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**Difficulties faced by SMEs in the process of
internationalization and the ways to overcome such
difficulties: the case of PMS SOLUTIONS, S.A.**

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ABSTRACT

Dissertation Title: Difficulties faced by SMEs in the process of internationalization and the ways to overcome such difficulties: the case of PMS Solutions, S.A.

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In an increasingly globalized world, more and more firms are going international. Although, in the past, this trend was mainly verified among multinational companies, the internationalization of SMEs has been constantly increasing. However, when going abroad, firms, especially SMEs, usually face some difficulties during this process and to successfully establish their presence they need to be able to overcome such difficulties.

Following these lines, this thesis aims to explore not only the practical difficulties faced by SMEs when they internationalize but also how they managed to overcome these difficulties. For this purpose, this thesis focused on studying the internationalization of a Portuguese SME, PMS Solutions S.A., which likewise other SMEs has encountered many difficulties in its internationalization process. Therefore, in order to fully address this research, interviews with the Founder and actual Managing Director of the company and with one member of the management group in Brazil were conducted. From the findings obtained, it was possible to verify that SMEs face several difficulties when they expand abroad. These difficulties can be either internal as well as external. Moreover, the research allowed to conclude that most of the difficulties faced by PMS Solutions S.A. were the same as other SMEs researched in previous studies, which may imply that such difficulties are common to the majority of SMEs. However, it was also possible to conclude that despite the difficulties faced, SMEs are able to successfully establish their presence abroad by overcoming these difficulties mainly through networking, external support and technology.

RESUMO

Título da Dissertação: As dificuldades encontradas pelas PME's no processo de internacionalização e as formas utilizadas para ultrapassar tais dificuldades: o caso da PMS Solutions, S.A.

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Num mundo cada vez mais globalizado, há cada vez mais empresas a internacionalizarem-se. Embora, no passado, esta tendência era sobretudo verificada entre empresas multinacionais, a internacionalização de PME's tem vindo constantemente a verificar-se. No entanto, ao internacionalizarem, as empresas, especialmente as PME's, geralmente deparam-se com algumas dificuldades, as quais têm de ser superadas por forma a conseguirem estabelecer-se internacionalmente com sucesso.

Neste sentido, esta dissertação tem como objetivo explorar, não só, as dificuldades práticas encontradas pelas PME's quando se internacionalizam mas também explorar como as mesmas conseguem ultrapassar essas dificuldades. Para o efeito, esta dissertação foca-se no estudo da internacionalização de uma PME portuguesa, PMS Solutions, S.A., a qual, à semelhança de outras PME's, deparou-se com algumas dificuldades na sua expansão internacional. Assim, de modo a abordar este estudo, foram realizadas entrevistas com o fundador e atual Director Geral da empresa e com um membro do conselho de administração no Brasil. A partir dos resultados encontrados, foi possível verificar que as PME's enfrentam várias dificuldades quando se expandem internacionalmente e que estas podem ser tanto internas como externas. Adicionalmente, este estudo permitiu concluir que a maioria das dificuldades encontradas pela empresa estudada são as mesmas de outras PME's analisadas em estudos anteriores, o que pode levar à conclusão de que tais dificuldades são comuns à maioria das PME's. Concluiu-se ainda que, apesar das dificuldades encontradas, as PME's são capazes de ultrapassar as mesmas e estabelecer a sua presença internacional com sucesso, nomeadamente através de *networking*, ajuda externa e avanços tecnológicos.

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1. INTRODUCTION

International expansion of firms is a very ancient phenomenon. It has been observed and studied in the case of big multinational companies. Due to globalization, it is becoming also an increasingly trend for Small and Medium-sized Enterprises (SMEs) which has been triggering the attention of scholars.

While the internationalization seems to be very appealing in terms of growth and competition, one cannot disregard that firms face several difficulties and challenges to become international and they are only able to successfully internationalize if they manage to overcome such obstacles. SMEs are no exception, indeed as some scholars have stated, SMEs face higher difficulties when they go abroad than multinational companies as they often lack some resources (Coviello, McAuley, 1999; Lu, Beamish 2001; Kubičková, Votoupalová, Toullová, 2014; Cerrato, Piva, 2010).

Bearing this in mind, and since there has not yet been carried enough research about this topic regarding SMEs (Child, Karmowska, Elbanna, 2015), the main purpose of this thesis is to understand and gain an in-depth knowledge about the practical difficulties SMEs face when they internationalize and the ways to overcome such difficulties. As the number of global SMEs is rising (European Commission, 2003a), it is acknowledging the difficulties they usually face and understanding how some of them manage to surpass it that could help other SMEs to successfully internationalize. It is of great importance for the companies themselves, but also for the economy, as their success will contribute to economic growth and dynamism at the country level.

Therefore, this topic is divided into two sub-research questions that are interrelated: “*What difficulties do SMEs face in the process of internationalization?*” and “*How do they overcome such difficulties?*”. As a methodology, the case study method is used as it enables a deep understanding of the topic being studied. Moreover, it is studied the case of a Portuguese SME that has recently been internationalized, PMS Solutions, S.A.

Regarding the structure of this thesis, first a thorough literature review regarding the main themes related to the topics studied is presented, namely the internationalization of companies, the definition and the rationale behind the internationalization of SMEs, the difficulties faced by SMEs during the process of internationalization and the ways used by these firms to overcome the difficulties faced. In a following section (Chapter 3), the methodology section with the approaches and methods used to conduct this thesis will be presented. In Chapter 4, it will be presented the case study report and in Chapter 5, it will be presented the findings obtained which will then be compared to the existing literature. Finally, the main conclusions obtained with this research will be later presented (Chapter 6) followed by its limitations and suggestions for further research (Chapter 7).

2. LITERATURE REVIEW

In this chapter, several concepts studied in the existing literature concerning the sub-research questions of this thesis will be further presented. Therefore, and since the aim of this study is related to the difficulties SMEs face in the process of internationalization and how they manage to overcome it, I will review what difficulties have already been highlighted in previous studies and the ways to overcome such difficulties.

2.1 Internationalization of companies

The concept of internationalization has been evolving over the years and its definition has been broadly studied by many authors. Therefore, there are various and distinct approaches to this definition. Nonetheless existing several definitions of internationalization, only the most meaningful for this research will be further presented.

Korsakienė and Tvaronavičienė (2012) define internationalization as a process of expanding the firm's operations abroad, to other markets, while other authors such as Welch and Luostarinen (1988) define internationalization as a *“process of increasing involvement in international operations”* and Beamish (1990) define it as *“the process by which firms both increase their awareness of the direct and indirect influence of international transactions on their future, and establish and conduct transactions with other countries”*. These definitions present some similarities among them in the fact that all associate internationalization with international operations. However, one can see that the definition gave by Welch and Luostarinen is a little complex and very broad in the sense that the term “involvement” can be too vague. On the other hand, the definition gave by Beamish includes the notion of awareness.

Another view is given by Calof and Beamish (1995) who suggest a much broader definition to this concept as they include the notion of “adaptation”, defining internationalization as *“the process of adapting firms' operations (strategy, structure, resource, etc.) to international environments”*.

There are several different international entry modes forms. According to Calof and Beamish (1995), modes can be defined as *“the institutional arrangements that allow firms to use their product(s) or services in a country”*. These include exporting, foreign production, licensing, franchising, joint ventures, acquisitions, and international subcontracting (Hu, 1995).

Additionally, there are many theories that approach the internationalization process of firms in different ways. According to Coviello and McAuley (1999), these theories are the Foreign Direct Investment Theory, the Establishment Chain (Stage) Model (Uppsala Model) and the Network Perspective. Therefore, and since one of the aims of the sub-research questions is to identify how the company studied managed to overcome the difficulties faced during the process of internationalization, the approach used by the company may be useful to explain and address the sub-research questions of this thesis.

Internationalization was once seen as a strategy almost exclusively adopted by large and multinational companies. However, this view has been shifting over the time. Nowadays, internationalization is increasingly becoming a current practice adopted also by many small and medium-sized enterprises.

2.2 Small and Medium-Sized Enterprises (SMEs)

2.2.1 Definition of SMEs

Due to its increasingly importance in the business world (Reynolds, 1997), SMEs has been a concept broadly discussed in the literature, existing several definitions about it. It was not yet possible to reach a consensus regarding the definition of SMEs since the definition of this concept is influenced by the economy and by the sector of activity ((Costică) Buculescu, 2013) and may vary across countries (Wignaraja, 2003).

For instance, according to (Costică) Buculescu (2013), SMEs are defined as “*companies whose characteristics respects certain criteria and do not exceed certain quantitative limits.*” This criteria, as defined by the European Commission, is the number of employees and either the turnover or total balance sheet of a company.

Therefore, and nonetheless existing several different definitions, for this thesis, it will be used the definition given by the European Commission (2003b) that states that “*The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro.*”

Moreover, Wignaraja (2003) stated that, in general, SMEs are characterized by making part of the majority of businesses and by being responsible for the highest level of employment. Kubíčková, Votoupalová and Toullová (2014), also characterize SMEs using the same features

but also add that SMEs are an important actor in the economic growth of a country and demonstrate a great potential in the field of innovation.

2.2.2 The rationale of the internationalization of SMEs

Although the studies related to the internationalization of SMEs are more recent comparing to the ones related to the internationalization of multinational companies (Korsakienė, Tvaronavičienė, 2012) there are already some studies focused on this topic and its research and discussion has been constantly increasing.

In order to remain competitive in the market, achieve a long-term profitability and sustain competitiveness, SMEs are increasingly expanding to international markets (Kubíčková, Votoupalová, Toulová, 2014). The main factors behind this decision are both the globalization of the economy, which will be further explained, and the threat of intense competition in domestic markets, forcing both large firms and SMEs to internationalize in order to survive and overcome these threats (Kubíčková, Votoupalová, Toulová, 2014). Moreover, since SMEs are not anymore sheltered from foreign competition, internationalization is seen as the only escape in order to sustain firm's competitiveness in the market (Cerrato, Piva, 2010).

As stated by Lu and Beamish (2001) *“Geographic expansion is one of the most important paths for firm growth.”* This strategy is particularly important for SMEs who are geographically restricted on their businesses (Barringer, Greening, 1998).

Nonetheless, it is important to highlight that this trend of internationalization is only possible to achieve due to some factors that enable the internationalization process among these firms. These factors arise with the globalization of the economy and will be further mentioned.

Following these lines, studies have shown that the internationalization of SMEs has been increasing mainly due to the technological development, the deregulation of markets, the liberalization of world trade, the emergence of regional economic cooperation agreements (Hashim, 2012), as well as the decrease in governments' protectionist policies and in the number of geographically protected market niches (McDougall, Oviatt, 2000). Furthermore, improvements in communication and the development and efficient use of technologies and transportation, reduces the costs and risks associated with the process of internationalization, enabling SMEs to move abroad and exploit opportunities in international markets (Hashim, 2012; McDougall, Oviatt, 2000; Leonidou, 1995).

Regarding SMEs entry modes, they usually choose between two distinct strategies. SMEs tend to adopt either an exporting strategy or a foreign direct investment (FDI) strategy (Reynolds, 1997). Such strategies tend to also be adopted by large and multinational firms (Lu, Beamish, 2001). However, in the initial phase of internationalization, SMEs usually adopt an exporting strategy (Johanson, Vahlne 1977) rather than a FDI strategy due to the lower business risk in terms of capital investment and resource commitment associated with the first mentioned strategy in comparison to the later one (Cerrato, Piva, 2010).

Nonetheless, according to McDougall, Oviatt and Shrader (2003), there is no best entry mode for SMEs. Indeed, the entry mode should be adapted to the country to which a company intends to internationalize (McDougall, Oviatt, Shrader, 2003).

Nevertheless, in order for a firm to successfully internationalize, it is crucial to choose the right entry mode. Bearing this in mind, it is fundamental that before selecting the entry mode, firms do some research and consultancy or market research. However, according to Papadopoulos and Denis (1988) only few SMEs proceed that way.

2.3 Difficulties faced by SMEs in the process of internationalization

Overall, internationalization is seen as an important strategy for both large and small and medium-sized firms to achieve growth, success and create value. However, such path of growth it is not easily to achieve. This is particularly true for SMEs. Unlike large firms, their smaller size, limited resources and experience are often causing many challenges while expanding to foreign markets (Coviello, McAuley, 1999; Lu, Beamish 2001; Kubíčková, Votoupalová, Toullová, 2014; Cerrato, Piva, 2010).

These difficulties are more important in their first internationalization. According to Buckley (1989) this may be due to the fact that *“risks are perceived to be great and the firm has no international experience on which to draw.”*

The existence of such difficulties is a topic well known in the literature. Many authors have distinguished them between internal and external (Hessels, Parker, 2013). Buckley (1989) mentioned that both internal and external constraints can influence growth patterns. The author considers internal constraints as being lack of capital, management and information skills while external constraints arise from market conditions and institutional arrangements, both governmental and non-governmental (Buckley, 1989).

According to the OECD study conducted by Fliess and Busquets (2006), mostly SMEs rank internal constraints as the most important ones. However, as firms gain experience and they are able to surpass the internal constraints, SMEs then become more concerned about the external constraints (Fliess, Busquets, 2006).

In the following sub-sections, the main difficulties of SMEs highlighted in previous studies will be described. These difficulties are specific to SMEs and are also named “barriers”, “challenges” or “constraints”.

2.3.1 Shortage of working capital

This barrier constitutes one of the major impediments for SMEs internationalization, especially when firms plan their first international operation. However, not only the lack of capital constitutes a barrier to SMEs, other firm resources and limited access to key infrastructure were also reported by the SMEs studied (OECD, 2009).

Other studies support this finding. Indeed, some scholars also indicated that one of the major barriers to the internationalization of SMEs is the lack of financial resources (Hussain, Javed, Syed, 2013; De Chiara, Minguzzi, 2002; Acs, Terjesen, 2005).

Therefore, the lack of capital and other resources may inhibit SMEs to engage in international activities. Hence, it is considered a crucial factor to the process of internationalization of SMEs.

2.3.2 Identifying and exploiting foreign business opportunities

The lack of resources and capabilities that most SMEs often experience, constrains their possibility to identify, capture and explore foreign business opportunities (Fletcher, 2001; Ruzzier, Konečnik, 2006; Korsakienė, Tvaronavičienė, 2012). Therefore, “*smallness is seen as disadvantage in internationalization*” (Ruzzier, Konečnik, 2006) since it constrains SMEs to recognize and exploit new opportunities abroad.

2.3.3 Limited information to locate/analyze markets

This barrier was also appointed as one of the most impediment barriers to internationalization among the SMEs studied (OECD, 2009). SMEs often experience difficulties in accessing information about foreign markets, mostly in knowing which sources of information are available. Therefore, the existent information gap that leads to inadequate

knowledge about foreign markets is seen as a critical challenge that most SMEs face as it inhibits them to reduce their level of uncertainty of foreign markets (OCDE, 2009).

2.3.4 Inability to contact potential overseas customers/Obtaining reliable foreign market representation

The inability to contact potential overseas customers can also be associated with another difficulty ranked by the SMEs studied, “obtaining reliable foreign market representation” considering that this latter one can determine and/or influence the first mentioned one. Barnes, Chakrabarti and Palihawadana (2006) and Kneller and Pisu (2007), observed in their studies that one of the key impediments to the internationalization of SMEs was the difficulty in finding a proper foreign market partner while Crick (2007) identified the difficulty that SMEs face in finding adequate representation in target export markets. Another study conducted by Rundh (2007) observed that SMEs have difficulty in accessing a suitable distribution channel in foreign markets (OCDE, 2009). All of the mentioned difficulties constrains SMEs to easily reach customers in the host country.

2.3.5 Lack of managerial time, skills and knowledge

According to the OCDE (2009) study, the difficulty that arises from limited managerial knowledge has been considered in quite a lot recent surveys as one of the top barriers that SMEs face while internationalizing. Several studies were cited regarding this topic. For instance, one study about American and Canadian firms, identified that two of the major reasons why firms do not engage in international activities were related to managerial risk perceptions and lack of knowledge about international markets (UPS, 2007). McDougall and Oviatt (1996) support this view as they recognize that SMEs lack knowledge of the culture of the foreign country.

Ogbuchi and Longefellow (1994) in their study about U.S. manufacturing SMEs also noticed that the main constraints to SMEs internationalization resulted from their lack of knowledge about both international markets and international marketing. These findings have been supported by Hashim (2012) in the study of the challenges faced by Malaysian SMEs, by Hutchinson et al. (2009) about UK SMEs and by Onkelinx and Sleuwaegen (2008) about Belgian SMEs.

Buckley (1989) refers that shortage of skilled management and of management time inhibit optimal arrangements and may lead to “*short cuts without proper evaluation of alternatives*”. Other constraints are also mentioned by the author such as the lack of experience.

2.3.6 Complexity of conducting business in international markets

The study conducted by Hutchinson et al. (2009) also verified another key barrier to internationalization that was related to the complexity of conducting business in international markets due to the culture and legislation differences. Regarding cultural differences, the majority of SMEs studied stated that these differences led to difficulties in managing operations in the host country in comparison to the home country and that is why firms need to recognize the needs of the culture in foreign markets. For some SMEs, this cultural complexity had severe implications that forced them to retire back the international expansion. Regarding legislation differences, as verified in some SMEs, these differences have constrained their growth in the foreign market. Products' composition and restrictions imposed by the government were some of the legislative barriers experienced by the SMEs studied (Hutchinson et al., 2009).

2.3.7 Fostering and establishing networks

The difficulty in fostering international networks as well as the lack of trust and cooperation within firm's networks were observed to be some of the critical challenges to the internationalization of firms (Yener, Doğruoğlu, Ergun, 2014; Onkelix, Sleuwaegen, 2008). Moreover, McDougall and Oviatt (1996) recognize that SMEs are constrained by having less superior network of local business partners comparing to local firms.

The Network Approach that will be further explained in this literature review suggests that networks can influence firms' expansion in foreign markets (Laghzaoui, 2011). In fact, Elango and Pattnaik (2007) in their research of Indian firms, concluded that firms connected with networks could access and obtain the crucial knowledge for internationalization. Therefore, not being part of a network constitutes one of the major constraints in the internationalization of SMEs (Kalinic, Forza, 2012).

2.3.8 Product adaptation to host country

The product adaptation in foreign markets is one other difficulty in the internationalization process of SMEs (Fletcher, 2001). According to the author, such difficulty may arise from external obstacles related to the lack of continuity in overseas orders or to the poor performance of overseas agents. Bartles (1968) and Levitt (1983) argue that product adaptation can be costly and may not be profitable for some firms especially in markets where differentiation is difficult. Therefore, due to its limited resources and/or to external factors, some SMEs find it difficult to adapt its product to the host country.

Concluding, SMEs face many challenges during the process of internationalization. These challenges can be either internal or external. However, according to some researches, the challenges faced by SMEs are mostly caused by internal barriers, at least in the initial phase, when they first start to internationalize, since they mainly reflect firms' limitations regarding the resources and capabilities needed to engage in international activities (OECD, 2009).

Among several distinct difficulties, the most mentioned ones are the limited capital and firm resources, identifying and exploiting foreign business opportunities, limited information about foreign markets, inability to contact potential overseas customers and obtaining reliable market representation, lack of managerial knowledge and time, shortage of skilled management and with international experience, limited international contacts (networks), product adaptation to a host country and culture and legislation differences.

After reviewing some of the difficulties faced by SMEs during internationalization, the following section will focus on how SMEs overcome these difficulties.

2.4 Overcoming the difficulties faced in the process of internationalization

In order to successfully establish abroad, SMEs must overcome the difficulties faced in the process of internationalization. Some of the means used by SMEs to manage the difficulties found have been highlighted in previous studies.

2.4.1 Networks

The role of networks has been one of the main explanation for how SMEs manage to overcome some difficulties. Some authors such as Johanson and Vahlne (2009) have mentioned the use of networks to overcome barriers of knowledge and psychic distance in the Network Approach. This approach was developed in the 1980s when it became evident that several firms used networks to enable their international expansions (Johanson, Mattsson, 1988). It provides a new standpoint to understand the internationalization process of SMEs (Laghzaoui, 2011), by emphasizing the role of relationships in the internationalization process (Chetty, Blankenburg-Holm, 2000).

Many scholars have been supporting this approach. For instance, according to Coviello and McAuley (1999), internationalization relies more on a set of network relationships than on a firm-specific advantage. Adler and Kwon (2002) also support this vision, referring that firms can gain competitive advantage by establishing supportive relationships in a mutual way. By doing so, firms are able to extend their relationships and progressively increase their

international activities (Laghzaoui, 2011). Moreover, according to Mitgwe (2006), through the experience and resources of network partners, these firms are able to internationalize in a faster way.

In general, this approach is based on the concept that the internationalization process is influenced by the networks established rather than on firms' advantages. Hence, through developing supportive networks, firms can internationalize in an easy and accelerated way.

Other previous studies also mentioned the use of networks to overcome difficulties. For instance, in a study conducted by Child and Rodrigues (2008) about several British firms entering Brazil, in fact, 72 percent of the firms studied highlighted the importance of networking in order to successfully enter the country. Some of these firms even took this as a requirement to enter that country and some also mentioned that networking is crucial to overcome the challenges of language and trust in Brazil as in the country like Brazil it is essential to have local help. According to the authors, *“the ability to access relevant networks is of particular value to SMEs as a means of acquiring the tacit knowledge that can contribute to success in an unfamiliar and institutionally ‘distant’ market (...) Having the help of a trusted local person with the appropriate tacit knowledge and/or informal contacts within the Brazilian system can considerably facilitate the conduct of business there.”*

Another study conducted by Hutchinson et al. (2009), also regarding UK SMEs retailers, identified networking as the overcoming factor to some difficulties related to legislation, finance, infrastructure and gaps in knowledge in their internationalization process.

Overall, networks can therefore help SMEs in overcoming limited internal resources (Westhead, Wright, Ucbasaran, 2001) and provide access to knowledge about international markets and experience (Vida, Reardon, Fairhurst, 2000; Rutashobya, Jaensson, 2004).

Regarding the types of networks, according to Coviello, Ghauri and Martin (1998), a firm network can be both from informal and formal contacts in the target market, *i.e.*, it can be either from friendship and family connections or contacts with business and government organizations.

2.4.2 External support

According to Westhead, Wright and Ucbasaran (2001), some owners of small firms often lack business skills, information and knowledge to be able to interpret information about international expansion. Therefore, some SMEs acquire the relevant information through

external information sources (Morgan, Katsikeas, 1997), helping overcome the lack of knowledge, market information and skills barrier.

External support is then also regarded to be relevant in helping SMEs overcome some difficulties. This assistance may include, for instance, hiring new managerial talent with previous experience in international business (Holmund, Kock, 1998) or establishing communications with external experts (Terziovski, 2003), which can be consultancy advice or government support services (Hutchinson, Quinn, Alexander, 2006).

Evidence of that was found in the study conducted by Hutchinson et al. (2009) where government services and consultancy support were found to be responsible for helping SMEs overcome some difficulties by providing these firms with access to market knowledge, research and contacts in the foreign market, helping them overcome cultural and legislative barriers (Hutchinson et al., 2009).

2.4.3 Alliances

Other studies have been highlighting the role of strategic alliances in helping SMEs to overcome difficulties found in internationalization (Beamish, 1999; Urban, Vendemini, 1992), as they allow SMEs to overcome many resources constraints that inhibit their international growth (Jarillo, 1989; Zacharakis, 1997). Alliances can proportionate access to complementary resources that are scarce for SMEs such as capital and information (Gulati, 1998).

Also, by establishing alliances, SMEs can reduce uncertainties by sharing the risk and investment costs with other firms and can overcome the lack of resources and competencies (Li, Qian, 2007). Moreover, an alliance with an established firm in a foreign country can provide several other benefits for SMEs such as helping to establish good market reputations. This is due to the fact that local customers usually do not trust foreign SMEs but they may trust their established alliance firms (Li, Qian, 2007).

Nonetheless, in a study conducted by Lu and Beamish (2001), the authors noticed that the effect of alliances on profitability is positive only when SMEs choose a foreign local partner, because an alliance with a local partner can provide valuable resources such as foreign market knowledge (Makino, Delios, 1996).

2.4.4 Technology

The role of technology, specifically the role of Internet, is also regarded as a helpful overcoming factor to some of the difficulties faced by SMEs. This overcoming factor is, somehow, associated with the networking overcoming factor, in a way that enables SMEs to more easily reach and obtain networks.

Support of this view is given by Poon and Jevons (1997), who stressed the importance of the Internet as an essential tool in finding out partners and establishing and maintaining networks for SMEs.

Moen, Gavlen and Endresen (2004) also agreed on that, stating that *“the Internet seems to have an important role as regards partner searches and for the development of relationships.”*

Furthermore, the Internet is also regarded as a helpful tool to overcome physical and managerial barriers to internationalization, specifically for small firms given their limited human and financial resources, lack of international experience and lack of knowledge about foreign markets (Sinkovics, Bell, 2005).

Additionally, new information technologies also have a great impact in overcoming some barriers. By enabling a “virtual proximity”, this facilitates communications, organizational issues and opportunities for information flow, which allows SMEs to easily internationalize (Schulz, 2005). Therefore, these new information technologies enable firms to overcome issues such as physical distance, lack of knowledge and lack of information.

In view of the above, the Internet and new information technologies are considered important tools and effective ways to establish and maintain networks and to help SMEs overcome barriers.

2.4.5 Specialist/niche characteristics

Another way to overcome difficulties is related to the niche or specialist characteristics of SMEs which enables these firms to overcome barriers associated with cultural complexities of foreign markets, specifically at the stage of market entry (Hutchinson et al., 2009). According to these authors, the niche or specialist characteristics of the companies studied in their research *“presented the opportunity for these firms to expand a focused range of merchandise into new foreign markets without major adaptations, even in view of cultural barriers in a new market.”*

In their research, it was also noted the importance of niche opportunities for small companies going international. Small companies who even if do not have the knowledge and expertise or the required capital to expand abroad, can find opportunities in niche markets (Hutchinson et al., 2009).

Support of this vision was also given by Haahti, Hall and Donckels (2003) who stated that the discovery of foreign niche markets by SMEs and the utilization of their specific advantages may enable them to overcome some difficulties.

2.4.6 Brand/company identity

Furthermore, and also specifically regarding the stage of market entry, brand and/or company identity is also seen as an overcoming factor to help surpass barriers associated with cultural complexities of foreign markets (Hutchinson et al., 2009).

From their research, Hutchinson et al. (2009) were able to verify that a strong brand and/or company identity enabled the firms studied to international expand regardless of cultural complexities, because the brand and/or company were the factors responsible for “opening doors” in the foreign country. But for that, according to what the mentioned authors argued, small firms must, therefore, *“recognize barriers to internationalization in terms of the cultural complexities in different foreign markets and how the brand identity of the company fits with the consumer culture in the new markets.”*

Concluding, from the insights of previous studies it was found that networking, external support, alliances, technology developments, specialist/niche characteristics as well as strong brand/company identity are some of the factors that help SMEs to overcome the difficulties associated with their international expansion both at the entry stage and growth stage in the foreign market.

Moreover, it is possible to identify that in order to overcome difficulties, SMEs need assistance from both within and outside the firm. This can be explained by the fact that overcoming barriers requires some resources and competencies that SMEs often do not possess and, therefore, they must look to acquire it from external sources (Li, Qian, 2007).

3. METHODOLOGY

In this chapter, the methodological approach taken in this research will be presented, first from a general standpoint and then from a more concrete standpoint.

3.1 General methodological approach

Regarding the research method used, since the aim of this thesis is to gain an in-depth knowledge about the difficulties faced by SMEs when they internationalize and how they manage to overcome it, and since there are only very few empirical studies that prove that phenomenon, specifically regarding Portuguese SMEs, this thesis will be conducted by using a qualitative research approach as it is a useful method to explore and obtain more descriptive and detailed data (Hennink, Hutter, Bailey, 2011), and more specifically an exploratory case study and to some extent a descriptive one as primary data, which will be developed from a content perspective.

Following these lines, an exploratory case study is advantageous when we want to obtain a deep understanding of the phenomenon of interest and we do not have a lot of knowledge about it (Sekaran, 1992) and when there is little research done about it (Yin, 2003) whereas a descriptive case study is useful to describe relevant features of the phenomenon of interest (Sekaran, 1992).

According to Yin (1984) a case study is *“an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used.”* Therefore, the case study research method was selected to conduct this thesis as it allows to do a more in-depth investigation and to explore and understand the complexities of real-life situations which may not be possible to accomplish through other research methods.

Furthermore, the company selected to study had to fulfill two criteria: meeting the requirements of an SME according to the definition of the European Commission previously mentioned and having been involved in the process of internationalization. Hence, the company chosen to study in this thesis is a Portuguese SME, PMS Solution, S.A., which employs fewer than 250 workers (currently 42 in Portugal and 14 in Brazil) and has an annual turnover below 50 million euro and which has recently internationalized to São Paulo, Brazil.

3.2 The concrete methodological approach

According to Patton (2002), the main sources of evidence used in the qualitative research approach are the in-depth, open-ended interviews, direct observation and written documents.

Bearing this in mind, and in order to best address the sub-research questions studied on this thesis, primary data was collected by conducting interviews. The purpose of these interviews was to observe, analyze and gather all the relevant data that enables to clearly understand the practical difficulties that the company studied in this thesis has faced during the process of internationalization and the approaches that were used to overcome those difficulties.

Therefore, two interviews were conducted personally with Dr. Francisco Pinheiro de Melo, Founder and Managing Director of PMS Solutions, S.A.. Although the interviews were semi-structured as they had a guideline, along the conversation they turned out to be also open which enabled to gather even more relevant insights. The first interview had a duration of 1h30 minutes and, during this time, it was possible to obtain mainly information about the history and profile of the company as well as its core business but also about its internationalization, essentially regarding the types of difficulties found during this process. A second interview was later scheduled with the purpose of confirming some missing data and to acknowledge and better understand how the company had in fact overcome the difficulties faced. This interview lasted 1 hour and allowed to obtain all the needed information.

Another interview with one member of the management group of the company in Brazil, Dr. Eduardo Ribeiro, was conducted through skype in order to get a different perspective about the internationalization difficulties and the ways to overcome them.

As defined by O'Donoghue and Punch (2003), triangulation is a "*method of cross-checking data from multiple sources to search for regularities in the research data.*" Therefore, the use of various sources to gather and cross information allowed me to triangulate the data obtained, which enhances the credibility and robust nature of the findings of the case study.

Regarding the data analysis, and in order to help me writing the case study narrative, I used a timeline with a chronological sequence of events of the company studied based on the data gathered on the interviews but also from the data available on the company's website.

Moreover, for the evidence analysis, besides exploring the practical difficulties faced specifically by the company studied on this thesis and its overcoming factors, I will also compare the findings of the present case study with the existing literature in order to attest whether the findings of previous studies could explain the case of the company studied and if they are contradictory, I will explain why.

4. CASE STUDY

In this chapter, it will be presented the data of the company studied, which has been gathered mostly through the interviews conducted. This chapter will first begin with an analysis of the company's background and then with its internationalization process.

4.1 Description of the company

PMS Solutions, S.A. ("PMS") is a Portuguese service SME that operates in the distribution and logistics business of water, coffee and hygiene products mainly to the office segment. Hence, through its experience, know-how, and brand awareness that constitute some of the company's assets, PMS displays, through its own distributions channels, a significant number of services and solutions at highly competitive prices.

The company was founded in 1988 by three partners. PMS initially started its activity in the coffee sector, always with its main focus in the office segment. Nowadays, PMS employs 42 employees and has its headquarters in Lisbon but has also offices and warehouses in the north of the country, in Viseu and Oporto. Nonetheless, there is daily distribution across the entire country, except for the region of Algarve. Since 2012, the company is also present abroad, having internationalized the business to São Paulo, Brazil, where it opened its first foreign establishment and actually employs 14 employees.

4.2 The Business

Throughout the years, since its inception until present, PMS' business has been constantly developing and diversifying.

Firstly, when the company was created in 1988, the business started with the launch of "Jede" machines that were machines of soluble coffee, chocolate and soups to the office segment. Then, as the market evolved, the company also evolved and started to offer other types of hot drinks machines that met the requirement and needs of the market such as espresso coffee machines.

In late 1999, the company took a great leap by entering in the water business and launching "Fonte Viva". At this time, each of the founding partners became responsible for each business unit of the company.

Later, in the end of 2004, the “Fonte Viva” business was sold and the partner ahead of this business, Dr. Francisco Pinheiro de Melo, decided to engage in another business in the coffee sector. PMS elected COVIM, S.p.A., a prestigious Italian brand, as its business partner in this new business, being the company’s roaster.

With the sale of “Fonte Viva”, the company signed a contractual clause that did not allow them to work in the water sector for three years. However, after that period, in June 2008, PMS engaged again in the water sector by launching water purifiers machines from the brand “Waterlogic” that are connected to the public water supply. In 2011, the company took another step in diversifying the business by launching hygiene products for the office segment.

Furthermore, PMS’ Business Model is mainly based on the contracting of a monthly service with a fixed fee for the customer. Through the contracted service, PMS offers its customers a service that consists in the free disposal and placement of equipment, consumption management and consumables replacement according to usage, appropriate stock to the number of users and consumption, scheduled replacements and periodically ensured maintenance to avoid stock-outs (PMS, 2015).

Summarizing, currently the core business of the company is the distribution and logistics of coffee, water and hygiene products mainly to the office segment. The B2C market is very residual.

4.3 Internationalization

For more than 20 years, PMS has only operated in the domestic market. However, and as abovementioned, in 2012, it faced its first international expansion to São Paulo in Brazil. This is the first, and currently the only one foreign market where PMS decided to internationalize its business.

4.3.1 Decision and timing

Ever since the beginning, the business had evolved well and the company was constantly growing every year. Therefore, PMS did not feel the need to expand abroad and, as a consequence, has not searched for international markets before. However, in 2011, PMS experienced for the first time a year with no growth which raised some concerns about the future of the company. This lack of growth was due to the austerity measures imposed by the Troika which caused a big slippage in the GDP and ended many micro and small businesses that were the bulk of PMS’ customers. At this time, the company perceived that, in order to remain

competitive in the market, it had to search for new markets to expand its business. This decision was seen by the management group of the company as the only option to overcome this constraint and achieve future growth in the coming years and sustain competitiveness. Dr. Francisco Pinheiro de Melo, Managing Director of PMS, when asked about the timing of this decision, stated that *“(...) when the business is growing the tendency is always to stay in the comfort zone and that was what happened, we remained in our comfort zone but when we had the first year without growth, we felt that the best option would then be to internationalize.”*

4.3.2 Selecting the target country

Selecting the target country to internationalize is an important decision to a company. PMS had in mind only Lusophone countries because of the language. Among Angola, Mozambique and Brazil, the target country ended up to be Brazil mainly due to a contact the company already had in that country. *“With our business model that fits practically all countries, we could have gone to any other country (...) I chose Brazil because I knew someone there, a Portuguese friend, and in a country like Brazil it is crucial not only to know the country's culture but to also have someone we trust there who can guide us in the first moments and help us in making the right decisions.”*

4.3.3 Concerns and requirements

Decision to go international is not an easy decision to be made because companies usually have some concerns and requirements to be taken into account in order to successfully internationalize. For PMS, the main concern and requirement was to gather the necessary capital to internationalize. *“The investment was all made through equity (...) so either we had equity for the whole business model or we would not expand.”*

4.3.4 Market research

Before deciding to internationalize to Brazil, the company only resorted to an external source to obtain a market research that allowed them to see who the current players in the market were. The Managing Director of PMS promptly stated that a market research done by an external source was not sufficient to see if it was viable to internationalize the business to Brazil. He strongly believes that the physical presence in the country is very important and that is why he had stayed in Brazil for a while before taking the decision to internationalize to that country. *“We have been in the country for some time, we went there to feel the market, we need to enter their culture, read newspapers there, understand the people, see the proper locations*

to have a warehouse and establish the company and only through a market research we do not have that sensibility.”

4.3.5 Entry mode

Regarding the selected entry mode, and although involving more risk to the company, PMS internationalize to Brazil through foreign direct investment. The company could not select the export mode as it does not have exportable products. Moreover, another reason for selecting the foreign direct investment entry mode was related to control. The company found it difficult to find reliable representation in Brazil and since it did not want to lose control over all operations, investment was made through direct investment.

4.3.6 Management and Human Resources

Only one member of the management group was involved in the process of internationalization, Dr. Francisco Pinheiro de Melo, who had no previous international experience.

Regarding the employees, they were all hired locally because, as the Managing Director explained it, it is too expensive to expatriate Portuguese employees to work in Brazil and it is also a time consuming process due to the legal procedures required.

However, and since the Managing Director cannot be always physically present in Brazil, he hired a Brazilian person to be in charge of the company therein. This new employee came first to Portugal to learn about the company's business model, to see how the business functioned and to acquire the necessary knowledge to conduct the business in Brazil.

Nonetheless, and due to the technological developments, the Managing Director states that it is possible to have daily control of the business in Brazil, although he thinks that a physical presence is important. *“From the company in Portugal, and since we use the same software here and there, it is possible to control the business operations in Brazil and despite that, every month I go to Brazil.”*

4.3.7 Impact on the company's performance

PMS internationalization to Brazil did not have a huge impact in the performance of the company in Portugal. The business continued to evolve well and, in fact, there was some learning process with this internationalization that allowed to modify the business in Portugal. *“Obviously it has to affect something, but we also have to know that when we take such step we*

must have the rear well defended. (...) despite having to manage through a psychological presence way it is not because being in Brazil, one week per month, that will affect the business in Portugal. On the contrary, there were things that I started to do in Brazil that I ended up to also do here in Portugal, it turns out to be a learning process with other markets, things that we apply there, we learn and then we start to apply here.”

4.3.8 Services, prices and business orientation

In what concerns the services offered in Brazil, they are basically the same as in Portugal with the exception of the hygiene service, for which the company found some difficulties in providing it in Brazil. Regarding the prices practiced, in terms of margins, they are quite similar among both countries.

Moreover, in what concerns the business orientation, in Brazil the business is only B2B. *“Considering that there (in Brazil) exists a lot of product selling and competition to the B2C market, and since in Portugal this market is very residual, we did not even tried to approach this segment in Brazil.”*

4.3.9 Success factors

According to the Managing Director, the main success factors for the internationalization in Brazil were the service and the contact they had in Brazil.

The capacity of adaptability and flexibility of the company was also a success factor. In fact, due to some crucial adaptations in the business in Brazil, the business has been evolving in a positive way. As the Managing Director referred, the company in Brazil differs in some aspects from the company in Portugal. Although there is a perception that since both countries share the same language they are quite similar, in fact Brazil and Portugal are two different countries with totally distinct cultures and that is why PMS had to make some changes and adaptations when internationalized to Brazil. *“Our business model has changed several times, almost every time I go there I change something (...) since we are a small company we have a lot of flexibility and we can change and adjust whenever we deem necessary. If we have not changed anything, at this time we will be in a difficult situation.”*

4.3.10 Complexity of the internationalization process

The Managing Director mentioned that, although they have faced many difficulties, this process was not so complicated because they were somehow prepared and had perception of

the difficulties they might encounter, either because, before deciding to internationalize, they were present in the country for a while and were noticing and realizing how the country functioned and also by hearing reports from other foreign entrepreneurs in similar situations, which helped them to easily overcome it. The Managing Director also stated that it was not so difficult because *“we had the right people to help/guide in the resolution of certain conflicts. And by getting to know the market and gaining experience it is possible to avoid errors.”*

5. FINDINGS AND DISCUSSION

In this chapter, the main findings of the case study will be discussed and analyzed in comparison to the existing literature. For that purpose, and using as reference the existing literature for the difficulties faced by SMEs during the process of internationalization, I will discuss its presence or absence in the findings obtained from the data gathered, its importance in the internationalization of the company studied as well as the ways to overcome such difficulties. Moreover, some findings that are new to the ones found in the existing literature will be here presented as well.

5.1 Shortage of working capital

Although the existing literature shows that one of the main difficulties that SMEs face is the lack of capital, in the case of PMS this difficulty was not verified in what concerns the capital needed to invest in the country because the company had enough equity available for this investment.

Nonetheless, PMS encountered some difficulties related to the lack of financial resources. Even though the company had the necessary capital to invest in Brazil, such capital was however limited and restrained multiple international activities at the same time, leading the company to be able to only internationalize to a single region. Moreover, the lack of financial resources also inhibited the expatriation of qualified employees from the company in Portugal to work in Brazil. As stated by the Managing Director, although in Portugal, it is possible to find a lot more competent people, it is hard and very costly for the company to assign Portuguese workers to Brazil and that is why the company hires local employees despite the difficulties that has been facing.

5.2 Identifying and exploiting foreign business opportunities

As highlighted in the existing literature, most SMEs face this difficulty due to their size-related constraints that inhibits them to identify and exploit international opportunities. However, in the case of PMS, only the difficulty of exploiting foreign business opportunities appears to have been found. As explained by the Managing Director of PMS, due to the company's size restriction and resources constrained, PMS could only internationalize to a single region at a time. Unlike big and multinational companies, PMS does not have the resources to exploit several opportunities abroad at the same time, and therefore, its international expansion was restricted.

5.3 Limited information to locate/analyze markets

Similar to the findings mentioned in the literature review, the limited information to analyze markets was one of the main difficulties faced by PMS too. It is very hard for companies to have access to the necessary information about foreign markets when they are considering expanding abroad. PMS faced this difficulty right in the beginning when it made the decision to internationally expand. That is why it ended up to select Brazil as the target country to internationalize because of the network it had there. The network was crucial to provide the essential information about the selected market at a low cost which enabled the company to easily overcome this difficulty. Nonetheless, the external support from consultancy firms was also helpful in overcoming this difficulty.

5.4 Inability to contact potential overseas customers/Obtaining reliable foreign market representation

As verified in the existing literature, the findings of this study also showed that likewise other SMEs, PMS found it difficult to contact potential overseas customers and to obtain reliable market representation abroad.

Firstly, regarding the difficulty of contacting potential overseas customers, the Managing Director stated that although the customers' approach strategy is very similar in both countries, there is a difference and problem in Brazil that is related to the market exploration. *"While here (in Portugal) we can make street exploration, there (in Brazil) due to security reasons we cannot enter the buildings and so market exploration has to be made much more over the phone, telemarketing, scheduled meetings. It is more difficult to initially get in touch with companies in Brazil."* This difficulty led the company to have to adjust its business model in Brazil and to adapt its customers' approach strategy therein. Therefore, due to its capacity of flexibility and adaptability, the company is managing to overcome this kind of difficulty.

Regarding the difficulty in obtaining reliable foreign market representation, as stated by the Managing Director *"It is hard to find reliable agents and representation in the country. We do not want to lose control over the operations and though it may be more difficult to "assemble the machine", it is something that we can control."* Therefore, and since the company had fear of losing control of its operations, in order to overcome this difficulty it decided to invest in the country through foreign direct investment. However, such entry mode was only possible to achieve due to the capacity of the company to finance this type of investment.

5.5 Lack of managerial time, skills and knowledge

Previous studies show that the lack of managerial time, skills and knowledge is considered as one of the major barriers to internationalization. The findings of this study are in line with such conclusion and identified an additional difficulty not mentioned in the literature that is the **difficulty in maintaining a solid and competent team**.

In fact, the Managing Director referred that the lack of skilled and knowledge workers is one of the major difficulties that PMS has encountered in Brazil and that still continues to face, which does not help the company in maintaining a competent and solid team. *“It is very difficult to hire competent people in Brazil. The education is very low and weak (...) there is a total employment in Brazil or at least it was and people do not value their job as we value here (in Portugal) so there is a huge turnover and a difficulty in keeping the core team. You lose a lot of time training the employees and then there is little retention.”* However, this only applies to lower level employees. For middle and higher level positions, the company has not faced this difficulty.

Since it is not an option for PMS to assign Portuguese employees to Brazil because it is extremely costly, the company is managing to overcome this difficulty to some extent by assigning Brazilian employees to make an internship in Portugal to receive proper formation and get to know well how the business functions. The Managing Director says this is a much cheaper option and enables the development of some employees' skills and competencies.

In addition, the technology development also helps PMS in overcoming the issue of lack of competent and skilled employees as it enables the company to have overall control of the Brazilian operations from Portugal and maintain daily communications between the two countries. Nonetheless, as the Managing Director referred, this issue has been very hard to overcome and, until now, the technology has been a great and helpful tool. However, and since the difficulty still persists, the company is thinking of obtaining external assistance and advice from Human Resources Consultancy firms.

The lack of management time due to the existent physical distance between the two countries is another difficulty faced by PMS. The Managing Director of PMS in Portugal is the one responsible for the company in Brazil too. However, and since he has two companies to manage he cannot be fully present in both companies at the same time and since the business in Brazil is recent and it is still setting-up, it requires more management time. Nevertheless, PMS managed to surpass this difficulty by hiring a trustful and skilled manager as well as a

competent management team for the company in Brazil. Technologies have also been an important tool in overcoming this issue. As the Managing Director mentioned, he cannot be physical present in Brazil the whole time but he explained that *“However, when I am in Portugal, almost every day I talk with the people there (in Brazil), due to technologies that allow it and, therefore, I am able to control a lot from here (Portugal).”*

Moreover, as the literature shows besides the lack of knowledge, the lack of experience also constraints the international expansion of firms. However, in the case of PMS, the fact that the manager involved in the process of internationalization had no previous international experience did not constitute a difficulty to the company due to the existent network in Brazil, who had already some years of work therein and, thus, knew the country well enough. This network worked for PMS in the first year of the company in Brazil which was very helpful for the company’s internationalization.

5.6 Complexity of conducting business in international markets

As the existing literature shows, the culture and legislation differences of the host country makes it difficult for SMEs to conduct their business overseas. Evidence of such barriers was also found in the situation of PMS, however the legislation differences had clearly a much higher impact to the company than the cultural differences.

Regarding the legislation differences, one of the great difficulties PMS faced in Brazil was related to unfavorable foreign rules and regulation which had a negative impact in the company’s financial resources. As explained by the Managing Director, in Brazil, a foreign company, regardless of its size and business volume, cannot be in the more economic tax system *“regime simples nacional”* which implies a higher tax burden for the company.

Furthermore, there is another particularity that applies to foreign companies that is associated with the fact that until obtaining a permanent visa in Brazil, a foreign person cannot be manager of a company. Therefore, it has to appoint someone to manage the company during this time. As the Managing Director referred, most of the foreign companies select a Brazilian law firm to be in charge of the company until the management team obtains the permanent visas. PMS did not proceed that way but, nevertheless, managed to overcome this difficulty through the network it had in Brazil, *“The network I had in Brazil helped me in this situation because since it is was someone trustful, I was able to trust the command. This is the big difficulty, a person goes to a country, owns the company but cannot command anything.”*

PMS also faced another difficulty regarding the importation of equipment to Brazil, since there are some restrictions in the imports of machines and equipment to that country. The only possible way to import the equipment, was to import it disassembled. Dr. Eduardo Ribeiro, Manager of PMS in Brazil stated that *“the external support from Customs brokers was essentially to overcome the import difficulties as they take care of all the necessary documentation, properly prepare the tax forms to pay and act as intermediary between the company and “Receita Federal” which is extremely strict about all the procedures and until everything is 100% correct it does not release neither approve any import process.”*

Moreover, and still with regards to legislation differences, the Labor law existent in Brazil which has some particularities such as limited working hours for certain jobs positions was also a difficulty that PMS had to face. However, as the Managing Director stated *“(...) it is very difficult to manage, but we have to learn to adapt and also to know how to manage them in the best way.”*

Related to the cultural differences, which was also a difficulty to PMS, the Managing Director mentioned that Brazil has a particularity that does not happen in Portugal since *“there are several “dead periods” in which nothing happens at the offices, there are almost four months in a year of very weak consumption.”* Such situation had a strong influence in the company’s business plan. PMS managed to overcome this difficulty by adapting the business model. This adaptation consisted in starting to rent the equipment instead of displacing it in lending as it does for the Portuguese market. Through such adaptation, PMS managed to sustain a solid turnover even in the periods of low or nonexistent consumption.

5.7 Fostering and establishing networks

Some previous studies indicated that SMEs find it difficult to foster international networks and have limited international networks. The lack of trust within networks is also regarded to be one of the difficulties faced by SMEs.

In the case of PMS, the findings contradict previous studies since this difficulty was not found. It is true that PMS only had one network, however, such network was undoubtedly a crucial factor in overcoming most of the difficulties faced by PMS and had an important role in the company’s internationalization.

5.8 Product adaptation to host country

As shown in the existing literature, PMS also faced the difficulty of product adaptation to the host country. The company found some difficulties in providing the hygiene service in Brazil and ended up to take a step back in this business. This issue was mainly due to the difficulty in obtaining quality products therein that enable to justify the price difference.

However, such difficulty was only verified in this business unit. In fact, the company was able to successfully adapt its service offering to the needs and requirements of the country. As the company started to understand the market therein, it noticed that the Brazilian market likes to rent and it saw there an opportunity to increase its profitability and generate more revenues. Therefore, immediately after, the company changed its business model and started to rent the equipment instead of displacing it in lending as it does in Portugal and initially did in Brazil.

5.9 Lack of adequate information

This study provides an additional finding to the existing literature. One of the major difficulties faced by PMS was the lack of adequate information. At the beginning, the company was not well informed about the Brazilian legislation, no one warned them that foreign companies could not benefit from the “*regime simples nacional*” and, therefore, the first study done by the company was based on this type of regime. This lack of adequate information had a great impact on the initial estimations made by the company, leading to more financial implications than what the company was expecting. Moreover, the Managing Director also mentioned that sometimes even from the right people it is very hard to obtain the right answers and, therefore, it is very easy to make mistakes. That was what happened in this situation when the consultancy firm that was assisting the company did not remember this particularity that applies to foreign companies and did not well informed the company.

The network support and the external support from consultancy firms were essentially to help PMS overcome this difficulty. As stated by the Managing Director, “*If it was not the help of having someone who knew well the country and the right people to help in the internationalization process, this process would have been much more complicated.*” However, he also referred that it is always important to cross the information received with more than one source until being absolutely sure and for that is fundamental to be physical present in the country. “*After getting information from consultants, we have to filter the information, and that is why we need to cross information with more than a consultant.*”

5.10 Conclusions of the findings

Concluding, from the case study evidence analysis, it is possible to see that the majority of the findings obtained are consistent with the findings identified in the literature review which may imply that these may be common to most SMEs, whereas only few are contradictory and others may be suggestive for further research.

In this sense, it is evident both from the empirical findings and from the existing literature that SMEs face many difficulties in their internationalization process. Some of them related to internal factors such as the lack of capital, identifying and exploring foreign business opportunities, limited information to locate/analyse markets, inability to contact potential overseas customers and obtaining reliable foreign market representation, lack of managerial time, skills and knowledge and fostering and establishing international networks while others to external factors such as foreign culture and legislation differences and even one other to both internal and external factors that is the difficulty in adapting the product to the host country. Other difficulties were highlighted in this case study, namely the difficulty in maintaining a solid and competent team in the foreign country and the lack of adequate information. These difficulties are related to internal and external factors, respectively. Therefore, as the existing literature shows, one can see that the difficulties faced by SMEs are, therefore, mostly caused by internal factors.

Moreover, as in the existing literature, the findings of this case study also identified that in order to SMEs successfully overcome the difficulties faced, they need assistance from both within and outside the firm as they do not possess the needed resources to overcome the difficulties faced on their own.

As Coviello and McAuley (1999) have suggested in their review on SME internationalization, the internationalization of SMEs depends more on networks rather than on other firm-specific advantages. The findings of this case study are in line with this view. Despite having faced many difficulties during its internationalization, PMS was able to rapidly internationalize and overcome such difficulties mainly due to the network it had in Brazil. Therefore, it is evident that the Network Approach helps to explain the internationalization process of the company and how it managed to overcome most of the difficulties encountered and successfully establish a presence abroad.

Despite the network, other findings of this case study are consistent with the existing literature, mainly the external support and technologies. However, in comparison to the

literature, in the case of PMS, the use of alliances, the specialist/niche characteristics and the brand/company identity do not appear to have relevance to the company in overcoming the difficulties encountered.

Nevertheless, other findings regarding the ways to overcome difficulties are emphasized in this case study such as the firm's capacity of adaptability and flexibility to adapt and adjust the business to the needs and requirements of the country, the selection of the right people in the host country, training employees in the home country and the firm's capacity to finance entry mode investment in the host country.

Furthermore, the findings of this case study also suggest that the perception of the managers about the difficulties they might encounter enables them to easily overcome it. If managers are aware and expecting to face potential difficulties during their internationalization process, they can be prepared for when those difficulties occur, by aligning and leveraging their competencies and by obtaining the essential external support, being then easier to surpass it.

6. CONCLUSIONS

The present case study enabled to fully address the research questions study object of this thesis. The findings obtained have not only generated insights into the practical difficulties SMEs face during the process of internationalization, but have also provided some orientation as to how to overcome such difficulties.

In sum, through the analysis of the findings obtained and the existing literature the following conclusions have been withdrawn.

Internationalization is at the reach of all firms and SMEs are no exception. However, SMEs face several difficulties when they internationally expand and these difficulties are mostly related to internal factors, though to external factors too, as mentioned in the findings conclusion. Nevertheless, despite that, SMEs are able to overcome such difficulties as well and successfully establish their presence abroad, mainly through the use of networking, external support and technologies. Therefore, it can be concluded that the internal and external difficulties faced by SMEs can be overcome through both firms' internal and external competencies.

Overall, the evidence suggest that the difficulties found during the process of internationalization do not prevent SMEs to international expand because, through the appropriate support, they will be able to easily surpass it and successfully internationalize.

7. LIMITATIONS AND FURTHER RESEARCH

7.1 Limitations

Nevertheless, this study has some limitations. First of all, it is limited to one context and to a specific country. According to the manager of the company in Brazil, the difficulties faced by PMS that were presented in this case study are specific to the Brazilian legislation, and may apply to any company either national or foreign, however, that does not imply that such difficulties may not be verified in other countries because they can be common to other foreign locations. Nonetheless, through this case study that is not possible to confirm.

Another limitation of this thesis is that I was unable to find literature that showed evidence on the differences faced by SMEs when they internationalize to an emerging country compared to internationalization to developed countries and, as such, I was not able to verify if some difficulties are specific to emerging countries.

Moreover, the information presented is highly cognitive as it is based on the perceptions of the two managers that were closely involved in the internationalization process of the company.

7.2 Further research

Through further research, this study can generate more insights. For instance, and since the internationalization of the company studied was to an emerging country, it would be interesting to research if the difficulties that were found are specific to emerging countries or in case the company studied internationalize to another location, it would also be interesting to investigate the types of difficulties found and if the ways to overcome the difficulties remained the same or not.

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9. APPENDICES

Entrevistas realizadas com Dr. Francisco Pinheiro de Melo, *Managing Director* da PMS Solutions, S.A.

1. Pode explicar brevemente a história da empresa?

A PMS (Pinheiro de Melo e Salgado) começou há mais de 25 anos, com apenas 3 sócios (eu um deles). A empresa iniciou a sua atividade no sector do Café, sempre com focus no segmento *office*. Desde o início que sempre procurámos oferecer soluções inovadoras e eficientes que permitissem criar e acrescentar valor aos nossos clientes. Assim, começámos, em 1988, primeiro com as máquinas Jede (máquinas de café solúvel, chocolate e sopas) e depois fomos sempre crescendo no mercado *office* com outro tipo de máquinas de bebidas quentes, ou seja, fomos sempre evoluindo para aquilo que começou a aparecer no mercado. Antigamente existiam apenas as máquinas de café solúvel, que eram as nossas, e depois começaram a aparecer as máquinas de café expresso. Antes só se bebia café expresso nos restaurantes porque não existiam máquinas adequadas para as empresas mas, mais tarde, à medida que o mercado foi evoluindo, começaram a existir as máquinas de café expresso e a PMS foi sempre evoluindo com o mercado e passou também a distribuir estas máquinas. Para além da distribuição destas máquinas, éramos também representantes oficiais da empresa Necta, que comercializava máquinas de bebidas quentes de grande porte (máquinas de *vending*), na qual a PMS não atuava no mercado mas funcionava como intermediária na venda aos operadores. Este foi também um excelente negócio em termos de faturação, era um negócio completamente diferente porque era distribuição pura e dura enquanto que o nosso era de consumíveis.

No final de 1999, a empresa deu um grande salto ao lançarmos a Fonte Viva, um negócio de águas. Nesta altura, cada um dos sócios ficou responsável por cada área de negócio, sendo que eu fiquei à frente da Fonte Viva. Em finais de 2004, a Fonte Viva foi vendida, e como estava à frente deste negócio, lancei a marca PMS Coffee. E porquê PMS Coffee? Começámos com marca própria nos cafés, para aproveitar um bocado tudo o que tínhamos feito nos anos anteriores antes da Fonte Viva e com a Fonte Viva, porque apenas vendemos a marca mas não a empresa (a PMS). Assim, em Setembro de 2005, iniciámos esta operação com o café PMS Coffee. Para não sermos uma empresa completamente estranha no mercado aproveitámos a ligação que já tínhamos ao nome PMS e por isso resolvemos fazer a nossa marca com o PMS Coffee, sendo que o nosso torrefator é italiano, “Covim”. Uma vez que com a venda da Fonte Viva, tínhamos um contrato que não nos permitia estar no mercado das águas durante três

anos, começámos só com o café, mas ao fim desses três anos, optámos por diversificar o serviço e começámos com os purificadores de água. Nessa altura já possuíamos um grande número de clientes no sector do café o que foi uma boa alavancagem para o negócio.

Mais tarde em 2011, apostámos também no lançamento de produtos de higiene também para o segmento *office* e em 2012, internacionalizámos o negócio para São Paulo.

2. Qual é o negócio/actividade principal da empresa? Empresa B2B, B2C?

Actualmente o *core business* da empresa é a distribuição e logística de cafés, purificadores de água e produtos de higiene.

O nosso mercado forte é sem dúvida o B2B. O mercado B2C é muito residual. Fizemos uma tentativa no mercado doméstico, mas verificámos que realmente não estamos vocacionados para os grandes consumidores, não é a essa a nossa área. Há *players* grandes que toda a vida fizeram isso e têm marca muito forte nesse segmento e para nós é muito difícil entrar nesse segmento, não só pelo investimento mas também porque é preciso ter maturidade de marca para conseguir entrar. Por isso, e apesar de o nosso maior *focus* ser o mercado *office*, nós trabalhamos à mesma o mercado doméstico mas não procuramos/trabalhamos muito esse mercado.

3. Onde tem presença a empresa em Portugal?

A sede da empresa é em Lisboa, sendo que já existem também escritórios e armazéns da empresa nas zonas de Viseu e Porto. Contudo, existe distribuição diária para todas as zonas do país, à exceção do Algarve.

4. Em relação à presença internacional da empresa, de acordo com a informação disponibilizada no *website* da empresa, além de Portugal, a empresa está também presente em São Paulo, Brasil. Como foi tomada a decisão de expansão para o Brasil?

Foi muito simples. Desde o início, que sempre tivemos a felicidade de crescer todos os anos, exceto um ano, 2011, que nos deixou um bocadinho desiludidos. Vi que o crescimento da empresa em Portugal nos próximos anos não seria aquilo pretendíamos e então optámos por ver outros mercados. Tínhamos em mente o mercado lusófono, Angola e Moçambique, mas por vontade própria não apetecia muito estes países. No fundo restava o Brasil, que como grande país que é e fazendo parte dos BRICS teve um *boom*. Nós quando entrámos já não apanhámos esse *boom*, mas as crises no Brasil são cíclicas, vão e vêm e quem está quando há um *boom* vai

com ele. Assim, e uma vez que a opção era um mercado da língua dos países lusófonos, entre estes, optámos pelo Brasil.

5. Quais foram as principais razões que levaram a esta decisão? Em termos de *timings*, porquê neste momento?

Uma das razões foi sem dúvida o constrangimento do crescimento do mercado em Portugal, como já referi. Em termos de *timings*, quando o negócio está a crescer a tendência é ficar sempre na zona de conforto e foi o que aconteceu, fomos ficando sempre na nossa zona de conforto mas quando tivemos o primeiro ano sem crescimento, achámos que a melhor opção seria então internacionalizar. Portugal é um mercado maduro, com cada vez mais concorrência e, de facto, com a crise está cada vez mais a “encolher”, mas apesar de as coisas estarem a correr melhor e estarmos a crescer bastante acima do mercado, sabemos que há um limite e que vai ser difícil de crescer ao contrário do Brasil que está sempre a subir.

6. Porquê esta localização? Como foi selecionado/escolhido o país-alvo? O Brasil foi a primeira escolha para investir? Houve algum motivo específico para esta escolha?

Com o nosso modelo de negócio que se enquadra praticamente em todos os países, podíamos ter ido para qualquer outro país, mas achámos que nesta altura a melhor decisão era o Brasil. Porquê o Brasil? Pela questão da língua, porque queríamos um país lusófono. Podia ter sido Angola ou Moçambique mas foi o Brasil porque conhecia lá alguém, um português, e é fundamental num país como o Brasil não só conhecer a cultura do país mas também ter lá alguém de confiança que nos possa orientar nos primeiros momentos e ajudar a tomar as decisões certas. Achamos que o Brasil é aqui ao lado por causa da língua mas não, a língua às vezes até é um problema, não nos percebem, e é uma cultura totalmente diferente. Se não fosse esta ajuda de ter alguém que conhecesse bem o país e as pessoas certas para ajudar no processo de internacionalização, este processo teria sido muito complicado. Mas também temos de ser nós a controlar, temos mesmo de estar lá, temos de perceber e questionar. O Brasil não é um país fácil e facilmente somos controlados pelos Brasileiros. Se o Brasil foi a primeira escolha para investir, não foi, mas foi uma das primeiras e sendo que neste país tínhamos um contacto importante levou a que decisão fosse tomada para este país.

7. Antes da internacionalização para o Brasil foi feita alguma pesquisa de mercado para ver se era viável esta internacionalização? Se sim, como foi feita esta pesquisa de mercado?

O nosso produto é muito transversal, o que não é o gosto de café, mas quase toda a gente bebe café. Tal como o café, os purificadores de água também são transversais, toda a gente bebe água. Por isso, não fizemos qualquer tipo de estudo de mercado pela necessidade mas mais para ver quais os *players* existentes no mercado. Tivemos no país por algum tempo, fomos sentir o mercado, tem que se entrar na cultura, ler jornais lá, perceber as pessoas, ver quais os locais indicados para escolher armazém e estabelecer a empresa e só com um estudo de mercado não temos essa sensibilidade.

8. Qual foi a forma de entrada da empresa no Brasil? (por exemplo, exportação, investimento estrangeiro direto, joint-venture, licenciamento, franchising, etc)

Através de investimento direto, foi sem exportação porque não temos produtos exportáveis, o nosso modelo, *know-how*, é o serviço, não fabricamos nada apenas temos o nosso *know-how* e estamos na área de serviços pura.

9. Antes da decisão de internacionalizar a empresa para o Brasil, quais foram os principais requisitos ou preocupações tidas em conta?

Primeiro foi, sem dúvida, reunir o capital necessário para a operação, o que é um ponto fundamental. O investimento foi todo através de capitais próprio, porque uma empresa que esteja começar no Brasil não tem direito a crédito, por isso ou tínhamos capital próprio para todo o modelo de negócio ou então não íamos. Existe sempre um receio porque se ouve muito que mercado brasileiro é protecionista e que os brasileiros não gostam de empresa estrangeiras, mas no fundo, empresas mais pequenas não são tão afetadas por isto, são mais as empresas maiores, por isso nós não sentimos nada destes protecionismos nem nada de opiniões contra a nossa empresa por sermos estrangeiros, sentimos sim outras dificuldades.

10. Relativamente aos recursos humanos da empresa, algum membro do *management group* tinha experiência internacional prévia e/ou rede de contactos (*networks*) no Brasil? Foram contratados funcionários locais ou foram destacados actuais funcionários da empresa em Portugal para trabalhar na empresa no Brasil?

Não, eu fui o único membro do *management group* que estive envolvido no processo de internacionalização da empresa e não tinha qualquer experiência internacional. Conhecia apenas uma pessoa lá portuguesa que já tinha alguns anos de trabalho no Brasil, que trabalhou para a PMS no primeiro ano da empresa no Brasil e que nos ajudou bastante. Relativamente aos funcionários, foram todos contratados no Brasil, porque expatriados custam muito dinheiro e são necessários vários procedimentos legais, visto residência, licença trabalho que podem demorar muito tempo até serem obtidos. No entanto, foi contratado uma pessoa brasileira para ficar encarregue de gerir a empresa no Brasil e antes de começar a trabalhar lá, veio estagiar a Portugal para conhecer o modelo de negócio da empresa, ver como funcionava e adquirir os conhecimentos necessários. A partir da empresa em Portugal, e uma vez que usamos o mesmo *software* cá e lá, é possível controlar as operações funcionamento da empresa no Brasil e para além disso, todos os meses, desloco-me ao Brasil.

11. Qual a estratégia de Mercado em Portugal e no Brasil? É a mesma?

É um pouco diferente, cá pomos as máquinas em comodato enquanto que no Brasil podemos aluga-las. Percebemos que o mercado lá gosta de alugar então apesar de no início termos começado por pôr em comodato, logo em seguida começámos a aluga-las. A abordagem aos clientes é muito idêntica. A única diferença e problema é a prospeção de mercado, enquanto que cá se pode fazer prospeção de rua, lá por causa da segurança não se consegue entrar nos prédios e então tem de ser muito através do telefone, telemarketing, marcação de reuniões. É mais difícil numa primeira fase conseguir o contacto com as empresas no Brasil.

Relativamente aos serviços que disponibilizamos, no café muitas vezes é novidade mas nos purificadores de água já existem muitos. No entanto, lá os purificadores de água nasceram para o mercado doméstico por isso todos os que existem nas empresas são os que estão no doméstico logo são muito fracos. Existe aí uma lacuna, e temos um *plus* sendo o nosso purificador mais evoluído tecnicamente, mas não é fácil comunicar esta diferença. As coisas no Brasil acontecem muito mais lentamente.

A nossa estratégia lá é que não podemos encarar o Brasil como um país enorme, temos de encarar região a região, agora estamos em São Paulo e temos de encarar esta região como se

fosse um país. São várias culturas e a tributação é diferente nas várias regiões do Brasil. Cada região é como se fosse um país lá. Quando consolidarmos São Paulo e São Paulo for totalmente autónomo e independente aí sim podemos pensar noutra expansão para outra região.

12. Como é definida a oferta de produto/serviço no Brasil? É a mesma que em Portugal? E relativamente aos preços?

Sim, basicamente é igual. A higiene lá não está a correr muito bem porque não conseguimos produtos com qualidade que justifique a diferença de preço. Relativamente aos preços, na realidade não há grande diferença, é muito similar, falando em termos de margens.

13. A empresa teve que adaptar a sua oferta ao mercado brasileiro? Como e o que foi necessário fazer?

Sim, teve. Na higiene tivemos que dar um passo atrás e também na questão de alugueres vimos uma oportunidade de poder alugar as máquinas então o modelo de negócio mudou um bocado. De resto, a oferta não foi adaptada.

O nosso modelo de negócio já mudou várias vezes, praticamente sempre que lá vou mudo alguma coisa, porque começo a ter mais dados estatísticos do próprio negócio, o que está a dar mais, começo a ver quais as máquinas com mais rentabilidade e as que têm mais problemas e começamos a mudar. Ao contrário das empresas multinacionais, que às vezes têm dificuldade em ir para estes países porque não querem mudar nada, nós sendo uma empresa pequena temos muita flexibilidade e vamos mudando e ajustando à medida que entendemos necessário. Se não tivéssemos mudado nada, neste momento estávamos numa situação complicada.

14. Qual foi a evolução do negócio no Brasil?

O negócio no Brasil tem evoluído bem, temos vindo a crescer todos os anos.

15. Quais foram os principais fatores de sucesso?

O serviço. O contacto que tínhamos no Brasil também foi importante para o processo ter andado rápido e bem, e para conseguir ter boa informação e a um baixo custo. A capacidade de adaptação e a flexibilidade também foram fatores de sucesso.

16. Quais foram os principais desafios/dificuldades encontrados no processo de internacionalização? (foram mais numa fase inicial do processo de internacionalização ou no decorrer do processo?)

O Brasil tem um grande problema que é a parte dos impostos e é muito importante que a pessoa que esteja à frente do negócio perceba bem. O cálculo das margens é diferente do que o de cá. E esse é um grande problema das empresas que vão para lá e não conhecem bem a realidade e acabam por dar um grande “trambolhão”.

Existe um problema de facto que é o facto de não sermos iguais por sermos uma empresa estrangeira, um estrangeiro para começar lá com uma empresa da nossa dimensão, não pode estar no regime simples nacional (modelo mais económico de impostos) mesmo que o volume de faturação esteja dentro aos limites estabelecidos, como era o nosso caso. O nosso primeiro estudo foi feito sobre o regime simples porque ninguém nos avisou que as empresas estrangeiras não podiam. Foi um consultor que na altura não nos informou, não se lembrou sequer que existia esta particularidade na Lei, e depois mais tarde o contabilista é que nos veio informar. Isto mudou muita coisa, esta falta de informação adequada levou a que tivéssemos mais implicações financeiras. Esta é uma grande dificuldade que uma empresa estrangeira pode encontrar neste mercado. Há um desfasamento muito grande para uma empresa da nossa dimensão, o que não acontece claro talvez numa empresa multinacional que fature vários milhões por ano.

Outra dificuldade foi também porque eu não podia ser Administrador lá, porque só passado um ano é que pude ter residência fiscal no Brasil. Foi o network no Brasil que me ajudou nesta situação porque sendo uma pessoa de confiança, confiei-lhe o cargo. Muitas empresas normalmente recorrem a empresas de advocacia brasileiras para ficarem responsáveis pelo negócio. A grande dificuldade é essa, uma pessoa vai para um país, é dona da empresa mas não manda nada.

Houve também dificuldades na importação de equipamento para o Brasil, porque existem muitas restrições legais na importação. As primeiras máquinas tiveram de ir desmontadas, era a única maneira possível.

É complicado encontrar agentes de confiança/ representação no país. Não queremos perder controlo sobre as operações e apesar de que pode ser mais difícil “montar a máquina”, é algo que nós controlamos. Por isso é que optámos logo por investimento direto no país, para poder ter controlo sobre todas as operações.

Outra dificuldade é sem dúvida, os recursos humanos que são muito importantes, é muito difícil contractar pessoas competentes no Brasil. Esta dificuldade é uma dificuldade do país. Quanto menor o nível mais complicado é. A educação é muito baixa e fraca, há uma grande disparidade nos níveis entre os cargos de lá para cá. Há essa dificuldade, há um emprego total no Brasil ou pelo menos havia e as pessoas não valorizam o emprego como nós valorizamos cá por isso há uma rotação enorme e uma dificuldade em manter a equipa base. Perde-se muito tempo com a formação e depois há pouca retenção. Não a equipa administrativa, essa foi logo à primeira e tivemos muita sorte. No entanto, tivemos dificuldade em estabilizar todas as outras áreas, cá é muito mais fácil manter uma equipa e consegue-se encontrar pessoas muito mais competentes. Somos um país muito evoluído na formação comparativamente ao Brasil. Há muitas dificuldades, foi um grande problema sem dúvida. Mas é muito complicado manter pessoas de cá no Brasil, existem muitos custos monetários com viagens, alimentação, etc. É mais fácil e barato os trabalhadores brasileiros virem estagiar cá para verem como funcionamos. Esta situação já aconteceu com alguns trabalhadores.

Para além disso, o Brasil tem uma parte laboral muito complicada, existem direitos e mais direitos, por exemplo há uma limitação no horário de trabalho diário muito reduzida para certos cargos, o que é muito complicado de gerir, mas nós temos que nos saber adaptar e também saber geri-las da melhor maneira.

A primeira lição que aprendi foi que não se pode sossegar e deve-se ir rodando a equipa até encontrar as pessoas certas. Ao fim de dois anos parece estar mais estabilizado, mas não estamos satisfeitos ainda, falta muita qualidade ainda. Estamos a pensar em pedir ajuda a uma consultora de recursos humanos, porque realmente não está a ser fácil, é uma opção que estamos a pensar adotar.

A distância física também influencia muito. O mais difícil é porque não estou sempre lá e por isso tive de fazer uma seleção certa das pessoas. Creio que se estivesse lá mais as coisas corriam melhor, mas é a forma possível de poder estar. Eu vou lá uma semana por mês, e enquanto que o meu trabalho em Portugal é praticamente só de delegação, no Brasil requer que eu tenha um papel muito de supervisão pura. No entanto, quando estou em Portugal falo praticamente todos os dias com as pessoas de lá, devido às tecnologias que o permitem, e daqui consigo controlar muita coisa mesmo assim.

O Brasil tem também uma particularidade que no nosso país não acontece. Tem vários períodos “mortos” em que não se passa nada nos escritórios, são quase quatro meses num ano

muito fracos de consumo. Esta situação teve muita influência no nosso *business plan*, por isso é que a questão dos alugueres foi uma boa alternativa, para conseguirmos uma faturação sólida.

Por não termos conhecimento total do país, há pequenas coisas que têm que ser estudadas e é fundamental obter ajuda de consultores lá que nos possam orientar. É preciso estar no caminho certo, ter os canais certos para as burocracias. No entanto, nos próprios temos de filtrar a informação depois de obter informação de consultoras, e por isso é que é preciso ir cruzando informações com mais do que uma consultora.

É também mais difícil contactar potenciais clientes no Brasil, tem que se marcar reuniões e não dá para fazer prospeção de rua como fazemos em Portugal, por isso tivemos que ajustar o nosso modelo.

Mas no fundo, o mais difícil é o que está a ser feito agora, estabelecer a base e torná-la autónoma e independente. Este *back office* vai alimentar futuras delegações. Ultrapassando esta fase, será possível abrir outras delegações noutras regiões do Brasil muito mais facilmente, sendo que uma grande base de custos já está em São Paulo.

17. Como ultrapassaram tais desafios/dificuldades? Foi fácil ou difícil?

Tentámos sempre evitar. Não fico sossegado com respostas que obtenho, tento sempre cruzar informação com alguém para tentar ao máximo não cometer erros.

Não foi assim tão difícil porque tínhamos as pessoas certas para ajudar/orientar na resolução de certos conflitos. E por ir conhecendo o mercado e ganhando experiência consegue-se ir evitando o erro.

Também já estávamos um bocado preparados para as dificuldades e enquanto estivemos no país fomos nos apercebendo de dificuldades. As pessoas com quem ia falando, empresários na mesma situação que nós, que iam relatando alguns episódios que lhes iam ocorrendo.

18. Tendo em consideração que o negócio da empresa em Portugal é B2B e B2C, a empresa mantém estes dois modelos de negócio no Brasil também? Foram encontradas mais dificuldades em algum destes modelos de negócio?

No Brasil é só B2B. Como lá existe muito venda de produto e muita concorrência para B2C, e como em Portugal é apenas um segmento muito residual, nem tentámos abordar este segmento no Brasil.

19. De que forma a expansão internacional afeta a *performance* da empresa?

Obviamente que alguma coisa tem que afetar, mas também temos que saber que quando se dá um passo destes temos de ter a retaguarda bem defendida. Tenho pessoas competentes, tenho um negócio a rodar por ele próprio, não tenho de tomar decisões importantes diariamente, são decisões mais pontuais, e apesar de ter de gerir de uma forma presencial não é por estar fora no Brasil, uma semana por mês, que vai afetar o negócio em Portugal. Antes pelo contrário, houve coisas que comecei a fazer no Brasil que acabei por também fazer aqui em Portugal, acaba por haver uma aprendizagem com outros mercados, coisas que aplicamos lá, aprendemos, e passamos a aplicar cá.

Os recursos financeiros podiam ter impacto, mas como optámos por não tirar recursos desta empresa para investir no Brasil, não afetou em nada, em termos financeiros, a empresa em Portugal, uma vez que foi tudo investimento com capitais próprios.

20. Se decidir internacionalizar a empresa para outro país, acha que este processo será mais fácil e rápido devido à experiência anterior e ao conhecimento adquirido durante essa experiência?

Penso que não, porque cada país é diferente e tem as suas maneiras de trabalhar. Se fosse para um país europeu, talvez. Na Europa acho que deve ser muito mais fácil fazer uma internacionalização porque não há muitas variáveis do próprio negócio, há um mercado em si. Mas para países fora da Europa, não me parece. Quer dizer, claro que tendo a base, aquilo que sabemos, vamos enfrentar os mesmos problemas mas temos a vantagem de já sabermos a matriz de evitar esses erros. Por isso, penso que para outras zonas do Brasil, será muito mais fácil mas mesmo assim teremos de enfrentar as mesmas dificuldades, só que com a vantagem de já saber como resolvê-las.

21. Existem futuros planos de expansão para a empresa? Se sim, estão a pensar usar a mesma estratégia de internacionalização usada para o Brasil ou uma diferente? Porquê?

Não, neste momento não existe qualquer plano de expansão futura. Poderá haver sim para outras regiões no Brasil mas queremos primeiro atingir os níveis de *performance* na empresa em Portugal e no Brasil pretendidos.

22. Qual é a sua opinião relativamente à internacionalização de PME's portuguesas?

Existem incentivos? Muitas restrições/constrangimentos?

Pode haver, mas o empresário não pode ficar à espera que o trabalho seja todo feito por ele. Há instituições que podem ajudar, fazer estudos mercados, tudo isso é possível, mas a presença física do empresário é fundamental para conhecer a própria realidade desse país. Os apoios existem penso que sim, está mais facilitado, mas é complicado. A minha empresa, sendo uma empresa de serviços, dificilmente tem direito a apoio na internacionalização porque não temos financiamentos para isso porque por não produzirmos nada, não estamos a exportar nada diretamente. Logo, é sempre mais complicado. Mas na verdade não procurámos muito. Não quer dizer que não haja, mas é muito difícil.