

TradeSherpa's Consulting Services

Helping Companies Build their U.S. Expansion Plans or Revamp their U.S. Operations

CASE #1: OCEANOGRAPHY | POST-ACQUISITION INTEGRATION

PROFILE

ABC Co. is an international company that develops overseas by acquiring local entities. The strategy is to take advantage of local companies' technologies and sales channels to scale as quickly as possible and optimize margins. Consolidated revenue worldwide = \$120M.

SITUATION

ABC Co. has acquired a small, family-owned business on the Massachusetts' coastline, which counts 10 employees and generates \$15M sales.

The opportunity is great, but challenges soon show up: local US employees do not master accounting 101 while ABC Co.'s employees in Europe are expert accountants who expect rigorous control and reporting processes; the newly acquired company is not accustomed to changes, especially as it has been relying on home-made processes for 30 years; and, on both sides, no one is prepared for proper integration, staff training, cultural differences, or arbitration between processes to keep and processes to replace.

HOW DID TRADESHERPA HELP?

We had previous experience walking European groups and their newly acquired US entities through the post-acquisition integration process, covering challenges such as accounting technique, reporting processes, information flow management, and cultural friction. We have thus developed a program for both companies:

Diagnosis and solution planning:

- We made an inventory of the skills mastered by the local US team versus the missing skills to build a training calendar.
- We analyzed the HQ's expectations and compared them with the existing tools and processes to establish a realistic list of priorities regarding items to keep, items to improve, and items to create.

Accounting workshops:

- We taught accounting principles to the US team and helped them build the monthly reports required by the HQ with a high level of accuracy.
- We built control processes that were pertaining to various critical operations, such as proper inventory management or limited access to bank accounts.

Training and coaching:

- We reassured the US team who worried about their jobs and we helped them understand what to expect regarding the European HQ's management style. We also showed them the benefits of automating some processes and considering new KPIs for improving the overall business performance at both local and group levels.
- We worked with the EU team to bridge the cultural gap and showed them the potential of the US company. We detailed the adjustments to be made in terms of communication, expectations, and training. We also built a method for planning and rewarding quick wins that would lead to the overall performance and synergy of both entities.

RESULTS

ABC Co. and its newly acquired entity have run a successful integration process and ABC Co. is currently acquiring another US company. We have now been working together for 3 years.

CASE #2: FASHION TECHNOLOGY | COST ANALYSIS FOR BUDGETING THE U.S. EXPANSION

PROFILE

DEF Co. is a European promising startup that is currently finalizing a prototype unveiled in 2016. The product met with a warm response from luxury fashion brands as well as sports apparel manufacturers and pre-order sales already amount to \$5M in 2018.

SITUATION

DEF Co.'s officers have met US investors who announced that they would be ready to invest \$60M in the company during the first year of US expansion. DEF Co. was arbitrating between expansion towards Asia or the Americas and they realized that the USA would be the best opportunity to build brand equity. However, they also realized that despite US investors' great promises and the help of the European accelerator they had been hosted in, they had no idea of how to expand to the USA nor how much it would cost.

This startup currently receives huge media coverage, and it must move fast, for fear that competitors might come up with a me-too technology soon enough to steal market shares. An investor needs to be identified and hooked as quickly as possible.

HOW DID TRADESHERPA HELP?

We understood that DEF Co.'s key to success was 1/ to secure enough time and resources to focus on selecting the appropriate investor by delegating the preparation of the financial and operational pitch deck, and 2/ to build a robust roadmap for expanding to the USA that could fast-track the implementation phase once the "start" button would be hit, with the objective of successfully delivering on 2018 orders while outpacing competitors.

- We worked hand in hand with DEF Co. to clarify their business model and develop *scenarii* for the US expansion.
- From there, we prepared a comprehensive cost analysis for the first 3 years covering areas such as:

- Marketing: go-to-market strategy and tactical implementation with service providers
- Legal: IP, commercial contracts, corporate structure, etc.
- Tax: official registrations as well as federal, states, and local requirements
- Human resources: recruitment of local employees (incl. salary analysis), visas, employees benefits, payroll providers, etc.
- Administration: general fees, outsourced CFO services, bank account creation and management, etc.
- Insurance: options to cover activities, DEF Co.'s product, lease requirements, etc.
- We also provided practical recommendations to DEF Co. for each of these items so that officers and managers could easily anticipate tasks to plan and complete as well as local business Sherpas to meet.

RESULTS

We are currently refining the document with DEF Co. with the goal of presenting it to investors by Q3 2018.