



# Mapping a growth journey to expand your privately owned business overseas

On the hunt for growth, Australia's private businesses are broadening their horizons and sizing up overseas markets. In this article, we provide some pointers for private businesses looking to expand into Asia, North America and/or Europe.

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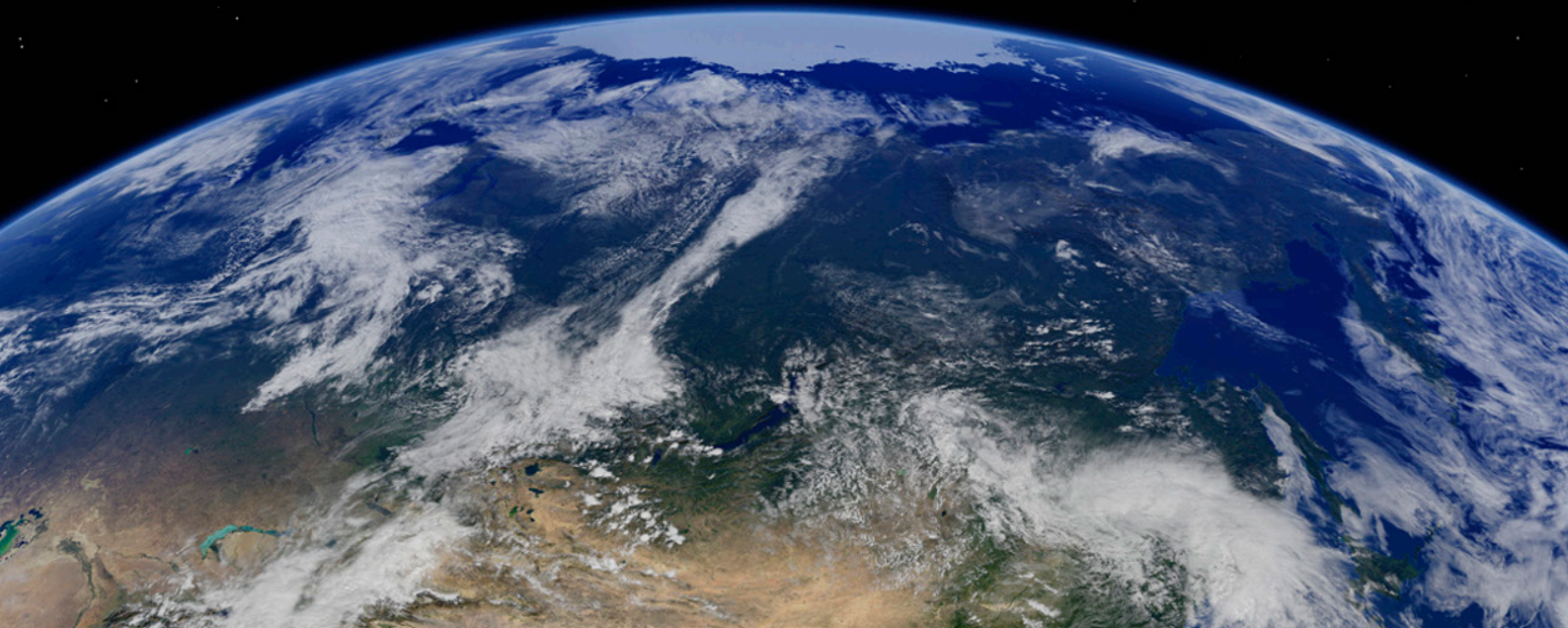
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Australian private businesses are reporting stronger performances than many of their global counterparts – so it's no wonder they're considering overseas expansion.

Our **2023 Family Business Survey** found more than three quarters of Australian family businesses experienced growth last year, and more than four out of five are optimistic about their growth prospects for the next two years. The **survey** also found that one of the top two priorities for Australian family businesses in the next two years is to expand into new markets.

International expansion is an effective way for private businesses to accelerate growth. Depending on your business' industry sector and chosen geographical location, you have the opportunity to access capital and enter larger consumer markets that can be stable and profitable. And many of these markets are relatively low-cost to operate in too.

If you're an Australian private business and you're weighing up the pros and cons of expanding overseas, here's some key commercial considerations for three potential markets: Europe, North America and Asia.





# Europe

Australia has always been an important sales market for Europe, and now it's an important source market, too.

The European market is currently favouring companies that focus on renewable energies, electric vehicles, and battery cells. And Europe is the place to be for Australian companies looking for a safe data environment.

Based on our experience working with Australian private businesses, here's three learnings we've picked up along the way:

**1 Understand the characteristics of different markets:**


Europe is a stable, profitable market and individual nations show notable strengths. Germany offers economic stability, the Nordics consistently have political stability, southern Europe (Spain and Portugal particularly) have labour availability at low costs, and major incentive schemes exist in Poland and other Eastern European nations.

**2 Net zero transition is a priority:**

Australian businesses seeking to transact in the EU will need to demonstrate net zero commitments, noting EU nations and businesses are already well progressed on this journey. Broader environmental, social and governance (ESG) issues are also increasingly important, with Europe being the most regulated market when it comes to sustainability. Our 2023 Family Business Survey found that 90% of Australia's private businesses do not have an agreed and communicated ESG strategy so, for many private businesses, there is more to do here.

**3 Local languages still matter – especially when it comes to regulation:**

In everyday business dealings, you'll find English widely used and understood among EU organisations. However, when it comes to businesses with a B2C business model and compliance with regulation, you'll need to understand and apply local languages. For example, if you're selling medical products, then your packaging and instructions must be in the language of the country where it is sold. With so many languages in a relatively small geographic footprint, this can be challenging for scalability.

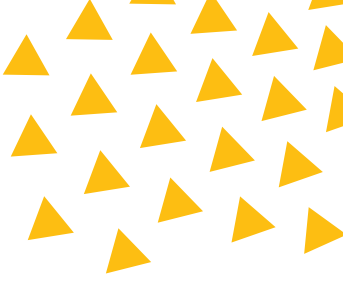


'European companies are thinking more and more about using the Australian market as a source market. My advice to Australian organisations? Think net zero.'

Dr Peter Bartels



# North America



When expanding in North America – above all – consider: Location. Location. Location. Establishing your business in the right state is critical (for example, if you plan to import goods from Australia, being close to a port city like Vancouver or San Francisco makes sense, whereas New York would likely be more challenging).

Here's four learnings we've picked up along the way:

**1 Don't overlook Canada:**

Relatively few Australian private businesses operate in Canada, while many are in the United States. Businesses are obviously enticed by the large consumer base in the United States (population 330+ million). But if Americans are buying certain products and services already, it may also mean your prospects are also strong in Canada (its population of 38+ million still dwarfs Australia).

**2 Networks and connections matter:**


With the right networks and connections, North America presents an opportunity to access investors and supply chains, and to consolidate. We often tap into our PwC networks in the US and Canada, to help Australian private businesses achieve a smooth landing.

**3 Tech and talent in abundance:**

North America is a global tech hub with a plethora of talent. While Silicon Valley is the main hub, Toronto and Waterloo have large tech hubs, and Vancouver and San Francisco share Silicon Valley's resources.

**4 Know your end goal, before you start:**

A lot of North American businesses are buying and merging in this large-scale market. So, you'll likely have many acquisition and/or exit options down the road. To ensure your business is ready when the right opportunity comes along, proactively prepare early for potential future transactions.



'When I think of success [in North America and Canada] it's all about establishing networks and making sure you have the right connections.'

Sabrina Fitzgerald



# Asia

Asia is an attractive market but it's not homogenous. Australian private businesses need to understand the nuances and differences between each Asian culture.

Here's three learnings we've picked up while guiding Australian private businesses into this vast region:

**1 Singapore is a landing pad:**

Many Australian businesses use Singapore as a base, especially when they're new to the region. Singapore is English speaking; its rules and regulations are clear; and it can be the perfect springboard to enter other Asian markets given its location.

**2 Retail, consumer, and industrial engineering are hot prospects:**

Population age influences the opportunities available. Populations in China, Singapore and Japan are beginning to age, while places like Thailand, Vietnam and the Philippines have younger populations. The latter nations contain consumers who are receptive to new products, technology and services. Bear in mind though, today's low-cost markets will not remain that way forever; they will catch up.

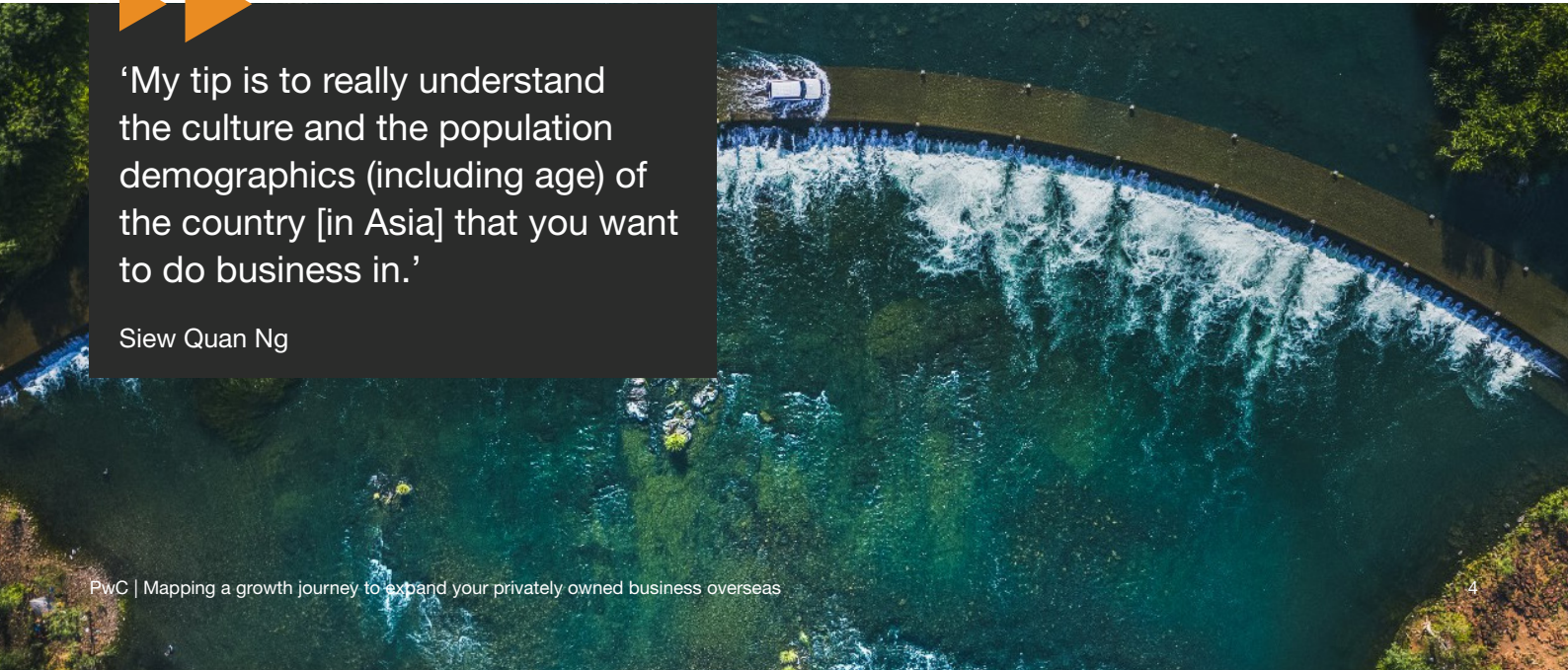
**3 Consider the time zone:**

This sounds obvious but the time difference between your Australian and Asian bases is important. Operating within a six to seven-hour time zone makes managing a business and communicating much easier.

Planning a successful expansion into new markets first requires courage and curiosity. But in practical terms, it also requires a detailed assessment of both your business and the proposed international market you're entering. You should start your research early, test the market opportunity and risk, and engage an advisor before taking the plunge.

**Find out more**

Watch the interview with PwC Private global leaders on international expansion [here](#).



'My tip is to really understand the culture and the population demographics (including age) of the country [in Asia] that you want to do business in.'

Siew Quan Ng

# 4 commercial considerations for international expansion



## Administrative and regulatory framework:

Understand what is required to comply with local laws and the associated timeframe to set up legal structures in that country in order to start operating. This can also depend on the specific region within a country in which you plan to operate.



## Tax:

What is the tax regime of the country you're expanding into? Also consider the tax implications in Australia for your existing business and corporate group. Understand at what point you'll create a taxable presence in the country.



## Legal and business structure:

Are you planning to go it alone by setting up a new venture overseas, expand organically from an existing Australian business or will you look to joint venture with a local partner? How will this ownership structure enable you to expatriate profits?



## Funding:

How will you finance your overseas expansion? How does the funding structure impact repatriation and tax outcomes?

## Find out more

Watch the commercial considerations for expanding into new markets [here](#).

Wherever you are on your business journey, we can help you. To find out more, visit our [Private Business Life Cycle hub](#).

For a more detailed discussion, please get in touch with your PwC advisor or contact:



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