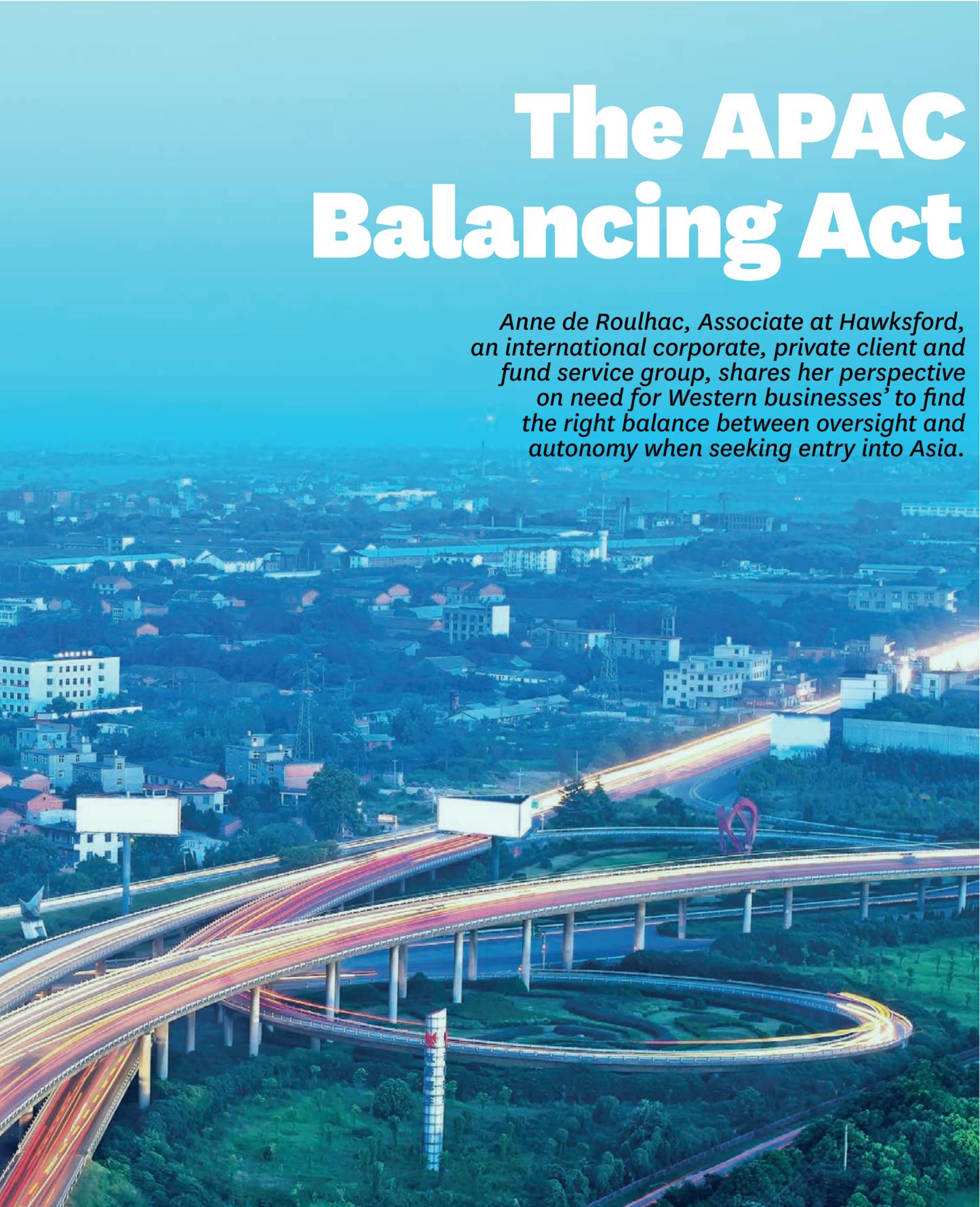


# The APAC Balancing Act

*Anne de Roulhac, Associate at Hawksford, an international corporate, private client and fund service group, shares her perspective on need for Western businesses' to find the right balance between oversight and autonomy when seeking entry into Asia.*



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**Y**OU WOULD BE HARD PRESSED TO FIND MANY WESTERN BUSINESSES with international ambitions today who aren't engaged in APAC expansion strategy, even if it's only in the planning stages.

Whether for the size of the consumer market, the widespread use of digital technology (including mobile payments and alternative currencies), the expanding lattice of supply chains or the competing efforts of governments to entice foreign business, Asia represents a tremendous opportunity and a bright future for growth.

Hidden in all that promise, however, looms an existential question: how do you enter and adapt to a vastly different market without losing the core of what makes your business great?

### Learning to let go

For many businesses, staying true to the principles, strategies and decision making that fuelled early growth seems a sensible route to success.

It's hard to argue with this logic. When entering a new and unfamiliar market, it might seem practical to stick to a playbook that has guaranteed results in the past.

Unfortunately, and particularly in our experience with European companies, this approach is not transposable to Asia. In fact, it may often hold a business back.

There are various reasons for this, among which speed remains crucial.

In trying to 'parachute in' a Western strategy, most businesses will keep key decision-making authority with the people who wrote the playbook: namely, the executives back at headquarters.

This means that leadership on the ground must refer every material business choice back to headquarters, where internal decision-making procedures are often lengthy. This invariably leads to missing out on make-or-break opportunities.

In Asia, opportunities emerge fast and need to be promptly seized. For that purpose, local managers with the Asian expertise and experience required should be empowered to make such decisions.

### Finding the right partners

In fact, knowledge and trust in the right people extends beyond your own team. Establishing the right third-party relationships is key in many markets, but nowhere more so than in Asia.

Here are some examples: understanding which shopping centres are the most appealing to consumers or which distributor has the right connections to enter such locations, knowing which mobile apps are being used to shop or pay for bills, and which brands have garnered the most trust and loyalty in their customers.

These all represent potential partnerships that may pay large dividends to new and well-established businesses. These partners can also be just as critical as knowing which lawyers offer the best advice on local regulations.

We regularly find businesses on their first exploratory visits to Asia are astounded to see second or third-tier brands out-competing more recognizable than tier-one, international brands. In nearly all cases, winning entry strategies are achieved through better partnerships and connections in the local market. These partnerships can only be developed over time, so hiring a local team with strong, proven in-market experience is invaluable.

It's important to add a caveat here, however: it would be wrong to say that the responsibility for understanding and building relationships rests solely with the local team.

### The power of presence

Despite being able to clearly articulate to their shareholders how important Asia is to their strategy, it is still surprising how many businesses we see sending their most senior executives to visit their Asian offices maybe only once or twice a year.

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These infrequent visits invariably result in packed tours, with diaries full to bursting with meetings, social events and rushed reporting.

Without sufficient time spent in country, and with the local teams, senior executives have less exposure to the trends influencing a business' success with its local market. They also will have less shared experience through which to understand their local management's recommendations or decision making.

In our view, those businesses whose senior executives make the concerted effort to spend time with their local

teams at least once a quarter benefit from a more informed, supported and coherent Asian strategy. This is important in terms of both internal procedures and brand's image consistency.

**Staying true to yourself**

It might be easy to think, at this point, that the best way to succeed in Asia is to migrate your entire business and thinking overseas. Seeking complete immersion into its culture, thinking and process as the only way to achieve real, lasting success in the region.

This, of course, is far from the case.

Communicating the qualities that make your brand unique, successful and compelling is made easier, and not at all suppressed, through a better understanding of the local market.

An excellent example of this is the British clothing brand, Burberry. This distinct luxury fashion brand has a longstanding presence in Asia, and has never abandoned the hallmarks of British quality, style and tailoring that appeal to its customers. When Asian customers buy Burberry's products, they want the original ones and not an Asian version of those. The brand understood this perfectly.

It has also demonstrated an up-to-the minute clear understanding of market preferences and practices. Just

this month launching a mini programme through the wildly popular social platform WeChat, celebrating Chinese Valentine's day (or Jixi), which allows its customers to access unique deals and offers.

Expansion into Asia should appeal to every international business, but it should scare them a little, too.

Those who can't relinquish control, or fear engaging what they don't understand, will continually lag behind businesses that commit themselves to understanding and thriving in their market.

The leap into knowledge cannot be made from a Western European boardroom. It must be made on the ground, in person, and ideally with help and guidance from those who have built a track record of success and insight in the region.

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**Disclaimer:**

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