

Micro Multinationals

by

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What I want to talk about today is a particular segment of small- and medium-sized enterprises (SMEs) —the ‘micro multinational’. I come from a software background, working for technology firms and, in this particular domain, the ‘micro multinational’ is emerging as a strong and active segment of small businesses.

What is a micro multinational? It is typically a company that has been started by a small number of people with an idea for a product or a service. Frequently these are people who have gotten to know each other either through school or professional connections, and who have figured out that there is some urgency around getting this product or service to market, and that they can achieve a better investment model, a better total resource model, a better time to market and ultimately a better opportunity to serve the particular market that they are trying to support by looking at how to do their work globally.

Many of these firms have started based on friendships through colleagues who met at graduate school, or early in their professional career. Sometimes these colleagues have gone back to their home countries —China perhaps, Vietnam, Australia, India, South America and Eastern Europe. They have this idea, and begin to look for venture capital funding and more frequently these days, at least in the United States venture capital market, the first question asked is, ‘Where are the resources you are going to use to build this software or hardware product, to put together this service?’ If the answer is that you have looked globally at this question, and you have figured out the right combination of resources globally, then at least in the United States you get more money at least half of the time, than if you answer the question that you are just looking in your own backyard.

For example, over the last several days we have been hearing wonderful stories about women who have started businesses, not all of them of course are in the software/technology domain. One story yesterday came from a woman from Taiwan who has a company selling handicrafts, and her supplier is her mom, who lives in mainland China. Pretty soon, if she is successful, someone in the United States or Germany or South America is going to say: ‘There is a market for these exquisite handicrafts, let’s see if we can put together a global partnership, and maybe we will invite folks who are doing handicrafts from Eastern Europe or Scandinavia, and we will now have a micro multinational’.

One of the things that is typical of these micro multinationals is that they do not have in-house human resource or financial departments. They literally do not have company locations, headquarters or office buildings. They are operating 24/7 and they live on Skype and the Internet and email —they are hooked together by the kind

of web 2.0 tools we are now introducing into our schools and societies. This reduces their costs, enables them to operate literally around the clock, and hopefully helps them get their products and services to market more expeditiously and with a lower cost structure.

To accomplish this, there is a great quote by the Chairman of a company called VAST, Mr. Naval Ravikant. He says if you pull apart most micro multinationals, at the centre you will find the 'magic ex-patriot.' This is someone who bridges the United States and the other key locales and, indeed, at least in the ones I am familiar with, it is typically someone who has used his or her personal networks to connect and find whatever it is the micro multinational needs —a manufacturing organisation, an engineering resource, a unique plastic, a unique seamstress etc. In other words, they reach out through their personal networks to find the individuals and resources necessary to stitch together a solution.

You would think that most of these organisations are so small that they would not appear on anyone's horizon. But I was at a talk given by the US Department of Labor a few months ago and there was one session on the micro multinational. It is becoming the dominant model for the startup venture capital-funded and, to some extent, private-equity initiatives in the United States. I think this is a segment of the market that is accessible to women if we can prepare our young women appropriately and prepare any woman for this.

We have heard a lot in the last few days about the extraordinary efforts at educational institutes around the Asia Pacific region. You will hear in a little while from some of my colleagues who have been instrumental in creating capacity in their countries, and indeed beyond their countries, through these educational initiatives. If we can introduce young women to these concepts and teach them how to use technology-enabling collaborative and shared work tools, I believe women will be extremely good at working with these kinds of models. This is because our communication skill and ability to stitch together a variety and diversity of talent is really excellent. If we can support women in learning how to use these tools, I think this is a domain in which they can excel.

Indeed, one of the characteristics that is the hallmark of many of these firms is that they are keenly aware of the individual strengths and talents of literally each member of the team. They will look for the person in Malaysia who has connections with X, or the person in Estonia who can find a team of software engineers who has access to some technologies at universities. Many of these informal networks are underplayed with associations made through early academic experiences such as graduate school, or opportunities like that. Many are made through professional and trade associations as well.

One way we can go forward with WLN is to find ways to bring younger women into these forums, so they can hear the kinds of material we are hearing from Tracey and the other panelists here, learn from them and begin to make network connections. The success of these micro multinationals is not only about good ideas, although good ideas are at the core, but it is about the successful use of technology and personal networks. What we are about here is very much supported in both of those domains.

I would like to suggest that there would be an opportunity at one of the next WLN meetings to see if we can take this segment on SMEs and have a few devoted segments. I know WLN has excelled in its support for the micro enterprise. Maybe now we can look at the small and medium segment and get some real capacity building going through WLN.

Thank you very much.