

Entry into Rapid Growth Markets – A CFO Study

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Study Objective

Nowadays large organizations are following a trend of directing their investments into budding rapid growth economies as a part of their overall growth strategy.

The objective of this study was to determine from the perspective of higher-ranking financial professionals, the true challenges and costs involved in carrying out the planning and execution of such growth strategies. Interaction with such professionals helped to determine the performance of investments in the markets. The study also served as a guideline to other financial professionals who planned such markets.

This study was commissioned to iResearch Services on behalf of the client, wherein iRS initiated with survey programming, fieldwork and reporting of the final insights within five weeks.

Methodology used & iRS Value Addition

We researched economies that have GDPs growing at annually more than 4% as rapid growth markets. This included the countries located in Europe, East & Southern Africa, Middle East, and Asia Pacific.

Companies from diverse vertical sectors were targeted. A broad category of vertical sectors facilitated evaluation of trends from numerous verticals and gave better picture of the scenario for entry in such markets. Some of the verticals included in the study are Financial

Healthcare/Biotechnology/Pharmaceuticals, Services, Education, IT & Telecommunications, Manufacturing, Oil & Gas, Power & Utilities, Transportation, Hospitality & Leisure, Chemicals, Automotive, Retail, Aerospace & Defense and Agriculture.

Since the study involved interaction only with C Level executives, special training was provided to the interviewers for maintaining a smooth interaction with the CFOs. Such training sessions ensured that the respondents were engaged throughout the interview. Special care was taken to make the interview fruitful while maintaining a minimum possible time for completing it. Appointments were taken from respective CFO's so as to ensure there is optimum utilisation of time & efforts.

iResearch Services carried out the survey programming, hosting and management of the web based survey links and data reporting in SPSS. Stringent Quality Control ensured high quality standards of the delivered data.

Universe

The respondents were CFOs, Chief Financial Officers of their organization. In addition, they were responsible for decision making strategy formulation in rapid growth markets.

Designation Universe:

- Group CFO
- Regional CFO
- Divisional CFO

Takeaways

The study investigated the risks involved for investing in rapid growth economies. These included financial and political risks. It was noted that an organization faces multiple challenges while attempting entry into a new market. The major challenges include interacting with local regulatory bodies and human resources acquisition.

Modes of investments used for entering into these markets and challenges at managing investor relationship revealed interesting facts. Various types of complexity involved in terms of money, time, entry barriers and level of multiple processes involved. Evaluating the entry barriers revealed they are more complex than anticipated.

Macro economic factors affecting the costs and budget threw light upon the economic challenges faced by organizations while entering a new market. The study also explored the tax planning involved before launching during the new geography. Other important factors involved R&D costs of developing new products for the new market.

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Quota and Sample Size



n = 500

5 Weeks

Geographies – Eastern and Southern Africa, APAC, Middle East, EU, CIS and CSE countries in Europe