

# SETTING UP OPERATIONS GLOBALLY

“Practical Aspects of Doing  
Business Globally”

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# Common Motivation to Go Global (U.S.)

- Expansion of existing global operations
- Margins
- Pressure from customers
- Pressure from competition
- “Herd” mentality
- “Family business”\*

\* Bad “marriage” rarely is improved by having kids

# Common Motivation to Go Global (China)

- New Markets
- Distribution
- Enhance Management Skills
- Acquire Technology
- Build a “Bridge”

# Importance Of Defining “Global”\*

- China
- Mexico
- India
- Eastern Europe
- South America
- United States

\*Do not put all your eggs in one basket!

# Major Restructuring US Automotive Industry

- Highly competitive, market share growth by Asian manufacturers (“OEMs”), Toyota, Hyundai, Kia
- Big Three “legacy” costs
  - Union wages
  - Health care
  - Pension liability
- Suppliers follow OEMs
- Chinese interest
- SE Michigan – Human Capital, Engineering and Sales Center
- Restructuring introduces New Opportunities
- Wayne County China Initiative

# Do You Have A “Team” In-House? (The “Internal Team”)

- Management that is multi-cultural
- Leader at home who understands international business
- Leader on-the-ground you can trust
  - Expatriate
  - Foreign National
- International Development “Committee” or “Director”

# Engage Experienced Professionals (The “External Team”)

- Accountants (Finances & Tax)
- Banks (Accounts and Financing)
- Consultants (Specific Expertise)
  - Brokers and Investment Bankers
  - Financial Experts
  - Market Data Specialists
- Legal Counsel (Corporate & Immigration)
- Sales Personnel (Employees & Sales Representatives)

# Do You Have A “Plan”?

- Current business status (self-assessment)
- Global objectives
- “Product” vis-à-vis global objectives
- Downside risk
- Local market or export
- If local, evaluate competition
- “Partnership” or go-it-alone (degree of control required)

- Risk tolerance (staying power)
- Investment required
- Ability to be flexible
- IP Protection
- Entry options (available business entities)
- Tax implications (intra-company integration)
- Exit strategy

# Corporate Organization Starting Business In The U.S.

Three (3) Basic Options:

- Qualify an Existing Company
- Form a New Company
- Acquire an Existing Business
  - Stock Purchase
  - Asset Purchase
- Generally, no restriction on percent of Overseas ownership

# Acquire Existing Business Due Diligence

- Review Process Prior to Closing
- Representations and Warranties
- Certified/Audited financial documents and statement of liabilities
- Phase I Environmental Reports; even for leased real property
- Check litigation and claims

# Employment Basic Principal

## ■ AT WILL EMPLOYMENT

- Nonunion employees in Michigan and most other states are “at-will” employees, who can be terminated with or without cause at any time.
- Union contracts control all terms of employment for unionized employees

# Employment Discrimination

## ■ DISCRIMINATION LAWS

- Prohibit employment decisions based on race, color, gender, religion, age, national origin, disability and other legally protected characteristics
- Prohibit harassment based on gender, race and other legally protected characteristics
- Enacted and administered at both the federal and state levels. Enforced by government administrative agencies or through lawsuits filed by the employee in federal or state court

# Visas

## Business Start-Up

- Most Common Types of Visas
  - Temporary (Limited Stays)
    - Visa Waiver
    - Business Visitor (B-1 Visa)
    - Company Transferee (L1(a) or L1(b) Visas)
    - Treaty Trade/Investor (E-1 and E-2 Visas)
    - Specialty Occupation (H-1 Visas)
- Employer must apply for most employment-based Visas
- Employee must obtain visa waiver or B Visa

# Intellectual Property Types

## Four (4) Types of Intellectual Property

- Patents
- Copyrights
- Trademarks
- Trade Secrets

# Real Estate Facilities

- No prohibition on foreign ownership
- Initial office usually leased
- Copy of deed or lease required for some visas
- Manufacturing facility may be leased or owned
- Environmental and other due diligence required for manufacturing facilities
- State tax and other incentives may be available for new or expanded manufacturing facilities.

# Sources of Finance

- Trade Creditors
- Bank Debt
- Public Debt (bonds & commercial papers)
- Equity
  - Private Equity Funds
  - Venture Capital

# Clean Up Your Balance Sheet

- Understand Western Principals of Lending (Credit)
- Obtain Professional Help Locally
- Experience a "Rehearsal"
- Retain "Trusted" Help in US
- Consider a US "Partner"

# An Initial Public Offering (“IPO”)

- Strictly Regulation
- Requires Transparency
- Must Have Securities Counsel

# Key To Global Success

- “Due Diligence” at home an abroad
- Simple, realistic Business Plan
- Implementation of Business Plan
  - Monitoring
  - Communications system
  - Flexibility
  - Staying power
- Trusted “Help” on-the-ground

# QUESTIONS - CONTACT

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