



JULY 2007 - LEADERSHIP LETTER #19

INTERNATIONAL STRATEGIES

Friends, clients and colleagues: Welcome back!

We've had several calls lately of firms seeking international business expertise.

The only experts we know are **clients** who have learned a great deal about international business by actually **doing** some of it.

In this Leadership Letter, I'll attempt to pass along some of my learnings about international business, thanks to our **clients** over the years.

Please feel free to visit the site any time and view all past **Leadership Letters** too ...
www.henseyassociates.com!

Best wishes,

Mel

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INTERNATIONAL STRATEGIES

The enormous growth and business potential overseas has caused many US firms to look for international business opportunities. Here are some elements of successful international strategies used by several of our clients, including:

- Black & Veatch
- CONTECH Bridge Solutions
- Dames & Moore*
- Ferro Corporation
- Greiner*
- Knight Group
- Senco Systems
- Stanley Consultants

**Now part of URS*

Consulting and Design: Though each firm's approach was unique, several have used this combination of elements for a **successful overall strategy**, particularly for **consulting and design firms ...**

1. Being well known for particular expertise, such as: bridges, power generation, water/wastewater, airports, architecture, etc.
2. Having a group of excellent and experienced people who are strong at engineering/marketing/consulting/international savvy with a very experienced senior level leader of the international enterprise and business development.
3. Traveling extensively to where the action is, they build strong networks, including relationships with both potential **clients** and **funders**, such as World Bank and BoJ. Typically they "follow the money." Clients are often developing countries' governments, ministries, industries, or major cities.
4. Much of the work is typically done in the USA, not overseas, made possible because of the firm's reputation, expertise, and intellectual property. Their clients may want **some** of it done there locally, so small, easy pieces may be subbed out to local firms and then managed **very** carefully.
5. To cover extra travel, more communications, political necessities, regulators, permitting, currency shifts, contingencies of all kinds, work is estimated very carefully and with an appropriate margin of safety. If at all possible, funding **precedes** work (use the client's money) in all phases. Work is stopped if payments fall behind for any reason. Since much of the work is in the **US**, staff can then be assigned to other projects.

6. International projects are very closely monitored by the International VP and managed by very experienced internationally savvy PM's, who assure that these projects get the attention and resources required for successful control of scope, cost and schedule.

Subsidiaries: Another strategy used by several firms has been to own subsidiary companies in a country where a lot of on-going work is likely. The subsidiaries are staffed and managed primarily by in-country nationals.

1. One firm's experience with **subsidiaries** has been costly.

Several others' experiences have been **50/50** and the subsidiaries were ultimately sold off to a financial advantage.

2. Several firms make it work **very** well. Subsidiary firms may be owned 49% (or less) by the locals, which provides strong local motivation for financial success.

Licensing: Several firms have found that licensing is very effective, particularly if significant technology is key to their licensees' success.

Partnering: When firms can find synergistic and non-competing partners ... either in-country or already established ... they may get a faster start and avoid many nasty surprises.

Interesting: On a rainy day, I finished a most enjoyable David Clary book ... *Adopted Son: Washington, LaFayette and the Friendship that Saved the Revolution*, 2007. His lead to Chapter Eleven is:

*Now the method of employing men is to use the avaricious and the stupid, the wise and the brave, and to give responsibility to each in situations that suit him.
Do not charge people to do what they cannot do.*

—Chang Yu



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