



INTERNATIONALISATION READINESS TOOLKIT

Final Report

Roger Loo

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DEVELOPMENT + RESEARCH

Engagement Initiation: Project Objectives

- Development of an internationalisation readiness diagnostic toolkit (questionnaire + report) for SME Centre Business Advisors (BAs) to engage SMEs
- Toolkit should help businesses identify capability gaps and direct them to the appropriate market resources

DEVELOPMENT + RESEARCH

Research & Review of Key Factors of Internationalisation



DEVELOPMENT + RESEARCH

Key Factors of Internationalisation

FACTOR	HYPOTHESIS
General Company Information	
Industry	Industry and nature of the business will affect internationalisation pathway, and consequently, the indicators of readiness of firms, will differ.
Subsidiary Status	Subsidiaries who are part of a larger group receive more support, network, and also more 'push' factor, resulting in greater chance of success.
Firm age	Combined with the year of attempted internationalisation, and eventual financial status of the firm, we can determine the maturity of the firm at the point of internationalisation and that relation to its success.
No. of years since internationalisation	If a firm has only recently internationalised, their results may be seen as 'unsuccessful' because they have not yet stabilised. Will also give better idea of how long firms, in different industries, take in their internationalisation process, therefore giving better insight into how ready firms will need to be, prior to internationalising.
Presence in foreign markets in country of internationalisation (export intensity)	If firms already have a presence in the country of internationalisation prior to internationalisation, there is a greater chance of success.
Internet presence (Online sales channel)	Firms who are limited to store front, direct sales channels will find less success in internationalisation.
Entry mode	Success of the entry mode with respect to industry and country of internationalisation.
Reactive vs Opportunity seekers (Pull vs Push factors to internationalise)	Opportunistic owners driven by pull factors tend to succeed in internationalisation.

Note: For the full list of research papers, please refer to Appendix A.

DEVELOPMENT + RESEARCH

Key Factors of Internationalisation

FACTOR	HYPOTHESIS
General Company Information (cont'd)	
Firm Size	Larger firms have more resources and are likely to find greater success, however, this is not a standalone factor.
Family Management	A higher degree of family management results in lower degree of internationalisation success, unless family members are from the country of internationalisation.
Level of Foreign Ownership	A higher level of foreign ownership signals greater appetite for internationalisation, and consequently more driven to find success.
Knowledge of and experience in foreign markets	More knowledge in foreign markets gained through real-life experience will indicate a stronger ability to navigate that foreign market, therefore, a higher chance of success.
Project team's knowledge of and experience in foreign markets	More knowledge in foreign markets gained through real-life experience will indicate a stronger ability to navigate that foreign market, therefore, a higher chance of success.
Management culture	Higher degree of micromanagement hinders growth and success of internationalisation.
Availability of learning & development budget	Companies with high culture of learning and development increases success of internationalisation.
Strategy planning	Higher openness traits cause owners to be more aware of the situation and better able to successfully execute internationalisation.
Business acumen	Owners that are more opportunistic and higher risk appetite tend to succeed in internationalisation.

Note: For the full list of research papers, please refer to Appendix A.

DEVELOPMENT + RESEARCH

Key Factors of Internationalisation

FACTOR	HYPOTHESIS
Before Internationalisation	
Financial ratios: D/E, D/A, GPM, NPM, OPEX/Revenue, Return on Research Capital (RORC)	Companies with higher profitability, liquidity, sustainability and innovation have higher chance of success in internationalisation.
Presence in foreign markets / export intensity	Having a presence in foreign market or high export intensity prior to internationalisation leads to a greater chance of internationalisation success, as there is already a pipeline of business and given experience in that foreign market.
Intensity of improvements and innovation (R&D)	A firm that invests in R&D will constantly improve and create unique products/services. With a developed unique value proposition in foreign markets, it will find greater chance of success.
Planning for Internationalisation	
Defining internationalisation goals	Companies who design success indicators during their planning stage are more prepared in embarking on expansion project, leading to success.
Planning duration	Companies who spent time planning their internationalisation strategy are more likely to succeed.
Resourcefulness and vested interest	Companies who are willing to put more of their own capital are more likely to succeed.
Resourcefulness and external funding	Companies who can tap on more contacts to raise capital are more resourceful, as they are more likely to be able to raise more capital and, therefore leading to success.
	Companies who can raise more capital from external funding are more likely to succeed.

Note: For the full list of research papers, please refer to Appendix A.

DEVELOPMENT + RESEARCH

Key Factors of Internationalisation

FACTOR	HYPOTHESIS
Planning for Internationalisation (cont'd)	
Risk appetite	Decision-makers with a very low risk appetite have a lower chance of success.
Contingency plan	Companies who have contingency plan will have a more thorough internationalisation strategy planned, leading to higher chance of success.
Network	Companies who have a wider range of contacts who understand internationalisation are able to easily leverage on personal networks to expand overseas, leading to a higher chance of success.
Understanding market entry mode	Companies who are more aware of the different types of market of entry modes are more knowledgeable and are more prepared to venture overseas, leading to success.
Understanding market regulation	Companies who are more aware of the different types of market regulations are more knowledgeable and are more prepared to venture overseas, leading to success.
Clear job description and assignments	Employees who have clear job description and assignments will have a better direction and focus to work on internationalisation project, leading to success.
Training plan	Companies who have employee training plan in placed will be more ready in grooming local employees to drive the success of internationalisation project.
Motivating employees	Employees will be more motivated to drive the success of the internationalisation project if success indicators are pegged to their performance.
Empowering employees	Employees who have autonomy will be more motivated and empowered to drive the success of the internationalisation project, leading to success.

Note: For the full list of research papers, please refer to Appendix A.

DEVELOPMENT + RESEARCH

Key Factors of Internationalisation

FACTOR	HYPOTHESIS
Planning for Internationalisation (cont'd)	
Traits of employees	There are select employee traits which lead to the success of internationalisation project (e.g. creativity, etc).
Level of preparedness in Operations and Logistics	Having high level of preparedness (e.g. have signed a contract, have made necessary connections and networks) will mean lesser variance upon expansion into the foreign country. This will indicate a higher level of success in internationalisation.
Knowledge of competition and customers	High level of knowledge of competitors and customers gained through first-hand research in the country of expansion signals a higher level of preparedness for that market. This, together with product localisation, will indicate a greater chance of success in internationalisation.
Localisation	Having some level of localisation will lead to the success of your product/service in a foreign market. This will be viewed together with the nature of the business/industry, mode of entry and level of preparedness in operations and logistics.

Note: For the full list of research papers, please refer to Appendix A.

DEVELOPMENT + RESEARCH

Research & Review of Key Factors of Internationalisation



DEVELOPMENT + RESEARCH

Obtaining a local perspective

Based on the internationalisation factors identified from earlier academic research, we conducted quantitative and qualitative research to obtain a 'local SG enterprise' perspective on the importance of these factors in the course of internationalisation.

The survey was sent out to a total of over 2,000 business contacts from BDO and ESG combined and two focused group discussions were conducted with a total of five BAs from various SME Centres.

Quantitative survey

- Key internationalisation factors were organised into a comprehensive survey for business owners who have attempted internationalisation before
- The business owners' answers were measured against their degree of internationalisation success (comparing their overseas sales pre- and post-internationalisation)

Qualitative interviews

- Focused group discussion with SME Centres' Business Advisors to qualitatively assess the usefulness and relevance of the toolkit to Singaporean businesses internationalising

Note: For the questionnaire, please refer to Appendix B.

General Company Information			
1. Company name (General information, possibility of results validation if required)			
2. Industry (conditional dropdown boxes) (Industry – Hypothesis: Industry and nature of the business will affect internationalisation pathway, and consequently, the indicators of readiness of firms, will differ.)			
Industry Sector Options (6)		Specific Sector Options (2-5)	
3. Are you a subsidiary of a larger group? (Subsidiary status – Hypothesis: Subsidiaries who are part of a larger group receive more support, network, and also more 'push' factor, resulting in greater chance of success.)			
<input type="radio"/> Yes <input type="radio"/> No			
4. Year of establishment (Firm age – Hypothesis: Combined with the year of attempted internationalisation, and eventual financial status of the firm, we can determine the maturity of the firm at the point of internationalisation and that relation to its success.)			
5. Year of attempted internationalisation (No. of years since internationalisation – Hypothesis: If a firm has only recently internationalised, their results may be seen as 'unsuccessful' because they have not yet stabilised. Will also give better idea of how long firms, in different industries, take in their internationalisation process, therefore giving better insight into how ready firms will need to be, prior to internationalising.)			
6. Country(ies) of attempted internationalisation (Presence in foreign markets and Country of Internationalisation – Hypothesis: Compared with Q21 (export %), if firms already have a presence in the country of internationalisation prior to internationalisation, there is a greater chance of success.)			
7. Prior to internationalisation, what were your sales channels? (Check all that apply) (Internet presence – Hypothesis: Firms who are limited to store front, direct sales channels will find less success in internationalisation.)			
<input type="checkbox"/> Store front (i.e. direct sales) <input type="checkbox"/> Online sales (i.e. e-commerce, online store) <input type="checkbox"/> Distributor (e.g. OEM, resellers) <input type="checkbox"/> Wholesaler <input type="checkbox"/> Others, please specify: _____			
8. Means of attempted internationalisation: (Check all that apply) (Entry mode – Success of the entry mode wrt industry and country of internationalisation)			
<input type="checkbox"/> Joint Venture <input type="checkbox"/> Merger <input type="checkbox"/> Acquisition <input type="checkbox"/> Export <input type="checkbox"/> Franchise / Licensing <input type="checkbox"/> Inorganic (i.e. a self-made decision, e.g. wholly-owned subsidiary) <input type="checkbox"/> Others, please specify: _____			
9. What were the key reasons for wanting to internationalise? (Check all that apply) (Reactive vs Opportunity-seekers – Hypothesis: Opportunistic owners driven by pull factors tend to succeed in internationalisation)			
Push Factors		Pull Factors	
<input type="checkbox"/> Domestic market is saturated <input type="checkbox"/> Intense competition in domestic market <input type="checkbox"/> Rising costs and reduced margins		<input type="checkbox"/> Realisation of potential niche markets overseas	

NG FOR INTERNATIONALISATION			
Equity	\$		
Profit	\$		
Sales	\$		
		Local Sales	%
		Export Sales	%
		<Country>	%
		<Country>	%
		+ Add more countries	
Profit	\$		
Cost	\$		
Expense	\$		

What were your internationalisation goals and/or KPIs? (Check all that apply) (Defining internationalisation goals – Hypothesis: Companies who design success indicators during their planning stage are more prepared in embarking on expansion project, leading to success)

- a) Strategic KPIs
 - ☐ N/A
 - ☐ Market share
 - ☐ Differentiated positioning
 - ☐ Cost leader
 - ☐ Others, please specify: _____
- b) Financial KPIs
 - ☐ N/A
 - ☐ Break-even days
 - ☐ Growth in revenue
 - ☐ Gross margin
 - ☐ Net profit margin
 - ☐ Others, please specify: _____
- c) Operational KPIs
 - ☐ N/A
 - ☐ Order fulfillment time
 - ☐ Inventory turnover days
 - ☐ CAPEX efficiency ratio
 - ☐ Others, please specify: _____
- d) Marketing/Customer KPIs
 - ☐ N/A
 - ☐ Cost of customer acquisition
 - ☐ Net promoter score
 - ☐ Retention rate
 - ☐ Marketing channel engagement rates
 - ☐ Others, please specify: _____
- e) Employee KPIs
 - ☐ N/A
 - ☐ Employee satisfaction employed the market of destination
 - ☐ Employee turnover rate
 - ☐ Others, please specify: _____
- f) Other KPIs, please specify: _____

How long did you plan before embarking on the internationalisation project (months)?

Planning Duration – Hypothesis: Companies who spent time planning their internationalisation strategy are more likely to succeed)

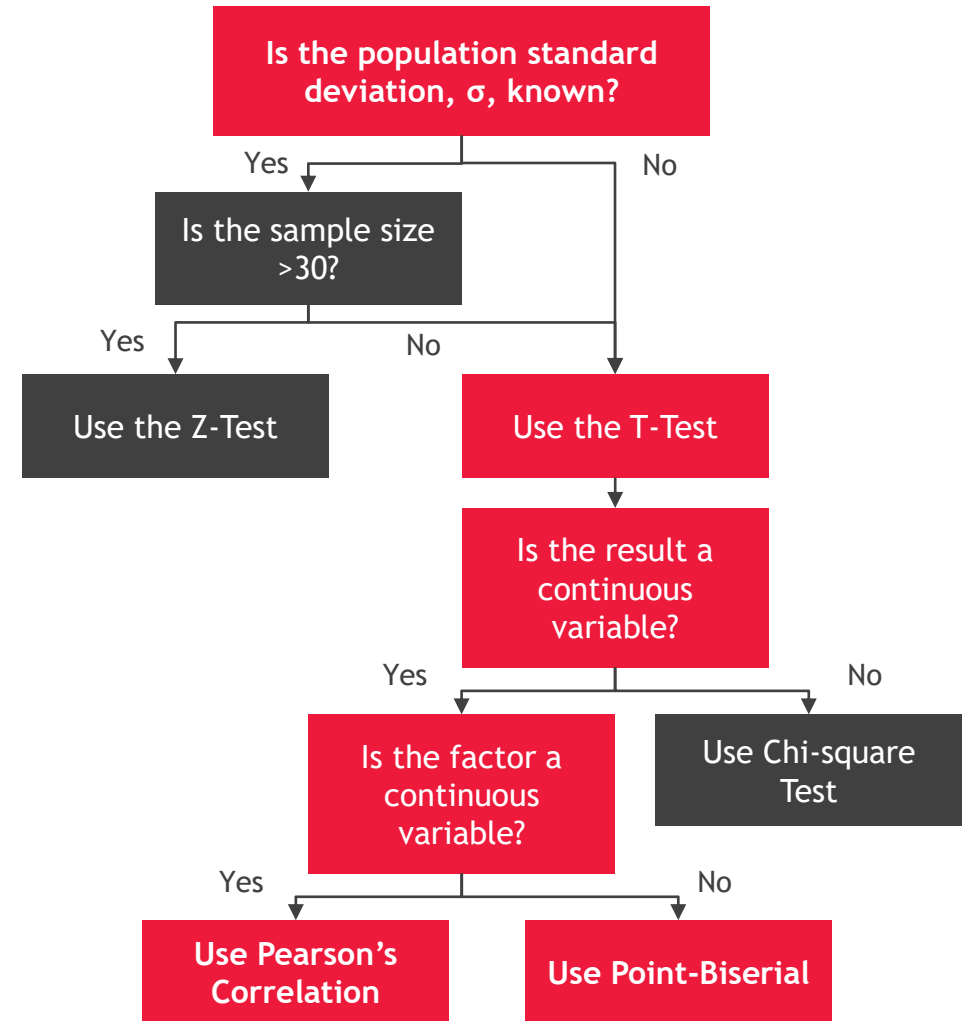
DEVELOPMENT + RESEARCH

Quantitative survey

Although there was much research on factors affecting internationalisation success, there was very limited data on Singaporean companies. This thereby eliminated the possibility of using the z-test as **the population mean and population standard deviation could not be determined.**

We then needed to determine whether internationalisation success would be a continuous or discrete variable. Given that between two ‘successfully internationalised’ businesses, one can be more successful than the other, we concluded that **determining internationalisation success would not be binary but rather a continuous variable.**

Next, we realised that the factors affecting internationalisation success had a **mixture of continuous variables and dichotomous variables.** Given these limitations and choices, we decided to apply **Pearson’s Correlation** and **Point-Biserial Correlation**, respectively.



DEVELOPMENT + RESEARCH

Quantitative survey



2000+ surveys sent out



126 total completes



73 attempted to internationalise



59 success/failures

We sent the survey to our network of clients, including business owners and trade associations we have worked with. At the same time, ESG also disseminated to their pool of clients and business owners.

Although we were in the midst of COVID-19 and most businesses that we contacted were busy surviving or pivoting, through phone calls and running through the survey with the business owners, we managed to gather 126 completed surveys of which we could use 59 data points.

DEVELOPMENT + RESEARCH

Quantitative survey

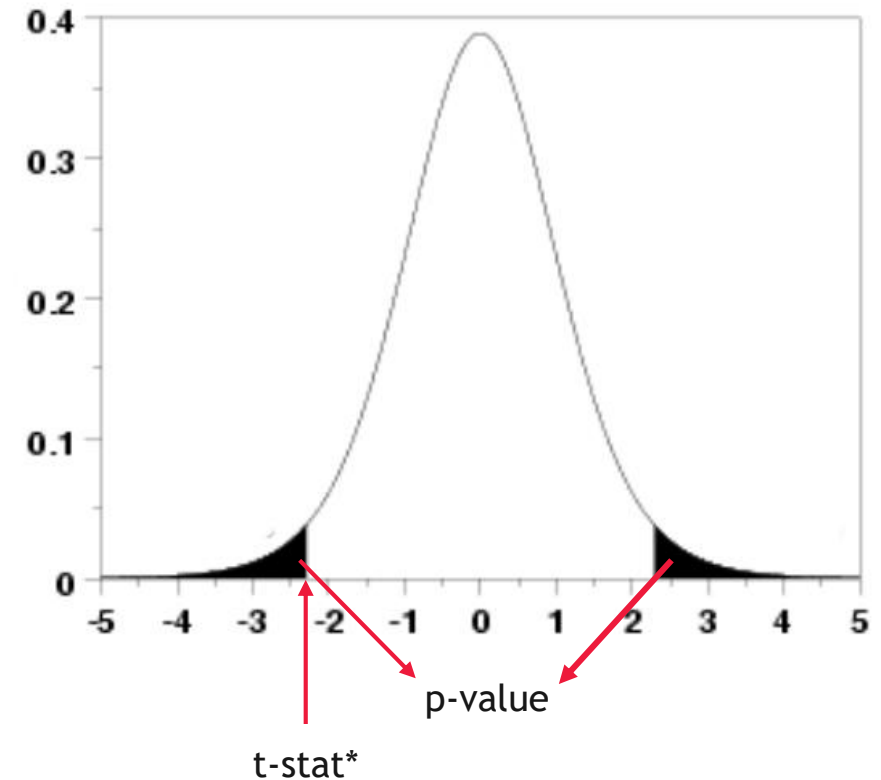
We wanted to identify factors that are stronger indicators of internationalisation success, to better recommend survey users (business owners) areas they can focus on. The **correlation coefficient “r” measured the strength of relationship between the factor and internationalisation success.**

In order to determine the extent to which the correlation coefficient “r” calculated can be relied upon, we also looked at the “p-value”. The “p-value” measures the probability that the correlation between variables x and y are by chance. Calculation of the “p-value” requires t-statistic value “t” as seen in the formula below where “n” is the sample size and “r” is the correlation coefficient

The formula to calculate correlation coefficient “r” of Pearson Correlation and Point-Biserial Correlation is covered in Appendix C.

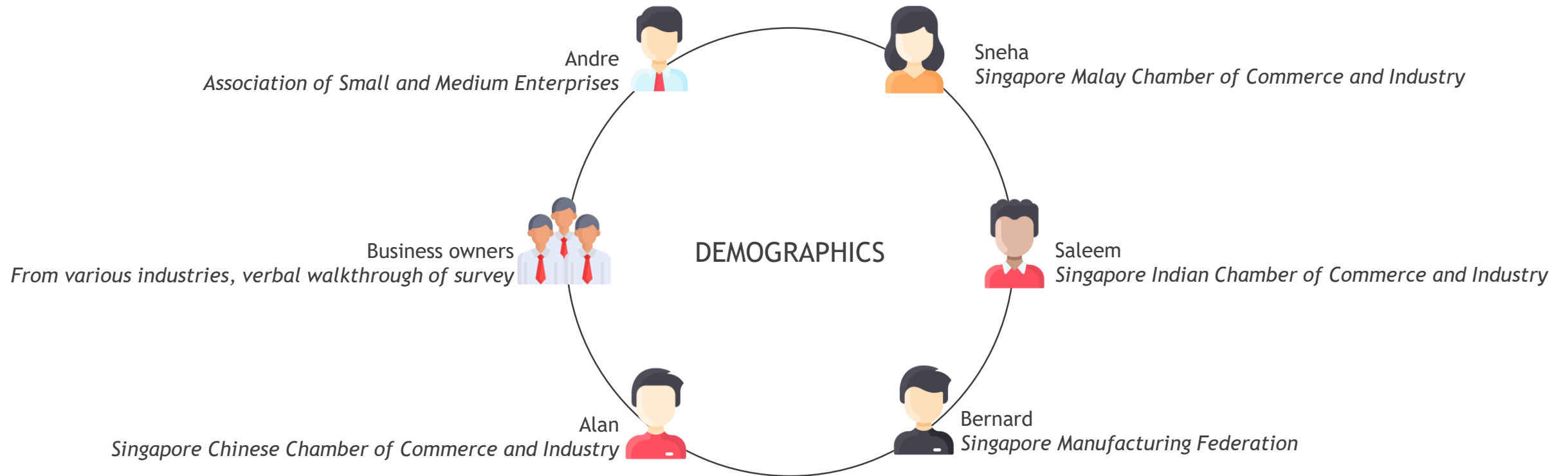
$$t = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$$

*T-stat determines the point of which the % of area under the graph on both “tails” would be the “p-value”



DEVELOPMENT + RESEARCH

Qualitative survey



DEVELOPMENT + RESEARCH

Qualitative survey

Important factors for internationalisation success (consolidated responses; in no particular order):

- **Personality**
 - While this is not the biggest factor, and an in-depth personality test is not required, observe management traits like risk aversion, uncertainties towards areas (finding a partner, research, etc), etc
 - Risk aversion is important for local SME owners, it will also affect their method of internationalisation, financial spending and planning (prudence, cashflow, etc)
- **People + Manpower (Talent and HR)**
 - Having an internationalisation team that is ready to be deployed overseas
 - Having employees on that internationalisation team who have prior experience in the intended market is a big bonus (know where the pitfalls are, awareness of culture and language bureaucracy)
 - Staff need to be willing and ready to adapt and change along with the firm's decision to internationalise (internal alignment gearing up to internationalisation)
- **Local operations (processes) + Management**
 - The local company and operations (parent entity) must be in order and well-established, before moving on to the next market
 - Well-established systems (e.g. human capital, business structure and procedures) in the country of origin serve as a guide for companies as they move on to the next market
 - Internal stakeholders and management must have internal alignment to go overseas

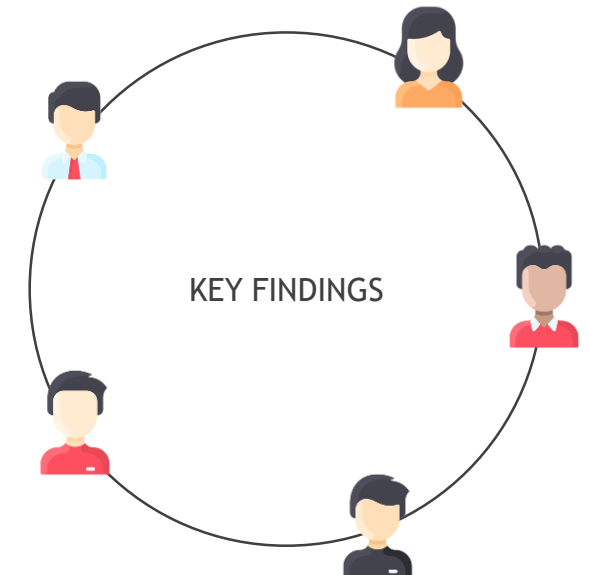


DEVELOPMENT + RESEARCH

Qualitative survey

Important factors for internationalisation success (consolidated responses; in no particular order):

- **Type of Products + Services**
 - Ability of your product / service to localize, change and evolve with the times
 - Availability of relevant, unique selling points - while unique selling points are important, they have to be relevant to the market (to establish competitive advantage)
- **Extensive research**
 - Adequate market sizing research, competitor research and customer research to understand the market
 - Awareness of each market and developing IP and patents
 - Conducting detailed competitor analysis in the intended market
 - A precursor to product localisation and developing a competitive advantage / USP in a foreign market
- **Strategic thinking**
 - Encourage companies to think big picture on issues
 - E.g. financial planning (level of preparedness to make losses), internationalisation goals and when to exit
 - Structured approach to take them through a roadmap - (1) Are they ready? (2) Done research? Know the advantages and disadvantages / pitfalls of the different markets? (3) Verify what they have found out (4) Make a decision on going / staying



DEVELOPMENT + RESEARCH

Qualitative survey

Other factors BAs consider in their advisory (consolidated responses; in no particular order):

- **Financial**
 - Linked to their spending habits and risk aversion as well
 - Having sufficient funds for internationalisation
 - Government support and funding should NOT be a crucial deciding factor on whether or not they internationalise, those who are highly reliant on government support may not go very far in their foray (linked to intentions)
- **Digitalisation**
 - Digitalisation is typically more important for those in retail (putting their products in an online space), but not so much for those with highly-customised products, technology and professional services
 - For some enterprises, digital entry is a starting point



FORMULATION + VALIDATION

Formulation of Internationalisation Readiness Framework, Diagnostic Questionnaire & Report



FORMULATION + VALIDATION

Formulation of Internationalisation Readiness Toolkit Factors

Chronological structure informed by expected user journey, supported by qualitative interviews.

COMPANY FOUNDATIONS

Generic Company Information

- Firm age (0.095)

Intentions

- Reactive vs Opportunity seekers (-0.051)

Management Culture

- Openness trait (0.122)
- Degree of micromanagement (0.101)

Company Composition

- Firm size - management (0.029)
- Firm size - staff (0.217)
- Level of foreign ownership (0.245)
- Family management (-0.085)
- Experience in foreign markets (management) (0.353)

OPERATIONS

Financial Health

- Sales (0.108)
- Percentage of overseas sales (0.680)
- Gross profit margin (-0.030)
- Debt-to-equity ratio (-0.090)
- Net profit after tax (0.306)
- Net profit margin (-0.072)
- RORC (-0.005)

Working Environment

- Learning and development (0.204)
- HR SOPs (NA)

Operations & Logistics

- Operations SOPs (NA)
- Current sales channels (-0.077)
- Degree of digital adoption (NA)

RESEARCH

Knowledge of Overseas Markets

- Market entry method (0.240)
- Knowledge of overseas competition (0.253)
- Knowledge of overseas suppliers (-0.117)
- Knowledge of overseas distribution channels (0.311)
- Knowledge of overseas operating costs (0.016)
- Knowing HR regulations (0.179)
- Knowing financial regulations (0.196)
- Knowing business set-up requirements (0.0170)

Networks & Resourcefulness

- Network (0)

Product Fit

- Knowledge of overseas customers (0.289)
- Understanding overseas product/services standards (0.132)
- Competitive advantage (NA)

EXECUTION

Strategy

- Planning time (0.024)
- Contingency planning (0.115)

Internationalisation Team

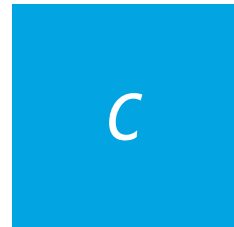
- Dedicated team (NA)
- Knowledge and experience in foreign market - Project team (0.364)
- Clear job description and assignment (0.149)
- Risk-taking and risk aversion (0.062)
- Training plans (0.082)

Resources & Risk

- Resourcefulness and vested interest (0.060)
- Risk appetite (0.167)
- External funding resourcefulness (-0.085)
- External capital raised (0.149)

FORMULATION + VALIDATION

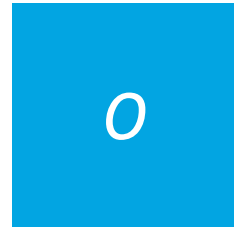
Internationalisation Readiness Toolkit



- Factor A score + recommendations*
- Factor B score + recommendations
- Factor C score + recommendations
- Factor D score + recommendations

- Sub-component C1 score + recommendations
- Sub-component C2 score + recommendations
- Sub-component C3 score + recommendations

C Component score + recommendations



- Factor E score + recommendations
- Factor F score + recommendations
- Factor G score + recommendations
- Factor H score + recommendations
- Factor I score + recommendations

- Sub-component O1 score + recommendations
- Sub-component O2 score + recommendations
- Sub-component O3 score + recommendations

O Component score + recommendations



- Factor J score + recommendations
- Factor K score + recommendations
- Factor L score + recommendations

- Sub-component R1 score + recommendations
- Sub-component R2 score + recommendations
- Sub-component R3 score + recommendations

R Component score + recommendations



- Factor M score + recommendations
- Factor N score + recommendations
- Factor O score + recommendations
- Factor P score + recommendations

- Sub-component E1 score + recommendations
- Sub-component E2 score + recommendations
- Sub-component E3 score + recommendations

E Component score + recommendations

* Recommendations are only given if user has not scored well for that particular segment (factor/sub-component/component).

FORMULATION + VALIDATION

Internationalisation Readiness Toolkit Weightage

Each factor's weight will have a **fixed** and **variable** component. The variable component will take into consideration the factor's correlation as long as it is "significant". Therefore, the stronger the correlation, the more important the factor, the higher the weightage.

Take note:

- The value of correlation significance can be adjusted (academic recommendations at above 0.3). For the purpose of optimal number of factors and given sample size, a "significant correlation" of above 0.25 is recommended.
- The total fixed and variable weight is shared **within each component** and the ratio within which can be adjusted (the implications being the degree of added weight / importance to assign to 'significant' factors)*.
- For the Internationalisation Readiness Toolkit, a ratio of 90-10 has been agreed upon.

C	Factor A	0.302	=	FIXED 90%	+	VARIABLE 10%
	Factor B	0.422	=		+	
O	Factor C	0.644	=	FIXED 90%	+	VARIABLE 10%
	Factor D	0.156	=		+	
R	Factor E	0.604	=	FIXED 90%	+	VARIABLE 10%
	Factor F	0.711	=		+	
E	Factor G	0.110	=	FIXED 90%	+	VARIABLE 10%
	Factor H	0.030	=		+	

Sample correlation value

*For the calculations of fixed:variable ratio, please refer to Appendix E.

FORMULATION + VALIDATION

Internationalisation Readiness Toolkit Weightage

Each factor's weight will have a **fixed** and **variable** component.
The variable component will take into consideration the factor's correlation as long as it is "significant". **Therefore, the stronger the correlation, the more important the factor, the higher the weightage.**

$$\text{Fixed portion of factor} = \frac{90\%}{\text{Total no.of factors in component}}$$

$$\text{Variable portion of factor} = \frac{\text{Significant R}}{\text{Sum of All Significant R in Component}} \times 10\%$$

Assumptions:

- Significant factor cut off at 0.25 (i.e a factor is only significant if its r-value is above 0.25)

Note:

- If there are no significant factors within a component, the variable weight portion will be 0. Since we are using percentage, the additional weight will be added to fixed.

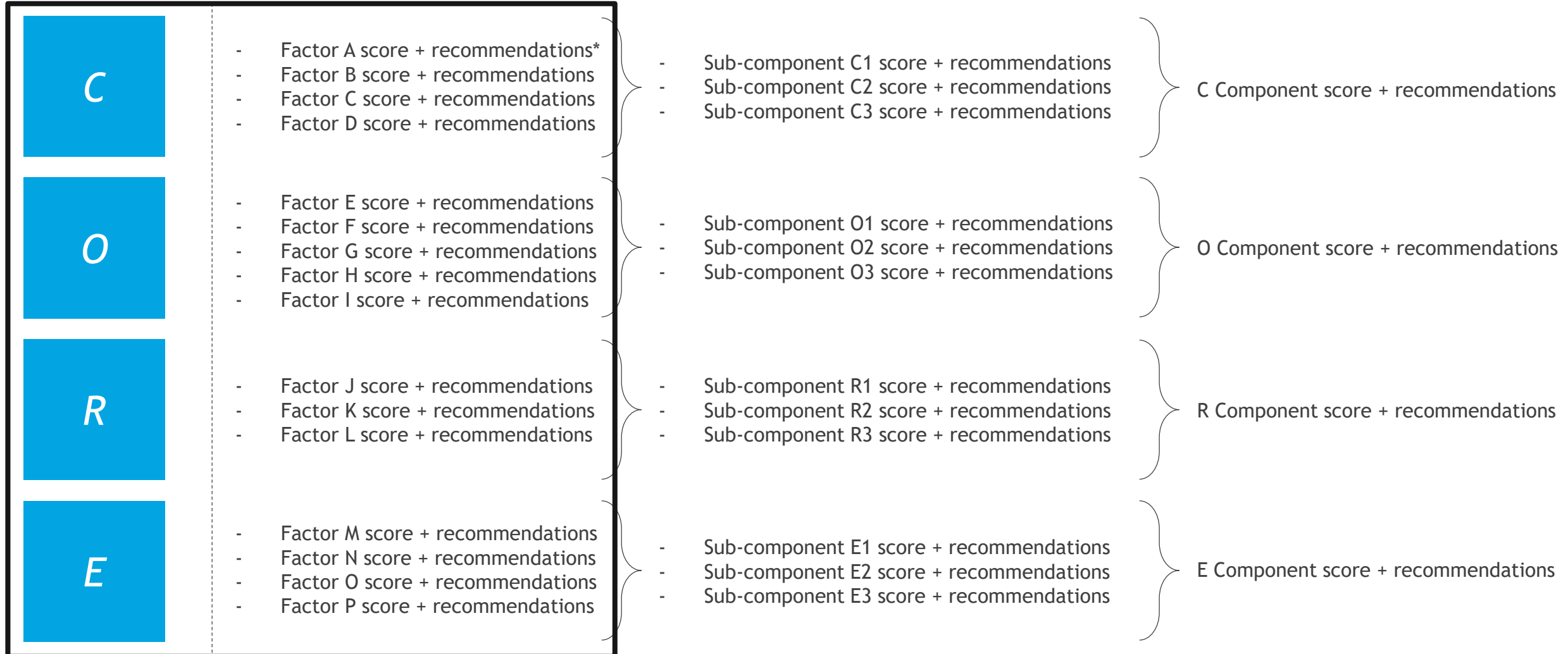
C	Factor A	0.302	=	90 / 2 = 45	+	[0.302 / (0.302 + 0.422)] x 10 = 4.17	= 49.17%
	Factor B	0.422	=	90 / 2 = 45	+	[0.422 / (0.302 + 0.422)] x 10 = 5.83	= 50.83%
O	Factor C	0.644	=	90 / 2 = 45	+	[0.644 / (0.644)] x 10 = 10	= 55.00%
	Factor D	0.156	=	90 / 2 = 45	+	0	= 45.00%
R	Factor E	0.604	=	90 / 2 = 45	+	[0.604 / (0.604 + 0.711)] x 10 = 4.59	= 49.59%
	Factor F	0.711	=	90 / 2 = 45	+	[0.711 / (0.604 + 0.711)] x 10 = 5.41	= 50.41%
E	Factor G	0.110	=	(90+10) / 2 = 50	+	0	= 50.00%
	Factor H	0.030	=	(90+10) / 2 = 50	+	0	= 50.00%

Sample correlation value

Weightage

FORMULATION + VALIDATION

Internationalisation Readiness Toolkit



* Recommendations are only given if user has not scored well for that particular segment (factor/sub-component/component).

FORMULATION + VALIDATION

Factor Score & Recommendations

The user's answer to a specific question and the question type will determine his/her score for the question. For users with a less than ideal score, a recommendation will be triggered. This threshold (of when recommendation will be triggered) is determined by the question type.

1. CHECKBOX QUESTIONS

What sources of funding do you have access to?

- ☐ Bank Loan
- ✓ Public Investor (e.g. IPO)
- ✓ Private Investor (e.g. business partner)
- ✓ Own capital

Hypothesis: Companies that are not resourceful, tend to be less successful in internationalisation.

Logic

If user ticks only “own capital”, score 0. Otherwise, score 1 (full marks).

Scoring

1

Factor Recommendation (triggered when score \neq 1)

- No recommendation is triggered as user has scored full marks -

Note: Full logic and questions list will be found in the final toolkit excel sheet.

FORMULATION + VALIDATION

Factor Score & Recommendations

The user's answer to a specific question and the question type will determine his/her score for the question. For users with a less than ideal score, a recommendation will be triggered. This threshold (of when recommendation will be triggered) is determined by the question type.

2. YES/NO QUESTIONS

Do you think you have a competitive advantage in your intended market of expansion?

- ☐ Yes
- ☒ No

Hypothesis: Having a competitive advantage will set the company above competition and lead to greater chance of success in the overseas market.

Logic

If user ticks "No", score 0. Otherwise, score 1 (full marks).

Scoring

0

Factor Recommendation (triggered when score \neq 1)

You should try to create a UVP for your offerings where possible. With a UVP, you would be able to differentiate your offerings better in the overseas market. Customers might see this as an added value and they will be more willing to make a switch from competitors' offerings.

Note: Full logic and questions list will be found in the final toolkit excel sheet.

FORMULATION + VALIDATION

Factor Score & Recommendations

The user's answer to a specific question and the question type will determine his/her score for the question. For users with a less than ideal score, a recommendation will be triggered. This threshold (of when recommendation will be triggered) is determined by the question type.

3. MULTIPLE CHOICE QUESTIONS

When you assign a task, how much detail do you typically provide?

- Only an objective and a deadline (0)
- ✓ Step by step instructions to accomplish the task (2)
- Some suggestions on how to proceed (1)

When an employee is struggling, what is usually your first response?

- Encourage independent learning and let the employee work it out (0)
- ✓ Jump in and try to help as best you can (1)
- Reassign the employee and do the task yourself (3)
- Ask the employee if he or she needs help (0)

Note: Full logic and questions list will be found in the final toolkit excel sheet.

Hypothesis: Higher degree of micromanagement hinders growth and success of internationalisation. The higher the score, management is more micromanagers.

Logic

If user score:

0 - 2 points = Management is not micromanagers

3 - 5 points = Management is somewhat micromanagers

Scoring

$1-3/6 = 0.5$

Factor Recommendation (triggered when score <0.8)

You might want to relook at your management style and consider if it is hindering growth. As you are expanding overseas, think about the level of autonomy your employees have. If employees are unable to make independent decisions, it could potentially limit the company from exploring new opportunities.

FORMULATION + VALIDATION

Factor Score & Recommendations

The user's answer to a specific question and the question type will determine his/her score for the question. For users with a less than ideal score, a recommendation will be triggered. This threshold (of when recommendation will be triggered) is determined by the question type.

4. SCALE QUESTIONS

On a scale of 1 - 5, how streamlined and optimised are your operations (e.g. clear operational and logistical SOPs, system continuously monitor and improve process)?

- ☐ 1
- ☐ 2
- ✓ ☒ 3
- ☐ 4
- ☐ 5

Hypothesis: Having clear and extensive operation SOPs in place will lead to greater chance of success at internationalisation.

Logic

If user chooses:

1 = Not prepared at all

2 - 3 = Somewhat Prepared

4 - 5 = Very Prepared

Scoring

$3/5 = 0.6$

Factor Recommendation (triggered when score <0.8)

Do consider firming up your local operations and logistics structure before expanding overseas. Ensure that your operation procedures are streamlined and optimised for a ready and scalable business model prior to internationalisation. With a system that is stable, tried and tested, many mishaps can be avoided, and the team can better focus on internationalisation.

Note: Full logic and questions list will be found in the final toolkit excel sheet.

FORMULATION + VALIDATION

Factor Score & Recommendations

The user's answer to a specific question and the question type will determine his/her score for the question. For users with a less than ideal score, a recommendation will be triggered. This threshold (of when recommendation will be triggered) is determined by the question type.

5. PERCENTILE QUESTIONS

Gross Profit Margin for your latest financial year (FY):

_____ %

Hypothesis: Companies with higher gross profit margin will have higher chance of success in internationalisation

Logic

Following percentile (data set: survey respondents)

Scoring

0.33 (33rd percentile)

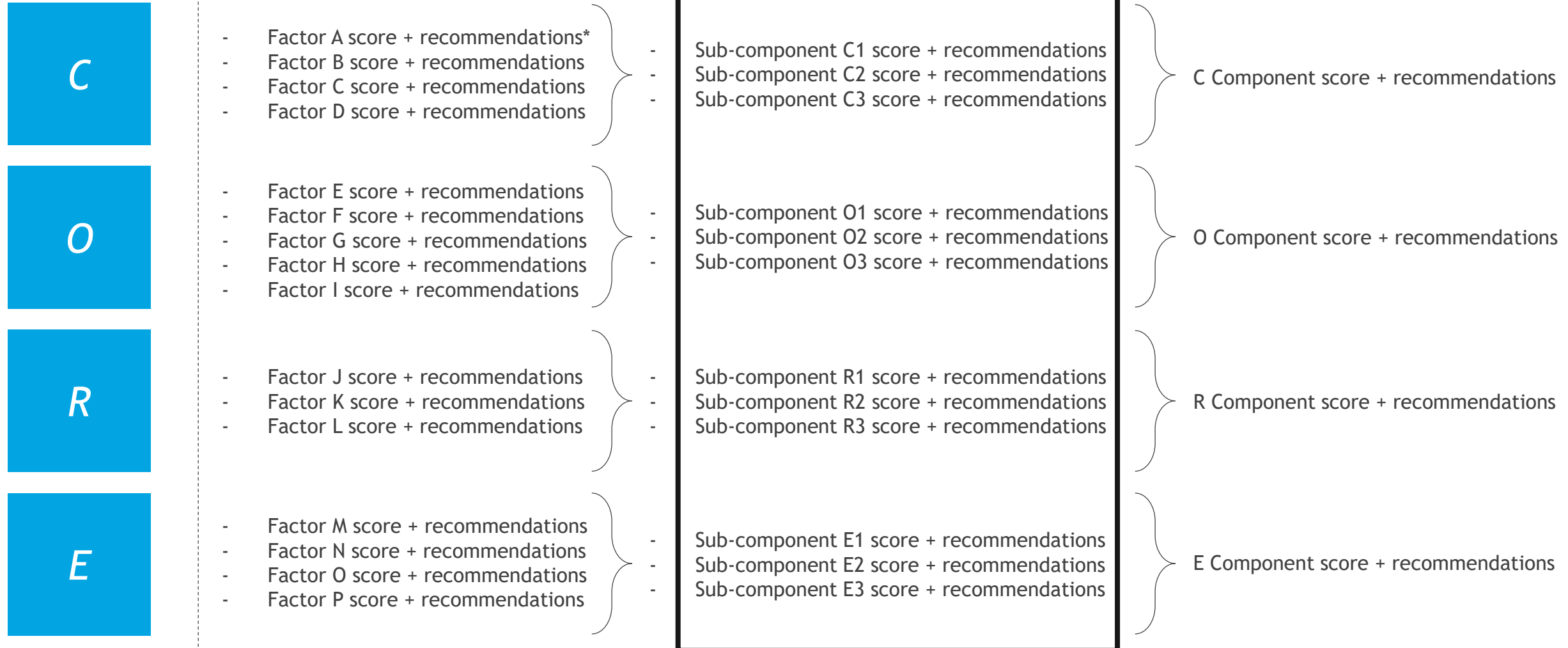
Factor Recommendation (triggered when score <0.75)

You might want to look into how you can strengthen your local financials before expanding overseas. Having strong financials is a good indicator of how strong your local operation and business model is.

Note: Full logic and questions list will be found in the final toolkit excel sheet.

FORMULATION + VALIDATION

Internationalisation Readiness Toolkit Score & Recommendations



* Recommendations are only given if user has not scored well for that particular segment (factor/sub-component/component).

FORMULATION + VALIDATION

Sub-Component and Component Score & Recommendations

The sub-component / component score is the sum of all factor scores within the sub-component / component, over the total weight of the particular sub-component / component.

WEIGHTAGE OF SUB-COMPONENT

C	Factor A (0.302)	=	45	+	4.17	=	49.17%
	Factor B (0.422)	=	45	+	5.83	=	50.83%

Assumptions:

- There is only 1 sub-component in component, and it comprises 2 factors which are significant (>0.25).

In the illustrated example on the left, the user has scored a total of 59.34% for this sub-component, out of a total 100%.

SCORE OF SUB-COMPONENT

C	Factor A =	1	*	49.17%	=	49.17%
	Factor B =	0.20	*	50.83%	=	10.17%

= 59.34%

Business owner's answer

FORMULATION + VALIDATION

Sub-Component and Component Score & Recommendations

Should the sub-component/component score fall below a determined threshold @, a sub-component recommendation will be triggered.

How is recommendation triggered for the sub-component?

1. In order to determine when recommendation will need to be triggered, we will need to determine the number of questions (and the question types) in each sub-component.

Question type	No. of questions in different question type
Y/N → (a)	(a) = x
Scale → (b)	(b) = y
Percentile → (c)	(c) = z

2. Then, we will take the minimum score to NOT trigger factor recommendation:

Y/N → (a) = 100%
Scale → (b) = 80%
Percentile → (c) = 75%

3. Lastly, we will calculate the threshold to NOT trigger sub-component recommendation using the following formula:

$$@ = \frac{100(x) + 80(y) + 75(z)}{x + y + z}$$

FORMULATION + VALIDATION

Formulation of Internationalisation Readiness Toolkit - User Groups

Chronological structure informed by expected user journey, supported by qualitative interviews.

COMPANY FOUNDATIONS

Under 'Company' and 'Operations', the factors tested are pertaining to the foundations of the business and their current local operations. It is important to get an understanding of this as their 'base' operations and intentions as it will often dictate and affect how they internationalise and how far they will go in their journey.

Here, we will also categorise the business owners into **four main groups**:

1. Wants to internationalise soon (within the next year), and know where to go
2. Wants to internationalise in the long term, and knows where to go
3. Wants to internationalise soon (within the next year), but does not know where to go
4. Wants to internationalise eventually, but does not know where to go yet

Depending on which user group the business owner falls into, the questions that he/she receives in the Internationalisation Readiness Toolkit will vary slightly.

OPERATIONS

RESEARCH

EXECUTION

Unlike the first two parts of the survey, this part of the survey is specific to the business' internationalisation plans. The questions and factors are tailored to the business' intended market of expansion.

For the two main groups of business owners who do not know where to internationalise to yet, **we will be halving their scores to some of the questions in these two components**. This is because it is crucial for business owners to have a country in mind and conduct extensive research and planning prior to internationalisation.

Going through the 'Research' and 'Execution' components of the questionnaire without a country in mind will also be a good exercise for them to go through the necessary steps on preparing for eventual internationalisation.

FORMULATION + VALIDATION

Validation FGDs

Session	Who
FGD 1 15 th Oct 2020 (Thu), 11AM-12PM	ESG Officers: Charlene, Patricia & Kai Feng
FGD 2 16 th Oct 2020 (Fri), 11AM-12PM	ESG Officers: Chris, Kelvin, Lejon & Timothy
FGD 3 20 th Oct 2020 (Tue), 2PM-3PM	Business Owners: <ul style="list-style-type: none">• Choon Leng (Batam Fast Ferry)• Khim Wee (Lim Kee Food)• Kenneth Chia (The Seafood Company)
FGD 4 21 st Oct 2020 (Wed), 2PM-3PM	Business Owners: <ul style="list-style-type: none">• Gavan Sing (Lek Lim Nyonya Cakes)• Eric Li (Viharbour)
FGD 5 21 st Oct 2020 (Wed), 4PM-5PM	Business Advisors: <ul style="list-style-type: none">• Sneha Menon (SMCCI)• Bernard Tan (SMF)• Andre Foo (ASME)

FORMULATION + VALIDATION

Validation FGDs

Feedback about the toolkit/questionnaire (consolidated responses; in no particular order):

- **Flow & organisation**
 - Mixed responses on the toolkit flow: confusing and disjointed for some, while others can understand
 - Preamble to indicate different sections of the toolkit should be added to frame mind
 - For example: Sub-category headings, thematic categories
 - ❖ BDO will add preamble for clearer differentiation between sections
 - Potential reorganisation to sort by business functions
 - ❖ ESG and BDO agreed not to reorganise the toolkit by business functions as it will be a major change and it will not be aligned with CORE framework
- **Possible questions/information to be added in the toolkit**
 - Market size, demand, growth questions
 - Definitions, especially for financial terms
 - Having an option for “not relevant” as some questions are not relevant to companies in certain industries
 - Open-ended questions will be useful talking points for businesses (i.e. ‘Others’ field)
 - ❖ ESG and BDO agreed to add market growth questions, definition of financial terms, and ‘not relevant’ options for some of the questions.



FORMULATION + VALIDATION

Validation FGDs

Feedback about the toolkit/questionnaire (consolidated responses; in no particular order):

- Possible changes and clarifications in questions/toolkit structure
 - To combine HR and management culture
 - ❖ ESG and BDO agreed not to combine the two categories as the two are assessing different aspects of the company
 - FGD participants raised a question with regards to exit strategy. Although they have put 100% as part of the exit strategy, the recommendations proposed was that they exit too early
 - ❖ BDO clarified that this was because some companies were willing to put in more capital before exiting internationalisation project (i.e. 150%)
 - Flat industry - make the industry options as a one dropdown instead of two
 - ❖ ESG agreed and will amend the industry listings
 - Financial information required is too detailed (some companies may not recall, or the person in-charge to take the survey may not be the one handling financials and will drop off)
 - Can be reduced and possibly mirror tax submissions for familiarity (i.e. revenue, COGS, profit after tax)
 - ❖ ESG and BDO agreed not to change financial factors analysed (which will determine the company's financial capabilities) but some fields have been amended as they are deemed easier to recall by BAs and business owners (e.g. COGS versus Gross Profit Margin)
 - Potential for questionnaire to be customised by industry, country of internationalisation and/or market entry method to be more comprehensive (i.e. to add for specific certifications and standards)
 - ❖ ESG and BDO will not be able to divide the results by industry/market of expansion due to lack of data. ESG's main intention is also to educate company in general rather than diving into specific sectors



FORMULATION + VALIDATION

Validation FGDs

Feedback about customised report (consolidated responses; in no particular order):

- **Flow and organisation**
 - Overall length is too long for some participants, resulting in confusion
 - There should be clearer segregation between different section of the report (i.e. colours, cover page for different sections, and table of contents)
 - ❖ ESG and BDO agreed to add more colours and table of contents. However, cover page for different sections will not be added as it will further lengthen the report
 - Summary page of company's score (radar map) and top/key pointers for the company's immediate next steps (min. 1 page, max. 5 page)
 - Identify low-hanging fruits for motivation
 - Identify urgent areas (ST/LT, 4-5, ROI) - or ask SMEs to prioritise
 - Potentially group by business functions / areas
 - ❖ ESG and BDO agreed to have this summary page, however it will not be grouped by business functions/area, rather by the rank of factors importance (r-value)
 - Can collapse the different sections and reduce repetition if recommendations were more directly linked to the resources
 - Annex is useful and could be brought upfront for some, since it contains everything
 - ❖ ESG and BDO agreed to keep annex at the back of the report as the recommendations and key actions should be highlighted to business owners first
 - To add roadmap template for companies to complete for discussion with BAs. Some FGD Participants also mentioned that it will be good to include case study by industry, or similar stage company for reference
 - ❖ ESG and BDO agreed not to include case study as it will further lengthen the report. For roadmap, BAs can develop it with companies during their discussion instead of putting it in the report



FORMULATION + VALIDATION

Validation FGDs

Feedback about customised report (consolidated responses; in no particular order):

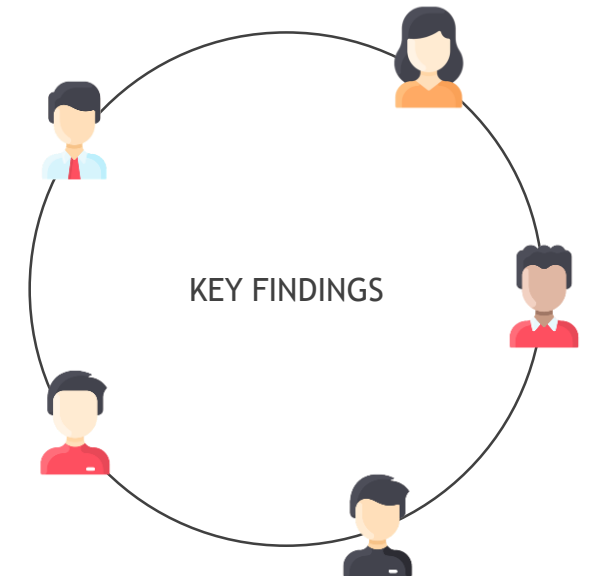
- **Scoring**

- FGD participants felt that current scoring approach is too obscure and they would prefer something more direct
- Physical score can be given as it will provide more context to the recommendations. FGD participants also felt that physical score will not be sensitive to business owners
 - Physical score rather than a symbol
 - Score must have clear and specific benchmark so that the score means something
 - Benchmark against industry peers of similar revenue, or country of internationalisation, or companies in similar state

❖ ESG and BDO agreed to change the score to be more informative. However, benchmarking will be a limitation as more data will be required

- **Recommendations**

- In addition to highlighting areas of importance, it will be good to mention what company has done well in
 - ❖ BDO will highlight this in the annex' preamble so as not to further lengthen the report (i.e. no recommendation will be triggered if business owner has done well)
- Prefer specific advice tailored to their industry, country of internationalisation
 - ❖ This is a current limitation as there is insufficient data on different industries
- There should be clear next steps for business owners.
 - BA/consultant contact information; contact channel
 - For business owner to be contacted
 - Direct link from recommendations to the programmes and grants
 - Cut to the chase and go straight to actionable items
 - ❖ ESG and BDO agreed that the report can give a more actionable items (i.e. programmes, BA officers appointment) to direct business owners for next steps. However, currently business owners will need to take action (active approach) rather than be contacted (passive)



FORMULATION + VALIDATION

Validation FGDs

Feedback about customised report (consolidated responses; in no particular order):

- **Resources**

- Current resources are good for companies who is just starting out. It serves as a common knowledge for firms which have done some form of research (more of a reference point)
 - Resources should be tailored to their industry, country of internationalisation and stage of internationalisation
 - Good to also include resources outside of ESG to have a more robust compilation (e.g. banks' bridging loans, law/accounting firms, etc)
- ❖ This is a current limitation as there is insufficient data on different industries and market of expansion.
- ❖ ESG might have concerns including market/non-ESG resources for fear of 'representing' some companies and not others. Nonetheless, the list of resources can be updated as and when necessary, should ESG wish to include market/non-ESG resources



FORMULATION + VALIDATION

Formulation of Internationalisation Readiness Framework, Diagnostic Questionnaire & Report





INTERNATIONALISATION READINESS TOOLKIT

For the final internationalisation readiness toolkit (questionnaire, logic, recommendations), please refer to our excel sheet.

INTERNATIONALISATION READINESS TOOLKIT

Customised Report

INTERNATIONALISATION TOOLKIT REPORT

Company name
Date

HOW TO USE THIS TOOLKIT?

Internationalisation is a venture that requires commitment and resources. Interested to expand beyond Singapore are encouraged to plan ahead and they are sufficiently prepared before going abroad. This customised report snapshot assessment of a company's readiness for overseas expansion measured in 4 key components that chart a typical internationalisation journey.

C → O → R →

Internationalisation is an important venture for most companies. To start, we will need to understand the mindsets and objectives of key decision makers, as this would set the basis for the entire internationalisation journey.

Sub-components:

- Intentions
- Management Culture
- Company Composition

Aside from understanding decision makers of the company, it is also important to understand the internal processes of the firm. Current operations need to be robust before the company can channel resources to expansion.

Sub-components:

- Financial Health
- Working Environment
- Operations & Logistics

As you prepare to internationalise, bear in mind that the overseas market may be very different from what you are familiar with. Understanding the new business environment will be an imperative next step.

Sub-components:

- Knowledge of Overseas Markets
- Networks & Resourcefulness
- Product Fit

Putting effects plan and after a necessary inform.

Sub-components:

- Executive
- Internal
- Team
- Resources

Areas of improvement

The areas of improvement identified from each component will be the set of resources below. Companies are encouraged to use these resources to embark on their internationalisation journey.

1 Research in-market opportunities

2 Build capabilities for internationalisation + Groom your talent

3 Explore in-market opportunities

REPORT SUMMARY

It's great that you want to internationalise and have a country in mind. Currently, however, you need to improve your management and company capabilities for internationalisation.

Stable local operations will form the foundation for overseas expansion. Immediate attention needs to be given to robust local operations and business structure.

The overseas market may be very different from what you know. Therefore, you should definitely consider doing ground research before expanding overseas.

Having robust and well-thought-out execution plans for internationalisation. While it seems that you are planning, there are some areas you might need to improve.

Top 3 areas you will need to work on:

- 1. Product Fit**
Understanding the product market fit is necessary to ensure there is demand for your product in the new market. Follow steps in the Export Guide to explore factors that affect product fit for the targeted market segment and other considerations.
- 2. Internationalisation Team**
Invest in a team of competent and driven employees to navigate the foreign business landscape. Use the Global Talent Programme to build a strong pipeline of employees equipped with in-market experience and relevant skills.
- 3. Financial Health**
Prior to overseas expansion, you should have strong financial health to support this venture. Connect with an SME centre to get your capabilities for internationalisation through semi-structured group-based diagnosis.

Common resources:

Multi-platform e-Commerce Programme (MEP)

Market Guides

SME Business Advisor Consultations

COMPONENT ASSESSMENT

RESEARCH

Attention needed

The overseas market may be very different from what you know. It is important to get ground research done prior to setting up business. You have done some overseas research, do dive deeper into the market before internationalising.

- R1. KNOWLEDGE OF OVERSEAS MARKET**
Business owners are recommended to do extensive market research before expanding. Therefore, extensive research is recommended to ensure that business owners can make informed decisions.
- R2. NETWORKS & RESOURCEFULNESS**
Having a varied network will help businesses to get a better understanding of the overseas market. It is recommended that you expand your network so that you can leverage experiences and expertise as you enter the market.
- R3. PRODUCT FIT**
Understanding the product market fit is necessary to assess if your product in the new market. It is recommended that you evaluate if your value proposition can meet your customer's needs and preferences. Having a unique value proposition will be a great advantage over local competitors.

RESOURCES

1 Research in-market opportunities

2 Build capabilities for internationalisation

3 Explore in-market opportunities

4 Match with partners & projects

BUILD CAPABILITIES + GROOM YOUR TALENT

Develop capabilities for internationalisation and bring out the best in your people.

Business Advisory and Capability Seminars by SME Centres
Book an appointment with Business Advisors from any of the SME Centres to identify and address potential business needs.

- > [SME Centre @ Association of Small & Medium Enterprises](#)
- > [SME Centre @ Singapore Chinese Chamber of Commerce & Industry](#)
- > [SME Centre @ Singapore Indian Chamber of Commerce & Industry](#)
- > [SME Centre @ Singapore Malay Chamber of Commerce & Industry](#)
- > [SME Centre @ Singapore Manufacturing Federation](#)

Global Talent Mobility Guides
Get a quick overview of all HR-related considerations in your market of choice before deploying talent overseas.

- > [Global Talent Mobility Guide for China](#)
- > [Global Talent Mobility Guide for India](#)
- > [Global Talent Mobility Guide for Indonesia](#)
- > [Global Talent Mobility Guide for Vietnam](#)

Go

Training Programmes for Internationalisation
Equip your Talents with iSkills through curated training programmes for internationalisation.

Go

Global Ready Talent Programme (GRT)
Build a talent pipeline to compete effectively in global markets.

Go

Professional Conversion Programme (PCP) - Southeast Asia-Ready Talent
Attract experienced individuals to strengthen your talent pool for regional business expansion.

Go

ASEAN Leadership Programme (ALP)
Develop an in-depth understanding of the latest business trends across Southeast Asia, and build a solid network of regional business contacts.

Go

For the actual report sample, please refer to our PDF Template.



INTERNATIONALISATION READINESS TOOLKIT

Limitations and Suggested Future Improvements

Limited, localised research on internationalisation of Singaporean firms

There is limited research on internationalisation of specifically Singaporean firms. As such research forms the basis of literature review, we gathered data from academic research (not limited to Singapore only) and conducted our own survey to determine the relationship of these factors to the success of internationalisation. We managed to obtain a final 73 completes (attempted internationalisation) for the 50-question survey - a tension we held between collecting more responses and collecting insightful responses. Out of these 73 responses, 59 were categorised into internationalisation success/failure and form the basis of our study.

Moving forward, as we gather more responses, the impact of random error is reduced. This would decrease the p-value (probability of random error), allowing us to be more confident of the correlation (r-value) between the factor and internationalisation success. This will highlight the strong factors of success and omit any falsely identified correlations. With more responses collected in future, we could possibly give Singaporean firms industry-specific and/or market-specific benchmarks and recommendations.

Therefore, a suggested future improvement would be an opt-in survey for business owners who have indicated that they have attempted internationalisation before.

Limited open-ended questions

Due to the nature of the toolkit (scoring users and providing recommendations for areas in which they lack), we were unable to incorporate open-ended questions. Moving forward, depending on the platform which this toolkit is hosted on, there is a possibility of including open-ended questions to be analysed. Eventually, such questions can be scored, and a targeted recommendation can be generated.

Please refer to Appendix F for the suggested future improvement (end-survey for business owners who have attempted to internationalise previously).

ALIGNMENT

Training Session



**Final Training Session with
SME BAs and SBF Global
Connect Officers**

Date : 30 Nov 2020
Time : 3PM-4.30PM

**For the slides shared during the meeting,
please refer to Appendix G.*



APPENDIX A

Internationalisation Factors



APPENDIX A

Research papers + Citations

- Donders K., Enli G., Raats T., & Syvertsen T. (2018). Digitisation, internationalisation, and changing business models in local media markets: an analysis of commercial media's perceptions on challenges ahead, *Journal of Media Business Studies*
- Wittkop A., Zulauf K., Wagner R. (2018). How Digitalization Changes the Internationalization of Entrepreneurial Firms: Theoretical Considerations and Empirical Evidence
- Roxas H., Chadee D. (2011). A Resource-Based View of Small Export Firms' Social Capital in a Southeast Asian Country
- Dana L.P., Hamilton R.T., Wick K. (2008). Deciding to export: An exploratory study of Singaporean entrepreneurs
- Eduardesen J. (2019). Internationalisation through digitalisation: The impact of E-commerce usage of internationalisation in small-and medium-sized firms
- David J.P., Guillaume C. (2014). Evaluating the Firm's Readiness for Internationalization: from the Design to the Application of an International Qualification Framework
- Belniak M. (2015). Factors Stimulating Internationalisation of Firms: An Attempted Holistic Synthesis
- Mustafa M.J., Ramos H.M., Chen S. (2013). Internationalisation pathways of small Singaporean family firms: A socio-cultural perspective
- Fodor V. (2017). Does digitalization drive firms' internationalization?
- Rodriguez V., Barcos L., Alvarez M. J. (2010). Managing risk and knowledge in the internationalisation process
- OECD (2009). Top Barriers and Drivers to SME Internationalisation, Report by the OECD Working Party on SMEs and Entrepreneurship, OECD
- Tan A., Liesch P., Brewer, P. (2006). Analysing the Internationalisation Readiness of Firms
- Cerrato D., Piva M., (2010). The internationalization of small and medium-sized enterprises: the effect of family management, human capital, and foreign ownership
- Gerschewski S., Rose E.L., Lindsay V.J. (2014). Understanding the drivers of international performance for born global firms: An integrated perspective



APPENDIX B

Survey Questionnaire



APPENDIX C

Calculation methods

APPENDIX C

Pearson Correlation

$$r = \frac{\sum (x_i - \bar{x}) (y_i - \bar{y})}{\sqrt{\sum (x_i - \bar{x})^2 \sum (y_i - \bar{y})^2}}$$

Term	Description
x_i	First variable
\bar{x}	Sample mean for first variable
s_x	Standard deviation for the first variable
y_i	Second variable
\bar{y}	Sample mean for second variable
s_y	Standard deviation for the second variable
n	Sample size

APPENDIX C

Point Biserial Correlation

$$r = \frac{\sum(X - \bar{X})(Y - \bar{Y})}{\sqrt{\sum(X - \bar{X})^2 \sum(Y - \bar{Y})^2}}$$

Term	Description
X	First variable
\bar{X}	Sample mean for first variable
Y	Second variable
\bar{Y}	Sample mean for second variable



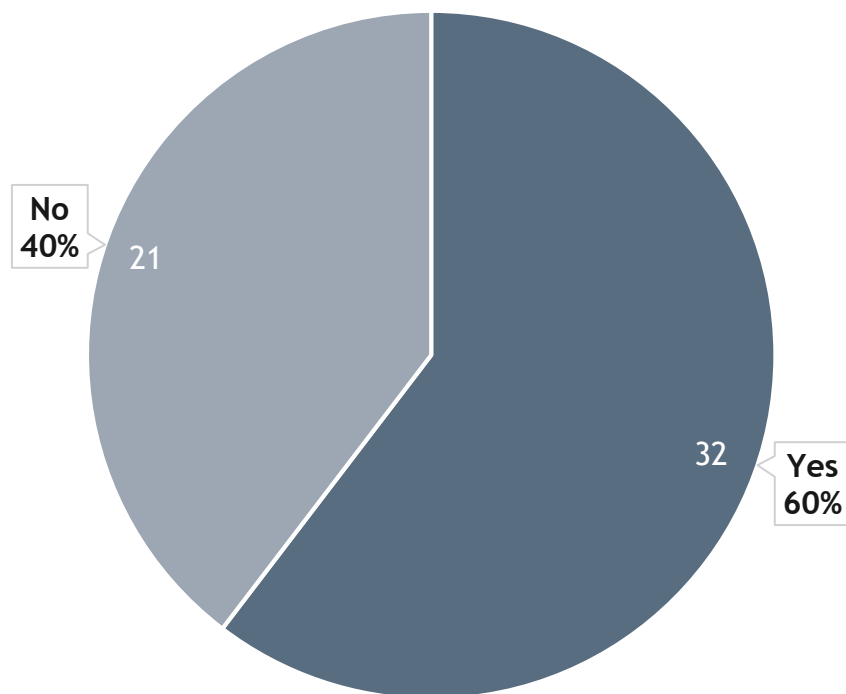
APPENDIX D

Survey findings: Business owners who did not attempt to internationalise

APPENDIX D

Survey findings: Business owners who did not attempt to internationalise (n=53)

Have you considered internationalising?

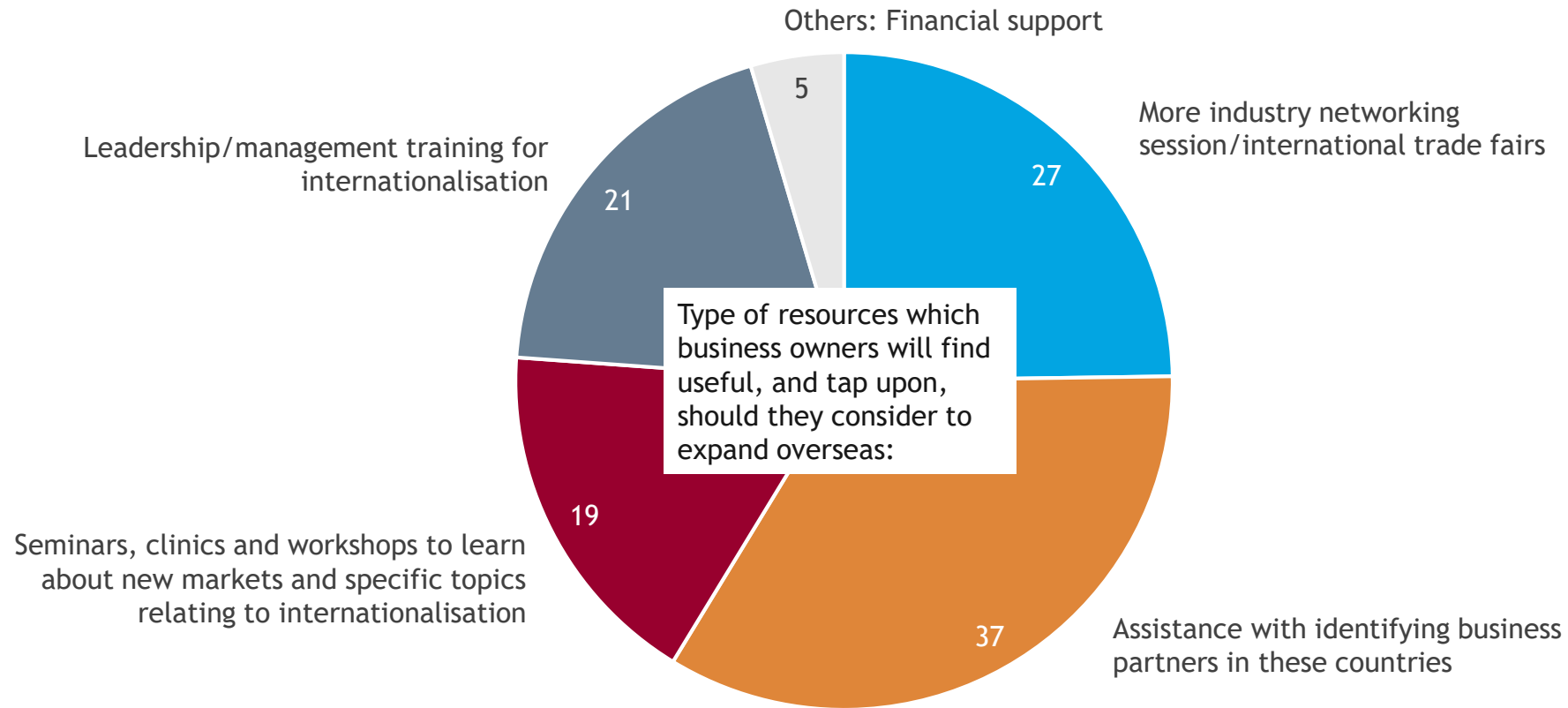


Top reasons for not considering internationalisation:

- 1 Lack of financial resources (32)
- 2 Lack of international business network (19)
- 3 Do not know how to go about internationalisation (18)
- 4 Foreign bureaucracy and red tape (16)
- 5 Lack of international experience (15)
- 6 Higher risks in international operations (12)
- 7 Others (19)
 - Product / service not of an international level or standard
 - No international demand for products
 - No international orientation of decision makers
 - Strong competition in foreign markets
 - Wish to stay solely in Singapore market
 - Not relevant / not yet at this stage
 - ESG withdraw our grant application due to COVID

APPENDIX D

Survey findings: Business owners who did not attempt to internationalise (n=53)





APPENDIX E

Factor Weightage Calculations

APPENDIX E

Factor weightage calculations

C	Factor A	0.302	=	FIXED 90%	+	VARIABLE 10%
	Factor B	0.422	=		+	
O	Factor C	0.644	=	FIXED 90%	+	VARIABLE 10%
	Factor D	0.156	=		+	
R	Factor E	0.604	=	FIXED 90%	+	VARIABLE 10%
	Factor F	0.711	=		+	
E	Factor G	0.110	=	FIXED 90%	+	VARIABLE 10%
	Factor H	0.030	=		+	

Sample correlation value

How is the 90-10 ratio derived?

1. Decide how many significant factors based on r-value
2. Average ratio of significant Qn : total Qn in each component [e.g. 1:5]
3. Decide on average how much more weight should be given to significant factors as opposed to non-significant factors [Let's say ok with equal to 2.5x more weight, then average is 1.8x]
4. $(\text{average more weight given to sig})[3] / (\text{average ratio})[2] = F/V \text{ ratio [e.g. 90:10]}$

Note:

Adjusting [3] will affect the amount of additional weightage given to the significant factors in a specific component.



APPENDIX F

Suggested Improvement (End survey)



APPENDIX G

Training Slides & Recording

INTRODUCTION

What's this toolkit about?

- Questionnaire designed for business owners to attempt on their own time, to assess their readiness for internationalisation using a CORE Internationalisation framework
- Customised readiness report generated upon completion of questionnaire, comprising recommendations for the company to take prior to internationalisation and collection of ESG resources

Why is it valuable for you?

- Gives context before meeting with business owner (key company information, how the company is currently faring)
- Save time with manual explanation and ready set of resources
- Quick analysis on company performance



THE 'C.O.R.E' FRAMEWORK

How do we assess their readiness?



THE 'C.O.R.E' FRAMEWORK

What lies within

C

ompany Foundations

Internationalisation is an important venture for most companies. To start, we will need to understand the management (i.e. the mindsets and objectives of key decision makers), as this would set the basis for the entire internationalisation journey.

Sub-components:

- General Company Information
- Intentions
- Management Culture
- Company Composition

O

perations

Aside from understanding decision makers of the company, it is also important to understand the internal processes of the firm. Current operations need to be robust before the company can channel resources to expansion.

Sub-components:

- Financial Health
- Working Environment
- Operations & Logistics

R

esearch

As you prepare to internationalise, bear in mind that the overseas market may be very different from what you are familiar with. Understanding the new business environment will be an imperative next step.

Sub-components:

- Knowledge of Overseas Markets
- Networks & Resourcefulness
- Product Fit

E

xecution Plans

Putting together an effective and robust plan can only be done after acquiring the necessary and important pieces of information.

Sub-components:

- Execution Strategy
- Internationalisation Team
- Resources & Risk

Each sub-component is made up of one or more factors.
Factors > Sub-components > Components

QUESTIONNAIRE & FACTORS

C

- Depending on their answers, different questions will be asked to different users.

QN	QUESTION	EXPLANATION	RESOURCES
GENERAL COMPANY INFORMATION			
1	Company Name	-	
2	Industry	-	
★ 3	Year of Establishment	Factor: Firm age (at the point of internationalisation) A younger firm age at the point of internationalisation indicates a 'born global' firm. Such firms tend to be more prepared for internationalisation as they were established with the intentions of global expansion. Therefore, their business operations and internal SOPs will be geared towards their eventual goal of internationalisation.	<ul style="list-style-type: none">Research in-market opportunities
4	Have you attempted to internationalise before? <i>(i) Internationalisation refers to the action of intentionally, purposefully taking steps to bring or expand your business overseas. For example, deliberately seeking out overseas customers for export sales, setting up entity in foreign land, entering a joint venture overseas, etc.</i> <input type="radio"/> Yes <input type="radio"/> No	Knowing whether or not the firm has internationalised before will give some context and an indication of how experienced the business owner is with internationalisation. The following questions will also provide some background information on the company's previous internationalisation foray.	
4.1	If yes, which year did you first attempt to internationalise?	If the firm has attempted internationalisation before, we will use this result to determine firm age (Qn 3 above).	

QUESTIONNAIRE & FACTORS



QN	QUESTION	EXPLANATION	RESOURCES
INTENTIONS - The following questions aim to understand your company's current level of foreign exposure and the broad plans you have for internationalisation.			
4.2	If yes, which countries have you attempted to internationalise to?	-	
4.3	If yes, have you earned any overseas revenue in the target country?	-	
5	I intend to internationalise in the: <ul style="list-style-type: none">○ Short term (within the next 12 months)○ Long term	-	
6	Why not in the short term? Check all that apply. <ul style="list-style-type: none"><input type="checkbox"/> Uncertain economic and political conditions<input type="checkbox"/> Cultural and language differences<input type="checkbox"/> Foreign exchange risks<input type="checkbox"/> Lack of knowledge on market opportunities and customer requirements<input type="checkbox"/> Lack of information on regulation and tax policies in target market (e.g. export/import regulations and documentations)<input type="checkbox"/> Unable to find suitable business partners and contacts in target market<input type="checkbox"/> Lack of infrastructure and supporting services in target market<input type="checkbox"/> Unable to secure bank loans for overseas expansion<input type="checkbox"/> Rising operating costs in target market (e.g. manpower, rentals, taxes)<input type="checkbox"/> Cost of products / services is higher than competitors<input type="checkbox"/> Branding of products/ services is weaker than competitors<input type="checkbox"/> Difficulty in hiring Singaporeans for overseas job scope<input type="checkbox"/> Difficulty in sourcing for locals to support overseas market operations<input type="checkbox"/> Others, please specify:	-	

QUESTIONNAIRE & FACTORS



QN	QUESTION	EXPLANATION	RESOURCES
INTENTIONS			
★ 7	<p>Do you have a country in mind to internationalise to? If so, where?</p> <p><i>Note: There will be country-specific recommendations and questions, therefore, please only select one country. However, feel free to re-do the survey for the second country.</i></p> <ul style="list-style-type: none"> ○ I do not have a country in mind ○ Country list (dropdown) 	<p>Having a country in mind is a necessary step for companies. If the company wants to internationalise but does not know where to go, it hinders their preparation and therefore his/her scores for 'R' and 'E' will be halved.</p>	<ul style="list-style-type: none"> • Research in-market opportunities • Explore in-market opportunities
7.1	<p>If you have a country in mind, have you embarked on any business activities that generate >\$100k overseas revenue per year in the target country over the last 3 years?</p> <ul style="list-style-type: none"> ○ Yes ○ No 	<p>If the company answers 'Yes', it would mean that they already have substantial export sales to the target country. The company can then consider two things:</p> <ul style="list-style-type: none"> • Should they be expanding into this country since they already have substantial sales prior to internationalisation? • What is the potential market in this country, such that it justifies further expansion into the country? 	
★ 8	<p>Have you embarked on any activities that generate overseas revenue in other countries?</p> <ul style="list-style-type: none"> ○ Yes ○ No 	<p>Should the company not have a country in mind, but has overseas activities that generate revenue, they can consider internationalisation to these countries because they already have some proven demand from local customers.</p>	

QUESTIONNAIRE & FACTORS

C

QN	QUESTION	EXPLANATION	RESOURCES
INTENTIONS			
★ 9	<p>What are your main reason(s) for wanting to internationalise? Check all that apply.</p> <ul style="list-style-type: none"><input type="checkbox"/> Domestic market is saturated (0)<input type="checkbox"/> Intense competition in domestic market (0)<input type="checkbox"/> Rising costs and reduced margins (0)<input type="checkbox"/> Directive from authority (0)<input type="checkbox"/> Realisation of potential niche markets overseas (1)<input type="checkbox"/> Ability to increase profit margin through economies of scale (1)<input type="checkbox"/> Already had the intentions to internationalise from the get-go (1)<input type="checkbox"/> Presence of social, professional and/or familial network overseas (1)<input type="checkbox"/> Unexpected opportunity that arose through local network (1)<input type="checkbox"/> Have established sales in the overseas market (1)	<p>Factor: Push/pull reasons to internationalise Business owners who have strong ‘pull’ reasons to internationalise are motivated by attractive markets and opportunities overseas, rather than the ‘lack’ of domestic market and opportunities. As their intentions are more ‘proactive’ rather than ‘reactive’, they are generally more prepared and motivated to internationalise.</p>	

QUESTIONNAIRE & FACTORS



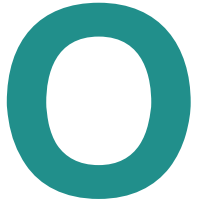
QN	QUESTION	EXPLANATION	RESOURCES
MANAGEMENT CULTURE - The following are scenario-based questions pertaining to management style in the organisation. Management style plays an important role in setting workplace culture and business growth. Do give your top of mind answer to each question.			
★ 10	<p>When it comes to planning for company strategy, it is important to discuss with my staff.</p> <ul style="list-style-type: none"> ○ Scale 1-5 (1 - Strongly Disagree; 5 - Strongly Agree) 	<p>Factor: Openness trait Research shows that it is ideal for management to be decisive and take the lead when it comes to strategic decisions such as deciding where to internationalise to. Being indecisive and constantly seeking opinion from ground staff for strategic decisions might be counter-productive.</p>	<ul style="list-style-type: none"> • Build capabilities for internationalisation + Groom your talent
★ 11	<p>When you assign a task, how much detail do you typically provide?</p> <ul style="list-style-type: none"> ○ Only an objective and a deadline (0) ○ Step by step instructions to accomplish the task (2) ○ Some suggestions on how to proceed (1) 	<p>Factor: Degree of employee empowerment A score is generated from questions 11 and 12; higher score indicates a lack of employee empowerment/culture of micromanagement. In terms of preparing for a large venture like internationalising, management should empower employees to make decisions and run operations. Otherwise, the growth and expansion of the company could be hindered.</p>	<ul style="list-style-type: none"> • Build capabilities for internationalisation + Groom your talent
12	<p>When an employee is struggling, what is usually your first response?</p> <ul style="list-style-type: none"> ○ Encourage independent learning and let the employee work it out (0) ○ Jump in and try to help as best you can (1) ○ Reassign the employee and do the task yourself (3) ○ Ask the employee if he or she needs help (0) 	<p>(similar to above)</p>	

QUESTIONNAIRE & FACTORS



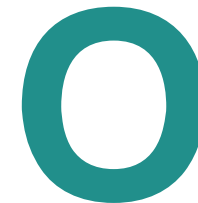
QN	QUESTION	EXPLANATION	RESOURCES
COMPANY COMPOSITION - According to extensive research, the size of the firm and its management composition plays an important role in how the company internationalises.			
13	Number of personnel in management	Factor: Firm Size	
14	Number of employees	(similar to above)	
★ 15	Percentage of foreign stockholders	Factor: Degree of foreign shareholders While we cannot tell firms to 'hire foreign stockholders', having foreign stockholders is a signal that the firm's management is more predisposed to an international outlook and therefore, overseas expansion.	<ul style="list-style-type: none">• Match with partners and projects
★ 16	Percentage of stockholders who are family members	Factor: Degree of family management As family members, stockholders will need to be mindful of family commitments and relationships, especially between generations. These would impact the speed and route of internationalisation. While we cannot tell family-run firms to 'fire' family members, it might help them to engage third party consultants to oversee the expansion plans.	<ul style="list-style-type: none">• Match with partners and projects
★ 17	Do you have firsthand experience in this intended market? Check all that apply. <input type="checkbox"/> I am originally from this country (from another country) (1) <input type="checkbox"/> I have lived/worked/studied there (in another country) (1) <input type="checkbox"/> I can speak the language (0) <input type="checkbox"/> I have no experience in this country (no overseas experience) (0)	Factor: Firsthand experience in specific country 'Firsthand' experience only counts if the business owner has stayed in the particular country long term. This exposes him/her to the culture and practices of the country, which will help him/her in navigating the business arena. Similarly, if the company does not know where to go, this can be a starting point of consideration.	<ul style="list-style-type: none">• Research in-market opportunities• Build capabilities for internationalisation + Groom Your Talent

QUESTIONNAIRE & FACTORS



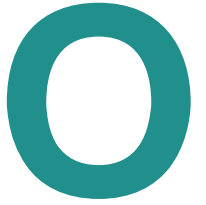
QN	QUESTION	EXPLANATION	RESOURCES
★ FINANCIAL HEALTH - The following questions pertain to your latest Financial Year (FY).			
18.1	Total Sales	This will be used together with COGS and Net Profit to calculate the Gross Profit Margin (GPM) and Net Profit Margin (NPM), respectively.	• Build capabilities for internationalisation + Groom Your Talent
18.2	Percentage Overseas Sales	Factor: Prior overseas sales (regardless of whether or not it is in the country of expansion) Companies with overseas sales have some prior experience in a foreign market. Such prior knowledge makes them more equipped for internationalisation. For such companies, they might also want to consider internationalisation to these countries in order to capture a larger share of these markets (markets where they have established some proven demand, and a potential to grow).	
18.3	Cost of Goods Sold (COGS)	This will be used to calculate GPM.	
	Gross Profit Margin (GPM)	Factor: Gross profit margin (GPM) $(\text{Total Sales} - \text{COGS}) / \text{Total Sales} = \text{GPM}$ Gross profit margin measures the degree to which a company earns for each dollar earned, after deducting all cost attributed to rendering the goods or service. A higher margin creates a larger buffer to remain profitable should fixed costs/operating expenses in target company be large, allowing the company to be more prepared for internationalisation.	

QUESTIONNAIRE & FACTORS



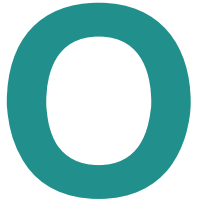
QN	QUESTION	EXPLANATION	RESOURCES
FINANCIAL HEALTH - The following questions pertain to your latest Financial Year (FY).			
18.4	Total Equity (i) Total shareholder capital and retained earnings	This will be used to calculate Debt-to-Equity Ratio (D/E ratio).	<ul style="list-style-type: none"> Build capabilities for internationalisation + Groom Your Talent
18.5	Total Asset (i) Sum of all company's owned resources (e.g. property, cash, accounts receivable, inventory, etc)	This will be used to calculate Debt-to-Equity Ratio (D/E ratio).	
	Debt/Equity Ratio (D/E Ratio)	<p>Factor: Debt-to-Equity Ratio (D/E ratio)</p> <p>Total Assets - Total Equity = Total Liabilities</p> <p>D/E ratio = Total Liabilities / Total Equity</p> <p>Companies who have a higher D/E ratio means that they are financing more of their operations using debt instead of shareholder capital. While it is good to capitalise on leverage for expansion, having too much leverage might cause financial strain when these debt fall due, or the recurring interest that has to be financed, affecting the preparedness of companies in internationalisation.</p>	
18.6	Net Profit after Tax	A higher net profit allows for a larger retained earnings sum, providing additional funds to further finance international expansion should the need arise, causing companies to be more prepared	

QUESTIONNAIRE & FACTORS



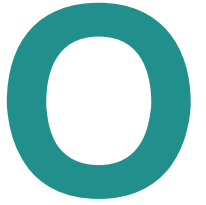
QN	QUESTION	EXPLANATION	RESOURCES
FINANCIAL HEALTH - The following questions pertain to your latest Financial Year (FY).			
	Net Profit Margin	Factor: Net profit margin (NPM) $\text{Net Profit after Tax} / \text{Total Sales} = \text{NPM}$ Net profit margin measures the bottom line of each company after accounting for all expenses incurred from total revenue earned. Company that has a higher NPM has higher operational efficiencies and profitability, which allow the company to be more financially prepared before expanding overseas	<ul style="list-style-type: none">Build capabilities for internationalisation + Groom Your Talent
19	R&D Expense <i>(i) The historical amount spent on research and development</i>	Factor: Return on research capital (RORC) $(\text{Total Sales} - \text{COGS}) / \text{R\&D Expenses} = \text{RORC}$ Entering a new market will require company to ensure that their offerings are relevant and differentiated (i.e. localisation) to suit customers' taste in the new market. Return on research capital (RORC) is a calculation used to assess the revenue a company brings in as a result of expenditures made on research and development (R&D) activities, how effectively is the company able to use R&D to improve their offering. Being effective in doing so cause companies to be more prepared when entering a new market	<ul style="list-style-type: none">Build capabilities for internationalisation + Groom Your Talent

QUESTIONNAIRE & FACTORS



QN	QUESTION	EXPLANATION	RESOURCES
WORKING ENVIRONMENT - The following questions relate to how the company creates an environment for their employees to excel in their work.			
20	What is your annual learning & development budget per employee? Type '0' if not applicable.	Factor: Learning and development Expanding overseas requires new skillsets, knowledge, and exposure. Companies should encourage their employees to upskill. This will better equip them, develop their capabilities and improve their overall performance. The new knowledge/exposure gained will further support the company during internationalisation.	<ul style="list-style-type: none">• Build capabilities for internationalisation + Groom Your Talent
21	On a scale of 1-5, how clear and extensive are your Human Resource (HR) Standard Operating Procedures (SOPs) for your local operations (e.g. segregation of duties, clear job description for each employee, etc)? ○ Scale 1-5 (1 - No clear SOPs; 5 - Very clear SOPs)	Factor: HR SOPs Having established HR SOPs and structure is crucial. Companies should have clear job descriptions, assignments, and standards in place. This gives employees clear directions and allows them to focus.	<ul style="list-style-type: none">• Build capabilities for internationalisation + Groom Your Talent

QUESTIONNAIRE & FACTORS



QN	QUESTION	EXPLANATION	RESOURCES
OPERATIONS & LOGISTICS - The following questions aim to understand your current company's business model, systems and processes.			
22	<p>On a scale of 1 - 5, how streamlined and optimised are your operations (e.g. clear operational and logistical SOPs, system continuously monitor and improve process)?</p> <ul style="list-style-type: none"> ○ Scale 1-5 (1 - Least clear; 5 - Most clear) 	<p>Factor: Operations SOPs</p> <p>Having logistics and operation procedures in place signals that the company processes are streamlined and optimised. When this is in place, companies are able to scale up more effectively and can focus on the internationalisation project while things run its course in the local market.</p>	<ul style="list-style-type: none"> • Research in-market opportunities • Explore in-market opportunities • Build capabilities for internationalisation + Groom your talent
23	<p>What are your current sales channels?</p> <ul style="list-style-type: none"> <input type="checkbox"/> Store front (i.e. direct sales) <input type="checkbox"/> Distributor (e.g. OEM, resellers) <input type="checkbox"/> Wholesaler <input type="checkbox"/> Third-party online sales (i.e. e-commerce platforms, social media) <input type="checkbox"/> Own online platforms (e.g. own website, e-payment channel, application) 	<p>Factor: Current sales channels</p> <p>In this day and age, having an online sales channels is crucial for companies to establish presence overseas. Without which, it will be difficult for overseas customers to reach out to the business. Simultaneously, it also allows companies to reach out to overseas customers and understand where the highest demand could potentially come from before deciding on a market to expand to.</p>	<ul style="list-style-type: none"> • Research in-market opportunities • Explore in-market opportunities
★ 24	<p>On a scale of 1 - 5, to what extent are your current business operations digitalised (e.g. enabling digital transactions, processes, software, documents, etc)?</p> <ul style="list-style-type: none"> • Scale 1-5 (1 - Little to no digitalisation; 5 - Fully digitalised) 	<p>Factor: Degree of digital adoption</p> <p>Companies who adopt digitalisation in their processes, decision-making and/or marketing can potentially integrate their systems across borders. This makes reaching overseas customers faster and also primes the company for internationalisation.</p>	<ul style="list-style-type: none"> • Build capabilities for internationalisation + Groom your talent

QUESTIONNAIRE & FACTORS

R

QN	QUESTION	EXPLANATION	RESOURCES
KNOWLEDGE OF OVERSEAS MARKET			
★ 25	<p>Which of the following market entry methods do you know of?</p> <ul style="list-style-type: none"> <input type="checkbox"/> Distributorship (e.g. appointing overseas distributors or agents) <input type="checkbox"/> Collaborate with local companies (e.g. through joint venture, merger) <input type="checkbox"/> Set up branches / offices / subsidiaries in overseas markets (e.g. wholly owned foreign enterprise) <input type="checkbox"/> Acquire overseas company <input type="checkbox"/> Set up franchise / licensing permit <input type="checkbox"/> Export <input type="checkbox"/> Online platform (e.g. e-commerce, social media) <input type="checkbox"/> None of the above 	<p>Factor: Market entry method</p> <p>There are many different ways to enter an overseas market and there are pros and cons that come with each method. Knowledge of the different market entry methods will be an indication of how prepared and informed business owners are.</p> <p>Eventually, they should choose a market entry method that considers their objectives, business model and country of expansion.</p>	<ul style="list-style-type: none"> • Explore in-market opportunities • Match with partners and projects
26	<p>Which of the following market entry methods are you considering?</p> <ul style="list-style-type: none"> <input type="checkbox"/> MCQ of selected options above 	-	-
26.1	<p>If 'Online' is not selected, have you considered any online channels of entry?</p>	<p>In this day and age, businesses should consider digital means of entry to test the market. Although, this might occur in different forms for different businesses in different industries.</p> <p>For example, this might not be fully applicable to construction companies with heavy equipment and manpower.</p>	<ul style="list-style-type: none"> • Explore in-market opportunities

QUESTIONNAIRE & FACTORS

R

QN	QUESTION	EXPLANATION	RESOURCES
KNOWLEDGE OF OVERSEAS MARKET			
27	<p>Do you know the potential market size and growth for your products / services in the intended country of expansion?</p> <ul style="list-style-type: none"> ○ Yes ○ I don't know 	It is important for the company to have done some research on the potential market growth in the country they will be going to. This can help them to calculate the potential market they can capture, and determine internationalisation targets (e.g. is it worthwhile for them to venture overseas, etc).	<ul style="list-style-type: none"> • Research in-market opportunities • Explore in-market opportunities
★ 28	<p>How well do you know the competitors in your intended market of expansion?</p> <ul style="list-style-type: none"> ○ Scale 1-5 (1 - Least knowledgeable; 5 - Most knowledgeable) 	<p>Factor: Knowledge of competitors</p> <p>Greater knowledge of overseas competitors signals preparedness for internationalisation. Firms are also encouraged to conduct firsthand research on what overseas competitors are doing (e.g. marketing efforts, product range and selling points, etc) before assessing whether their offerings are unique and/or competitive in the new market.</p>	<ul style="list-style-type: none"> • Explore in-market opportunities • Match with partners and projects
29	<p>How well do you know the supplier market in your intended market of expansion?</p> <ul style="list-style-type: none"> ○ Scale 1-5 (1 - Least knowledgeable; 5 - Most knowledgeable) ○ NA 	<p>Factor: Knowledge of supplier market</p> <p>Although the company may have clear intentions to retain local suppliers, they should still look into the different supply chains and suppliers available in the overseas market. In the long run, they might consider partially or fully shifting to overseas suppliers for cost-savings and meeting the overseas demand.</p>	<ul style="list-style-type: none"> • Explore in-market opportunities • Match with partners and projects

QUESTIONNAIRE & FACTORS

R

QN	QUESTION	EXPLANATION	RESOURCES
KNOWLEDGE OF OVERSEAS MARKET			
30	<p>How well do you know the distribution channels of your products / services in your intended market of expansion (e.g. brick and mortar, agent, online delivery process)?</p> <ul style="list-style-type: none">○ Scale 1-5 (1 - Least knowledgeable; 5 - Most knowledgeable)○ NA	<p>Factor: Knowledge of distribution channels</p> <p>Knowing the overseas distribution network/channels is important in projecting costs and can help widen your customer reach. Some of the overseas distribution channels may be very different or unique to that country. Therefore, it would require business owner to do in-depth, prior research.</p>	<ul style="list-style-type: none">• Explore in-market opportunities• Match with partners and projects
31	<p>How well do you know the operating costs for your intended market of expansion (e.g. real estate cost, e-commerce subscription costs)?</p> <ul style="list-style-type: none">○ Scale 1-5 (1 - Least knowledgeable; 5 - Most knowledgeable)	<p>Factor: Operating costs</p> <p>Companies should have done some cost-benefit analysis prior to internationalisation. For operating costs, the company should look out for costs which are large (e.g. machine investment) and recurring (e.g. location rental). These need to be factored into their budget and cash flow planning.</p>	<ul style="list-style-type: none">• Explore in-market opportunities• Match with partners and projects

QUESTIONNAIRE & FACTORS

R

QN	QUESTION	EXPLANATION	RESOURCES
KNOWLEDGE OF OVERSEAS MARKET			
The following questions pertain to regulations in the overseas market.			
★ 32	<p>How well do you know human resource regulations in your intended market of expansion? (e.g. hiring regulations)</p> <ul style="list-style-type: none"> ○ Scale 1-5 (1 - Least knowledgeable; 5 - Most knowledgeable) ○ NA 	<p>Factor: Understanding market regulations (HR)</p> <p>Different countries have different regulations when it comes to hiring. Knowing the human resource regulations overseas is a must for firms who wish to set up a base overseas, and hire talent from the overseas market.</p>	<ul style="list-style-type: none"> • Research in-market opportunities • Build capabilities for Internationalisation + Groom your talent
33	<p>How well do you know the financial regulations in your intended market of expansion? (e.g. tax)</p> <ul style="list-style-type: none"> ○ Scale 1-5 (1 - Least knowledgeable; 5 - Most knowledgeable) 	<p>Factor: Understanding market regulations (financial)</p> <p>Different countries have different financial regulations. Tax laws are a prime example. Therefore, it is important for businesses to understand the different financial regulations.</p>	<ul style="list-style-type: none"> • Research in-market opportunities • Match with partners and projects
34	<p>How well do you know the requirements to set up a business in your intended market of expansion (e.g. mandatory ISO standards)?</p> <ul style="list-style-type: none"> ○ Scale 1-5 (1 - Least knowledgeable; 5 - Most knowledgeable) 	<p>Factor: Understanding market regulations (business requirements)</p> <p>Different countries have different business regulations. It could be a major setback if the company is all ready to go but realise they lack the necessary/mandatory standards/regulation to operate a business in said country, hindering the internationalisation process. This is also highly dependent on the nature of the business and industry.</p>	<ul style="list-style-type: none"> • Research in-market opportunities • Match with partners and projects

QUESTIONNAIRE & FACTORS

R

QN	QUESTION	EXPLANATION	RESOURCES
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NETWORKS & RESOURCEFULNESS

★ 35	<p>Networks can be very helpful in internationalisation. Which networks are you currently able to tap upon, for expansion into your intended market? Check all that apply.</p> <ul style="list-style-type: none"><input type="checkbox"/> Friends<input type="checkbox"/> Industry Peers<input type="checkbox"/> Consulting Advisory<input type="checkbox"/> Regulatory Bodies<input type="checkbox"/> Local Contacts<input type="checkbox"/> Customers<input type="checkbox"/> None	<p>Factor: Network</p> <p>Having the right “connections” can be very helpful for businesses in internationalisation, be it friends, industry peers or even, regulatory bodies like ESG. Business owners can leverage on these networks to gain better understanding of internationalisation, the market they are about to venture into and more.</p>	<ul style="list-style-type: none">• Explore in-market opportunities• Match with partners and projects
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QUESTIONNAIRE & FACTORS

R

QN	QUESTION	EXPLANATION	RESOURCES
PRODUCT FIT - The next few questions cover the key considerations to assess your product-market fit in the overseas market.			
36	<p>How well do you know the customers in your intended market of expansion (e.g. knowing their preferences, behaviour and how to engage them)?</p> <ul style="list-style-type: none"> Scale 1-5 (1 - Least knowledgeable; 5 - Most knowledgeable) 	<p>Factor: Knowledge of overseas customers</p> <p>The needs and preferences overseas customers may be very different from the company's local base of customers. Therefore, it is important for the business owner to understand these differences and tailor their product and/or marketing strategies to fit consumers (e.g. localisation strategy).</p>	<ul style="list-style-type: none"> Explore in-market opportunities Match with partners and projects
37	<p>How well do you know the standards required for your products / services in your intended market of expansion? (e.g. food safety standards or consumer electronic standards in the country)</p> <ul style="list-style-type: none"> Scale 1-5 (1 - Least knowledgeable; 5 - Most knowledgeable) 	<p>Factor: Understanding market regulations (products/services standards)</p> <p>The company needs to be very clear what are the market regulations for their products and/or services to be sold in the market. Without which, the company will not be able to sell their products and/or services.</p>	<ul style="list-style-type: none"> Build capabilities for internationalisation + Groom your talent
★ 38	<p>Do you think you have a competitive advantage in your intended market of expansion?</p> <ul style="list-style-type: none"> Yes No I don't know 	<p>Having a competitive advantage distinguishes the company from competitors. Without which, the company may find it difficult to grow or even survive.</p> <p>Also, it triggers fundamental questions on why they want to expand to that specific market in the first place. Business owners should consider and rethink their decision and first look to ESG resources or conducting firsthand research.</p>	<ul style="list-style-type: none"> Explore in-market opportunities

QUESTIONNAIRE & FACTORS



QN	QUESTION	EXPLANATION	RESOURCES
STRATEGY - The next three (3) questions cover the thoroughness of your planning before entering a new market.			
39	When did you start planning to expand your business overseas? Type current year (YYYY) if you have not started planning.	Factor: Planning time Internationalisation is a large venture and companies should do sufficient planning before embarking on internationalisation. If the planning time is too short, it begs the question of whether the company has overlooked key aspects. It will help to go through the toolkit and review their business model.	-
40	When do you intend to set up your business in your intended market?	Factor: Firm age (at the point of internationalisation) If the company has not attempted internationalisation before, we will calculate firm age based on when the business <i>intends</i> to internationalise. (linked to Qn 3)	<ul style="list-style-type: none">• Build capabilities for internationalisation + Groom your talent
 41	Do you have any contingency plans (e.g. an exit strategy, sensitivity analysis, etc) for internationalisation?	Factor: Contingency planning Companies who have contingency plans are better prepared to go overseas as they are more aware of possible circumstances that might derail the internationalisation project, and plan alternatives around it. Without contingency planning, more resources might be compromised in the long run.	<ul style="list-style-type: none">• Research in-market opportunities

QUESTIONNAIRE & FACTORS



QN	QUESTION	FACTOR & HYPOTHESIS	RESOURCES
INTERNATIONALISATION TEAM - Companies with a dedicated team focused on internationalisation will be able to better drive the expansion project.			
★ 42	Do you have employees tasked to look into internationalisation and focus on overseas expansion? ○ Yes ○ No	Factor: Dedicated team Having an internationalisation team with the right expertise and skillsets allows them to focus on (and drive) overseas expansion.	<ul style="list-style-type: none"> • Build capabilities for internationalisation + Groom your talent
42.1	If yes, do these employees have firsthand experience in your intended market of expansion (i.e. country of origin, worked/studied there before)?	Factor: Knowledge and experience in foreign markets (project team) Having employees with firsthand experience in the country of expansion would have local knowledge and can provide a local perspective on business expansion in the country.	<ul style="list-style-type: none"> • Build capabilities for internationalisation + Groom your talent • Explore in-market opportunities
42.2	If yes, do these employees have clear job descriptions and assignments?	Factor: Clear job description and assignment Setting clear job descriptions and assignments is important, especially for employees who have to juggle between international and local operations. This will help to ensure that they prioritise and remain focused on their tasks, and are able to meet their deadlines/KPIs.	<ul style="list-style-type: none"> • Build capabilities for internationalisation + Groom your talent

QUESTIONNAIRE & FACTORS



QN	QUESTION	FACTOR & HYPOTHESIS	RESOURCES
INTERNATIONALISATION TEAM - Companies with a dedicated team focused on internationalisation will be able to better drive the expansion project.			
42.3	If yes, do you encourage these employees to prioritise oversized gains that may not be guaranteed, over guaranteed small gains (risk-taking)?	Factor: Risk-taking and risk aversion Business owners should encourage internationalisation team members to take calculated risks and to think out of the box when expanding their business overseas. Having a team that fears failure and is highly risk-adverse may hinder potential gains and company's growth in the long run.	<ul style="list-style-type: none">• Build capabilities for internationalisation + Groom your talent
42.4	If yes, have you made any HR training and development plans for these employees (e.g. career development plan)?	Factor: Training plan Companies who encourage their employees to upskill will better equip them, develop their capabilities and improve their overall performance. It also keeps employees motivated. With the new knowledge/exposure gained, this will further support the company during internationalisation.	<ul style="list-style-type: none">• Build capabilities for internationalisation + Groom your talent

QUESTIONNAIRE & FACTORS



QN	QUESTION	EXPLANATION	RESOURCES
RESOURCES & RISK - The following questions aim to understand your company's financial resources for overseas expansion.			
43	How much of your own capital (i.e. total equity) are you willing to invest in expanding overseas?	Factor: Resourcefulness and vested interest Business owners who invest more of their own capital will be more heavily invested in the project as they have “more skin in the game” and are more determined to make the project successful. However, it is also crucial to plan how that capital will be spent.	<ul style="list-style-type: none">• Match with Partners and Projects• Build Capabilities for internationalisation + Groom Your Talent
44	Internationalisation does not guarantee success, what percentage of your investment are you willing to lose before exiting your intended market? Note: 100% means all of initial planned investment	Factor: Risk appetite Although it is crucial to plan for any contingencies, business owners should not be too conservative. They might end up withdrawing their investments too early and exit the market before seeing positive results.	<ul style="list-style-type: none">• Match with Partners and Projects• Build Capabilities for internationalisation + Groom Your Talent

QUESTIONNAIRE & FACTORS



QN	QUESTION	FACTOR & HYPOTHESIS	RESOURCES
RESOURCES & RISK - The following questions aim to understand your company's financial resources for overseas expansion.			
45	<p>Besides your own capital, what sources of external funding do you have access to, to fund your internationalisation project? Check all that apply.</p> <ul style="list-style-type: none"><input type="checkbox"/> Bank Loan<input type="checkbox"/> Private Investor (i.e. family members, friends)<input type="checkbox"/> Public Investor (i.e. IPO, SEO)<input type="checkbox"/> I have not started looking for external funding	<p>Factor: External funding (resourcefulness)</p> <p>In addition to personal funding, business owners who can secure more funding from external means will have more capital to sustain the internationalisation project.</p> <p>Companies who are able to raise more funding are seen as being more resourceful - a trait extremely useful in the course of internationalisation.</p>	<ul style="list-style-type: none">• Match with partners and projects
45.1	<p>If "I have not started looking for external funding" is NOT selected, how much external capital can you tap on from the above external sources combined?</p>		

INTERNATIONALISATION READINESS REPORT

The sections of this report include:

- A. How to use this toolkit?
- B. Summary
- C. Component Assessment
- D. Resources
- E. Annex

Frequently Asked Question

Q. Why such a long report?

Based on the focused group discussions, we realised different businesses/management have different priorities and management styles. In an attempt to cater to these different groups and make the report as informative as possible, each section serves a different purpose and contains different information.

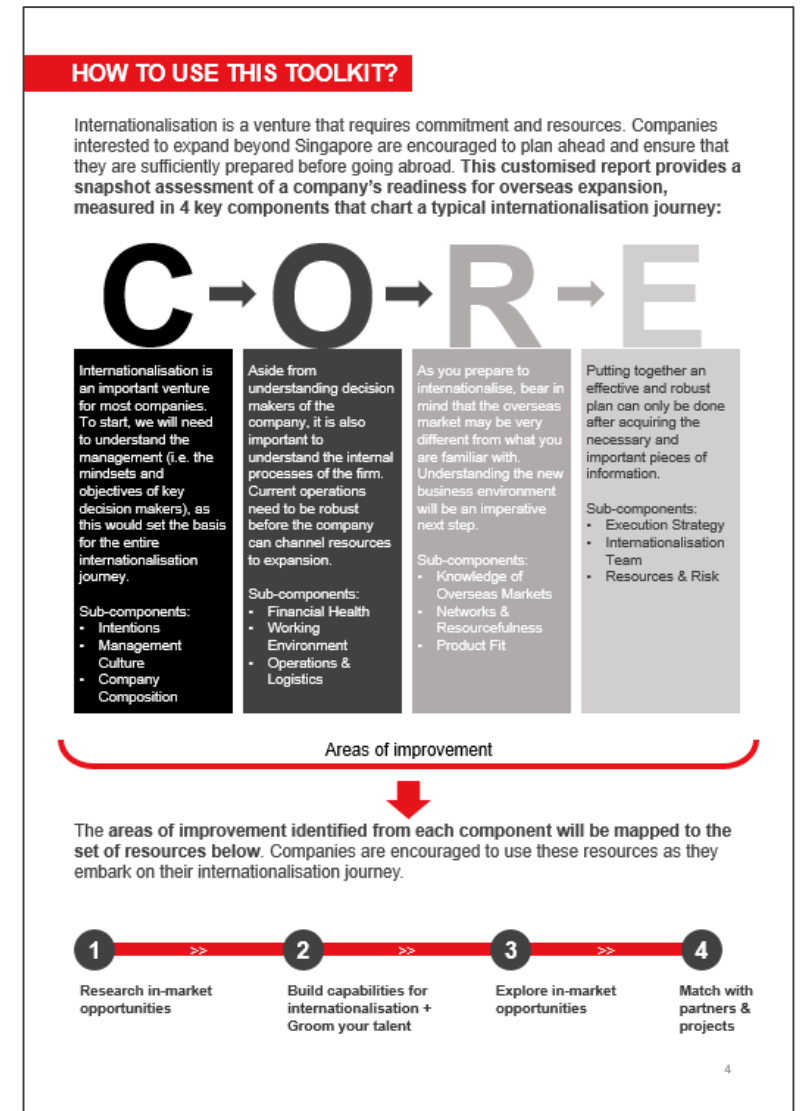
CONTENTS PAGE	
03 How to use this toolkit?	04 Report Summary
Explanation of how the company is assessed using the <u>Internationalisation framework</u>	Overview of how the company fared and key areas of improvement
05 Component Assessment	09 Resources
Assessment of how the company fared in each CORE component	List of specific areas of improvement, mapped to resources for the company to explore
19 Annex	
Contains company responses to the toolkit questionnaire, and explains the basis of each question	

INTERNATIONALISATION READINESS REPORT

A. How to use this toolkit?

PURPOSE:

- Instruction page
- Brief introduction to the C.O.R.E framework and the areas on which the company is assessed
- How to interpret the report
 - Areas of improvement highlighted in each component will be mapped to the available resources for the company



INTERNATIONALISATION READINESS REPORT

B. Summary

PURPOSE:

- Provide a quick overview of how the company is faring across all four key components
- Highlight the top three areas of improvement and respective relevant resources

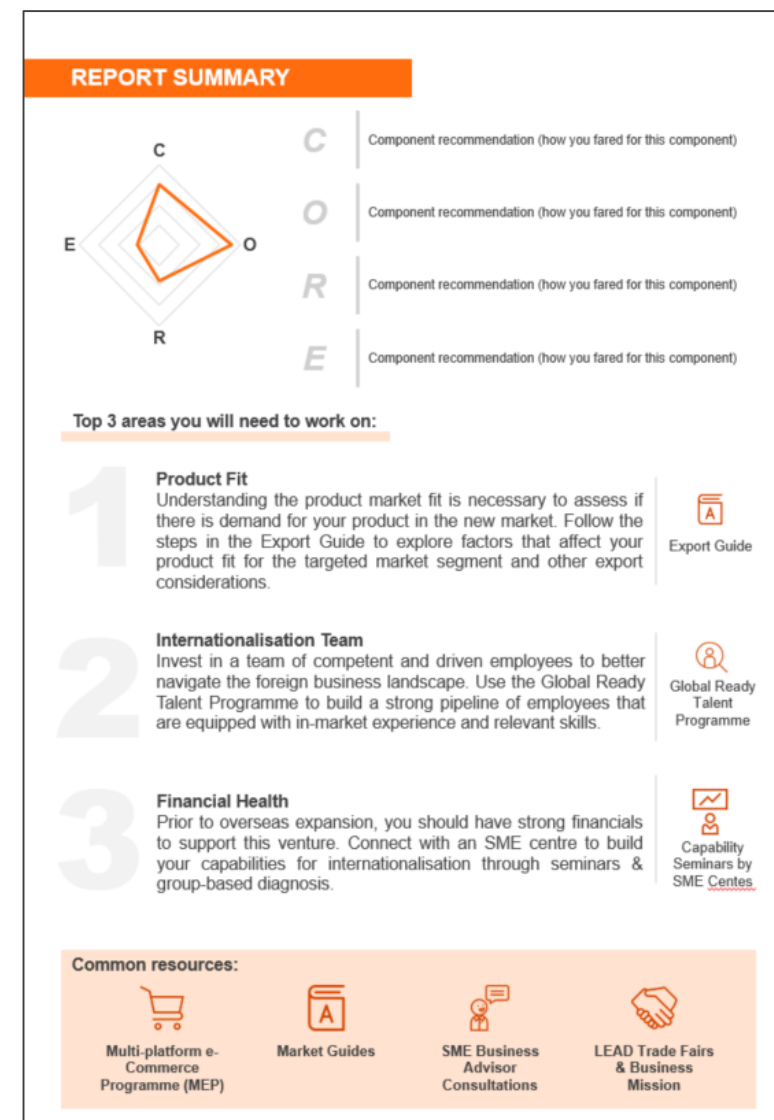
Note

According to our focused group sessions conducted with business owners, this summary page is highly requested by key management staff and HODs (who may not have time to go into the nitty-gritty details).

Frequently Asked Question

Q. How are the areas of improvement determined?

Based on the local surveys conducted with business owners and BAs, we have derived and ranked sub-components according to their level of importance in affecting success of internationalisation. Top areas of improvement are 'important' subcomponents where business owners have fared poorly in.



INTERNATIONALISATION READINESS REPORT

C. Component Assessment

PURPOSE:


- Overview of how user has done for each main component and the sub-components where there is room for improvement
- Scoring at the top shows how well user has done for this specific component, followed by recommendations for each sub-component where user has not scored well in
- For users who have fared better, they might not see any recommendations at all on this page

Note

According to our focused group sessions conducted with business owners, ESG officers and business advisors, this section would be most helpful to companies just starting out on their internationalisation journey, as it provides the overarching principle (why each component/sub-component is important).

COMPONENT ASSESSMENT

COMPANY FOUNDATIONS

Attention needed  Refine & maintain

It's great that you want to internationalise and it is commendable that you have a country in mind. However, looking at your current company's structure, there is some room for improvement in terms of your management and company composition. Below are some areas of improvement you can look into:

- **C1. INTENTIONS**

Businesses should develop a global worldview at inception, and plan for internationalisation early. The potential market opportunities overseas are aplenty. Think about how to leverage these to gain economies of scale. Of course, venturing overseas is not child's play. It is imperative to know your motivations and do proper planning before embarking.

- **C2. MANAGEMENT CULTURE**

Management culture determines not only the business direction of the firm but also dictates the workplace culture within. While the organisational culture of each firm is unique, a healthy culture will increase productivity and keep employees motivated and loyal. Management direction needs to be carefully thought through, as your company embarks on overseas expansion.

- **C3. COMPANY COMPOSITION**

The owners / key decision makers of a company will often affect and influence the journey of internationalisation.



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INTERNATIONALISATION READINESS REPORT

D. Resources

PURPOSE:

- Dive deeper into each sub-component's assessment factor
- Listing of specific factors to improve, mapped to ESG resources for the company to explore
- Point users towards available resources/solutions for their areas of improvement

Note

According to our focused group sessions conducted with business owners and ESG officers, this section is needed to nudge business owners in the right direction and give them some useful resources to look into.

RESOURCES

1

>>

2

>>

3

>>

4

1

Research in-market opportunities

2

Build capabilities for internationalisation

3

Explore in-market opportunities

4

Match with partners & projects

RESEARCH IN-MARKET OPPORTUNITIES

Get started on internationalisation with our guides and resources

C1

SUB-COMPONENT

Factor

Recommendation

R1

KNOWLEDGE OF OVERSEAS MARKET

Overseas human resource regulations

It is recommended that you study and understand the HR best practices and regulations in the new market. As you would need to plan your manpower in the new country, it is beneficial if you are understand the HR regulations in the new market to help you decide if you should hire local employees, or relocate local staff to get your business up and running.

Overseas financial regulations

Studying financial regulation systems in the new market will be beneficial before you enter the new market. Different countries will have different financial regulation systems. Therefore, it is important for you to understand and research on the new market's financial regulation as you would need to comply with the new regulations should you operate in that country.

Overseas business set-up requirements

Studying the different permits and business set-up regulations will be beneficial before entering the new market. Business permits and regulations will differ in every country. Therefore, ensure that you have a clear understanding of the different business set-up requirements for your intended market to ensure smooth business set up.

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BDO

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INTERNATIONALISATION READINESS REPORT

D. Resources

PURPOSE:

- For users who have done well, they might not see any recommendations at all on the previous page but will still see this collection of resources

Note

This is not an exhaustive list and will be updated as and when.

RESOURCES

1

>>

2

>>

3

>>

4

Research in-market opportunities

Build capabilities for internationalisation

Explore in-market opportunities

Match with partners & projects

RESEARCH IN-MARKET OPPORTUNITIES

Get started on [internationalisation](#) with our guides and resources

Market Guides

Build up your knowledge on doing business in key markets

Go

Export Guides

Trade confidently and export your products to international markets

Go

Tariff Finder Self-Help Portal

Get everything you need to know about tariff and non-tariff trade measures

Go

Advisory Sessions & Seminars

Participate in curated seminars and keep up to date with the latest market developments.

- > [iAdvisory Seminars](#)
- > [Partner Advisory Sessions: Singapore Business Federation \(SBF\)](#)
- > [Partner Advisory Sessions: Singapore Chinese Chamber of Commerce & Industry \(SCCCI\)](#)

GlobalConnect @ SBF: Southeast Asia, the Middle East & Africa

Learn more about business opportunities in the fast-growing markets of Southeast Asia, the Middle East and Africa.

Go

Singapore Enterprise Centre (SEC): China

Engage this one-stop business service centre for assistance with advisory services, market information and business matching to China.

Go

Free Trade Agreements

Explore how your business can tap Singapore's comprehensive network of Free Trade Agreements.

- > [Free Trade Agreements \(FTA\)](#)
- > [Free Trade Agreements \(FTA\) Advisory](#)

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INTERNATIONALISATION READINESS REPORT

E. Annex

PURPOSE:

- Record-keeping of user's responses to the questionnaire
- Each question is mapped to its factor, and a brief explanation of how each factor is important in the journey of internationalisation

Note

For BAs, this section may prove useful to provide context and fine-grain advisory to business owners.

ANNEX

In this annex, you'll find all your responses to the questions in the toolkit. You may also read detailed explanations of your responses. If there is no recommendation, it means that you have done well for the particular question.

COMPANY FOUNDATIONS

GENERIC COMPANY & INDUSTRY INFORMATION

No	Qn	Hypothesis	Response	Recommendation
1	Company Name	-	The ABCD Company	-
2	Industry	-	Air & Sea Transport	-
3	Year of Establishment	Adopting a global mindset early is important as it affects company decisions leading up to overseas expansion.	2005	It is good that you have internationalisation on your mind now. With the limited market opportunities locally, it is never too early to start thinking about overseas expansion.
4	Have you attempted to internationalise before?	-	Yes	-
(1) Internationalisation refers to the action of intentionally, purposefully taking steps to bring or expand your business overseas. For example, deliberately seeking out overseas customers for export sales, setting up entity in foreign land, entering a joint venture overseas, etc.				
4.1	If yes, which year did you first attempt to internationalise?	-	2015	-
4.2	If yes, which countries have you attempted to internationalise to?	-	Indonesia	-
4.3	If yes, have you earned any overseas revenue in the target country?	-	Yes	-

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