

Internationalization of SMEs

- Going to Latin America/Brazil -

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**Dr. Christian Hauser
Institute for SME Research Bonn, Germany**

Problems of SMEs concerning the market development abroad

Restricted management capabilities

- Difficulty in developing foreign business, without neglecting day-to-day business
- Rare application of modern management instruments

Limited organizational potential

- Lack of internal division of labor and specialization
- Lack of someone in management specifically responsible for internationalization
- Lack of employees with specific skills and knowledge

Lack of financial resources

- Frequent lack of equity
- Problems obtaining the required external financing
- External financing only by the credit services sector

Limited problem awareness

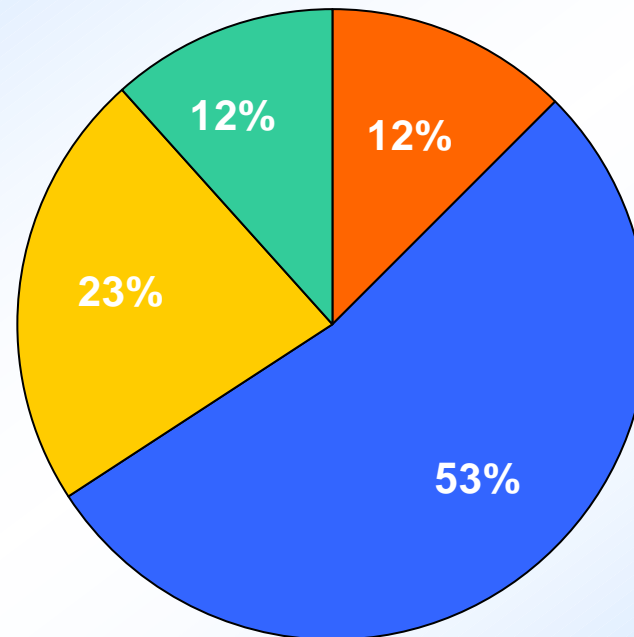
- Lack of planned strategy
- Concentration mainly on local/regional markets
- Export predominantly to neighboring EU countries
- Emerging markets overseas are frequently avoided

Restricted risk carrying capacity

- Close connection between the existence/success of the enterprise and the private economic life resources of the owner-manager

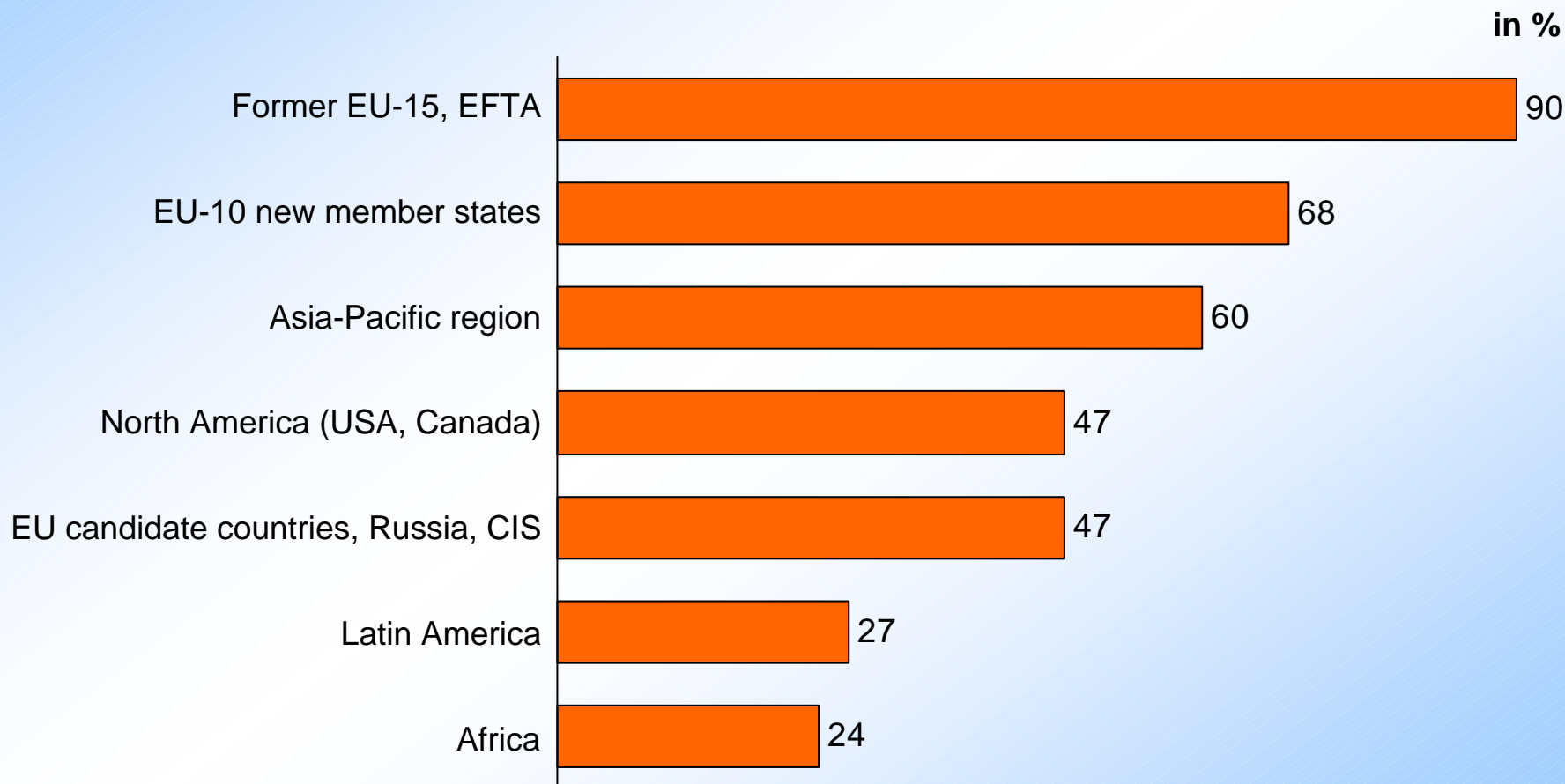
Structure of the survey sample

- Business size-class by turnover -

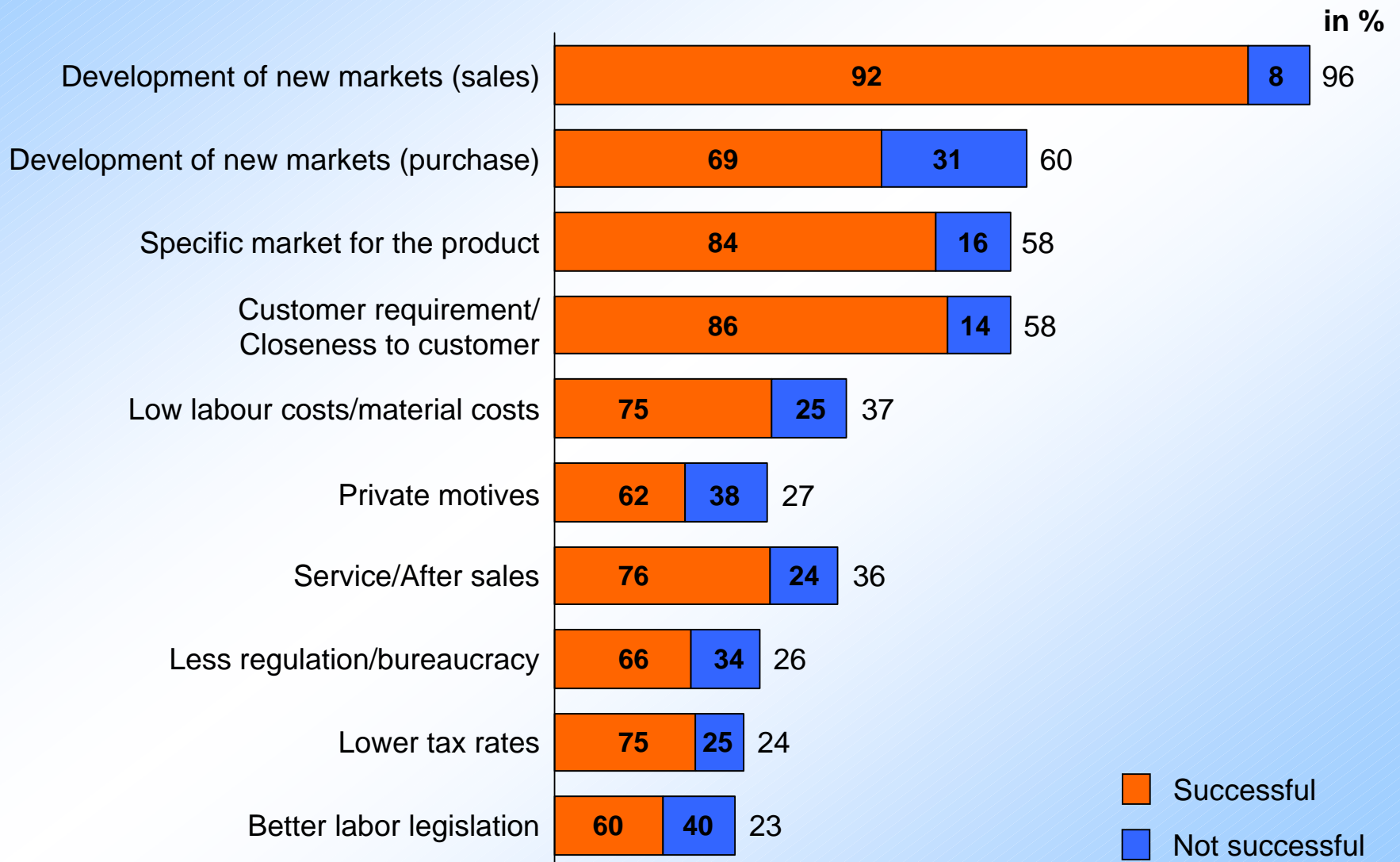


- up to 500,000 EUR
- 500,000 to 10 million EUR
- 10 to 50 million EUR
- more than 50 million EUR

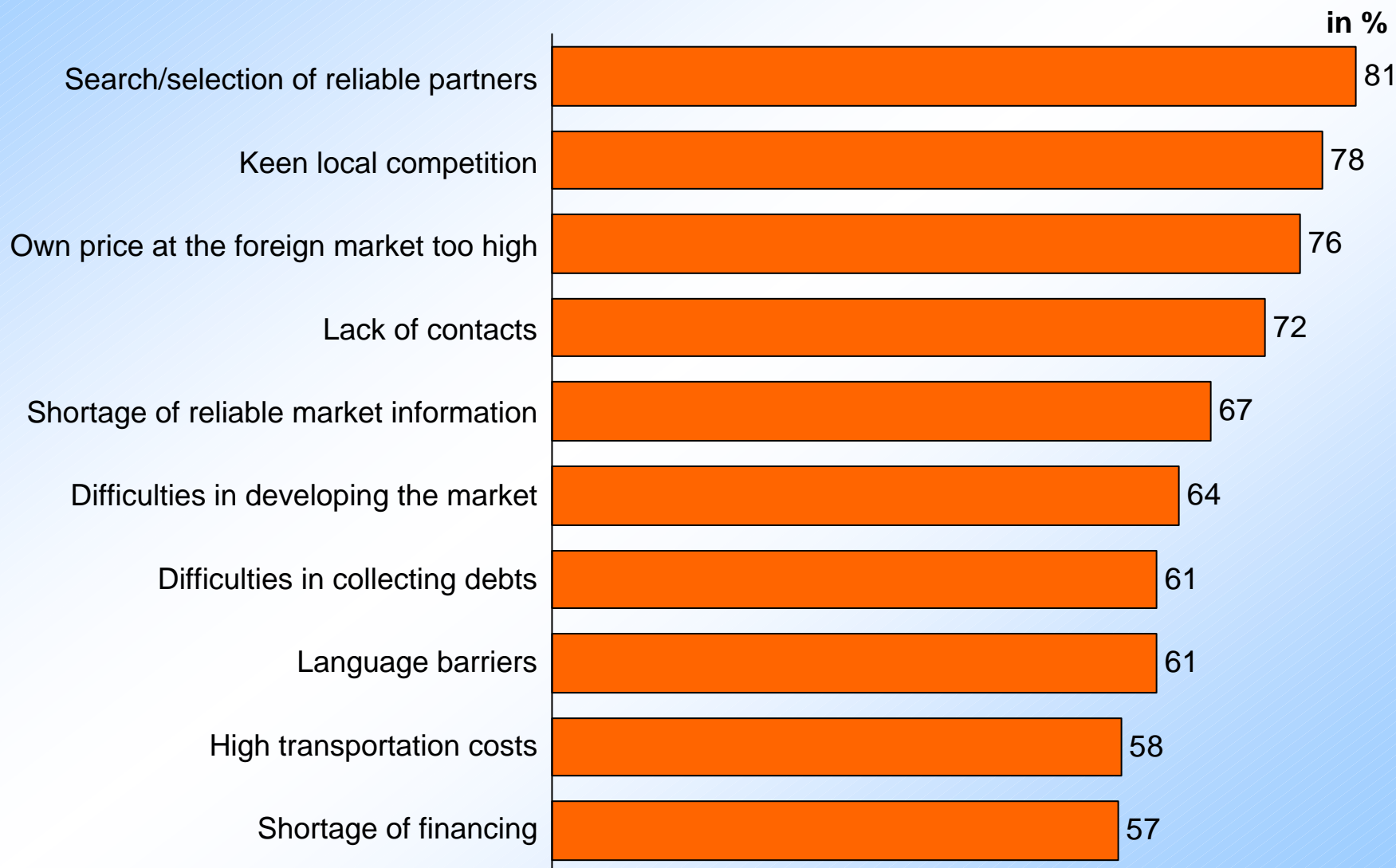
Target markets of the German companies



Top 10 reasons for doing business in Latin America



Problems concerning the market development abroad



Problems concerning the market development in Latin America

| | |
|--|---|
| Keen local competition | ↑ |
| Search/selection of reliable partners | ↑ |
| Own price at the foreign market too high | ↑ |
| Lack of contacts | ↑ |
| Shortage of reliable market information | ↑ |
| Difficulties in developing the market | ↑ |
| Difficulties in collecting debts | ↑ |
| High exchange rate risk | ↑ |
| Language barriers | ↑ |
| Country-specific product adaptation | ↑ |

Deviation from average

- ↑ 6 pp and above
- ↗ 2 pp to 5.9 pp
- - 1.9 pp to 1.9 pp
- ↘ - 5.9 pp to - 2 pp
- ↓ - 6 pp and below

Evaluation of the present and future state of business in Latin America



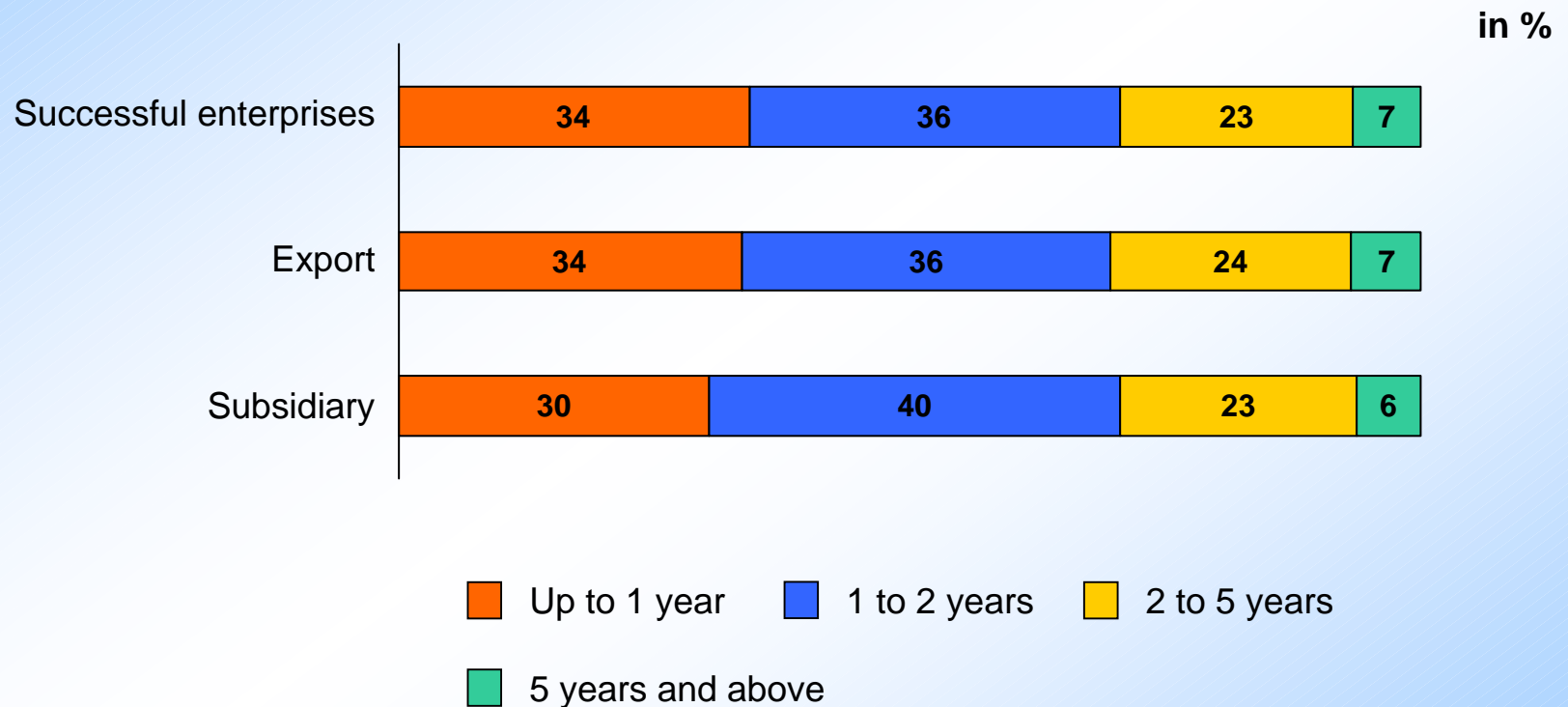
Enterprises' main factors of success for doing business abroad



Enterprises' main factors of success for doing business in Latin America



Lead time associated with the preparation of a market entry in Latin America



Thank you for your Attention!

Further information can be found at:

www.ifm-bonn.org

Contact: Institute for SME Research Bonn
Maximilianstr. 20
53111 Bonn, Germany

Tel.: +49-228-72997-59

Fax: +49-228-72997-34

Email: c.hauser@ifm-bonn.org