

# TradeSherpa's Matching Capabilities

Finding Business Sherpas for Companies Expanding to the USA

## CASE #1: CHOCOLATE PRODUCTS | MATCHED WITH AN OUTSOURCED MARKETING DEPARTMENT

### PROFILE

ABC Co. is an international company selling food products worldwide and generating \$1B revenue. The US subsidiary was created in 2012 and was managed from Europe with the help of 2 US-based employees in charge of developing relationships with distributors.

### SITUATION

Before 2012, ABC Co. was exporting white-label products to the USA, generating \$4M revenue. Despite the local presence which was supposed to foster sales, sales were still hitting a \$4M plateau in 2016. Market trends were showing the USA as the biggest sales potential in this industry, so ABC Co. had to shift the approach.

HQ officers launched a joint-venture process with the objective of selling their own brand along with white-label products to increase margins while securing new channels. They had a great target in mind, which sounded eager to close the deal.

However, as D-Day was approaching, ABC Co. realized that the target company would not let ABC Co. sell its own brand nor access any information collected by the local salesforce on the market. Negotiations were abandoned, and ABC Co. was left where it started.

### MATCHING

We matched ABC Co. with an outsourced marketing department that we knew would develop a robust marketing strategy and assist both the HQ and US employees in implementing it.

We selected this partner based on 5 criteria: 1/ experience working with US distributors, 2/ a focus on tangible sales results, 3/ the ability to work hand in hand with clients' salesforce, 4/ experience working with European SMBs along with other US clients, and 5/ internal resources dedicated to tactical implementation in the long run.

### RESULTS

ABC Co. has been working with this marketing partner since January 2017 and the collaboration has been reconducted ever since (even if 3 new employees have been hired). Sales now amount to \$8M in the USA.

## **CASE #2: AUDIO SYSTEMS | MATCHED WITH A US BANK**

### PROFILE

DEF Co. is a successful startup with subsidiaries in most Western Europe countries, Hong-Kong, Shanghai, and Singapore. The US expansion started in 2016 with the creation of a US entity and the opening of a flagship store in New York.

### SITUATION

DEF Co. was about to open a second store in 2017. The landlord then asked for a letter of credit.

DEF Co.'s bank, one of the US big players, refused to deliver this letter of credit unless DEF Co. was willing to pay a cash collateral amounting to the first annual lease (\$200K). A seemingly curious behavior as DEF Co. was already generating \$10M in the USA and \$60M worldwide. DEF Co. could not afford disbursing \$400K in the middle of the expansion project!

US managers tried to find other banks, but all these banks were trading the letter of credit for the transfer of all DEF Co.'s activities to their own establishments.

### MATCHING

We matched DEF Co. with a small US bank that was willing to deliver a letter of credit with no other condition than taking a loan corresponding to the \$200K lease.

### RESULTS

DEF Co. solved the issue in less than 10 days, keeping their initial bank as their main partner along with this smaller bank for pursuing US expansion. The loan interest is a paltry compared to the losses that would have incurred if expansion plans had suffered a setback or unexpected delays.

## **CASE #3: DATA CENTERS | MATCHED WITH A CORPORATE LAWYER**

### PROFILE

Created in 2001 in Europe, GHI Co. is now a well-established company that generates \$150M sales worldwide. GHI Co. started operations in the USA in 2016 through a US subsidiary that has been managed entirely from the EU headquarters since.

## SITUATION

EU officers and managers never really paid attention to sales tax. They adopted a DIY approach, based on information collected among their suppliers or clients as well as online publications.

Though it turned out that, fortunately, GHI Co. was exempt, its biggest supplier and client (ISC Co.) considered that the documentation GHI Co. had submitted to justify the exemption was not valid. ISC Co. asked GHI Co. to reimburse the \$4M of sales tax that the group had paid to the tax administration in 2017, threatening GHI Co. not to renew orders for 2018 (\$20M estimated sales).

GHI Co. thus had to pay the \$4M and was left trying to follow up with ISC Co.'s legal department directly for a potential cashback.

## MATCHING

We matched GHI Co. with a US corporate lawyer who is now working on getting the \$4M back into GHI Co.'s pockets.

We selected this lawyer based on 4 criteria: 1/ a robust background in tax law, 2/ experience working at leading law firms so that he can be comfortable discussing with global corporations such as ISC Co., 3/ immediate availability thanks to the flexibility of his boutique law firm, and 4/ long-term experience working with EU midsized companies expanding to the USA.

## RESULTS

Coming in a couple of months!

## **CASE #4: SPORTS APPAREL | MATCHED WITH A CPA FIRM**

### PROFILE

Created in 2004, JKL Co. is selling in 55 countries and generates \$40M consolidated revenue. Subsidiaries have been created in EU, the Americas, Asia, and Oceania.

### SITUATION

After 5 years, sales in the USA increased up to \$10M. However, the US subsidiary still had limited capabilities and resources: keeping pace with the demand and unlocking JKL Co.'s potential on the US market became difficult.

In 2017, US officers thus decided to request an investment from external investors and they needed to find a CPA firm to conduct an audit of financial statements within a very short timeframe and with a limited budget.

### MATCHING

We knew that typical CPA firms (incl. the big 4s) would focus on reaching 100% accuracy and building a comprehensive audit that would meet the highest quality standards. Such firms

would have missed the purpose of the audit: showing what was exactly needed to discuss the investment.

We thus matched the US subsidiary with a local, independent CPA firm that was experienced auditing US subsidiaries of European corporate groups and that was willing to be flexible regarding the scope and the level of accuracy for this specific audit.

## RESULTS

JKL Co. got the exact audit it needed in as less as 10 days. All the elements that were not included in the report (on purpose) were nevertheless communicated to the US subsidiary in the form of recommendations to help US officers plan for operational adjustments throughout the year.

Based on this success, the CPA firm we sourced is being hired again in 2018 by JKL Co. for a regular audit.

## CASE #5: POS ADVERTISING | MATCHED WITH A RECRUITING AGENCY

### PROFILE

Created in 2003, MNO Co. has been expanding internationally, opening subsidiaries in several EU countries, exporting to Asia, and now generating \$10M consolidated revenue.

### SITUATION

MNO Co. wanted to export to the USA. Managers started looking for sales agents, but they could not find any good match on tradeshows and staffing agencies would only focus on the job description at the expense of a good understanding of MNO Co.'s business and expectations.

They ended up with irrelevant or unmotivated candidates as well as requests regarding compensation and exclusivity terms that they could not meet.

### MATCHING

We understood that MNO Co. is an SMB that values human relationships as well as sound, hands-on solution to daily business challenges. We thus matched the company with a family-owned (3<sup>rd</sup> generation) recruiting agency that takes pride in sourcing candidates using a customized, human approach.

MNO Co. was glad to find there an experienced team that took time to understand the brand's DNA, future expansion plans, budget constraints, and the company's culture.

## RESULTS

MNO Co. has found a great recruiting partner in the USA that will also be able to support MNO Co.'s development on other markets. The recruiting agency indeed belongs to an international network of recruiters and is now working towards recruiting solutions for MNO Co. in Asia.