

# SUITABLE FOR MARKETS IN ASIA

↪ An invitation to grow your  
business in Indonesia, India,  
Thailand or The Philippines

An initiative aimed at supporting Danish companies to grow their local business in Asia

Suitable for  
markets in **ASIA**

**INDUSTRIENS  
FOND** FREMMER - DANSK  
KONKURRENCEVNE  
The Danish Industry Foundation

**KATA  
FOUNDATION**  
CATALYZING LEARNING

## SUITABLE FOR MARKETS IN ASIA

Based on learnings and insights from the "Suitable for Growth" project on how to succeed in the Chinese mid-market and interviews with a number of local Danish companies in four emerging Asian markets, we have started a new project initiative called "Suitable for Markets in Asia" which is aimed at providing a free support for 4-8 Danish companies per market for growing their local businesses by either penetrating existing customer segments deeper or by accessing new untapped local customer segments.

## THE RATIONALE BEHIND THE INITIATIVE

The partners behind the new initiative – The Danish Industry Foundation and The Kata Foundation – have a shared interest to improve Danish companies' global innovation and competitiveness in order to generate more value and jobs in Denmark.

As a philanthropic foundation, The Danish Industry Foundation supports the project financially as well as with insights and knowledge acquired through numerous initiatives dealing with industry collaboration and international reach. The role of The Kata Foundation is to work as a catalyst in implementing and spreading the key findings and learnings on how to improve Danish companies' competitiveness in emerging markets by adapting products and solutions to the local context.

As the experience and learning from the Suitable for Growth project in China have provided a good return on the investment, the objective of the "Suitable for Markets in Asia" initiative is to spread and adapt the insights from the SfG-project to other emerging mid-markets in Asia.

By supporting and facilitating a number of local Danish companies in these emerging markets, the goal is for the participating companies to develop and implement a suitable strategy to create beachhead customers, distributors and/or products for specific local customer segments.



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*This folder is also available for download at [www.suitableformarketsinasia.dk](http://www.suitableformarketsinasia.dk)*

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FOND** FREMMER DANSK  
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## SIX IMPERATIVES FOR SUCCESS ON EMERGING MARKETS

Regardless of how distant you set the time horizon for strategic planning in your business you will surely see Asia somewhere out there on the horizon. On the nearby horizon, while still in the aftermath of the financial crisis in 2008 and waiting for growth to return to Western markets, the Asian markets promise growth. On the distant horizon, the 21st century is predicted to be the Asian Century, where Asia in fact will regain its dominant economic position from several centuries ago. Therefore, many Danish companies consider Asia to be a strategically important market of the future. Some companies even consider Asian markets to be their second home market and patiently overinvest in this “must-win-battle” with fierce competition both from international and local players. But, you already know this; otherwise you wouldn’t be reading this booklet with an interest in our "Suitable for Markets in Asia" project with the purpose of supporting Danish companies in India, Indonesia, The Philippines and Thailand. The real question is: "Has your business reached its full growth potential in these markets?"

Danish companies tend to target emerging markets by transferring their existing business models and products/ service to these new markets, thereby targeting mainly the high-end customer segments. This is a well-proven entrance strategy, but in the long run the main problem with following this strategy is that it is not suited for a deeper penetration or expansion into the local market and therefore, sustainable growth over time may be challenged. As a consequence, Danish companies often experience that they start to lose market shares to local competitors.

Therefore, the non-profit foundation, Kata Foundation, has been working to benefit the Danish society for several years focusing on 1) finding pathways for Danish companies into the Asia market and 2) disseminating this knowledge throughout Danish industry. In 2011 the Kata Foundation looked toward China as the first obvious choice of growth markets in Asia and established the Suitable for Growth (SfG) project with financial support from The Danish Industry Foundation. During a period of almost three years, the SfG project intensely supported and closely followed the penetration of six Danish companies in the Chinese market. The key findings from the SfG project are a framework with the following six imperatives for success in China.

- **Leverage your core.** Your company’s core competencies, the factors that enable your company to be competitive, must be adapted to the market.
- **Empower your organization.** Your company must organize the subsidiary to receive both support and freedom from headquarters as it grows and develops to serve the local market.
- **Lower your costs.** Your company must establish a low-cost platform through local sourcing, designing localized products and setting up your business on local terms.
- **Know your customers.** Your company must get reliable information about local customers and their needs, and ultimately decide how to segment the market.
- **Adapt your solution.** Your company must offer suitable solutions adapted to the needs of mid-market customers looking for affordability, good quality, and speed.
- **Scale your distribution.** Your company must find, develop, and train the right local distributors and/or sales people and scale the network in a controlled way.



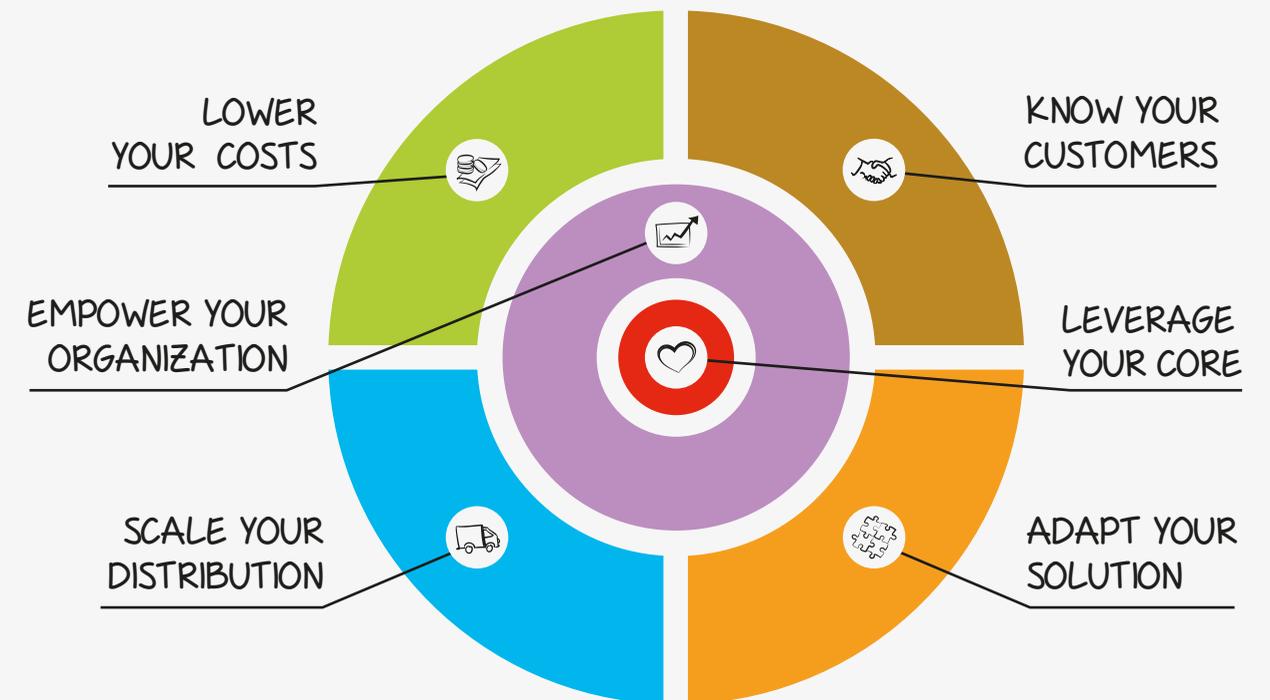
The six imperatives have been elaborated in detail in a set of books, one guidebook for each imperative and a handbook covering all imperatives. The guidebooks contain an extensive set of operational guidelines and practical tools to support companies when setting out for the Chinese market.

## CONTENT

As the experience and learning from the Suitable for Growth project in China have provided a good return on the investment, the two foundations, Kata Foundation and The Danish Industry Foundation, have now set forward to expand their framework to cover more markets in Asia. We have, in a very pragmatic manner, decided to focus on India, Indonesia, The Philippines and Thailand, since 1) the growth potential of these markets is promising due to the expanding middle class and 2) many Danish companies have already taken their first steps into these markets, but some may not have been able to exploit their full growth potential.

Our starting point is that the findings from China, the six imperatives for success, to a large extent are valid and viable in other markets in Asia. To verify this assumption we have visited 17 Danish companies and experts in the four markets. The first chapters report our experiences and findings from the markets – one chapter for each imperative. These chapters should not be construed as scientific investigation with proven conclusions, but rather our first reflections for this new project.

Finally the last chapter describes the new initiative “Suitable for Markets in Asia”, that focuses on supporting Danish companies in growing their business in the four markets.



## LEVERAGE YOUR CORE



### Get a head start into the market

As promising as the growth of an emerging market may seem, just as difficult it can be to succeed in such a market. If the market is truly attractive, you will surely meet all your well-known international competitors from developed markets. In some markets, local competitors will also quickly arise and have plenty of opportunities to outplay you on liability of foreignness. To win in such competitive markets, it's necessary to have an edge from the very beginning. The dynamics of emerging markets doesn't leave much room for catching up.



Don't try to get into the market like this

The first step before entering an emerging market is to understand your core, i.e. what your company is particularly good at that makes it attractive to customers. The sources of the core can be:

- **Brand and customer relations** like DESMI in Indonesia, where all shipyards know the brand from their famous marine pumps.
- **Skills and human capital** like the ones FLSmidth has in Indonesia and which can bring highly skilled expertise to the market from their technology centers around the world supported by local sales and services.
- **Technologies and systems** like Coloplast in India is selling best technology in stoma management to the consumers to reduce skin related complication like faecal leakage & skin irritation.
- **Values** like Arla in The Philippines, where customers can rely on their products being healthy.

The tricky part about understanding the core is that it may not be the same in an emerging market as it is in a developed market. In developed markets, a backbone of Novo Nordisk is their scientific foundation and communication, with researchers developing insulin for the best possible treatment of diabetes. However, in Philippines, the time for a doctor to do scientific work is considerable less than in western countries, simply because more patients visits each doctor every day. The scarcity of diabetes specialist in Philippines and similar countries simply makes the number of patients so high that the set up and focus is different. At the same time, as all treatment costs are out of pocket, and the overall knowledge about diabetes and treatment is low in the general population, many people fear treatment and also

treatment with insulin. Due to the fact it is an injection therapy, but even more so, due to a misperception that insulin is only for terminal patients.

Therefore, the need for both awareness of diabetes and the optimal treatment of it to general public is important, just like disease education on diabetes to the non-specialist doctors is a key factor to help more patients in optimal control of their diabetes.

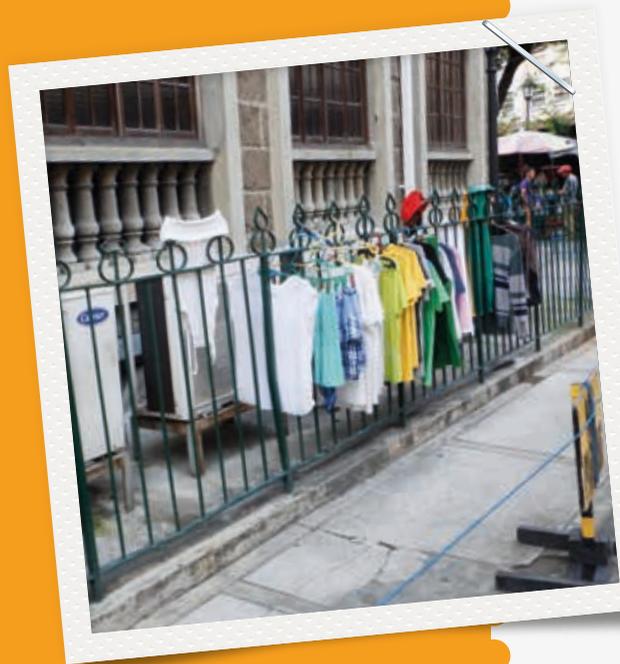


## ADAPT YOUR SOLUTION



### To adapt or not to adapt

.... may seem to be the question, when a company has been successful with their offerings in one market and wants to expand their business into a new market. On one hand adaptation comes with a price as it adds complexity to the value chain. Although there are ways to minimize complexity cost, companies, in general, want to minimize the degree of adaptation to keep their costs low. On the other hand, adaptation will increase the benefits for the customers, thus making them willing to pay more. Therefore, finding the right degree of adaptation is a balance between increasing the benefits for the customer and keeping the costs low.



Some kinds of adaptation cannot be avoided as they are necessary for the product to legally and functionally operate in the different context. Some of these adaptations are obvious and will be imposed upon the company by authorities, e.g. norms and regulations, while others are less obvious and may come as a surprise if not considered before entering the market, e.g. climate, infrastructure, language, ergonomics, etc. Other adaptations are optional and the company is free to find the optimal degree of adaptation for its business. These adaptations are often related to culture and economics.

By happenstance, a company may have an offering that can be transferred directly from one market to another with a minimum of adaptations, e.g. Cocio chocolate milk from Arla that was successfully introduced to The Philippines based on the same formula as used in Denmark. Filipinos love chocolate and like other Asians, they also have a sweet tooth, so Cocio fits very well into this market without any adaptation other than the labelling on the bottle. Even the marketing campaign based on the slogan "Nothing, but great taste" fits well to the market as one of the marketing videos featured basketball, the most popular sport in The Philippines.

Opportunity is everywhere

Despite the good fit to the market, some Cocio adaptations have been considered. There are plenty of customers in The Philippines that are willing to pay a premium price once they know that Cocio is a better tasting and healthier product than the lower priced competitors. (Cocio costs almost 3 times as much as the best-selling product in this category. A Danish dairyman, however, wouldn't consider some of these competitive products to be chocolate milk as they hardly contain any chocolate or milk.) But customers in a low-income market are more reluctant to spend money on experimenting with higher priced and unfamiliar products, so Arla must find new ways to get potential customers to try Cocio for the first time, e.g. smaller sized packaging and free samples.

Coloplast (advanced wound care products) and Novo Nordisk (insulin) are cases where one may think these products are directly transferable from one market to another without adaptation, since humans from this perspective are the same all over the world. While the biological processes for repairing body tissue and insulin's regulation of blood sugar levels are the same for all humans, the surrounding elements in the system may differ and radically influence these offerings.

Consider, for instance, the motivation of a doctor who has established a practice for diabetes patients that come regularly to his clinic to get their chronic wounds treated. Why should he, from an economical perspective, be motivated to use advanced wound care products from Coloplast that will shorten the wound treatment process, but will also increase the economic burden on patients as advanced wound care dressings are costly as compare to traditional dressings. Most of the diabetic wounds are infected in India thus Coloplast need to educate the doctors on the benefits of using advanced wound care products for his patients which will cure chronic infected wounds fast, otherwise patients may end up with amputation.

Similarly, consider a non-diabetes specialist doctor in The Philippines that will probably lose a patient (= customer) when prescribing insulin as the patient most likely will go to another doctor to get a second opinion in hopes of receiving another solution, if the doctor cannot describe the advantages of using insulin for the patient.

From a Danish perspective, these cases can be very provocative, but please bear in mind that the medical systems work differently in these markets - patients pay "out of pocket", doctors may not have additional income like Danish doctors, the level of education of doctors is lower, etc.

Kata Foundation still hasn't found a company that didn't have to adapt its offerings to the market in some way, so the right question to answer in this section on "adapt or not adapt" is in fact "What must be adapted?"



## LOWER YOUR COSTS



### How low can you go?

Finding the right price point is a special case of adapting to the market. Danish companies typically position themselves in the high-end market and may find pockets of consumption in emerging markets that accept price points similar to developed markets. However, to get to the mass-market of the middle class, where prices are typically 50% lower than the high-end market, a company must pass under a set of limbo sticks to get to a sustainable position. From an economical point of view, the first limbo stick is to lower the cost. If this is not passed low enough, the second limbo stick gives the company a second chance by accepting a lower margin.

Luckily, the challenge of lowering the price for the market is matched by an opportunity to lower the cost in the market, i.e. the solution lies within the problem. If a lower income level among customers in the market is the root cause to the cost challenge, then having employees in the same market with equally low salary levels may be the solution. In more popular terms, this is also phrased as “Made in the market for the market” (please note, this logic rests upon the assumption that the salary levels play a significant role in the cost build up, that relevant competencies are available in the market at low cost, and the market size can justify setting up local manufacturing). The raw materials for production may also be cheaper in the market. Some companies may also be forced to manufacture locally if the government requires local content in the products.



Take the case of Arla and Cocio again. From a cost point of view, it doesn't make sense to transport glass, water and sugar in containers from Denmark to The Philippines as there are plenty of these materials in the market. Costs incurred by transportation and import duty could be lowered substantially by importing milk powder from DK and then adding the remaining ingredients locally to become a Cocio. Furthermore, Arla could export to other ASEAN markets without tax issues due to local production in The Philippines. However, setting up new production would require a large investment, so the market must first prove its long-term value to HQ.

Coloplast is in a similar position with their wound/sore care products in India, where the cost of importing the products exceeds the selling price of their competitors. However, the volume of the Indian market doesn't justify setting up manufacturing in India. India is paradoxically the largest market for Coloplast in respect to number of customers, but it's not the largest market in respect to turnover, since each customer spends less money. In their ostomy business, an EU customer may use up to three bags a day, while in India the customers try to save money by using only one bag per week and then suffer the pain from skin irritation.

When it comes to lowering the cost, general managers of subsidiaries in emerging markets often find themselves in a deadlock. It's not possible to grow the business in the local market because of too high costs, while HQ is not willing to invest in lowering the costs by setting up local manufacturing before the market has proven its growth potential. A way out of the deadlock is to outsource or license the manufacturing to a local company. Furthermore, a business case for an emerging market should not be judged by the same measures as a developed market, especially not by the same time horizon for ROI.

Companies in high-end markets, particularly in B2B, often justify their higher priced products with a lower total cost of ownership. However, this may not resonate with the logic of the customer.

According to DHI in India, governmental tenders for water supplies focus on lowest purchasing costs, so companies like Grundfos, focusing on operational costs, either have to lobby for a different focus in tenders or adjust their business model. Novo Nordisk in The Philippines could also rightly argue that their insulin will reduce complication costs – such as dialysis – that often follow as a result of insufficient treatment. However, politicians don't plan for decades. Therefore, Novo Nordisk must educate the market to understand their full value proposition.



## Rule of thumb

**Lower income -> lower prices -> lower costs**

Exceptions to the rule:

- B2C: Although there are relatively fewer rich people in emerging markets than developed markets, these markets have very large populations and the absolute amount of rich people may be large enough to constitute a sufficient market segment for high-priced offerings.
- B2B: There may be international customers in the emerging market that are familiar with high prices from their home market and will accept this along with high quality

## KNOW YOUR CUSTOMER



### Immerse yourself in the market

The previous three sections about “leverage your core”, “adapt your solution” and “lower your costs” all rest upon emerging markets being different from developed markets. Logically, to be able to act upon this difference, it’s necessary to know about this difference. Therefore, another imperative is to know your customers.

Most of the visited companies in the market didn’t express concerns about a lack of knowledge about their customers. Companies with a long presence in the market were particularly confident that their sales force would bring back knowledge about potential customers. Only one company had concerns of market intelligence from sales reps, who wanted to stay within their comfort zone and consult companies, who tend to overpromise the potential by showing ideal pictures of the market. Nonetheless, this company still recommends exactly these two sources for market intelligence.



Arla in The Philippines takes it a step further by engaging a focus group. Once they tested milk powder, but the focus group didn’t like their standard blend. Instead of making a conclusion from this observation, they asked the focus group to blend their own milk. Surprisingly they observed how the focus group used twice as much milk powder as the standard blend to get a more creamy and sweet taste.

For another test, the country manager invited six Filipino ladies from their distributor to his house and observed how they cooked food with dairy products in his kitchen. Customers were also stopped in supermarkets and asked why they bought a particular product.

Each of these steps brings them closer and closer to real users in real situations. One of the companies even warned against looking at markets from a macro perspective, such as growth in GDP. In their country, all the growth in GDP went to the richest families and not to the middle and low-end markets, where the majority of their customers are.

Kata Foundation stands strong on the imperative of knowing your customers despite companies being confident of their current market insights. We have several cases from China, where companies operate in a “bubble of beliefs” thus missing out on growth opportunities. It’s better to question what you know about the market instead of being overly confident.



## EMPOWER YOUR ORGANIZATION



### Find the right level

The most surprising finding in the SfG project was that the greatest challenge is often not in the emerging market, but in Denmark and this relates to the organizational division between headquarters and the subsidiary - particularly in finding the right level of subsidiary empowerment.

Many of the visited companies in the four markets have had critical issues with too much autonomy particularly when setting up the subsidiary with local management. The cases range from tardiness to fraud. It can take years for an expat to right/rectify a subsidiary and in worst cases, they have to “reset” the organization with a complete replacement of the management layer. There are, however, also some successful cases with locally managed subsidiaries.

The conclusion is, therefore, not to avoid local management, but rather to find the right level of autonomy. Too much autonomy may cause the subsidiary to run out of control and too little autonomy may lead to untapped opportunities. When it comes to expats, there seems to be one consistent rule: “send seasoned managers trusted by headquarters, preferably with previous experience from another subsidiary”.

Another important issue that needs to be in balance is the level of expectations at headquarters. Many general managers will recommend top management to visit their market, but these general managers also fear that top management will return to headquarters one week later and expect “to get 1% of the market” and “make money from day one”.

One subsidiary even reported that regardless of the amount of money that headquarters was willing to invest in the market, there was nothing they could do to speed up the growth. Certain things just take time. Therefore, it’s important to expose top management to firsthand experiences in the market with particular focus on “firsthand” and “market” because holiday experiences from a beach or dated experiences from years back can be misleading.

Strategic planning is yet another level of expectation that needs to be well aligned. Several general managers report that it’s not possible to carry out strategic planning solely from Denmark. It is, therefore, important that headquarters trusts in the subsidiary and allows them to adapt their strategy by following a steep learning curve. Ideally headquarters should give the subsidiary financial freedom to operate until the market is well-known. As stated by one of the general managers “headquarter shouldn’t ask questions for one year”.

### Empower = give power or a mandate to

To empower your organization means to implement a process whereby the headquarters in Denmark supports, trains and educates the subsidiary to be an independent, responsible and trustworthy local organization that can make autonomous decisions while respecting the overall frames and guidelines.

Invite top management to the market, not to the beach

Stay alert to opportunities



## SCALE YOUR DISTRIBUTION



### The final barrier for growth

Imagine a company with all the previous imperatives in place. It has leveraged the core of its business to gain a competitive advantage in the market. It has set up an organization with sufficient freedom to pursue market opportunities. It has adapted their solutions and radically lowered the costs. However, to fully exploit the market potential, their distribution must be scaled to reach all the relevant segments. Naturally, a company should not set out to conquer a new market in one step, but instead start small with a scalable model.

One of the key decisions when setting up distribution is to decide between developing own distribution channels or introducing an intermediary between the company and the customers. In the four markets the decision for a Danish company often falls on the latter as the first simply is not an option, at least not to begin with.

- The market is regulated and companies are not allowed to sell directly to the end users. As per the Indian Govt. regulations companies cannot sell directly to the end users. Coloplast experienced this, where they have to sell products through distribution network thus increasing the consumer cost.

Get help!!!



- Large geographical markets with a widespread location of customers that are hard to reach with existing infrastructure, like all the small islands of Indonesia and The Philippines, make it difficult to develop a more efficient distribution network than the established players.
- There can be a monopoly by a single distributor with a too a strong position to risk a conflict, at least until the company has established a strong position in the market.
- It takes too long time for a new Danish company to build new relations to governments and customers, so instead the company chooses to ride “piggy back” on the relations of an existing distributor.
- There may be things going on in the distribution chain that a Danish company wants to distance themselves from, e.g. corruption.

Introducing an intermediary takes some of the margin from the company. Naturally, this should be justified by some kind of added value - at best a value beyond being a simple distributor - also termed as “box mover”.

DESMI in Indonesia and Coloplast in India recognize an added value of their intermediaries (agents and distributors), since they also serve a financing function. DESMI only accepts secure payment from private companies. Other customers are sent to their agent, who is willing to take the risk of long payment terms. When Coloplast sells directly to a hospital, the payment terms can be up to six months to one year. However, if supplies to hospitals are routed through distributors, who have established connections, the payment terms can be shortened.

Another added value by intermediaries is education of the market. As argued in the previous sections, many Danish companies set out to educate the market, so potential customers can better understand the value of their offerings and why they charge a premium price. However, it doesn't completely remove the educational task of the company; it just transfers it to the employees of the intermediaries that must be trained in educating the market.

Finally, some final advice about distributors from the Danish companies:

- Don't settle for only one distributor.
- Beware that the distributor may also have competitor products and eventually cheat you.
- The distributor may not be motivated to invest in your business.
- Always perform the due diligence of a potential distributor.



## SUITABLE FOR MARKETS IN ASIA

Based on learnings and insights from the “Suitable for Growth” project on how to succeed in the Chinese mid-market and interviews with a number of local Danish companies in four emerging Asian markets, we have started a new project initiative called “Suitable for Markets in Asia” which is aimed at providing a free support for 4-8 Danish companies per market for growing their local businesses by either penetrating existing customer segments deeper or by accessing new untapped local customer segments.

By supporting and facilitating a number of local Danish companies in these emerging markets, the goal is for the participating companies to develop and implement a suitable strategy to create beachhead customers, distributors and/or products for specific local customers segments.

The initiative is primarily targeting mid-sized and larger Danish companies (DKK 100 – 5,000 million in revenue) with headquarters in Denmark, who are focusing on growing their sales in one of the four emerging markets: India, The Philippines, Thailand or Indonesia. Common for the target companies is that even though they are growing in these markets, they experience challenges in exploiting the markets’ growth opportunities and moving ahead of the local competitors.

As the initiative focuses on the need for adaptation to local context and needs, as a means to improve penetration or expansion into the local market, it is critical that the participating companies already have some experience from operating in the market. They must also have a clear ambition to increase their sales in the emerging markets and be willing to do some experimentation and learning to achieve this. The market should also be of strategic importance for their growth as they must be willing and able to invest the time and resources that may be required.

### Participant profile

- Danish companies with HQ in Denmark
- Global revenue: DKK 100 - 5,000 million
- Local set-up in one of the markets: The Philippines, India, Indonesia or Thailand
- Ambition to increase sales in the market
- Willing to experiment and learn
- Markets of strategic importance
- Invest own time and resources

## OUTCOME AND PROJECT BENEFITS

The ambition and main outcome of the initiative is for the companies participating in the full “Suitable for Markets in Asia” program to establish a beachhead in one of their emerging market growth segments.

Companies will be given the opportunity to participate in a facilitated action-learning process (free of charge / no costs) focusing on growing their local business in one of their existing or untapped customer segments.

### This includes:

- A series of four 1-day preparation and learning exchange seminars, focusing on designing a suitable strategy with the objective of matching the local value proposition and business model to a potential local growth segment.
- Access to tools and methods on customer understanding and exploration.
- Access to local experts, good practices and cases on how to overcome growth barriers in emerging markets.
- Networking opportunities with other Danish companies in the local market.
- An opportunity to get the implementation of the strategy supported by external experts and/or consultants at a value of up to DKK 200,000 per company.



## WHAT YOU GET

PHASE 1 (DEVELOPMENT)	PHASE 2 (IMPLEMENTATION)
<ul style="list-style-type: none"> <li>○ A series of seminars with facilitation and expert advice at a value up to DKK 50,000.</li> <li>○ A growth plan you can use to pitch and get support for your growth ambitions.</li> </ul>	<ul style="list-style-type: none"> <li>○ Personal consultant support at a value up to DKK 200,000 provided free of charge.</li> <li>○ An opportunity to get new customers and leads</li> </ul>

## THE PROCESS

A key belief of the Kata Foundation is that sustainable growth of a business involves a learning process with sharpening of the organizational competencies according to the challenges of the market. Therefore, a major concern for Kata Foundation is to create an action-learning environment for the participating companies, where they work and experiment with their own real challenges and projects. Through workshops and seminars the companies are supported and trained by local experts in designing solutions, which they test in the market for fast feedback and adjustment.

A fundamental belief in the “Suitable for Markets in Asia” project is that companies need to deeply understand the local market situation (the problem) before designing and implementing their solution and growth strategy. Designing and implementing a strategy without understanding the problem or root causes corresponds to a doctor writing a prescription and handing out medicine without examining his patient. Therefore, we have designed a process with the following three steps:

- 1) Understand - Create knowledge about local market and customer segments
- 2) Strategy - Design local growth strategy
- 3) Action - Implement local growth plan

Designing the solution and strategy is an iterative process, where companies have to test their ideas and assumptions in order to learn and improve quickly at low costs. This process will be facilitated by The Kata Foundation and external experts, who will guide and support the companies through a program of four 1-day action-learning preparation seminars. These seminars focus on methods, tools and good practices on how to design and validate a local business model with a corresponding suitable strategy and growth plan.



## UNDERSTAND (CREATE INSIGHTS)

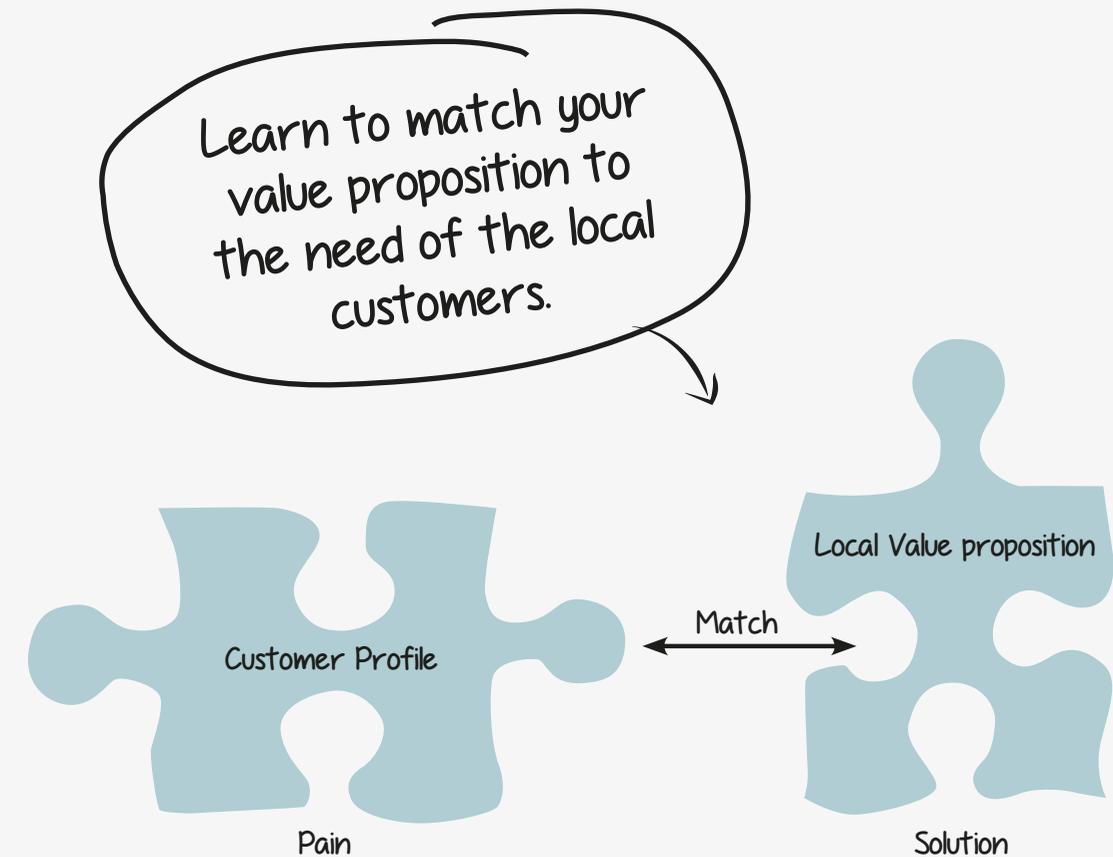
Deeply understanding the local market is mainly about two things: 1) understanding the potential customer/user segments and their needs and requirements (the PAIN) and 2) understanding how well the market players, competitors, etc. are fulfilling these needs and requirements (the SOLUTION).

To fully understand customer pains and defining relevant customer segments, companies must immerse themselves in the local market, getting in close contact with users, customers, partners and competitors, who operate within their business area. The preparation seminars will focus on tools and practices that companies can use to collect, structure, and understand customer insights while they continually learn by testing and adjusting their predefined assumptions and beliefs.

## STRATEGY (DESIGN GROWTH PLAN)

When a customer's pain or need is deeply understood, the companies must evaluate how well they actually fulfill the needs of the customer compared to local competitors; i.e. how well does their local value proposition match the local customer profiles, and where are changes and adaptations required to improve attractiveness and competitiveness.

The preparation seminars in this phase will take their starting point in the learning and insights from the thorough market immersion and understanding, and what implications these may have on the local business model. Based on this, companies will be supported in developing a suitable strategy and business plan describing how to generate value and growth in their selected customer segment.



## ACTION (IMPLEMENT GROWTH PLAN)

The companies with the best strategies and growth plans (max. 4 companies per market) will be invited to participate in the last action phase.

To succeed in implementing a growth plan, it is crucial that the participating company is 100% committed and able to invest the time and resources that are required. Therefore, each company will be given the opportunity to gain access to a local external consultant or expert, who will support and facilitate the individual company in developing and implementing the first steps of their growth plan. Each company can get support for a value of up to DKK 200,000.

An opportunity to get free support from local experts or consultants



### Time and activity plan

Companies participating in the project will be involved during a period of up to approximately 15 months, depending on the individual growth idea and plan.

PHASE	MAIN ACTIVITIES	MONTHS	TIMING
<b>Formation</b>	<ul style="list-style-type: none"> <li>○ Project set-up and partner involvement</li> <li>○ Companies invited to participate</li> <li>○ Company growth ideas selected</li> </ul>	6	Aug. 2015 – Jan. 2016
<b>Development (Phase 1)</b>	<ul style="list-style-type: none"> <li>○ Execution of four local action-learning seminars</li> <li>○ Extraction of learning and good practices</li> <li>○ Selection of best company growth plans</li> </ul>	6	Feb. 2016 – Aug. 2016
<b>Implementation (Phase 2)</b>	<ul style="list-style-type: none"> <li>○ Involvement of consultants per company</li> <li>○ Implementation of companies' growth plans</li> <li>○ Documentation of results</li> </ul>	7-9	Sept. 2016 – May 2017

## SIGN-UP AND SELECTION PROCESS

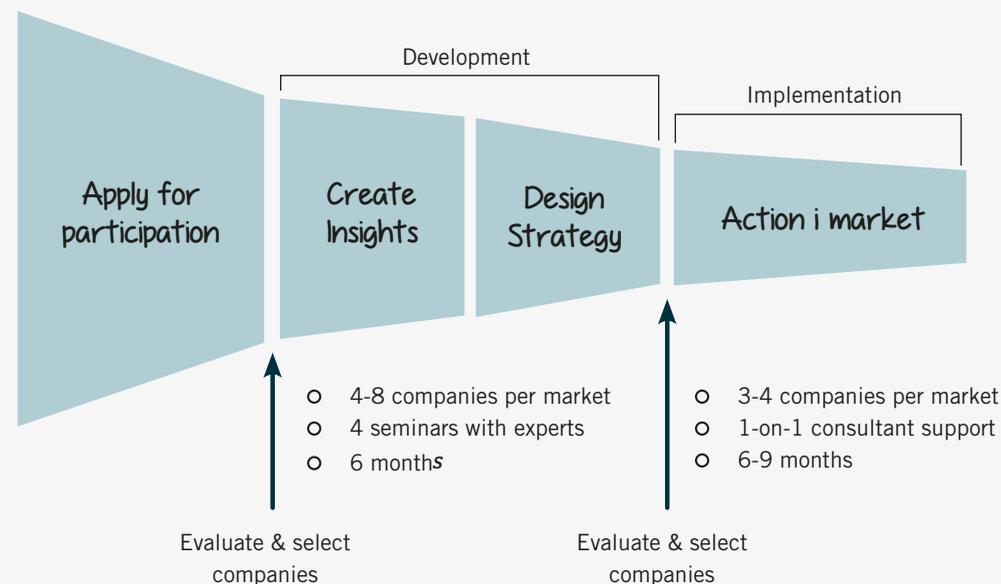
Companies that find the “Suitable for Markets in Asia” initiative relevant and want to pursue the opportunity of participating can apply for participation by submitting a brief description of the growth idea they want to exploit and develop through the project initiative. The growth idea should answer the following three general questions (templates can be downloaded from our website [www.suitableformarketsinasia.dk](http://www.suitableformarketsinasia.dk)):

- How does the idea support growth in the local market?
- Why is the idea attractive to customers in the market?
- What are the main barriers of implementing the idea?

After receiving the application and growth idea description, each company will be contacted by The Kata Foundation to briefly discuss the idea, the motivation for participation, expectations and the further process.

If the number of applicants for a specific market exceeds eight companies, the project partners (The Kata Foundation and The Danish Industry Foundation) will select and prioritize companies based on the best growth ideas. The selected companies will be invited to participate in four action-learning preparation seminars focusing on designing their strategy and growth plan for a local market segment.

After the last seminar, the strategy and growth plans developed by each participating company will be evaluated and the four best projects per market will be selected. These companies will have the opportunity to continue in the last phase of the program, where the support will be intensified with several one-to-one sessions and, a local consultant will work together with the company team to grow their business.



## WHAT IS IN IT FOR US?

Both foundations behind the project aim to increase the competitiveness of Danish industry and believe that a few successful companies can lead the way for the many companies that follow afterwards.

Therefore, we are ready to invest our resources in supporting a few sets of companies to succeed in their markets while learning and sharing their best practices with a larger set of companies. Thus, we have the dual roles of supporting your business to be successful in the market while at the same time learning why you succeeded – or not. Afterwards, we will disseminate this knowledge to other companies.

Naturally this may raise some concerns about confidentiality of your business. We want to become your trusted partner with this project and we respect your wish for confidentiality. Therefore, we will not share anything without your permission.



**Q: How do you treat the need for confidentiality in the SfA program?**

A: All participants will be asked to sign a declaration of confidentiality or Non-Disclosure Agreement (NDA). The Kata Foundation will ensure that none of the participants are direct competitors.

**Q: Can all Danish companies participate in this project?**

A: No, only companies fulfilling the requirements described in the participant profile on page 18.

**Q: Can the same company participate in several markets?**

A: In general a company can only participate in one market. However, if there is a free seat in one market and a company has a good growth idea and wants to invest the needed time and resources in the project, they may get the chance to participate in another market also.

**Q: Will all participating companies get consultant or expert support for a value up to DKK 200,000 for free?**

A: No, only companies passing the hurdle criteria for the last implementation phase will be given this opportunity.

**Q: When will the project start and end?**

A: The first preparation and kick-off seminar is planned to take place the beginning of March 2016 (Week 9) and the last preparation seminar will take place in June 2016 (Week 23). Some companies may leave the project at this point. For companies continuing into the last implementation phase, the project will end by April 2017.

**Q: How many resources or how much time must a company invest during the project?**

A: This is very individual, but each company must be willing to invest what it takes to meet their own objectives that were set at the start of the project. A clear commitment from the company is required prior to the start of the two stages of the program.

**Q: How do I sign up?**

A: By filling in the application and growth idea form and e-mailing it to Project Director Peter Jyde Andreassen at The Kata Foundation (e-mail: [pja@katafonden.dk](mailto:pja@katafonden.dk)).

## PARTNERS, ROLES AND RESPONSIBILITIES

### THE KATA FOUNDATION

The Kata Foundation is a non-profit self-governing organization that serves to complete research and research based projects and activities that increase our knowledge and practice of: a) Learning and education and b) creativity and innovation. The Foundation's most important task is to convert theoretical knowledge into concrete practice and communicate research and activities to the relevant target groups.

The knowledge accumulated by the Foundation on innovation and learning must be made available to the general public. The practical application of new knowledge is a key success criterion for the Kata Foundation. Accordingly, the Foundation collaborates closely with Danish and international companies in many types of industries including education, pharmaceuticals, clean tech, energy and service industries. The Foundation works with an extensive network of international universities.

The Kata Foundation is the responsible project manager and driver of the project initiative.



### THE DANISH INDUSTRY FOUNDATION

The Danish Industry Foundation develops and supports innovative, inspirational and economically sustainable projects and initiatives that support the competitiveness of Danish businesses and industry. Projects are developed and supported within three of the seven growth drivers:

- Knowledge and competencies
- Entrepreneurship and innovation
- Globalization and openness

The Danish Industry Foundation is registered as a business foundation and reports annual accounts to the Danish Commerce and Companies Agency. The equity of almost 4 billion DKK is administered by the board of directors in cooperation with the management and in accordance with the Foundation's mission.

The Danish Industry Foundation is the financial sponsor of the project initiative.



### DANISH EMBASSY AND TRADE COUNCILS (INDONESIA, THAILAND, PHILIPPINES, INDIA)

The Trade Council is the governmental export and investment promotion organization under the Ministry of Foreign Affairs of Denmark. The organization comprises all governmental activities designed to promote Danish export and foreign investment in Denmark under one roof.

The organization focuses on offering Danish companies individual advice on all issues important for their international activities. It is a professional and innovative organization which aims to secure the best possible conditions for taking part in the increasing globalization for the Danish industry. Moreover, it is an organization which can act as a sparring partner for companies at all levels.

The Danish Embassies, Trade Councils and Innovation Centers in the four markets are supporting The Kata Foundation in executing the project in the local markets.



