



PEAK PERFORMANCE PONTOONS INC.
("PPP Inc.")

MEMO TO: Benton Counter, President & C.E.O.

CC: Sam Slick, Gary Grimm, Harriet Hatchet, Carole Collateral, Bizz Fightgear, and Bea Hero

FROM: Cross Cultural Team: Ekaterina Sergeeva, Mehar Waraich, Michelle Zhen

DATE: October 26th, 2020

SUBJECT: Strategic Planning and Going Global

In light of our circumstances surrounding the global COVID-19 pandemic, our team collectively established in the Board of Directors meeting in September that this is a unique opportunity to build relationships to assist in easily entering international markets once conditions are favourable. Our team conducted secondary research to form guidelines on how to expand our international network and foster cross cultural collaborations with the following proposed markets: North America (Canada, United States, and Mexico), Australasia (New Zealand and Australia), Germanic Europe (Switzerland), and Asia (China). We examined the values of the culture to recommend how PPP Inc. should navigate cross cultural business in these specific regions.

North American Market

Canada

Canadians value respect, openness, and willingness to work hard as symbolized usually with a quick apology or a firm handshake (Appendix B - Hofstede Insights). PPP Inc. has succeeded so far in selling many of our skis to graduates from Bea Hero's foundational work of promoting our products to river rafting companies and attending pivotal trade shows across British Columbia.

To continue her endeavour, we need to capitalize on this manpower from recent graduates who are hungry for career opportunities. By partnering up with post-secondary schools to work with students and student clubs by providing internship and volunteer opportunities, PPP Inc. can greatly benefit from their willingness to work hard and new ways of thinking. Depending on the success of secondary schools in BC, our organization can move East to include more universities across Canada. Currently, students can help our brand stay active during this time with CSR efforts, indoor training, or expanding the organization's graduate clientele. This mutual collaboration will express how diverse and welcoming PPP Inc. is, providing a good segway into going global. Once the company enters international markets, demand for employees will rise and this initiative ensures we are staying active during this time to prepare for our international operations while gaining potential loyal workers who will support us for the long-term.

United States

Expansion to the United States is a good idea for PPP Inc. For starters, it's Canada's next door neighbor. The two countries are very similar in culture, values, and business, and over the years have created multi-layered economic ties. Because of these similarities and our geography, the US and Canada have been able to create trade agreements like CUSFTA, TRIPS, and GATT among others, to ease the process of sharing each country's resources and businesses. Another benefit to entering a market that's so similar to Canada's is that the business etiquette is almost identical, as displayed by similar scores on Hofstede's scale, so meetings will generally be informal and to the point (Appendix B - Hofstede Insights). The clientele are also practically identical, so there will be time and money saved from researching cultural differences and testing target markets. Unfortunately, because of the economic and political standing of the US, their country and market is unstable. This instability will create some challenges in our entry into the region, so we recommend an advanced business plan that includes contingency options and risk mitigation just in case. Another thing to keep in mind are the work visas offered to foreigners. A temporary employment visa is around \$190 USD (approximately \$250 CAD), and allows employees to work for up to 6 years. At which point a green card can be registered, but that is a lengthy process with a much lower acceptance rate. Typically these application processes take about 5-7 months, but because of the current economic conditions, there is a massive backlog, so

this process is expected to be much longer (US Department of State - Bureau of Consular Affairs).

Mexico

Mexico began the process of reopening for business and tourism in July, and by now is essentially fully open with all new COVID guidelines and rules in place. The next few months would be an ideal time for PPP Inc. to begin planning their business approach and sending down team members to commence business negotiations. Mexican business culture relies heavily on strong relationships, but once they are established, they typically remain very loyal to their business counterparts. Face-to-face meetings are the only way to establish these crucial relationships, so many in-person meetings will be expected. Although these meetings are typically formal in nature, Mexican culture appreciates small talk before getting to the point. Another important note is that negotiation is a very important step in building the relationship, so our organization will need to be prepared, have a plan, and allocate time for negotiating (Appendix B - Hofstede Insights). Another advantage is Mexico is part of CUSMA, easing trade between the countries. Mexico has a few options for temporary visas which are fairly easy for Canadians to obtain because of our good relations with the country. One option is the temporary resident visa, which allows foreign nationals to work and live in Mexico for a minimum of 6 months and up to 4 years, this visa costs approximately \$36 USD or \$47 CAD. For a short visit, there is a working visitor visa, which covers a maximum 6 month period. Their visas range in price depending on what country you sent your application from, so to get a more accurate estimate you'd need to inquire for a quote (Visa Guide - Mexico). Expanding into Mexico would be beneficial because Mexico is a massive tourist destination and there is potential to create strong lasting partnerships. Advantageously, the country earns the highest score on Hofstede's scale of indulgence, meaning its people love to have fun and enjoy life, creating the perfect target market for water skiing (Appendix B - Hofstede Insights).

Australasia Market

Australia

Currently due to COVID-19, Australia is not allowing travel into the country with the exception of New Zealand. While immediate expansion is out of the question during this time, building a

strong relationship with Australia is not. The Working Holiday visa can be attractive for expansion as it allows a 12 month stay at a relatively affordable cost. This visa is usually directed at tourists, but also accommodates employees aged 18-35 who need to work to afford the cost of living and traveling in Australia (Government of Australia). This presents an opportunity for PPP Inc. to expand and potentially do an exchange program where university students and graduates can intern for our organization in Australia while travelling at the same time. The cost of the visa is \$485 AUD which roughly translates to \$455 CAD. This visa provides incentive for Canadians and BC locals who have first-hand experience with the company to work abroad and represent our company to a new audience. Recently, G'Day Mate River Rafting Supplies Limited reached out as a prospective Australian company to work with. However, some of the terms in shipment and product sales are incompatible for PPP Inc. It works in our favour that both Canada and Australia score similarly across Hofstede's scale. This alignment of values demonstrates a high potential for success in the Australian market (Appendix C - Hofstede Insights). The concept of mateship is vital in business and while our Australian partners may not expect to become quick friends, they do not trust people who are all business, so our current plan of negotiating a more formal relationship needs to be reworked. Our recommendation is to first facilitate a friendship between PPP Inc. and G'Day Mate River Rafting Supplies Limited. Communication should be direct with close attention to avoiding technical language. Negotiation is not frowned upon but should be conducted in a friendly manner to ensure a win-win scenario for both parties. Should disagreements arise, our organization needs to determine beforehand what our point of compromise is (Negotiating International Business Journal - Australia).

New Zealand

New Zealand is closed to outside travel due to COVID-19, but the region offers a Canadian Working Holiday visa for 12-23 months for the 18-35 cohort with the requirement of having \$4200 NZ (~\$3700 CAD) to live on upon arrival. Due to COVID-19 restrictions, the visa has been temporarily suspended so the cost is unknown (Government of New Zealand). Currently, New Zealand is doing exceptionally well in terms of dealing with this pandemic, and the only exception of travel permitted is between Australia and New Zealand. Summer in both these regions is from December to February; thus, providing a huge expansion opportunity right around the corner. If the G'Day Mate offer is renegotiated, New Zealanders could potentially

visit Australia to try our products out. New Zealand is the most indulgent between Canada and Australia, while also harbouring a moderate score for risk-taking. Therefore, the combination of summer, the Kiwi's emphasis on having fun and willingness to engage in extreme sports provide a building block for expansion to Australasia as a whole. Since travel between Australia and New Zealand is open, PPP Inc. can use a local contact such as G'Day Mate to expand into the Australasia market as travel from Canada is restricted at the moment. This would allow the ability to expand immediately instead of waiting on COVID-19 to end as there is no certain time frame projected.

Germanic Europe Market

Switzerland

Switzerland was brought up by one of our board members as a desirable market for entry, and our team wholeheartedly agrees! Contemporary business practices like coaching, workplace empowerment, and being independent are highly encouraged, which is very fitting for PPP Inc., as we have so many young professionals on our team. With our efforts focused on bringing in more graduates to join the team, these norms found in the Swiss workplace will appeal to many of our employees (Appendix D - Hofstede Insights). One of our key recommendations below about compensating growth and development opportunities will be accepted into the organizational culture of this region. In 2007, a memorandum was signed to increase international work experiences for young adults aged 18 to 35, serving our organization well because there are many opportunities to easily acquire a work permit (Government of Canada). Working less than three months requires no permit in Switzerland. A short-term "L" permit can be obtained for work periods over 3 months. Lastly, a "B" permit covers indefinite periods up to 5 years. The entire process of acquiring one can take up to 3 months and cost roughly \$93 Canadian dollars or €60 Euros (Thomas Reuters Practical Law).

Asian Market

China

The Asian market is full of complexities. Since trust and status are huge components in business dealings, it is crucial for PPP Inc. executives to start building relationships with potential Chinese partners during this time. Interpreters are advised to be part of the group because not all

promises will be noted in the contract. More importantly, PPP Inc. should be aware that most partnerships with China are strongly encouraged to be joint ventures, so the contract will require attention to protect significant IP. Our senior management and longtime representatives should plan to attend multiple meetings over the course of this period, and prepare to have personal discussions about family to incite a positive response from the collectivistic (group-oriented) nature of its people (Appendix E - Hofstede Insights). This will showcase how serious PPP Inc. is about working alongside China, and establish a sustainable relationship built on trust. When face-to-face meetings are permitted, our organization will need to engage in *guanxi* (network/connections) to finalize negotiations. Eating at extravagant restaurants and gifting expensive wines, cigars or teas will be expected, while flowers, jewelry, and fruits should be avoided. The Z work permit allows for employment of 90 days to 5 years, which will help facilitate a long-term relationship between both regions. The permit is around the \$100 CAD range and processing time is generally 4 to 6 weeks (Travel China Guide). Lastly, China's uncertainty avoidance is the lowest among all of the regions we are proposing to enter. This means that China is open to taking risks, which could serve PPP Inc. well as a pilot ground for testing new products, marketing campaigns, and employee opportunities, not to mention presenting our brand with a good consumer base for extreme water skiing (Appendix E - Hofstede Insights).

Laws Regarding Extensive Travel and Working in Other Countries for Business Purposes

We have covered work permits as a legal necessity to work in other countries. As well, there are four categories of residency (factual, deemed, non-residents, and deemed non-residents) to determine how much income tax is paid to Canada while working abroad that may be helpful for our employees considering these work opportunities. Many of our employees opting to work overseas short term will become factual residents and remain taxed as usual as they will keep their residential ties in Canada. Our longer term employees who wish to live in another country will fall into the latter three categories. A foreign tax credit option is available to be claimed if income tax is paid to a foreign country after returning to Canada (Government of Canada - Working Abroad).

Recommendations

Once our international operations commence, our team has proposed the following recommendations to continue strengthening relations across borders:

1. Celebrate diversity in the workplace by planning culture nights. Board members and associates can volunteer to organize a dinner each year to showcase a culture's food, customs, and art.

This volunteer opportunity can create close bonds between the employees, and at the same time, recognize the diversity that the company promotes. The annual dinners can serve to praise employees for their hard work and build morale. Seeing and experiencing the different cultures firsthand can be more of an effective learning tool than going through workshops or sensitivity training. The lively atmosphere is a professional way to approach the party culture present in business, and serves as an easy way to connect with others. Clients or crucial networks could also be invited to these dinners to experience how diversity is truly celebrated at PPP Inc. This plan works for individualistic cultures (Switzerland, US, New Zealand, Australia) because of the recognition component and opportunity to network with management. It also caters to collectivistic societies (China, Mexico) because it encourages people to spend time socializing outside of work. Success can be measured by the number of employees attending retreats/corporate bonding events, surveys for employee satisfaction, and turnover or retention rates.

2. Create a new division, starting in Canada and branching out to each established region of operation, that is dedicated to handling international relations.

With experienced teams assisting with business across borders, it will ensure that problems are handled immediately in a professional and knowledgeable manner before it affects PPP Inc. as a whole. Rules can also be developed to provide a streamlined process that is followed through with each event. Documenting international dealings will help the firm learn from past mistakes and guarantee that counterproductive patterns are quickly eradicated. With global operations, problems will inevitably arise and it would be best if the company is prepared and remains at the forefront of it all. This initiative provides open conversations about culture and shows that our organization is taking a proactive stance in going (and staying) global. More importantly, it communicates the serious commitment from PPP Inc. to our international partners. Success can be measured by the profits and losses from international operations, number of cases solved by the new international team, turnover or retention rates.

3. As our global efforts expand, PPP Inc. can introduce cross-cultural training opportunities such as internships, job shadowing, job rotations, coaching, and mentorship.

Broadening its employee base with culturally diverse perspectives will be a good investment in the long run. PPP Inc will be able to easily recognize employees who display extraordinary project management, change management or leadership skills should be promoted to ensure a successful change. Similarly, having new people working in the firm could change the dynamic and pave the path for new solutions or ways of thinking. Performance evaluations or pulse surveys can be regularly used as a check in for employees and serve to help mitigate any potential problems. Success can be measured by the number of employees requesting to move to different regions for training opportunities, year-to-year sales in all markets, customer satisfaction survey feedback about the acclimation of new hires.

4. Invest in the future of PPP Inc. by compensating growth and development opportunities within the organization.

Compensation benefits can be given to employees who engage in professional development opportunities that benefit PPP Inc., such as learning a new language or taking international business courses. Equipping employees with further education can also be empowering and allow them to adapt and navigate through changes better, especially with our operations expanding globally. By providing professional growth opportunities, valued employees will be driven to fuel the success of PPP Inc. and primes candidates to step into management positions in the future. Succession planning will not only help with the longevity of the business, but also increase the wealth of knowledge within all levels and regions of the organization. Success in this area can be measured by higher rates of internal promotions, higher employee retention or reduction in turnover, and awards for best workplace/international business achievements.

Implementation Plan

Our team's action plan is provided below to demonstrate when our recommendations would be implemented during each business quarter.

Quarter One (October 2020 - December 2020)

1. Begin reaching out to Canadian post-secondary schools to promote internship and volunteer opportunities
 - a. Engage in local CSR, brainstorm sessions for expanding graduate networks, and indoor training efforts
2. Build 7 employee teams to develop plans for our 7 regions of entry.
 - a. Teams will develop business plans, risk management and mitigation plans, competitive analysis, and marketing plans targeted for each specific region
 - b. Teams initiate contact to each region and begin building relationships with

- potential partners overseas
 - i. China team must consist of at least 8 senior-level executives and have an interpreter skilled in business dealings
 - ii. New Zealand team focus on finding a suitable partner for the potential Australasia expansion
 - iii. Focus on Mexico team to establish in-person meetings in second quarter
- 3. Meet with G'Day Mate to renegotiate terms
 - a. Focus on facilitating a friendship!
 - b. Determine PPP Inc.'s point of compromise for negotiation
 - c. Present idea of Australasia collaboration with G'Day Mate and New Zealand

Quarter Two (January 2021 - March 2021)

1. Build a new division within PPP Inc. for handling international relations
 - a. Employees assigned to research each region of entry can apply for internal promotions
 - b. External hires will need to demonstrate skills and experience in international business
2. Continue expanding international networks
 - a. Focus on reaching out to government and business contacts
 - b. China team to focus on guanxi (connections and networks) for in-person meetings
3. Send employees of PPP Inc. down to Mexico to build a business relationship
 - a. Emphasis should be on providing market with opportunity to indulge (having fun/enjoying life)
 - b. Be ready to negotiate!
 - c. If successful, employees can apply for work permits in the next two quarters
4. Launch PPP Inc. in Australasia region with G'Day Mate as local contact
 - a. Conduct R&D - focus groups or surveys
 - b. Gauge interest of market for PPP Inc. from New Zealand and Australian customers
 - c. Document results for learning and improvement purposes

Quarter Three (April 2021 - June 2021)

1. Introduce employment growth and development opportunities
 - a. Employees who choose to learn new languages or take international business courses can have first pick to working aboard (mentorship, coaching, job rotation, internships, job shadowing, cross cultural training)
2. Continue expanding international networks
 - a. Prioritize face-to-face meetings if permitted
3. Promote internship and volunteer opportunities for the summer at PPP Inc. at Canadian post-secondary schools
 - a. Also promote these opportunities in Australasia region

Quarter Four (July 2021 - September 2021)

1. Depending on COVID-19 pandemic, employees begin applying for work permits to designated regions of employment
 - a. Have a training session available to inform employees about the residency categories for working abroad citizens

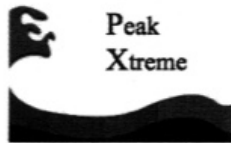
Year Two (October 2021 onwards)

1. Organize the first culture night (option to have it planned in the region with the most success)
 - a. Invite international networks (VIP members, board of directors, clients)

Benton Counter
President and C.E.O.

APPENDICES

Appendix A - Cross Cultural Memo from PPP Package



**PEAK
PERFORMANCE
PONTOONS
INC.**

MEMO TO: Benton Counter, President & C.E.O. **"CONFIDENTIAL"**

CC. Sam Slick, Gary Grimm, Harriet Hatchet, Carole Collateral, Bizz Flightgear, and Bea Hero

FROM: Myrtle Groggen,
Marketing, Advertising, and Promotions Mgr.

DATE: September 18, 2020

SUBJECT: Strategic Planning and Going Global

I am writing in response to your memo of September 9th, to mention another aspect of our 'going global' strategy. As you know, one of the key reasons for the rapid increase in the sale of Peak Performance Pontoons' skis is the effort of Bea Hero. She has visited every river rafting company in BC numerous times and demonstrated our products to rafting customers. She also attends trade shows with demonstration videos. The third aspect of her promotional activities was to increase demand for the product by starting up a pontoon ski school. Bea first hired and trained a number of instructors, and then she and the new instructors start offering lessons to interested rafting guides and members of the general public. Many of the graduates not only rent our skis from river rafting companies but also elect to buy their own pair.

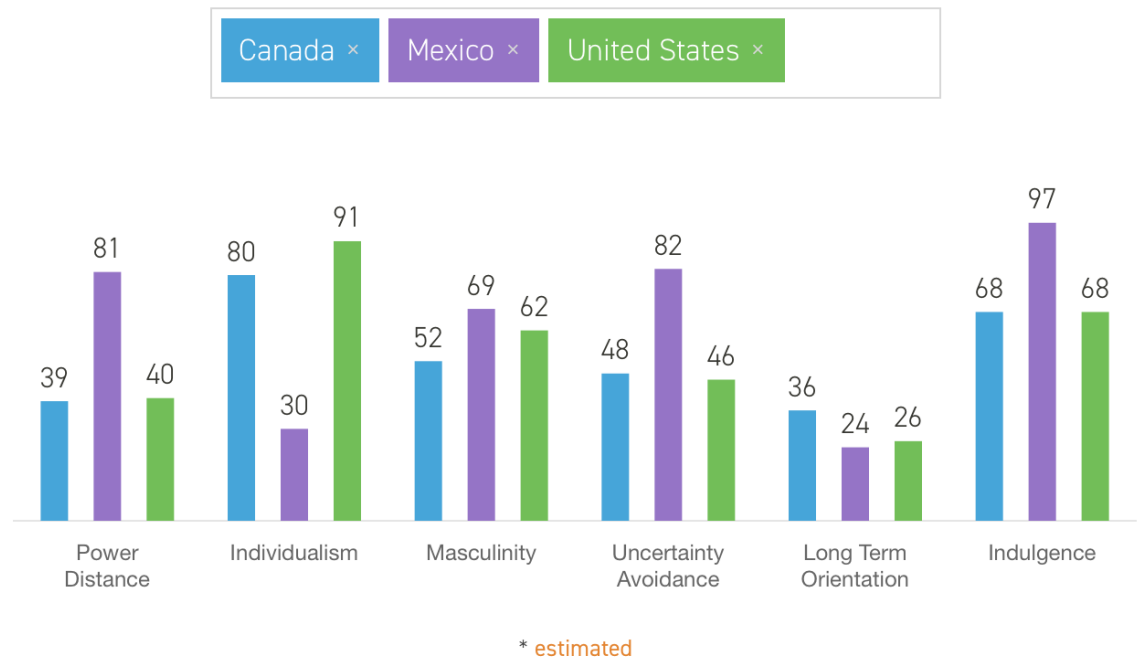
The success of our entry into the US and Australia, or even other parts of Canada, will depend on similar promotional efforts in those countries. I would like to take credit for this idea but it was Bea who approached me with it. She is interested in traveling abroad to promote our pontoon skis and related products. I would suggest getting her and a number of other interested and well qualified instructors to form an International PPP Demonstration Ski Team. However, I am not sure what the laws are regarding extensive travel and working in other countries for business purposes? Bea has her hands full and is too busy to look into this but _____ and _____ from my staff have expressed interest.

What do you think?

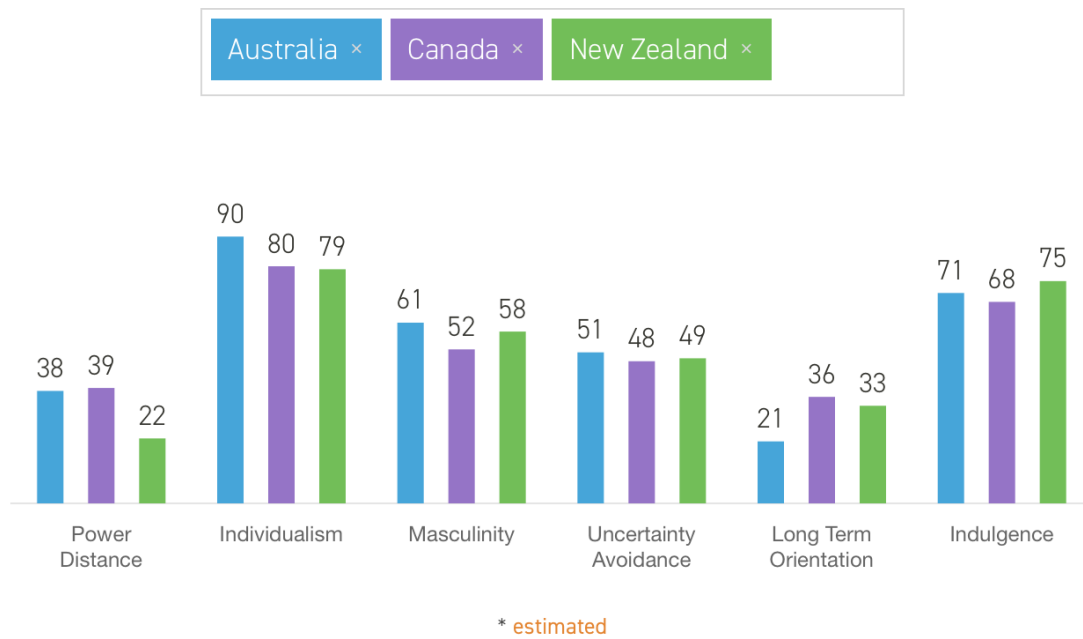
Myrtle Groggen

Myrtle Groggen
Marketing, Advertising, and Promotions Mgr.

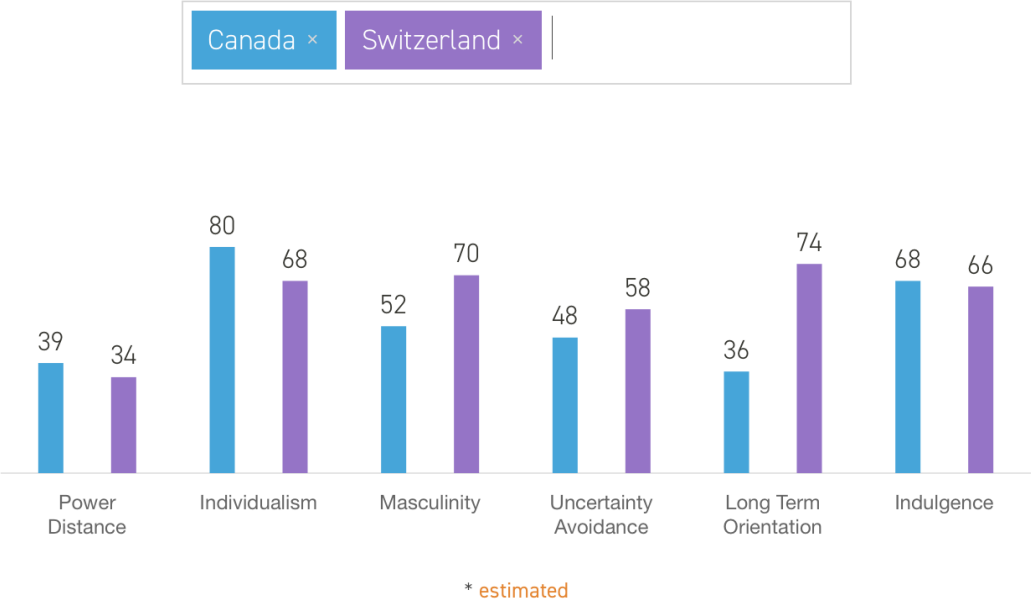
Appendix B - Hofstede Insights for Canada, Mexico and US



Appendix C - Hofstede Insights for Canada, Australia and New Zealand



Appendix D - Hofstede Insights for Canada and Switzerland



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Appendix E - Hofstede Insights for Canada and China

