

Market entry in the CIS –

What should we know about potential  
Business Partners?

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# Steps to enter the markets

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- Select the most attractive CIS market
- Set operational business goals for three years
- Focus on your target markets
- Visit relevant trade shows and travel to see potential channels
- Define your product / service mix, prepare preliminary calculation
- Determine your partner profile
- Prepare a first activity plan.

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# Building the internal organization

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- Choose top notch staff and management
- Install necessary structure and processes
- Prepare your trade dress (print and web) define your USP
- Get in touch with necessary services:
  - Tax consultant
  - Legal support
  - Services for certification
  - Transportation and customs
  - Business intelligence agency
- Look for government money to promote export business.

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# Business environment in the CIS

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- Insecure legal situation
- Corruption in government institutions (Corruption Perception Index of T.I.)
- No transparency in the registration of businesses, no trade register on our standards
- High risk in dealing with customs
- Difficult protection of private property (brands, patents)
- Little transparency in the valuation of business partners (property, management structure, real owners, etc.)
- Finding dependable business partners is the biggest challenge for developing markets.

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# What should your business partner look like?

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Pattern of profile, Data about ...	Essential questions
Registration of business	Does the company exist at all?
Business activity	Does the business in question have the desired position and reputation in the market?
Target markets	Is your potential partner targeting on your target markets, and so with success?
Management behavior („Due Diligence“)	Do the owners of the business comply with the law?
Financial data	Would your partner survive in the long term?

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# Essential data about your future partner

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Pattern of profile	Data you must know (selected)
Registration	INN Code, address, basic data
Business activity	Company history, size fo business, affiliate companies, caliber of staff, real sales, real owners, reputation
Target markets	Market segments served, market share, capacity, competition, suppliers, reference customers
Management behavior („Due Diligence“)	Court rulings, facts about breaches, tax fraud, criminal activities
Financial data	Balance sheet, P/L statement, assets, transactions with banks, conclusion concerning creditability

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# Leveraging millions at little cost

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Need to know data	Cost in €, estimates	Type of risk at stake
Registration	100 - 200	Negotiations with wrong partners, loss of time and intelligence
Business activity	500 - 900	Betting on the wrong partner
Target markets	400 - 900	Time lost in developing markets
Company data	500 - 900	Choosing wrong partner
Management behavior	600 - 900	Getting cheated, loss of business results
Financial data, comment about creditability	300 - 600	Sales and investments, court action may take years

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# Where do you get those intelligence data?

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## Criteria for selecting the best agency:

- Staff with excellent understanding CIS business practices and with the ability to recommend best possible research practice to fill customers needs
- Access to confidential data, which also cover the “shadow economy”
- Company data must have sources independent from the companies in question to prevent false reports
- Up-to-date data which is essential for young companies
- Reporting methods to provide cross checking of data from different sources.

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# Customer relationship in the CIS is a matter of emotions

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**... for that reason you better invest into a personal relationship!**

- Promoting a business relationship can be compared with finding a friend
- There is no strict separation between business and private: relationships based on our “professional procedures will not work well or not at all
- The General Manager, is the absolute sovereign, all decisions will be sanctioned by him (monolithic organization)
- The hierarchical thinking affords equal partners in preparing a relationship
- Planning may be a valuable tool for our business practices, in the CIS the may be short lived, you better be flexible and patient.

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# What you can expect from HofmannConsult?

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- Business consulting in the preparation of market entry and building your organization
- Training and Coaching of your management and staff
- Supply of all necessary confidential intelligence about markets, companies, and persons.

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**Many thanks for your attention!**

**We speak English, French, and German.  
Our Russian partner understands  
the languages of the CIS.  
Reports are normally in English language.**

**Publication about choosing Partners and Risk Management in the CIS (in German):**

<http://www.hofmannconsult.com/GUS-Partnercheck.pdf>

<http://www.hofmannconsult.com/Kompetenzen/GUSRisikomanagement.pdf>

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