

NEWSLETTER

INTERNATIONAL

 ENGLISH VERSION



FREELANCE EXPERTS: GUIDES TO FOREIGN MARKETS



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Christian Tegethoff

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„CAPITAL INVESTMENT IS MODERATE“ ▶

MARKET OPTIMIZATION WITH FREELANCE EXPERTS

Is there a demand for our products in India, Russia or Central Asia? How big is the local market, what certifications are necessary, how is the competition structured? What are the needs of local customers? Which sales model should be chosen: export via importers, a representative office for setting up and maintaining a dealer network or direct sales through a local subsidiary? How can maintenance and service for technical products be ensured?

When entering new markets, many questions arise for companies - the decisions made in the beginning can have long-term consequences.

When entering the market, it is important to consider which financial and organizational investments can be expected to generate which income. Many medium-sized companies choose to minimize risk and thus choose a step-by-step approach: first sales through importers, then establishment of a representative office, and finally opening a subsidiary in the target country.

Export managers are faced with a chicken and egg problem when management boards define sales target which are to be reached before establishing a subsidiary in the target country can be considered. But how should five million euros in annual sales be generated in Central Asia without a sales structure being available?

The risk of a bad investment is offset by possible revenues losses due to delays. While a company hesitates, its competitors have the opportunity to establish themselves in a market. Replacing the early movers later is laborious, if it can be done at all.

Management consultancies often provide generic recommendations

To prepare for a possible market entry, companies usually commission a foreign trade promotion institution or, provided the appropriate financial means are available, a consulting company. The consultants then carry out a market analysis and develop a market entry strategy.

The analyses are usually carried out by consultants who have little industry knowledge and no contacts in the respective industry. Accordingly, the conception, data collection and conclusions are often generic and predictable.

It remains unclear how the recommendations for action should be implemented if the company does not have any resources and employees who are familiar with the target region.



Christian Tegethoff

Managing Director
CT Executive Search

Freelance industry experts as a guide when entering the market

As an alternative, there is the recruitment of an external industry expert who knows the economic and regulatory environment of the respective company from the inside - for example due to previous tenure with a competitor, a distributor or a company from the target industry. In any case, these industry experts are no "consultants by training", but specialists with operational experience in the target country.

First of all, the task of such an external specialist is to analyse the target market from the perspective of the client. Of interest here are the competitive situation, local price and margin levels, the choice of the appropriate sales model and the creation of a concrete business plan including cost estimates.

In contrast to consulting companies, the freelance specialist can access insider knowledge about the respective industry. Ideally, he knows the key players in the market personally - such as dealers and end customers - and can assess which co-operation options actually make sense. Using his network, the freelance specialist is able to provide concrete analyses and recommendations for action and, if desired, implement them himself.

Ideally, the consultant is also available in the long term as a Managing Director or Representative if the decision to set up a subsidiary organization is made.

MARKET ENTRY VIA AN INTERIM CONSULTANT:

SUMMARY

CONCEPT

- Instead of hiring an external consultancy, a freelance consultant is recruited who has practical experience in the sale of relevant products into the respective industries.
- The consultant examines the target market (competition, demand, prices, dealer structures, existing delivery relationships, etc.) over a period of three to six months. The consultants leverages his existing market knowledge and the network of contacts with authorities, dealers and end customers.

RESULT

- The consultant creates a final report, which processes the data obtained and derives concrete recommendations for further action (Establishment of subsidiary? Representative office? Export business via dealer? Dealer and service strategy?). This includes a to-do list with time and cost estimates.

IMPLEMENTATION

- The possibility of continuing to work with the consultant to implement the recommendations or taking on a permanent position (e.g. as representative or managing director) is taken into account from the outset.

Freelance industry experts to adapt business models / revitalize „sleeping“ markets

Local industry experts are not only useful when entering the market, but also when evaluating and adapting business models in dynamic environments. Import substitution in Russia, Iran sanctions, government reshuffling in Ukraine - the foreign markets beyond the European Union are complicated, conditions are constantly changing.

Once opened, markets cannot therefore be worked on forever with the same business model. Companies have to continually review and, if necessary, adapt their activities in the target countries.

In Russia, for example, the environment has changed fundamentally in the past six years - sanctions, a devalued rouble and import substitution policies make it impossible in many sectors to rely solely on exports. An external industry specialist can, for example, determine whether a (partial) production localization is expedient, whether the corresponding supplier parts are available and which model (green-field, JV with local partner, license regulation) is promising.

Most exporting companies have a number of “sleeping” or “forgotten” markets - countries in which an importer was once found, but which has since generated little or no turnover. In most cases, it is worthwhile to investigate the causes – a specialist from the respective market can often point out and implement effective sales structures.

THE BENEFITS OF WORKING WITH AN INTERIM ADVISOR

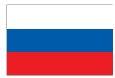
- Cost savings compared to commissioning a consulting firm
- Use of in-depth industry and product expertise by consulting an expert from the market
- Consulting result not generic, but industry-specific and supported by practical knowledge
- Focus on practical relevance and realistic feasibility
- Possibility of continued employment of the consultant as Representative / Managing Director

Recruitment of external specialists

CT Executive Search supports companies by identifying and approaching experts in the respective target market, leveraging our Moscow-based proprietary research and international partner network in Eastern Europe, the Middle East, China, India and Africa.

CT Executive Search supports the negotiation process and, if desired, the briefing of the successful candidate.

Case studies:



I

Country: Russia

Client: European producer of wear goods for the mining industry

Mission: Against the backdrop of weak sales of an exclusive long-standing importer, a realistic picture of the market status quo should be obtained. Subsequently, a strategy for the Russian market should be developed and implemented, possibly including the establishment of a subsidiary.

Candidate profile:

Former Sales Director Russia for an international producer of mining technology. Experience in technical/commercial management of investment projects.



II

Country: Qatar

Client: European manufacturer of products for explosion protection

Mission: The freelance expert should analyse the local structures with the aim of establishing a supply relationship with the Qatari oil and gas industry.

Candidate profile:

Retired top manager of a local oil / gas company with active access to the industry.



III

Region: Central Asia

Client: European producer of measurement technology

Mission: Analysis of the markets in Kazakhstan, Uzbekistan and the other Central Asian countries with the aim of developing a sales strategy. The market analysis included existing supply relationships, current competition, prices / margins as well as the identification and evaluation of potential sales partners / end customers in the countries of the region.

Candidate profile:

Former Regional Sales Manager for European equipment manufacturers with supply relationships into the Central Asian oil/ gas and mining sectors.

„CAPITAL INVESTMENT IS MODERATE“

Did the companies you worked with over the years resort to external advice? What experiences have you had?

Yes, we have resorted to external expertise on various occasions – especially if something did not work out or new topics were approached.

Working with an external consultant is always recommended if the required knowledge is not available in-house. When it comes to the perception of deficits, there are definitely differences between Russian and German companies.

In the latter, there is a greater willingness to turn to consultants. In Russian companies, resorting to external advice is quickly seen as an admission of their own ignorance, especially among old-style executives. In addition, the pool of qualified consultants in Russia is relatively small. Usually, it is a twenty-five year old professional with three years of experience at EY or PwC, who offers his services on a freelance basis. In Germany, on the other hand, companies can draw on practically unlimited resources and hire consultants who have a verifiable and long-standing track record.

In general, my experience in working with consulting firms is heterogeneous, especially, on issues beyond legal and financial advice.

Should companies rely on consultants from the respective country or rather on international specialists?

Foreigners often have great problems in adapting their expertise to the local context. The lack of cultural knowledge also affects credibility. The more technical a task, the more suitable a foreign expert is. This means that expatriates are rather unsuitable for sales or marketing-related issues.

Where do you see the advantages of a freelancer compared to mandating a consulting firm?

In my opinion, hiring a local specialist from the respective industry is a good option to manage a market entry, to restructure a market presence and to carry out the preparatory analyses.

The capital investment is moderate, and no long-term obligations in the form of fixed costs or taxes are created.



As Managing Director of the private equity firm Quadriga Capital Russia,

Dr. Reinhard Kohleick has accompanied numerous businesses. As a private investor, he currently acts as a supervisory board or management board member for several technology companies that are expanding internationally. Dr. Kohleick is a member of the CT Executive Search Advisory Board.

What can companies do to work successfully with a freelancer?

In my opinion "hire & forget" is the biggest problem. The consultant needs organizational support, his involvement is crucial - an aspect that should not be underestimated. This includes close communication throughout the project.

Being able to trace the consultant's work and knowing his sources of information are also crucial. Otherwise there is a risk of becoming too dependent on the assessments of a single person.

UPCOMING EVENT

ONLINE EVENT:

FOCUS ON AFRICA – A LOOK AT BUSINESS OPPORTUNITIES,
GROWING MARKETS AND HOW TO FIND THE RIGHT TALENT

ORGANIZERS: CT EXECUTIVE SEARCH AND AFRICON GMBH

DATE: 30 JULY, 2020

TIME: 2PM (14:00) CET

SPEAKERS AND TOPICS:

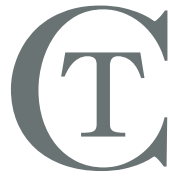
Christian Tegethoff, Managing Director, CT Executive Search –
FILLING KEY POSITIONS IN AFRICA

- Africa: a diverse continent with distinct labour markets.
- Expat or local: How do European companies fill their executive roles?
- Executive search in and for Africa.
- Current development on selected HR markets.

Marc Zander, Managing Partner and CEO, africon GmbH –
BUSINESS OPPORTUNITIES IN AFRICA.

Registration: Register [here](#) for the event. Once registration is complete, a link to join the conference will be sent to the email address included in the registration form.

For more information about the event, please visit our [website](#).



EXECUTIVE SEARCH



EXECUTIVE SEARCH EXPERTS IN EASTERN EUROPE AND THE EMERGING MARKETS

CT Executive Search focuses on placing key positions in Eastern Europe and the Emerging Markets – in Russia / CIS, Africa, the Middle East and Asia. We are experts in cross-border search processes and identifying high-performing candidates, adding value to international companies. Leveraging a broad network of analysts and consultants across Eastern Europe and the emerging markets, CT Executive Search has established itself as a reliable partner to well-reputed multinational companies.

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