PREPARATION AND UNDERSTANDING : THE CHALLENGE OF INTERNATIONALISATION

Paper submitted to

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PREPARING TO INTERNATIONALISE: CORPORATE PREPAREDNESS AND THE NEWLY INTERNATIONALISING BUSINESS

Introduction

A survey carried out from Nene - University College Northampton, has investigated the views and values of managers in a variety of countries, including Britain, the USA, and several Continental European countries. One key finding from this study (Lawrence, 1998) is that the managers surveyed are very conscious of the omnipresence of change. They see the rate of change as being faster than ever before, their organisations being transformed, industries merged and re-formed, and business re-configured. These themes run through much of the challenge of internationalisation.

For the organisation with expansionist aspirations the move to internationalise the business is but one strategic growth option potentially available. It is, however, an option that has become increasingly attractive over the past three decades as various forces in the global economy have made it easier for firms to venture abroad (Sundaram and Black 1995). The ‘internationalisation of business’ has been defined as including the whole range of methods of ‘undertaking business across national frontiers’ (Young, Hamill, Wheeler and Davies 1998:2). Such an extension of activities, by whatever method, is a growth strategy which is open, in varying degrees, to all business ventures; as Brooke (1996:13) identifies, ‘The international company is any firm that conducts business across frontiers, from the smallest of export order to the multi-million pound investment’.

Recognition of the fact that our ‘borderless world’ (Ohmae 1990) is opening its ‘frontiers’ to all types and sectors of business is an important one in the cognitive processes of those responsible for planning the future direction of any enterprise. For the multinational enterprise (MNE), conventionally defined as those corporations which own, control and manage income-generating assets in several countries (Hood and Young 1979), such an appreciation is foremost in considering future growth opportunities which exist and their means of exploitation. The international progress of the multi-national corporation (MNC) in such respects has received much attention, for example by Bartlett and Ghoshal (1989) and Doz (1986). The process of internationalisation has also been examined utilising a case study approach, for example by Johanson and Valne (1990) and Edvardsson et al (1993). For small and medium size enterprises (SMEs), however, such an appreciation may necessitate a broadening of their strategic thoughts in terms of both the opportunities which exist, but more specifically, in respect to the strategic implications of pursuing growth via internationalisation.

Clearly, aspirations to initiate growth via internationalisation, or further its progress, have strategic significance whatever the nature of activities involved, size or age of enterprise. Any move towards internationalisation is a strategic expression of outward business intent. For such intentions to succeed, however, and reach ultimate attainment, also necessitates an inward ‘state of being’, centering upon a position of strategic ‘readiness’, or what may be termed, the extent of ‘corporate preparedness’ congruent with the organisation’s international intent. A conscious awareness of such a requirement would seem a critical contributory factor in the success of the internationalisation process.

For the established international business its level of corporate preparedness will have evolved, to a greater or lesser extent, as the enterprise increases its cross-national frontier activities. The experiences encountered and processes of change initiated to cope with the novel demands of internationalisation will, in many instances, have been lost in the annals of time or by changes in key personnel originally involved in the initial decisions. These early occurrences and ‘awareness’ dimensions concerning the internationalisation of business are important as they indicate the process of development associated with specific organisations. Of greater significance, however, is that they can provide generic learning points for internationalising companies in a broader sense, particularly for those in the early stages of their international development processes.

It is within the context of ‘corporate preparedness’ for internationalisation, and with a focus upon learning from the level of awareness in newly internationalising business, that this paper is framed. The paper centres on the experiences of a sample of newly internationalising companies, of various types and sizes, all in the early stages of ‘internationalising the business’ as part of their growth strategies. The study seeks to inquire, through the recounted events and critical incidents experienced by key decision-takers, into aspects of ‘corporate preparedness’ in the pursuit of growth via internationalisation. The inquiry aims to identify the means by, and extent to which the organisations studied achieved some state of corporate preparedness regarding their internationalisation. The investigation is structured around three research questions. First, by what processes were internationalisation decisions initiated within the business? Second, to what extent did the level of preparedness affect the successful implementation of the internationalisation decision? Third, in preparation for further internationalisation, what have they learned from their early experiences? In capturing such observations, from newly internationalising companies, important aspects of organisational learning can be revealed regarding the contribution which a clear awareness in assessing the extent of ‘corporate preparedness’ can make to the effective ‘internationalisation of business’.

An Exploratory Study

The aim of the study, as indicated, was to inquire into the experiences of newly internationalising businesses regarding their ‘preparedness’ for such a strategy of growth. The inquiry centred upon a small sample of companies which formed the basis of an exploratory study. The findings of this initial investigation, presented in this paper, will be used to undertake a more comprehensive study of the subject in the future.

Using alumni contacts a sample of 16 companies was established as a basis for primary analysis. These companies, detailed in Figure 1, represented a broad variety of products and services including food and agriculture, leisure, financial services, microcomputer subsystems, perfume/fragrances, office furniture, software design and distribution. The main criteria for inclusion in the sample was that each company had been involved in some form of international activity for the first time during the past ten years. The rationale being that the detailed experiences of such comparatively recent international forays would still be recountable by those closely involved in the internationalisation of their business, enabling them to reflect on both operational details and emotive feelings associated with the process.

For the purposes of the exploratory study, ‘internationalisation’ was defined as active involvement in any one of the following:

- establishing a ‘greenfield site’ abroad
- establishing a manufacturing facility in another country
- establishing sales/service centres abroad
- cross-border merger or acquisition
- being the object of a cross-border acquisition
- cross-border joint venture or strategic alliance

The simple act of exporting a product manufactured in a domestic plant by means of agents who are nationals of the foreign country to which it is being sold was deliberately excluded as representing an international activity within the study. Exclusion was on the basis of how significant such export activities would really be in terms of organisational development and change. As Davidson (1982) suggests, exporting will only impact significantly on the company concerned when these export sales come to a substantial of all sales. Baker (1985) even cites a considerable body of evidence to support the claim that many organisations consider exports as a means of managing seasonal demand fluctuations in the home market, or as a mere outlet for excess productive capacity. Whilst exporting does represent a form of internationalisation, we questioned the actual effects it might have regards the extent of corporate ‘preparation’ required to embark upon such an initiative.

Data for the study was obtained through semi-structured interviews with a senior executive from each of the organisations represented in the sample. The interviewees had all been party to the internationalising decision and its subsequent implementation, and so were in a strong position to reflect upon various aspects of their organisation’s ‘corporate preparedness’ for such strategic developments. Within this context, the interviews explored issues relating to the three research questions identified earlier. The study sought to establish prominent themes and factors relating to the extent of an organisation’s ‘corporate preparedness’ in pursuit of internationalisation, and its relationship to success in the ‘internationalisation of business’.

Deciding to Internationalise

The various stages of an organisation’s pattern of development associated with growth and its ability to learn and adapt to new situations, thus changing aspects of its character, are important determinants in preparation for the internationalisation of business. In deciding to internationalise, the level of maturity and the experience of the organisation are factors to be taken into consideration regarding the general degree of preparedness which may exist. Siropolis (1994) proposes a basic four staged pattern of growth in terms of the development of a business, ‘prebirth’, ‘acceptance’ (infancy), ‘breakthrough’ (growing up) and ‘maturity’ (adulthood). The organisations within our sample can all be categorised as being in the latter two stages of their general growth developments. Although most were well established in respect to the length of time they had been in existence, the majority considered themselves to be in their infancy or still growing up internationally, still attempting to ‘breakthrough’ and learning to cope with associated development aspects of the process.

Thus, whilst the organisation may advance generally in its organic development, it may well, in effect, return to a previous evolutionary stage in terms of its real preparedness when deciding to embark upon early internationalisation ventures. The model proposed by Greiner (1972), where there are a number of evolutionary growth stages in an organisation’s life, each followed by a revolutionary crisis phase signalling that period of natural growth is concluded, provides another illustration of this phenomenon. Greiner portrays such development as:

- Growth through creativity : Crisis of leadership
- Growth through direction : Crisis of autonomy
- Growth through delegation : Crisis of control
- Growth through co-ordination: Crisis of red tape
- Growth through collaboration: Next level of crisis

Again our sample organisations had moved through the early growth stages regarding their general development, but there was evidence to suggest that some had returned to these initial stages, regarding potential ‘crisis’ points in terms of their ‘corporate preparedness’, as the process of internationalisation began. One such example was the fragrance company, number 2 in the former listing. The MD was very much the creative force behind the organisation which had secured a strong position in the UK market and was exploring international opportunities. Having considerable international experience, from previous companies, he recognised the potential of the Far East market. To develop this market he decided to relocate himself to Hong Kong for a two year period. The UK operations were to be run by a newly appointed director in his absence, even though much of the operation’s success to-date was due to a very strong company culture centred around the MD. The move to internationalise the business through the presence of the founding MD in the target market was potentially putting the entire venture at risk through a crisis of leadership. Managerial preparation for internationalisation was perhaps not as detailed as required in the circumstances.

Bhattacharya (1981) in his corporate life cycle model puts forward four stages of development starting first with a period of early struggle, moving secondly to one of motivation, thirdly to complacency, and ultimately to the degeneration of the business. What is important is that a lack of effective planning and preparation for internationalisation can move a domestically successful venture into a position of vulnerability in its life cycle. Take the food processing company as a case in point. Having entered the German market from a position of strength in the UK and a period of ‘motivation’ in the company’s development, earlier preparation deficiencies had turned an apparent glowing opportunity into a “disastrous catalogue of events” in the words of the M.D, culminating in the decision to withdraw as the losses incurred were too substantial. The international experience had moved the company towards ‘degeneration’, as the Chairman commented, “If I had been able to spend as much time on the business development of the UK operation during this three year period instead of fighting for survival abroad then we would have probably had an even better business here in Britain”.

Whilst the stage of an organisation’s development impacts upon the extent of ‘corporate preparedness’ for internationalisation, the decision-making characteristics demonstrated also reflect dimensions of preparedness. The intention to 'go international' represents a strategic decision. Such decisions involve some form of investment, be it in physical assets or human resources, thus allowing financial quantification to inform the decision-making process. This is very much the rational approach to decision-making which Grant (1991) argues is becoming increasingly important in global markets with competitive pressures for excellence. In contrast, Whittington (1993) suggests that decisions are not necessarily 'taken' but may in fact 'happen'. This reflects a far less rational approach to decision-making but nonetheless one which in reality can account for the manner in which the internationalisation process evolves. Such variations in deciding to internationalise and the associated preparedness for the process are supported by Cavusgil & Godiwalla (1981). They propose that, 'During the early stages (in the internationalisation process), decision-making can be better characterised by the disjointed, incremental approach'. As firms acquire more experience and utilise more sophisticated information gathering techniques, their planning and decision-making should assume a more 'formalised character'.

Within our sample there was a mix between quantitatively focused planning and a less formal approach in deciding to internationalise the business. But our findings indicate that the latter less formal, and indeed less proactive approach was far more evident in respect to the level of 'corporate preparedness'. Thus, many of our organisations demonstrated 'opportunistic' determinants in the decision process with openings arising by chance without any real preparation or planned international strategy. Take as an example the microcomputer subsystem manufacturer. The company had its origins in a management buy-out in the late 1980s, which included some established sales subsidiaries in France and America. The move to further internationalise via additional subsidiaries came about merely by chance. One salesman was responsible for working the entire Far East territory. He married a Taiwanese girl and as a consequence spent more time in Taiwan than in other potential Far East markets. He was successful in securing a major contract with the Taiwanese Coast Guard. The order was so substantial that it required on-site representation and considerable training and support for the customer. The ultimate outcome was the creation of a representative office in Taiwan. The internationalisation decision was not 'taken' or prepared for in a formal sense, in effect it 'happened'. Taiwan was entered into by "tripping over it".

Another instance of emotional gratification and executive machoism guiding the internationalisation process was evident within the electronics switches company. To enhance its product range it purchased complementary products from a UK source. This domestic supplier proved to be unsatisfactory and so an alternative American based supplier was secured. Ironically the larger American company then acquired the UK organisation. The internationalisation of the new parent company continued with the further acquisition of a German enterprise, the management of which was left in the hands of the UK operation. As a lead up to the acquisition, the UK CEO visited the German business to assess the desirability of any involvement. His recommendation to the USA was strongly against any participation. Further evaluation was undertaken by independent German accountants. They too recommended against the purchase, as did American consultants. Nonetheless the acquisition still took place! There were some plausible business reasons for the purchase, such as the image and good technical reputation of the German subsidiary but the main driving force behind the decision was that the American CEO in pursuit of internationalising the business 'liked the idea' of buying a company in a principal European country, it was unusual for a company of this size to have a European subsidiary, and he enjoyed having a 'bridgehead in Mainland Europe' and talked about it at the country club. Again the extent to which any significant degree of 'corporate preparedness' to move into Europe was in question. The move was an emotive one which ultimately resulted in the German company being divested.

Thus the findings from our sample organisations would suggest that many newly internationalising businesses initiate the internationalisation decision process by 'opportunistic' means which does not necessarily take account of their actual 'corporate preparedness' for the demands of such organisational developments.

IMPLEMENTING THE DECISION TO INTERNATIONALISE

Our research also indicates that the consequences of a lack of "corporate preparedness" for internationalisation are most visible in the implementation phases of what Leblanc (1994) refers to as the "first landing" stage of the newly internationalising business. In these early stages of implementation, success is dependent on the interplay between market factors, and those which relate to management and control. All of the organisations in our sample experienced problems with the management and control of organisations in other countries and many also indicated a lack of preparedness for market related differences when operating overseas for the first time.

The fresh food company cited already experienced unforeseen implementation problems related with both the market and with the control of their overseas subsidiary. They opened a greenfield site in Germany having undertaken initial research and deciding that Germany had the fastest growing market for fruit juice products. A location in the Rhur valley was chosen which provided potential access for distribution into Holland, Denmark, Belgium and Switzerland as well as substantial grants and funding incentives from the Regional Development Agency. On the surface, therefore, there would seem to have been a level of preparedness relating to the initial decision processes. Operations in Germany commenced in 1989 but problems began almost immediately as a result of the different food retailing practices in Germany where out of town developments are restricted and food retailing tends to be concentrated on small, in-town, discounting stores with limited own-brand products and few integrated distribution systems. In addition the company soon discovered that 30 days is considered "short life" for packaged food products in Germany and the 6 day shelf life of the fresh food and juices product being introduced was unheard of and substantial unbudgeted sums had to be spent on advertising. The company was also unprepared for the power structure, rules and regulations which operated in Germany such that they were forced to make further additional financial outlays to satisfy the concerns of the powerful environmental lobby. Employee relations and management of their ninety German staff also proved more problematic than they had anticipated with the need for more expensive employment packages and the need to abide by legislation which made it much harder to dismiss poor performers.

The scaffolding company in our sample provides a further example of the consequences of lack of corporate preparedness relating to both market awareness and management control. This company is German owned and the MD was headhunted in 1993 specifically to develop a UK Greenfield operation. At the time of his selection the British MD was conscious that “they knew more about me than I knew about them”. This level of knowledge did not extend to an understanding of UK market conditions within construction and scaffolding in the UK, however. The parent company attitude, at least as perceived by their British subsidiary was “if it’s good enough for Germany, it’s good enough for you”. Thus the parent company failed to understand UK building and scaffolding regulations and employment practices and expected their approach to be automatically applied in the UK. The German parent company, mindful of strict German environmental controls at building sites expected considerable management effort to be expended in ensuring orderly and tidy site operations, a feature which was consistently misunderstood in their British subsidiary where busy (or chaotic?) sites with rapid response times are the norm. Other management and control aspects of the subsidiary operation were symptomatic of a lack of common understanding between subsidiary and parent. Immediately prior to the interview for this research, for example, the MD had been instructed by his parent company to communicate that future bonus payments would be discontinued for all employees. Whilst the relatively higher German wage rates would slightly diminish the impact of this in Germany, the UK MD was well aware that this would render UK wages unsustainable, exacerbating an already existent trend to sickness absence and “moonlighting” amongst the UK workforce. The nature of decision making processes was also an area of tension and frustration in this small company. In the three years of the operation the UK MD submitted numerous reports, forecasts, business plans and justifications for proposed developments only to discover that decisions would be made based on “one side of A4" and after lengthy verbal discussions (which he rarely won). No consensus about business systems, policy, operational or financial management was ever reached and after three years the UK operation was finally disbanded by its parent company.

Our research also indicates how a lack of market knowledge by a parent company can be used to good effect to evade many of the implications of being “a subsidiary”. One of the Financial Services companies in the sample was acquired by a foreign company. The power relationship between parent and subsidiary was gently but quickly neutralised, however, until the relationship became “more like a partnership than an acquisition”. This process occurred when it was realised that the parent company had no knowledge of the European markets and was heavily dependent of British advice. Additionally, financial regulatory systems meant that products from the new owner were prohibited from being sold in the British market but British products could be sold in the new owner’s domestic market. The subsidiary was, therefore, able to redefine the nature of the power relationship with the new parent company.

Other companies within the sample had less problems with their product or service compatibility with the market and so, it would seem were more corporately prepared for their international venture. None the less every organisation we visited experienced a number of difficulties in learning to manage and control their overseas operation. The weighing and measuring instrument company, for example, which had been owned by three different parent companies over a twenty year period, was part of a multinational, Swiss owned group at the time of our research. The MD described the early experiences of being part of this group as one of chaos and cultural confusion as he was constantly unsure about which of his conflicting objectives had priority and which of his Swiss “visitors” had most authority. After some time, however, he learned to separate the unsolicited advice of his parent company from their camouflaged instructions. Through ensuring that targets known to be mandatory were met he was able to ignore the others and “refuse to pander to this love of theirs of lengthy discussions around huge reports and charts”. At the same time he created his own local culture focused on targets which he generated. Thus he set about managing “ahead of the parent”, anticipating what they might ask for and offering it, whilst at the same time focusing on areas in which the parent is less expert and so “cutting off” potential interference in these areas.

This UK company at one stage also established a subsidiary company in Ireland and so experienced the parent - subsidiary relationship phenomenon “both ways” at the same time. Ironically, given their experience of being managed by a foreign parent, they found the different cultures between the UK company and their Irish subsidiary made managing the company almost impossible. The MD described the relationship as one dominated by poor communication and very little agreement in practice on financial controls and reporting patterns. In the end, after substantial losses had been incurred, the subsidiary was sold to another Irish company.

Another of our larger companies, the leisure organisation, undertook their first “foray” abroad in a measured, well researched and prepared way. Those involved had experience of operating internationally when they had worked in other organisations and the process went smoothly. Problems occurred, however, after the “high level” work was completed and operational (middle) management decisions became dominant. Middle managers, according to their MD, were entirely unprepared for the different ways of doing business, and the different work practices and cultural assumptions which operated in the host country. This led to high levels of frustration and poor business performance which lasted until a competent local manager was recruited, given a direct reporting line to senior managers, and allowed the freedom to operate appropriately in the new market.

On some occasions management and control difficulties were so extreme that the will of the parent company was successfully subverted for long periods of time. The Office Equipment company from the sample, for example, having acquired a production operation in France found that the French CEO would not allow the British Finance Director to talk to his French opposite number. Indeed British visitors were not allowed to walk around the factory without the French MD there to mediate all communication. When a downturn in business required redundancies to be made they discovered that the legislation in France gave them less control than they wanted over whose jobs were cut with the result that they lost long serving, skilled craft workers and their French organisation was under-skilled when the business environment improved. Even after improvements had been effected it took the British company eight years to integrate the product lines of the French and British companies.

Yao-Su Hu and Warner (1996) argue that the successful management of internationalised businesses requires skills, competences and capabilities which go beyond “codified” knowledge, models and procedures. They argue that in addition to the “codified” understanding of tangible factors such as market conditions and labour legislation, successful leveraging of competitive advantage requires “tacit” knowledge and understanding. This is much harder to acquire or transfer in newly internationalising business because of its complexity and context dependent nature. Our research suggests that this can only be acquired through experience, trial and error and is consistently overlooked during initial consideration of corporate preparedness. Even those companies in our sample whose ventures abroad were ultimately successful recounted that it took much longer than they had anticipated to bring their decisions to fruition. In addition to developing intercultural competence, therefore, the companies in our sample demonstrate the need for greater corporate preparedness for the management of complexity and ambiguity over a sustained period of time.

Learning to Internationalise

Wilson (1992:7) suggests that ‘The leitmotiv of modern management theory is that of understanding, creating and coping with change’. From the experiences of our sample organisations, the notion of the management of change was a key element they had to learn to cope with in the process of internationalisation. In learning to internationalise, new ways of thinking and managing were required. The demands were for what Senge (1996) terms ‘generative learning’ necessitating ‘new ways of looking at the world’ to enhance the management of the organisation. Such changes in perspective centred upon the new demands faced in their working environment, both internal and external, created by the international strategies pursued.

None of the organisations within our sample, even those which had endured severe problems from the internationalisation process, said “never again” to the possibility of further investment in a foreign venture, although all, in one form or another, agreed that they would learn from their early experiences. Some reported that ‘next time’ they would think harder and proceed slower. The findings from this study suggest that the lack of clearly defined international objectives and business plans moves the decision making process towards one of operating via instinctive actions arising from opportunistic incidents. The lack of such planning results in speculative developmental growth which the organisation is less than prepared for in real terms. Whilst this may produce some desired results in the early stages of internationalisation, for example growth in sales and organisational size, one would question the longer term effectiveness of such a pragmatic approach. Indeed the negative implications of such developments can impact relatively quickly upon the organisation as experienced by certain firms within the sample.

Another common learning point centred upon the need to recognise the type of information required in the preparation and implementation stages of the internationalisation process. All too frequently there was a recognition ‘that there were things that it would have been useful to have known at the time’. Such information related to regulatory differences, conditions of employee service (and dismissal), trends in overseas markets, differences in distribution systems and delivery practices, norms regarding credit and discount procedures, and so on. The result of many misplaced assumptions that “abroad” would be much the same as the domestic market was a series of nasty surprises and a rude awakening to the fact that adequate preparation had not taken place. Whilst most companies in the study coped (eventually) with the ‘surprises’, much of the pain and expense could have been avoided or reduced with more forethought and a different mind set to early international ventures.

With regard to how evaluation of the international experience was considered, reflective learning was apparent within the organisations studied. There were certain differences between the way in which some international moves were justified at the point of inception and then ultimately evaluated after the event. In several instances at the outset the emphasis tended to be on tangible business gains - on the expectation of enhanced market share, greater turnover, increased profitability - even if in some cases this was a “smoke screen” for more emotional gratification based reasons. In evaluating the experience after the actual event, and the passage of time, there was often more emphasis placed upon qualitative and less tangible considerations. So that in their retrospective evaluations, executives made reference to the company’s image or standing having been enhanced, to benefitting from the partner's design flair or R&D capabilities, to the development of greater cross-cultural sensitivity, or to the benefits in management learning generally. Whatever their reflections, they all thought they could 'do it better next time' because of the initial experiences and the lessons learnt.

The general consensus from our sample of organisations was that internationalisation is a learning based process. It requires good initial planning and continuous attention to detail in respect to corporate preparedness at all subsequent stages for real benefits to be gained from such growth aspirations.

Conclusion

Our exploratory study suggests a number of things. First, the "decision to internationalise" is not always as proactive as this form of words suggests; often it is reactive, inherited, even circumstantial. This in turn may impact on the level of corporate preparedness. Second, internationalisation, especially for the smaller firm with limited managerial resources, is absorbing and may distract attention from domestic operations: there were some cases in our sample when "abroad" impacted on "at home"! Third, companies that make foreign acquisitions may well experience problems of subsidiary control, in ways that we would not have foreseen before we did the study. Finally, our companies often experienced difficulties of implementation in the early stages, which in turn seemed to stem from a lack of planning or a lack of knowledge on which to plan. The reference here is to both tacit and codified knowledge. The latter is in principle "acquirable" but was sometimes neglected. The former, tacit knowledge, is of course difficult to acquire since one does not know what one does not know! But even in this case it would be helpful for those involved to expect differences in foreign countries, rather than to assume that all will be the same until some "nasty surprise" arises.

NEWLY INTERNATIONALISING COMPANIES'
SAMPLE ORGANISATIONS

Company Number	Business	Turnover			No of Employees			Type(s) of Internationalisation
		<£5 mill	£5-150 mill	>£150 mill	< 500	500-2,000	>2,000	
1	Scaffolding Equipment	✓			✓			Greenfield (foreign owner
2	Perfumes	✓			✓			Greenfield
3	Software	✓			✓			Subsidiaries
4	Scientific Instruments		✓		✓			Subsidiary, Subjected to acquisition(s)
5	Leisure (Clubs)		✓				✓	Acquisition
6	Millers & Bakers		✓			✓		Joint Venture
7	Electronic Switches		✓		✓			Cross-border merger, followed by cross-boarder acquisition
8	Food Equipment		✓			✓		Acquisition
9	Leather Production		✓			✓		Greenfield
10	Digital Electronics		✓		✓			Subsidiaries

		<£5 mill	£5-150 mill	>£150 mill	< 500	500-2,000	>2,000	
11	Bearings Manufacture		✓			✓		Foreign Parent
12	Food processing & distribution		✓		✓			Greenfield Joint Venture
13	Office Equipment			✓			✓	Acquisition
14	Financial Services			✓			✓	Subsidiaries
15	Financial Services			✓			✓	Subjected to acquisition. Joint Venture, Greenfield
16	Industrial Power Systems			✓			✓	Joint Ventures

FIGURE 1

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