

Adapt to succeed overseas

Ian Williams, director of European headhunting agency Quantica Retail, gives an insight into the challenges of setting up in business abroad

It is not the strongest of the species, nor the most intelligent that survives. It is the one that is most adaptable to change." Darwin's foresight is relevant to the search for the formula for successful international retail expansion. Compared with European and US-owned retailers, very few UK retailers have successfully expanded overseas. Why? In line with Darwin's thinking, there is no question that many UK retailers are strong in their home market. But history questions whether they are adaptable enough to the cultural psyche of their targeted countries' workforces.

International expansion is on the agenda within most boardrooms throughout the world. With the recession biting hard in many western economies, overseas expansion represents a clear

possibility to increase overall sales and EBITDA in the medium term. There are various growth models – franchising, hybrid partnerships and 'own stores', to name a few. The latter model has, arguably, the highest risk-to-reward ratio and is what this article focuses on.

Cultural differences

Many HR and recruiting professionals point to fully appreciating the cultural differences of the target countries as the first challenge. Opening your first overseas store, even in a country such as The Netherlands where English is widely understood, is not easy. Evidence suggests that many retailers make the fundamental mistake of assuming that, because many Dutch people speak English, at least in the bigger cities,

opening stores and leading teams will be similar to their experiences in the UK. This is a significant oversight. Research shows that imposing a UK workplace culture and leadership on the new country, normally by appointing a British national to oversee expansion, commonly creates problems and in many cases leads to high levels of employee attrition and business disruption in the early years.

Expansion overseas also presents significant complexities in employee relations, which vary from country to country. Most markets operate under a collective agreement process, each dictating minimum terms and conditions on which employees are hired. But many countries have more than one collective agreement in operation, which presents huge challenges when trying to develop a

standard staffing model. Nicki Crossland, senior vice-president of human resources in Europe for Claire's Stores, understands the challenges only too well, with Claire's European division operating more than 1,000 stores in 13 countries. She says: "Full-time working hours vary considerably, from 35 hours a week in one country to 42.5 in another and several variations in-between. And it's not just the hours, but the holidays, pay, overtime and so on. All are significantly different."

Attracting and acquiring talent is similar across many countries, but there are national differences. One of the main differences is that your brand will not be known. Therefore finding and working in close partnership with a recruitment agency or headhunter, dependent on the role, is critical. The recruiter will need to explain and market your brand to a much higher level than in the UK.

Package variations

There are other surprises. Package levels vary considerably by territory. As a rule, they are higher than in the UK in northern and eastern Europe, lower in southern and central Europe, with the exception of Switzerland. Titles, remits, structures and candidate profiles can also differ from the UK. Taxation is certainly different, which can affect the value of an offer and affect negotiation.

Experience shows that candidates in Europe buy first into the recruiter culturally, and then the company. Face-to-face interviewing is therefore essential. Working with the right recruitment partner, with proven expertise of such challenges, will be invaluable.

Crossland advises: "Respect and adapt to the targeted country's culture; work in partnership with a knowledgeable recruitment partner; recruit a strong national as a country manager; invest in HR early and work closely with a good law firm that has pan-European reach."

Research also shows that building a diverse, multicultural team with board representation at head office increases the chances of success.



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