

## Chapter 9 - Field Experiences in Virgin Markets

### Gaining Footholds in the Market Place

This chapter deals with the experiences collected by our Business Units in Central and Eastern Europe but also with other parts of the world where they started from a zero base. This was a scenario which no corporation and individual involved had ever faced before. These experiences may also serve as a recipe book for entering any future emerging markets where the initial conditions are expected to be similar.

The sequence of the described activities corresponds to the business rollout plan throughout the four-phase model. It does not reflect the organizational structure but the processes involved.

We have collected a large sample of functions so that the reader can derive maximum benefit for her or his own business.

**Building Infrastructure in No Man's Land.** The role of this business as a global provider of telecommunications infrastructures and network solutions was described in Chapter 2. This section covers the more operational aspects.

Klaus Rohn (Operations Director, Infrastructure Business, CEE) says the bottlenecks to market entry are always capacity and time. "We quickly recognized that the practice of bringing in a high number of expatriates and managing a project remotely was way too expensive and ineffective," Klaus says. "We reduced our core team to only a few Western experts and increased the number of local engineers, technicians and clerical personnel. We also outsourced parts of product development, material supply and installation work. Apart from some quality problems at the beginning, our experience with the education level, know-how and engagement of our partners and temporary employees was positive."

Cycle time was the second critical issue, according to Klaus. This mainly concerned rental contracts, construction permissions by local authorities and type approvals. His group faced unexpected difficulties and delays with local compliance and bureaucracy.

“The installation of local antenna sites turned out to be an adventure like in ancient pioneer times,” he says. “Initially, we did not even find the location because we missed some turns in the road. We did not possess sufficient four-wheel-drive vehicles for the rough territory, and we had to use local students as translators to make ourselves understood to the local population.”

Another challenge was the cooperation with well-established local telecommunications companies and Western joint-venture companies. “We had to accept our mutual weaknesses and build on our common strengths for the sake of joint success with the project,” Klaus says. “And all the inconvenience and hard work were forgotten when we received thank-you letters like the one from a Hungarian citizen who had patiently waited 17 years for his phone connection.”

**Entrust Local Markets to Local People.** The equipment business is divided up into various units comprising of design, manufacture, sale and servicing of wireless two way radio communications products and systems, systems solutions, related software and accessories to public and private customers.

Once frequency management, regulatory and type approval issues are resolved and the infrastructures are established, products, systems and services may be launched.

Axel Rettig (Director of Distribution, CEE / Central Asia, for a large business unit) became involved in the start-up. He and his team faced three major issues:

- Hiring and training the nucleus of the future local workforce.
- Building a dealer and distributor network.
- Establishing a central and local support infrastructure.

Axel found that there was no expertise and structure for the company’s products and services. Still, the market potential and expectation level were enormous. This team was also positively surprised by the high education of its potential partners and employees.

“We rolled up our sleeves and just started,” Axel says. “Our first discovery was the surprisingly low interest of our Western employees in an emerging market assignment at this time. We concentrated our hiring activities on young people working in one of our Western organizations but with local roots and vice versa; local citizens with either previous exposure to a Western company or employment in one of the state organizations involved in the radio communications field.” This required a major training effort that forced Axel and his team to develop a complex training syllabus