



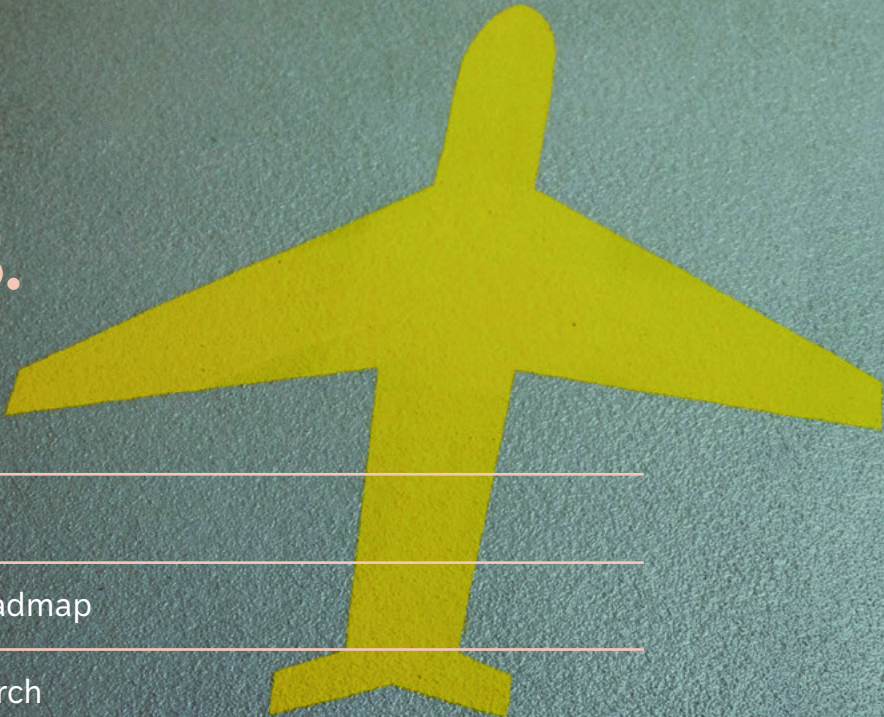
The Globalization Playbook

Your 4-step roadmap for growing a business across borders



TOPSOURCE
The World Is Yours

Contents.



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02	Introduction
03	Your 4-step roadmap
05	Phase 1: Research
07	Phase 2: Enter & Expand
09	Phase 3: Commit
11	Phase 4: Optimize
13	How to accelerate your international expansion
14	Your checklist for selecting the right globalization partner
15	Supporting your globalization journey

Every company's globalization journey is different.

For most businesses, global expansion still offers the promise of new revenue streams, diverse talent pools, and long-term growth. But in 2025, the margin for error has narrowed. Regulatory changes, protectionist policies, and shifting market conditions mean that a single misstep early on can take months, and potentially millions of dollars, to undo.

The truth is, global expansion doesn't fail because founders, CEOs and businesses lack ambition. It fails because they expand in the wrong order.

Expansion may start with the best intentions. You hire your first team in Germany, only to find that employment costs are as high as 74,000 euros. You set up an entity in Brazil before proving market demand, and soon you're tied into tax, compliance, and admin costs for a business that isn't delivering.

Meanwhile, your German office calculates taxes differently than your UK team, creating duplicate spreadsheets, mismatched financial summaries, and hidden administrative costs that compound annually.

This might sound chaotic. But this is still the flawed playbook that many globalizing businesses are using.

To expand successfully, it's essential to have a strategy that works commercially, legally, and operationally from day one. That means choosing the right markets in the right sequence, based on data, context, and long-term viability. It also means knowing when to move fast, and when to pause.

This Globalization Playbook is designed to help globalizing companies and their leaders to accelerate growth without sacrificing clarity or compliance. Here, you'll learn how to:

- Identify the markets that make commercial, legal, and operational sense
- Expand while keeping your options open and your risk profile low
- Build a profitable, compliant workforce strategy for every market you operate in

Your 4-step roadmap.

Whether entering a market for the first time or scaling an existing presence, a step-by-step approach is critical to success. Conduct global expansion in the wrong order, and you heighten the risk of lost revenue & legal non-compliance.

In-depth research of a market is essential. What's the supply of a talent in a given country? How tight is the regulatory example? What are the risks of using contractors?

In essence, you need to assess if a market makes sense commercially, legally and operationally.

Next, you need to prove the validity of your target market, before you lock into commitments you can't unwind. Once the market has shown it can deliver, the focus shifts to embedding your business locally in a way that builds credibility and control. And when you're established, the challenge becomes ensuring your growth is lean, consistent, and profitable.



In our experience, this roadmap is divided into four distinct sections: Research, Enter & Expand, Commit and Optimize.



Phase 1

Research

Before expanding into a new market, it's critical to conduct research into both the opportunities and the risks in the target country. This will help determine how well the market aligns with your business goals, risk appetite and long-term ambitions.



Phase 2

Enter & Expand

As your team and operations grow, your processes need to evolve to ensure a smooth market entry. This stage focuses on developing the infrastructure, talent and operational maturity to support sustainable growth.



Phase 3

Commit

With operations now more established, it's time to fully commit to the market by embedding your business into the local ecosystem. This phase involves formalizing your business set-up and building a stable (and compliant) foundation for long-term presence.



Phase 4

Optimize

With solid foundations in place, attention now turns to optimizing performance. This requires continual improvements in terms of refining talent strategies, maximizing efficiency and aligning your global operations with local market dynamics.

Phase 1

Research

Put simply, you need to research which countries make commercial, legal and operational sense for your company before you even think about expanding.

It may seem obvious, but recent history is littered with examples of multinational companies that failed to do this properly.

Take the example of Walmart. In the late 1990s, it attempted two major expansions – one into Germany and one into Japan. Famously, both these expansions were unsuccessful because Walmart failed to consider local consumer preferences and business norms.

£93.5B

£93.5 billion potential revenue growth for UK SMEs is through international expansion

'Unleashing UK businesses' international growth potential', Santander UK 2023



Phase 1

Research

Here are the consequences of insufficient talent market research

Underbudgeting salaries in key markets

You plan to build a team in Germany, only to discover that engineers cost 35% more than expected and your offer isn't competitive.

Expanding where the skills don't exist

You open an entity in Vietnam based on perceived low cost but later realize the specific talent pool you need doesn't exist locally.

Choosing markets with unexpected employment risk

You hire contractors in Spain, unaware they qualify as employees under local law. You face back pay, penalties, and must reclassify urgently.

Key considerations for globalizing businesses:

Prioritize strategic fit over market size

High GDP doesn't guarantee a good fit for your business. Understanding a market's compatibility with your company's business model, talent needs and cultural norms provides a more comprehensive perspective on the viability of expansion.

Avoid following competitors without your own research

Instead of using competitor activity as a benchmark, focus your research on determining whether the market makes sense for your unique structure, goals, and capabilities.

Assess talent availability and cost risks

Early analysis of talent supply, salary benchmarks, and local employer obligations is essential to accurately forecast the viability of operations in a new market.

Understand compliance and regulatory complexity

Every market has distinct rules related to employment, taxation, data privacy, and corporate governance. Conducting thorough due diligence helps reduce risk exposure, prevent costly regulatory errors, and ensure a smoother, faster path to market entry.

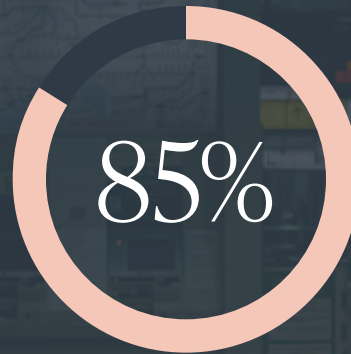
Phase 2

Enter & Expand

With the right markets identified, your next step is to establish a presence, fast enough to capture opportunity, but flexible enough to adapt as you learn.

The aim here is to test and prove market viability while avoiding commitments that are costly or complex to reverse.

In this stage, you're not just "setting up shop", you're building a compliant, adaptable foothold that allows you to hire, operate, and learn without locking into a single employment model that could limit future growth. Get this right and you'll move from market entry to sustainable scaling with fewer false starts and lower risk exposure.



85% of companies say compliance requirements have become more complex in the last three years.

PwC's Global Compliance Study 2025



Phase 2

Enter & Expand

Key expansion considerations for globalizing companies in 2025/6:

Choose your engagement model carefully

Whether hiring contractors, employees, or working with an EOR partner, each option carries implications for cost, speed, control, and legal exposure. It's important to understand these trade-offs before committing to an engagement model.

Compliant hiring classifications

Misclassifying workers is hard to reverse and subject to significant penalties. This is a common issue for growth-stage companies and NGOs and is increasingly scrutinized by regulators.

Choose your first hires carefully

Your first local team members shape brand perception, culture, and ability to attract future talent. While a misaligned first hire can derail expansion and hinder future recruitment, a strong start can build momentum for success.

Avoid premature entity setup

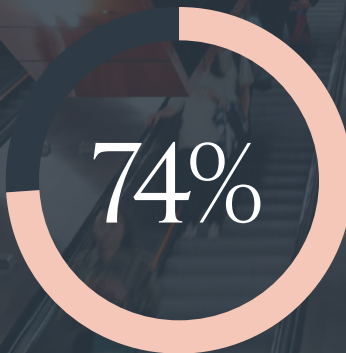
Forming a legal entity before proving market viability can lead to sunk costs, complex exits, and unnecessary regulatory burdens. We suggest exploring more flexible options (such as an EOR) until the market opportunity is proven.

Phase 3

Commit

Once your market entry is proven and your first hires are delivering results, it's time to move from testing to embedding. In this phase, you establish a long-term, credible presence, one that allows you to scale headcount, deepen partnerships, and compete on equal footing with local incumbents.

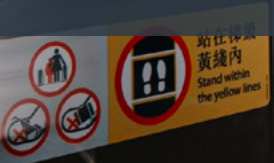
This is where you formalize your market commitment: incorporating a local entity, implementing scalable payroll and tax systems, and aligning HR and governance with local laws and expectations.



74%

74% of HR professionals identify inadequate benefits as the leading cause of employee turnover.

The SHRM Better Workplaces on a Budget Recommendations Report



Phase 3

Commit

Executed well, it builds trust, unlocks hiring potential, and gives you the operational control to grow. Executed badly, it can create costly inefficiencies, erode credibility, and slow your expansion.

Know when the time is right

Incorporating too soon can create unnecessary cost and admin. Waiting too long can leave you exposed to compliance risks or stall growth. Look for readiness signals such as rising headcount, long-term revenue forecasts, regulatory triggers, and committed local partnerships.

Plan for the total cost of incorporation

Forming a legal entity signals permanence. It can boost your credibility with customers and partners and give you autonomy over local operations.

Beyond initial setup, you'll have ongoing obligations like tax filings, annual audits, regulatory reporting, and legal oversight. Factor these into your forecasts alongside your revenue, and strategic goals

Elevate your talent strategy

When you become a local employer, how you hire, reward, and manage people shapes more than just your payroll, it defines your ability to attract and retain the right talent. Compensation packages, benefits, and HR policies must align with market norms not just to compete for candidates, but to avoid falling foul of local employment law.

Phase 4

Optimize

In this phase, the challenge is striking the right balance: enough global standardization to reduce cost and risk, enough local flexibility to keep teams agile and engaged.

Done well, you remove duplication, simplify workflows, and free up resources for growth. Done poorly, you end up with silos, bureaucracy, and rising overhead.

So how can you ensure you're optimizing for sustained growth and long-term profitability in this final optimization phase?



84% of global businesses use specialized entity management services.

Athennian 2025
Entity Management Report

Phase 4

Optimize

Run operational audits to unlock efficiency

When you're operating across multiple countries, inefficiencies often hide in plain sight.

An operational audit might reveal that three different markets are running separate payroll calendars, duplicating work and confusing reporting.

Or you might discover that a local team has built a workaround for tax submissions because your central process doesn't align with local filing dates.

By spotting these patterns early, you can cut unnecessary steps, save time, and focus resources on work that drives growth.

Replace fragmentation with integrated systems

As you grow, manual workarounds and disconnected systems create inconsistencies in employee experience. It's common for HR to track leave in spreadsheets, finance to manage invoices in a local tool, and compliance to store filings in email threads.

These manual, disconnected processes slow decision-making, increase compliance risk, and create wildly different employee experiences across markets. Moving to an integrated global platform for payroll, compliance, and reporting means everyone works from the same data, deadlines aren't missed, and scaling to new markets is far smoother.

Balance global standards with local autonomy

Global processes bring consistency, but they can also stifle local teams if they ignore market realities.

Giving every market total freedom on HR policy can lead to inconsistent benefits, pay gaps, or compliance breaches. The solution is a governance framework that keeps core standards in place while allowing local adaptations that make operational and cultural sense.

How to accelerate your international expansion

As organizations expand into new markets and move through the four globalization phases, the complexity of compliance, workforce strategy, and local regulations grows quickly. Each stage presents its own legal, operational, and cultural challenges. A skilled globalization partner can close knowledge gaps, offer local insight, and ensure that every step is evidence-backed, legally sound, and efficiently executed.

From regulatory compliance and HR operations to governance and platform integration, the globalization journey spans a broad range of disciplines. Your partner must be able to adapt to the needs of each growth phase.

So, whether you're navigating early-stage contractor engagement, appointing an Employer of Record (EOR), or preparing for permanent entity establishment, you'll need a globalization partner who can bring regulatory depth, operational agility, and the hands-on experience of working across diverse markets.

Your checklist for selecting the right globalization partner.

These are some of the key questions you should be asking when considering partners:



1. Does the partner have experience across the countries you plan to enter?



2. Does the partner offer a platform that integrates payroll, compliance and reporting functions?



3. Do they have local experts in your key markets who understand local cultural, legal, and business complexities?



4. Can they support multiple employment models – from contractors to EOR to full entity setup?

Supporting your globalization journey

If you'd like to learn more about how TopSource globalization services can support your international expansion, get in touch to learn how we can help you navigate the complexities of global growth with greater clarity and confidence.

Accelerate your global growth

topsourceworldwide.com/contact-us



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