

Entering the U.S. Market

The U.S. Market

United States is, without a doubt, the largest, most complex and attractive market in the world. It is also reputed to be expensive and difficult to enter. You can read volumes of case studies that detail failed attempts to succeed in this market. Euro zone companies are admonished not to assume that their successes back home can simply be transplanted in the U.S. Obviously, there is no standard formula for success. Your plan of attack will depend on the nature and the acceptance of your product, its U.S. market potential and your local available resources.

Market Potential

Some advance study can be done through web searches, trade associations, competitor annual reports, market studies and other published materials. Then a visit should be arranged that coincides with a major trade show where competitive and alternative products are on display. Interview and visit some of your largest potential customers.

Support Structure

Customers typically prefer local support but understand that this comes at a cost. Look at the support structures of similar or competing products. If local support is necessary but cost prohibitive explore the feasibility of using the sales channel or an alliance with a strategic partner. Ideally, you will want to balance local and global (central) support resources. To achieve optimal results your central support organization must provide world class service.

Position your Product

If your product is unique, can add value, solves an existing problem and improves the productivity of your customer's process, there will be a natural curiosity to learn more about your product and your company. Look at market segmentation, product differentiation plus your communication strategy. Try to establish your own niche.

Sales Channels

Please, read our paper *Sales Channels in the U.S. – An Overview*.

If you produce a genuinely unique product of relative high value and minimal support needs you may be able to obtain orders by sending a salesman from Europe and visiting the largest U.S. accounts. You might also approach large U.S. customers through their foreign subsidiaries in countries where you already have a market presence. Such methods may secure a few project sales and help establish a foothold. But, if you are serious about entering the U.S. market you should seriously consider a local sales presence. Customers' buying behavior will ultimately dictate the channels that you must use. For some products you may eventually have to use all of them to optimize your coverage. But, initially, one channel will likely offer the best advantage.

Unfortunately, you are likely entering the U.S. market with little bargaining power vis-à-vis the distributors or manufacturer's representatives that you so desperately need. Be realistic about the cost and degree of support that you can expect from these channels. Your first year in the U.S. might be best spent with one or two direct salesman while you work towards a more efficient arrangement. You may also consider an alliance or

partnership with a U.S. business that offers complementary products through established sales channels.

Local Mentor

Recruit a mentor. A mentor is an adviser, coach, counselor, guide and teacher. You need a trustworthy person who can be many of these things and hold your best interests at heart. This person may be your local attorney, accountant or an executive employed in a non-competing business as long as he or she meets the test of bringing integrity, good judgment and broad-based U.S. business experience to the table.

The Plan

Write a business plan which includes a first year budget. Present it to your mentor and others who can offer informed opinions. Implicit in your plan must be the selection of the individual who will head up your effort. Prior experience in the U.S. will be preferred but creativity, good humor, energy and tempered management skills (plus reasonable command of the English language) should serve you well.

Good Luck!



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