

How Global?

By Tomas Hult

Executive Briefing: Small- and medium-sized enterprises (SMEs) are increasingly “going global.” In this article the author posits that such businesses need to shift their thinking from whether they should go global to how global they should be by asking themselves some basic questions about their industry.



Growing up in Sweden, I developed an early appreciation for small and medium-sized enterprises (so-called SMEs), and especially the global engagements that many of these SMEs undertook. After all, Sweden is a small country (9 million people) but with lots of successful global SMEs. So going global was pretty much a prerequisite to be long-term successful. To me, fascinating parallels exist between Sweden and Michigan beyond the population and the four-season climate!

Last year, some 10,300 companies from Michigan participated in the global marketplace by selling their products and services to customers in some 170 countries. Of those, 91 percent (roughly 9,400) were SMEs with fewer than 500 employees. And, from my research, we also know that 86 percent of Michigan’s SMEs plan to expand even more globally in the next three years. MSU’s world grant is Michigan’s world!

As the Director of the International Business Center in MSU’s Eli Broad College of Business, I have been fortunate to be a part of teams that have assisted more than 12,000 U.S. companies and just short of 2,000 Michigan companies with their “going global” efforts in the last decade. This is a very rewarding experience and, I think, an important part of the outreach that we do within MSU’s “world grant” initiative.

So, to me, in a world where we have the 20,910 largest multinational corporations come from 105 countries (of the some 250 countries on the globe), SMEs from Michigan (and Sweden) are critical to the global engine now and in the future. The “globalness” of the world is forecasted to increase remarkably in the next decade. China will go from some 17 million middle and upper-income people to about 190 million people falling into these buying power categories by 2020.

I think SMEs need to shift their thinking from “should we go global” to “how global should we be?” This means that SMEs should ask themselves two basic questions: How global is our industry? How global should our strategy be? Industry-strategy alignment globally is a

key! Being too global means that expenses are used to “educate the marketplace” about a company’s products or services. Not being global enough means that revenue is lost by not engaging with global value chains (e.g., customers, suppliers).

So, how global should your company be? It’s not an easy-to-answer question. But, my research indicates that if a company is not 25 percent more global by 2018 than they are today and 40 percent more global by 2023, it is falling behind the competition. I believe most industries and all companies have global potential to reach these numbers. And, for me, MSU’s “world grant” initiative and campus mindset is a “magical anchoring” in my quest to assist Michigan’s companies in going global in full force in the decade to come. ♦ [gBR Article 07-08](#), Copyright © 2013.

About the Author

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