

## Navigating the international odyssey with a reliable compass: The 360° Framework

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*The 360° Framework provides a holistic and systemic overview of what firms need to consider at any phase of the internationalisation process. The journey is a learning experience, which progressively transforms the ship and its crew.*

I was recently invited by Deusto Business Alumni to host a [roundtable on the topic of international strategies](#), during which we compared the internationalisation process to an odyssey, i.e. a long, journey where travellers face favourable and adverse adventures along the way.

Our panellists – Iñigo Guinea, CEO of GHI Smart Furnaces and Laura Badiola, Project Manager Digital Measurement Solutions of the Artech Group – shared tales of their company’s international odyssey: They spoke of how difficult it can be to penetrate foreign markets or negotiate in a different language and cultural context; as well as how lonely one can feel as an expatriate Ulysses far from home. Of course, we also talked about the challenges posed by the current navigational conditions – from changing trade tariffs to war in Europe and the Middle East. But they also lit up when speaking of the personal and professional growth that has come from working with people of different origins. So, given the conditions in which firms are navigating their international odyssey and that – as roundtable panellist Marta Alonso (Director for the North of Spain at BBVA) reminded us – each company needs to define their own internationalisation strategy and pace – the question arises of *how can firms plan and manage their internationalisation?*

The 360° Framework – devised by Lawrence Welch and Reijo Luostarinen based on their years of studying and advising Australian and Finnish firms respectively – is part of the [Helsinki Internationalisation Process Model](#) and provides a useful compass to navigate the internationalisation process. We teach our students that frameworks help us think and act in a more systematic manner. The 360° Framework provides exactly that: a way to structure our thinking about the firm internationalisation. In particular, it reminds us to adopt a systemic view of the firm’s internationalisation process, by considering what, where and how products and services are being sold, and by examining the organisation’s internal capacity for internationalisation.

# 360° Framework



In the following lines, inspired by the roundtable discussion and guided by the 360° Framework, I share some questions that I hope can help firms navigate and survive their internationalisation odyssey.

## What?

A firm's offering is the cornerstone for the subsequent internationalisation strategy, and as such key questions to address (and review in more mature stages of internationalisation) include:

- What can and should the firm offer on international markets? Products? Services? Technology or know-how? Or a combination of all three?
- Who are the firm's international clients (e.g. consumers, businesses, governments or other) and are these different to the clients in the home market?
- What (current and future) needs does the client have, that the firm's offering can cover (now or in the future)?

To answer this question, firms need to remain honest in their analysis of the competitive advantage: what are they really good at, that allows them to compete in foreign markets? This becomes especially relevant for service firms, who resolve client problems based on their know-how and professional judgement: They need to critically examine why international clients would hire them rather than trusted local firms or internationally recognised competitors. But manufacturing firms, too, need to consider the customisation, installation or maintenance of their products that will require providing services or know-how to international clients. Clear answers to these questions are necessary to address the *where* and *how* questions below.

## Where?

Having clarified *what* the firm's international offering will consist of, managers need to consider the attractiveness of markets, with questions such as:

- How large is the potential market and who else is operating there (i.e. competitors)?
- What are the commercial and regulatory barriers to enter this market? Are there other (favourable or unfavourable) institutional or contextual factors to consider?
- What resources (including knowledge and talent) are available and accessible in this market?

Our panellists concurred that Basque firms have much to offer in the international arena. But small manufacturing firms can get quickly overwhelmed by demand for their high-quality products, leaving them with little time to consider *where* they should proactively focus their efforts. For this reason, intermediary actors (e.g. governmental agencies, business associations, consultants and banks) insist on the importance of gathering and analysing reliable information to answer these questions. Yet, in these turbulent and unpredictable times, this can quickly become an overwhelming task – not only for our international business interns but also for seasoned international professionals. So it is important to remember that *where* decisions

entail long term market commitments, while *how* firms operate in each market will require continuous adaptation to the changing context, as explained below.

## How?

The *how* question essentially reflects the choice of operation mode; a question our international business students are often asked to examine in their internships in local, internationalising SMEs. A plethora of academic research addresses this question, reminding managers to reflect on questions such as:

- Which activities (sales? production?) does the company (plan to) carry out in foreign markets?
- Does the firm have sufficient knowledge to carry them out? Who else might possess this knowledge?
- What activities might be carried out online or digitally (e.g. sales through digital platforms)?
- What degree of control does the company wish to have over international operations?
- What investment is the company willing to make and with how much risk?

However, the literature (and official statistics) often provides simplified single mode answer (e.g. indirect export or subsidiary etc.), while in practice, most firms operate with a combination of different modes (e.g. selling locally and exporting from the home country; producing locally but also selling locally through agents). It is more useful for managers to think in terms of a portfolio of operation modes, that *together* cover the business needs. Additionally, market entry decisions are not life-long commitments. As the firm expands its experience and understanding of the market, its portfolio of operation modes will require adaptation, either with shifts within the existing modes (e.g. replacing and underperforming agent) or switches between different modes. Petersen and Benito (2024) provide a useful [guide for companies switching from operating with a local independent operator to opening a subsidiary](#).

In sum, the question of how a firm should operate is more complex than is often portrayed; but once managers recognise that operation modes should be dynamic and evolving, the answer to *how* to internationalise becomes more manageable.

## Personnel

Our panellists insisted in nearly all the rounds of questions that “to internationalise, you have to have the right people”. Key questions to consider include:

- What competencies (including language and cultural skills) do employees across different functions need and have to do business in international

- markets? Who has international experience, and specifically in the firm's target markets (including relational capital)?
- For companies further along in the internationalisation journey, how diverse is your workforce, in particular in the headquarters?
  - How motivated are employees to engage in the international operations? How much resistance is there (including in the support functions) to working with different nationalities, international travel and/or adaptation to different time zones?
  - What people management and mobility policies does the firm have or need to support the internationalisation process? Does the firm need to relocate people or will it recruit locally?

## Finance

Given the aim of the process to stimulate the growth of the firm, panellists were quick to point out the importance of the financial dimension of internationalisation, and commented that “there are added risks, but profits should be multiplied”. As such, firms need to prepare with questions such as:

- What financial resources are needed to cover the ambitions of the strategic plan?
- How does the cost structure and profitability of the firm's offering change when operating in foreign markets?
- What level(s) of risk are reasonable for different types of foreign operations?
- How diversified are those sources of financing (internationalisation subsidies, company funds, short term or long-term debt)?
- How prepared are the financial management processes of the firm to deal with international operations, including taxes and tariffs or payments and receipts in different currencies?

## Organisational structure

Personnel and finance are just two of the necessary support functions for the internationalisation of the firm. Others will include (digital) marketing & communication, logistics, IT, legal counsel... Indeed, the journey entails a transformational process and requires a navigator to steer the ship on the course the captain has set. To determine how best to assign this responsibility in the firm, the following questions might provide useful:

- Who is responsible for driving and coordinating the internationalisation process?
- At which stage of the internationalisation process does it make sense to have an international department? With what role?
- What coordination mechanisms are necessary to ensure international operations? In particular, who takes care of and is responsible for the teams in international markets?

These questions are important, as the internationalisation process often starts with sales and many companies leave responsibility with the sales manager. However, given that the process will undoubtedly affect and transform the whole organisation, managers should consider whether their sales manager has a sufficiently systemic view of the organisation to lead it. In other firms, coordination of support functions is assigned to the finance department, and, here too, managers must consider if the finance director can balance the considerations of financial risks of international operations with the commercial opportunities that need to be seized. Regardless of the department to which they belong, the person (or team) who holds the compass needs to have a systemic view to guide the firm's internationalisation process.

Having reviewed the Framework's six dimensions, it is important to underline that they are interrelated, with decisions along one axis affecting the others. In particular, weak organisational capacity is likely hinder the firm's ability to deliver to customers; whereas well prepared support functions enhance the firm's ability to compete internationally.

In conclusion, the 360° Framework provides a holistic and systemic overview of what firms need to consider at any phase of the internationalisation process. The journey is a learning experience, which progressively transforms the ship and its crew. Our panellists concluded that – just like Ulysses – you need persistence and patience to overcome the challenges of the odyssey, but with a clear goal and a reliable compass, you will get there in the end.

## MORE ABOUT THE 360° FRAMEWORK

*The 360° Framework was [first published by Welch and Luostarinen in 1988](#), and is a part of the Helsinki Internationalisation Process Model. The Helsinki Model portrays firm internationalisation as a systemic organisational change process of the entire firm, and is based on the PhD thesis of Reijo Luostarinen and his extensive engagement with Finnish internationalising firms and policymakers over many years. [Link for more information on the Helsinki Internationalisation Process Model.](#)*

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