



# EVALUATING THE RISK OF ENTERING NEW MARKETS



## INTRODUCTION

A Fortune 500 financial services company faced challenges in global market entry due to a lack of structured risk evaluation. To expand effectively, they needed a robust assessment framework aligned with long-term forecasting and capital allocation.



## THE STORY

This financial organization dedicates itself to providing a wide array of investment and retirement services, aiming to help individuals and businesses achieve their financial goals. It offers tailored solutions that include asset management, retirement planning, and insurance coverage, all designed with the client's long-term success in mind.



## THE CHALLENGE

Strategically expanding into new markets proved difficult due to past unsuccessful attempts. The company lacked an encompassing evaluation model that could anticipate returns from potential expansions and align them with internal financial strategies.



## THE CHOICE

Bâton Global (B|G) intervened, introducing a comprehensive risk assessment tool encompassing economic, political, and socio-cultural factors. By crafting a nuanced evaluation approach, B|G facilitated accurate pricing structures and refined capital allocation strategies. The project navigated an insight phase of extensive data gathering and an innovative tool development phase, culminating in empowering the company to make informed, data-driven decisions, significantly enhancing their global expansion strategies.

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## EVALUATING THE RISK OF ENTERING NEW MARKETS

In navigating global expansion, a Fortune 500 financial services company faced challenges in entering new markets and lacked a structured evaluation system to gauge associated risks. Their previous attempts at market entry had been unsuccessful, demanding a comprehensive assessment to facilitate strategic growth across international landscapes. Aligning with a ten-year forecasting process and internal capital allocation proved challenging without a well-defined system to anticipate returns from potential expansions.

Bâton Global (B|G) stepped in and introduced a tailored approach to risk assessment that extended beyond conventional financial metrics. Crafting a personalized tool, B|G enabled a holistic evaluation encompassing economic, political, socio-cultural, and internal operational factors often overlooked in traditional financial models. This creative methodology provided a nuanced understanding of market risks, affording the company a more accurate pricing structure and refined capital allocation strategies.

The project team embarked on extensive data gathering and defining country risks across various businesses operating in diverse international territories. Internal reviews, interviews, and data aggregation tools formed the foundation of this phase, laying the groundwork for a comprehensive risk evaluation model.

A notable innovation lay in the tool's development, aiming to incorporate non-financial risks typically absent in standard models. It systematically weighed and synthesized secondary data in alignment with firm priorities, providing a multi-faceted view of risks and opportunities. Introducing an internal online survey across multiple countries in diverse languages further enriched the risk assessment with firsthand perceptions and localized insights.

The integration phase was pivotal, supporting the internal team in adopting and rolling out this groundbreaking process across the organization. Deliverables were crafted to facilitate the distribution of knowledge among business unit heads, country leads, and senior executives. Presentations and training sessions additionally aimed to educate stakeholders, fostering support and understanding for the new methodologies.

This innovative tool enhanced pricing accuracy in global M&A activities, fortified P&L projections, and refined cost of capital calculations. It significantly augmented country risk forecasting, offering comprehensive insights into the financial and operational repercussions. This data-driven approach ultimately empowered both tactical and strategic decision-making at both business unit and corporate levels, heralding a new era of informed global expansion for the company.

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**Matthew Mitchell, PhD**  
Founding Partner



**Molly Lopez**  
Senior Consultant

Contact Molly to accelerate your journey with Bâton  
📞 1.515.205.0911 ✉ [molly.lopez@batonglobal.com](mailto:molly.lopez@batonglobal.com)