



# Entering World Markets as a Means of Immunization against Domestic Crises

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17.10.2019, Bila Tserkva



# Ukrainian-Austrian Association

Non-profit, non-political. Established in 2017 in Kyiv

Open for institutions, businesses and individuals  
interested in bilateral relations.

## **Mission:**

Strengthening social, civil, cultural, and business ties  
between Ukraine and Austria and beyond through  
bilateral initiatives and projects

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# International Council of Business Associations and Chambers in Ukraine

Improving business self-governance conditions

Representing and protecting business interests of foreign and local investors

Strengthening and deepening business dialogue with the Government

Assisting in development of business environment

Creating conditions for further growth of the economy



British-Ukrainian  
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CANADA-UKRAINE CHAMBER OF COMMERCE  
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Turkish Ukrainian Business Association



UKRAINIAN-AUSTRIAN ASSOCIATION



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# Alfred F. Praus



- Austrian, MBA, since 15 years in Ukraine
- 30 years of business experience worldwide: controller, M & A, strategic planning, Managing Director & Chairman of Board of Directors of multinational groups, heading 1,000 people
- Ukraine : Managing Director of two companies, Management Consulting Kiev – Vienna
  - President of Ukrainian-Austrian Association (from 2017)
  - General Secretary of ICBAC (from 2019)



# Crisis

(example GDP Development Ukraine)





# What Crisis Means



## Industries

- Level of domestic production and construction decreasing
- Offer of services shrinking
- Unemployment rising
- Currency control, etc.

## Private sector

- Decrease of net salaries and disposable household income
- Consumer spending shrinking, etc.

## In Ukraine in general

Restrictions to competition, monopolies

Rule of Law?

Corruption

Shadow/black economy



# How to Counter Crisis



- **Improve Positioning of Company**
  - Products and product range services
  - Management, workforce, organisational structure
  - Sales and Marketing
  - Zero-based budgeting of costs
- **Grow and Diversify**
  - Products, services
  - Markets

# Options for Company Growth

- Ansoff - matrix





# Do not Put All Your Eggs In One Basket



## Diversification

Diversification is an act of an existing entity branching out into a new business opportunity or just expanding its existing operations. This corporate strategy enables the entity to enter into a new market segment which it does not already operate in.

### Why Do Companies Diversify?

- For growth in business operations.
- To ensure maximum utilization of the existing resources and capabilities.
- To escape from unattractive industry environments.

### Types

- Horizontal Diversification
- Vertical Diversification
- Concentric Diversification
- Conglomerate Diversification



# Prerequisites and Steps to Enter into Foreign Markets



- Check if you are fit for foreign markets = USP as a prime precondition
- If so, proceed with:
  - Market Analyses
  - Market Entry Strategies
  - International Standard Business Plan (bankable!)



# What is a USP (unique selling proposition)



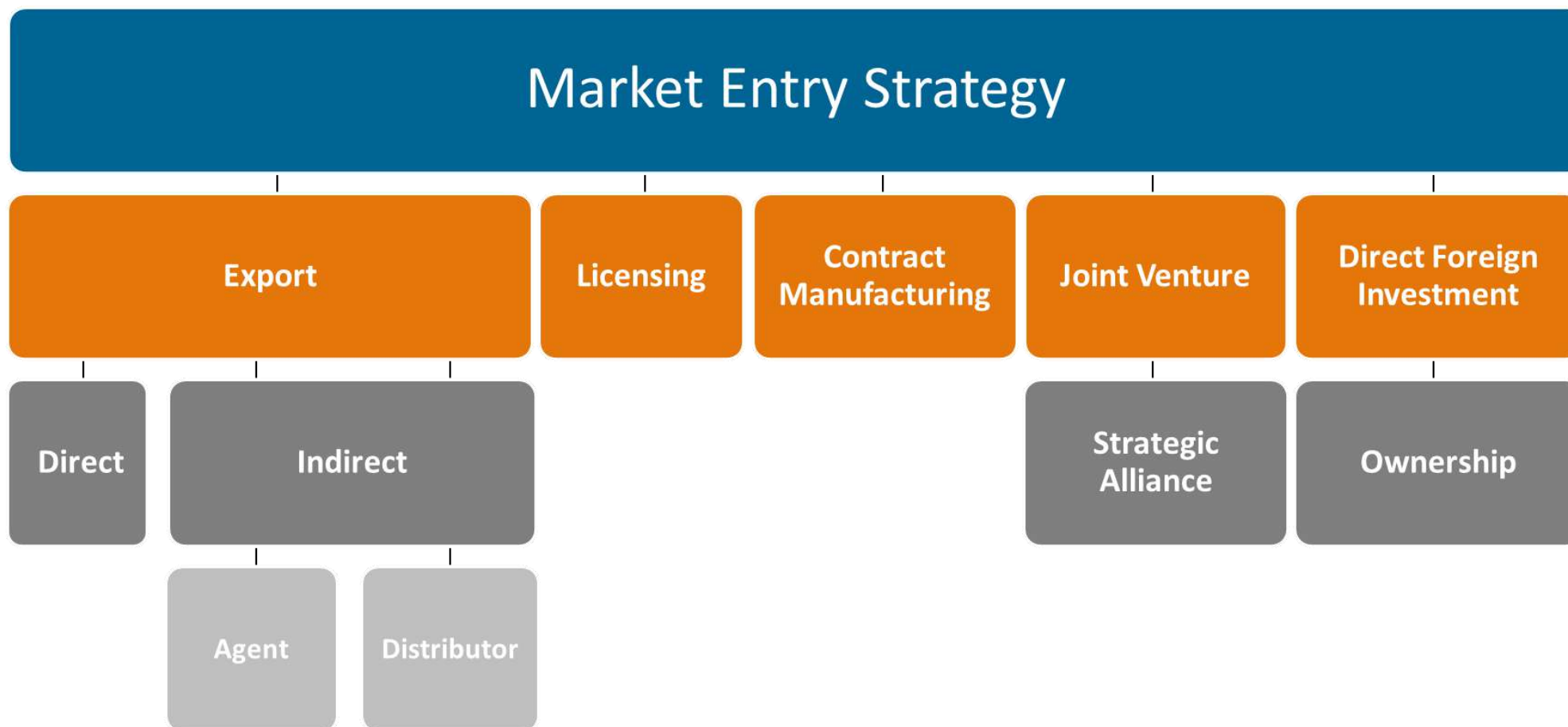
- Business, product, process or service which has unique features in the eyes of the potential partner
- **Not your** perception but that of the potential partner is crucial
- Benchmark, i.e. standing out from (most) competitors because
  - new in the market
  - novel features
  - better quality at the same price level
  - cheaper with the same quality



# Market Analysis



- Quantitative and qualitative, i.e. size in volume and value
- Customer segments
- Buying patterns
- Competition
- Economic environment including barriers to entry, and regulation
- Selected market to be depicted in the business plan





# Essential Elements of a Business Plan



- **Executive Summary**
- **Section One:** -- *Description + Selling Proposition*
  - Business*
    - Market/Marketing Plan/Competition
    - Management/Operations/Personnel
    - Effect of Investment (and Loan)
- **Section Two:** -- *Basic Assumptions*
  - Financials*
    - *Cash Flow/Income Statements/Balance Sheets*
    - *Sensitivity – and Break-even Analysis*
- **Section Three:** -- *Supporting Documents*



# Business with international partners: Essentials



- Take into account the culture of Your Foreign partner
- Give a clear picture of who You are: ability, credibility, openness, references, etc.
- Make a clear-cut business proposal with a true USP (Unique Selling Proposition) – Business Plan
- Approach potential project partners/finance institutions B2B
- Take a professional approach in each correspondence and contact
- Have in mind that Your opposite is a manager responsible to the business owner
- A distinguished Western European expert on Your side may enhance the project chances by creating trust





# Thank You!

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