
Guide:

Budgeting your international expansion



uGlobally



Content

0. Introduction	03
1. Create your international expansion plan	04
A. The internationalization canvas	05
B. Other resources	07
2. Good practices	08
A. Maximum affordable loss	08
B. Validate like a startup	09
C. Set a specific time frame	09
D. Hidden costs	10
E. Expect to pay more	10
3. Common costs of international expansion	11
4. About us	13

Budgeting your international expansion

0. Introduction

This guide was designed to support companies that are looking to expand internationally.

We have summarized the experience acquired by working with +200 companies and structured it straightforwardly so that you can easily implement it within your organization.

With that in mind, this document will help you understand the most important factors to consider when budgeting your international expansion. It will also show you best practices and useful information to decrease your risks throughout the process.

If you still have any questions regarding your expansion, do not hesitate to get in touch with our team.

Thanks for downloading our resources!



Rodrigo Olmedo

Director

rodrigo@uglobally.com

[linkedin.com/in/rodrigoeolmedo](https://www.linkedin.com/in/rodrigoeolmedo)

Budgeting your international expansion

1. Create your international expansion plan

There is not a one-size-fits-all recipe for success when it comes to international expansion. However, there is a clear one for failure: only following your gut feeling and not planning things carefully.

If you don't create a proper strategy, there are big chances that you will end up **spending way more resources than you should**.

Therefore, the first step to properly budget your international expansion is to take a look inside your organization and answer questions such as:

- What is the reason why you want to expand abroad?
- What resources you have available for your expansion (financial, HR, public instruments, etc)?
- What is your affordable loss for this process?
- What KPIs really matter for your expansion?
- Which countries best fit your goals?
- Which strategy can you use to validate your target markets?
- Among others.

It's practically impossible to make the right decisions regarding your expansion if you don't have these basic matters covered and aligned with your team.

Therefore, **to avoid future mistakes, take the time to go through the document on the next page with your team.**

You can download this and other tools by getting access to the [go global platform](#).

Budgeting your international expansion

This is the most fundamental step to succeed with your international expansion. Therefore, do not save time to go through all the topics of the internationalization canvas.

It's crucial to follow the right order to fill this tool. However, you will see that you will keep adapting things as you go further with your analysis. For example, you will probably find new specific resources only after choosing your next market - this is very common and there is no problem with that.

The Internationalization Canvas

Documentation:

Read Instructions

1. Internationalization goal <i>Why are we going international?</i> Ex: - Increase our number of customers - Find a country with better regulations in our industry - Decrease our development costs - etc.	3. Resources <i>What resources are available for your internationalization?'</i> Reflect on what are the key things you can invest during your expansion. For example: - Financial investment (how much money can you invest?) - Human Resources (people / hours per week) - Governmental instruments (is there any government assistance you can take advantage of?) - Existing partnerships and channels (people in your industry, international)	6. Lean strategy <i>Which one of the lean strategies is the most appropriate for your company?</i> Ex: Hire an independent sales person Participate in trade mission Strategic partnership w/ potential resellers	7. Stakeholders <i>What are the potential customers and partners in the new country?</i> Did you identify new stakeholders? List them here. Ex: Potential partners to resell your product Potential networks to tap into Etc	9. Cost structure <i>What are the costs involved with the country and strategy you chose?</i> Ex: - Staff Marketing Office space Translation Integration of new tools
2. Results (KPI's) <i>How will you measure your internationalization performance?</i> Identify how to measure the success of your international expansion. Ex: - 30 new customers during the first year - US\$ 50k in sales in the first year Remember, a good KPI should always always be SMART: (S) Specific: profit I # of customers (M) Measurable: measured by accessible numbers	4. Limitations <i>What factors restrict your internationalization?</i> List all factors, both internal and external, that may limit your international performance, such as: - Resources (technical and financial) - Lack of international experience within the team - Complex regulations within your niche Competition	8. Value proposition <i>What is the value you are going to offer to this new country?</i> Based on the strategy you chose, are you going to offer the same value proposition in the new market? Ex: Instead of saving money for your final user, you might generate a new revenue stream for a potential partner Or facilitate the work a potential partner is already offering		10. Localization <i>What changes do we need to do in our offer?</i> Ex: Creation of a new partnership model Integrate existing local tools Integrate local payment gateways Adapt to local legislations
5. Target market				
A. Selection Criteria <i>What are the criteria for selecting the target country?</i> You have also seen some indications of these requirements in your internationalization profile. In this section, I want you to go deeper within this topic and list the characteristics that your new country should offer. You can use the topics mentioned earlier as a starting point and add more criteria according to your reality.		B. Which countries fit these criteria? <i>Practical activity: search for and identify which countries meet these criteria.</i> Now that you know what criteria a country should have to be attractive to your company, it's time to do some research and identify relevant markets for your business. Here we start the 3rd step of your international expansion: the market selection. We have also written a guide and created specific tools to help you at this stage. You can access it by clicking the button below.		

Designed by: uGlobally

Adapted from: APEX Brasil

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Budgeting your international expansion

Other resources

You can also get access to other guides and eBooks on our website.

These resources will give you more details about each step of the internationalization process so that you can better plan your expansion.

Internationalization resources

Free guides and e-books to help you expand internationally



Step-by-step to budget
your international
expansion

[Read more](#)



Guide: how to select
international markets

[Read more](#)



E-book: Startup Visa
Worldwide

[Read more](#)

Click here
To access other resources

Budgeting your international expansion

2. Good practices

A. Set up your maximum affordable loss before creating your strategy

You probably realized that there were two topics about budgets on this canvas: firstly on topic #3 (resources) and later on at topic #9 (Cost structure).

On topic #3, you must establish the maximum amount of money you can spend with this expansion - regardless of the market you choose or the strategy you decide to apply.

This is very important because international expansion is always going to be a risky process, so you also must know the time to pull the plug in case things are not going according to plan.

Following that, it is also important to consider the costs of closure in your worst-case scenario budget. You are obviously not intending to fail with your expansion, but knowing the price and procedures of closure before will also help you avoid bad surprises.

Having a good understanding of these factors is also going to help you optimize your whole strategy, including the cost structure (#9) you will be willing to afford when entering a new market.

Budgeting your international expansion

2. Good practices

B. Validate like a startup

Startups are famous for following a methodology called the "lean startup". This methodology helps companies validate their product by investing the minimum amount of resources possible.

By following this ideal, entrepreneurs can understand if the market really needs their solution. If it does, the company can properly invest time and money to develop their ideas further.

We highly incentivize you to follow the same concept when starting your international expansion. Instead of implementing a massive plan right away, run a few experiments in the new country and make sure that it is, indeed, a good market for your business.

You can find a few validation strategies on this article - [Lean strategies to global expansion: going abroad as a tech company](#).

C. Set a specific time frame

Your international expansion plan should be planned with a specific time frame in mind - including your budget. It's fundamental to establish clear KPI's and keep track of them on a current basis.

Companies usually follow a 12 - 18 months guideline for that, but it's up to you to adequate your strategy and your timelines according to your company's reality.

Budgeting your international expansion

2. Good practices

D. Don't underestimate hidden costs

It's common to start budgeting our international expansion based on expenses that your company has in your own country (i.e. staff, marketing, logistics, etc.).

Even though this is a good start, there are many additional factors to take into consideration. On top of your usual expenses, do not forget to consider:

- Exchange rates
- Interest rates
- Inflation rates
- Local obligations (registrations, certifications, HR, real estate, etc.)
- Taxes
- Travels to the new location
- Among others (check page 12).

E. Expect to pay more

It is common that you face unforeseen expenses at some point in your international expansion - especially if you are doing it for the first time. It is part of the learning process.

Therefore, adding some extra budget for unexpected costs is also very important.

Budgeting your international expansion

3. Common costs of international expansion

After going through the previous topics of this document, you already have a good base start properly budgeting your international expansion. Now, what you need to do is to create a list of all the costs you foresee during this process.

To help you with that, we have created a simple table with some of the most common expenses companies have when going abroad. You can check this table on the next page.

Common costs of international expansion

HR expenses:	Marketing and Sales expenses:
Immigration	Sales materials
Visas	Commissions (sales persons, distribution channels)
Sending home country employees	Paid ads and lead generation (Facebook, Google, PR, etc)
Recruiting costs	Events / Fairs
Employees rights and entitlements	Training
Social security	Market interviews
Insurances (health, unemployment, etc)	Operational expenses:
Paid leaves	Incorporation costs
Required allowances (meals, travels, etc)	Taxes (Corporate / VAT / Sales /etc)
Mandatory salary increases and bonuses	Logistics
Payroll services	Closure costs
Travel expenses	Local consulting and service providers (Accountant, Lawyer, HR, etc)
Termination costs & obligations	Real estate
Localization expenses:	Infrastructure
Legal adjustments (Data management, labor, certifications, labelling, marketing, etc.)	Costs to open a bank account
Translation (website, marketing materials, etc)	Import/export duties
Customer support	Important topics:
Cultural adaptation	Exchange rate
Costs to create or change features on your product	Inflation
Intellectual property, copyrights, patents, etc.	Interest rates



BUILDING A BORDERLESS WORLD FOR TECH COMPANIES

uGlobally is a team of international entrepreneurs who have a big ambition: break the barriers of internationalization and facilitate international growth for tech companies.

We have combined the experience acquired by working in several projects of international expansion to create unique solutions for tech companies entering new markets.

We have adapted the traditional processes of international expansion to the reality of these companies. The result is a faster and more efficient model to enter new markets.

Click here
to get in touch with us



Tools to support your international expansion

- **[The Go Global Platform](#)** provides you with different tools to support your expansion.
- **[The Global Mentor's Network](#)** helps you validate your business in new countries before committing too many resources.
- **[Our list of resources](#)** provides you with clear guidance on how to expand to new markets.

Thanks for downloading our resources



Rodrigo Olmedo

Director

rodrigo@uglobally.com

[linkedin.com/in/rodrigoelmedo](https://www.linkedin.com/in/rodrigoelmedo)

