingly prioritised trade agreements with partners who have a shared vision for the future. This is perhaps best demonstrated in the shared values of what has become known as the CANZUK – Canada, Australia, New Zealand and the United Kingdom, four countries with a shared history, culture and language that has shaped their view of the world.

Comparatively, the Regional Comprehensive Economic Partnership (RCEP) was signed just 8 months ago, and is based predominantly on a shared geography, rather than a shared history, culture or language.

While not as important as they used to be, thanks to the advent of the internet, trade agreements still set a direction. They define the flow, and speed of trade. Businesses and people within two countries who have a trade agreement generally adapt to this flow. Along with this idea of a shared history and culture comes a common understanding of social expectations which underpin business relationships.

The simple fact is that business practices in APAC vary, sometimes greatly, from those typically practiced in Western countries, this is as real a barrier to international trade as tariffs or quotas.

Additionally, when we look at APAC, heritage and culture are far more important for many founders than in places like Silicon Valley where the ambition from day 1 is to be global, regardless of where they are based. To truly succeed on the international stage, APAC businesses do not necessarily have to sacrifice their identity or heritage. However, it is important for management to feel comfortable in venturing into other markets with different cultures, languages and business practices that may take time to navigate and get familiar with.

When we take these things together, we see Asian businesses typically dominate their own markets but struggle to adapt to unfamiliar ways of doing business outside of APAC. Not every business can speak the universal language on Day 1...but there are a lot smart and successful businesses who can pick things up very quickly and adopt the overseas market.

Where APAC has been the production centre of the world, focused on B2B activities, we are now seeing more and more use the internet to go direct to consumers. This is an exciting trend and one I believe offers the middle market in APAC a huge opportunity.

### **Going global**

To be successful on the global stage, there are four things I think businesses leaders need to consider.

#### **1. Start thinking of your business as international**

One of the things that makes APAC businesses different to many on the international stage is the pride they take in their heritage. Many of the clients I talk to feel like becoming international means sacrificing that identity, removing something essential. That isn't the case.

It will always be a part of your business, but to succeed and compete with other international firms you need to start thinking like an international business first. Heritage is still an important piece of the puzzle.

## 2. Consider adapting your management model

Many APAC businesses are family first, with founders often feeling they need to oversee every decision or keep a small well trusted circle of managers. That can only work up to a point, and eventually the model needs to be changed to decentralise decision making.

This can be a difficult transition to make, and talking to an adviser about how to structure a new management team can be a useful step in understanding how to keep oversight, without having to make every decision.

## 3. Understand global business practices

Businesses all over the world often find it easier to expand first into regions that 'speak the same language'. When first looking at global expansion, consider where to start and what the benefits and challenges will be. That first international move will be difficult, so start small and learn quickly to unlock new opportunities.

## 4. Import the expertise

APAC businesses know the importance of trust and reputation. When looking to expand internationally, consider whether a new C-suite hire is able to enhance your ability to succeed. Bringing someone into the businesses who has contacts and understands the local challenges can help you to avoid common mistakes and have a source of knowledge within the business that you can rely on.

*About the author: Jason Yau is APAC Regional Leader at RSM. He has been with the international accounting and consulting network since 2004, and specialises in digital and technology consulting services to clients across sectors, with a focus on the financial services industry.*



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