



# HAVE FIRM WILL TRAVEL

Unsure where to take your growing business next? Expanding overseas might seem daunting, but for those willing to venture beyond their home market's borders, being small and agile can be a great advantage

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**F**eel like the time is right to expand beyond your home market? No problem. Just ask your research department to prepare a comprehensive report on the country you plan to enter and possible acquisition targets. Next, get finance, legal and compliance to investigate local regulations and the money side, and then send someone from business development out on a three-month scouting mission to build contacts in the region – your administrative support can organise visas and make travel arrangements.

But hang on – what if your company has no research department, business development function or large teams of support services, nor indeed the cash to make foreign acquisitions? You will just have to do it all yourself, instead.

What might be a significant undertaking for a large firm can sound impossibly daunting to a smaller one. Moving beyond your national borders takes considerably more investment than, for instance, opening a new regional office, and small and medium-sized enterprises (SMEs) may struggle to justify the time and resources required. Nevertheless, there are compelling reasons for smaller surveying practices to consider taking advantage of the UK's global renown for quality construction and property services. UK Trade & Investment, the government department that advises would-be exporters, says that 90% of the firms it works with fall into the SME category and that, on average, they go on to win £100,000 of new sales within 18 months. Its Passport to Export programme offers SMEs access to a trade adviser for the first year of expansion and a range of support services as required.

There are many examples of SME firms of all shapes and sizes that have already taken the plunge. Their experiences demonstrate that it is eminently possible for smaller surveyors to have a global presence – and some even argue that there are areas where light-footed SMEs have a definite advantage over lumbering mega-consultants, able to react more quickly to seize opportunities and react to changing market conditions.

If having a global office network sounds like the preserve of the big boys, that is exactly why SMEs should consider it, believes Stephen Gee MRICS, managing partner at John Rowan and Partners. The 120-strong firm is based in Ealing, west London, but is working on projects in Europe, New Zealand and India. “In an ever-more competitive labour market, it's important that you can offer a variety of work and a variety of opportunities to attract the right people,” he says – plus, the chance to work for a firm overseas always goes down well at graduate recruitment fairs. “There's an assumption that you'll get a broader range of experience and bigger opportunities if you join a larger company, so we work quite hard to break down that misconception. Even if someone doesn't actually take up the opportunity, they know that it's there if they fancy it in a few years' time.”

Gee's aim is for 25%-30% of the firm's fees to come from abroad – overseas work also makes a business more resilient to the vagaries of the economic cycle at home, he adds.

This was the motivation behind Thomas & Adamson's foray into the Middle East. Established 80 years ago in Edinburgh, the firm now has 133 staff and satellite offices in Glasgow, Manchester, London, Kiev, Abu Dhabi and, as of »

February 2014, Dubai. Director Les Banks MRICS says that the plan was hatched in January 2008, as storm clouds gathered over the UK economy. Their initial visits were focused on Dubai, but that autumn, when it became clear that the market was about to crash, he went down the road to see some contacts in Abu Dhabi instead. "They both said exactly the same thing: 'You've come to the right place.'"

There may have been plenty of activity in Abu Dhabi at that time, but it took five months for Thomas & Adamson to secure a professional licence so it could start trading. Do not underestimate the time you will spend on bureaucracy, Banks warns. "It would have been nice to have had someone else to go and do all that for us, but I don't think you would quite get to grips with it in the same way if you deferred responsibility to someone else."

**T**homas & Adamson's big break came when they heard that the Abu Dhabi government was seeking a consultant to manage its Estidama sustainability programme. Their competitors were two large consultants, both with an established regional presence. But Banks found that not only was being an SME no barrier, it actively helped. "We didn't fly-in a series of suits for the interview, and I think our passion and drive came across. A couple of weeks later, the Emirati who appointed us said: 'You guys are new in the marketplace, you're keen, you're lean, you're hungry – we just didn't quite get that from the others.'"

Now the firm counts among its clients Microsoft, Boeing and Etihad Airways, the Emirati's national carrier. It also has projects in Kuwait and is looking at opportunities in Qatar, Saudi Arabia and Oman, too. "It was a very difficult time to set up a business, but six years on, I can definitely say it's been for the better," Banks concludes. "In the British Isles, there are almost too many consultants for all the projects that will ever happen here. There's more opportunity to grow your business overseas in the current climate."

Hong Kong-based CS Surveyors found itself in the same situation 12 years ago. The firm employed 80 people, but saw little opportunity to grow in its very crowded home market. In 2002, it established a presence in Shanghai – where the barriers to entry were considerably higher, but the opportunities enormous. Just as other European countries

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LESBANKS MRICS Thomas & Adamson

can provide a soft landing point for UK firms, so mainland China is an obvious choice from Hong Kong, says director Denys Kwan FRICS. "The whole world is looking at China, and we already know the culture and the systems, so people consider it a small step."

In some ways, however, it was to be a giant leap. Kwan explains that the firm undoubtedly faced greater challenges as a smaller player: "Compared with a large firm, our resources are not that plentiful, in terms of capital or personnel. We could not rely on a brand name or run a promotional campaign. Large regional or national firms might be invited to do business, but we don't have that luxury so we have to fight our way through." What the firm did have was a strong 20-year track record in Hong Kong, a market held in high regard on the mainland. Its way in was to find a Chinese developer with whom to partner to provide property management services for its buildings in Shanghai. It now employs nearly 800 people in property management, and has a smaller valuations team of 10.

What they do not have is a trusted in-country manager, so one of the firm's four partners oversees operations, travelling to Shanghai every month. "One of the partners in an SME must make himself available to stay there to look after things, at least for the start-up period," says Kwan. "You have to have somebody who can make decisions right »

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## MANAGEMENT

# Don't bite off more than you can chew

For SMEs concerned about whether they have sufficient scale to go overseas, "don't grow too fast" might sound like unseemly advice. But RICS members warn that it is surprising how quickly things can snowball.

CS Surveyors expanded from its Hong Kong base into Shanghai 12 years ago, and has since received several invitations to establish offices elsewhere in China. But director Denys Kwan FRICS thinks it is much wiser to stay small. "There is always the temptation to expand in a new market but SMEs don't have the resources to invest, so it's better to put our energy into doing good

business in one place. You don't have enough capital, and most importantly, you don't have that many of the right people."

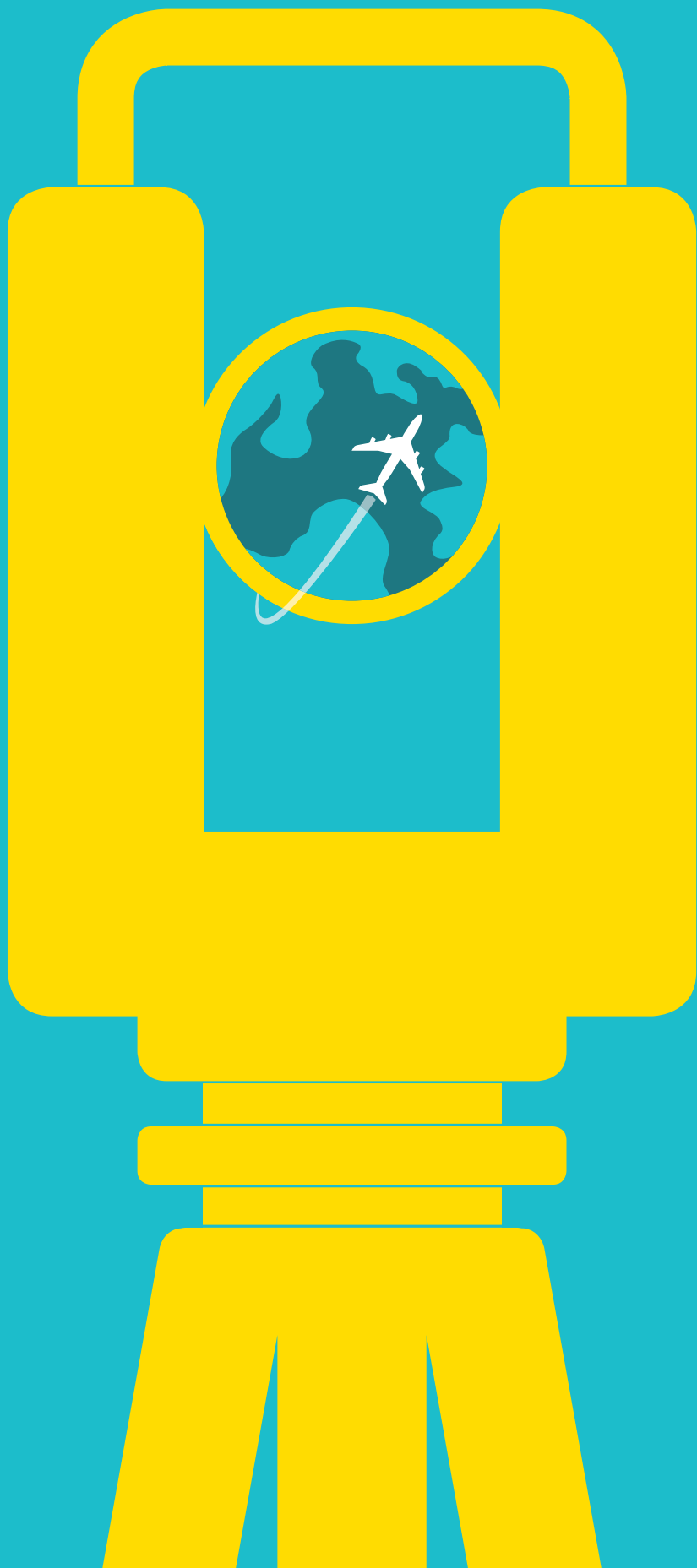
Kevan Carrick FRICS set up his one-man operation, JK Property Consultants, after retiring as chair of a much larger practice in the north-east of England. His reputation for advising on economic regeneration projects quickly led to an approach from a client in Croatia and another in South Africa. "It wasn't my ambition to go far," he says. "The question in my mind is whether I want to spend time and resources developing internationally. On every job, whether local

or global, you must have the resources to be able to cover it and deal with it."

Jetting off to the Croatian Riviera might sound very nice, he admits, but it must be a sound business decision: "Don't get emotional about it. Make sure you've got enough capital to develop the service you want to offer – as a chartered surveyor, you mustn't overpromise and under-deliver."

Kwan agrees: "A lot of people fail because they can't focus on what they're doing. There will be many people wanting you to do things, but you have to keep a clear mind. Don't be too ambitious. Do it step by step, stay alive."





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**STEPHEN GEE MRICS** John Rowan and Partners

away and oversee things personally.” For day-to-day management, CS Surveyors relies on its local partner. “My advice is not to fight the battle alone,” Kwan adds. “If you partner with a local firm you immediately get market knowledge, and you don’t have to start from the beginning.”

From a partner’s point of view, an SME firm’s size can be an asset. John Rowan and Partners has just signed a joint venture with Abu Dhabi-based engineering firm RW Armstrong to provide quantity surveying services on projects throughout the Middle East and North Africa. “They targeted us quite deliberately because we were an SME and they didn’t want to partner with a large global consultant – they felt they’d just take over,” says Gee.

Neil Webster MRICS, director of Surrey-based Cyclo Consulting, used to work for PwC in Prague as a real estate consultant, and regularly commissioned UK SMEs to provide services that it could not provide in house. “A large company logically would prefer to use a non-competitive part of the supply chain than go to someone who might be deemed to be their competitor,” he points out. “Organisations I’ve worked for have been quite prepared to use SMEs that had some overseas offices, rather than using enterprises with lots of overseas offices. They need people with the ability to go to different places and work in different ways, rather than lots of people in lots of places.”

Some smaller firms might still consider the idea of setting up an entire new office beyond their scope, in which case a secondment to an organisation already in the target country could be a viable alternative. Andrew Ross MRICS set up his own business, Athene, in 2009, and has spent the last two years working in sub-Saharan Africa on secondment to Halliburton, running its real estate function in the region.

He is now back in the UK and using the contacts and local insight he has gained to explore opportunities for Athene. Being an SME often means learning on the job, he points out: “A larger organisation can invest in putting someone on the ground so they can start to build a network. An SME is more likely to go in on the back of a client or project.”

But Ross believes that once an SME has entered an emerging market, its fleetness of foot is an advantage. For a start, a small firm can survive on a smaller workload and take on smaller jobs, which means it can justify a local office where a larger player cannot. “A lot of the SMEs I worked with had made the decision to locate in a particular country and were building up contacts and client relationships with a lot of success – often more so than bigger companies, which didn’t necessarily have individual offices because they have much bigger overheads. A client would end up paying to fly someone in, when they’d rather have someone in the country. One company was looking at charging overheads of 23% – that’s a big uplift for a client to take on.”

**R**epresentatives of smaller companies also tend to be more senior, able to take decisions themselves and provide a broader spectrum of advice. They cannot pass work back to other departments in the business, so they often get to grips with the local market faster and can provide a more responsive, tailored service. “If you have a blinkered attitude and say, ‘I’m a construction professional, I only do project delivery’, you’ll struggle. It will quickly broaden out – a client will say, ‘I want you to help me acquire the piece of land, too’. So you need to have a wider understanding.”

Your network should include not only clients, but trusted partners, Ross adds. “That means that if a client asks you to do a piece of work in another location, you don’t necessarily have to fly there to do it yourself. You can build a reciprocal arrangement. A lot of big organisations struggle to embrace that – they want to have all the back-to-back agreements in place. You can do that, but it takes time.”

John Rowan and Partners’ work in New Zealand also began via a secondment, when a former employee called up after the Christchurch earthquake and asked if the company could send surveyors urgently to work on reconstruction projects. It continues to provide quantity surveying services on this basis, but is now branching out into building surveying with an office in the growing Auckland market.

Gee wonders if a larger firm’s longer decision-making processes would have stopped it from seizing the opportunity. “The advantage an SME has is that it can react quickly and take on a challenge. A couple of years ago, one of the New Zealand businesses we were working with had a particular peak in workload. They called us and said, ‘We want six people for three months and we need them in about three weeks’ time’. We had a quick discussion in the business and within a day had said yes. A large company might not have been able to get organised that quickly.”

Perhaps this is the crux of the SME’s unique selling point. Expanding overseas takes a lot more than simply getting on a plane, but at the end of the day, you do have to actually get on the plane – and that is a lot easier if you have less baggage to take with you. ■

**RICS’ SMALL BUSINESS HUB** is a space aimed primarily at UK SMEs, offering industry advice and toolkits. Go to [rics.org/sme](http://rics.org/sme)