HEC MONTRÉAL

AFFILIÉ À L'UNIVERSITÉ DE MONTRÉAL

Difficulties Born Global Firms Face In The Early Stages

By
Ivana Markovic

Mémoire présenté en vue de l'obtention

du grade de maître ès sciences

(M. Sc.)

November 2016

ABSTRACT

In this research, we aimed to understand *the difficulties that born global firms face in the early stages following their launch.* To answer our research question we conducted a multi-case qualitative study. Specifically, we analyzed five firms from different industries, and collected data through semi-structured interviews with the founders, placing special emphasis on their early stage of internationalization. Our main findings are the following: First, while there is a unique set of difficulties for each born global firm, there is a constant tension when trying to internationalize and grow at the same time. Second, our research shows that internal difficulties, related to entrepreneur or resources, seem to be more important for the confounders, and more difficult to overcome. Third, external difficulties, while also present, did not appear to be as important and seemed easier to overcome with time or information gathering.

Keywords: born global firms, international entrepreneurship, international new ventures, internationalization of the firm.

SOMMAIRE

Dans cette étude, notre but était de comprendre les difficultés que les firmes dites born global font face peu après leur fondation. Pour répondre à notre question de recherche, nous avons effectué une étude de plusieurs cas qualitative. Plus spécifiquement, nous avons analysé cinq entreprises d'industries variées, effectuant la collecte de données à travers des entrevues semi-structurées auprès des fondateurs d'entreprise, avec l'emphase sur l'internationalisation précoce. Nos découvertes sont: Premièrement, malgré la présence des défis uniques à chaque firme, il y a une tension constante entre l'internationalisation et la croissance, qui arrivent simultanément chez ce type d'entreprise. Deuxièmement, notre recherche démontre que les difficultés internes, liées à l'entrepreneur ou aux ressources, semblent plus importantes et plus difficiles à résoudre. Troisièmement, les difficultés extrêmes, quoique présentes, ne semblent pas avoir une aussi grande importance et paraissent plus simples à surmonter avec le temps ou l'information.

Mots clés: firmes born global, entrepreneurship international, internationalisation de nouvelles entreprises, internationalisation de l'entreprise.

TABLE OF CONTENTS

1. INTRODUCTION

The internationalization of the firm has been studied in the international business field for many years. According to conventional internationalization models, it is believed that small firms will generally internationalize following the stages model, such as Uppsala, where firms will first dominate their domestic market before undertaking international endeavours. Upon internationalization, they will enter markets that are geographically and/or culturally closest to them, in stages, one after the other. Two decades ago, a new type of firm, born global, was studied, and its characteristics challenged the traditional view of internationalization. Since the first mention of born global, these firms have been studied extensively for over two decades in the international entrepreneurship research community. The interest stemmed from the fact that born global firms challenge traditional internationalization theories, which assume firms should first establish a strong presence in the domestic market, and then focus on international markets (Oviatt & McDougall 1995)

An example of a born global firm is Atlassian. The Australian firm, develops products for software developers, content managers and project managers, today has over 1000 employees (Atlassian 2016). Atlasssian was founded in 2002, and soon after its founding, it launched its first product, JIRA, a program helping project managers track the progress of their projects. The product could be purchased online by credit card, making it easy for individual programmers to purchase without going through a central IT department. Right from the start, JIRA sold worldwide, with first sale coming from Sweden. Two years after its founding it had customers in over 50 countries (Hennart 2013).

As we see in this example, a born global firm is a subset of small and medium sized firms that internationalizes right from the beginning or shortly after its founding (Rennie 1993, Oviatt & McDougall 1995, Knight & Cavusgil 2005). Born global firms tend to reach multiple markets quickly without following the stages model (Oviatt & McDougall 1995). Born global is synonymous with International New Venture and Global Startup (Oviatt & McDougall 1996, Knight & Cavusgil 2005).

Their presence in the market is often explained by two main changes in the business landscape: i) globalization; ii) technology progress (Rennie 1993, Oviatt & McDougall 1995, Moen 2000, Knight & Cavusgil 2004). Globalization was able to offer consumers a wider choice of products, and in a sense made the consumer more demanding. This dynamic, then drove an increase in niche markets. It is in the niche markets that born global firms are able to compete with traditional large global players, by delivering products and services more tailored to consumers' needs (Oviatt & McDougall 1995, Knight & Cavusgil 2004). As for the technological progress, it contributed to better tools to conduct global business, as decreased communication and transportation cost. With these new players in the market, large global firms saw their competitive advantage diminished in the global marketplace (Rennie 1993, Moen 2000).

Research on born global firms has gone through two different stages. First, it aimed to identify born global firms and showcase them, as well as describe the ways they internationalize. Second, the focus of born global research has become studying various drivers of internationalization of born global firms. However, there is limited research to understand the difficulties born global firms face in the early stages following their founding. We will aim to address this gap in the literature through our research.

Research in academic literature presents born global firms as successful teams and entrepreneurs, competing with large firms and globally, that challenge traditional theories of internationalization. *Yet, limited work has been done to understand what difficulties these firms face in the early stages following their founding*. This is surprising, as we would anticipate that these entrepreneurs would face some significant difficulties. The reason behind this expectation comes from the nature of born global firms. A born global firm will experience both growth and internationalization challenges in the early stages. Those early stages must be a hard step in the growth of any born global firm, because these firms face a significant time compression to succeed, their firm must grow and internationalize all at once, in the early stages of the firm. They face both difficulties from expansion and internationalization simultaneously. In addition, there is value in gaining insight into the types of difficulties faced by these entrepreneurs, to fill the literature gap from an academic perspective, and leverage the findings for future born global entrepreneurs.

This research project aims, precisely, to understand *what are the difficulties entrepreneurs/ founding members of born global firms face in the early stages of the launch and internationalization of their firm?* As there is little research on this topic, a qualitative study was conducted to explore in depth the difficulties the entrepreneurs are facing. The contribution of this thesis is to: i) add incremental findings in the field of born global firms, filling the gap in research around the difficulties faced by born global firms; ii) Generate concrete managerial implications, in a way that future born global firms can leverage the findings to address some of the early stage difficulties. In order to address our question we have conducted a qualitative multiple case study, analyzing five Canadian firms from different industries. We conducted interviews with founding members. The focus on entrepreneurs and founding members is due to their importance being consistently stated in the success of born global firms across the literature review. In addition, these members of the organization are there from day one, and the bulk of responsibility and difficulty faced impacts them directly.

From our research, we were able to identify that each born global firm has a unique set of difficulties in the early stages. Certain difficulties are common or similar across different firms. First, the main idea of our findings is that while their concrete difficulties are not identical, there is a constant tension between internationalization and growth in those early stages. In certain cases, we argue that the difficulties faced by born global firms are similar among a way to other exporting firms or exporting SMEs, but with the difference in how this impacts or the possibilities they have in addressing it. Because born global firms are a subset of exporting SMEs, there are similarities in some of the difficulties they face. But what is unique is that a born global firm will simultaneously face the challenges of a launching SME and an established SME trying to export. Even though these difficulties might appear similar in some cases, we argue that because of this tension between growth and export in early stages, the difficulties born global firms will face are either different or their impact is different. It becomes a situation of “do or die” for the firm to overcome a certain difficulty. Second, more specifically, we understood that that internal difficulties such as entrepreneur related and resource related difficulties seem more important for the cofounders, and more difficult to overcome. These are what the discussions were generally focused on and where there were most similarities among different firms. Third, external difficulties, while present, did not appear to be as important, and seemed to be able to overcome with time or information gathering.

This thesis will be structured as follows. First, we will conduct a detailed literature review. The objective will be to understand the phenomenon of born global firms and their internationalization drivers, as well as barriers that SMEs face when internationalizing. Second, we will explain our methodology and present the data collection tools used. The outcome of this section is to present how research was conducted. Third, we will present the firms selected for our study and a brief overview of the industries they play in. Here, we want to ground the reader in the type of companies we are studying as well as understand their reality from an industry perspective. Fourth, we will do a detailed analysis of our findings, by firm. Here, we will present each firm’s difficulties, structured by internal and external difficulties, to mirror the way we presented the literature review. And finally, we will conclude the paper with a discussion and conclusion, including the limitations of our research and further research possibilities.

2. LITERATURE REVIEW

This chapter is divided into three main sections: defining the born global firm, defining drivers of born global firms' internationalization and identifying barriers of internationalization. There are three main objectives this chapter aims to achieve: i) Define the born global view and compare and contrast the traditional internationalization models with the born global approach. This will enable us to position ourselves in the core of our subject and understand how a born global firm is different from other exporting SMEs. ii) Synthesize the different drivers of born global internationalization from over two decades of research in literature. This will enable to gain better insights into the nature of born global firm internationalization to better understand their reality. iii) Understand the barriers exporting SMEs face when internationalizing in order to be able to portray the similarities and differences between exporting SMEs and born global firms.

2.1 Traditional vs. Born Global Firms

The objective of this section is to overview and define the born global firm. In the international business literature, the two popular approaches to internationalization in the context of exporting SMEs are the Uppsala model and the born global approach. This will then enable us to understand differences with the born global approach. Then, at the end of the section, we will compare the born global firm with other types of international firms: large established multinationals and exporting SMEs.

2.1.1 Different Internationalization Theories

One of many ways Kuivalainen (2012) defines internationalization of a firm is as a process of a given firm to adapt its operations, such as strategy, structure, resources, etc, to different international environments (2012).

According to a few authors, such as Kuivalainen (2012) and Madsen (2012), internationalization of the firm can be measured according to three elements: speed, scope and scale. They define speed as either the time it takes between the founding of a firm and the beginning of its sales abroad or the beginning of the firms and subsequent internationalizations. Scope is referred to as the number of countries that a firm has foreign operations in. Finally, they define scale as the ratio of sales that are coming from a foreign market, and these can range from none to 100%.

2.1.1.1 Uppsala Model

Uppsala model, developed by Johanson and Vahlne in 1977, is one of the most widely used frameworks in small business internationalization. It is also known as the stages model. According to this theory, a firm starts with a strong domestic market and no exports, to exporting directly or through agents, to overseas subsidiaries and finally overseas production (Jones 1999, Andersson & Wiktor 2003, Chetty & Campbell 2004). The firms gradually build activities abroad, by which they gain experience and knowledge, and this in turn enables them to increase their competitiveness and decrease the risk in penetrating new markets (Cancino, 2014). Basically, the more the firm learns about a market, the more it commits to that market. It is because the firms see internationalization as a risk and they lack the knowledge or experience to execute it, that they choose the stages model. This enables them to reduce risk, commit resources gradually and gain knowledge to continue the process (Oviatt & McDougall 1997, Jones 1999, Chetty & Campbell).

An important concept shown in the literature review regarding Uppsala framework is that of psychic distance. It is described often as the difference of home and target market in various factors such as language, culture, political systems, business practices, industrial developments or educational systems (Chetty & Campbell 2004). This psychic distance is also considered to be the reason that prevents or disturbs the circulation of information between a firm and a specific international market (Andersson & Wiktor 2003). This is why, according to the Uppsala model, firms will first dominate their domestic market before undertaking international endeavours. This strong home market is the core of the firm's operations and the international market is viewed as incremental (Chetty & Campbell 2004). Firms will enter markets that have successively greater

Figure 1: Difference in definitions of born global firms					
Author	Year / Country of Origin	Scope	Speed	Scale	Full definitions
Rennie Michael W.	1993 / Australia	N/A	2 years	76 % of sales	“born global firms - began exporting, on average two years after their foundation and achieved 76 percent of their total sales through export”
Knight & Cavusgil	2004 / USA	N/A	3 years	25% of sales	“born globals are companies that, from or near founding, obtain a substantial portion of total revenue from sales in international markets…few of these firms are international from ‘inception’, but most begin to sell their goods in foreign markets within the first few years after the firm’s founding…most obtain at least 25 percent of sales within three years of founding”
Chetty & Campbell Hunt	2004 / New Zealand	world-wide	2 years	80% of sales	“the born global view of internationalization offers a more substantive contrast to the stages model. The view holds that firms do no internationalize incrementally, but enter international markets soon after firms inception”
Luostarinene & Gabrielsson	2006 / Finland	outside home continent	at the outset	50 % of sales	“born global make over 50% of their sales outside of their home continent and are established after 1985…entered global markets at the outset.

psychic distance, with the first outcome being learning about that new market. Then the firms will commit more resources in that market and start considering new markets (Oviatt & McDougall 1997, Andersson 2014).

With Uppsala model it means that it can take many years for SMEs to reach global markets (speed of internationalization). When they first internationalize they do so by first entering into few countries and expanding from there to many markets (scope of internationalization). The exporting SMEs will have at first a very limited percent of sales from foreign markets, as their local market will be dominant (scale).

Although the Uppsala model has been an influential model in international business, with the appearance of born global firms, researchers have criticized it across the years. This was mainly because it is believed to be too deterministic, as it seems that firms are forced to follow the sequenced laid out by the Uppsala model, whereas in reality, firms have more freedom to select their entry modes and choose their internationalization strategies. This critic has become more justified, especially with the born global approach emerging in the literature in the early 1990s. It challenges the Uppsala model, as a new set of firms seems to internationalize almost at the inception and do not appear to follow the stages model that Uppsala proposes. In the next section, we will overview the born global approach.

2.1.1.2 Born Global Approach

The early research on born global phenomenon has focused on identifying this type of firm and showcasing its presence in the marketplace. This type of work was included in seminal papers by Rennie (1993), Oviatt & McDougall (1995) and Knight & Cavusgil (2004).

The born global firm was first mentioned in the McKinsey Quarterly (1993) and the traditional internationalization models, like Uppsala, were challenged. Since then, this topic sparked numerous research project in the international business research community. With over twenty years of research, from across the globe, born global firms were researched in detail to identify their characteristics and detail out the drivers of internationalization. In these works there have been multiple definitions of the born global firm. In Figure 1, we have described this dynamic by taking a closer look at different definitions from seminal papers on born global firms. However, there is a unifying element describing born global firms in all definitions, that is that they are a subset of SME characterized by the internationalization of from or near the founding of the firm. The born global firm is also referred to in international entrepreneurship literature as international new venture, global startup or early/rapidly internationalizing SME (Oviatt & McDougall 1996, Knight & Cavusgil 2005).

As described in figure 1 (p.12), born global firm's definition vary in scale (ratio of sales coming from foreign market), speed (time between inception and firms internationalization), scope (number of countries where internationalization takes place). These elements of the definition will vary mainly because of the nature of the market that the research was completed on. For small exporting countries, such as the Nordic countries, definition requirements of scale and scope are significantly higher, whereas the speed is shorter. Oppositely, in large economies, such as the USA, the scale and scope are lower and speed to internationalize is longer.

For this research, we will use Knight & Cavusgil (2005) criteria stating that born global firms reach 25% of sales in up internationally within three years if founding. First, we believe this definition is relevant to Canadian due to its similarities in the American market. Second, the majority of Canadian SMEs are currently non-exporting (Industry Canada), showing that exporting SMEs are not the most common phenomena in Canada. Thus, born global firms will be different from exporting SMEs in the scope, speed and scale, as they will internationalize to more countries, more quickly and at a higher percentage of sales coming from foreign markets.

The phenomena behind born global firms has generated a significant amount of research due to the fact that this new model showed that firms do not necessarily internationalize incrementally, but rather they internationalize faster and become global at or soon after inception. They don't even always require a domestic market, and they grow as a company through international sales choosing a wide range of entry modes (Bell 1996, Oviatt & McDougall 1997, Jones 1999, Andresson & Wiktor 2003, Chetty & Campbell 2004, Andersson 2011).

Figure 2: Drivers of born global firms internationalization		
Level of analysis	Drivers	Main Authors
Macro	Globalization	Rennie 1993, Oviatt & McDougall 1995, Moel 2000.
	Technological Advances	Rennie 1993, Oviatt & McDougall 1995, Moen 2000, Knight & Cavusgil 2004.
	Country of origin	Andersson 2015
Mezzo	Industry	Fernhaber 2003, Andersson & Wiktor 2003, Fernhaber 2007, Evers 2010, Andersson 2014
Firm Level	Technology Capabilities	Knight & Cavusgil 2002, Zhang & Tansuhaj 2007,
	Marketing Strategies	Rennie 1993, Oviatt & McDougall 1995, Moen 2000, Knight & Cavusgil 2002, Gabrielsson 2008, Tanev 2012,
Individual	Entrepreneur	Madsen & Servais1997, Oviatt & McDougall 1997, Harveston 2000, Kuvalainen 2002, Knight & Cavusgil 2002, Andersson & Wiktor 2003,
	Networks	Zhou 2007, Blomqvist 2008, Moen 2008, Evers 2010, Batas & Liu 2013, Andersson 2014, Concino 2014

In contrast to Uppsala Model, the concept of psychic distance is not as important for born global firms, as they perceive internationalization as an opportunity and not a risk (Bell, 1996). In addition, Bell (1996) states that other elements than the psychic distance influence choice of market for born global firms: i) Client fellowship: meaning firms will enter markets where their customers choose to internationalize; ii) Sectorial targeting: choosing to enter markets where the sector they are operating in has strong demand; iii) Computer industry trends: choosing markets to enter depending on the evolution of computer industry trends in that specific country. Thus, born global firms have become more opportunistic than risk averse as described in the Uppsala model.

<u>2.1.2 Differences with other types of international firms</u>

One main difference of born global firms with more traditional internationalizing firms is that they do not dominate their local market first, and expand in stages. Born global firms reach global markets at or close to the founding, but we can point out some additional differences with large established internationalizing firms and exporting SMEs.

2.1.2.1 Difference with large established internationalizing firms

Knight & Cavusgil (2005) point out the main differences between born global and large established firms. First, large established firms have a strong hierarchical structure and large amount of procedures that might impact internationalization and innovation. Born global firms on the other hand, benefit from agility and limited hierarchy, which enable them to drive innovation. Second, it might be easier for born global firms to adapt to new routines, whereas the changes are hard to make and costly for established firms. Third, because of their small size and unique capabilities, born global firms can focus on a niche markets, whereas established firms will focus more on mass market.

This is mainly due to small players adapting in an easier way to specific customer needs. Fourth, the additional difference lies in resources. Establish firms have the access to a wide variety of resources, both tangible and intangible. Tangible resources can be their equipment or funding. The intangible resources are knowledge based capabilities and human capital. Born global firms on the other hand have limited resources and depend heavily on intangible resources.

2.1.2.2 Differences with exporting SMEs

When the born global firm was first identified in McKinsey Quarterly (1993), it has then, and continues to be since, described as a subset of exporting SMEs. The exporting SME differentiates itself from born global SME by being domestic based, having strong domestic sales before going abroad, and having strong financial and product portfolio (Rennie 1993). Thus, while both firms will have sales abroad, the key difference is that exporting SMEs do not necessarily internationalize from or near inception, but it takes them more time towards first and subsequent internationalization (Oviatt & McDougall 1997).

2.2 Drivers of born global firms' internationalization

In this section, we will describe different drivers, pulled from over two decades of research, that contribute to born global internationalization. We have compiled these in Figure 2 (p.15) according to different levels of analysis.

2.2.1 Macro

The first level of analysis identified four drivers of born global firm internationalization is the macro level. In the context of born global firms these macro level drivers that explain its internationalization are: globalization, technological advances and geography.

2.2.1.1 Globalization

Globalization has been identified across literature as one of the main drivers of born global firms. Knight & Cavusgil (2004) defined globalization as increased homogenization of buyer preferences around the world, which in turn made running an international business easier by having a simpler product development and positioning in foreign markets. In addition, with globalization, consumers have greater access to variety and there has been a shift in preferences. (Rennie 1993). This new demanding behaviour from consumers around the world, has contributed to the growth of niche markets to satisfy consumers' specific needs (Oviatt & McDougall 1995, Moen 2000). This trend has opened a door for born global business to target the global niche markets and internationalize soon after inception. Large global players gain their advantage from large scale production and have a complex hierarchical structure, often choose to focus on mass markets to execute the most productive internationalization (Rennie 1993). On the other hand, born global firms, with their small and flexible structure, can adapt to niche markets and use it to their advantage to internationalize rapidly (Rennie 1993). It means that while the globalization affected all firms, born global firms capitalized on it and reached global markets, while exporting SMEs priority remained their domestic market.

2.2.1.2 Technological Advances

Another factor identified in the literature by many authors as a driver of internationalization of born global firms is technological advances (Rennie 1993, Oviatt & MaDougall 1995, Moen 2003, Knight & Cavusgil 2004). According to these authors, technological advances have brought most parts of the world within reach of smaller firms with limited resources. This way, born global firms can, from inception, leverage these technological advances to internationalize. First, communication across countries has become faster, cheaper and easier through improved phone and computer technologies, giving firms access to multiple markets. Second, travel and transportation costs are also facilitated and their costs decreased. This, in turn, enables those companies that have limited resources, to export their products and send their employees for sales or client meetings, at lower costs to more markets. Third, in the past, lack of information was one barrier to firm internationalization (Rennie 1993). With technological advances, firms like born global, can obtain information about many markets and target better their strategies to them (Rennie 1993). Because of the nature of the leaders of born global firms and their agility, they were able to capitalize on these technological progresses more effectively.

2.2.1.3 Country of origin

The country of origin has been cited as an element that influences the formation of born global firms. Especially in the early days of research, born global firms have especially originated from small markets where local demand was limited (Andersson et al. 2015). This is because they were driven to export in order to succeed as their local markets were taken by large players or had limited potential for growth. Scandinavian countries are an example of such markets. However, over time, born global firms have emerged from across the globe. While this might mean that country of origin is no longer drives internationalization of born global firms, it will have an impact on the scale, speed and scope, mention in in figure 1 (p.12), with differences in definition of born global firms across the globe. In addition, geography driver is relevant for industry cluster location, which we will discuss in the next section of drivers of born global firms, within the industry driver.

2.2.2 Mezzo - Industry

In the context of born global firms these mezzo level drivers that explain its internationalization are related to the industry.

The industry and its structure have been recognized in born global literature as a driver of new venture formation and born global internationalization. Fernhaber (2003) defined industry structure as the basic, underlying characteristics, that will shape the competitive strategy for a group of firms, and make those firms as substitutes to each other. The main elements from industry driver identified in born global literature are: industry characteristics and industry clusters (Fernhaber et al. 2003, Andersson & Wiktor 2003, Ferhaber et al. 2007, Andersson et al. 2014).

The following industry characteristics have been identified as drivers of born global firm internationalization: stage of industry, industry concentration, knowledge intensity, local industry internationalization and industry global integration.

I. Stage of industry: According to Fernhaber (2007), the industries can be part of three different stages: i) just emerging where demand is low; ii) rapid growth, where demand is growing rapidly; iii) mature, where demand is stable, there is less change in competition and consumers are familiar with the products. The traditional internationalization theories like Uppsala model, state that internationalization occurs when industry is mature, however, research shows that born global firms tend to internationalize when an industry is in early or growing stages (Fernhaber et al 2007, Evers 2010). Thus, in emerging and rapid growth stage, there is more likelihood for formation of born global firm. This happens because of nature of born global firms compared to traditional firms. They are more prone to taking risks, having an international vision from the start and often operate in technology driven industries, where life cycles can be short.

II. Industry concentration relates to the number and size of players present in a given industry. First, there are cases where industry has high concentration, few big players having large portions of the market (Fernhaber et al 2007, Andersson et al. 2014). Second, there are cases where industry has low concentration, lack of large players and split of market share across multiple players (Fernhaber et al 2007, Andersson et al. 2014). Third, there are industries somewhere in between with few big players present, but also SMEs (Fernhaber et al 2007, Andersson et al. 2014). Research showed that the last type is more prone to generate born global firms, because of limited resources of these firms, they can leverage existing large firms as customers and network with smaller players. A good example of this is software firms, where born global firms first started to emerge.

III. Knowledge intensity: studies have shown that the greater the knowledge intensity of an industry, the more likely the new venture will internationalize early (Fernhaber et al. 2007, Andersson et al. 2014). This is because in knowledge intensive industries, firms will have better information about internationalization and offer types of products that do not require customization in different markets.

IV. Industry global internationalization: When a born global firm enters the market in an industry that is global, the more likely it will internationalize rapidly (Fernhaber et al. 2007; Andersson et al. 2014). This is the case because products and services in industries with global internationalization will have limited customization, which will facilitate early exporting.

It is also shown in born global literature that industry clusters are also a driver of internationalization of born global firms. When clusters are present, firms can benefit from access to resources, gain knowledge on foreign market opportunities from other firms within the closet and have access to venture capitals for funding (Fernhaber et al. 2003). Industry clusters contribute to driving born global internationalization as they can compensate for some lacks of resources these firms have compared to large established players. A good example of modern industry cluster that generated a lot of born global firms is Silicon Valley, where tech firms grow together to become quickly global, get access to venture capital and innovate quickly. However, Fernhaber (2007) argues that too concentrated clusters might have a negative impact, thus the right balance is needed to benefit born global firms.

2.2.3 Firm Level

The third level of analysis identified four drivers of born global firm internationalization is the firm level. In the context of born global firms these firm level drivers that explain its internationalization are: technology capability and marketing capabilities.

2.2.3.1 Technology Capabilities

Born global firms have first been identified in the high tech sector. Since, they have also been present in low-tech sectors. In both cases, the ability of to leverage technology effectively has been identified in born global literature as one of the drivers of internationalization. These technology capabilities are defined as the ability of a firm to acquire, deploy and leverage its technology information resources by combining them with other company resources to execute business objectives (Zhang & Tansuhaj 2007). Knight and Cavusgil (2004) talk about technological leadership, as a key driver for born global firms internationalization. They define it as the firm that has a leading technological edge of its industry, and its ability to use technology to improve products, methods and other outputs. Having technological leadership allows born global firms to become more efficient and effective, helping them address their limited resources which we have explained previously are characteristics of born global firms (Knight & Cavusgil 2002).

2.2.3.2 Marketing Strategies

Having limited resources, to internationalize, born global firms tend to be driven by the choices they execute and strategies they choose in marketing. This is executed by their marketing orientation, defined as a management mindset that will prioritize and generate value via key marketing elements for foreign customers (Knight & Cavusgil 2002). The marketing strategies within this marketing orientation that drive born global firm internationalization are: differentiation, customer focus, quality focus and niche focus.

- Differentiation: for born global firms it can take the form of unique technology, superior design or highly specialized competencies (Knight & Cavusgil 2002, Gabrielsson 2009, Tanev 2012). Differentiation is believed to enable born global firms to better compete against key competitors, resulting in a growing number of loyal customers in foreign markets (Knight & Cavusgil 2002).
- Customer focus: for born global this can be reflected by them focusing on foreign customers, by better meeting their needs of a specific target market, or by providing them with better costs, or both (Knight & Cavusgil 2002).
- Quality focus: born globals choose to not only meet customer needs, but exceed them, in terms of features or performance (Rennie 1993, Knight & Cavusgil 2002). This strategy will enable born global firms to have superior performance in market place, both in foreign and local markets (Knight & Cavusgil, 2002).
- Niche focus: as described in the first section of this literature review, born global firms target niche markets which enable them to reach specific customers across the globe with a tailored product that large international players might not be able to produce (Oviatt & McDougall 1995, Moen 2002).

2.2.4 Individual Level

The final level of analysis identified four drivers of born global firm internationalization is the individual level. In the context of born global firms these individual level drivers that explain its internationalization are: entrepreneur and networks.

2.2.4.1 Entrepreneur

The entrepreneur is likely the most frequently mentioned driver in born global literature, also sometimes captured under the international entrepreneurship field (Madsen & Servais 1997, Andersson & Wiktor 2003). These authors define it as the combination of innovative, proactive and risk-seeking behaviour, that will result in crossing of national borders creating organizational value. For born global firms, rapid internationalization is the result of the entrepreneurial action that characterizes them as an entrepreneur. The key characteristics of born global entrepreneurs mentioned in born global literature can be classified in two categories: experience and capabilities.

The experience of a born global entrepreneur represents their prior international experience, whether it is previous professional experience, within industry their new venture belongs in, or education experience outside of their home country, which refers to the international experience during their studies as well as knowledge of foreign languages (Oviatt & McDougall 1997, Madsen & Servais 1997, Andersson & Wiktor 2003). Those two items have been linked to be drivers of international orientation of an entrepreneur and the alertness he or she will have to foreign opportunities, which in turn facilitate internationalization of born global firm (Andersson et al. 2015).

There is a large number of capabilities that are required of an entrepreneur to have to run a business. The ones most cited as most important capabilities that drive internationalization of born global firms are capabilities in link with international entrepreneurship. This is defined in born global literature as the importance of having a proactive and innovative approach to entering international markets (Knight and Cavusgil 2002). According to multiple authors, to achieve international entrepreneurship, an entrepreneur is required to be: i) Tolerant to risk: acting on opportunities that might have a risk of failure; (Oviatt & McDougall 1997, Harveston et al. 2000, Kuvailainen 2002, Andersson & Wiktor 2003); ii) Proactive: always thinking one step hear and being focused on identifying and using the opportunities that present themselves; (Oviatt & McDougall 1997, Harveston et al. 2000, Kuvailainen 2002, Andersson & Wiktor 2003). iii) Competitive aggressiveness: continuously looking to outperform competitors by innovating and adapting easily to environmental changes (Oviatt & McDougall 1997, Harveston et al. 2000, Kuvailainen 2002, Andersson & Wiktor 2003).

2.2.4.2 Networks

In born global literature, networks have been recognized to be a critical source of knowledge, international opportunity and driver of internationalization for born global firms. There are three main groups of networks born global firms can leverage: personal/social, professional and institutional networks.

A) Personal / Social Networks

Personal networks are composed of social ties, such as friends, family, community or informal contacts, and are relationships with non-exchange nature (Evers 2010). They have also been defined as a web of personal connections, with the purpose of securing favours in personal or organization actions (Zhou et al. 2007). In both definitions of personal or social networks, their importance has been recognized and studied in the context of born global firm. With a firm's each internationalization experience, these social networks might help them gain knowledge of foreign activity, give advice and experiential learning and referral. They are most often acquired prior to founding or internationalization and play a critical role in the early internationalization of firms (Zhou et al. 2007, Evers 2010, Andersson et al. 2015).

B) Professional Networks

The professional networks are mainly defined as the links between a firm and the wide networks of suppliers, clients, and partners and in case of born global firm's investors (Evers 2010). The professional networks are considered to be acquired after the founding of a firm (Evers 2010). They can take form of partnership or strategic alliance with suppliers and customers in order to facilitate market knowledge, international opportunities and reduce uncertainty and risks from a specific target market (Blomqvist et al. 2008, Batas & Lio 2013, Andersson et al. 2015). Access to this type of network is believed by various authors to be a driver of internationalization of born global firms.

Additional research also shows that internationalization patterns of firms will be defined by strong relationships with suppliers or following of clients to international markets (Freeman et al. 2006). In addition to clients and suppliers, based on born global firm literature, the investors also are a driver of internationalization of born global firms (Moen et al. 2006). According to Moen's (2006) work, investor characteristics will impact born global firms, because investors of this type of firm are characterized by their experience gained in large firms, they have higher investment opportunities and wide personal and professional networks to enable born global firms' growth.

C) Institutional Networks

While institutional networks are mentioned as part of networks of born global firms, there are limited studies focused on their importance on born global firms (Andersson et al. 2015, Batas & Liu 2013). It is mainly mentioned in the case of developing countries: i) the case of China, where government implication is heavy (Andersson et al. 2015); ii) in case of Chilean SMEs, where public programs drive economic benefits but also administrative support for new ventures (Concino 2014). However, limited work has been done on institutional networks in the context of born global firms. This may be driven by the similarity of impact with other exporting SMEs.

2.3 Barriers to SME internationalization

In the previous section, we have identified born global firms and differentiated them with exporting SMEs. In this section, we will focus on SME barrier to internationalization in order to better position our topic and research. SME literature broadly exposes the barriers to internationalization.

There are multiple barriers explored in literature. The extensive literature covers different country and firm contexts, and has generated a wide amount of barriers that impact SME exports, classified in many different frameworks. According to Leonidou (2004), many companies hesitate, even in today's globalized markets, to enter foreign markets, or continue their internationalization growth if it already started. This is mainly due to the fact that they face barriers and problems. Barriers to exporting can be the cause of the firm's failure in foreign ventures, generating financial loss and negative attitudes towards international activity (Leonidou, 1995). One of the most common ways to identify barriers to export is presented by Leonidou as: "all those attitudinal, structural, operational and other constraints that hinder the firms' ability to initiate, develop and sustain international operation " (p. 31, 1995).

In figure 3 (p.25), we will overview export barriers and in the sections below we will discuss these in detail. For the purpose of this research, we have selected to separate the barriers into internal and external barriers, pioneered by Leonidou (1995), and chosen in the majority of SME barriers to export literature. This classification has a benefit for our analysis, as it fits at a certain degree with the level of analysis in figure 2 (p. 15), where we state different drivers of internationalization for born global firms that are internal or external to the born global firm. By looking into the barriers literature, it gives us a framework to help conduct our research and identify similarities and differences born global firms face compared to exporting SMEs.

Figure 3: SME Export Barriers Classification		
Type of barrier	Sub-category	Barriers
Internal	Informational	Information and knowledge about foreign market
	Functional	HR capacity Financial capacity Production capacity Managerial
	Marketing	Product Price Promotion Distribution
External	Procedural	Unfamiliar technical procedures Communication with customers Slow collection of payment from abroad
	Governemental	Supportive or unsupportive government Complex government regulations
	Environmental	Economic Political Legal Sociocultural Heavy competition

2.3.1 Internal Barriers

Internal barriers are those that are intrinsic to the firm and associated with resources available within the firm or their approach to export marketing (Leonidou, 1995). They might be easier to overcome, as they are controllable within the firm. In the literature they are further classified into informational, functional and marketing barriers.

2.3.1.1 Informational barriers

Informational barriers are all the barriers that reflect to difficulties in identifying, selecting and contacting international markets, driven by insufficiencies in information (Leonidou, 2004). It could be reflected either as a lack of information and knowledge. First, it means firms might be unable to locate foreign markets or have a hard time gathering information about the foreign markets (Leonidou, 1995; Al-Hyari, 2011). Information is important as it helps firms enter markets and reduce uncertainties. Not having access to it might slow down firm's internationalization. Second, information barriers might also appear when the firms don't have the knowledge about exporting in general (Suarez-Ortega, 2003). Because they are unfamiliar with this, it might take them more time to gain the right knowledge prior to engaging in international venture activities. Finally, firms might be unfamiliar with conducts of foreign business practices (Moini, 1997; Leonidou, 2000). This might result in firms having difficulties in finding customers abroad or being able to connect with them.

2.3.1.2 Functional barriers

Functional barriers relate to inefficiencies in different functions of the firm (HR, finance, etc.), which result in difficulties to export (Leonidou, 2004). First, from HR capacity a firm could have lack of personnel for exporting or inadequate or untrained personnel (Tokol & Harcar, 2007; Pinho & Martins, 2010);. Without the HR capacity, firms might struggle to achieve internationalization. Second, firms might be faced with financial capacity constraints, which might be reflected as insufficient working capital to finance export, too high costs for abroad operations or high business risk perceived (Moini, 1997; Suarez-Ortega, 2003). Third, there might also be issues with production capacity (Leonidou, 2004), meaning firms cannot accommodate both local and international demand from a production standpoint. Finally, Korth (1991) also identified some managerial barriers that might hinder internationalization such as: limited ambition, unrecognized opportunity, unrealistic fears or managerial inertia. In small firms often managers sometimes have a lot of decision making power, and these types of barriers might delay a firm from internationalizing, as without management support, internationalization might not happen.

2.3.1.3 Marketing barriers

Marketing barriers relate to all the elements of the marketing mix that might influence internationalization namely product, price, promotion and distribution (Leonidou, 2004). First, from a product standpoint, firms are mainly concerned with offering the right product and the right quality for the foreign market, making sure that the product is adapted for the foreign market (Leonidou, 2004). It is an important aspect for certain firms, as without the right product, firms might not succeed in foreign markets. Second, firms are concerned with price, as they might struggle in offering a competitive price in the foreign market (Al-Hyani, 2011). Third, promotion concerns certain firms, as they are worried about efficiently advertising in foreign markets (Tokol & Harcar, 2007). Finally, an important barrier firms might overcome is the distribution. This can be reflected in difficulties to access or find reliable distributors that will represent company properly (Moini, 1997; Narayanan, 2015).

2.3.2 External Barriers

External barriers are those that are stemming from either domestic or foreign market in which the firms operate (Leonidou, 2004). They are not controllable by the firm. In the literature they are further classified into procedural, governmental and environmental.

2.3.2.1 Procedural barriers

Procedural barriers are related to operating aspects of transactions with customers abroad (Leonidou, 2004). First, they could represent unfamiliar techniques or procedures. Those could take the shape of difficulty to complete customs documentation or executing shipping arrangements (Leonidou, 2004; Tokol & Harcar, 2007). Second, they could take shape of having difficulty communicating foreign customer, which is reflected by infrequent communication due to distance or time zone difference (Moini, 1997; Suarez-Ortega, 2003). Finally, the procedural barriers also take the form of inability to collect payment from customers abroad, as it might take more time for them to deliver on payment (Leonidou, 2004).

2.3.2.2 Governmental barriers

Governmental barriers are related to any action or inaction of domestic government towards its exporters (Leonidou, 2004). Firms might find that there is limited support from government in assisting or providing incentives to potential or current exporters (Leonidou, 2004). In other cases, it might be government regulations towards export that hinder the internationalization of firms (Leonidou, 2004). An example of this is export restrictions towards certain countries or regions.

2.3.2.3 Environmental barriers

Environmental barriers are mainly related to any environment-based constraint on the foreign market (Leonidou, 2004). First, they can be economic, with barriers like currency exchange risk, high value of currency or bank inefficiencies. It could also mean that the foreign country has a poor or deteriorating economic situation (Moini, 1997; Tokol & Harcar, 2007). Second, these can be political, mainly linked to political instability (Leonidou, 1995; Narayanan, 2015). Such situation creates risk for any firm as their foreign assets could be seized or their operations put to a halt (Leonidou, 2004). Third, they could also be legal barriers, affected by rules and regulations in foreign countries (Narayanan, 2015). These could be reflected as entry restrictions, price controls, special tax rates or exchange controls (Leonidou, 2004). Fourth, there could be sociocultural barriers, which are reflected by language and communication differences, different customer habits and attitudes or cultural traits (Al-Hyani, 2011; Narayanan, 2015). Finally, firms are also concerned by heavy competition in foreign markets (Leonidou, 2000). Firms might be hesitant to enter markets where they sense a keen competition and worry about not being able to compete effectively to meet demands of customers.

2.4 Conclusion of literature review

Having grounded the literature landscape on born global firms, we can see that limited research has been done on understanding the difficulties of these firms in the early stages. We see this as a gap in the international entrepreneurship field, especially in addressing the early stages of these firms. Throughout the literature, we are fascinated by the success these firms face at an international stage. Yet, it is surprising not to have extensive research about the difficulties in the early stages. We believe early stages are important for born global firms as those firms experience both growth and internationalization simultaneously and rather quickly. We are convinced there is added value in studying the early stages of born global firms, because it is at this stage that the company might make it or break it.

In addition, while there is research done about barriers SME face when internationalizing, we believe our research question can bring value as the early stages are not only a phase of internationalization, but also setting up the company. Authors from SME barriers to internationalization research, including Leonidou (1995) have suggested that barriers to internationalization exist through all stages and they might differ according to organization size, export involvement and ability to seek information and experience. Thus, we believe we can contribute additional knowledge due to following differences: i) In the early stages born global firms are focused on both growth and internationalization, while SMEs are trying only to establish sales in local market; ii) when SMEs choose to internationalize, they already have a base in their local market, and are looking to add incremental sales. Because of the different priorities in the early stages of these firms and the different realities they face when internationalizing, we believe we can add value to the existing research. This is what we will aim to accomplish through our research question: what are the difficulties entrepreneurs/ founding members of born global firms face in the early stages of the launch and internationalization of their firm?

By answering this question, we will provide an in-depth insight into the early stages of born global firms, and understand how it compares to SME barriers to internationalization literature.
By researching into the difficulties of the early stages of born global firms, our contribution will be two fold. First, we will address a topic that has limited research in the context of born global firms, and bring a new look at barriers from the born global context. Second, the managerial

implications will enable future entrepreneurs to have better expectations towards what to expect in the early stages of a born global firm.

3. METHODOLOGY

As described in the previous section, the focus of our study is the born global firm and the difficulties such firms face in the early stages, following the founding of these firms. In this chapter, we will discuss the methodology selected to execute our research and justify why we are choosing certain approaches. First, we will discuss the research approach and justify the case study selection. Second, we will describe our data collection methods and research approach. Third, we will conclude this chapter with a short summary.

3.1 Methodology: Multiple Case Study

In this section we will present what research approach is selected and what the process for case selection is.

3.1.1 Research Approach

In this paper, our research will be qualitative in nature. The reason for the qualitative method selection is because it will allow us to gather rich insights that we will gain directly from members of founding teams. While born global firms have been studied in the research community for over more than two decades, the majority of research has been focused on: identifying born global firms, describing their characteristics and identifying the factors that explain why this type of firm exists. Because we are looking for insights about a topic not yet addressed in born global firms, a qualitative method seems more appropriate.

More concretely, we will conduct semi-structured interviews. Kvale (1983) defines interview purpose as: "gather descriptions of the life-world of the interviewee with respect to interpretation of the meaning of the described phenomena". In our case there are two main benefits of interview method. First, the interview method in qualitative research will allow us to go in-depth and understand the difficulties born global firms face in the early stages following their founding. Thus, the interview allows going into particular experiences of the interviewee to gain that in-depth insight. Second, this method will allow us to gain more insight into a little discussed topic within born global research. Third, we will be able to observe the language and tone, in order to understand what difficulties seem to stand out for specific firms.

As per Yin (2003), research can be exploratory, descriptive or explanatory in nature. Exploratory research focuses on providing insight into a phenomenon that is unknown or less known. Its objective is to provide a theory that can be tested later on (Ghuari, 2004). This is especially useful for our study subject, as it is indeed an unstudied phenomenon within the born global firms. The objective is to identify the events that can define and identify a pattern of complexity to explain the phenomenon in question (Yin, 2003). Descriptive research is used to provide an illustrative framework of a phenomenon. Explanatory research on the other hand is best to link events to a base of hypothesis. Its purpose is to test if a theory will explain or not a phenomenon (Yin, 2003). As per Yin, these are not necessarily mutually exclusive, meaning certain studies can have more than one type.

While born global firms have been explored previously by researchers across the world, they are still considered a contemporary phenomenon, with many questions still unanswered, including our own, around the difficulties they face in the early stages. According to the type of researches described in paragraph above, the one that best suits our objectives is exploratory. We are trying to contribute by illustrating a little known focus area of the born global firm phenomenon. What this represents is that the data on this topic is limited. Because of the exploratory nature of our research, there will be no propositions and we can’t test different hypothesis, but rather need to gain insight into the phenomenon and identified different difficulties that entrepreneurs face in the early stages following the foundation of their born global firm.

In addition to the nature of our research being qualitative and exploratory, we will conduct it using multiple case study methodology. According to Yin (2003), a case study methodology is helpful to provide a holistic and dynamic view of real life events impacting a specific phenomenon. The reason for multiple case studies is that it allows to associate certain commonalities and differences (Eisenhardt, 1989). According to Eisenhardt (1989), conducting between four and ten cases might be preferable to allow for some generalization. In our case, we are conducting five case studies.

As mentioned throughout this section, we believe there are benefits in conducting a qualitative research. First, because the founders and entrepreneurs are at the centre of born global firms as described in the literature review, we will be able to gain insights about the difficulties from their behaviour and emotion in our interviews. Second, because of the number of cases selected and the nature of the research required we will be able to gain in-depth data about each case study. Third, we will be able to do a cross-case study comparison. Fourth, because of the interview type, we get the phenomenon described in the words of the founders.

3.1.2 Case selection and justification

The objective is to analyze firms that respond to the definitions outlined in the literature review in previous section: have international sales in first two years, export to more than one region. The selection of studied firms is driven by the definitions of born global firms, outlined in the literature review section. To recall, the various definitions stated that born global firms are those that from or near founding experience international sales. Based on definitions in figure 1, p. 9, we selected our firms based on three main criteria.

First, we required for a company to have more than 50% of sales abroad. Based on different definitions, the required percentage to be a born global firm ranged from 25% to 80%. We decided to average it at 50%, to include a fair representation for the Canadian market.

The firms were selected based on research of companies in Montreal and Quebec City region, that met above stated criteria. We reached out to ten firms, based on personal network. The selection of cases was not random. Initially we reached out by email to one or few cofounders, explaining the objective of our study and the logistics behind the interview that we required from them. After the initial outreach, we received five positive responses to participate in our project. After a few back and forth email exchanges, a one hour interview was booked at the offices. The firms selected for the study will be presented in the next chapter.

3.2 Data Collection

In previous sections we have identified what methodology we will use and what the objectives of our study are. In this section, we will overview what tools we will use for data collection. Data collection was done through semi-structured interviews with one of the founders of each selected born global firms. The interviews were about 60 minutes. Where needed, the information was validated post interview with the selected firms. During the interview, observation was also a key component. The tone and reactions of the interviewee might contribute to insight important or complement the answers given.

In addition, to complete the profiles of firms studied, we gather secondary data, through company websites, industry articles, news articles, social media pages or any brochure materials provided by company founders.

3.2.1 Interview Guide

Our interview guide was developed in semi-structured manner, to ensure we go straight into the main topic of discussion. The majority of interviews were conducted by questions asking for the interviewee to discuss difficulties that they faced in the early stages of their firm. There was a lot of freedom provided during the interview for the born global founder to tell us what seemed the most important difficulty for them. In addition, we guided the interviewees to provide this information through examples, stories, activities, reflection and sharing.

Figure 4 below depicts in detail our interview guide, showcasing the main discussion elements and nature of questions asked. As discussed, the guide focuses on allowing the interviewees to drive the conversation themselves around our key topic, instead of asking yes/no type of questions. Because of the nature of our research, this type of guide is a good fit in order to get the depth of discussion around the difficulties the born global firms face in the early stages.

Figure 4: Interview Questionnaire			
Question Type	Question	Time	Question Category
Opening	Tell us a bit more about your background? At what point you felt your business was stable?	2-3 min 2-3 min	Fact Fact
Introductory Transition	Can you tell me a bit more about your expectations when you started the business and give examples of challenges you anticipated when you started? What was your vision for international business in the early stages?	5-7 min	Examples Stories
Key	What we want to focus on is the early stages of your company and the diffuculties you faced both in getting started and getting your business international. Ideally what I would like to go through is the elements that were difficult for you or that you had struggles overcoming. It could be related to any aspect of the firm or your markets. (Probes available)	40-45 min	Activities Involvement Reflection Sharing
Ending	Do you have any additional thoughts about what your struggles were at the early stages of your firm? Buffer	2-5 min 5 min	Fact
Total		62-76 min	

3.2 Criteria for interpreting findings

The analysis of data involved several steps. Once the information was gathered from the interview, it was transcribed in full. In addition, any data available from news articles or company website was written down along with the interview transcripts. The data was then structured and organized in different sections: i) Information about industry to create a quick overview of each industry and understand the reality the firms face; ii) Information about specific firm. iii) Difficulties each firm faces structured by internal and external difficulties to be consistent with the level's of analysis information was presented in the literature review section.

By doing so, we were able to get familiarized with each firm dynamics and identify patterns that can be used in cross comparisons (Yin, 2003). Because of the nature of our research, the quality of our findings will be judged based on non-traditional criteria such as trustworthiness and diversity of perspectives from the choice of our firms.

3.3 Summary

In this chapter we have identified the selected methodology, research design and data collection tools. This allows us to set a base for our research. In the next chapter we will present the selected firms.

4. COMPANY PROFILES

As mentioned in the previous section, we have collected data from firms operating across different industries, of a variety of sizes and years in operation. Yet, they all fit the born global definition defined in previous sections. All have experienced international sales quickly after foundation, and have majority of sales today from foreign markets. In figure 5 below, we showcase key characteristics in each firm. In addition, throughout this section we will describe each firm in detail.

Figure 5: Cases studied - Overview

	Company A	Company B	Company C	Company D	Company E
Year of founding	2009	2005	2002	2006	2003
Industry / Segment	Aquaculture / software and harware	Software / Data Management	Manufactur-ing / Synthetic Roofs	Electronics / LED Lighting	Fashion / Luxury
Size (nb of employees)	15-20	2 full time 3-5 contractors	20-25	584	250+
Cofounders	Four Family Members	Three Business Relations	Three Business Relations	Two Business Relations	Three Family Members
Estimated Revenue	not disclosed	not disclosed	$5M	$20M	not disclosed
Interviewee	CFO	CEO	CEO	COO	COO
# of Countries they operate in	>20 main clients inVietnam, Indonesia, Japan, Australia, New Zealand, USA, India, Brazil and Mexico	>20, main clients in Spain, Israel, USA, Canada, Germany, India, UK and Singapore	>55, main clients in Costa Rica, Panama, Brazil, Malaysia, USA, Panama, Indonesia and France (mostly tropical destinations)	Global, main clients in USA, EU and Asia	Global, but main clients in USA, EU, Japan, Australia and China

4.1 Company A: Aquaculture Hardware and Software Firm

4.1.1 Industry

Aquaculture represents the production of marine foods in artificial circumstances (Evers, 2010). It has experienced significant growth in the last 50 years (Bostock et al, 2010). The aquaculture industry is estimated to represent 200 billion dollars globally (Company A, 2016). The region that dominates production by far is Asia, followed by Europe and North America (Bostock et al, 2010). The industry is believed to be global and highly volatile (Evers, 2010). However, it is heavily regulated in each market due to national and international health and safety food regulations. (Evers, 2010).

There are three main farmer players in this industry, that vary in size, output and resources they have to produce.

The first group are small aqua-farmers. These usually produce a small quantity of product on a yearly basis. (Bostock et al, 2010). They represent the majority of the industry. Because of their small size, they are not easy to track and locate in different databases or the internet, for companies attempting to sell them products.

The second group are large aqua farmers and distributors. The best way to reach these players is through conferences and trade shows, as it is at this time that they upgrade their production tools, always on the outlook to being more efficient.

The third group are research facilities and universities, that fund research in aquaculture, to improve the industry and continue making aquaculture a sustainable food source.

In contrast with the sister industry, agriculture, aquaculture is not very well developed and is considered to be more traditional. A vast majority of farmers executes a large portion of their production manually. Because of this traditional nature of the industry, there is limited technological innovation, and usually it is the big players and early adopters that take advantage of it.

Aquaculture has been estimated to have grown an average of 6.9% per year since 1970 to 2006, representing an opportunity for players of the industry (Bostock et al, 2010). Aquaculture is also viewed as an alternative to agriculture, providing a more sustainable food source for an ever growing world population (Company A, 2016).

4.1.2 Opportunity

As mentioned previously, compared to agriculture, the aquaculture industry has a lot of progress to make become more efficient. Most farmers still to this day, executed different production processes manually.

Out of this, the opportunity arose for company A. One of the co-founders, while doing her PhD research, identified that the process of counting shrimp larvae was done manually, and the cultivation could be improved by finding a way to digitize it. With this knowledge, she developed a laser technology that was able to count quickly the larvae's present in a specific pool of water. This technology accelerates the process of counting larvae and increases the precision.

4.1.3 First Internationalization

After her research paper was published, the co-founder received a call about her technology from a farmer in India, interested in the product. It is following this that the team developed a prototype, and went in South East Asian countries to research the market and find if there was interest from farmers towards the product. After this first trip, they saw that there was an opportunity to commercialize the product in the aquaculture industry.

4.1.4 Business model

Company A’s main product is the laser system that counts the number of shrimp larvae and produces data that can be used for better farm planning. “It provides aquaculture producers worldwide with powerful tools to better manage their production. By combining cutting-edge hardware and software, they deliver a complete solution that aims to redefine how one of our most vital industries operates” (La Presse, 2015). It is a combination of a hardware and software piece, making the process of counting larvae more efficient, more precise. The first was a prototype like the product that they sold to test out the market. In 2016, the firm is ready to launch the second version of their product with optimized technology.

There business model is based on sales by either directly or through distributors. Direct sales happen two ways. Originally the cofounders would travel around the world meeting with farmers and selling them the prototype. The sales pitch was based on education and demonstration. Since, they have hired a one sales representative for the Asian market and one for the South American market. The cofounders provide support and go for sales calls in other regions. The second direct sales way happens at industry conferences, where the company rents a booth, to talk about their product. Slowly after they started meeting distributors that would own the sales of their product in a specific country. This execution helps them to meet early adopters and big players that are interested in their product. More recently, the company has started selling through distributors, especially in large countries like India. These help them reach a larger number of farmers. With all types of sales, the company has the approach of education to showcase the benefits of their technology. This approach fits well the more traditional industry aquaculture is as it is not insulting to existing ways of counting shrimp larvae, but rather shows farmers the benefits of the product.

Company A caters their product to all industry players: small farmers, large farmers and research centre. In terms of service to the customers following a sale, this is still limited, as they do not have full operations in all countries. At the moment, when there is an issue, they replace the product themselves, which is time consuming. However, as they are striking deals with distributors, there are some after sales services being put in place.

4.1.5 Growth

Company A started with a one unit of their product in the first year, growing at a steady rate to reach 5-10 units a month. They have not yet reached their growth potential, as there is a large demand for the product, but the production capacity is not moving forward yet. In terms of countries the product is sold to, they moved from one in the first year to more than 20, five years later. There is still significant room left for growth in this born global, and the founders and investors see a large potential for the future in the 200 billion dollar industry.

4.1.6 Current State

Founded in 2009, Company A employs today over 20 employees and is headquartered in Québec City, Canada. The majority of employees are from a technical background such as computer science or engineering. Recently the company has hired two sales representatives, to support the founders in commercialization efforts. The cofounder team is comprised of four members, a brother and a sister, their mom and the sister's boyfriend. It was originally founded with an investment from friends and family, and has since received funding from government and private investors. They are in the process of entering a series A funding round.

Right from the start, the company begun international operators, as the demand came straight from abroad. Currently the company has clients in over twenty countries across the world, mainly in South East Asia, Latin America and United States.

The company is still in startup mode, with employees and cofounders working around the clock. It is experiencing significant growth and they are already generating revenues, but it is still struggling to grow at the pace of demand. The company is in the process of commercializing the second version of their product. In addition to the main product, they are looking to expand their business with a farm management software and further data analysis options. The next step for this startup is to accelerate their growth with the objective of becoming a leader in this industry as well as contributing to providing a sustainable food source across the world.

4.2 Company B: Data Management Software

4.2.1 Industry

The software industry is very broad, as it has multiple players and different types of products. It is a global industry that has seen significant growth since the Internet bubble. In a way it has transformed how people, organizations and businesses function and operate. It has triggered an increase in innovation and technical progress. The software is expected to be the fastest growing sector in IT. (Market Realist, 2014). The software products can be designed either for computer or mobile.

There is a high number of players in this industry, ranging from very large organizations like to small micro companies like Company B. Despite the number of players in the industry, the bulk of sales goes through large players that develop the majority of software. Some of the notable large players are Microsoft, Oracle, IBM and SAP month others (Market Realist, 2014).

The target market for this industry is varied. Clients represent different types of organizations, including universities, governments, large multinationals and non-for profit organizations. They all require data management tools to help them to effectively manage it.

Sales in the industry happen in two main ways: i) directly to the client; ii) through a distributor that offers a wide range of products for large clients.

Even if the industry is easy to enter for smaller players, as they can develop software at limited costs, these small firms face significant challenges. First, they don’t have the same reach as large players to drive exponential sales. Second, even though they come up with innovative ideas, in software, it is very hard to protect their innovation through copyright or patents. They don’t have the benefit of large companies that have an army of lawyers to take care of copyright infringements.

4.2.2 Opportunity

The business opportunity for company B's data managing software came from the need one of the co-founders had for his research work. According to him, there is a wide range of data points and databases available for researchers and companies. We live in an abundance of information. However, the struggle is that not all the data available are written in the same consistent way. For a researcher, using these data base programs, this challenge can be a major issue, as data becomes less effective and it is not easy to link the same information from multiple databases. With this gap, there was a need for a software that can execute data cleaning and matching across multiple databases.

After looking around the market at what was available, the cofounder realized that there was nothing in the market that addresses 100% of his needs. Being entrepreneurial in nature, he formed a team and they developed the first version of the software, to be commercialized.

4.2.3 First internationalization

For this born global the first internationalization was unintentional, without significant efforts to achieve it. As the first version of the product was finalized, the team put their website live. Shortly after that, the first online purchase from abroad was made in the US. This has been the continuing story of this born global. With limited international sales effort, a lot of the initial abroad purchases were "accidental" and a surprise to the founders.

4.2.4 Business model

Company B markets a software that extracts and manages data from multiple software databases. Its purpose is to improve data management with an easy to use software, that will go through all the datasets and databases, and match and merge the data point for a most efficient process.

The current business model has three main components. First, there are online sales through website. These mainly occur when a potential client searches for the product they need on the internet and finds company B's software. They are prompted to download a free trial, and after thirty days, based on their experience they purchase the product. The online sales represent the majority of the sales. Second, the sales happen through presentations one of the cofounders makes on his trips abroad. However, these are not as effective, as the cost of the trip does not justify the sales of one or two licenses. Third, there is a minority of sales that happen through various distributors. These distributors have a variety of products they are trying to sell, company B's software is not a priority.

When the product was created, in the business plan the idea was to sell the product to universities and research community. However, after a few years of execution, they realized that their target customer is much broader. It is also used by large organizations like Toyota and Schneider Electric.

4.2.5 Growth

Growth of company B has been steady, but not exponential like some software companies face. They continue to have sales, but they have yet to experience sufficient growth that will make the company profitable. This will be addressed in more detail in the results chapter.

What was impressive from company B, was how quickly in the early stages, it reached over twenty different markets. These include countries like Spain, Israel, United States, Germany, India, UK and Singapore.

4.2.6 Current State

The company started operations officially five years ago, but the idea and trials of the product started before then. It is composed of the two original cofounders, a university professor and a software developer. All other activities of the firm are contracted to freelance professionals.

Today, among their large clients, the software company includes large universities, Gent University or Harvard Business School, and large corporations, like Toyota and Schneider Electric. The software is used in over 20 countries.

Currently the company is working on a new version of the software, that will expand its offering to include the service of only data cleaning software edition, which they noticed from the market was a requirement for many current and potential clients. They are hoping to reach more customers this way. They are currently in a position where their sales are flat, and they are unable to move the company to the next level. All founders have their day job, either as university professors or programmers. The company thus remains somewhat a hobby, as they are not able to live from the earnings it makes. They are also reframing their strategy, to push the product to large corporations and target the local market in Québec in order to gain some momentum.

4.3 Company C: Manufacturing - Thatch Roofing

4.3.1 Industry

Thatch Roofing is a subset of roof manufacturing. Over many years, thatch roofing has been a tool to construct shelter over buildings and other types of structures (Vertical News Correspondent, 2013). There are two main types of producers of thatch roofing: natural and synthetic roofing. The types of materials used vary from region to region, but typically include grass or palm leaves. (Vertical News Correspondent, 2013).

The natural leaf, produced from local ingredients by local farmers. This is the more traditional way that dominated the market in the past few decades. The natural leaf, while its appearance is highly appreciated by the buyers, it is not durable and it requires a lot of maintenance. In addition, in recent years, there has been a significant decline in the quality of natural methods, driven mainly by the fact that the newer generations are not as interested in the traditional method of production, that requires a lot of time to produce a higher quality product. In addition, because of its natural origin, this type of leaf is prone to rot, degradation and insect infestation, requiring them to be changed frequently and resulting in increased maintenance costs (Vertical News Correspondent, 2013).

Second, there is there has been an emergence of producers of synthetic thatch roofing. These are generally produced from plastic or fibreglass (Vertical News Correspondent, 2013). The players like Company C emerged to respond to the lack of durability and quality from the natural leaf. There are limited players within the synthetic producers. The buyers at first did not trust this option, as it requires significant investment up front, but synthetic roofing has slowly been gaining popularity among buyers for its quality, durability and maintenance required.

The main customers in the industry are hotels and resorts, but also wealthy individual buyers and other commercial clients like zoos, parks or shopping malls.

4.3.2 Opportunity

As mentioned above, there was a deterioration in the quality of natural leaf thatch roofing. With this business reality came the story of company C. It begins in 1998, when a French businessman from Tahiti met plastic expert from St-Sauveur, Québec, to talk about options of creating a synthetic leaf for thatch roofing that could be sold in hotels across the Tahiti islands. They spend a few years apart, each working on separate projects. It is in 2002, that they meet again, at an event, and decide to build the company, along with a third cofounder.

It was a great match as the team included experts both in the market of thatch roofing and the needs of potential buyers, and an expert from plastic industry of over 20 years. Right from day one, sales were international, coming from a need in Tahiti market and the knowledge of that market by one of the cofounders.

4.3.3 First Internationalization

For this born global, the first internationalization was intentional and well planned. This is due to the fact that one of the cofounders, with large experience in Tahiti, saw the business opportunity of synthetic thatch roofing had in that market. Once they started developing the product, they knew that upon completing they would target the Tahiti market. And unsurprisingly, this was their first international sale. This has remained their continued approach. For most markets, they would plan out and target them very carefully.

4.3.4 Business model

With many years of experience, company C has developed a quality product, and now produces two types of leaves, the original one inspired by the Tahiti's natural palm leaf for the Asian market, and a newer leaf inspired by the Caribbean market for the Americas.

Their business model is based on the quality and durability of their product. Their materials are high quality and meet the strictest safety standards and norms of all countries they sell to. The advantage of their leaf is that it can easily adapt to the architectural style of the building. In addition, it is waterproof and UV resistant, meant to last many years, with the objective of reducing costs and maintenance fees for the clients in the long run. It is this quality, along with the 20 year guarantee that has enabled them to grow into a large business they gave today.

The clients for their synthetic leaf are mainly tropical destination hotels and resorts. They also have a variety of smaller clients that are parks, shopping malls or wealthy individuals. The current clients are serviced by a sales team that travels around the world to ensure client needs are met.

Sales to new clients originate in three different ways. First, through direct sales the sales representatives make. Second, through trade conferences and expo shows. Third, through local distributors.

4.3.5 Growth

In their first year of production, 2003, sales are modest at 300,000$ and the focus is getting the cost of the synthetic leaf cut in two. Since then, sales have continued to grow continuously and today sales are well over five million dollars.

Because of the business opportunity in Tahiti, sales for company C were international from day one. Across the years, they have continued expanding across the globe to Asia, Europe and more recently Americas, with presence in over 55 countries, including Costa Rica, Panama, Brazil, Malaysia, Indonesia and France.

With the growing demand their production capacity has also increased. Originally, their product was only located at the headquarters in Saint-Sauveur, but they have since moved production for the Asian market to Thailand, to facilitate transport.

4.3.6 Current State

Today, company C is an exemplary firm in their hometown of Saint-Sauveur. Today, they sell over 5 million dollars. The sales originate mainly from foreign markets. Only one of the cofounders is still in the company, the Plastic expert from Québec. The others have sold their parts.

The team relies heavily on their small sales team of five, which travels across the year, to get more clients on board, but also maintain the service to existing clients. The vision for this company continues to be international and they continue to expand into new markets every year. They believe in meeting and exceeding customer needs and always position themselves towards customer needs.

4.4 Company D: Electronics Lighting

4.4.1 Industry

The industry company D plays in is a subset of the electronics industry that is the lightning segment, and more specifically LED Lighting. The global lighting industry is very energy consuming, responsible for 19% of the electricity we use and 6% of greenhouse gas emission (PwC, 2015). This is where LED comes into play, to offer an alternative that is energy efficient. LED is expected to reach over 40 billion $ by 2020 (Allied Market Research, 2014). It is a global industry, but Asia-Pacific market dominates production, followed by North America (Allied Market Research, 2014).

This segment includes some large and famous multinational players like Philips. But across the globe, including some large multinational players like Philips. The players in the industry vary in size and reach. Some are small and local, others large and global. Aside from the manufacturers there are two other important players that companies like company D work closely with: distributors and installers on large projects.

In terms of sales within this industry, the key players are distributors. They are the most knowledgeable about the market and end buyers, about what is needed, and are the ones making recommendation to the end buyers. They are crucial to the business growth of their partners. For instance, after Philips decided not to go through the distributors anymore, their global lighting business declined by more than half, which benefited other smaller players in the industry.

For larger projects, for example a bridge lighting project, installers are also important players. They are either contracted by the clients or the companies. However, if they make a mistake or do not meet expectation, the manufacturer is to blame. There is a risk management component involved in the manufacturer due to this dynamic.

In terms of target market, the client base is also quite diverse for the electronics lighting industry. First, there are individual households that purchase lighting products for their homes. Second, there are commercial buyers to cover for the needs of companies. Third, there are large order givers, like governments or large corporations that give lighting projects for the constructions of new buildings, bridges or other construction projects.

4.4.2 Opportunity

In the early stages, shortly after founding one of the cofounders saw great potential with LED lighting, believing it had promising business opportunities across the globe. But this shift was not received by the other cofounders without tension. After some departures the company fully engaged in the LED opportunity.

4.4.3 First Internationalization

Changing their technology to LED early on really paid off for company D, as it became the leading technology in their industry. It also opened the door for their first international project, when they landed the contract for the lighting of the Fontainebleau Casino in Las Vegas. This first international venture positioned them on the map of players for lighting projects, and since they have continued to work on various international projects around the globe.

4.4.4 Business model

The business model of Company D is heavily skewed towards high quality products and innovation. This is what they are recognized for in the international markets. They also distinguished from other LED lighting manufacturers by the fact that they don't only have roots only in electronics and traditional design, but combine strong industrial design with electronics knowledge to deliver high quality products for interior and exterior lighting.

The company has a large portfolio of lighting products separated in different brands. The products are recognized by their innovating design and the capability to meet end-user needs. They are durable, high performance, that are easy to configure.

Another important element of their business model is that all products are design thinking of the installation process, to make it easy and fast to install. This is one of their differentiating factors compared to the competition.

4.4.5 Growth

The company experienced growth in the early stages by landing large lighting projects. Their expansion was fuel three ways. First, investment in new technologies and innovation, offering high quality products to a variety of clients. Second, through international expansion both with sales and production facilities allowing exponential growth. Third, through multiple acquisitions across the globe, where they gained new technologies but also new client bases.

4.4.6 Current State

Over the past 10 years Company D has experienced continuous growth. Today, it is a publicly traded company with revenues of close to $20M. As of March 2015, they employ 584 employees, from design, engineering and other background.

They have won multiple design and technology awards, including the prestigious Red Dot Award. They invest heavily on R&D, and have more than 89 active patents.

Headquartered in Montréal, Canada, they have offices, research and production facilities in USA, UK, France and Singapore. Among their accomplishments are projects around the world, such as BC Place in Vancouver, The Shard in London and US National Archives.

4.5 Company E - Fashion Industry - Haute Couture (Luxury)

4.5.1 Industry

Company E plays in the fashion industry, in the sub-segment of luxury fashion. "Luxury is not a product, object or service; neither is it a concept or a lifestyle. It is an identity, a philosophy and a culture…Luxury offers exclusivity, quality, image and status, and this combination makes luxury desirable for reasons other than function" (Hansen and Bjorn-Andersen, 2013).

This industry segment represents $400b in annual sales, and it is projected to triple in the next five years, with strong potential for the years to come. In addition, the online sales trend in clothing and accessories has benefited double-digit growth for many years (Hansen and Bjorn-Andersen, 2013). There are a few players in this industry fall into two categories: the designers and the distributors.

Within the designer groups, there are three main types. First, there are the established high end fashion houses that have been around for a long time, like Chanel, Hermès, Burberry and Dior. Second, there are newer design houses following the type of business model like the more established houses, such as Philip Lam 3.1. This means they base their sales on the concept of rarity and uniqueness, with limited items available. Third, there are also independent designer brands that play in this segment. These are generally more local and more underground. A good portion of their sales take place in their branded boutiques, where they are able to control everything from branding, look and feel, price and supply.

With the distributor groups, there are two types. First, there are authorized distributors that have physical locations. These generally abide to similar rules as the branded designer boutiques respect. Second, there has been an opening towards online distributors like Company E.

Online sales within this segment of the fashion industry are still very limited. The established fashion brands were struggling to move to digital sales platforms, fearing loss of exclusivity and control over brand (Hansen and Bjorn-Andersen, 2013). However, in recent years, there has been some opening to it. Generally online sales for luxury fashion items are offered through the brand's website, however online is becoming a more predominant strategy for these brands. With this, along with their global reach, there has been some opening to outside online distributors like Company E.

In terms of the final user, Generation Y or millennial, are becoming an ever more important segment in the luxury goods purchase. They have fuelled the growth of the luxury industry, as they are beginning to have greater income and are influenced by public self-consciousness and self-esteem (Giovanni and Xy, 2015). Companies like company E have benefited from this consumer trend.

In terms of competition, in the online segment it is relatively limited, as there are not a lot of players that specialize uniquely in luxury fashion sales. Generally main competitors for Company E sell a wide variety of items, not just luxury, making them less targeted towards desired consumer.

4.5.2 Opportunity

The opportunity came when one of the cofounders sold almost instantly a $200 pair of Diesel jeans for $350. He bought more and made $15,000. He was convinced that with those sales there was an opportunity in the online segment of luxury fashion. After the success he decided to build an eCommerce platform, in order to continue sales of luxury fashion articles online. His two brothers joined him, along with investment from family to make it happen.

The opportunity was clear for the founders, as there were limited online players in this segment of the fashion industry. They capitalized on the millennial purchase habits, combined with easiness to use of their online platform, to penetrate the market and grow.

4.5.3 First Internationalization

After they launched the online platform, the team was targeting the North American market, and due to those efforts the first sales from abroad originated from the USA. In their case, the USA market actually quickly surpassed the sales in the Canadian market. However, what was the surprise for this group, was that the initial sales outside of North America, without any effort from the team, that simply happened because their website was live and available for anyone across the globe to interact with.

4.5.4 Business model

Company E is an online distributor of luxury fashion products. They distribute over 15, 000 styles and 300 brands on their website, and have multiple expansion plans in the pipeline. There is a benefit from having multiple brands on the platform, as there are synergies for the shoppers that purchase multiple brands. What sets apart their product, the website, is its edgy, anti-fashion tone.

Company E's typical customers are big spenders, easily purchasing 900$ items. Most clients fall into the millennial segment, aged from 18 to 34. The offering is both for men and women's fashion. It is the minimalist, anti-fashion design, and the easiness of "user experience" that has contributed to the success of this company.

4.5.5 Growth

From their first sales in 2003, where one of the cofounders sold a pair of Diesel jeans on eBay and made significant profit, to today, company E has enjoyed 82% compound annual sales growth. They are projecting to reach 10 million visitors in 2016.

Their growth was fuelled two ways: new markets and new products. In terms of new markets, they have continuously internationalized adding US, China, Europe, Australia and Japan to their sales. Today, only 18% of sales are domestic. In terms of products, there has also been a constant evolution. The original product focus was more on the contemporary side, but the company reoriented their product offering to focus on high end luxury items, where there was significant growth. This shift to luxury along with the continuous addition of designer brands, has contributed to the growth. It is their devotion, patience and a lot of convincing that allowed them to get distribution of some of the world's biggest luxury fashion brands.

Finally, a surprising element of their growth strategy for the future involves physical stores. Currently the company has a flagship store in Old Montreal, but plans to continue expanding in the future.

4.5.6 Current State

Today company E's platform is one of the most successful fashion designer eCommerce platforms in the worlds. It is still privately held by the brothers. Sales are estimated to be in the 9-digit range. Today, over 80% of sales are international, with the main markets being the US and China, but also Europe, Australia and Japan. Only 18% of the sales are domestic.

The company is continuously growing its headcount to support expansion and marketing efforts. Today, it is a team 250 that runs the day-to-day business, including marketing, logistics, communication, engineer and eCommerce specialists.

5. RESULT ANALYSIS

As described in the previous section, we have reviewed five companies selected as case studies for our research. These companies vary in size, age, type of the cofounders and industry they play in, but what they share in common is that right at founding or shortly after, they have experienced international sales, and that the majority of their sales comes from foreign markets. In this section, we will detail out the difficulties present in the early stages following foundation for the studied firms. Consistent with the barriers SMEs face when exporting presented in the literature review, we will categorize difficulties born global firms face into internal and external difficulties. In this case, internal difficulties are those that are controllable by the firm itself, that will originate from the entrepreneurs, processes and resources available to the firm. External difficulties on the other hand, are uncontrollable by the firm, even though they will impact it. They usually originate from foreign or domestic market realities, outside of the firm.

To overview the results, Figure 7 represents a detailed overview of the difficulties each company had in the early stages. The table will be followed by a detailed description of each difficulty for each firm.

Figure 7. Overview of Internal and External Difficulties Born Global Firms Face in Early Stages				
	Internal Difficulties		External Difficulties	
	Difficulty	Short description	Difficulty	Short Description
Company A - Aquaculture	Lack Production Capacity	Difficulty finding a way to scale up production and make it more efficient in order to achieve desired growth objectives	Unplanned Expenses (1)	Unexpected costs due to lack of experience from founders, constraining an already tight cash flow
	Cofounder Communication Difficulty	Difficulty for cofounders to be aligned with each other, especially when in different locations, generating conflicting priorities for business growth	Difficulty with Suppliers and Distributors	Finding the right suppliers and distributors, half way across the world that are trustworthy. There is also limited information about them.
	Lack of Business Processes	As the firm grows there is difficulties in setting processes, generating delays, missed priorities and issues	Lack of Market Information (2)	No information about the aquaculture market and the farmers available.
	Cash Flow Limitations	Limited cash flow availability, putting a strain on growth both from production size and team increase	Limited External Funding	Difficulty in gaining investment from venture capital, as they are not the traditional VC type investment startup

	Recruitment Difficulties	Difficulty in finding the right talent and fit, and in some cases having to compete with other firms for that talent		
Company B - Software	Time Investment Requirement	Founders address this born global as a hobby, and don't prioritize it as their day job	Limited Support from Distributors	External distributors do not prioritize Company B's product. While they distribute it, they tend to focus on brands from large players
	Lack of HR Capability	The company does not have full time employees outside of cofounders, creating growth difficulty	Lack of Market Information (2)	No knowledge about market. Product born out of personal need and not market research. A lot of Trial and Error happening to drive sales
	Cash Flow Limitations	Because the sales are still small and no outside investment the company there is not enough cash flow to drive growth		
	Difficulty to Grow Sales	Sales are left to external factors, hoping people find the product and order it. No sales efforts internally		
Company C - Thatch Roofing	Cash Flow Limitations	Difficulty gaining funding to develop product and launch sales. In the early stages, suppliers would request payment, prior to Company C cashing in payment from their clients.	Difficulty in Selling in Local Market (2)	Difficulty in positioning themselves in the local market and growing domestic sales
	Time Investment Requirement	Long hours and lot of trips abroad from founding team to develop partnerships. Draining in the early states to put a lot of effort, to see limited sales	Limited External Funding	Difficulty in accessing export credits from government and loans from financial institutions
	Recruitment Difficulties	Finding qualified people for their production, in a small town	Certification Laws in Different Countries	Understanding different regulations from every country
	Cofounder Divergence	Not having same point of view as other cofounders on business issues and future outlook		
Company D - Lighting	Human Resources Difficulties	Difficulties in finding the right people to hire, hiring someone that ends up not being a fit and more specifically hiring and motivating sales people	Difficulty in Reaching and Building Relationships with Distributors	Building relationship with the distributors, a key element of the sales process in their industry
	Cofounder Divergence	Cofounders having different ideas for the future of company and technology they should focus on	Limited External Funding - government	Not receiving any government support for export
	Time and Energy Investment Requirement	Personal difficulty confounders face due to time and energy they put in starting and growing the business		

	Cash Flow Limitations	Difficulty in having enough money to invest in sales and marketing to achieve growth objectives. Not being able to grow headcount quickly enough.		
	Lack of Experience in Acquisition Markets	Acquisition was an early stage strategy for expansion, but a lot of trial and error in the early stages to find the right type of firm to acquire		
Company E - Luxury Fashion	Company Governance Difficulties	Difficulty is aligning employees to a vision, defining objectives, managing performance. It is also the difficulty to move from a more hands on approach to giving others responsibility	Difficulty Managing Online Fraud	Difficulty in managing and finding ways to protect their online sales against credit card fraud. Each fraud generated a negative financial impact, as credit card companies would make them pay for the fraud
	Lack of Experience	Difficulty in running a company without any prior experience, a lot of trial and error, hindering growth in the early stages	Misinformation About Customs Process (3)	As their business exploded quickly internationally, they did not plan for the custom fees required to be paid by each consumer
	Cofounder Communication Difficulty	Difficulty in moving away from the more informal communication the cofounders brothers had, to a more structured communication channel.	Limited External Funding	Difficulty in finding the right financial institution to fund their growth. Needed to switch many times
			Lack of Market Information (2)	Challenge in reaching and getting support from different fashion brands, as well as reaching consumers and marketing in certain countries

Notes

(1) While unplanned expenses affect Cash Flow which is an internal difficulty, we have decided to position it in external, as these are totally outside of the control of the firm.

(2) While lack of information tends to be an internal difficulty, we have decided that everything linked to the market should be external as it pertains to elements outside of the firms control that a firm might need to adapt to.

(3) Again, while misinformation tents to be an internal difficulty, we have decided that because customs processes are outside of the control of the firm, and the firm needs to adapt to them, to place it as an external difficulty.

5.1 By Case Overview

5.1.1 Company A - Aquaculture Hardware and Software Firm

At this stage, seven years after company A begun its operation, it is no longer a struggling startup, but a serious company. This does not mean everything was easy from the start or that they no longer have challenges. The company still wants to take sales and the size of the company further. There were multiple challenges in the early states of this firm and some of them remain today. All the challenges that are listed below, impact in a way the capacity of the firm to take production and sales to higher levels and accelerate further the growth. For this firm, the difficulties were and still are, heavily internal, but the cofounders have identified external ones as well.

5.1.1.1 Internal difficulties:

A) Lack of Production Capacity

The main struggle company A faces is production capacity. This one is linked heavily to the subsequent challenges. This is the main challenge identified by the CFO and cofounder: *"Au niveau de la production, on a beaucoup de challenge. Avec la deuxième version on a pensé qu'on a 'scallé' la production…C'est pas scalable pas du tout avec la demande qu'on a et qu'on veut atteindre. C'est un gros problème la production".* Basically, what is hard for them is to produce large quantities of the product that would meet the existing demand and allow to expand into other subsegments, as their current technology is built for shrimp larvae, but they could easily expand it to other aquaculture products like fish and other molluscs.

What we understand from our interview, is that while demand for their product is international, and high, what blocks the company from reaching more markets and more farmers is the fact that they have not yet figured out a way to produce more buckets more efficiently to meet the demand. How this differs from an established SME barrier of production capacity in internationalization, is that for established SME, the company needs to choose whether to support local or international demands. Revenues will come at least from one market. However, for Company A, it is a barrier that affects both the internationalization and the existence of the company. The fact that they cannot produce fast and cheap enough to meet the demand, is a heavy strain on the growth potential the company has, for current offering and potential expansion projects.

B) Cofounder Communication Difficulties

The company is a team of cofounders, mostly family members, and this has lots of advantages. However, one challenge Company A is facing is that with the company being international from the start, cofounders are often not in the same city and all work extremely hard to see the company succeed. What comes from this reality is that there are communication issues, driven by individual realities each cofounder is facing. It is hard to communicate on business priorities.

For example, when one of the cofounders is in Asia, focusing on presenting and selling the product, the other is in Québec focused on running the team. For the cofounder in Asia focused on pitching the product, the priority for the team is to deliver the new products as fast as possible to potential buyers. He wants to see people work harder and faster. However, for the cofounder in Quebec, seeing how the team is already overworked and focusing on making for instance the platform work, the priorities are different. This cofounder wants to make sure they don't burn their resources and hurt the overall productivity of the firm.

As the example above, the founders are often conflicted, when one is far away and requesting certain things from the client point of view and the other is with the team working around the clock to make other things work. For a firm that might be focusing on a local market, this communication issue is different, not to say that there are no issues within the founding members. But it might be easier to align on priorities when clients and founders are all nearby, facing a similar reality.

C) Lack of Business Processes

As the firm is reaching global markets and growing at the same time, there are limited processes to manage the business. This causes issues, delays and missed priorities, putting the already limited team on bigger pressure.

All firms as they grow, might experience an issue of lack of business process. For the established SME, when they are on the verge of reaching global markets, certain processes to run the business are already in place. Clearly, as explained in literature review, the established SME will still have barriers to export. But for Company A it is all happening at the same time. They are exposed to the challenges of operating a global business while at the same time, they need to focus on creating processes to be more efficient and meet growth priorities. The focus of this firm, is everywhere at the same time, resulting in errors, missed opportunities and pressure on the team.

D) Cash Flow Limitations

Linked to production capacity is cash flow availability. In the early stages, and still today, the company is growing. It does not have enough cash to invest in increasing production or hiring more people. Not being able to increase production causes them to not be able to get cash flow fast enough. They are looped into this circle that one cannot come without the other and it has been hard for the company to expand and meet the global demand for their innovative product. As the CFO states: *"On pourrait engager du monde, on pourrait engager 50 personnes, ils auraient tous de quoi à faire… Le cash flow est difficile, mais on fait des ventes. Mais on vend cinq 'buckets' par semaine. On ne peut pas payer 30 personnes avec ça. Nos personnes qui sont ici faut qu'elles produisent pour 2-3 personnes. Pour être capable de chercher du momentum et une fois que ça roule on peut comme engager du monde. C'est un défi."*

Getting funding from financial institutions is also hard. Clearly, all new companies might experience this challenge, when they are not an established business, financial institutions might be stricter about loans. In case of established SMEs that start with focus on local market the banks might make checks on potential clients that have placed orders, and be willing to take the risk.

For a company like Company A, it is impossible to get orders guarantee support finding, because once the banks execute credit checks on companies that have placed orders, they can't do it, as Company A's clients are small farmers on the other side of the planet. This was clearly stated by the CFO as one of the pain points in their early stages, and even today to some extent: *"Un des défi aussi, il y a plein de programmes pour financer les commandes, t'as des comptes à recevoir, tu vas voir, j'ai pour 200,000 de comptes à recevoir. J'ai un contrat avec cette compagnie là. Pouvez vous me financer ma production et je vais vous le rembourser quand ils vont payer. Nous dans notre industrie c'est des fermes. Quand ils font leur check de crédit, mais il ne trouvent pas ces fermes là On ne peut pas financer nos commandes, vu que c'est difficile trop loin, à l'international… Je comprends les banques et tout ça, qui ne peuvent pas checker le crédit. Mais j'aimerais ça, là on est obligé de commander en petites batches, pour être sûr de la payer. Ça nous coûte plus cher."*

Ultimately, the difficulty with cash flow, limits the company in the production. They cannot order large quantities of buckets to reduce the cost of the unit and sell more units at a given time.

E) Recruiting Difficulties

In the early stages the company started to grow fast and had to recruit fast. It requires a certain fit with the company, and they could not offer the best salaries to begin with. Because of limited resources, they require extremely performant individuals, who don't expect to work a fixed schedule from 9 to 5, and who are comfortable in an unstable work environment. The hardest positions to recruit for are software engineers and sales personnel.

For software, the firm competes with many other companies that can offer better options. It has been difficult to find individuals that perform well and are willing to have the startup lifestyle of long hours. There were some mistakes in hiring the wrong candidate.

For sales, after interviewing candidates that have studied in sales and were trained for international commerce, the founders were disappointed in not finding the candidates with the right fit. *"On a cherché des bons vendeurs, plein d'entrevues, avec du monde qui ont étudié en vente. Personne ne répondait vraiment avec ce qu'on voulait."* After a lot of time spent on this, they had to take a leap of faith and hire unconventional sales personnel. One of the reps, that focuses on Asian market is a Philosophy PhD with no sales experience, but was the right fit and the risk paid off. The other rep, focused on Latin America, is from agriculture field and also has no sales experience, but knows how to work with farmers. The risk of hiring unconventional sales reps, seems to pay off for this company, but it comes with the difficulty that it takes more time and remains a risk of fit and culture.

5.1.1.2 External Difficulties

A) Unplanned Expenses

Because of the founders learning about their market, their business and the specifications of each supplier and client, they are faced with a lot of unexpected costs, that has put a strain on an already tight cashflow: *"Faire les trucs à l'international il y a beaucoup d'imprévus… Ça coûte cher."* The founders find this is a very difficult situation that is often outside of their control.

For example, they had a product test booked in Vietnam, but it was during Chinese New Year. Suppliers were supposed to ship them shrimp larvae, but because of the holidays, no one was working. They had to reorganize their test and go to Hawaii instead where they could execute the test. In the end it cost them significantly more, to accomplish the test.

Of course, all small and growing companies must experience unplanned expenses. But the fact that so much of this firm's process is global, it is harder to control certain elements, that in the end result in wasted money, that could be invested to help the company grow.

B) Difficulty with Suppliers and Distributors

One element that was particularly hard for this firm, was finding the right suppliers and distributors. A lot of trust and money is put into people that are half way across the world. The decisions of suppliers and distributors are often based on gut. Because the suppliers and distributors are far from their home offices, in some cases the founders need to trust their decision, even if they did not get to meet the potential partners in person.

For suppliers, there are challenges as selection of supplier, which depends on gut, and mistakes end up costing the born global firm money they don't have to spend on errors. In the case of company A, there is limited time to find suppliers, but the founders did not necessarily have experience in this field: *"On a fait faire des moules en Chine. Personne dans l'équipe a de l'expérience avec les moules. Faut que tu trouves une compagnie de sous traitant, qui vont trouver mouleurs avec expérience. Faut aller vite, pas le temps de niaiser. On n'a pas le temps de regarder cinq compagnies, envoyer des offres. Faut y aller avec le gut. 95% c'est avec gut."* Sometimes it works well, but sometimes they need to change suppliers, putting a strain on an already tight timeline and cash flow.

For suppliers, even when there is a good fit, there are difficulties that arise. There is more time to invest by the entrepreneurs, more resources needed to make sure the specifications are clear and that the supplier understands. As the CFO states: *"Vu que c'est à l'international il faut aller sur place, engager un traducteur, c'est plus lent… Si en Chine tu leur dit pas la moindre affaire ils vont pas le faire. Faut que tout tu regarde comme il faut, tu leur dise tout. Mais ils savent que ça va être mieux, si tu leur dit, ils vont pas le faire pour aller plus vite, mais ils le savent.*" Early on, company A learned this, and now needs to overview specifications in detail before giving the go on production, otherwise, there will be key elements that might be excluded.

For distributors, when they started, they had no information about the best distributors for their product. They needed to spend a lot of time and money to find the right people. The cofounder tells us there were a lot of unproductive meetings in this process, where they met shady characters and untrustworthy people. Every unproductive meeting was a deception and a delay in putting the product in the hands of farmers. In addition, even when a distributor was found, there were cultural considerations to take into consideration. *"Un de nos distributeurs en Inde a fait une grosse soirée a invité tous les fermiers… Tous les fermiers était venus parce qu'il y avait de l'alcool sur place…On a comme essayé de présenter. Quand c'est Val qui parlait ils écoutaient moins que moi. Présentation a rien fait. Après quand ils ont pu venir voir notre produit pis tester, là ç'a marché."*

While exporting firms in general might face these challenges, how they deal with them and how they impact them are different. A large corporation might have many people in the local market or even local employees to help find and manage distributors. An established SME will also likely face these challenges as a born global firm, but an established SME has less urgency about this. For a born global, when there are difficulties in finding distributors or relationships are not going well with existing distributors, their existence is threatened.

C) Lack of Market Information

At first, there was no information about the market that Company A was striving to play in. The information available for the founders on the aquaculture industry is limited and almost inexistent. It required time and funding to invest in understanding the market, before even sales could be made. Initially, the founders had to: "*valider le marché, aller sur place, parler au monde, de se promener, prendre des photos…Pour être sur que notre vision marche. Autant que c'est beau de dire que l'aquaculture c'est un bon marché, mais si jamais personne a fait ce qu'on a fait, C'est difficile de se benchmarker."* Even though the market appears to be large, about 200 billion dollars globally, it is hard to understand it and see what the potential business model might be where there is little information about farmers and product.

Another challenge related to market for this born global, was that the aquaculture industry is rather traditional, in contrast to the agriculture counterparts that are more industrialized and advanced. The original challenge was finding the tone and the way to sell product to potential buyers that have a way of doing business: *"On vient un peu défaire une tradition dans leur manière de travailler. Ça fait trente ans qu'ils contaient avec les cuillères manuellement. Nous on arrive avec une chaudière technologique. 'Ce que t'as fait pendant 30 ans ce n'était pas précis, ça prenait trop de temps, tu faisait plein d'erreurs. Nous on a une solution pour toi.' C'est un peu stressant de voir ça. C'est sûr qu'il y a certaines personnes qui l'ont mal pris. La grosse manière qu'on a pallié ça, on a une attitude de partenariat… 'On réalise ce que vous faite c'est correct. On veut juste vous montrer le produit, si vous l'aimés. on veut que vous l'essayez'."* It is by trial and error that they got to deal with this challenge, but at the beginning it was uncertain and difficult.

D) Limited External Funding

Company A was lucky to get investment early on, that helped them expand. However, there are difficulties related to investors that are important to point out. As they are entering series A funding: *"La serie A va être tough. C'est les données qu'ils trouvent intéressant. Si on avait juste dit compagnie de hardware, je ne pense pas que personne aurait investi. Nous ce qu'on vend un peu c'est qu'on cherche donné sur terrain on va devenir plateforme de données qui va joindre assurances, devenir un market place."*

Because of the difficulties in production and cash flow availability, it was hard for this born global to focus on business expansion around data gathering that can help them get the investment from venture capitalists. But the team remains optimistic they could make it work.

5.1.1.3 Summary of Company A findings

For Company A, the team of cofounders is still working hard on growing their business at a large scale. This born global is in a way still in early stages of development. The difficulties they face or have faced in the past have focused a lot around that inability to grow at a faster pace. As described above, difficulties with production, cash flow availability, unexpected expenses and time and resources required finding suppliers and distributors all contribute to this. These elements are all impact the production capacity in a way for this firm, and the inability to scale up production, does not allow them to grow fast enough. It is a constant challenge to balance all these elements together to keep moving the company forward.

Because of the inexperience of the cofounders in the market and them being first time owners, the difficulties with processes, communication with cofounders and recruiting the right talent are also important difficulties for this born global firm. While non-born global firms might also have these challenges, the fact that this firm is operating in global markets impacts them in a different way, as described above.

5.1.2. Company B - Data Management Software

Company B is very different from the other firms, we will present in this research, by the fact that it is still struggling to make it, despite being present in over 20 countries and around for almost ten years. Their biggest difficulties lay around the growth of sales, and all other difficulties this firm has experienced are linked to that one.

5.1.2.1 Internal Difficulties

A) Time Investment Requirement

One difficulty that is clear for this firm is the lack of the time the founders put into the firm. The founders, are treating the company more like a hobby, thus there is not a 'make it or break it' type of approach we see in some other software firms and startups. All parties involved have full time jobs that allow them to provide for themselves. Thus, the time devoted to developing the firm is limited. *"C'est un hobby qui est le fun. Quand tu fais des ventes t'en reviens pas."*

While this was not noted explicitly as a challenge during the interview, from observation, analysis and comparison with other studied firms, we were able to conclude, that maybe some of the subsequent difficulties are caused by the limited time the founders invest in the sales of the software.

B) Lack of Human Resources Capability

On the other hand, because of limited income from the project, the company does not employ anyone aside from the founders that currently do not make money on the project. The lack of cash flow from exponential sales does not allow them to have a sales team dedicated to push the product. And, the lack of sales personnel, does not generate enough sales for the company. Not only does this lack of sales not allow them to hire sales personnel, but also other support personnel to execute tasks like building a website, planning marketing, etc. In a competitive market, they are not able to find qualified candidates that would be willing to give time to the company without a guaranteed income, only basing their rewards on bonus from the sales.

This drives the company to work mainly with contractors: *"Mon site web c'était fait une parti en Afghanistan, après ça ça fini en Inde."* Every time a new expert is contracted, there is a risk of the partnership being a failure, costing more money than planned or taking more time than originally expected. From some failed partnership they learned when working with contractors, they need to micro-manage, put a lot of details about the specs and execution up front and keep a good communication.

C) Cash Flow Limitations

In addition of not having significant income from sales, the founders chose not to seek outside investment, that would have been able to get them the funding to finance sales team. The reason being that there is fear from founders that the software can be easily copied by potential investors. This is quite contrary to what is seen in other software startup businesses, or even company A (aquaculture), that sought funding from venture capital that then allowed them to focus on the business full time, and grow. It is a never-ending cycle here. As the company does not have investment and cash flow, they cannot invest the time and resources to drive sales. This results in sales not being generated at required levels to hire more people and continue growing the business.

D) Difficulty to Grow Sales

The biggest challenge by this firm is to get sales to the next level by growing sales disproportionately. Despite being in a lot of countries, and having a solid product, the actual number of sales for this organization is not growing. As one of the cofounders states: *" Tu fais en sorte que ton site web soit bien indexé par Google, et là t'espère que les ventes se font. C'est pas juste d'avoir le bon produit, c'est d'être capable de le mettre en évidence. C'est là le gros défi et c'est là qu'on travaille depuis 5 ans."*

The sales are happening without the help of marketing or sales personnel on the ground. For the founders, it is frustrating in a sense to have to wait for a sale to happen. The consumers are not explicitly looking for the product, so penetrating the market and making a thousand of units of sales a month is not happening. The purchases are more random. It would require training and a lot of sales efforts, which this company is still not able to afford.

It is not as if they did not try the tools of their own. Company B initiated multiple campaigns on Google Adwords or Bing, but still no luck with sales. They even consulted online marketing experts, but the sales are still stagnating. The clear next step would be to have a full time sales representative that could go to universities and organizations, but they simply cannot afford this type of overhead costs.

The founders have not given up. They realize the quality of their product and the need in the market, it is a question of finding the most efficient way for their company to grow sales. After the next update of the software, scheduled for later this year, the plan is to target the product to local market and focus on large company leadership teams: *"…dans l'école des dirigeants. On va expliquer c'est quoi, et on va leur faire comprendre qu'ils en ont besoin."*

5.1.2.2 External Difficulties

A) Limited Support from Distributors

Not having a sales team, Company B does focus on sales through external distributors. However, these are not dedicated to focus on their product specifically, but also sell software programs from large companies. Therefore the dedication from distributors to driving sales of their software is very limited and not helpful*: " Malheureusement c'est gens-là ne font pas grande chose pour nous aider, ils font comme nous on fait, ils mettent le logiciel sur le site et ils font des ventes. Ce que ça me prend, c'est quelqu'un qui cogne au porte, 'regardez, il y a vraiment un beau logiciel qui peut vous aider'. J'aurais aimé ça que qqn le fasse au niveau des universités et entreprises."*

It is probably difficult to rely on sales from distributors, when there is not an internal team driving sales, branding the product and getting to know it. A distributor might be more prone to promote a product that gets significant marketing support from the manufacturer.

B) Lack of Market Information

For this company, the reason to exist and the software parameters, especially in the beginning, were heavily based on the ideas and needs of one of the cofounders. There was no proper market research done and the founders believe there is a need for their products, but don't have any concrete information about potential buyers or what they require.

This results in a good portion of their work and iterations of software being based on trial and error. *"C'est du trial and error c'est ça que j'aime de l'entrepreneurship, on apprend beaucoup,* *par ses erreurs"*. For instance, because of trial and error, they have spent money on different marketing tools and experts that in the end did not result in helping sales growth. But at the same time, the trial and error mentality helps them continue developing a better product. From putting the product in the market, even though unlimited, they are able to improve and create variations of the software that meet the needs of more potential buyers.

However, not having that market information from the start, drove this company in the early stages to spend money and time on tactics that did not help.

5.1.2.3 Summary of Company B findings

For Company B, the main difficulty in the early stages, and today, arises from the fact that they are unable to generate large sales. Every other difficulty described above is somewhat linked to the sales dynamic this firm is unable to capitalize on. While the team is qualified, has a great product and despite sales in more than 20 countries, the amount of sales they have is still low.

The lack of sales, creates other difficulties for this born global, such as inability to hire required personnel to be in charge of sales. In addition, the lack of investment is a difficulty, as the cofounders than are keeping their day job, and working on the company part time only. Finally, for this firm, the market is hard to understand and they don't have a detailed knowledge about it. Thus a lot of trial and error around marketing and sales was done, but the sales remained a difficulty for this firm.

5.1.3.Company C - Manufacturing - Thatch Roofing

Company C is today a well-established business in Saint-Sauveur, Québec. However, this company started from nothing to become the leader of synthetic thatch roofing. Luckily for this firm, the timing when they launched the business was right and the association of the cofounders a good fit where one was an expert in plastic and the other knew the target market well. But in the early stages, this born global faced certain difficulties that shaped the way its operations.

5.1.3.1 Internal Difficulties

A) Cash Flow Limitations

As most firms, initially it is hard to manage cash flow, as income from sales comes later than the payment due to suppliers. For firm C, this is not an exception. But what we want to understand is how this situation impacted them by the fact that they were an early stage born global.

Because Company C had to sell their product abroad, there were certain difficulties with the cash flow specific to this situation. First, a lot of funding is required from the start, because they need to develop the product and invest in a sales force, that will travel around the globe, stay in expensive hotels, because that is what their target market is. Also, suppliers require the funding from them when they deliver the merchandise. But the sales process takes time, because the sales team needs to find the clients abroad, convincing them to purchase their product, and then the product is shipped by boat. There can be a 30 to 60 day difference between the moment when suppliers require payment and when payment is made by clients for products received.

This was originally a big challenge company C. The team spent a lot of time working with suppliers, trying to convince them to believe in the product, to get the support required to have enough cash flow to run the business, not in a profitable way, but at least in a way they can operate, payroll to payroll, month to month, to continue expanding and growing. As the president of the company states: *"Donc pour nous si nos clients les fournisseurs nous donnent 60 jours, nos clients peuvent nous payer facilement en 60 jours, donc là t'as une rotation d'argent et investissement que tu peux devenir, même pas rentable, mais vivre, tourner la production, c'est plus ça au départ."*

B) Time Investment Requirement

The other challenge that the president was very passionate about is the time that is required in the early stages for not many sales. It can be demotivating for the cofounders in those early stages to live with all that risk. Obviously, all entrepreneurs invest a lot of time to start and run their business. But because born global entrepreneurs in this type of industry, initiate sales abroad and require travelling and more time to secure sales, the time investment is higher. In the early stages, it was a requirement from the team to travel a lot, spending a good part of the year abroad, meeting potential customers. And in the first years, sales are slow and they cannot live on the money they make.

C) Recruitment Difficulties

This is a recurring theme for all firms interviewed, and from firms in general, it is hard to find the right employees. For firm C, the difficulty comes mainly from the fact that their production facility is located in a small town, and it was not easy to find qualified employees in the surrounding area to work in the production site. In terms of sales personnel, the firm states that it has gone well, because there were a lot of qualified sales reps, exiting nearby universities that were a good fit for the company.

The talent and trustworthiness for this company extends also to some of the suppliers. The president finds that it is hard to find qualified people, and is not satisfied by how slow the communication is with suppliers and how he needs to do the followups with them constantly to ensure they provide a quality product or service.

D) Cofounder Divergence

As mentioned, at the foundation of this firm, the cofounders were believed to be a perfect match. One had over 20 years of experience in plastic industry, and the other was from Tahiti and knew the market and potential clients for roofing projects. But, once the project was kicked off, there were differences in direction. " Plus que tu es de monde associé ça peut être positif et négatif. Si t'es tout seul et tu décide que tu t'en va là, tu te brises le nez, mais si t'as 2-3 idées et tu les mets ensemble, faut que tout le monde mette de l'eau au vin. Si c'est pas tout le monde qui est d'accord et c'est pas ton idée on y va pareil." With three cofounders, sometimes located in different places in the world and not having the same point a view on the reality of the business and the needs in the future it can be difficult. Especially in a fast growing business, where there are a lot of customers across the globe.

The current president ended up buying out his cofounders and runs the company by himself. The cofounders, while a brilliant association in terms of experience and market knowledge on papers, had come across many challenges in terms of personality and culture, with one of cofounders being from Québec and the others from France. As the president states: *"J'avais un peu de mystère avec les associé français là dessus, ils ont un caractère bouillant. Quand c'était pas son idée c'était pas bon, quand c'est son idée c'est bon, je m'étais battu une couple d'année comme ça, c'est ben pour ça que je suis rendu seul"*. Having to go through all that in the beginning, with everything else that the company was struggling against, was a challenge for the cofounders.

5.1.3.2 External Difficulties

A) Difficulty in Selling in Local Market

As mentioned previously, for this born global, international sales came right away with sales in Tahiti, and then expanded into other regions of the globe. The market that was the hardest to penetrate was the local market. *"Je dirais que c'était plus facile pour nous d'aller à l'international qu'au Québec. Au Québec, ils nous croyaient pas à notre feuille, l'hiver au froid avec le plastique, ils connaissait pas vraiment le produit de la feuille naturelle"*. Because of their product being developed for a different region, that is the tropics, there was high scepticism in the local market about the quality and efficiency of their product. Getting customers on board locally remains a challenge for this firm even today.

While having negligible sales in the local market had a limited impact on the firm today, in the early stages it resulted in an inability to get funds for export and expansions. We will discuss this in detail in the next section.

B) Limited External Funding

As mentioned, Company C struggled in getting local sales in those early stages. This resulted in limited support from governments and financial institutions to fund the exports. "Le gouvernement, les banques ne te font pas nécessairement confiance, elles veulent que tu fasses un gros chiffre d'affaires, avant de te prêter. C'est pas évident non plus pour des crédits à l'exportation."

A regular established SME on the other hand, is quite established in the local market. Once it decides to export, it already has guarantees about their product or service, and it can benefit from export and expansion support either from government or banks.

For a born global, like Company C, because the first sales happen in international markets, they could not benefit from financial help from government and financial institutions. For company C, this was a difficulty at the early stages, resulting in a slow down of potential sales they could make. Because their market is global and they were developing a new product, there are high upfront costs for which they did not have funding readily available. So they had to be patient and resourceful. For the company to grow, they had to find alternate ways to support their product development and international sales. They were successful, as they worked around with supply partners to believe in their product and give them support in those early stages.

C) Certification Laws In Different Countries

Because of the quality of their product and the guarantee they offer, and because the product has safety regulations, due to its use as roofing material, the company had to go through a lot of certifications. This was a challenge in the early stages as they had no information readily available and did not have a legal team in place that could help with these. The founder states that certain locations are easier than others, but for each country they need to put a lot of paperwork, pay fees and apply for certifications. One example where this has been extremely difficult is Cuba, where the market for the product is a good fit, but getting the right certifications is time consuming and a lot of information and funding is required.

While any company needing to export will face the similar regulations in foreign countries, how they deal or how it impacts them might be different. A large multinational will have legal resources. An established SME that decides to export, maybe does not have the legal support or financial resources needed to complete the requirements, might not depend as much on entering a new market that is complex, they are already heavily developed in their local market. For a growing born global, being in this position of difficulty is particularly challenging because their growth depends more heavily on it.

5.1.3.3 Summary of Company C findings

Company C differentiates itself from the other cases presented so far by the fact that it is today an established firm. The founders had extensive experience in the field of plastic and tropical roofing. But they still faced difficulties.

One element that came across was as the main theme of the challenges faced is that of time and money investment required to kick this project, while because of the born global nature, there are limited ways to gain funding: i) local market not interested in the product; ii) investment from government and financial institutions inexistent because domestic sales were not existent; iii) time required to gain certification in foreign markets. All this generates in turn the difficulty of having a stable cash flow. These were the main difficulties.

In addition, another important difficulty for this firm was the early misalignment in goals and objectives between the cofounders. Despite initially seeming like a perfect match, from an experience perspective, there were challenges, that resulted in cofounder separation, that early on put a strain on the organization.

5.1.4 Company D - Electronics Lighting

Looking at today's size and success of Company D, it is hard to imagine that only 10 years ago, it was a small born global firm, struggling to make its mark. What is unique to this firm, is that it started with the fusion of two other entities to begin as a born global firm. Despite the experience in the industry of the founding team, and a first big project almost from day one, even this firm had its difficulties in those early stages. Many were discussed during our interview with the Chief Operating Officer (COO), but one that seems to be at the core and even a struggle today, is finding the right human resources for the job. The other difficulties, listed below, while important, did not come across as important as the one linked to human resources.

5.1.4.1 Internal Difficulties

A) Human Resources Difficulties

As mentioned above, finding the right human resources, both for headquarter needs and subsequent company expansion was the main challenge for Company D, and still present to this day. There are different elements to the human resources challenges that impact this firm.

First, there is finding the right people. Because the born global firms are expanding quickly and struggle with resources, each hire needs to be a superstar in a way. It is not all about competences, what is important to take into consideration in the early stages is the fit. As the

COO mentions *"trouver du personnel, c'est toujours un défi, faut trouver les gens qu'ont un fit avec toi, ça veut dire que tu peux avoir des gens qui ont des compétences, mais qui n'ont pas le fit d'équipe."* It requires people that will be willing to work hard and not necessarily have the highest salary. This born global in those early stages was in startup mode, meaning each employee having the right fit must *"remettre tes conditions personnelles en question parce que tu crois en un futur meilleur, c'est comme ça tout au long, t'as des gens qui ont des compétences à l'extérieur de l'organisation, quand tu les attires, c'est pas donnée à tout le monde d'avoir la vision et de croire en l'entreprise."*

Second, there is the issue when an employee is hired, but ends up not being the right option. This firm in the early stages struggled as it made a lot of errors in the hiring process that hindered progress of the firm. They have since then tried to respect the philosophy from 'Good to Great' book that states that companies should hire slowly and fire quickly.

Third, because of the dynamic of this firm and how closely leadership works together in the early stages, they struggled when they found a candidate, but the whole leadership team was not on board with the decision. For instance, the COO states: This resulted in the inability for the new hire to rally behind the candidate: *"Supposant que le CEO tombait en amour avec un VP aux opérations, il nous l'impose, c'est arrivé et nous qu'on le passe en entrevue et on ne veut pas l'avoir, ça ne sera pas un bon coéquipier de travail… on l'a engagé pareil…t'as pas le choix, on est six…c'est dur d'avoir un consensus. Tu n'as pas le temps de le faire tout le temps le consensus. On a fait les erreurs comme ça, engager du montre qui ont pas livré la marchandise, faut reculer."*

Fourth, there was a particular difficulty in hiring sales employees, as sales are crucial part of the growth of this organization: *"Trouver des gens, trouver les bon reps, mettre l'énergie, au niveau vente, tu deal avec egos, l'argent est dans les ventes. Faut que tu acceptes de trouver le bon jouer peu importe ce qu'il coûte, si tu es convaincu que c'est le joueur qui va faire croitre l'organisation."* As described by the COO, there is a lot of money in the sales field and a lot of competition for talent, that they need to invest a significant amount in salary if they thought that the candidate was the one that could help them reach their growth objectives. With such investment, the firm needed to find ways to track the progress of the sales personnel in an effective way.

Fifth, because they expanded their offices early on to abroad, it was difficult finding the leadership VP to manage the European business: *"très difficile, trouver le VP Europe, on a changé 4 fois. C'est une question de focus…tu ne peux pas mettre une personne, on pensait qu'un individu pouvait couvrir tout le territoire… le meilleur individu, parce que la 'load' de travail est trop grande, tout est 'set up for failure'."*

Finally, as the company was growing quickly in those early stages, there was also the challenge of recognizing when individuals are no longer the right fit. *"On a eu des individu, avant que la compagnie grossit étaient très performants, mais après, sur le coup ils réussissent pas à alimenter le feu, ils retournent pas les emails aux clients, parce que c'était trop. Encore là, si un individu n'a pas la capacité de lever le bras et dire j'étouffe. Je met ça du côté de la communication. La capacité d'admettre, que c'est trop."* This was a challenge as the leaders needed to have difficult conversations and make difficult decisions in regards to the employees that have been there from the start, and that have in a way contributed to company's success up to that point.

As described in this section, for this born global, due to its speed of growth and quick internationalization, many challenges arose around human resources, whether it is to acquire talented people that were the right fit with the startup mentality, or to manage existing resources when problems arose due to a quick expansion of this firm.

B) Cofounders Divergence

Early on, the outcome for this company could have been very different, and it might have not been around for very long had they gone in a different direction. Because of the company having two majority stakeholder founders, and some minor ones, there were technically two people who had the voting power to impact the outcome of the organization. Shortly after founding there was a conflict between the two cofounders about the way of running the business and the technology that the firm should use. One camp wanted to have a clear separation between design and engineering, using existing technologies in the market. The other camp wanted rather a collaboration between design and engineering as well as the direction towards using a newer technology (LED Lighting).

In those early stages, there was a lot of energy wasted in the conflict and justifications of both camps that hindered this firm. In the end, the second camp won, but not without consequence. It had lost one of the larger parents that had experience and contacts.

C) Time and Energy Investment Requirements

As mentioned in human resources, one challenge for the cofounders, or even early stages employees, is the time and energy required to invest in order to run the business, because one hopes it can get better and believes in the company. As the COO states: *“ Je te dirais que tous les soirs, 7 jours semaine, l’ordi sur la table de cuisine…Mes enfants m’ont connu, mon bureau c’était la table de cuisine. J’étais là pour souper, après ça jusqu’à tard le soir, j’ai fait beaucoup, d’heures. Tu peux pas te questionner, qui peut faire ça à l’entour de moi, il y a personne. Donc tu dois le faire. Ça s’améliore avec le temps. Ce n’est pas simple, mais quand tu acceptes de faire plus tout le temps, c’est parce que t’es comme ça.”* As stated, a lot of personal investment is required from the cofounders and early employees to ensure the company moves forward, but the strain is high on the individual.

While this probably impacts all entrepreneurial firms, it might be slightly different for born globals like Company D as they are simultaneously trying to grow and export, requiring maybe more effort, or more productive or creative effort to make sure that they meet their growth and internationalization goals.

D) Cash Flow Limitations

While not extensively discussed, there was a brief mention about struggling with cash flow in the early stages of the company. They needed to invest in marketing and sales, but sometimes could not afford an extra headcount. Which meant, quite frequently the cofounders had to invest more of their time and work harder to manage and grow the company.

E) Lack of Experience in Acquisition Market

A lot of expansion for this firm in the early stages came from acquisitions, which allowed them not only to grow, but to penetrate new markets. In the early stages, there was a difficulty in identifying the right companies. It was not only a question of great product or network those firms had, but also a need to have employees that will fit after the acquisition was made.

"T'as une organisation que l'équipe est fonctionnelle en place, et quand tu les achètes, l'équipe reste. L'autre, que le proprio se sauve avec le cash, et l'équipe en place, était pas entrainé ou performante pour supporter l'organisation. Donc, je te dirais, sans nommer expériences. La recette du succès c'est quant les gens restent. Engager une compagnie que Monsieur a 90 ans, et penser que l'équipe qui va rester en place va gérer l'organisation c'est faux."

5.1.4.2 External Difficulties

A) Difficulty in Reaching and Building Relationships with Distributors

In their industry, a lot of sales go through distributors and having the right relation with them is crucial. In addition, these distributors are regional, so it is not simple as finding one that will help with global distribution. What was difficult for the company was building these distributor networks globally, as early on they have internationalized, but to grow, they needed the distributor network to grow in the same direction.

This challenge became linked to recruiting challenge, as not only did they require candidates that were qualified, but that also came with the distributor network. *"Quand t'engages du monde, tu engages le réseau aussi, tu t'en va dans un territoire donnée. Tu ne peux pas prendre un québécois et l'envoyer à Toronto, il ne connaît personne, et il y a une barrière en partant entre les québécois et les ontariens. Donc c'est pareil en Pennsylvanie, au Utah, aux Massachusetts, chaque état à ses gens locaux."*

C) Limited External Funding - Government

Briefly discussed during the interview, the firm did not benefit from government funding to finance exports, only R&D credits. While this did not impact them heavily, it did result in the founder team needing to find other avenues of funding to generate the desired growth: *" Le CEO, c'est un entrepreneur. Il pense pas qu'un ange va descendre du ciel l'aider contribuer à son succès."*

5.1.4.3 Summary of Company D findings

Like the previous case discussed, Company D is also an established firm today, and when it was created, it was union of professionals with a lot of experience in the electronics industry. Still, in the early stages, difficulties were present.

The main one is that related to human resources, finding the people with the right fit and that are willing to take some sacrifices because they believe in the potential the firm has to offer for the future. Related to this the cofounder we interviewed stated that there is a significant time investment required to run this business, both because it is a growing business and while also being a global firm. It is with this human resource theme, that we had linked the cash flow availability, as they know what is required to grow, but sometimes did not have the funds to hire the resources to execute. Human resources in a way became a challenge also during the acquisitions from other firms.

5.1.5 Company E - Fashion Industry - Haute Couture (Luxury)

What is impressive about Company E is how it was founded by three brothers, all still in school or just graduated when they launched the company. Thus, due to this dynamic a lot of challenges experienced in the early stages are linked to inexperience these entrepreneurs had in the marketplace and their industry. Whether the challenges are internal or external to the company, somehow, most difficulties that were faced in the early stages can be linked back to the lack of experience from the founders.

The data collection process of this interview was challenging, initially it appeared that there were barely any difficulties for this firm and all had gone well. The limited sharing at the beginning came from the fact that the company had hired a media expert, and the COO was very reticent on what information to share. The only two difficulties that came up at first were the issues with fraud and the difficulties in understanding the customs process. But after poking around and driving discussion further, it is then when the interviewee opened up about the difficulties that affected this firm early on and still today.

5.1.5.1 Internal Difficulties

A) Company Governance Difficulties

Company E has been growing quickly from the start, as their growth was constant and organic. One challenge that was constantly stated by the COO was that of company governance: *"Défis à tous les jours à ce niveau là. C'est un défi qu'on ne va jamais vraiment résoudre. Il y a des stades de l'entreprise mais aussi des, moi j'aime plus récemment, dans les 6 mois un an, j'aime* *regarder plus au niveau de la gouvernance de l'entreprise. Donc je pense que le challenge, depuis le début."* What he refers to when stating this is that what is difficult is aligning employees to a vision, defining objectives, managing performance, managing performance reviews, how to structure salary compensation and the management of the company in general.

A lot of energy and trial and error has been given to making the company governance optimal, and even today this is something the management team is working on. *"Bref, c'est vraiment la gouvernance générale de l'entreprise qui est un casse tête, infini dans le fond parce que il y a pas vraiment de right or wrong, on essaye on essaye on améliore et on se fait le feedback avec l'équipe."*

Because the company was started by three cofounders, at the beginning, it was just them running the business, the more time passed, the more they hired and needed to give responsibilities to others in order to better manage the business: *"On était beaucoup plus hands on, ce qui n'est pas une bonne chose nécessairement, mais c'est mieux d'avoir une vue d'ensemble, c'est mieux d'avoir une gouvernance assez saine qui te donne un process un birds eye view qui est quand-même assez précis, sans devoir rentrer dans les détails, à moins que ça soit un projet qui nous passionne et qu'on veut prendre le leadership ou quelque chose comme ça….C'est vraiment la décentralisation, avec des processus vraiment simples, mais qui résonnent et sont appliqués à l'échelle de la compagnie."* Giving responsibility they were used to having to other employees was difficult at first for these hands on entrepreneurs. But in a way, they needed to find a way to make it happen, as the company was growing constantly and expanding internationally and they could no longer physically and mentally execute all that needs to be done.

All entrepreneurs face this challenge. But the difference for a born global like Company E, is that due to the early internationalization, it resulted in a quick expansion, that was constant, and in those early years, these entrepreneurs had to learn to let go of certain elements rather quickly.

B) Lack of Experience From Cofounders

As mentioned in the brief overview about Company E findings, one challenge that is linked to other difficulties is that of lack of experience from the cofounders, not just as entrepreneurs, but also in internationalization and the fashion industry. This is not to say that the cofounders were not resourceful, talented and motivated. But there were a few elements that this lack of experience resulted in.

First, in the early stages, the risk of giving up a career in engineering to start this business was a concern for them, and there was a lot of self-doubt: *"Ce n'est pas comme si on avait un gros bagages d'expérience, ce n'est pas une approche traditionnelle mais c'est une approche qui marche quand-même très bien. C'est beaucoup plus difficile au niveau de cash flow, finances, convaincre tout le monde etc, de bâtir les processus, gouvernance, embaucher le monde. C'wst des gros challenge au fond, qui sont amplifiés par le manque d'expérience du marché du travail quand on a commencé au tout début."*

When running a born global firm, without the experience, the struggles to get the business running and growing were constant for these entrepreneurs. Aside from management related issues that we stated in detail, there were also difficulties from the lack of experience in managing financials, it took them time to understand how to optimize cash from to propel growth.

C) Cofounder Communication Difficulties

The team of cofounders for this firm is composed of three brothers. There are multiple advantages in being in a family business. The COO let us know that for them what works is transparency and also being more raw with each other, less need to be political, and because family is first, you can be more direct and frank with each other. But it is as their company was growing quickly and internationally, and the company governance and ideas needed to be more structure, that it's become difficult to agree on strategies to pursue and it created tension. The one that would win the debate would be : *"celui qui cri le plus fort."*

This means that early on, the brothers needed to create a structure and communication channels for their decision making process to ensure the best for the company and their relationship with each other. Because they are a family, in a fast paced growing, business of a born global, they needed to formalize their business relationship, as they could no longer work just as a family.

In addition the COO mentions that for the cofounders, what was difficult, but necessary was to differentiate the cofounder hat from the administrator hat. *"If you consider it as an administrator then the role can be replaced, without them losing the founder hat. The goal is to fill the gaps with people at the end of the day, it's more about the brainpower of people, that are going to allow to solve challenges in the best ways possible… At the end of the day they can hire another COO, and I am not losing the founder hat. and for me I don't mid, retiring now, it's a dynamic, once you dissociate the 2 hats, I am an administrator, I am find with that. If someone can prove that they can do the job better it's fine."* So as the company grew, they needed to take more and more distance between their role as cofounder and administrator, to make them feel comfortable, but also make the best decisions for the company.

5.1.5.2 External Difficulties

A) Difficulty Managing Online Fraud

As they were entering an online sales business, with no experience and as a small company with no resources, the fraud online became a real difficulty in the early stages of this firm. There were constant frauds happening, and this was putting a strain on their tight cash flow, because the banks would directly take money from their account. *"Quand on va en ligne, il y a le problème des fraudes, qui vont utiliser les cartes de quelqu'un d'autre. Cette personne va contacter la banque et leur dire que 'c'est pas moi qui fait cette transaction'. Ils rechargent le marchant.*

Donc c'est nous qui sont responsables des fraudes qui sont générés. Littéralement ils prennent l'argent de notre compte, il y a des mécanismes pour disputer ça, mais 75% du temps, le marchant perd la vente. Légalement très peu de couverture du coté du marchant, surtout dans les ventes qu'ils appellent card not present."

With their quickly growing business, they needed to establish ways and mechanisms to defend their business against this fraud, to protect their cash flow, as this was a barrier in the early stages. They have been working on site security and also in better tracking each purchase.

B) Misinformation About Customs Process

The lack of information about customs fees and differences in each country was an early stage difficulty for this born global firm: *"L'autre difficulté attrait aux douanes, tout le processus de dédouanement, expédition, le fait que les clients la plus part du temps recevaient une surprise quand ils recevaient le colis avec taxe et douanes, ce qui était pas super spécifié sur notre site. C'est la surprise que le client recevait on avait beaucoup de colis refusés par le clients, parce qu'il voulaient pas payer les frais."* This was a big difficulty in the early stages for this firm that presented itself at two levels:

First, initially, the founders were not aware of the fees required from customs when they started shipping. This resulted in upset customers because they were unaware of this additional charge. In some extreme cases, the customers refused to pay for the custom fees, which resulted in additional costs for Company E, in a way that they needed to repatriate the product.

Once this has been identified as a challenge, there was lots of time spent to include the custom fees in the online platform and the purchase process of this firm. *"Mais c'était un très gros challenge ce projet là, le projet d'estimer les douanes, par produit, par pays, par code d'achat, tax code. On a tout classifié nos produits, et après les outils en ligne pour évaluer le taux de taxe, par code HS par pays, après faut tout inclure ça dans le backend, dans le calcul des prix,* *dans la comptabilité, c'est quand-même un projet assez complexe…ça pris 5 à 10 ans pour pouvoir y remédier, en grande partie."*

All companies might face difficulties with the custom process. Large multinationals, likely already have systems in place or have the resources to hire the required expertise to help them in this process. An established SME following more traditional approach to internationalization, is going first to countries that is more familiar and where there might be certain commercial agreements, or the customs process is documented. If not, because of their stages internationalization, they might be facing this challenge one country at a time and have time to address the challenge or are able to allocate the resources, because the challenge is small. But for a born global firm, managing an e-commerce platform globally, all this came together, and it needed to be integrated for the globe in their platform, so there would be transparency with every consumer possible.

C) Lack of External Funding

Contrary to other tech startups from Montréal region, Company E did not resort to funding from venture capital. To this day they remain 100% private. Thus, in the early stages they needed to resort to more traditional funding from bank loans, to support their growth. The challenge for this firm was that the local banks were not catered to their needs: *"On a changé d'institution financière 4-5 fois au cours de notre histoire, seulement du au fait qu'ils arrivaient pas à supporter nos besoins, et il y avait une autre banque qui supportait nos besoin, on faisait le changement, on a fait le tour des banques du canada pour éviter de surmonter ce challenge là. Ils sont très lourd au niveau des processus, c'est la bureaucratie qui est assez lourde. Normalement, chacune des ces banques aurait pu subvenir à nos besoins, du simple fait de leur poids de bureaucratie, à nous garder comme client."* According to the COO, would not cater properly to support their growing needs, due to their bureaucracy. Due to this, they needed to invest more time and energy to get the right banks to support their needs, changing financial institutions frequently.

D) Lack of Market Information

We've mentioned previously that there was a lot of difficulties related to lack of experience from the founding team. This lack of experience is also reflected in the market itself. The challenge in regards to the market was twofold. First, there were challenges to reach and get support from the different fashion brands, as their distribution channels were very controlled. Second, there were challenges in reaching consumers and marketing in certain countries where culture and advertising standards for the fashion industry are different.

For reaching different fashion brands it requires a lot of persistence and investment: *"Notre CEO, qui allait en Europe et restait la. Persistance de notre équipe d'achat et de notre CEO."* But all is not set once you convince the brands to be their distributor. There is still a lot of energy required to convince them tu give larger quantities. *"Après c'est sur qu'au bout d'un moment, ils veulent vendre, mais toujours des marques qui sont un peu inaccessible, les channel et hermes veulent limiter la distribution à leur canaux à eux."* A good example of this dynamic is that of the Birkin Bag, produced by Hermes. Company E could double the sales if it was able to offer this bag on their website. But, the brand does not want to increase the production, because it wants to keep the exclusive and untouchable aspect. The other benefit of doing so is that it keeps the price high and controlled. The result of this is that there is no competition in terms of price in the industry, but rather they are competing with other players on experience and satisfaction: *"C'est pas race to the bottom, mais race to the top, how can you offer the best experience."*

From the marketing efforts, the team has had to learn a lot on the go, and reaching potential buyers in certain markets remains a challenge. *"En ce moment, je pense que nos moyens de marketing digital sont accès Amérique du Nord, on est pas sur les moteurs de recherche, on est très peu sur les moteurs de recherche japonais, coréens, chinois etc, je pense que si on était des entreprises de ses pays-là, ça serait la première façon pour apprendre à se faire connaitre, mais c'est quelque chose que graduellement potentiellement on regarde de faire."* At the moment, in those markets, users come more from inbound marketing, than because their brand has a strong name in those markets.

5.1.5.3 Summary of Company E findings

For Firm E, what came across strongly in the interview, is that the main difficulties that it faced in the early stages were linked to the lack of experience from the cofounders. As such, that challenge has an influence on the others, being company governance, online fraud, custom fees management and market.

Another difficulty was around the cofounder communication, being founded by family members, there are certain difficulties surrounding this dynamic. The cofounders needed to learn that they have to differentiate between their role as cofounder and administrator for the good of the company. It was a challenge for these go-getters to slowly give more responsibilities to others.

Finally, as in many of the cases mentioned above, limited cash flow and financial support from institutions or investors was a struggle. The team needed to do a lot of trial and error, learn and be willing to change directions quickly to accomplish constant growth.

5.2 Cross Case Comparison

Through our analysis firm by firm analysis stated above, there are some similarities and differences between the five different born global cases presented. We have even argued that, in some cases, the difficulties the born global type of firms face might be similar to the ones established SMEs face. However, for a born global, we argue that overcoming a given difficulty becomes more a question of do or die, and the impact of these difficulties affects the firms in a more profound way. This is the case due to their duality of growth and export, happening simultaneously at the dawn of their existence. A born global firm is expanding both its sales and its international presence, facing difficulties of both expansions and internationalization simultaneously, while not having any base business to rely on. We believe that on the contrary, and established SME will first experience a difficulty linked to growing its business locally, where all focus is about establishing itself on the local market, growing sales and gaining a strong client base. Once this is established and the firm has a solid base, only then will it consider overtaking international endeavours. Because the strong local base exists, we believe that even if the established SME is not successful, it can continue its operations, as their sales from the local market will continue to provide income. The born global on the other hand, in a very short period of time, will require its internationalization and growth efforts to be successful, in order to be able to support its operations.

While each firm and entrepreneur faces a variety of difficulties in the early days of their born global, we identified some parallels between the studied cases. Below is Figure 8, presenting a comparative analysis that showcases frequencies as well as the importance each difficulty theme has for the born global firms studied. Along the horizontal axis, we find the number of firms impacted by each difficulty. Along the vertical axis, we find the importance of each difficulty for our born global firms. A low rating is for a difficulty that was briefly mentioned and easily resolved, A moderate rating was when the founders talked about a certain difficulty in detail. Finally a high rating, is when the entrepreneurs talked about a given difficulty in detail, mentioned many times, came back to this topic when talking about other difficulties, and when the difficulty was an issue for long time or maybe still is. We've added an additional layer of comparison, where bols coded difficulties represent internal difficulties, and italic coded difficulties represent external difficulties. Table 8 will be followed by a detailed analysis of each type of difficulty and how it influenced studied firms.

Figure 8 - Cross Case Comparison					
High	**Lack of Production Capacity** **Sales expansion**			**Cash Flow Limitations**	**HR related (Recruitment, governance, etc)** *Market related*
Moderate	**Lack of experience** **Lack of processes**	*Customs or certification processes*	*Relationships with Suppliers and distributors*	**Cofounder related (communication or divergence)** *Lack or external funding*	
Low	*Unplanned Expenses* *Difficulty Managing Online Fraud*		**Time investment requirement**		
	1	2	3	4	5

5.2.1 Internal difficulties

5.2.1.1 Entrepreneur Related

The entrepreneur related barriers came across in all cases studied. They vary in nature but some interesting parallels were found across the five cases studied.

A) Cofounder Related

In four out of five cases, there were difficulties brought up in terms of cofounders relations, whether its communication with each other or future and vision for where the company should be headed. While it was frequently mentioned, it appeared more as a moderate difficulty, something that was important, but generally addressed by the firms.

On one end, for companies A (aquaculture) and E (luxury fashion), we've seen examples where cofounders are family members. In these cases, difficulties came from: i) communication with each other in the global environment that these firms operate in. This is difficult because cofounders can be in different time zones or far away from each other, making communication limited and more challenging. ii) the role cofounders have in the firm, meaning that not everyone can be the CEO of the company, some have to take the supporting roles; iii) the priorities different cofounders have also become an issue in certain cases, especially when emphasized with the increased travel from running a global business.

On the other end, we had business partners, like in companies C (thatch roofing) and D (lighting). In these cases when there is a growing business dynamic, difficulties came quickly. This is due to the misalignment in vision they wanted to take the company in. In both cases, the outcome was for the cofounders to split and only one or a few of the original team remained.

The only company where this did not seem to be a difficulty for is company B (software). While the company is also founded by the two founders, there did not seem to be the tension the other cases studied mentioned. It is important to note that originally there were three cofounders, but one has left to pursue other interests. We believe that the reason why cofounder dynamics do not play a role for this firm, is because company B (software) is more a sideline for the cofounders, meaning they do not invest all their time in it, they do it as a hobby. If they were full time on this business, we anticipate there would be similar cofounder difficulties as mentioned in other cases.

B) Time Investment:

In most of the cases studied, there was a certain explicit or implicit mention about the time required from them to run the business in the early stages, the effort required to make it run as well as the patience with suppliers and team. There were different elements mainly for companies B (software), C (thatch roofing) and D (lighting). For company B (software), this firm was talking more about the time required to grow, and of it taking a lot of their free time, because they still had a day job to go to. For companies C (thatch roofing) and D (lighting), the cofounders generally stated that it was challenging in the beginning to run the business. It required a tremendous amount of effort, a lot of time and patience until the business was up and running, functional and profitable. This specific difficulty theme, seemed to be more a personal struggle the entrepreneur was facing rather than the firm. Based on table 8, we believe that this difficulty is of lower impact to the cofounders that mentioned it, as not much time is spent discussing it.

While cofounders of company A (aquaculture) and E (luxury fashion) seem to put a lot of time in their business, they did not mention this. We believe that this is due to that age difference and the career stage they are at or were in the early stages of founding. Both company cofounders were in the early stages of their careers, with no children to take care of. Investing time in their business might be a more natural way to spend their time. For companies B (software), C (thatch roofing) and D (lighting), the founding of their born global happened as a second career or after they had children, thus investing time in their business did not come as simply as it did for the younger cofounders. In any case, we have classified this difficulty in a low level, as it was quickly mentioned, and the entrepreneurs did not explore it in much detail.

C) Lack of experience:

Lack of experience was clearly stated only for company E (luxury fashion). The entrepreneur talked in detail about how a lot of trial and error and difficulty came from lack of experience he and his brother had in running a business. While not explicitly stated, we believe that company A (aquaculture) and B (software) also had difficulties due to lack of experience. For company A (aquaculture), a lot of trial and error were also mentioned because they did not know how to deal with a lot of situation. For company B (software), none of the cofounders had experience with selling software, the entrepreneur also mentioned some trial and error in learning what works and what does not. We believe this was a moderate difficulty, that impacted the firms in the short term, but that they could address after trying out different scenarios or learning about different requirements.

We believe that for companies C (thatch roofing) and D (lighting), the lack of experience was not as important or had limited existence, because for both, the group of cofounders came with vast experience and background in the industry their firm operates in.

5.2.1.2 Resource related

The other big theme that came from internal difficulties across all cases studied is that of lack of resources. No matter what type those resources are, their lack has a significant impact in the early stages of born global firms, contributing to whether or not the company will continue growth or close its doors. It seemed to be the more important difficulties based on the number of firms that mentioned it and the intensity at which they communicated this difficulty.

A) Lack of Cashflow

This element in one way or another came across four out of five firms studied. For instance, for firm A, lack of cash flow impacted their production capacity and inability to hire the people needed to grow the business accordingly. For company C (thatch roofing) it was similar that it impacted their production ability, as suppliers would require payments, but company C's clients would not have yet issued theirs. For company D (lighting) similar to A (aquaculture), the lack of cash flow impacted the appropriate growth of human resources required for company expansion. For company B (software), the small sales and the lack of cash flow did not allow the company to grow their much needed sales force. We believe that this difficulty had significant importance for the born global firms that mentioned it, as the founders discussed it in many instances and across other difficulties.

The only firm that did not talk about cash flow limitations was company E (luxury fashion). We believe that this was driven by the nature of their business being online and also due to the constant progression of sales this firm had. They seem to have been able with personal investment and the growth they saw, to meet the requirements of human resource growth. Because they are reselling items online, there was no funding required to support production, which was the other aspect in which cash flow was stated.

B) Human Resources:

All firms stated one or few difficulties related to human resources. For company A (aquaculture), D (lighting) and E (luxury fashion), these were described in detailed and repeated over and over in conversation. Company B (software) and C (thatch roofing) also discussed it in detail, but not with the same intensity as the other firms. Being, a born global, the human resources challenge was amplified by the quick expansion and the big reach these companies had early on. The Human Resource issues were not exactly the same across the firms, we identified a few themes.

First, there are difficulties linked to recruitment itself. It can be related to finding people in general, finding the right people that will have the right fit with company culture or finding trustworthy and qualified employees to drive growth for the company. For some of the firms studied, it represented inability to find the right people that will have the right fit with company culture. Companies A (aquaculture), C (thatch roofing) and D (lighting) stated this challenge. We believe that company B (software) was not affected by this, as for them, they did not have funding to hire someone, thus did not face a recruiting challenge. For company E (luxury fashion), this aspect of Human resources was not mentioned, but we believe it could have still impact it them, especially because they required specialized work force that is hard to come by. In addition, we know the participating in recruiting missions in France, as they were not able to find the right talent locally.

Second, the difficulties in Human were linked to having funding to hire and retain the right employees that have the qualifications required to take the firm to the next level. Companies A (aquaculture), B (software) and D (lighting) stated this difficulty. For companies C (thatch roofing) and E (luxury fashion), this was not clearly stated, while company C (thatch roofing) had talked about cash flow restrictions in the early stages, we believe that it could have impacted the hiring in the early stages for them as well. For company E (luxury fashion), this could have been a difficulty as well, but their growth was high right from day one, that maybe they were not impacted by this as the other firms.

Third, company E (luxury fashion) stated an element of human resources, named as company governance, meaning, the difficulty is aligning employees to a vision, defining objectives, managing performance. While the others did not state it under that term we believe this difficulty was present in other firms. For instance company A (aquaculture), stated issues about the processes, which meant that people sometimes did not know responsibilities or objectives they are trying to achieve. We believe this could be linked to company governance. Company D (lighting) also stated a similar issue, when saying that it was not easy to find people that believe in the vision of the company and are not a fit from that standpoint, or when certain senior leaders did not accept certain people to work with them. We believe, they also had the difficulty of company governance. For company B (software) this was not stated, as they are a small organization at internal level and work a lot with contractors. Company C (thatch roofing) also did not mention anything around this topic, possibly due to the heavy production head count, whose management does not have the complexities that leading a group of programmers, marketers or designers does in the other firms.

5.2.2 External difficulties

External difficulties, while existent, appear to be of lower importance than internal barriers, and were easier to overcome for the born globals. We have identified four themes that affected more than one firm in terms of external difficulties: i) Markets; ii) External funding; iii) Distributor and supplier; iv) Procedures related. We will discuss these in detail throughout this section.

5.2.2.1 Markets

In all cases studied, the entrepreneurs stated that there were difficulties related to the market. The most frequent way it was described was having limited information or knowledge about the markets and their industries in the early stages. This was stated by company A (aquaculture), B (software) and E (luxury fashion). For company A (aquaculture) when they have begun their operations, there was limited information about the different aquaculture markets and fisheries. A lot of research had to be done on the ground, where the team traveled to meet with farmers and understand the reality. For company B (software), they also had limited knowledge about the market and the different requirements to succeed in their industry, but they were much less proactive about it. For Company E (luxury fashion), where the founders were from a technical background, there was also a gap of knowledge about their market, both the fashion business itself, but also as they were internationalizing, the knowledge about what promotional tools might work in different countries and how to best reach that consumer.

For companies C (thatch roofing) and D (lighting), the market difficulty was also stated, but it was not linked to limited information or knowledge. On the contrary, they founders already had experience in both their industry and internationally in the foreign markets they were targeting. For company C (thatch roofing), they had great knowledge about the foreign market, but where they were struggling is to make progress on the local market, and could not make their local sales grow. For company D (lighting), while they knew well their industry, there was a struggle was when it came time to growing through acquisition. They did not know those markets well in terms of employees, clients, their acquired firms had, etc.

Having those gaps about their market, blocked all firms as they had to take extra measures to figure it out. Whether it was investing resources in learning more about the market, or just time to see what will work and what might not, this was a difficulty that the cases studied discussed in detail.

5.2.2.2 Distributor and Supplier

Suppliers and especially distributors, were stated explicitly by three out of the five cases studied, but through our interviews we have identified that all cases had some impact due to distributors or suppliers. One theme that came across frequently was finding the right distributors that are trustworthy, yet this had to be validated sometimes halfway across the world. This was stated by companies A (aquaculture) and C (thatch roofing). Company B (software) stated some issues with distributors as well, not as much as in finding trusting partners, but in getting the distributors to sell their product. Because there are large global players funnelling large amounts of business to these distributors, it is usually their software products they tend to push forward and not those of a small born global firm. For company D (lighting), distributors were also discussed, but more from a perspective of their importance in the industry, and how the firm needed to make sure there were in great terms with the distributors so they could push their product forward to the buyers. For Company E (luxury fashion), because of their business model being a platform selling directly to consumers, distributor issues were not discussed and were not relevant.

From the supplier standpoint, the difficulty in finding the right partners was mentioned as in the early stages different vendors were tried and tested, and it was hard to find the ones that would provide good quality work, as stated by companies A (aquaculture), B (software) and C (thatch roofing). For Company E (luxury fashion), the challenge with suppliers is much different. Because their suppliers are designers and luxury brands, usually it is company E (luxury fashion) that needs to please the suppliers and make sure they allow them to list their products. This was a great difficulty for them in the beginning as there was a lot of negotiating and patience involved. For company D (lighting), the supplier difficulties were not discussed, likely because in their business model, a lot of innovation and product development happens internally and the founders started the business with significant industry knowledge, likely already having trustworthy partners to collaborate with.

5.2.2.3 External Funding

Throughout the research we have identified the theme of external funding come across most cases studied, though it appeared as a moderate difficulty for the firms that talk about it. This theme encompasses three main external funding sources: i) financial institutions; ii) government; iii) private investors (venture capitalists).

For financial institutions, companies C (thatch roofing) and E (luxury fashion) talked a lot about limited support from the banks in getting loans or support in the cash flow to pay the bills before they can claim payment from clients. Company E (luxury fashion) specifically said, that in the early stages, they were constantly switching financial institution to find the one that had the most adapted services to meet their needs. All the time spent doing this, was a burden and took time away from actually growing the business. Company B (software), while not mentioning this as a difficulty explicitly, when talking about cash flow, stated that because their clients were foreign and small farmers, the financial institutions were not willing to back them up on the orders they received and load the money. We believe the relation with financial institutions was not relevant for company B (software) because of their small operations and limited headcount. Company D (lighting), also did not discuss financial institutions, likely because when the business was launched, the cofounders came in with a large investment to finance the growth of their company.

For government support, there was concern from certain firms. This theme was mostly relevant for companies that were in the production sector, where generally local established SMEs receive a lot of support from government to export. However, because born globals have limited sales in the local market, they are not eligible to these programs. This is likely why this has impacted companies A (aquaculture), C (thatch roofing) and D (lighting). For company B (software) and E (luxury fashion), because of their online sales mode, and more of an end user facing type of product, this was likely less of an issue.

The final element of external funding was private investors. This was only stated as a difficulty for company A (aquaculture), as they have chosen to seek investment from venture capitals. For the other companies, there was a choice not to seek investment from private investors, either to avoid a copycat of their product (company B - software); wanting to maintain control over the company (company E - luxury fashion) or founders starting their projects later in the career and investing their own capital (companies C - tattoo roofing and D - lighting).

5.2.2.4 Procedures related

What we've seen in literature reviews as one of the barriers established SMEs face was a procedural related barriers linked to customs and regulations. Our expectation would be that born global firms face similar difficulties. However, only two firms stated difficulties around that topic, and it seemed that after some time they were able to overcome it. Company C (thatch roofing) stated that, because of the nature of their product, covering roofs, they are often required to meet different country regulations and get the right approvals before being able to sell in that market. However, through our conversations with the founder, it seemed that one way or the other they found a way to get this done. Similar scenario happened to company E (luxury fashion), where they had issues managing the customs fees that consumers abroad were required to pay when ordering products online. They had to work for many years on a system to be able to fix this issue to offer their customers the best experience possible. The other companies did not discuss this. However, they still might have had procedure related difficulties to overcome, but found easy ways to go around them and moved on, while their attention was focused on more important issues.

6. DISCUSSION AND CONCLUSION

In this research, we analyzed born global firms. More specifically, we answered our research question: what are the difficulties born global firms face in the early stages? In this chapter, we will further discuss our key findings as well as identify the limits of our study. We will conclude this paper by identifying elements of further research.

6.1 Variables affecting similarity in findings

As we've seen in the previous chapters, there are variety of difficulties born global firms face. While no two firms have stated the exact same set of difficulties faced in the early stages, we were able to identify certain similarities or themes across the cases studied. Here we will discuss further our results, as well as include a brief discussion of how our results compare to the existing research on difficulties established SMEs face when internationalizing.

The industry itself did not seem to cause major impact to the different difficulties seen in our results. Firms form different types of industries identified similar difficulties, whether these were limitations of cash flow, issues with their market knowledge, HR related, cofounder related or lack of external funding. The only industry variable that seemed to influence somewhat the results was when we had companies that manufactured a product such as company A (aquaculture), C (thatch roofing) and D (lighting). These companies seemed to be more affected by suppliers and distributors.

The variable in the studied firms that seemed to have an impact on the types of difficulties born global firms faced in the early stages was that of experience of entrepreneurs. In Company C (thatch roofing) and D (lighting), the founding entrepreneurs had many years of experience both in their industry and professionally. This group of entrepreneurs mentioned similar difficulties and those seemed to affect them in a similar way. First, there is the way they approached external funding, not expecting much from outside sources. Second, there is the time and patience required in the early stages to get the business to grow. Third, there are cofounder related difficulties, that affected them by a divergence in the vision they wanted to take the company in, and resulting in the departure of one of the cofounders.

On the other side, Company A (aquacultures) and Company E (luxury fashion), started their businesses without any experience in their industry, and minimal experience in running a company. We have thus seen similar impact of difficulties in these cases. First, the entrepreneurs take about having difficulties with the market, having to do a lot of 'tests and learn' to understand the dynamics of it. Second, there were cofounder issues were more linked to communication than misalignment of vision. Third, they discussed struggles with establishing a functioning company governance or enabling processes to make sure things get done, employees' performance gets reviewed properly, etc. Company B (software) did not fit exactly with the other four, because it is somewhere in between. While the cofounders had experience in their respective fields (researcher and software developer), they did not have experience in selling software.

6.2 Comparison of born global firms early stage difficulties and established SME internationalization barriers

Our contributions to existing literature bring new perspectives to SME literature. Our findings highlight new barriers/difficulties or different ways these barriers/difficulties affect a subset of SME group, born global firms, compared to established SMEs.

Both established SMEs and born global firms state that they experience informational barriers/ difficulties. As we indicated in the literature review, informational barriers are defined as all the barriers that reflect to difficulties in identifying, selecting and contacting international markets, driven by insufficiencies in information (Leonidou, 2004). For established SMEs this means they don't have information about the foreign markets they are planning to enter. For born globals, they also experience this, but in addition, they have significant informational barriers about their industry in general or in how to operate their company, requiring them to spend significant resources (time and money) in order to see their firm succeed. Thus, for a born global firm, overcoming these barriers becomes crucial for the continuation of their business. On the other hand, for an established SME, they can always delay internationalization or spend some resources in getting information, without seeing their firm's overall success be affected, due to their strong presence in local and existing markets.

Established SMEs and born global firms have also both stated functional barriers/difficulties. These relate to inefficiencies in different functions of the firm (HR, finance, etc.), that result in difficulties to export (Leonidou, 2004). For an established SME this meant not having the right resources aligned at the same time as an international opportunity, meaning not the right people available, not enough funding to begin an international venture or having to decide between local or international production. For a born global firm, however, these functional difficulties had a deeper impact.

In terms of HR, often they did not have the ability to recruit the right people and retain them over time or it came down to an even bigger issue, which was spending significant time to set an appropriate company governance. The HR barriers affected the overall company performance and grow, while for established SMEs they only impacted one element of company's success.

Similarly, in terms of financial capacity, both types of firm are impacted by it. For established SMEs, this is often represented in not having enough financial capital to expand to a certain market. For a born global firm, it means not being able to run their company, having to resort into private investment, help from government or financial institutions. If the funding is not raised, it means that the company is put into full halt and if the situation is not remedied it could result in an end of the company.

Government barriers/difficulties, defined by Leonidou (2004) as any action or inaction of domestic government towards its exporters affected both type of firms. However for the born globals this is encompassed in an overall of lack of external funding from financial institutions, government or private investors.

Procedural barriers/difficulties, defined by Leonidou (2004) as operating aspects with customers abroad, such as unfamiliar techniques and procedures, have extensive support for the established SME across the literature. They are however only mentioned briefly by two of the firms studied, company C (thatch roofing) and company E (luxury fashion). These are likely less of an obstacle for born global firms due to their early internationalization, as these quickly get addressed.

Marketing barriers across the established SME internationalization literature are defined as difficulties in any element of the marketing mix that might influence internationalization namely product, price, promotion and distribution (Leonidou, 2004). The first three, product, price and promotion, were barely discussed within the born global firms, likely because this is part of their core business as they are growing their company and not necessarily viewed as difficulty. distribution did seem to affect born global firms. It is reflected in difficulties to access or find reliable distributors that will represent company properly (Moini, 1997; Narayanan, 2015).

While environmental barriers are mainly related to any environment based constraint on the foreign market (Leonidou, 2004). They appear to have significance in the established SME literature, as many authors discuss them in detail (Moini, 1997; Tokol & Harcar, 2007; Al-Hyani, 2011; Narayanan, 2015). However, these didn't seem to affect the born global firms studied. Likely because they have so many core internal elements to address that that environmental difficulties are just part of their everyday reality.

One difficulty that had importance for born global firms, but was not mentioned in established SMEs is that linked to cofounder dynamics, whether that was communication issues or divergence in vision for the company. For established SMEs looking to export, this was not stated as a barrier, likely because by being established, they have likely sorted this out.

We've also seen born global entrepreneurs find that in the early stages, they require to put a lot of time and effort into growing their born global firm. This was a specific difficulty for some of the firms studied. The founders found that it required a lot of energy from them to see results in the early stages, as they simultaneously try to grow and internationalize their firm. This affected their personal life. For established SMEs this was not discussed in terms of internationalization, likely because at the stage established SMEs internationalize, the firm already has some solidity and seizable workforce, not requiring as much implication from the founding team.

6.3 Limits of Our Study

We believe the contribution of our research is also relevant to the born global literature. While about two decades of research have been done on born global firms, there is limited research studying the early stages of born global firms and the difficulty these firms face. Most research on born global firms aims to either identify this subset of SMEs or explain different drivers of their early internationalization. Many research papers have defined the born global firm as a subset of SMEs that internationalizes from inception, or shortly after, to one country or many regions of the globe (Rennie, 1993; Chetty & Campbell, 2004; Knight & Cavusgil, 2004; Luostarinen & Gabrielsson, 2006). In the second wave or research, multiples researches analyzed the different drivers that explain the early internationalization firms, as we outlined in figure 2, p. 15. What our study brings is a deep dive into the early stages and present the challenging reality these entrepreneurs face. This new look into the born global firm, can help aspiring born global entrepreneurs to better understand what to expect in the early stages of the firm foundation, and brainstorm ways of overcoming it.

To conclude, we argue that some of the difficulties stated in our analysis of results also affect any established SME. However the difference is the impact these have to born global firms. Because born global firms are at the same time in the growth and internationalization stage, overcoming these difficulties become an existential question in our opinion. Born global don't have a solid base to rely on for their internationalization on one hand. On the other, while they receive opportunities for growth from abroad, they don't have systems in place to respond to the demand and secure easily the growth. Based on our understanding of internationalization of established SMEs, while the internationalization barriers affect a foreign venture, they do not impact the firm in a way that it can no longer function as a firm, due to their strength in the local market.

We believe the case study methodology described in the previous sections is the most appropriate way to conduct our research. We also think that we have brought new knowledge to existing born global literature. Yet, we acknowledge that the selected methodology presents itself with certain limitations.

B. With qualitative methods, it is argued that there might be limited data found and that it cannot be easily generalized. To overcome this, we are using multiple case studies, as suggested by Eisenhardt (1989), between four and ten cases. In addition, we also selected diverse cases in terms of industry they operate in and experience of the cofounders to help mitigate the difficulty to generalize.
C. Data gathered from interviews is self-reporting data, meaning it can be affected from selective memory, exaggeration or desire to appear in a positive light (Podsakoff et al. 2003). This can occur especially with our study, as we are asking them to recall past difficult moments. The interviewees likely would want to make it look so, in order to showcase their strengths and make themselves appear successful. To mitigate this during the interview, we structured it as semi-conducted and our questions were shaped to dig into the difficult subject and interviewees derailed towards success, we brought them back to the discussion about difficulties.
D. There is no guarantee that the behaviour of a selected firm can or cannot be replicated in other firms. Because of the study involving only five cases, we can't guarantee that these will be reflected into the ensemble of born global firms. Further research, with quantitative methods is required to confirm in a more general point of view.

Despite the limitations, we believe that the results presented from our research bring added value to both the born global literature and future born global founders.

6.4 Future Research

While the field of born global firms has been studied for over two decades, we believe there are still elements to discover about how these firms function and how they face the challenges that they are facing.

For instance, for qualitative research, we could look into a specific difficulty. As an example, in our study the difficulty that was stated by all firms and seemed to have a significant impact was anything related to HR, wether that was recruiting, retaining or company governance. It could be interesting to understand in more depth how HR difficulties affect the success of a born global firm or their overall growth. And in order to help future born global entrepreneurs, there could be studies identifying how to overcome HR difficulties in the early stages of born global firms.

Our findings could be further complemented by a quantitative research, to showcase the difficulties that are most important for in the early stages of both global firms and most important to overcome for born global firms.

In addition, there could be also research done to expand in-depth, to understand the difficulties born global firms face in later stages of their development, as we have only looked into the early stages. This could be an interesting addition to see how difficulties change over time, and which ones appear only after few years of operation. This type of research could help entrepreneurs better manage expectations at later stages of their firm development.

BIBLIOGRAPHY:

1. Al-Hyari, Khalil *et al.* (2012), "Barriers to internationalisation in SMEs: evidence from Jordan" *Market Intelligence & Planning*, vol. 30, no. 2, p. 188 - 211
2. Altinatas, Murat Hakan *et al.* (2007), "The effects of export barriers on perceived export performance: An empirical research on SMEs in Turkey" *EuroMed Journal of Business*, vol. 21, no. 3, pp. 217-230
3. Andersson, Svante (2011), "International entrepreneurship, born globals and the theory of effectuation" *Journal of Small Business and Enterprise Development*, vol. 18, no.3, pp. 627-643
4. Andersson, Svante and Ingemar, Wiktor (2003), "Innovative Internationalization in New Firms; Born Global - the Swedish Case" Journal of International Entrepreneurship, vol. 1, no. 3, pp. 249-275
5. Andersson, Svante and Felicitas Evangelista (2006), "The entrepreneur in the Born Global firm in Australia and Sweden" *Journal of Small Business and Enterprise Development*, vol 13, no. 4, pp. 642-659
6. Andersson, Svante *et al.* (2012), "International New Ventures: rapid internationalization across different industry contexts" *European Business Review*, vol. 26 , no. 5 , pp. 390-405
7. Andersson, Svante *et al.* (2015), "Success Factors in Western and Chinese Born Global Companies" iBusiness, vol. 7, no. 1, pp. 25-38
8. Arranz, Nieves and Carlos De Arroyabe (2009), "Internationalization Process of Spanish Small Firms: Strategies, Transactions and Barriers"111, vol. 27, no. 4, pp. 420-441
9. Batas, S and L Liu (2013), "The Internationalization Process of Born Global High Tech SMEs: The moderating Role of Business and Social Networks" *Presentation at Suzhou-Silicon Valley-Beijing International Innovation Conference, 2013*
10. Bell, Jim (1995), "The internationalization of small computer software firms: A further challenge to "stage" theories" *European Journal of Marketing*, vol. 29, no. 8, pp. 60
11. Blomqvist, Kirsmarja et al. (2008) "The role of trust and contracts in the internationalization of technology intensive BG" *Journal of Engineering and Technology Management*, vol. 25, no. 1, pp. 123-135
12. Bostock, John et al. (2010) "Aquaculture: global status and trends" *Philosophical Transactions of The Royal Society,* vol. 365, no. 1554, pp. 2897-2911

13. Cancino, Christian (2014), “Rapid Internationalization of SMEs: Evidence from Born Global Firms in Chile” Innovar, vol. 24, no. 1, pp. 141

14. Chetty, Sylvie and Colin Campbell-Hunt (2004), “A Strategic approach to internationalization: A traditional vs. a Born global approach” *Journal of International Marketing*, vol. 12, no. 1 pp. 57-81

15. Crandall, Brianna (2014). “Global LED market to reach $42.7 billion by 2020, forecasts Allied Market Research, [online - viewed on July 26th 2016], < http://fmlink.com/articles/global-led-market-to-reach-42-7-billion-by-2020-forecasts-allied-market-research/ >

16. Crick, David (2009), “The internationalisation of born global and international new venture SMEs” *International Marketing Review*, vol. 26, nos. 4/5, pp.453-476

17. Crick, David and James Crick (2014), “The internationalization strategies of rapidly internationalizing high tech UK SMEs” *European Business Review*, vol. 26, no. 5, pp. 421-448

18. Dib, Luis Antonio *et al.* (2010) “The internationalization process of Brazilian software firms and the born global phenomenon: Examining firm, network and entrepreneur variables” *Journal of International Entrepreneurship*, vol. 8, no. 3, pp. 233-253

19. Efrat, Kalanit and Aviv Shoham (2012), “Born global firms: The difference between their short- and long-term performance drivers” *Journal of World Business*, vol. 47, pp. 675-685

20. Evers Natasha (2010) “Factors influencing the internationalization of new ventures in the Irish aquaculture industry: an exploratory study” *Journal of International Entrepreneurship*, vol. 8, no. 4, pp. 392-416

21. Fernhaber, Stephanie *et al.* (2007) “Exploring the Role of Industry Structure in New Venture Internationalization” *Entrepreneurship Theory and Practice*, vol. 31, no. 4, pp. 517-542

22. Fernhaber, Stephanie et al. (2008) “International Entrepreneurship and Geographic Location: An Empirical Examination of New Venture Internationalization” *Journal of International Business Studies*, vol. 39, no. 2, pp. 267-290

23. Freeman, Susan *et al.* (2006) “ How Smaller Born-Global Firms Use Networks and Alliances to Overcome Constraints to Rapid Internationalization” *Journal of International Marketing*, vol. 14, no. 3, pp. 33 - 63

24. Freeman Susan *et al.* (2012) "Born globals and culturally proximate markets" *Management International Review*, vol. 52, no. 3, pp. 425-460

25. Gabrielsson, Mika (2005) "Branding Strategies of Born Globals" *Journal of International Entrepreneurship*, vol. 3, pp. 199-222

26. Gabrielsson, Mika and Manek Kirpalani (2004) "Born globals: how to reach new business space rapidly" *International Business Review*, vol. 13, no. 5, pp. 555-571

27. Gabrielsson, Mika *et al.* (2008) "Born globals: Propositions to advance theory" *International Business Review,* vol. 17, pp. 385-401

28. Ghauri, P. (2004). "Designing and conducting case studies in international business research" Chap. 5, pp. 109 - 124 in Marschan-Piekkari, Rebeccas and Welch, Catherine , Handbook of Qualitative Research Methods for International Business, Edward Elgar, Cheltenham Glos, 2004, 610 p.

29. Giovanni, Sarah and Yingjiao Xy (2015), "Luxury fashion consumption and Generation Y consumers" *Journal of Fashion Marketing and Management*, vol. 19, no. 1, pp. 22-40

30. Hansen, Rita and Niels Bjorn-Andersen (2013), "Cube Assessment Framework for B2C Websites Applied in a Longitudinal Study in the Luxury Fashion Industry" J*ournal of Theoretical and Applied Electronic Commerce Research,* vol. 8, no. 2, pp. 1-20

31. Harveston, Paula D *et al.* (2000) "Internationalization of born global and gradual globalizing firms: the impact of the manager" *Advances in Competitiveness Research*, vol. 8, no. 1, pp. 92

32. Hennart, Jean-François (2014) "The Accidental Internationalists: A theory of Born Globals" *Entrepreneurship Theory and Practice*, vol. 38, no. 1, pp. 117-135

33. Jo, Hyungrae and Jinjoo Lee (1996) "The relationship between an entrepreneur's background and performance in new venture" *Technovation*, vol. 16, no. 4, pp. 161-211

34. Jones, Marian (1999) "The Internationalization of Small High-Technology Firms" *Journal of International Marketing*, vol.7 , no.4 , pp. 15-41

35. Kakati, M (2003) "Success Criteria in high-tech new ventures" *Technovation*, vol. 23, no. 5

36. Kaur, Salina and Manjit Singh Sandhu (2014) "Internationalization of born global firms: Evidence from Malaysia" Journal Asia Pacific Economy, vol. 19, no. 1, pp. 101-136

37. Knight, Gary *et al.* (2003), "An inquiry into born-global firms in Europe and USA" *International Marketing Review,* vol. 21, no. 6, pp. 645-665

38. Knight, Gary and S Tamar Cavusgil (2004), "Innovation, organizational capabilities, and the born-global firm" *Journal of International Business Studies*, vol. 35, no. 2, pp. 124-141

39. Knight, Gary and S Tamer Cavusgil (2005), "A Taxonomy of Born-global Firms" *Management International Review*, vol. 45, no.3, pp.15-35

40. Korneliussen, Tor and Jörg Blasius (2008), "The Effects of Cultural Distance, Free Trade Agreements, and Protectionism on Perceived Export Barriers", *Journal of Global Marketing*, vol. 21, no. 3, p. 217-230

41. Korth, Christopher M. (1991) "Managerial Barriersto U.S. Exports" *Business Horizons*, March-April 1991, p. 18-26.

42. Kuivalainen, Olli *et al.* (2007), "Firms' degree of born-globalness, international entrepreneurial orientation and export performance" *Journal of World Business*, vol. 42, pp. 253-267

43. Kuivalainen, Olli *et al.* (2012), " Start-up patterns of internationalization: A framework and its application in the context of knowledge-intensive SMEs" *European Management Journal*, vol. 30, no. 4, pp. 372

44. Kvale, Steinar (1983). The qualitative research interview: A phenomenological and a hermeneutical mode of understanding.Journal of Phenomenological Psychology, 14, 171-196.

45. Leonidou, Leonidas C. (1995), "Empirical Research on Export Barriers: Review, Assessment, and Synthesis" *Journal of International Marketing,* vol. 3, no. 1, p. 29 - 43

46. Leonidou, Leonidas C. (2000), "Barriers to export management: an organizational and internationalization analysis" *Journal of International Management*, vol. 6, no. 2, p. 121 - 148

47. Leonidou, Leonidas C. (2004), "An Analysis of the Barriers Hindering Small Business Export Development" *Journal of Small Business Management*, vol. 42, no. 3, p. 279 - 302

48. Luostarinen, Reijo and Mika Gabrielsson (2006), "Globalization and marketing strategies of born globals in SMOPECs" *International Business Review*, vol. 48, no. 6, pp. 773-801

49. Madsen, Tage Koed and Per Servais (1997), "The internationalization of born globals: an evolutionary process?" *International Business Review*, vol. 6, no. 6, pp. 561-583

50. Madsen, Tage Koed (2012), "Early and rapidly internationalizing ventures: similarities and differences based on the original international new venture and born global literature" *Journal of International Entrepreneurship*, published online.

51. Matthee, Marianne and Waldo Krugell (2012), "Barriers to internationalisation: Firm level evidence from South Africa" *Studia Universitatis Babes-Boyai*, vol. 57, no. 1, p. 3-20

52. McDougall, Patricia and Benjamin, Oviatt (1996), "New venture internationalization, Strategic change and performance: a follow-up Study" *Journal of Business Venturing*, vol. 11, no. 1, pp. 23-40

53. Melen, Sara and Emilia Nordman (2009), "The internationalization modes of Born Globals: a longitudinal study" *European Journal of Management*, vol. 27, no. 4, pp. 243-254

54. Moen, Oystein (2001), "The Born Globals: A new generation of small European exporters" *International Marketing Review*, vol. 19, no.2 pp. 156-175

55. Moen, Oystein *et al.* (2008) "Born Global Firms and Informal Investors: Examining Investor Characteristics" *Journal of Small Business Management*, vol. 46, no. 4, pp. 536 - 549

56. Moini, A. H. (1997) "Barriers Inhibiting Export Performance of Small and Medium-Sized Manufacturing Firms" *Journal of Global Marketing*, vol. 10, no. 4, p. 67 - 93

57. Morgan, Robert E. and Constantine S. Katsikeas (1997) " Obstacles to Export Initiation and Expansion" Omega, vol. 25, no. 6, p. 677 - 690

58. Mpinganjira, Marcy (2011) "Perceived benefits and barriers to export involvement: Insights from non-exporters" *African Journal of Business Management,* vol. 5, no. 22, p. 9116-9124

59. Narayavan, Vilay (2015) " Export Barriers for Small and Medium-sized Enterprises: A Literature Review based on Leonidou's Model" Entrepreneurial Business and Economics Review, vol. 3, no. 2, p. 105-123

60. Neupert, Kent E. *et al.* (2006) "SME exporting challenges in transitional and developed economies" *Journal of Small Business and Enterprise Development*, vol. 13, no. 4, p. 535-545

61. Oviatt, Benjamin M and Patricia Philips McDougall (1995), "Global start-ups: Entrepreneurs on a worldwide stage" *The Academy of Management Executive*, vol.9, no. 2 pp.30-42

62. Oviatt, Benjamin M *et al.* (1997), "Challenges for internationalization process theory: the case of international new ventures" *Management International Review*, vol. 37 , pp. 85-99

63. Pinho, José Carlos and Lurdes Martins (2010), "Exporting barriers: Insights from Portuguese small- and medium-sized exporters and non-exporters" *Journal of International Entrepreneurship*, vol. 8, no. 3, p. 254 - 272

64. Podsakoff, Philip M et al. (2003), "Common Method Biases in Behavioral Research: A Critical Review of the Literature and Recommended Remedies" *Journal of Applied Psychology*, vol. 88, no. 5, pp.879-903

65. Price Waterhouse Cooper LLC (2012), "The LED Industry building scalable operations for rapid, profitable growth" [online - viewed on July 26th 2016], <http://pwc.to/2dM6Vu1>

66. Rennie, Michael W. (1993) "Global Competitiveness: Born Global" *The McKinsey Quarterly*, no. 4, pp. 45-51

67. Rialp, Alex *et al.* (2004), "The phenomenon of early internationalizing firms: what we know after a decade (1993-2003) of scientific inquiry?" *International Business Review*, vol. 14, pp. 147-163

68. Sandberg, William and Charles Hofer (1987) "Improving new venture performance: The role of strategy, industry structure, and the entrepreneur" *Journal of Business Venturing*, vol. 2, no.1, pp. 5 - 28

69. Shaw, Vivienne and Jenny Darroch (2004), "Barriers to Internationalisation: A Study of Entrepreneurial New Ventures in New Zealand" *Journal of International Entrepreneurship*, vol. 2, no. 4, p. 327 - 343

70. Shields, Anne (2014). "Must-know: An overview of the software industry" Loi constitutionnelle de 1867 », [online - viewed on July 26th 2016], <http://marketrealist.com/2014/07/must-know-overview-software-industry-2/>.

71. Suarez-Ortega, Sonia (2003), "Export Barriers Insights from Small and Medium-sized Firms" *International Small Business Journal*, vol. 21, no. 4, p. 403 - 419

72. Sullivan, Daniel and Alan Bauerschmidt (1989), "Common Factors Underlying Barriers to Export" *Management International Review*, vol. 29, no. 2, p. 17- 32

73. Sullivan Mort, Gillian *et al.* (2010), "Advancing entrepreneurial marketing - evidence from born global firms" *European Journal of Marketing*, vol. 46, nos. 3/4, pp. 542-561

74. Tanev, Stoyan (2012), "Global from the Start: The Characteristics of Born-Global Firms in the Technology Sector" *Technology Innovation Management Review*, March 2012, pp. 5-8

75. Vertical News Correspondant (2013, Aug 29th), "Patents; Agency Reviews Patent Application Approval Request for 'Apparatus and Method for Producing a Thatch Roofing Material for Building Construction'" *Politics & Government Week*, pp.2858.

76. Weerawardena, Jay *et al.* (2007), "Conceptualizing accelerated internationalization in the born global firm: A dynamic capabilities perspective" *Journal of World Business*, vol. 42, no. 3, pp. 294-306

77. Wu, Wei-peng *et al.* (2007) "Internationalization and Performance of Born-Global SMEs: The Mediating Role of Social Networks" *Journal of International Business Studies*, vol. 38, no. 4, pp. 673-690

78. YIN, R. (2003), "Case study research: Design and Methods, Third Edition". Sage Publications, Thousand Oaks, California, 181 p.

79. Ying Huang, Hsiu et Ming Huei Hsieh (2013), "The accelerated internationalization of born global firms: a knowledge transformation process view" *Journal of Asia Business Studies*, vol. 7, no. 3, pp. 244-261

80. Zhang, Man and Patriya Tansuhaj (2007) "Organizational culture, Information Technology Capability, and Performance: The Case of Born Global Firms" *Multinational Business Review*, vol. 15, no. 3, pp. 43 - 78

ACKNOWLEDGEMENTS

Starting the journey of writing a thesis, I knew it would be a great challenge from me. After working for over four years in corporate environment, I wanted to do something new and different, and challenge myself. Completing a Masters Degree, I knew the classes would not be the hard part, I have always enjoyed the traditional school dynamic of frequent evaluations and constant interactions with professors. The challenge was going to be for me to do something much harder, writing a thesis. This was definitely one of the most difficult things I had to accomplish in my life. There were moments where I was close to giving up, where I felt my work was not good or where I felt that I was never going to be able to accomplish this. But, ending this experience, I am glad that I have learned something new, and that I have understood the complexity behind academic research, giving me an increased appreciation and respect for people who devout their lives to advance knowledge.

I would like to take this moment to thank a few people who have contributed in making this thesis possible. First, my thesis supervisor, David Pastoriza Rivas, for his patience, guidance and constant desire to help me improve my work. His advice and help were fundamental in helping me accomplish this research. I would like to thank my friends and family, who have encouraged me to pursue this adventure, telling me not to give up and being there to listen when I had my doubles. I would also like to thank all participants of this research for their generosity and will to share openly their experiences with me, helping me evolve and complete this work.