

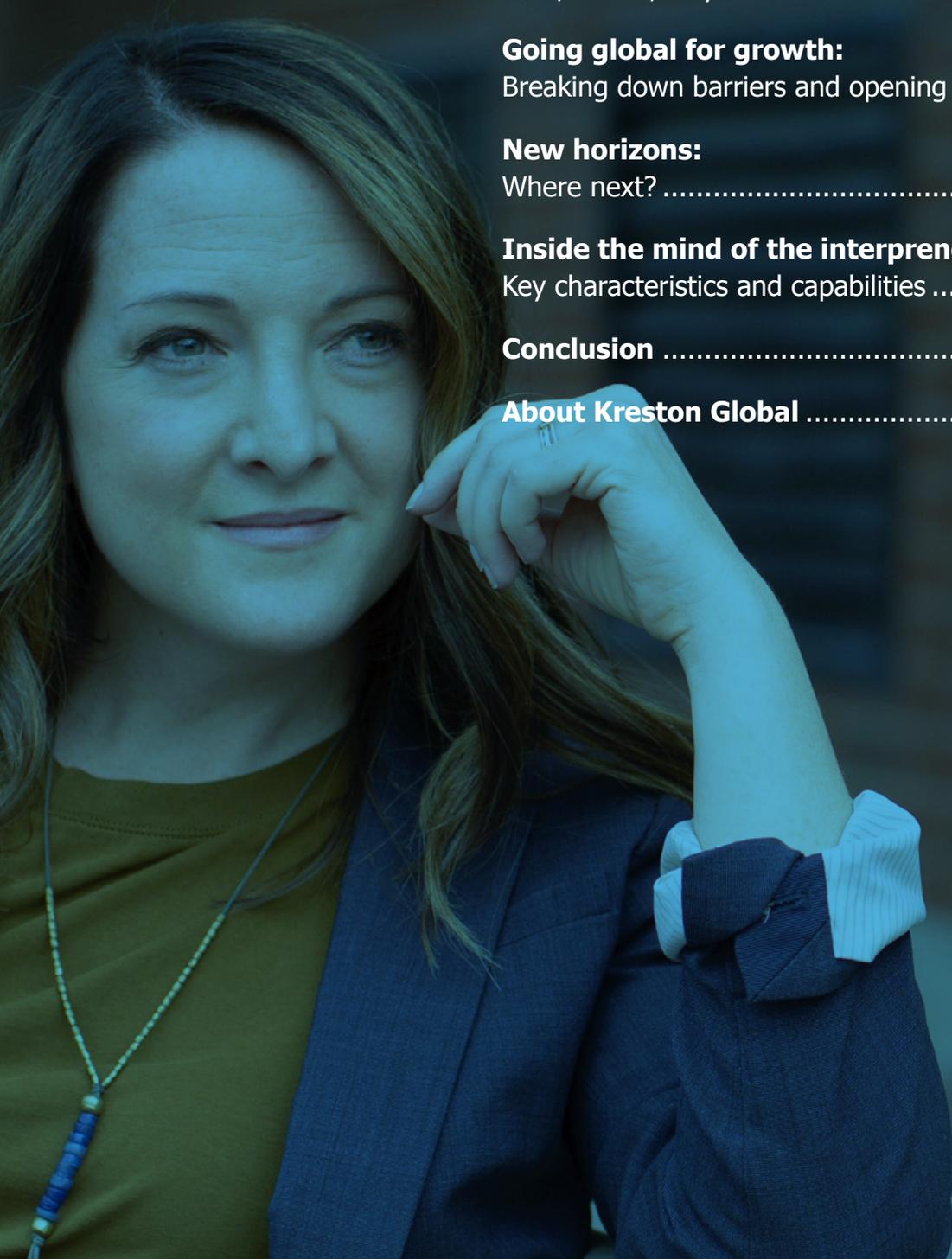
Global vision and the “Interpreneur” mindset



What drives entrepreneurs
to expand internationally?

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Introduction: From entrepreneur to 'interpreneur'

I am delighted to introduce Kreston Global's Interpreneur Mindset report. Expanding abroad in the age of globalisation should be straightforward, but the challenges are endless. So how – and why – do those who do it, do it?

Much has been written about the mindset of the entrepreneur – what drives people to set up and ambitiously grow their own new businesses, what makes them tick, what typical attributes they tend to share. While entrepreneurship can take many forms, often characteristics like boldness, creativity and tenacity are seen as being at its heart. But having established a successful company, what is it that makes a founder or a business leader want to take it international? What spurs them to take that entrepreneurial mindset: to go from entrepreneur to 'interpreneur'?

To find out, we decided to survey 600 business leaders in Europe, Asia and the Americas, to better understand the attitudes of potential and actual 'interpreneurs'; to shine a light on their goals and what it might take to achieve them, and to identify the barriers that may be holding them back.

In conducting this research, we wanted to start a conversation around what interpreneurship means, what it can look like in practice, and therefore what it might take to turn global vision into successful operations in new regions on the ground. Armed with this information, interpreneurs who are weighing up their options can benefit from having a clearer picture of what others in their situation think and do. Policy-makers will be able to deliver better-targeted support. And advisers will have an additional layer of business intelligence to ensure their expertise is effectively targeted at all times and to best serve the needs of businesses with interpreneurial aspirations.

What is clear from our findings is that there are as many differences as commonalities among what we are loosely terming the 'interpreneurial community' across the globe. But that, in itself, is interesting and informative.

Kreston Global was founded more than 50 years ago with the aim of supporting businesses whenever and wherever in the world they wanted to go. In 2022 that aim is more relevant than ever. We hope that this report will provide valuable insights for any aspiring "interpreneur," as well as policy-makers and other stakeholders in this field, and spark important conversations around how best to support growing entrepreneurial businesses with international ambitions.



An 'interpreneur' is a term we have coined to describe a business leader who successfully expands their business' presence into markets abroad.



Liza Robbins,
Chief Executive

Methodology

The survey was conducted with 100 business leaders in each of the following six countries: Brazil, China, India, Germany, the United Kingdom, and the United States between 20 April – 5 May 2022. Survey respondents were C-suite executives, owners, chairs, partners, managing directors, directors or senior management across businesses of up to £500m turnover (or equivalent).

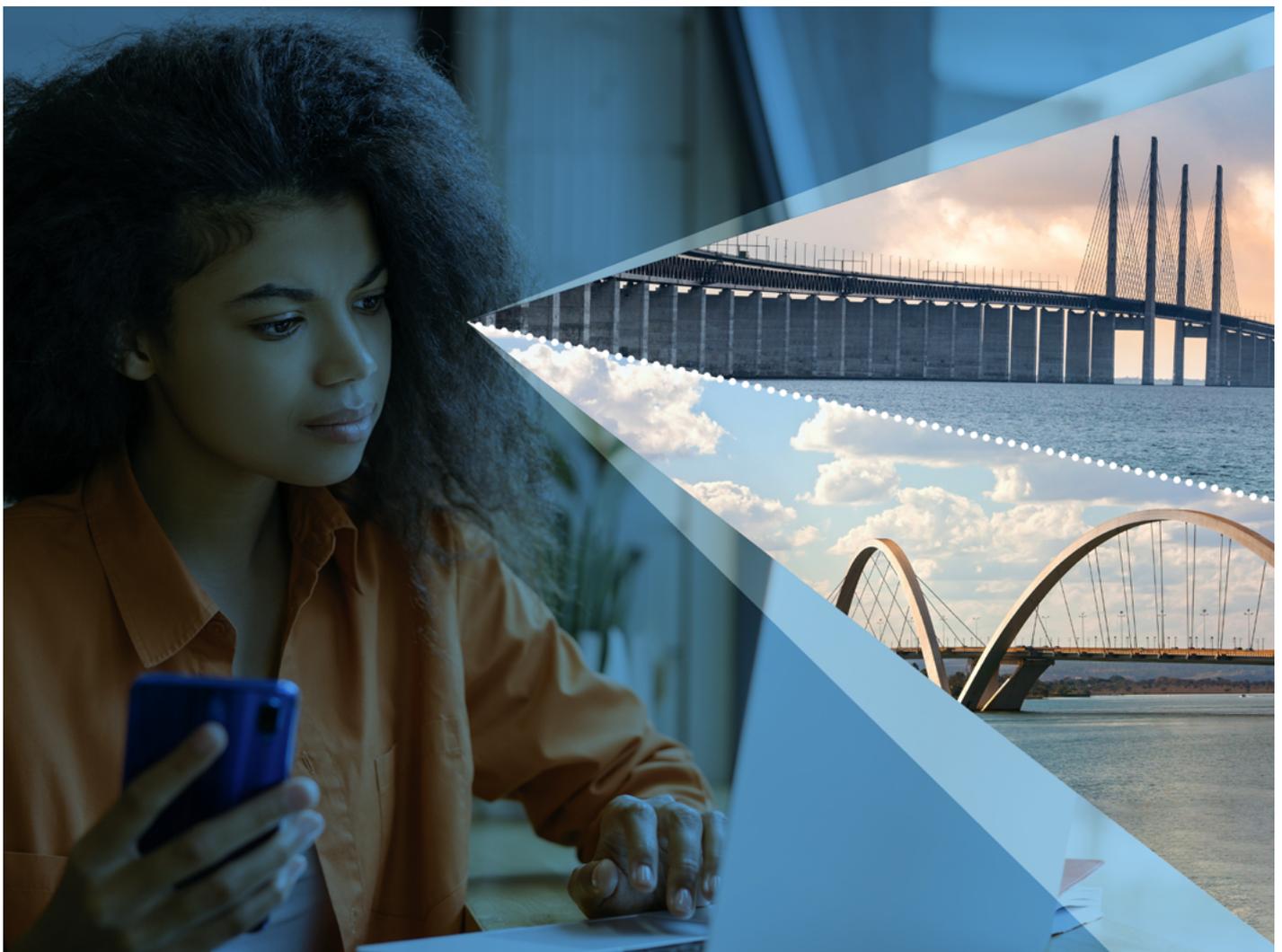
In total, we identified 267 interpreneurs or business leaders who have already expanded their businesses abroad, and 333 entrepreneurs who have not taken that step to date and are currently operating solely within their own countries.



Being able to understand the motivations and obstacles behind interpreneurial activity is key to helping business leaders achieve their objectives.



Mark Taylor,
Head of International,
Duncan & Toplis, UK



Executive summary: Around the world in 600 entrepreneurs

Key findings from our research highlight that when it comes to international expansion:

Business leaders in China and India are by far the most interpreneurial

Almost nine in 10 (89%) of the business leaders surveyed in China and more than seven in 10 (72%) in India have expanded their businesses into other territories, compared with around one in four in the USA, Germany (23% each) and Brazil (25%) and one in three (35%) in the UK.

Accessing larger markets is the principal driver – but it's not all that matters

For those that have expanded overseas, by far the biggest driver was to gain access to larger markets for their goods and services – almost half (45%) give this as the primary reason. Interestingly, though, in China the proportion citing this as the main motivator is lower than elsewhere.

Supply chain issues are both an opportunity and a threat

Gaining access to manufacturing, supply chain or other resourcing opportunities is seen as the second most important reason to expand overseas. However at the same time, international supply chain issues are also the number one concern when it comes to the pros and cons of such a move.

Gender is no barrier to interpreneurship, but age is a factor

As many women as men – in fact proportionally more (46% versus 43%) – have taken the plunge and opened operations in new markets internationally. But interpreneurs do tend to be younger – more than half of respondents in the 18-30 and 31-40 age brackets have done so, against one in six (17%) of the 51+ cohort.

The interpreneurial mindset is a complex mix of traits

Interpreneurs are viewed as being extrovert, big-picture focussed and more imaginative than practical. However, they are also seen as being on the cautious end of the spectrum, inclined towards to deliberate decision-making, and as tactical as they are visionary.

Looking ahead, Western Europe and the USA are key targets

The primary target markets for overseas expansion among those who have not yet done so are Western Europe (34%) and the USA (30%). However, there's a discernible trend to favour neighbouring territories first and foremost – with the exception of those in India.

Limited capital and lack of familiarity with local issues holding would-be interpreneurs back

The biggest concerns deterring entrepreneurs from becoming interpreneurs are limited capital (36%), lack of familiarity with local tax issues (23%) and lack of familiarity with business culture and language (20%). Understanding the local market is also a challenge for one in six (18%).

Interpreneurs expect 'interpreneurial' characteristics from their advisers

Interpreneurs want their professional advisers to be 'interpreneurial' too. They look for good local business connections (48%) and the ability to grasp their vision and strategy (46%), plus they want them to have a credible visible international brand and footprint (40%) and specific sector and market knowledge (38%).

Mapping interpreneurship: Who, where, why?

Just as there are strong geographical differences between countries' economies and markets, so too we can expect to see variations among business leaders across the world when it comes to their appetite to expand abroad generally and the regions they are most interested in specifically. Almost half (45%) of the business leaders surveyed have expanded their businesses internationally, but the results reveal some stark geographical differences.

In China and India, interpreneurship is the norm: nine in ten (89%) respondents in China and seven in ten (72%) in India have taken their businesses across borders. However, in the US, Germany and Brazil, interpreneurs are clearly in the minority: there, around one in four have opened operations overseas, while in the UK, the proportion of interpreneurs is just over a third (35%).

Interpreneurship does not appear to be predicated on gender. Women are as likely as men (indeed, proportionally marginally more so) to have decided to capitalise on opportunities overseas (46% versus 43%). However, the findings suggest that age is a factor: younger entrepreneurs are more likely to have made the move into foreign territories.

Table 1.
Has your business expanded abroad?

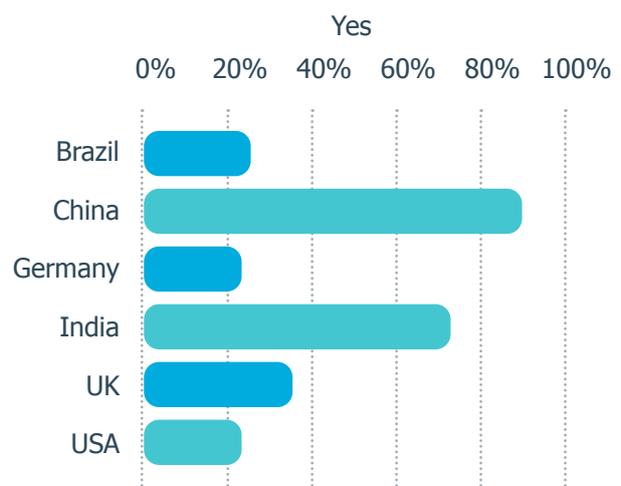
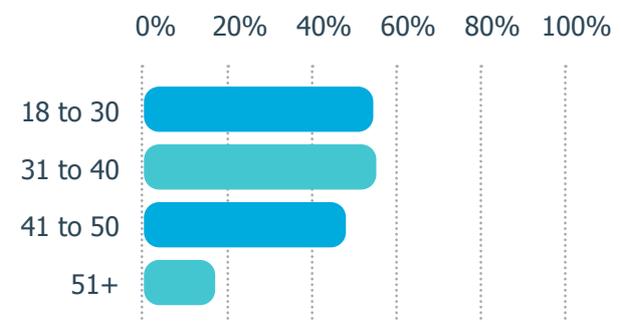


Table 2.
Age of interpreneurs



A key takeaway for me is how interpreneurial China and India are versus other advanced economy countries. As global communities become further inter-connected via technology, it's going to become more important for companies to consider global operations. Individuals in countries with an interpreneurial mindset will have a leg up – they'll have less fear of the unknown as accessing international markets will be commonplace and support systems of professional advisors will be readily available. Business leaders in the USA, Europe and South America should use this survey as a wake-up call to keep up with emerging markets in China and India.

Dan Johnson, Managing Director, CBIZ Inc, USA, US member firm of Kreston Global

Doing business beyond borders: What are the main motivations?

Of those that have expanded overseas, the number one reason given for doing so was to gain access to larger markets for their goods and services, cited by almost half (45%). This was followed by a desire to gain access to manufacturing, supply chain or other resourcing opportunities (for 24%) and because respondents have an existing personal network abroad (17%).



Taking a company international may not specifically be for the purpose of expanding the footprint for sales into that specific market or geography, but could result in branches that allow the domestic entity to take advantage of the following benefits:

- **More competitive labor market from a cost perspective**
- **Financial benefits from tax structuring**
- **Quicker access to specific materials to combat supply chain issues**
- **Overseas demand for current products or services.**



Gary Klintworth, Senior Managing Director, CBIZ ARC Consulting LLC, US member firm of Kreston Global

What was the key factor in your/the decision to expand your business abroad?

Table 3.

Larger markets for my goods or services

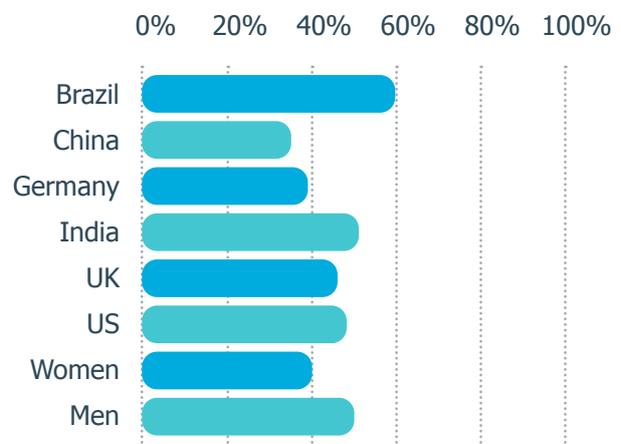
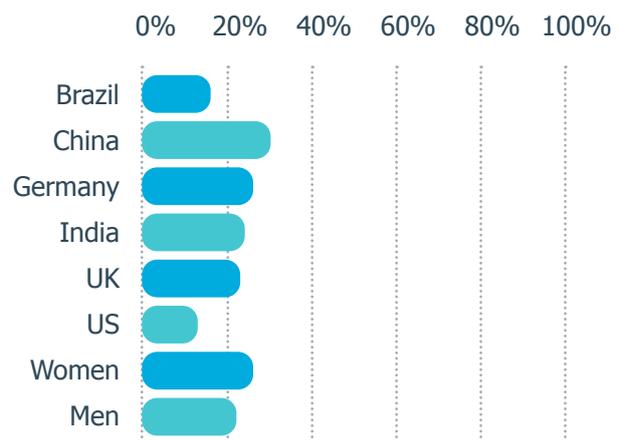


Table 4.

Manufacturing, supply chain or other resourcing opportunities



Interestingly though, interpreneurs in China are the least likely of any country studied to put accessing larger markets top (at just 35%), while they rate factors like manufacturing and supply chain opportunities and government incentives in the host country higher than their counterparts elsewhere.

Though the genders are broadly aligned in their rationale for overseas expansion, women are less inclined than men to put accessing larger markets top (40% versus 50%) and more liable to cite existing personal networks as a factor (21% versus 14%).



The finding that China and India are most active in expanding their business into other territories is interesting because they have already large territories to expand into domestically. It's also noteworthy that, in China at least, seeking larger markets is not as much of an important factor. This highlights another dimension to globalization: that it is not only about increasing your sales around the world, but also adding value to your brand in your home market.



Cesar Ramos, Partner and Founder, Kreston Partnership, Brazil

Table 5.
Existing personal network abroad

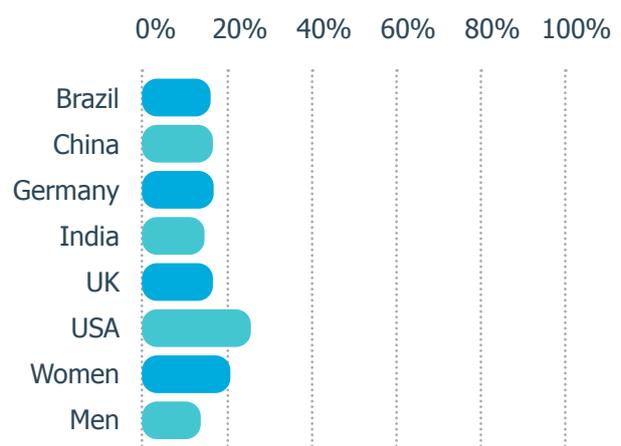
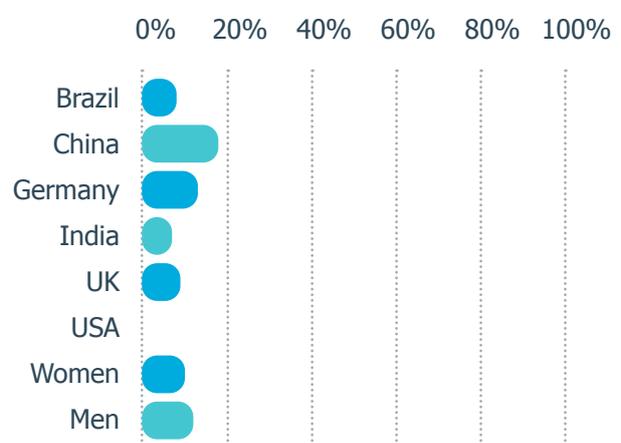


Table 6.
Government incentives in host country



Going global for growth: Breaking down barriers and opening up opportunities

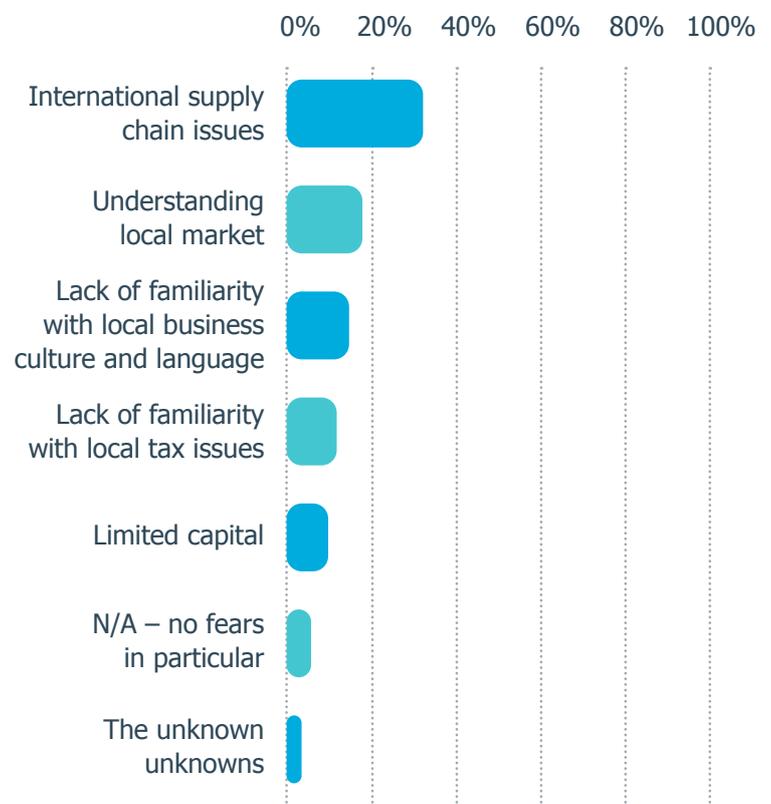
Just as important as knowing what is driving business beyond borders, it is vital to understand what worries interpreneurs the most about doing so, and what issues may be acting as a deterrent to those who have not taken the step of moving into a new territory.

Interestingly, although interpreneurs cite manufacturing and supply chain issues as the second most important factor behind decisions to expand overseas (24%), they also say that international supply chain issues were their principal concern when doing so (32%). Those in India and China are the most concerned about international supply chain issues (at 44% and 36% respectively).

This tension between the supply chain as both an opportunity and a threat is only likely to become more pressing as problems that became apparent during the Covid-19 pandemic persist in a climate of global geopolitical strain.

Table 7.

What was your/your business' main fear and/or concern in expanding business abroad?



India is a large country, and the supply chain was a major challenge in the past. Different tax structures in a federal system of government added to this issue. Thankfully the present focus on infrastructural development, digitisation of transactions and goods and services tax (GST) is helping businesses reach out to every nook and corner and making the supply of goods and services much more efficient. However, this needs to be further accelerated.

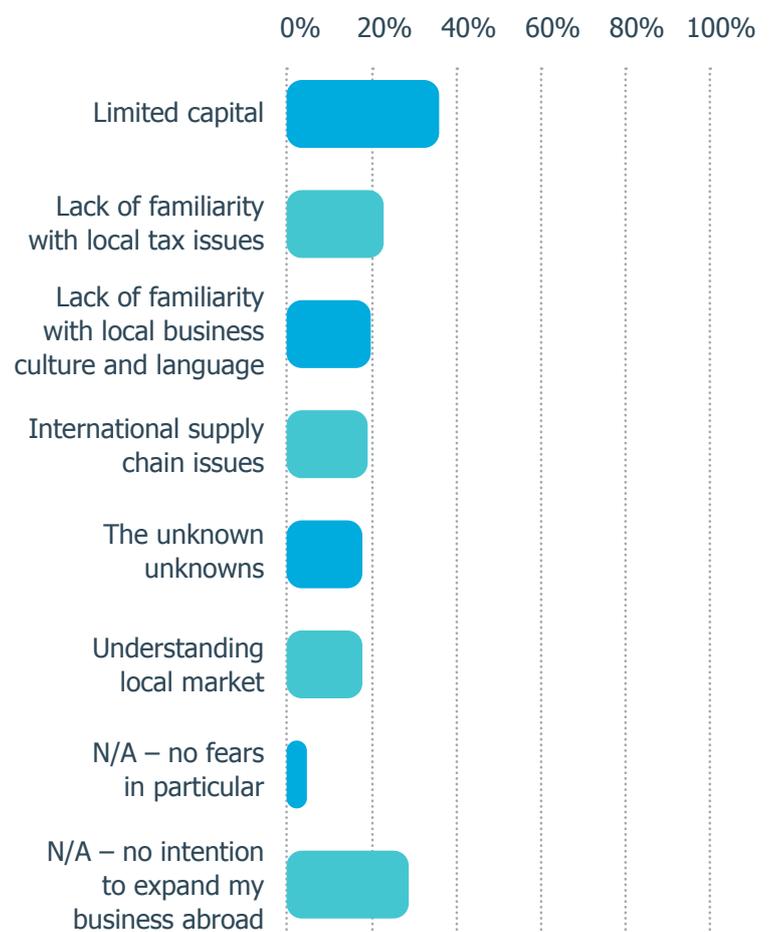
Mukesh Singh, Partner, Kreston SGCO & Co LLP, India

For those entrepreneurs who have not expanded internationally, the main hurdle is limited capital (36%), while factors such as lack of familiarity with local tax issues or with local business culture and language also loom large. Understanding the local market is also seen as a challenge by one in six (18%).

The UK has the highest proportion of entrepreneurs of any country studied who say they have no intention of expanding into other territories – well above the average at 42%, followed by the USA at 35%. Brazil, by comparison, has the lowest, at just 12% who say they would not contemplate the idea. However, before any meaningful insights can be gleaned here about the general appetite in these countries for international expansion, these findings should be looked at alongside the data on existing entrepreneurship outlined above.

It's notable (but perhaps not altogether surprising) that this is also the most common response for the 55+ age bracket (almost half or 47% said so), compared to just one in 20 (5%) in the 18-30 band.

Table 8.
What are the barriers and fears stopping you/your business from expanding abroad?



The political relationship between countries could be a barrier to – or an opportunity for – interpreneurship. For example, the current relationship between USA and China could deter Chinese companies from investing in the USA but we’ve seen companies setting up factories in South American and South East Asian countries in order to avoid the USA tariffs on China-manufactured products.

A change in government support or policy may change interpreneurs’ business plans, but I think globalization will continue. The outlook ahead for interpreneurs is still bright even if we have to face a global economic downturn in the next couple of years.

Edmond Chan, Partner, Kreston CAC CPA Limited, Hong Kong

Getting the right support on the ground

Given the findings above, it's not surprising that almost half of interpreneurs (48%) say that having good local business connections is top of their wish-list when it comes to what they look for in their advisers – beyond their professional expertise – and why two in five (38%) look for advisers with specific sector and market knowledge.

Aside from local insights, contacts and expertise, interpreneurs want their advisers to exhibit what we might call 'intreprenurial' characteristics themselves, such as an ability to grasp their vision and strategy (46%) and having a credible visible international brand and footprint (40%). They also want their advisers to be willing and able to move quickly to meet their needs: responsiveness is a key trait for almost half (48%). It's a long list – but with so much at stake, the client/adviser relationship is arguably more important than ever for a would-be interpreneur.



As an entrepreneur and interpreneur, it is incredibly important to surround yourself with those that have a balancing mindset and challenge the big-picture focused / imaginative mindset. Healthy discussion is imperative to ensure that decisions do not lead to a waste of capital.

Gary Klintworth, Senior Managing Director, CBIZ ARC Consulting LLC, USA
Kreston Global member firm

Table 9.
What do you look for in your professional advisers in other countries, beyond their professional expertise?



When it comes to what government support is or would be most helpful, there are differences of opinion between existing and prospective interpreneurs. For example, tax breaks are rated highly by potential interpreneurs (especially in Brazil at 51%), although these appear to have been a much less prominent factor for existing interpreneurs who have already opened operations abroad.

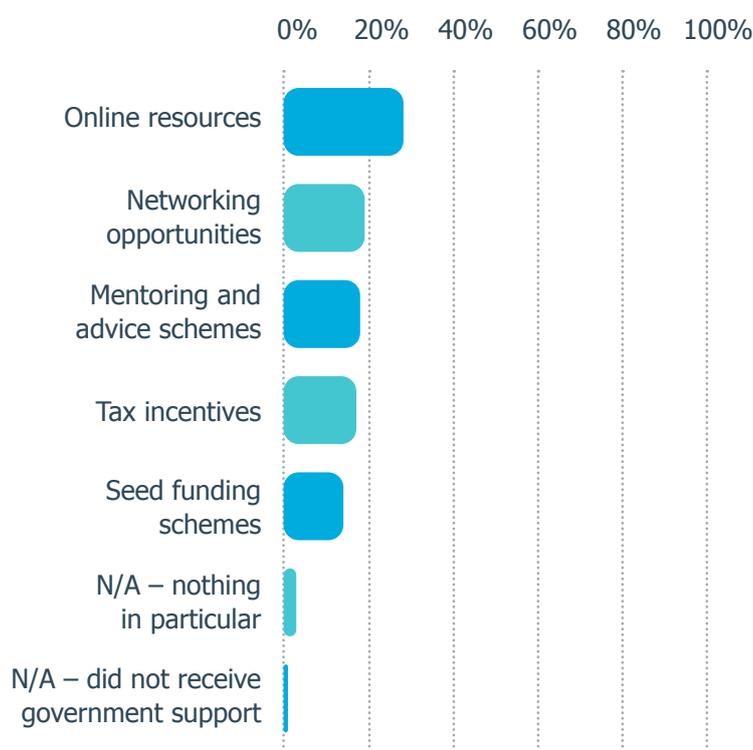


We were interested to see the different attitudes between interpreneurs and prospective interpreneurs when it comes to the best types of government support. One reason for this may be that tax breaks are often seen as more important in the early years, to give the business a greater opportunity to expand using only internal capital, rather than higher costs forcing them to seek external funding. Hence why they are more of a concern 'up front' rather than further down the line.

Mukesh Singh, Partner, Kreston SGCO & Co LLP, India

Table 10.

When you/your business made the decision to expand internationally, what types of government support, if any, did you find most valuable?



Interpreneurs are smart people that evaluate carefully the risks in different markets, understand the regulatory framework well, are skilful in managing their own emotions, and have a lot of social skills. These clients are not only expecting knowledge from their professional advisers, but local connections, fast responses and understanding their characteristics and strategies.



Francisco Bracamonte,
Partner and Founder,
Kreston BSG, Mexico



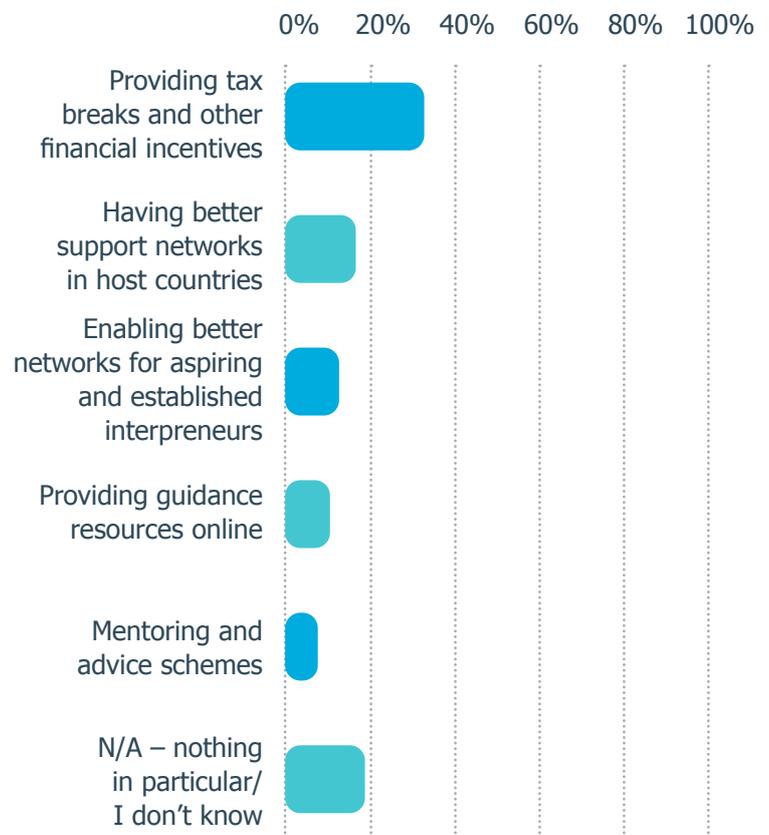
In Brazil, it is not common for companies to have branches or business partners in other countries, such as the USA, Europe and Asia. The culture and the difficulty with the language make entrepreneurs seek to grow their businesses within the country.

Entrepreneurs should seek opportunities to connect with other companies either locally or internationally, and this is what we are doing in Brazil.

Cesar Ramos,
Kreston Partnership,
Brazil

Table 11.

What is the most important/valuable way that your government could provide support to businesses looking to expand abroad? (Responses from entrepreneurs who have not expanded abroad).



New horizons: Where next?

The logical next question is: which foreign markets are entrepreneurs most interested in targeting? For many who have not yet made a move abroad, countries comparatively nearby in their own or an adjacent continent are the primary focus for expansion. So, for example, business leaders in China are most interested in expanding into North Asia. For those in the UK and Germany, Western Europe is top of the list; in the USA and Brazil it is North America. However, the ambitions of Indian would-be interpreneurs lie further afield: North America is firmly in their sights.

Overall, Western Europe and North America were the most commonly cited foreign target locations at 34% and 30% respectively. It is notable that Africa featured prominently among business leaders in China, with one in six (18%) saying they would seriously consider opening new operations there.



It is interesting to see how much demand there is to go into Africa. Even though in general African countries have low purchasing power, a lot of their economies are growing very fast and it could be time to sow the seeds of growth there.

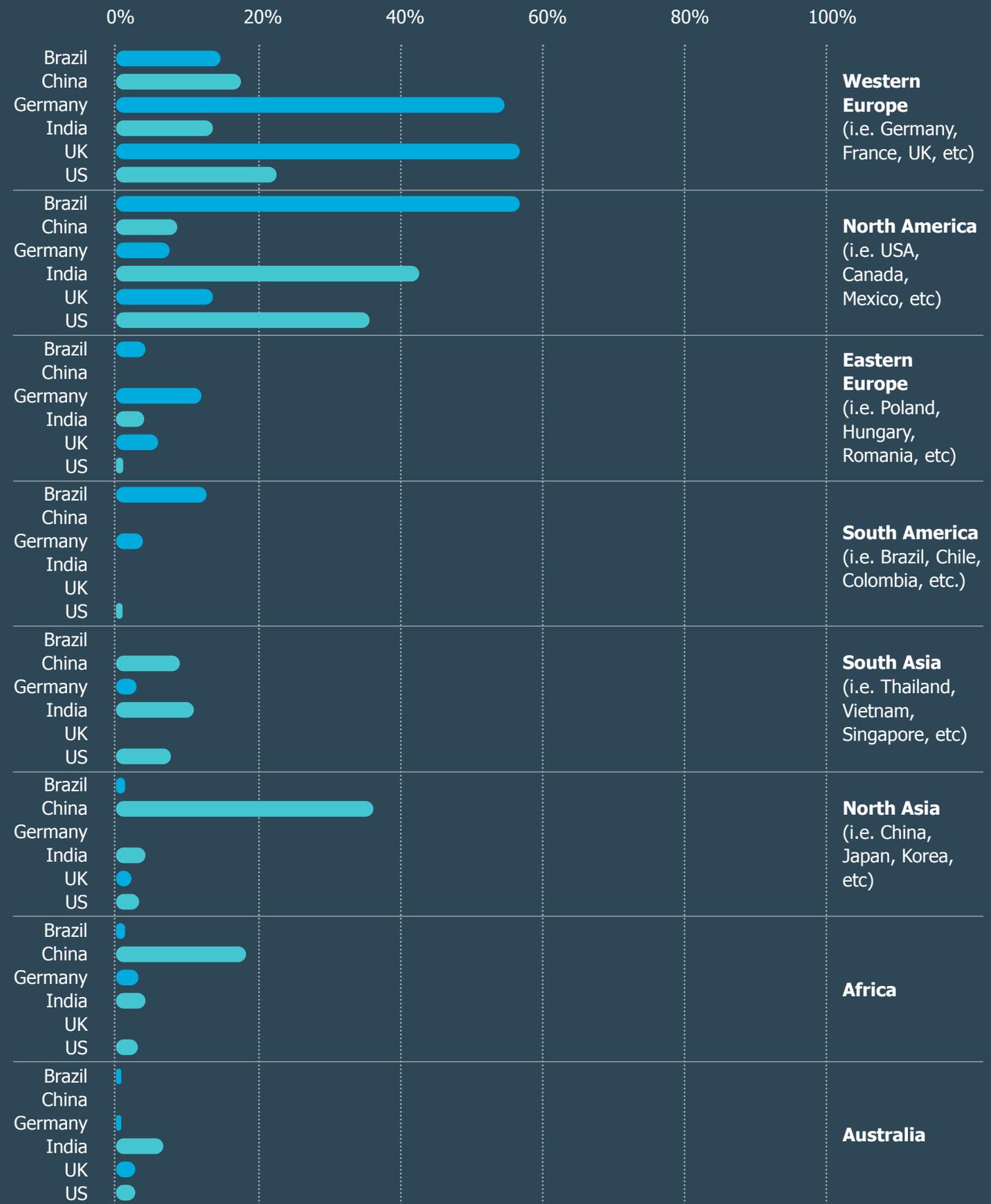
Latin America does not feature very highly in terms of going global because our culture is very different and the rule of law is not the same as in developed economies. It is an art to develop companies in the region and our work as advisors is to help companies to have a soft landing here.

Francisco Bracamonte,
Kreston BSG,
Mexico



Table 12.

If you/your business were to consider 'going international', which major region would you most seriously consider?



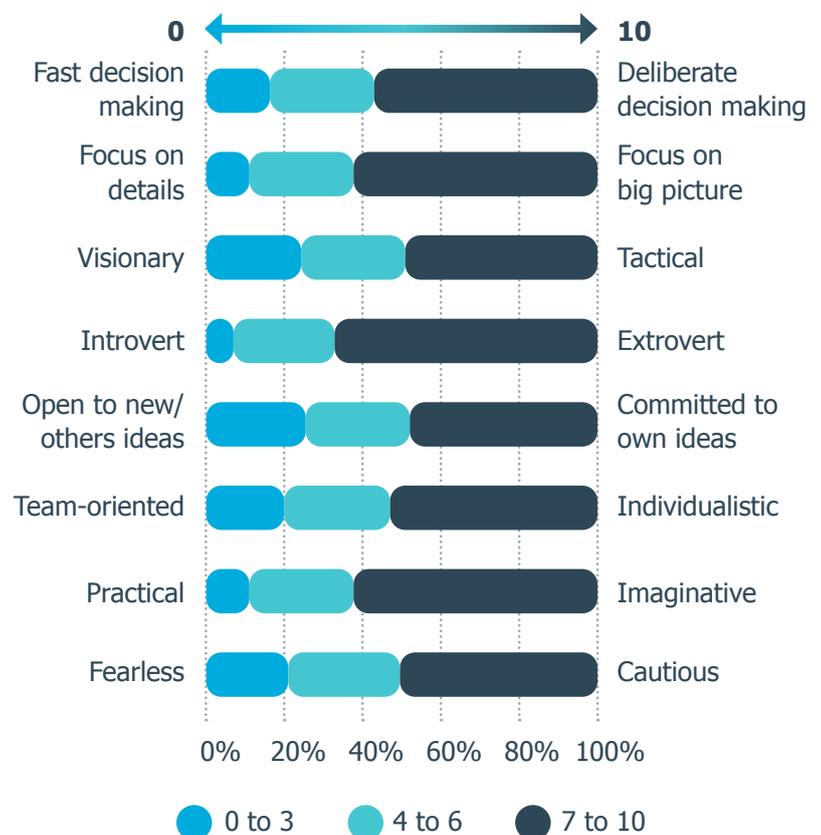
Inside the mind of the interpreneur: Key characteristics and capabilities

Having coined the term 'interpreneur' and gained an insight into their hopes and fears and what factors drive their aspirations and shape their approach, next we probed more into the mindset of these individuals, to see if there is any consensus on their characteristics and capabilities.

It was never going to be practical or desirable to attempt to pinpoint a one-size-fits-all profile of an interpreneur here. Instead our aim was to get a feel for the types of personality traits that business leaders might expect to see in someone driven to take the momentous step of taking their business international. We found a fascinating range of opinions, especially across country lines, that defy easy categorisation.

We asked respondents to say where they think a 'typical' interpreneur would sit along a sliding scale of opposite attributes, rated from zero to ten. Overall, the most prominent findings are that two thirds (67%) think an interpreneur is more of an extrovert, more than six in ten (62%) think they focus more on the big picture than on details, and the same proportion view them as more imaginative than practical.

Table 13. Where on a scale of 0-10 between these opposite attributes do you think a typical 'interpreneur' will sit?



The interpreneur mindset has always been to identify new markets for exploring business opportunities, developing capabilities, adopting new technology for scaling the business, taking a calculated risk and being mindful of the fact that exploring the new markets in the different territories would be challenging.

Mukesh Singh, Partner, Kreston SGCO & Co LLP, India

However, some of the other findings are perhaps more surprising and nuanced, such as the play-off between whether they are cautious or fearless, visionary or tactical, or committed to their own ideas versus being open to new ideas. Overall, interpreneurs are seen as tending towards caution and deliberate decision-making.

Respondents in China, and to a lesser extent, India, consistently situated interpreneurs furthest towards a particular attribute than those in other countries.

For instance, those in China positioned interpreneurs furthest towards the cautious end of the fearless/cautious spectrum (averaging 7.9), and the deliberate end of the fast/deliberate decision-making scale (averaging 8.1). However, they are also the most inclined to see them as extrovert (at 8.3), with a big-picture focus (8.3).

Meanwhile, the UK, Germany and the USA tended to have a more balanced view, typically ranking interpreneurs towards the mid-point. Brazilian respondents were harder to pin down, frequently hovering around the average, but also on occasion, bucking the trend (for example, they scored interpreneurs as team-oriented, whereas those in other countries typically see them as individualistic).

Results were fairly evenly aligned by gender. However, the older, 51+ age group (across both sexes) consistently situated interpreneurs closer to the midpoint than younger age brackets, which might imply that older people view them as more moderate personalities.



Almost universally, these individuals (interpreneurs) make a leap-of-faith in the early stages of expansion relying on a combination of grit and confidence in their product or service. The most successful spend time researching each region/ country in combination with outside advisors well in advance of beginning operations. Importantly, they keep an eye on the big picture to avoid catastrophic mistakes, while having the perseverance to learn from and not be derailed by the minor setbacks that inevitably come.

Dan Johnson, CBIZ Inc, USA

Conclusion

Overall, it's clear that interpreneurship is real, and what's more, it's thriving, with those in what have previously been some of the world's fastest-growing, emerging economies demonstrating the strongest inclination to take a calculated risk to 'go international'. But even a conversion rate of a quarter or a third of entrepreneurs into interpreneurs demonstrates a healthy streak of ambition, confidence and strategic vision among business leaders in more mature economies too. If entrepreneurs are not prone to rest on their laurels and let a good opportunity pass them by, then interpreneurs are arguably even less so.

In the current economic climate when globalisation is being re-evaluated and supply chains are under pressure, it's possible that the nature of what it means to be an interpreneur, and the opportunities and challenges they face, could change significantly as we look ahead. But the fundamental drive to strengthen and grow their businesses, and the character traits required to make such a move successful may not. Those that support business leaders looking to expand across borders, be they policy-makers or professional advisers, must therefore be alert to shifts in outlook and requirements, and proactive about tailoring their help and advice to suit.

There's more work to do to understand the mindset of the interpreneur, but this is a valuable first step in seeking to analyse this class of business leaders who play such an important role in shaping national economies and global markets and creating value, generating jobs and driving innovation. We hope you found it insightful.

For more information about taking your business international or for advice about particular issues in specific jurisdictions around the world, contact us via our website www.kreston.com, or email us on marketing@kreston.com



There is clearly an overriding need among both existing and future interpreneurs to understand the local market, business culture and tax issues. For me this is where our Kreston Global network can truly excel in providing international solutions to these individuals and their businesses.

Mark Taylor,
Head of International,
Duncan & Toplis, UK

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All our Kreston firms have a similar professional ethos, are commercially focussed, and set themselves very high standards. You may already be an active player internationally, seeking new markets or a successful organisation looking to expand beyond your national borders. Whatever you need, Kreston firms will guide you through the challenges of working internationally, from dealing with cross-border tax issues, transfer pricing, or setting up in new markets with the right structures, investment, or payroll support.

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