CROSSING BUSINESS BORDERS

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The Entrepreneurs’ Organization Magazine
COOL

Cool defines our approach, our attitude and our experiences. As we challenge convention, we are reinvigorating the experience of what it means to be an entrepreneur. We are vibrant and progressive. We commit to forward thinking. We commit to innovation. We commit to cool.
A MESSAGE TO OUR MEMBERS

More than 500 years ago, Europe played host to a handful of international adventurers. Driven by power and an appetite for betterment, explorers like Christopher Columbus sailed the globe using their hearts as their guides. Today, history credits these explorers as heroes, innovators, and dare we say it, entrepreneurs.

Twenty years ago, EO birthed its own community of adventurers, offering full support to those entrepreneurs who traveled the uncharted territories of their industry. Today, our members are like modern-day Vasco da Gamas, sailing oceans of risk and tackling wave after wave of adversity. In this edition of October, you’ll hear from those globe-trotters who found spices in the form of niche markets and uncovered new routes for global business.

Speaking of business, we have published our 2006/2007 Annual Review for your perusal. To ensure you stay in the EO loop, we are providing you with updated information regarding our financial, membership, and regional and international business. As a member, you play a pivotal role in the progression of this organization. Your invested interest fuels the fires of the EO engine. Flip through the next few pages to see where your membership dues are going, read member survey results and examine our growth.

The journey ahead is filled with promise. This year, know that we will be here to support you. Like our entrepreneurial ancestors, we follow a special compass: our business instinct. Sometimes we have safe passage, other times we sink— either way, we continue to fight for our dreams. That’s a true mark of an entrepreneur. That’s the true measure of an EO member. Respectfully,

Sunjay Kapur
EO Chairman
Shelby Scarbrough
EO President

FISCAL 2006/2007 YEAR IN REVIEW

2007/2008 Strategic Goals: This year, we will focus on key goals to ensure our members receive the highest level of support possible. Apart from generating more awareness of EO and strengthening our Global support, we will work hard to involve more leaders in our governance structure, bringing EO’s message to more of our peers, simplify access to our exclusive benefits and keep our growing membership intimate.

Development of Emerging Entrepreneurs: We continue to strengthen our support network for emerging entrepreneurs, which enables us to build a pipeline of future EOers. Mercedes-Benz Financial has extended its support of our Accelerator program because of our strong progress in this area.

Chapter Officer Training: We’ve been investing heavily in chapter officer training enhancements, such as this year’s rollout of the Chapter Manuals. These manuals are the key to simplifying and enhancing your chapter leadership experience. They combine years of member leader input with defined processes to ensure you receive the support you need to perform at your highest level.

Strengthened Global Support: We will continue to place great emphasis on internal systems, processes and planning, which helps us deliver improvements in many Global support areas. What’s more, we will continue to roll out new chapter tools, such as website and newsletter enhancements, and EDGroups discussion boards. The ultimate goal is to engage you with your peers through EO benefits more effectively.

EOnetwork Makeover: Over the next few months, you’ll begin to notice minor and major updates to our website. To ensure you receive all the information you need as quickly and efficiently as possible, we are going to enhance both our public and private sites. Thank you for your patience—check in regularly to see EO’s new look!

Get the Most Out of EO: You are an integral part of our organization. As such, it is imperative you get the most out of your membership. Stay active! Attend a University, join an EDGroup or use the directory to congregate with members in nearby cities. Whatever you do, be sure to stay in the loop. After all, the more you put into EO, the more you’ll get out of it.

2006/2007 Highlights:

July 2006: EO Provides Access to Free Website Templates

EO Global announced the creation of chapter website templates, ensuring all chapter sites are in line with the EO brand. Each template is available online to chapters at no cost and can be hosted by the chapter or EO Global.

August 2006: EO Chicago University

More than 450 attendees took in “The Windy City” and enjoyed valuable off-site activities and learning opportunities. For four days, eager members connected with their EO peers in one of our highest-rated events to date.

September 2006: EO Joins EntrepreneurshipWeek USA

EO joined EntrepreneurshipWeek USA as a program partner, adding its support and resources to a national effort to inspire and encourage young people to consider entrepreneurship as a career choice and to celebrate America’s unique culture of inventiveness.

October 2006: EO Accelerator Program Launched

In conjunction with Mercedes-Benz Financial of North America, EO launched the Accelerator Program, a special initiative that connects business owners who earn from US$250,000 to just under US$1 million to the world’s most influential community of entrepreneurs. To date, EO has launched the program in 40 cities/chapters in the US and Canada.

November 2006: GSEA Winner Announced

Congratulations to Mike Brewer of MedBoga.com for taking first place in the 2006 Global Student Entrepreneur Awards (GSEA) competition. The event was held at the annual Collegiate Entrepreneurs’ Organization competition on 3 November 2006 in Chicago, Illinois, USA.

January 2007: Latin American/Caribbean Conference

EO kick-started the new year by hosting a well-attended Latin American/Caribbean Conference. More than 100 members raised their entrepreneurial spirits in Bogota, Colombia, at the event, which emphasized international business and expansion and promoted a “Beyond Borders” theme.

January 2007: EDGroups Added to EOnetwork

Have a passion for dirt bikes? How about aviation? EO tool networking to a new level when it introduced EDGroups, an online community of like-minded members chatting over themed message boards. Join a group or start your own by visiting www.eonetwork.org today.

March 2007: EO Tokyo University

More than 430 EO members visited Tokyo to experience a newly transformed Japan. Each attendee embraced the magnificence of “Nouveau Japon” and discovered what makes their business mindful, culture and lifestyle so unique.

May 2007: Chapter Manuals Unveiled at GLCs

For the third year in a row, EO held two successful Global Leadership Conferences (GLCs). Both GLCs netted the highest attendance in EO history and were held back-to-back in San Francisco, California, USA, and Dubai, UAE. All attendees received EO Chapter Manuals, guides created by members, for members, that simplify and enhance the chapter leadership experience.

June 2007: Bob Strade is Appointed Managing Director

The EO Global Board of Directors announced the hiring of Bob Strade as EO’s new Managing Director. Bob came to EO from the World Presidents’ Organization (WPO), where he served as the President and Chief Executive Officer for nine years.

A YEAR OF MEMBER HIGHLIGHTS:

Greatest accomplishment: Letting go. Also, finding, recruiting and having enough confidence to trust a Manager to run one of my businesses.

Greatest lesson learned: That other people are capable of running things. Like most entrepreneurs, I believe the company will fall apart unless I’m involved in every facet. In reality, it doesn’t. And if you hire the best people, they may actually do it better.

NICK LEIGHTON
EO DUBAI

Greatest accomplishment: To be the first and only in our industry to obtain organic bamboo certification in China.

Greatest lesson learned: Relationships! It’s all about relationshipships.

RACHEL SPETH
EO SHANGHAI

Greatest accomplishment: Sitting on a beach during the EO Liaison European Conference with a fellow EO member. We were discussing my dream and he said, “Ok, Let’s do it!” Together we launched our new business.

Greatest lesson learned: I learned about the dynamics of a growing business. To plan for cultural change in the beginning and hire people that have the ability to lead and inspire.

MARIA SIPKA
EO BARCELONA
MEMBERSHIP COMPOSITION BY REGION
This chart represents the number of EO members in various regions of the organization as a percentage of the total membership.

- **North America:** 65%
- **ASAP:** 25%
- **Europe:** 5%
- **LAC:** 4%

MEMBERSHIP GROWTH
This chart represents the growth in membership by region.

- **North America:** 6,406
- **ASAP:** 4,883
- **Europe:** 3,389
- **LAC:** 3,031
- **Total:** 5,113

EO BREAKDOWN BY REGION

<table>
<thead>
<tr>
<th>REGION</th>
<th>TOTAL</th>
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<tr>
<td>Asia Pacific</td>
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<tr>
<td>At Large</td>
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<td>Europe</td>
<td>404</td>
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<td>409</td>
</tr>
<tr>
<td>North America</td>
<td>4,132</td>
</tr>
</tbody>
</table>

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FYE 2007 ORGANIZATIONAL NET REVENUE

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dues</td>
<td>36%</td>
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<tr>
<td>Grants</td>
<td>21%</td>
</tr>
<tr>
<td>Interest &amp; Other</td>
<td>8%</td>
</tr>
<tr>
<td>Affiliate Partners</td>
<td>4%</td>
</tr>
<tr>
<td>Forum Training &amp; Events</td>
<td>2%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

Like any business, EO has expenses associated with delivering value to its members on a global level. Below you can see the breakdown of various expenses by percent.

MEMBERSHIP GROWTH

- **North America:** 6,406
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- **Total:** 5,113

EO MEMBERSHIP SURVEY HIGHLIGHTS:
- Members are more invested in their EO experience than ever before. In all, 1,812 members responded to the 2007 survey, representing 28% of the membership. The response rate increased 71% over last year.
- Our members believe in the strength of our network. From those tallied, 96% of respondents would recommend membership to another qualified entrepreneur, up from 94% last year. Also, more than half of all respondents plan to remain members indefinitely.
- Our chapters are stronger than ever. Many improved their average satisfaction scores, and 83% of respondents rated the quality of their chapter members as a 7 or higher on a 10-point scale.
- The average respondent rated the overall value he or she receives from EO membership as a 7.4 on a 10-point scale.
- Members are happiest with Forum, giving it an 8.1 rating on a 10-point scale. Members enjoy opportunities beyond their local chapter as well, rating learning programs outside the chapter a 7.4 and the value they receive from leading other entrepreneurs a 7.1.
EO WITHOUT BORDERS

It’s an exciting time to be a part of EO. As the new Managing Director, I am especially thrilled to be guiding the organization through this fiscal year and beyond. I come to EO from the World Presidents’ Organization (WPO), where I served as the President and CEO for nine years. While there, I learned about the risks and opportunities entrepreneurs face, I worked with top-tier business leaders and I embraced the progressive culture of “0” organizations.

I am ready and willing to help you navigate the challenges of business ownership.

Let me start by sharing a proverb: One must accommodate changing times, but cling to unchanging principles. As we evolve into the world’s largest community of entrepreneurs, we need to go with the tide while staying firm in our convictions. Doing so will ensure we continue to provide you with the guidance you need for personal and professional growth.

Looking back at FY2006-2007, it’s amazing to see just how far we’ve come. We increased EO’s global presence, expanded our membership, set records for University attendance and rolled out new tools for the A-to-Z functions of your chapter. Some of them include free EO web templates, comprehensive Chapter Manuals and EOGroups, among other tools targeted for chapter growth.

These accomplishments could not have occurred without your full-fledged support and dedication. As members, you play an integral role in the success and growth of this organization. Whether you reside in Singapore or South Africa, your drive, determination and participation has helped build EO into the global powerhouse we are today.

It’s important you get the most out of your EO experiences. Join an EOGroup, leverage our online network or attend a University. Better yet, raise your hand and champion an event, moderate your forum or bring an emerging entrepreneur program to your chapter. The more you maximize your membership, the more you’ll get out of it.

As we forge ahead, let us seek new horizons while sticking to our principles in pursuit of greatness. I look forward to personally meeting as many of you as I can, listening to your entrepreneurial needs and advancing EO in ways that will enrich your membership experience.

Regards,

BOB STRADE
EO MANAGING DIRECTOR

THINK GLOBAL, ACT LOCAL

TIM SCHUMACHER
EO BOSTON

As a marketplace for secondary domain names, my business, Sedo.com, has just one geographic region to worry about: the entire world. All entrepreneurs should understand which geographic regions are ripe and rotten for business. Being ill-prepared for global expansion – virtually or physically – can lead to unnecessary mistakes. Here are some steps I followed to propel Sedo.com into the international market:

Establish a virtual presence around the globe.

To make my mark, I needed to appear omnipresent to my global customer base. I decided to employ a geographic domain name acquisition strategy. I bought the rights to more than 50 country-specific top-level domains, such as “Sedo.de” (Germany) and “Sedo.fr” (France). Now, when customers search for us online, they’re able to use the domain they are most familiar with. This demonstrates a local presence and establishes a memorable domain name that encourages repeat business.

Hire a native speaker.

Once business hits a critical mass, consider hiring a native-speaking employee to serve your customers (either remotely or locally). To maximize my company’s internal capabilities, I implemented a global exchange program. The program gives all employees an opportunity to work for an extended period of time in a foreign office. I’ve also found that videoconferencing, Skype.com, online meetings and other communication tools help with this process.

Visit before you invest.

I have found that submerging myself in a country’s culture provides invaluable insights into which business practices work and don’t work in a particular region. When I was considering global expansion, I made sure I understood how my business could best establish a virtual, physical and cultural presence. Correctly implementing all three at the right time can have a major impact on your business and provide a leg up in competition wherever it may be based.

Decide if physical offices are necessary.

When tackling international markets, companies should decide if it’s necessary to build physical offices in new countries. Luckily, the modern supply chain network and the Internet make it possible for businesses to serve customers in a specific country before placing an office there. Consider coupling with local partners to enhance your presence in a geographic region.

GROW THE EO NETWORK!

Know someone interested in joining EO?

EO Inside Track web events are held monthly to educate prospective members about the EO experience.

Contact membership@eonetwork.org or visit www.eonetwork.org/events for more information.
I was talking through an interpreter. For 40 minutes, we discussed things like the weather, our countries, etc. Eventually, I wanted to know more details about the business and changed the subject. I could tell from the look on his face that something was wrong. The interpreter told me that the client was expecting to talk about business during the second meeting. Apparently, my changing the subject so abruptly implied that I wasn’t interested in him as a person. From that point on, I make sure I’m always extra polite. Being polite shows I respect my clients, their culture and am willing to listen to their views.

3. I DECIDED NOT TO DISCUSS MONEY.

When a US client came to Mexico to negotiate business one day, I drove my best car, wore my most expensive clothes and jewelry and took him to the most luxurious hotel in the city. I thought I was sending the right message— one that indicated financial stability in my business. Afterward, I learned his impression was that we were making lots of money through him. The next thing I knew, he started to negotiate prices because he knew that it was possible. I now make it a point to avoid being flashy when explaining the fiscal future of my business and/or goals.

4. I LEARNED TO ALWAYS BE ON TIME.

One day, I had an important conference call with the director of a Canadian company I was doing business with. I dialed in three minutes late, though by the time I was connected the call was nearly six minutes late. I found out my client reserved only 10 minutes for our conversation. Four minutes after I got on the call, he cut me off and rescheduled our next discussion for two weeks later. To this day, I try to be at least five minutes early. Not only will they appreciate my dedication, I will have control over the course of the meeting.

5. I REASSESSED MY THINKING.

On one occasion, I remember having a conversation with a Korean client. I began listing everything I knew about Korea: their politics, history, religion, etc. After a while, he said, “Luis, I did not know that and I am not interested. I left my country when I was three years old and I’m a US citizen now!” Since then, I’ve approached my guests like I would anyone else. I also set aside any information I have regarding their culture and talk to them from an entrepreneur’s perspective.

With our consultant’s expertise and my company’s industry background, we crafted a bold plan that went beyond their original marketing program. Our plan completely rethought the way the client brands its 15 shopping centers, which led to increased gift card sales and improved financial performance. Ultimately, we developed a new advertising and public relations campaign that reflected the culture of “La Isla” (The Island) and captured the true essence of the people.

As a result of this project, I learned a tremendous amount about the Puerto Rican culture and about the broader Latin American culture in the US and other countries. For example, Latinos in Puerto Rico are not the same as Latinos in Denver, Colorado, USA, Mexico or Chile. Too many businesses cater to the broad Latino market without taking into account the dramatic cultural differences among Spanish speakers. My consultant uses the word “acculturated,” which means you can’t consistently reach the Hispanic market unless you understand its complexities.

Working in Puerto Rico has taken my company in new directions and expanded our business horizons. Thanks to this experience, we learned that if we take the time to do it right, it can be very impressive. See? I’ve even learned some more Spanish. 😄
Making the “Safe” Business Bet

DOMINIK VON RIBBENTROP
EO GERMANY

Success can happen when you least expect it. I found that out firsthand. After selling my Internet firm in 2003, I decided to travel abroad in search of the perfect buy-in opportunity. My goal: to find the proverbial “sleeping beauty,” a company worth investing a little money and tons of energy into. While in Germany, I considered 30 diverse—and sometimes run-down—companies, but nothing caught my eye.

It wasn’t until I stumbled over a dilapidated company that my professional life changed forever. I discovered a business that had been successful until the death of its owner and collapse of the luxury industry, post 9/11. Stockinger, a manufacturer of high-tech luxury safes, was in dire need of help.

Intrigued with their extravagant products—they reminded me of high-powered Porsche GTs—I purchased the company and started observing the luxury industry, post-9/11. Stockinger, a manufacturer of high-tech luxury safes, was in dire need of help.

When bought the company, reality hit me hard. Had I made a “safe” bet? I wasn’t sure. I purchased the company and started observing the rapid economic development of Russia, China and the Arab region. My goal was to understand their appetite for status symbols, desire to mimic the expensive brand sales were the strongest.

I quickly discovered that being enthusiastic about a new company is important, but it did not protect me from making mistakes. In the start-up phase, I let a friend of a friend build me an IT system because I was told, “he is great and cheap.” Clearing up the mess he made turned out to be more expensive and time-consuming than if I had hired experts in the first place.

I also decided early on that we needed a flagship showroom in the middle of Munich. Having a beautiful, central showroom for my safes would benefit those customers who come through once a year. I immediately learned that running a showroom is incredibly expensive, that you need to have the perfect decoration and you need to be present six days a week—what a nightmare. To this day, I have 40 times more visitors going to our website than our showroom!

Ultimately, I’ve learned that in the first 24 months of starting a business, you just won’t know the important details of the market you’re in. The likelihood that you’ll make mistakes and have to adjust your business model is high. But like all entrepreneurs, this adversity motivated me to succeed.

My vision for the company was to exploit the niche market. I dreamed of creating secure, German-made, high-tech luxury safes with better designs and electronic systems than standard safes. Our quality customers deserved to have high-end products, but with a limited market, steering the company back into the black would prove arduous.

I found my light at the end of the tunnel through brandbuilding and direct marketing. I had to increase brand awareness on an international level. I built a system that gave me direct contact with each customer. Knowing exactly what customers wanted proved to be beneficial to my work model. I also realized that the traditional sales channel of “producer-wholesale-retail-customer” ate too much margin and was needlessly complicated for middlemen. I needed to promote Stockinger through an innovative marketing campaign.

I hit the marketing lottery by creating awareness through press, advertisements, a website and other excellent communications collateral. I also introduced a program that fostered cooperation with select partners in target countries. I concluded that many people knew someone interested in our safes and were eager to spread the word—it was a Tupperware approach for the luxury market.

In many ways, the risks I took taught me that vision and determination, no matter how unique the product, are essential ingredients to succeed. More importantly, my ability to meet the demands of key customers kept my international dream alive. With the right business approach, I was able to reach new levels of success.

DAVID HASHIM
EO MALAYSIA

A few years ago, I came to a “fork in the road” of my career. I had to make a choice between being content with the slow, no-growth prospects in my home market of Malaysia or struggle earnestly to grow my design firm. This wasn’t just a professional choice—I knew it would directly affect my personal life.

Overcoming initial trepidation and uncertainty from my partners (as well as my spouse), I decided to make the leap. Before long, I was working on several modest projects and found new levels of success ... but there was a price to pay. I couldn’t juggle my personal life with my professional life. The constant traveling affected my loved ones. I was away from my wife and two young sons at least 10 days a month.

I needed to change my ways and embrace my most important client: my family. I decided to revolve my busy schedule around my wife and kids. I set aside more time to travel with them, learn from them and create memories. As an entrepreneur, I know it’s hard to find time to spend with your family.

Thanks to this new approach to scheduling, the strain of being away from my family has eased. In many ways, the risks I took taught me that vision and determination, no matter how unique the product, are essential ingredients to succeed. More importantly, my ability to meet the demands of key customers kept my international dream alive. With the right business approach, I was able to reach new levels of success.

MY MOST IMPORTANT CLIENT

MY MOST IMPORTANT CLIENT: MY FAMILY.

HERE IS WHAT I DID TO FIX THINGS:

- I made it a point to spend more weekend time with my family. That meant no more nights out with the guys, and less sports.

- I went on more short holidays with my family when there were long weekends.

- I brought my boys into the office with me to increase face time.

- I told my clients that August is a family holiday month. I’ve found that clients who respect the importance of family (the clients I like to have), respect this decision.

Thanks to this new approach to scheduling, the strain of being away from my family has eased. In many ways, the risks I took taught me that vision and determination, no matter how unique the product, are essential ingredients to succeed. More importantly, my ability to meet the demands of key customers kept my international dream alive. With the right business approach, I was able to reach new levels of success.
**LOOKING FORWARD**

EO maintains a list of 200 locations that are likely candidates for chapters in the next 20 years. In no specific order, our top ten includes:

*If you know of prospective members in these locations, or would like an additional location to be considered, email us at membership@eonetwork.org.*

- **1.** Sweden
- **2.** Milan, Italy
- **3.** Honduras
- **4.** Jacksonville, Florida, USA
- **5.** Central Florida, USA
- **6.** Jaipur, India
- **7.** Lyon, France
- **8.** Lima, Peru
- **9.** Oklahoma City, Oklahoma, USA
- **10.** Cape Town, South Africa

**EO AROUND THE WORLD**

In this edition of Octane, you will find the second of four installments celebrating EO’s 20th anniversary. This spread will examine the global presence of EO, describe chapter selection and emphasize EO’s past, current and future role in the professional and personal lives of its members.

Since the launch of the first chapter in Calgary, Canada, EO has been steadily building chapters around the globe. From Kansas City to Kolkata, we now maintain a commanding global presence with 108 chapters in 38 countries. And we’re still on the move.

But what does this growth mean to you? Thanks to our globalization efforts, we have eliminated area codes and time zones, replacing them with a borderless “24/7” environment that equates to a richer member experience. We’re here to help you grow, learn, and embrace the advantages of entrepreneurship. For the next 20 years and beyond, EO will continue to build the world’s most influential community of entrepreneurs … one chapter at a time.

**EO WINNIPEG**

“EO being global gives members the opportunity to learn, think and grow globally. Other benefits include trusted resources and opportunities to communicate, build relationships and experience new cultures.”

**POLLY CRAIK**

**EO KOLKATA**

“The best part about EO being a global organization is the amazingly diverse types of members and geographies one is exposed to. The benefits that accrue are huge, such as sharing experiences, understanding various cultures and networking. You can also develop some lasting friendships along the way.”

**YASH PODDAR**

**EO PHILIPPINES**

“The fact that EO is international has helped me push my business to new markets. We’ve been able to apply techniques, best practices and strategies from other countries to our own business, giving us an edge locally and abroad. In a nutshell: EO being international is helping us become a truly global company.”

**LAURA VERALLO DE BERTOTTO**

**EO AUCKLAND**

“EO’s global reach means you can connect directly with a supportive environment of possible growth partners, and you can develop strategic relationships that will assist all involved. There is also the fantastic personal benefit of having a worldwide community of friends wherever you travel.”

**TANIA GRIEG**
EO CHATER SELECTION

In this part of our special feature, we examine the mechanics of chapter selection and chapter growth. Every chapter—regardless of its location—plays an integral role in the betterment of the organization and its members. But how, exactly, does EO choose new chapters?

All chapter start-ups are determined by a number of factors, though one thing remains constant: each must be capable of providing its members with the tools they need to grow personally and professionally. Other important factors EO considers include:

STRONG CHAPTER LEADERSHIP
Potential members interested in starting a chapter must be passionate and champion the cause.

ENTREPRENEURIAL ACTIVITY
A region with a dense entrepreneurial community and high population is a fertile environment for chapter growth.

SUPPORT FROM AN “O” CHAPTER
The presence of a nearby EO/YP/OPO chapter goes a long way in ensuring the startup of a chapter goes smoothly.

WHERE DO YOU THINK EO WILL BE IN 10 YEARS?

“EO will be a very powerful global entrepreneurial organization that may find its way into the highest quarters of private and public domain—then it will function as an advisory group to world leaders in business, corporate and public governance.”

Ravi Todi
EO KOLKATA

“In 10 years time, I see the membership reaching the 20,000 level mark. What will be important is the composition of members. By then, a quarter of members will be from America and 3/4 will be from the rest of the world.”

Jitendra Chauhan
EO INDONESIA

“EO will expand to all major cities in the world and membership will have more than doubled. As the business world becomes even more global, 25% of members will have dual memberships in international cities and EO will be a must-have resource for every business owner.”

Len Oppenheimer
EO NEW YORK

EO CHAPTER GROWTH

EO BEIJING : 2007
FOUNDING MEMBERS: JIM JAMES, RICHARD ROBINSON

Jim James first heard about EO in Singapore, and quickly discovered it played a valuable role in the lives of entrepreneurs. When Richard Robinson mentioned the possibility of starting an EO chapter in Beijing, Jim thought it would be a great way to reconnect with the organization he had admired for years.

EO: What are some of the challenges you face in getting the chapter started?
JJ: Beijing is the capital of the most populous nation on earth. It has scale and momentum and is achieving some of the fastest growth in the world.
EO: Why do you think Beijing is a good place to start an EO chapter?
JJ: Beijing is the capital of the most populous nation on earth. It has scale and momentum and is achieving some of the fastest growth in the world.
EO: What is your long term vision for EO Beijing?
JJ: We want to build the Beijing chapter steadily and surely. Our goal is to avoid the boom and bust cycle of a start-up and build solid foundations for the chapter to thrive as China grows.

EO SOUTH AFRICA : MARCH 2005
FOUNDING MEMBERS: DAVID DWORCAN, ORRIN KLOPPER, ALON RAIZ

EO: Why do you think South Africa is an important part of the international organization?
DD: Part of what we did was reach out and get involved with our US and Canadian counterparts so that we could be an integral part of EO’s evolution into a truly international organization.
EO: What are some valuable lessons you learned from serving as a leader in the chapter?
DD: Number one is that there is a lot to learn. The knowledge sharing alone has been unbelievable; ideas you can’t find anywhere else are generated. I also learned how to competently hold focused, democratic board meetings with clear deliverables, thus increasing communication among shareholders.
EO: What did you learn when you helped build the chapter?
DD: I learned that you will get back more than what you put into building the chapter, in terms of friendships, networking and positive influences on your life. Being a leader in EO is not about you . . . it is about what you contribute to the organization.
EO: What are some of the challenges you faced during the chapter launch?
DD: Communication among shareholders. We wanted to know what was going on and where we were. We found our way into the highest quarters of public and private domain—members and the excitement remains palpable.

EO MEXICO DF : NOVEMBER 1991
FOUNDING MEMBERS: GILBERTO RIOJAS, MARIA CINTRON MAGENNIS, JAIME SANTIBANEZ

The momentum behind the EO Mexico DF chapter began when Peter Thomas visited the Mexico City YPO chapter as a speaker. Maria Cintron Magennis’ father was the Education Chair for the chapter and was asked by Peter to pull together some entrepreneurs to tell them about YEO. These entrepreneurs went to lunch with Peter, and by the end of the meal, EO Mexico DF had its first President, Education Chair and Membership Chair. Today, the chapter has 68 members and is still going strong.

EO: Was starting the chapter similar to expanding a business overseas?
MC: Introducing EO to Mexico was in some ways similar to introducing a US product to a foreign market. We recognized the value of EO’s programs and systems but wanted to make them more Mexican. Part of what we did was reach out and get involved with our US and Canadian counterparts so that we could be an integral part of EO’s evolution into a truly international organization.
EO: What are some challenges the chapter faced during its launch?
MC: Some of the biggest challenges we faced involved recruiting quality members, encouraging members to participate as leaders in the chapter and keeping the education program vibrant, relevant and innovative. We also worked to help members feel as if they were a part of the international organization, and encouraged them to participate in international events.
EO: Why do you think Mexico City is an important part of the international organization?
MC: There is a lot to learn. The knowledge sharing alone has been unbelievable; ideas you can’t find anywhere else are generated. I also learned how to competently hold focused, democratic board meetings with clear deliverables, thus increasing communication among shareholders.
EO: What are some valuable lessons you learned from participating in international events?
MC: I learned that you will get back more than what you put into building the chapter, in terms of friendships, networking and positive influences on your life. Being a leader in EO is not about you . . . it is about what you contribute to the organization.
PEER-TO-PEER LEARNING

I received my first taste of life behind the Iron Curtain nearly 20 years ago. After a hitch-hiking tour of Western Europe, I found myself amid the hostile, gray grit of the Soviet Union in Prague, Czechoslovakia. I recall walking across the infamous Charles Bridge, dismayed by the abandoned shops with blown-out windows and empty shelves.

I never would have imagined that one day I would start a business in the former USSR.

There wasn’t a soul around as I toured America’s nemesis. Rusted, moldy scaffolding stood alongside buildings like creepy skeletons, an apparent sign that much-needed restoration was just around the corner. It was obvious that nothing had been fixed for years—nor would it ever, I recall thinking. And why should it? This was the Soviet Union: Without capitalism, there was little motivation.

Two years later, the Berlin Wall fell and the West came rushing in. I occurred to me that the US didn’t possess a monopoly on capitalism. Though I’ve been an entrepreneur for more than a decade, I’ve never been so excited as now. There may be no better place to do business than in countries deprived of capitalism for nearly 50 years.

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Lessons Learned

Expect surprises. Not knowing the local language presents no real barriers to doing business in Eastern Europe. I was amazed at how well the locals speak and write in English. Because English is the lingua franca, it was much easier to communicate than I thought. And even though contracts are written in the local language, English translation is the norm.

Go local. Insider information is critical. I discovered early on that trying to conduct business in Eastern Europe as an outsider is nearly impossible. It’s not enough to simply hire local attorneys or agents to work for you. It’s crucial to identify the right local equity partner so that he or she is motivated to help make your business succeed. In my field of real estate, having an insider proved vital in securing the best deals.

Start small. Do prototype deals first. We initially conducted small deals by buying single apartments, just to get a sense of how business is done in these countries. Once we had conducted smaller transactions, we moved on to larger ones, such as buying land and developing residential and commercial projects.

LESSONS LEARNED

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In 2004, I again returned to the former Soviet Union and visited the tiny Baltic nation of Estonia. The energy of the newly minted EU accession country was palpable as tourists flocked to the beautiful Old Town. At the time, Estonia had generated headlines when local software engineers created Skype, the Internet telephony company recently purchased by eBay for several billion dollars. It finally occurred to me that the US didn’t possess a monopoly on capitalism.

I vowed to return to Estonia as a foreign entrepreneur.

After a string of lucky breaks and a personal mandate to enjoy the adventure of launching a company overseas—regardless of the outcome—I now own rapidly appreciating properties in Estonia, Latvia and Romania. I am also a partner in a EUR25 million real estate investment fund. Purchasing my first foreign property in 2005 required what one would expect: a ton of research and extensive networking to find the right banking, legal, accounting and real estate contacts.

Though I’ve been an entrepreneur for more than a decade, I’ve never before felt such a visceral entrepreneurial buzz like the one unfolding in post-communist Europe. Given the hundreds of billions of dollars in foreign direct investment and the numerous Fortune 500 multinational corporations that will continue to flood into the region over the next decade, Eastern Europe is turning out to be of one of the most exciting markets of our time. There may be no better place to do business than in countries deprived of capitalism for nearly 50 years.
Don’t miss out on these once-in-a-lifetime events.
For more information on global learning, contact events@eonetwork.org.
WHAT I’VE LEARNED ABOUT INTERNATIONAL BUSINESS:

“...it’s important to hire the best people for the job. Hiring good people can cost more initially, but it will yield better results and will make the company more enjoyable for all involved. I don’t like to hire anyone from whom I can’t learn something.”

— CHANDER AGARWAL
EO NEW DELHI

“International networks are an integral part of running a business. They helped me form strong working relationships with like-minded people in my field.”

— MOX YUEN LOK
EO MALAYSIA

“I’ve discovered that whether you go stateside or international, passion and talent plus hard work and discipline is the enduring formula for ongoing, replicable success.”

— DEBBIE GOODMAN-BHYAT
EO SOUTH AFRICA

“An appetite for risk and investment to gain value is a must when conducting business overseas. I’ve uncovered tremendous opportunities when venturing into the international arena.”

— JONATHAN TE
EO PHILIPPINES

“I’ve learned that each country has its own eccentricities. It is important to understand and learn the culture before attempting to do business there successfully.”

— ANURADHA ACHARYA
EO HYDERABAD

“I decided to go into multiple industries because it limits my risk; it also provides sound exit strategies should a certain industry go through a decline.”

— HUNTER HOWARD
EO DALLAS

“International networks are an integral part of running a business. They helped me form strong working relationships with like-minded people in my field.”

— SURI.SRIORATHAILKUL
EO THAILAND

One significant lesson we learned was to never assume anything when doing business internationally. For example, when we were building a new facility, we hindered ourselves, thanks to our US perspective, by failing to ask enough questions about loan terms from a Sri Lankan bank. We received the loan but were only immediately granted access to two-thirds of the money. For 18 months, we have been accruing and paying interest on the remaining one-third of the loan – that the bank is still holding from us.

— HUNTER HOWARD
EO DALLAS

The Internet helped us save money by discovering where to advertise, which suppliers to contact and what franchisers we could learn from.”

— BRIAN SCUDAMORE
EO VANCOUVER

Moving into a new territory brings many challenges, but it also gives you an unbalanced indicator of the strength of your core business. One of our goals at 1-800-GOT-JUNK? is to become a globally admired company with a presence in 10 different countries by 2012. We took the first step in 1997 when we expanded into the US, whose population is 10 times greater than Canada’s. Built on consumerism, America would likely have 10 times the need for junk-removal services.

We decided to sell our first US franchise in Portland, Oregon, USA. Not only is Portland a close cultural match to Vancouver, but the location is easily accessible, the climate is similar and our concept fits the city’s bylaws. Moving to the US proved a viable way to test international waters. Doing business south of the border is similar to working in Canada, although there are differences. For example, we discovered we couldn’t fly in people’s mailboxes because they are owned by the U.S. Postal Service. Gone, suddenly, was one of our fundamental marketing tactics. But diversity within the US also brought challenges. Our bright blue uniforms had to change. In Vancouver, winter work-wear means dressing our staff in logoed rain jackets. In Chicago, it means thick blue parkas and ski hats. In Phoenix, we need Dri-FIT shirts and blue shorts to handle hot summers. Environmental laws also vary from city to city, forcing us to implement our own recycling programs in some markets. Luckily, we had solid training systems in place to get us over these hurdles.

With Canada and the US under our belt, we ventured into the UK and “Down Under.” Keeping our brand consistent across borders wasn’t easy. There is a balance of staying religiously loyal to the brand and staying aware of local values, tactics, systems, languages, etc. This is the same in every country— but with a local angle. For instance, in the UK we don’t remove “yard waste,” we remove “garden rubbish.” Also, 1-800-GOT-JUNK? became Gotjunk.com because European phone keys don’t contain letters. Even the size of our trucks had to be modified to accommodate Britain’s narrower roads. Creating territories to sell franchising partners was just as different in Australia, where postal codes follow logic unlike that used in Canada and the USA. In Australia, our logo doesn’t have the dash in “1-800,” as that is the country standard.

Technology also cut our costs. The Internet helped us save money by discovering where to advertise, which suppliers to contact and what franchisers we could learn from. Google enabled us to scan newspaper headlines and the websites of competitors. We even saved on travel costs by hiring our general manager through video-conferencing. As much as I’d like to say all of our ideas were brilliant, some were not. FedExing boxes of marketing materials to Australia proved extraordinarily costly. We also learned it’s very expensive to ship our trademark blue “dump boxes” when they’re pre-assembled. We’re now sourcing suppliers to build our boxes from scratch in Europe and Australia.

These trials taught me a valuable lesson. In many ways it has become easy for businesses to go global. Brands such as FedEx and chains like Starbucks have not only inspired and mentored us, but proved that North American formats can be welcomed in foreign markets. It’s important to stay focused when entering new markets. No matter how well I do my research, there will always be unexpected details that have to be managed differently. In the end, I realized that if the core of my business isn’t rock solid, I’m unlikely to profit internationally. Taking risks is good, but sticking to smart risks is even better.

— BRIAN SCUDAMORE
EO VANCOUVER

BRIAN SCUDAMORE is the Founder and CEO of 1-800-GOT-JUNK?, one of the fastest growing companies in North America, Australia and the UK. Brian has been a member of EO since 2004 and will be a speaker at the 2007 Las Vegas University. To contact Brian, you can email him at brian@1800gotjunk.com.
PUTTING YOUR FOOT IN THE VIRTUAL DOOR

HANNE BlUM  
EO VICTORIA

If you’re like most people, you grab some coffee in the morning, switch on your computer and log on to the Internet. In a few seconds, you’re effortlessly connected to the World Wide Web and its global community. The very notion of international borders seems irrelevant when the Internet transcends them so easily. So running a global e-commerce business must be easy, right? Just build a website and off you go? Wrong.

There is so much more to global Internet retailing than what’s found on the homepage of your monitor. There is a mistaken belief that e-commerce operations can set up an office anywhere and start selling products to the world. The old saying, “fail to prepare, and then prepare to fail,” applies to this concept. Just like a traditional bricks-and-mortar company, an Internet business requires extensive analysis and research, local knowledge and local people before approaching a new overseas market. The preparation prior to the launch of a regional website can take years.

As the world’s largest online marketplace for new, used, rare and out-of-print books, my company, AbeBooks Inc., helps small businesses launch in foreign markets for the first time. I also partner with international corporations to manage their multilingual communications and provide coaching for their executives to become more culturally aware and adept.

In the 13 years I have been in business, I have arrived at many conclusions regarding national and international communication. At each time I reach a conclusion, I am proven wrong. There are so many hidden, unspoken rules. You can easily find yourself at the bottom of a pit before you know it. Here are a few lessons I have learned along the way:

1. It pays to speak your customer’s language.

I started out in this business as a freelance translator. It was a natural progression to offer my clients the option of communicating in both English and German, the languages I speak. What a difference that service has made! Because of these cultural influences, assumptions about “hard and fast” rules. With the steady influence of globalization, all cultures are in a state of continual adaptation. The very notion of national and international communication is transcended so easily. So running a global e-commerce business must be easy, right? Just build a website and off you go? Wrong.

I enable global communication for a living. By the very nature of my business, I work on a global scale. I help small businesses launch in foreign markets for the first time. Today, breaching international markets has never been more necessary. Creating a virtual presence in countries of interest can mean an increase in investments and brand recognition for your company.

Once the decision has been made to enter a specific international market, you have the choice of buying an established web presence or creating your own. If making your own website sounds more feasible, test the country’s market through what’s known as a microsite, an offshoot of a parent site. It will provide a wealth of feedback you can leverage when building a main website from scratch.

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To ensure an online business is off to a good start, visit the country as often as possible. You will not only garner a greater appreciation for the community, but you will also better understand its commercial culture. Airports, air miles and Internet expansion go hand in hand.

Today, breaking international markets has never been more necessary. Creating a virtual presence in countries of interest can mean an increase in investments and brand recognition for your company. If you’re eager to spread your wings, consider putting your foot in the virtual business door today.

Hannes Blum co-founded JustBooks in 1999. He went on to serve as the President and CEO of AbeBooks Inc. after it bought his company in 2001. He remains an active investor in several Internet and consumer-related companies and serves on two boards outside of AbeBooks Inc. Hannes can be reached at hblum@abebooks.com.

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MICHELE HENCKEN  
EO EDMONTON

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COMMUNICATION  
THE KEY TO GLOBAL BUSINESS SUCCESS

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