

Q&A: WHY ASIA IS WITHIN REACH OF ENTREPRENEURS

Consultant Robert Azar talks about how small U.S. companies can crack the region's markets

At first glance, the chances of an American-based small business doing well in Asia must seem as remote as the region itself. But look again, says Robert Azar, a New York-area consultant who works with U.S. businesses that want to plant roots in Asia. He says it's not as hard as it looks, and he should know.

Azar has lived both in Japan and Korea, and did a stint with Daiwa Securities. For the past 10 years, he has run Pacific Rim Management Consultants, in Hartsdale, just north of New York City. His specialties include helping small and midsize companies crack Asian markets in spite of their misgivings. Too many small-company execs tell him they don't know anyone there, or they can't speak the language, or business is done differently in Asia. True enough, but hardly a reason to dismiss the region's many markets, says Azar; who spoke recently about this subject with BW frontier reporter Hillary Rosenberg. Here are edited excerpts of their conversation:

Q What advantage does a small or medium U.S. company have in **Asia** as opposed to a larger, more established U.S. company?

A: Often, American executives will look at Asia and map out a business and marketing plan that assumes Asia is monolithic. Each country is very different. Even though they share some cultural heritage, business conditions vary widely as do business practices, the way products are marketed and sold, and required features on products. The small company is much quicker to realize this and to respond.

Q Is it easier for a small business to get set up in Asia?

A: Often, a major player in the target Asian market will react differently to a smaller foreign company than a larger one. A larger one is perceived as a threat. The smaller one is seen as someone they could join up with.

Q What about the bureaucracy?

A: When small U.S. companies enter Asia, they can go on their own with a wholly owned subsidiary, do a joint venture with a local company, or license their technology or product to a local company. By exercising the last two options and tying up with a local company, a small business can

have expedited entry into the local market. They get government approval quicker because there's no one resisting it.

Q Do you see many Internet businesses going to Asia?

A: Newer Internet companies have a full agenda focusing on the U.S. market. I expect that to change. Once companies have solidified and they know they're here to stay, they will then have the confidence to pursue the international expansion that many of them envision.

Q What are the political **risks**, given the Chinese government's recent efforts to keep control of the Internet?

A: In China, the wind changes direction frequently -- sometimes favorable and sometimes not so favorable. That's the tricky part of doing business in China. What really separates China from the rest of Asia is that the rule of law and free market economies are not yet established there. Contracts are not respected there. It's a communist country and not a free market economy.