

MANAGEMENT

Navigating the Challenges of the Americas Market: The Impact of a Vast Geographic Territory

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Globalization and the rapid pace of technological advancement have created extraordinary opportunities for entrepreneurs and advanced manufacturing businesses of all sizes. These opportunities have fueled manufacturing competitiveness that is fiercer than ever and created new challenges for international advanced technology manufacturers vying for economic prosperity.

To create sustainable and profitable long-term growth, these companies must transform their organizations to address the clear trends toward automation, advanced manufacturing, and digital marketing to capitalize on these new opportunities, and to navigate the challenges of the Americas marketplace.

The State of the Americas Market

Positive macroeconomic conditions, trends toward automation, rela-

tively low loan interest rates for securing capital, and strong incentives to “reshore” have fueled a manufacturing revival in the Americas. At the same time, geopolitical tensions, trade disputes, and uncertain longer-term macroeconomic trends have fostered the perception of a volatile U.S. manufacturing environment. Because of this perception, international companies are often hesitant to explore expansion into the Americas and may miss a chance to fully participate in the manufacturing resurgence.

Rapid technological changes, high costs of doing business, political polarization, and overregulation are only a few of the concerns that companies deem as major threats to their investment into an American presence. Yet, despite these risks, the U.S. is perhaps the greatest place in the world for advanced technology manufacturers seeking financial

growth and expanded market share.

According to SelectUSA, a government-wide program led by the U.S. Department of Commerce with a mission to facilitate job-creating business investment into the U.S., the United States is the world’s most attractive consumer market with an annual GDP of \$20 trillion and a population of over 325 million, offering unmatched diversity, a thriving culture of innovation and one of the most productive workforces in the world.

As demonstrated by the following rankings, the U.S. is positioned as the top country for global investment and the most important for corporate growth prospects in the areas of: GDP, global competitiveness, highest research and development expenditures, and foreign direct investment confidence.

To capitalize on the opportunities in the Americas, international advanced manufacturing companies must familiarize themselves with the most pervasive, yet often misunderstood, challenges that can deter companies from accomplishing accelerated growth and profitability, despite the current opportunities.

Vast Geographic Territory

The United States and Europe are actually quite similar in landmass, however, the combined landmass of North and South America is more than four times the size of Europe. Population densities of the two regions vary dramatically, with vast areas of the Americas that are sparsely populated, yet economically vital.

These enormous geographic differences strongly influence site selection, sales channels, travel expenses, cultural considerations, and marketing approaches.

Lease Rates. Companies tend to place high priority on the cost of office and manufacturing space when selecting a location. While facility expenses are certainly a factor to consider, it is important not to overlook equally important factors, such as the availability of educated workers, overall quality of life within an area, access to capital, state and local incentives, and the location’s proximity to targeted sales and distribution accounts. Failure to fully assess these considerations may lead to unnecessary financial and resource investments that can impede growth and lead to misaligned expectations.

Access to Key Accounts. Prior to establishing an American-based operation, it is crucial that international companies research the geographic concentration of their target industry, thought leaders and key account targets. Like Europe, specific industries may have geographic concentration of manufacturing, engineering,

and related decision-makers that may influence site selection, travel costs, and sales channel strategy. Without sound knowledge of a target industry’s geographic distribution and key account density, companies may expose themselves to much higher travel expenses, inadequate sales channels, and employee frustration, due to unrealistic expectations.

Distribution and Digital Communication. Many global organizations assume that they can transfer their regional sales channel approach to the North American market, but that can be a costly mistake. With an expansive geographic area to cover and with the ease of doing business becoming increasingly essential, international companies cannot ignore the role and importance of digital communications within their sales channel approach. With Forrester Research forecasting that one million U.S. B2B salespeople will lose their jobs to self-service eCommerce by the year 2020, companies must adapt their sales channel approach to accommodate the real-time, global buying landscape of the Americas. American buyers and engineers demand electronic communication and product selection tools that are easy to use, available 24/7/365, and perpetually up to date. Standard products must be available for immediate delivery, and a network of respected distribution partners is essential to success in many industries. The sales channel landscape must reflect the buyer archetypes of each company’s particular products and industry.

Cultural Differences. Even within Canada, the U.S. and Mexico, there are notable cultural variations in communication, etiquette and organizational hierarchy. These differences can present a challenge when creating and managing effective multinational teams. Whereas a European parent company may have hundreds of employees with well-defined and relatively narrow scope of responsibility, a typical American operation will have far fewer employees — many with cross-functional responsibilities and decision-making authority. Recognizing how cultures differ from those abroad can help global organizations avoid misunderstandings with colleagues and clients that have distinct attitudes and expectations of organizational hierarchy in a cross-functional matrix organization. Alliance Technologies can provide actionable steps for companies to improve their outcomes in the Americas.

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Navigating the Challenge of the American Marketplace

Helping international advanced manufacturing companies to accelerate strategic growth in the American market through direct operational management and expert guidance.



Getting Started in the Americas



Restructuring Your American Operation



Managing Your American Operations



Advising Your Board of Directors



Accelerating Growth Through M&A

Wherever you are on your journey to expansion into the American market, we can help. Contact us to discuss how we can grow your business, together.

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