



**Going international?
Enter with your top talent from home**

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Ignore conventional wisdom and enter with your top talent from home

International expansion provides a vital revenue path for many companies. But to maximize your success, who is the best person to launch your business into a new market?

Conventional wisdom suggests you should hire locals (from the target market) to manage your international entry. BUT you might be better off sending your best people – from home – to build our international expansion. Local leadership will come with time but relying on locals for new market entry can be an unnecessary – and expensive – risk.

Read on! Mark Bergen shares his international expansion experiences with Nicole Coviello.

Who is Mark?

Mark was most recently VP Revenue at Shopify. He has spent his career building high growth technology firms such as Shopify, Vision Critical (now Alida), and Ernex Marketing (now Moneris Solutions). He was also Director, Global Sales and Partnerships (Shopify), and Director of Revenue (Shopify Plus).

At Plus, Mark led his team to sign major global players like Red Bull, Allbirds, FitBit, Kylie Cosmetics, L'Oréal, Mondelez, and LVMH (Moët Hennessy Louis Vuitton). His previous roles also involved C-suite leadership of sales and international expansion.

Mark is a regular speaker for and supporter of the Lazaridis Institute's ScaleUp Program.

Who is Nicole?

Nicole is the Lazaridis Chair of International Entrepreneurship & Innovation and Professor of Marketing at Wilfrid Laurier University.

She has studied tech firms since the mid-1980's, and her research is published in top journals across entrepreneurship, international business, and marketing. In 2018, an international study reported that Nicole had four of the most influential publications in International Marketing - more than any other scholar in the world. In 2022, she received the 'Significant Contributions to Global Marketing Award' from the American Marketing Association.

Nicole is a Fellow of the Academy of International Business and repeatedly ranked in the top 1% of Business and Management scholars in the world.

Going international?

Ignore conventional wisdom and enter with your top talent from *home*

International expansion can offer genuine strategic value to your firm. And some argue that to succeed in international markets, you should hire local leaders from the outset; locals from the host market that can overcome any lack of country specific experience at HQ.¹

Here's another perspective:

- Relying on a local to lead your launch – no matter how experienced they are – runs the risk of distancing that market from HQ.
- Although a local might know 'what' you sell, they are unlikely to understand 'why' your business does what it does. Without this insight into your company context, they will find it hard to build trust with HQ.
- This can contribute to the new market being both out of 'sight' and out of 'mind' jeopardizing what could be a critical revenue stream.

A recent study by Frontline reports that 94% of B2B software companies entering Europe hire a local team *but* 50% of these firms fire their first senior hire within two years.¹ That's expensive and avoidable.

In this short article, we consider two case studies: Shopify Plus and Vision Critical (now Alida). Both were faced with the question of how to establish a strong presence in new markets.

- Shopify Plus operates with a largely digital business model in a B2B market.
- Vision Critical, also a B2B software provider, commonly sells services to complement the underlying technology platform.

Let's start with Vision Critical

¹ Papagni, F. 2022 (<https://www.gartner.com/en/digital-markets/insights/international-expansion-strategy>); McIntyre, S. 2021 (<https://hbr.org/2021/02/what-u-s-startups-get-wrong-about-expanding-into-europe>).

VISIONCRITICAL®

Vision Critical was founded in Toronto in 2000, selling a consumer insights platform to relatively traditional buyers through a B2B sales process.

- The company's raison d'être was to transform consumer research from being costly and laborious 'rear-view' snapshots of the world into forward facing, lightweight, and 'always on' insights.

In 2008, Europe and Australia were generating inbound sales interest, suggesting that both regions might be receptive to Vision Critical's market offer. HQ in Toronto decided to test the waters by making some outbound calls. When this generated positive signals, they decided to explore entry into both markets.

For Australia: They used one of their strongest sales performers from the North American market to launch Vision Critical into Australia. He was a senior manager in Canada and moved to Australia in 2008. While establishing the market, he worked with HQ to identify a local who would later become the manager to lead Australia and the wider region.

- Over the following years, Vision Critical watched the Australian market gain traction and grow rapidly.

For Europe: Vision Critical took a different approach to launch in Europe in 2010. They followed conventional wisdom by hiring a senior UK-based manager who had a network of contacts and market understanding.

- Unfortunately, the European team struggled to achieve expectations.
- As a result, HQ decided to send Canadian executives to London to stabilize and expand operations.
 - Two executives were involved, each for six to nine-month assignments.
 - Both were senior and trusted leaders from HQ.
- HQ ultimately found a UK-based leader to drive future growth BUT this person had an edge— they were already working for Vision Critical in the UK.
 - Because of their experience with the company *and* the seconded Canadian executives, the local had:
 1. a strong understanding of corporate context; and
 2. trust with the executive team.

What did Vision Critical learn?

Vision Critical's launch into **Australia** was managed by someone who deeply understood the mission of the company and 'why' it existed.

- This transplant from Canada was able to assess the local market and then adjust the offer to match its needs. By centering on the 'why' of Vision Critical, they were able to ensure that Vision Critical was relevant to the Australian market.
- When the Canadian transplant reported that things were slow or needed to change, their integrity and capability were not questioned. They were given leeway to act because HQ trusted them. This meant that conversations centered on how Vision Critical could support the Canadian leader in Australia.

These experiences challenged Vision Critical's assumptions of the importance of having a local leader with market connections and market context.

- They learned the hard way how important it is to have a leader for international market entry that is deep in the roots of the business and trusted by the executive team at HQ.

IN CONTRAST:

When Vision Critical entered **Europe**, the local leader focused on selling 'what' the company offered. That is, they sold features and functions but did so without a deep and embedded understanding as to 'why' Vision Critical existed as a business.

- Without this grounding, the local leader struggled to pivot the offer to match the European market's requirements while also staying true to the mission of Vision Critical.
- HQ couldn't help but question whether the local leader knew what was going on and whether they were the right person for the role. This slowed market entry and led to a constant second-guessing of the local leader's decisions.





Fast forward to 2017 and Shopify Plus.

'Plus' is part of the global giant, Shopify. Shopify targets entrepreneurs wanting to set up their small business while Plus is for enterprise-level firms like FitBit, Hyatt Hotels Corp, Kylie Cosmetics, and Mondelez. Both Shopify and Plus are inherently international organizations by virtue of their SaaS model, but the former is more of a B2C sale and Plus is B2B.

- The core premise of Shopify, founded in Ottawa in 2006, is built on Tobi Lutke's vision that the company and everyone working there should make commerce better for everyone, and the lives of entrepreneurs easier.

When the executive team at Plus started to think seriously about international expansion, they looked first to Australia.

For Australia: Plus already had some traction in Australia because of Shopify's global awareness and its skeleton team of employees working remotely around the region. There were also signs of market readiness from the Australian enterprise market that Plus wanted to reach. Together, these provided a springboard for Plus into Australia.

HQ decided to send one of their most effective and trusted salespeople from Canada to work with the existing local Shopify team.

- This person reported to HQ weekly but had significant autonomy to do what they felt necessary to build the new market.
- This worked well to the point that HQ decided the time was right to hire a local to develop the region.
 - That leader was chosen because HQ thought they had an excellent cultural fit with both Plus and Shopify and was mindful of the legacy that Shopify wanted to leave in the marketplace. They remain in place today.

For Europe: Plus had a more developed base to work from because they had a larger support structure from Shopify in primary countries like the UK, Ireland, and France. HQ decided to try a type of 'landing team' for Europe.

- They sent a senior Canadian-trained sales rep *and* a Canadian trained sales engineer to work alongside a small UK team that was hired for Plus. This local team included a sales manager who reported to a North American leader.
- Plus found that placing a small number of experienced and trusted employees into Europe was crucial to helping the new team set up quickly.
 - The transplanted Canadian employees also lent credibility to the in-market reports that Plus would get from the local sales manager.

Then what?

- As Plus gained traction, they tried to hire a local managing director for Europe, but struggled to find someone who could fit the culture and work style of Shopify.
- HQ was getting excited about Europe's potential, so they decided to send a senior leader from Canada to the UK.
 - This person was skilled in sales, sales enablement, strategy, and leadership.
 - They were also a very strong team and culture builder.

This meant that Plus had a GTM leader that had high trust at HQ, a deep understanding of the Plus context, and a strong sense of what was important to Shopify.

What did Shopify Plus learn?

The executive team at Plus were happy with how they entered both Australia and Europe:

- 1) starting with placing proven and trusted sales talent - from home - into each new region; and *only later*
- 2) identifying if and when a local leader could be established.

Mark Bergen's view?

HQ transplants bring the corporate context at a deep level while the first local hires bring the local context.

The merger of these two strands creates a cocktail of the corporate 'why we do what we do' getting filtered to the local market.

Four Recommendations

1. DON'T believe you always need a 'local' leader to enter a new market.

If you seed the market with top talent known to HQ, you have someone that is *more* than reliable and competent. They can rapidly translate the company in a way that makes it locally relevant and they have a 'trust battery' with HQ that gives them an edge that local leaders can't easily or quickly develop.

Although a local hire might have country-specific insights and contacts, they are unlikely to have HQ's trust and confidence because they have no experience 'living' the context and culture of your firm.

2. DO use talent from home (trusted by HQ) to enter new markets.

Entering an international market, especially with a B2B offer, requires a leader with strong relational skills.



- If you put one of your best sales managers or a top salesperson in that position, you have the machine you need to produce signed contracts.
 - They don't need an existing network in the new market because they know how to network and how to sell.
 - They also have high trust with HQ and understand why the firm does what it does, allowing them to pivot quickly as they learn how to apply the offer to the new market.
- If you transplant an executive from HQ or a trusted senior manager, key prospects will know you are serious about investing in the market.

3. DO recognize the importance of a trust battery.

Local leaders are outsiders to the company, living many time zones away, and spending lots of money with a belief in future (unknown) payoff. **BUT** because they don't have a fully charged trust battery with HQ, there is a natural tendency for them to be challenged on decisions and requests.

This means entering the new market with home-grown talent trusted by HQ or pairing that type of person with a local leader.

- The former can help the latter translate their information so that HQ better hears it.
- The transplant from HQ essentially lends their trust and credibility to the local leader while that person learns about the company and builds their own trust battery.

The result? A hybrid form of trust: trust with HQ and trust with the market.

4. DON'T confuse corporate culture with an understanding of why the business exists.

The latter is *more* than knowing how people in your firm work and talk, or your rituals and norms. It is much deeper, rooted in the 'why' that undergirds your business and why it was founded in the first place. It is the touchstone that all decisions can be tested against.

ALSO...

What if you work remotely?

These points still apply, in part because Plus— like Shopify as a whole— is a fully remote organization. Remote or not, a firm still needs leaders across markets who understand why the firm does what it does.

Any caveats?

We didn't talk about the risks of home country bias.

- This can easily creep in when you look for people you 'trust' because they will be seen through your own cultural lens.
 - For example, North American executives might look for characteristics like speed of decision-making and powering through the opposition. This can fail in cultures where collaboration and harmony are highly valued.
 - This is when having a diverse team at HQ can help; diverse in terms of their cultural background, international work experiences, languages, and so on.



Any questions?

Mark Bergen (MarkHBergen@gmail.com)

Nicole Coviello (ncoviello@wlu.ca)