



Internationalisation

Internationalisation –
A small story

Mr. Albert Mayer, regional manager for Central and Eastern Europe for the company HX Frost GmbH, was very impressed: the new managing director in country X finally appears to be the hoped for right appointment. The personal connections described by him up to the highest level are impressive. He can and wants to really make something happen. And turnover is actually on the way up. Naturally, the new success wants to be shown off, i.e. a new company car to impress customers, better office rooms, more personnel, numerous business trips, etc.

On the other hand the managing director is actively reducing costs. The auditor is exchanged for a local auditor at lower cost and the external accounting service provider is replaced by internal financial accounting personnel personally known to the managing director to be extremely competent. Therefore the expensive accounting program is no longer required. Apart from that the managing director knows one or two good tricks to save on tax and contributions. However, it is annoying that since then it is always very tedious to receive the reporting in an understandable form and language. There are also repeated requests for loans or postponement of payments. During visits to the office which always take place in a friendly atmosphere the managing director has, however, explained that in country X a number of things are different, and, in particular, much more complicated. But no problem – the managing director will take personal care of everything.

Yet Albert Mayer is undecided: perhaps it will simply take a little longer until everything runs smoothly, and surely another reason is the different business cultures...

It is no surprise that German companies are strongly attracted by new and fast-growing markets abroad. The business opportunities, entrepreneurial freedom and impressive success often go hand in hand with a pleasant business climate. Traditional values such as hospitality, the upkeep of personal relationships and the feeling of 'capturing' new countries represent an additional incentive. The other side of the story is that true to the motto 'other countries, other traditions' one might be unsure of the extent to which established standards of business conduct in Germany can be practiced or demanded at faraway locations. Before we answer this question, it's worthwhile having a closer look to understand the special characteristics of German Mittelstand companies to see how the Mittelstand ticks.

Time to make an assessment.