



# internationalization globalization offshoring

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## Introductory notes Internationalization

Internationalization is the process through which companies open up to new foreign markets, establishing relationships with other companies, consumers and institutions operating in those territories, in order to sell, produce, buy raw materials, or find new sources of financing.

### SMEs, why it is important to focus on internationalization

With globalization first and then the digital revolution, becoming "international" has become of fundamental importance for Italian companies, especially for small and medium-sized enterprises. With domestic demand stagnating and an economy struggling to take off, it is important for companies to find new markets to sell their products and find raw materials at more affordable costs.

Starting an internationalization process, however, is not as easy as it may seem. It is not just a matter of starting to sell abroad or moving the operational headquarters, but it means developing a series of strategies and activities that embrace a wider and more articulated theme. The internationalization of SMEs is therefore a complex process, which involves various phases to be respected and requirements to be met.

First of all, it is necessary to change the point of view and the production approach: instead of focusing one's gaze on a narrow geographical territory, the view is expanded and the market as a whole is analyzed. In this way you can see that the opportunities for growth abroad are enormous, but so are the risks. That is why before practice, every entrepreneur must develop a detailed strategy. Only through a careful preparatory phase can the benefits of internationalization be exploited. For example, you have to choose where to direct your gaze, so you know perfectly the context in which you want to operate.

Each country has its own laws, its own tax system, as well as targets and suppliers differ from area to area. Without carefully evaluating all these elements, the risk is to fail at the first problem, and not have the strength to recover. This is even more important for small entrepreneurs who often concentrate energy and resources in a path of internationalization without considering all its aspects.

The benefits are there but only for those who consider, evaluate and prepare at best. \*

\* analyze, evaluate, verify and above all be present in the markets. The advisor must be in the markets to be able to accompany a company in a new country. Our presence in all European countries, and intragroup in 4 continents, is unique on the international scene.



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## What does it mean to internationalize a company?

We talk about internationalization every time a company starts a business of any kind with consumers, companies and institutions operating abroad. The concept therefore contains different meanings, as many as there are businesses that a company can undertake.

Internationalization also means:

- Sell your products abroad.
- Open an office in another country.
- Agree on partnerships with international companies.
- Move production abroad.
- Find suppliers from another country.

And much more. The roads that lead out of one's own country are endless. And just as many can be the benefits of each operation, as long as there are some prerequisites.

## Internationalization: what are the requirements of SMEs

The reasons that push a company to operate beyond national borders are essentially two:

- Reduce costs, perhaps by relying on cheap suppliers or a less burdensome tax system.
- Increase earnings, for example by addressing a wider, different and more suitable audience for your product or service.

These two objectives can also be achieved by small and medium-sized enterprises, provided that they have certain prerequisites.

- a. First of all, it is essential to have strong economic stability and enough resources to invest: not only money, but also competent people, adequate tools, time and energy. \*
- b. Another important requirement is related to competitive prices: before launching a product abroad, the reference market must be carefully studied. The analysis of competitors and target audience is a fundamental step to understand if the prices of your products can prevail. In short, the starting factors change according to the activity you intend to carry out.
- c. The size of the company is not important to succeed, what really matters is the analysis and strategy. These are the bases for successfully conducting the internationalization of an SME. \*

\* A fundamental point where the TDHI Group is unique: competent people, time, energy, synergies and appropriate tools we put them. In some cases and in some sectors we also finance internationalization activities up to 50% through the [www.tdhistartup.com](http://www.tdhistartup.com)

\* analysis and strategies are key. We have digital assets also [www.tdhi-export.com](http://www.tdhi-export.com) [www.tdhi-strategic.com](http://www.tdhi-strategic.com)



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## What are the benefits of internationalization?

First of all, the first advantage offered by internationalization is the possibility of increasing turnover. In fact, looking beyond the border allows you to weave business relationships with a greater number of suppliers, many can prove to be the right partners for your business reality. At the same time, it is possible to identify the target really interested in your product or service, which may be struggling to take off in the country of origin.

Further, a small company may also decide to open a production site in a country where labor and personnel costs are significantly lower, as well as the tax burden. But internationalization also means increasing the appeal of your brand, with positive effects on corporate reputation.\*

Finally, internationalization allows you to increase the life cycle of your products, which may no longer be so interesting in the market of origin. In short, the benefits depend strictly on individual companies and also on individual activities and objectives. One thing is certain: internationalization brings a breath of innovation, change and the desire to get involved, which can really give a boost forward even to a small company.

\* Also in this case we are unique, because we are the only consulting Group in the world to have a Design and Graphic Studio and R&D laboratories in-house. Having everything in house we are more competitive in costs in favor of customers, and the synergies between the whole team that works on a project / company being managed and coordinated by a single strategic direction, is always increasingly winning. Integration and interaction.

## How to start an internationalization process

Opening up to foreign markets is not as simple as it may seem. It is not enough to ask for help from consultants or open a multilingual e-commerce site. To give life to a process of internationalization, a change in habits and approach is necessary. Further, to win the trust of foreign consumers, an in-depth study of the target audience and an analysis of the context and the market are necessary. Actions that must be carried out before starting with investments and with the internationalization of the company.

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As always, our advice is to write to us, to present your company or your product, or to write us what your goals or desires are. The TDHI HUB Division will make a first analysis, and will send it to our General Manager Dr Magri and to you in copy.

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