

Chapter 6 - The Consolidation Phase

After a company has built a local presence and made a name for itself in an emerging market, it is ready to tackle the consolidation phase, which may take up to two years. In the consolidation phase, a company has good experiences with the following programs:

- Upgrade the local presence
- Establish the country council
- Prepare the Memorandum of Understanding (MOU)
- Human resource development
- Organizational integration

Upgrading the Local Presence

Upgrading the local presence takes place horizontally and vertically through an organization. Across the horizontal structure of a company, the process embraces activities beyond sales and marketing: R&D, manufacturing, service and support centers, etc. Up and down the vertical structure of a company, the process means shifting to a higher level legal structure: from a representative to a branch office, or from a branch office to a subsidiary. During the consolidation phase, most corporate support functions will already be in place locally, as discussed in the previous chapter.

The Country Council. This originates from the major Western European countries, Germany, France and Great Britain, where it became necessary to supplement the business structure with another level representing the country. The purpose of the country council is to promote the company in the country and handle issues that cannot be tackled by the individual businesses or that require a concerted approach.

An exemplary charter of a country council, under the leadership of the country manager and the attendance of the local managers of the busi-

nesses and corporate functions, should include the following scope of activities:

- Develop a country plan derived from the individual business plans
- Create a favorable environment for business activities
- Improve political effectiveness and public image
- Coordinate certain key accounts in which more than one business is involved
- Proactively pursue legislative and regulatory issues
- Drive organizational and management programs
- Enhance corporate identity and unity of purpose
- Intensify cohesion and communications among the businesses in the country
- Obtain maximum leverage from the company's overall presence

The charter may differ from country to country depending on the specific environment and on the maturity of the local team. It has proven to be particularly useful in large territories with remote locations, where the country council is the only platform for regular joint meetings of the widely dispersed organizations. The council usually meets three or four times per year.

The Memorandum of Understanding. A powerful tool for the local team is the Memorandum of Understanding (MOU) usually a document of a few pages describing the country vision and mission, key strategic areas and action plans for the next 12 months. This binding document is developed, agreed upon, signed and implemented by the local country team. Here is a sample of the MOU process in Poland:

Vision:

Earn recognition of customers, employees, suppliers, shareholders and the Polish community as a premier company in the country:

- With local roots, presence, impact, respect, innovation and leadership
- Contributing to the growth and development of Poland
- Committed to the future of Poland