



THE NXT GROUP HAS BEEN OPERATING IN THE NETHERLANDS FOR OVER 10 YEARS AND SUPPORTS COMPANIES TO GROW BUSINESS IN EXISTING MARKETS AND EXPAND INTO NEW ONES. INDIA IS ONE OF NXT'S HOME MARKETS, HAVING SIGNIFICANTLY WORKED IN THE INDIAN MARKET AND WITH TWO DIFFERENT OFFICE LOCATIONS IN TWO SEPARATE STATES IN INDIA NXT IS NOW THINKING OF EXPANDING ITS OFFICE NETWORK IN INDIA AND THE USA. **SATARUPA BOSE ROY** TALKS TO **MICHAEL WESTENBERG**, FOUNDER & MANAGING PARTNER OF THE NXT GROUP ABOUT THE INTERNATIONALIZATION PROCESS OF COMPANIES AND HOW HE WORKS HANDS-ON TO MAKE AMBITIONS COME TRUE IN THIS GLOBALISED WORLD.

# THE NXT GROUP DELIVERS INTERNATIONAL GROWTH IN EMERGING MARKETS

### **What are the types of companies you help to grow their business?**

Partners of the NXT Group in the Netherlands are companies which are all internationally very active (minimum 25% of their revenue is export sales) and have a strong focus and ambition to develop their international sales volumes. Typically, these companies are medium sized to large SME's, large family companies and Dutch corporates with an entrepreneurial DNA.

The Dutch companies which find their way to the NXT GROUP can be categorized based on the internationalization phase they are in, which are:

- Companies that are NOT yet active in a specific export market - for example India – but that have the desire to develop (export) sales in that market;
- Companies that are exporting to a specific export market, but which are not satisfied with the current sales volumes and results;
- Companies that are present in a specific international market with their own company (and team) or through a joint-venture and are experiencing severe challenges in scaling up their local sales or operational activities.

The internationalization phase a company is in determines the type of business support a company needs from NXT to overcome their internationalization challenges and improve their business performance in the short-term.

As NXT in The Netherlands we do not service companies from a specific sectors. But in the last 3 years we have noticed that an increasing number of machine/equipment manufacturers and companies from the Horticulture & Floriculture sector use our expertise and services in markets such as India.

During 2018 our offices in Istanbul (Turkey) and Bogota (Colombia) also started to talk to companies in their respective countries on supporting them within the Indian market. We currently experience a severe interest in India from specifically Turkish equipment manufacturers, FMCG food and FMCG non-food companies.

### **Do you have any specific criteria for selecting a company? Especially talking about India and Netherlands do you help Dutch companies in settling in India and vice versa?**

YES, we do not only support and advise companies on how to settle in India. We concretely execute our advises given and organize the 'settling' process in India for Dutch, Turkish and Colombian companies. Settling for NXT can mean that we for example activate local sales, position companies, establish companies or completely manage the production/assembly or sourcing process for companies in India. Our ambition is that we provide solid market-entry strategies through diligent execution!

In 2018 our office in Bangalore also started to actively approach Indian companies with our service proposition. In India we do target mainly Indian manufacturers which have export experience but suffer from the fact that Indian brands are not yet recognized in markets as the Netherlands (Europe), Turkey, Colombia (South America) and by the end 2019 we will be in the U.S.A as well.

Everyday our specialists experience that companies which have solid export experience, are ambitious and open-minded in scaling up their export sales and they value our experience and have high regards for our local know-how. It is for this reason that we primarily target companies which have a minimum export volume of 25%

of their annual revenue and which see an increasing international sales volume as pivotal in their mid-to long-term growth strategies.

### **What's your presence in India? How many companies have you helped expanding? What are your business plans for India?**

NXT's Indian head-office is based in Bangalore (Karnataka). Why? The Indian company which the NXT Group took over in 2015 was established in Bangalore in 2007. Our strategy consulting and market-activation teams are based in Bangalore. Also our trade division maintains a warehouse in the Bangalore area where we handle the products and operations for our foreign partners. For our consultancy services we also hold a small base in Delhi. Within the Indian team there is a desire to open one more office in 2019, despite the fact that it's the Indian team who can make this decision I do believe that the needs of our partners eventually will guide us to the right location.

Our Indian business development and trade team travel throughout India on behalf of our partners on an ongoing basis.



**From left to right: Rajkiran Marella (NXT India), Michael Westenberg, Victor Eveleens (NXT India)**

To tell you the number of companies we have helped so far...to be honest we never counted them until 3 years ago. Currently we manage the total market-expansion process into India for 11 Dutch companies. These companies have entered into a long-term partnership with NXT and in India we coordinate their local sales, marketing, production, sourcing and logistical operations.

Internationalization of projects into India are executed for approximately 40 Dutch companies each year. Projects are mainly triggered through the sector or company-cluster representation that NXT executes in India. For example, NXT India is the 'power' behind the Dutch-Dairy Cluster India, Netherlands Agro Food Technology Center India (NAFTC), Dutch Dairy Days India and a wide range of public and private sectoral clusters which aim to enter the Indian market.

### **What's your perception about the changing political and economic climate in India? Do you still think its a progressing country with business opportunities?**

Like in any market, the political landscape and it's players change faster and more frequently compared to the business world. As such short-term political changes in emerging markets I only find interesting to monitor, but I





**The NXT-Trade team in the Bangalore office**

would never advise a company to base its growth strategies on them. Rather look at the mid to long term.

During my 12 years of working and living in Turkey, which is a very interesting market, I learned that one needs to look for medium to long term cycles (5 to 20 years) in politics and the economy. As long as the country is developing positively along this time line, I would advise any company to seriously consider to develop a market position.

I returned to live in the Netherlands in the end of 2017. In the last two years I speak to on an average 3 companies every week about market expansion into new countries. I have concluded that many senior managers let their strategies to enter or grow in an emerging market be influenced by what they hear on BNR news-radio or what they read in the newspaper. Personally, I find this very unprofessional, because all the news about emerging markets sound very 'exciting' and 'risky' in comparison to what the Dutch find normal in terms of economic growth and political stability.

So, the emerging market India, with its 1,2 bln consumers and its ongoing annual economic growth of minimum 5% and it's increasing delivery of a high educated work-force is and will remain a prime potential export market for any Dutch company that wants to grow internationally.

#### **How many Indian companies have you supported so far in the Netherlands and vice versa?**

Since the start of our business in 2009 in Turkey I know that we have supported around 750 – 800 Dutch companies with their market-expansion into the Turkish, Indian and Colombian markets. Almost 30% of these companies were related to the Indian market.

From the start of our company in India in 2007 it has been only a hand-full of Indian companies that we have supported with their international expansion. Reason being is that we never actively targeted Indian companies. As of mid 2018 our Indian management team started to have weekly talks with Indian companies about their

market expansion in Europe, Turkey and South America. In contrary to the Turkish companies, we experience that Indians take a significantly longer time to decide whether they want to expand internationally. I expect that by the end of 2019 there will be a considerable increase in the number of Indian companies who would look for international growth and expansion opportunities together with NXT.

#### **Tell us how you have evolved as NXT group.**

I have defined and developed the NXT market-expansion services model over time and based it on my own experiences in corporate life and in emerging markets.

In 1999 I was on the verge of graduating in The Netherlands and decided to immediately leave my country and start working in emerging markets. In 2000 I landed in Hungary, which had not even joined the EU yet, and worked in commercial and business development roles in the logistics services sector throughout the CEE region. As a young guy I was been given ample opportunities to deal with clients as Heineken, Unilever, Henkel, Shell, Kraft, Sony and create supply chain solutions for them in these CEE emerging markets.

In 2005 I grabbed the opportunity to become General Manager at a Dutch logistics company in Turkey whose business needed a big recovery. I was 28 years old, very eager to grow and experiment and take risks and I told myself I could fix this! Sales definitely grew but along the way I met a lot of 'bears' on the road and climbed a lot of 'mountains'. Today I realize that these were the moments, which showed me that foreign markets operate completely different compared to The Netherlands. What we see as barriers to enter a country, are just challenges needed to be overcome.

In 2010 I resigned from corporate life, stayed in Turkey and started to advise some European companies on how to build a successful company in Turkey. I quickly realized that giving advise did not make me happy. I rather executed the advice I gave, which meant that I also started to set-up their companies, recruit their staff and develop



**With Dutch Minister Schouten in the back**

their sales in Turkey. Companies like Hermes-Paris, Footlocker, Deerns, RAI Amsterdam, Shimano and Pop Vriend Seeds are some of the companies we landed in Turkey. By 2015 we had a staff of 5 people in the Istanbul office and 2 people in the Amsterdam office.

Still I was not happy, to my opinion and experience many Dutch companies did not scale up their sales activities in Turkey in the correct way. By advising Dutch companies to invest in an own team and set-up in Turkey to grow their local sales, very often reluctance and skepticism kicked-in. Instead of a making a capital investment, Dutch companies rather seek for an agent or a distributor who would help them to grow their sales. Well in Turkey we then say 'inshallah'.

Every so often these Dutch companies experienced that 2 years down the line, sales did not grow significantly and blame it on the FX rate, local competition or the exiting stories they here on the Dutch radio or read in the newspapers. Excuses are always plenty but realizing that basically with no concentrated focus and effort you will not generate any results only comes much later.

In 2015 I decided to implement a new set of services, which were market-activation and trading services under the division name NXT-TRADE. Today NXT-TRADE is working in Turkey, India and Colombia to activate sales, organize the local branding, generate export volumes and if needed we even import and locally sell and deliver – all in the name of our partners. NXT-Trade revenues grow if the sales of our partners grow, the NXT-Trade service model is in that way a win-win for both parties and only aimed at creating success stories.

In the last 10 years NXT grew from a consultancy company, first into a strategy execution company and eventually added trading services. Nowadays we offer a value chain of services and act as a full-scale market-expansion service provider in Turkey, India, Colombia, The Netherlands and hopefully by the end of this year in the U.S.A. as well.

With more partners teaming up with the NXT Group I want to invest in growing our team of highly motivated

specialists. NXT can only make a difference to the business of our partners because of our people.

#### **How does an Indian company learn about NXT when they want to expand their business at any given location internationally?**

Our sales team in India has defined a list of companies with whom we like to talk about their market-expansion plans. Meetings are happening on a weekly basis with these companies.

In addition, we partner in India with investment promotion agencies and the economic network of countries like Turkey, Colombia and the Netherlands in India. This allows us to meet Indian companies which are interested in these specific markets.

The fact is that our services cannot be sold in a hard-core style. The companies we speak to need to be ready for the 'next' step in an emerging market, it is up to NXT to show how we can add value to their internationalization process by either saving cost or growing their business in a specific time frame.

#### **How do you stand apart from the other companies who offer the same service?**

To say we don't have competition in The Netherlands is a bit bold. But, various different players offer one or a few of our services – but in the Netherlands I did not meet a player which is really able to offer our total value chain of services through its own network of offices. Also I haven't come across any company so far that also holds all the market know-how in house and can implement and develop market-expansion strategies for different businesses and product types across these countries.

The typical compliment we frequently get is that the people of NXT can look and act as a corporate strategy consultant, but after putting on their jeans and rolling up their sleeves they can stand in the 'mud' and position and sell products whether it is a biomass pellet-mill of CPM, kids toys of Berg-Toys, trees of Van den Berk or a hybrid generator of Maru Systems. I think this underlines who we are – True business enablers.