

A Step-by-Step Approach to the Polish Market

Though every business transaction is unique, the following general guidelines may be helpful to those contemplating entering the Polish market for the first time.

■ Step 1. Scout the Opportunity

Succeeding in the Polish market demands careful preparation. For those who are unfamiliar with the country, a good place to start is by finding someone with business experience who speaks the language. Some companies may already have a Polish-speaker on staff. There are also intermediaries of Polish descent who specialize in introducing western companies to the Polish market. There are several bilateral business councils and chambers of commerce in western countries that bring together companies interested in Poland. And there are now numerous consulting firms, agencies, and intermediaries that have sprung up in Poland itself to help western companies enter the market. Regardless of the source, a Polish-speaking adviser or assistant can go a long way toward gathering information, identifying opportunities, and making contacts.

■ Step 2. Analyze the Market

Once a source of assistance has been identified, the next step is to prepare an analysis of the Polish market for your product or service. The best approach is to combine the capabilities of someone in Poland familiar with the situation and someone familiar with your company. Be warned that western methods of market analysis are only just beginning to be introduced into and understood in Poland. It may take several tries to assemble the kind of information you need to make an effective strategic decision. Above all you should be looking for information about the size of the market, who supplies it (domestic and foreign), characteristics of your competitors, the possibilities of turning a competitor into a partner, supply and distribution mechanisms, and the possibility of local sourcing.

■ Step 3. Prepare a Strategic Plan

Once you have assembled a complete picture of the Polish market for your product or service, you are in a position to decide on your entry strategy. Is your preferred approach direct export and sale? Do you need a Polish distributor? Would a Polish joint venture be advantageous? Are you in a position to benefit from establishing production in Poland? Each of these options characterizes a completely different type of business activity and each has a different set of steps associated with it.

■ Step 4. Find a Partner

Regardless of your preferred means of entry, you will do well to find a suitable Polish partner. Even if you are a direct exporter, you will need someone on the Polish side to assist with receiving and selling your goods. You may need a Polish distributor or a joint venture partner. You may even need to find a partner to run production inside the country. Whatever your need, get your Polish-speaking "scout" to assemble profiles of several potential candidates. Be warned, however. It is difficult to get the type of business-related and corporate information in Poland that companies are used to in the West. Many common performance measures were simply not used in Poland until recently. You should also keep in mind that many people in Poland are eager to do business with foreign companies though not all of them are qualified to do so.

■ Step 5. Negotiations

Whatever arrangement you make with the Polish side must be formalized in a clear agreement. Negotiations are apt to be long and full of misunderstandings. Often you may find that the Polish side will understand a business concept in a completely different way from what you intend. A trusted intermediary familiar with the Polish situation can be invaluable in helping you conduct the negotiations and arrive at a satisfactory agreement.

■ Step 6. Arrange Your Financing

Initially, at least, financing your deal may be problematic. Poland's external debt remains a problem and many commercial banks will be reluctant to lend anything toward a Polish venture. Export credits are available from many western governments and there is also some financing available through international agencies such as the World Bank. Be prepared for delays in getting paid or repatriating any profits since the Polish banking system remains under-developed and inefficient by western standards. Build payment delays into your strategic planning and your cash flow projections.

■ Step 7. Shipping Goods

If you are exporting goods to Poland, exercise some caution in the arrangements you make. Make sure that they will be received by a trustworthy associate at the Polish end and that storage and transportation will be appropriately secure. The uncertainties associated with Poland's current transition are such that goods can easily be lost or stolen if they are not attended to properly.