

Virtual reality



Marcus Moufarrige
Chief Information Officer
& General Manager for
Asia, Servcorp

Servcorp is a serviced office and virtual office business with operations in Asia, the Middle East, America, Europe and Australia. Their innovative model has its biggest market in Japan, but wherever they are in the region it is their staff and connection to customers that is their biggest asset.

What are the opportunities in Asia for Australian service providers?

Australia is very lucky because it is well positioned geographically and culturally to engage with the Asian market. It's clear that the economic success of the world is moving east and this presents fantastic opportunities.

Australians have a great reputation through the Asian region in terms of innovation and business practices. We are hamstrung in Australia by our small population, but the future of trade is a global market. In saying that, Australia's proximity to Asia is going to be a massive advantage for us.

How has Servcorp expanded its operations in spite of the GFC?

The GFC is a great time to expand if you have a strong balance sheet, a great business model or good funding. Both China and the Middle East have been performing strongly in spite of the GFC, which has been fantastic for us.

China is in a unique stage of economic development – it is the second biggest economy in the world, but is still considered to be developing. There is a new vigour in the Asian region as people feel the capitalist system in the west is losing momentum. I think this means that, despite the GFC, there is going to be growth in China. It may not be as spectacular as in the past, and China is not immune to financial conditions, but the emerging Chinese middle class will ensure strong economic demand.

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Southeast Asia has also been a huge growth region for Servcorp. What are some of the challenges you faced entering these markets?

When expanding into Asia there are some great opportunities, but also a lot of challenges. The main challenges in these markets are not necessarily cultural. The perception is that learning the culture is the toughest part, but from our perspective the rules of business will typically apply. If you try to observe cultural norms, are polite and have charisma, you can go a long way.

The real challenge is working with governments in developing countries. Some governments can be difficult in terms of understanding a new business model. Markets like China, Singapore, Thailand and Vietnam are becoming much better at welcoming businesses into their markets.

What kind of talent management systems do you have to manage the success of your Asian operations?

Servcorp is an exporter of services and therefore an exporter of Australian expertise. People are a key part of our product offering and managing talent in various geographical locations presents challenges.

We don't typically use a human resources company. We use job classifieds to build our team, so the key is training people on the ground. You can't expect a team in another nation to have the same skills set as your team at home. They might be highly educated, but it is a different business culture.

We send successful, young Australian executives to our Asian offices. They spend time there training and inject some Aussie culture into the Asian business. Unlike American bosses, who can be culturally overbearing, Australians are very easy going.

What are some pitfalls to avoid when expanding into Asia? Can you offer some advice to Australian businesses hoping to succeed in the region?

Our philosophy is that to succeed in a new market, you need to keep your costs low, establish a larger addressable market and effectively target that market.

I often come across the idea that you must understand the culture to be successful in a new market. I believe it is more about getting your business to understand cultural differences and to have empathy for different cultures. It is also important to work with a local team. My advice is to keep costs low, think locally on the ground, observe global business practices and inject a bit of Aussie culture.

Can you share any stories that illustrate the lessons you have learnt moving into these regions?

We expanded into China in 1999 and offered a receptionist service with our virtual offices. It didn't sell and I asked our Chinese manager why. She said that Chinese businesses felt it was fantastic when no one answered the phone, because it was a sign that the business was very busy so must be very good! So the key is understanding these different business cultures.