



Snapchats for Boards

by TPA Global

Global Location Strategies for Boards

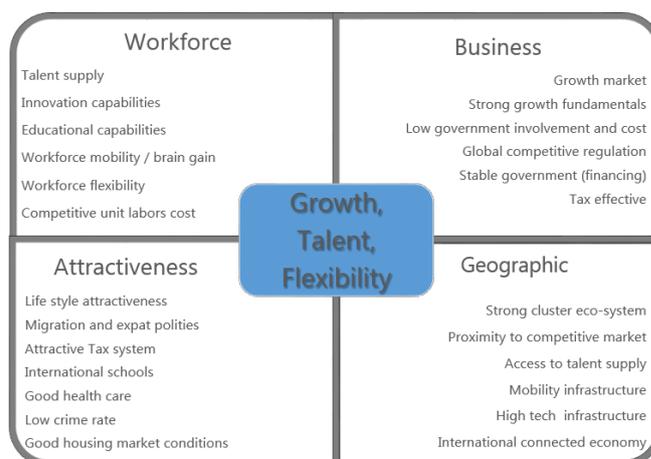


Global Location Strategies for Boards

1. What is the importance of location strategy and how does it affect multinationals?

The world economy continues its transformation as companies' global operating footprints evolve based on new opportunities, talent pools, challenges and technology. With growing political uncertainty, as well as new risks and disruption because of evolving technologies, multinationals have to navigate an increasingly complex international operating environment. Multinationals internationalize further and seek opportunities and locations around the world. As part of this, companies have altered investment patterns, and countries, regions and locations are playing different roles in global value chains. Moreover, value chains disrupted by evolving technologies, such as digitalization, automation and 3D printing, will significantly impact how companies invest and how they define a competitively advantaged location. Companies considering the need to relocate or to expand into a country for the first time face a series of quite complex questions. Those questions range from fundamental and strategic to pragmatic and operational.

Some important location factors



2. What are the practical implications of "location" to your firm?

It has long been recognized for a long time that the three most important matters when a company is considering a move are "location, location and location". It remains an undeniable fact that access -whether to the market or to communication routes or to a good labor force – is a prime consideration.

There are many issues to examine prior to even considering what is the most suitable location for a new factory or warehouse or office. They urge a logical approach which takes account of the business strategy, operational requirements and the many human aspects of the relocation process.

Once these questions have been adequately resolved and the “ideal” location has been found, there are more decisions to be made in choosing the most suitable property or site. Deciding whether to buy, lease or build is just one of several key considerations. They all require long term thinking and a careful understanding of “total property costs rather than an enticing headline rent”.

Relocating can be an extremely expensive business, even though sound and logical planning can minimize both the disruption and the cost. Governments and Investment Promotion Agencies often offer financial incentives, such as tax rulings and subsidies where a relocation project meets certain criteria.

Once all key decisions have been made and the right building or right plot has been secured in the ideal location, a lot of operational matters need to be considered. Companies of all shapes and sizes -in good and bad times- continue to stress “people” as the key to their success. Communication plays an important role in retaining staff and management during relocation while maintaining productivity.

A well planned and structured approach to relocation is more likely to ensure success for the company and its staff than a haphazard one.

3. Boardrooms agenda on location strategy

A list of questions on international expansion and location strategy and site selection:

1. Our company wants to enter a specific market. What are the best entry modes for our products? How could we find partners?
2. Our company is expecting an increase in market growth. Where should we build a new factory in order to save operational costs, or alternatively, should we outsource our manufacturing?
3. The European market seems to be attractive to promote and distribute our product. We need a good business plan for Europe. Could we evaluate our current business processes and supply chain, and develop a customized strategic plan for our network of operations?
4. Our company intends to centralize customer support functions, and is in need of a new location, with an appropriate number of multilingual employees and attractive financial incentives. How could we find the best location from which to conduct this new operation?
5. We want to coordinate our Asian operations more effectively, and are in need of an Asian regional head office. What are the best countries and cities for us?
6. Our company is closing down the operations in the United Kingdom and wants to sell all real estate assets. Which strategies should our company develop and implement for disposing these assets?
7. How can our company develop a business plan for entering the Russian market?
8. What are the main product and market aspects that are influencing our company's market entry strategy and requirements in Iran?
9. Our company wants to consolidate some distribution centers in South-East Asia. What is an optimized location and facility network, taking into consideration the inventory, transport, labor and real estate costs as well as the required delivery time?

10. Which markets are interesting for our company's product, service and/or technology?
E.g. how does our company reduce risks in foreign markets, such as the UK, now Brexit is going to be a fact of life?

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