

WORD TO THE WISE: Is Now the Right Time to Go Global?

Last spring, American manufacturers were delighted and encouraged by a *Time* magazine cover story entitled “How ‘Made in the USA’ Is Making a Comeback.” The story started with the words “Manufacturing is back,” and stated that U.S. manufacturing growth has outpaced that of other advanced nations. The article noted that 2013 marked the first time in more than a decade that the number of factory jobs had gone up instead of down.

Emboldened by such positive news on the home front and the realization that 95 percent of the world’s population lives outside the U.S., some manufacturers are now investigating the possibility of overseas expansion. Here are some “must-do’s” to help smooth the way:

Get Smart

There are endless resources to guide and inform you as you look into foreign expansion. The federal government’s website devoted to exporting (<http://export.gov>) is a good place to start. The U.S. Commercial Service also has a network of industry specialists located in more than 100 U.S. cities and more than 80 countries worldwide. These trade professionals offer advice on a variety of export topics and can point you toward market research and industry overviews.

Of course, your CPA and other trusted advisors can provide excellent guidance and network contacts. Most manufacturing and distribution trade associations also have informative resources for members considering foreign expansion. These groups know your business and can help you think through your options.

Get Local

A local presence is important in most foreign markets. Ask your industry contacts for referrals to in-country business owners or partners who can help you establish relationships, negotiate deals or introduce you to other contacts.

Of course, you’ll want to visit these new markets and interview several potential local partners to ensure that you find a good fit for your business and your expansion goals. Ask for references and take time to follow up with them.

Get Savvy

Many U.S. business owners have been surprised by the way business is done in foreign countries. These unanticipated differences range from unfamiliar cultural standards involving business etiquette to questionable expectations involving payoffs to officials. Remember that local customs don’t always mesh with U.S. laws, so be careful not to unwittingly step into trouble.

You’ll also want to investigate any political risks to determine whether your business plans will be

interrupted by unfriendly government regulations, elections or other circumstances beyond your control.

Get Positioned

Don't make a move without getting clarity on all of the tax and banking issues you are likely to encounter overseas. Discuss the financial details of your plans with your lenders and tax advisors. You may be able to take advantage of tax-saving strategies by keeping funds overseas rather than bringing your earnings back into the U.S.

You'll also want to get input from your human resources and employment advisors on the most advantageous ways to hire foreign nationals or relocate employees to foreign countries.

Obviously, the decision to go global involves many big questions. But if manufacturing is truly "back," it may be the perfect time to investigate the possibility of expanding overseas.

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We hope you find this information valuable. As always, we are here to help. Our firm can help you get started on the road overseas. Please contact John Oeltjen at 314.862.2070 to discuss your plans for global expansion.



[John E. Oeltjen, CPA](#)

Shareholder | Director of Manufacturing & Distribution Services

joeltjen@muellerprost.com

314.862.2070

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