

Discussion Guide
Conducting Business in Emerging Markets
September 26, 2006

Corporations from established, mature market economies are increasingly expanding into emerging markets. For one firm the driver may be a new market for its products, for another it's access to suppliers or raw materials, for a third it's about obtaining information technology (or other) services, and for many it's a dynamic combination of these and other factors. The ability to staff around-the-clock operations, whether product development, customer call-centers or applications development, is also increasingly important.

Regardless of the driving factors, all companies face similar market-related issues as they enter or expand their businesses or relationships in emerging markets: unfamiliar cultures, varied infrastructure, historically different approaches to business, and more rapid growth and change. Additionally they face organizational issues related to dealing with the often smaller and entrepreneurial entities they establish, acquire or partner with; and must adjust their approaches, policies and support structures to fit these circumstances.

In this roundtable we will discuss the strategies of companies regarding emerging markets and how they approach various aspects of the opportunities to do business there. The discussion of approach and best practices will be global, but with a special focus on Central & Eastern Europe (C&EE). This will be a business-focused discussion, with the thread of the enabling role of information technology woven through it.

Session 1: *Emerging Market Strategy and Understanding* (please come prepared to share your company's emerging markets strategy, especially its approach to C&EE, and what the key considerations are for you as you make entry/expansion, etc. decisions)

This session will be about sharing the drivers for your companies to enter emerging markets, defining together the key considerations and questions, and considering how they apply in the case of C&EE.

- What are the key drivers for your company to enter new geographic areas in emerging markets? Are they primarily to access a consumption market, to gain efficiencies, or to find new sources of innovation?
- What are the key initial steps, the right initial questions to ask internally and externally when entering or expanding significantly in an emerging market?
- What are the keys to understanding a new market, a new country? Government? Infrastructure? Culture? Risk factors? Talent?
- What is the role and impact of governments? What is important to know about the government? Can you establish and maintain a network in a shifting environment? How?
- Can you evaluate emerging markets in a relatively objective way, perhaps using scoring criteria, etc.? What are the best practices around this? (Can be explored in depth in a breakout.)

- How do you see your businesses in emerging markets changing? In particular, what are the directions and dimensions of your businesses involvement in C&EE?
- Given that emerging markets evolve over time, how do you reevaluate your strategy against developments? How do you ensure you get the maximum (or at least enough) benefit of any arbitrage opportunities before they disappear? Can you ride the wave?
- When should you think of the market as the region vs. just the country?
- What are the particular issues and strengths of the C&EE? How does this change as you go further east? When does corruption become an issue?

Session 2: Gauging Organizational Structures, Support, Policies, and Processes (*please come prepared to share the key organizational challenges you've seen in dealing with emerging markets*)
This session will be about sharing experiences and best practices on establishing organizations and/or partnering in emerging markets, and the considerations for dealing with them.

- What are the best practices for establishing operations to support the intent of the market entry, be it for market access for products, manufacturing capability, raw materials sourcing, in-house or outsourced service operations, etc.? How do these differ from each other in scope and execution – what are the key success factors?
- How should you tailor your organizational structures, policies and processes to fit an emerging market and/or the specific organizational entity? What are the factors to consider?
- How do you tailor offerings to provide the right level of support and interaction without overwhelming, stifling, or “underservicing” a younger venture or partner? Where is it most important to tailor to their growth and maturity level, and where can you push the envelope?
- What lessons have you learned about how entities/operations develop in emerging markets and how support, policies and procedures need to evolve over time?
- What are the do's and don'ts of partner selection?
- How do you help young organizations (your own or a partner) determine where to invest their limited capital? How do you convince them that certain investments are imperative? Which are they in our collective experience?
- What is most important to understand about staffing in these markets – attracting and retaining the right talent? (We will explore this in further depth in one of the breakouts.)
- How big an issue are the cultural and language barriers? What are the best practices for dealing with them?

Breakouts:

Staffing in C&EE

Market Analysis: C&EE

Session 3: *Shared Services Operations and IT in Emerging Markets* (please come prepared to share experiences and best practices in establishing service/ support centers of all types in emerging markets, especially C&EE)

Under the assumption that every company is looking to emerging markets to some degree as a source of efficiencies, this session will deal with establishing information technology dependent services centers (e.g., shared service centers, customer care centers, IT development centers) or outsourcing arrangements in emerging markets.

- What are the driving factors for taking this step? What are the chief pitfalls? Relative costs?
- How do you deal with varied technical infrastructures? How do you make resource allocation decisions?
- What is the enabling role of information technology in all this? How can IT help surmount barriers faced in emerging market partnerships or ventures?
- What are the best practices around supporting 24-hour continuous support/development?
- What are the costs and benefits of C&EE as a region for shared service operations? Do particular countries stand out? How different is it for European-based companies vs. U.S.-based?

Session 4: *Summary & Opportunities for Further Research*

- What are your key take-aways? What are the 2-3 things that you are going to think the most about when you leave here? What areas do you feel need some more research?