

The Basics of Exporting Is Exporting for You?



QUEEN STREET COMMONS LUNCH AND LEARN

WEDNESDAY, OCTOBER 5TH, 2011
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Lunch and Learn Agenda



Noon

Round table introductions – review of participant goals

Discussion – Information Sharing

1. Is Exporting for you? Stimulate your thinking!

Export Topics-What is Exporting? Why Export?

Benefits and Challenges - The Basic Steps to Exporting

2. Assessing Your Export Potential and Preparing an Export Strategy

3. Actions and Next Steps – Resources Available

* Q and A

Facilitator and Round Table Introductions



- Facilitator: Involved in International Business for 16 years
- First Trade Mission – South America- 1996
- 22 Missions Since and multiple in-market visits/travel – including USA, Iceland, Germany, England, Puerto Rico, Trinidad, Barbados, Chile, Mexico
- Have owned my own business – Worth Consulting Group –for 7 years – helping organizations / companies develop their export success internationally

- Participants and Goals

What is Exporting?



- By definition: to send or transport a product or service for trade or sale or,,
- Goods or services sold to a foreign country or countries

Why Export?

This needs thought and careful consideration. There are lots of benefits



BENEFITS

- New Business Opportunities
- Promote Growth - Increased Sales
- Enhanced Domestic Competitiveness
- Diversified Markets
- Gaining New Economies of Scale
- Exporting can help businesses to utilise their capacity more efficiently and even out seasonal fluctuations in demand for their products.

SME vs large company?

Does size matter or dictate level of success?



- Export traditionally the domain of larger companies while smaller companies focused on local / domestic business. This has changed!
- Environment / Global economy has changed to remove borders/ barriers for SME's
- The global marketplace has come to town, it's all around us.
- The digital economy – enables our success

Exploit technology & expertise



- Exporting can also enable businesses to exploit unique or niche advantages in technology and other areas such as pricing, packaging, delivery and after-sales service.

Enhance competitiveness



- Through interaction with international clients, partners and investors, businesses develop knowledge of different cultural environments, insights into customer requirements, exposure to new technologies & ideas and competitors

Improve return on investment ROI



- This tends to be a longer-term objective, but one which can be achieved when businesses become competitive and established in international markets.

Exporting will bring change and challenge. Up for it?

- Increased costs
- Level of commitment
- Sensitivity to cultural differences
- Paperwork
- Market accessibility
- Competition

Is Exporting For You?



- Assessing interest and readiness
 1. Is exporting supported from the top down?
 2. Resources to spearhead the effort?
 3. Understanding of basic international trade finance?
 4. Modifications needed to products/ services?
 5. Logistics, shipping, how to service?

Determine your Export Objectives



- What is your primary purpose for exporting? Make it measurable.
- Stay focused - don't try to spread yourself too thin or take on too much.
- Write down your objectives.

The Basic Steps



1. assess your company's export readiness
2. build an export plan
3. research and select your target market
4. create an export marketing plan
5. determine the best methods of delivering your product or service to your target market
6. develop a sound financial plan
7. understand the key legal aspects of international trade

The Basic Steps – Many Resources Available



- **Step by Step Guide to Exporting**

The *Step-by-Step Guide to Exporting* It covers the entire process of exporting from the time you start thinking about it until the time you're paid for delivery of your goods or services. It's available both online and in hard copy, and the first chapter will help you understand how to lay the foundations of an export venture. Go to www.infoexport.gc.ca/eng/guide-exporting.jsp to download your free copy

Assessment: Exporting Needs to Begin with Careful Research and Planning



- Address four key questions:
 1. Is there an appetite for your product or service?
 2. Is your company ready to take on the export challenge?
 3. Do you have financing in place?
 4. Have you developed a comprehensive business and marketing plan?

Breaking it Down



1. Assess your company's export potential with a focus on 4 key areas;

- Human
- Risks
- Demand
- Costs

Assessment: Commitment and Honest Self Evaluation



- Is the business prepared to **devote the necessary time, effort and resources** required for export success? Will the Board and CEO give their full backing to exporting as a core business activity?
- Turning an eye **inward** to examine your business structure, processes and objectives in order to **identify strengths and weaknesses**.
- Does the business have sufficient **management** capabilities to develop and service export markets or could skills be acquired if necessary?

Strengths and Weaknesses



- What are yours,,,,,,,,,,,,,

Steps to Exporting



2. Build an Export Plan

- A business plan that focuses on international markets, export goals, activities, objectives, necessary resources and anticipated results.

Export Plan: Essential Elements



- Introduction
- Domestic Market Performance
- Export Objectives and goals
- Your target market
- Delivery
- Marketing Plan
- Sales Forecast
- Production Plan
- Risk Assessment
- Implementation
- Market Performance Evaluation
- Financial Needs

Managing an Export Business requires some additional knowledge



- As businesses commence exporting, or expand export markets, there are areas of business where there are differences operating as an export business compared to a domestically oriented business.
- Examples: **Protecting Intellectual property**- critical to the on-going operation of businesses, and protecting intellectual property when entering overseas markets need particular care.
- **Logistics and Freight** - options for arranging exports of services and goods : how am I going to get it there,,,,
- **Insurance Considerations** - Examines the types of insurance that are usually recommended to exporters.
- Export Documentation: Looks at the critical documentation that is required by exporters, contracts, etc. What`s relevant to your business,,,,
- **Getting Paid**

Creating an Export Marketing Plan



- How are we going to be successful? Critical Element to Consider: Method of Market Entry
- Market Entry: International business can be undertaken by using a number of strategies. Most businesses begin with exporting their products and services either directly or through intermediaries.

Production



- Does the business have adequate surplus capacity or the flexibility to expand production quickly to service exports?

Research and Select Your Target Market



- Market research enables businesses to analyse potential targets according to a number of key factors and issues including
 - market characteristics;
 - competitive conditions;
 - financial & economic conditions;
 - cultural, political & legal factors.

Market Analysis – often overlooked



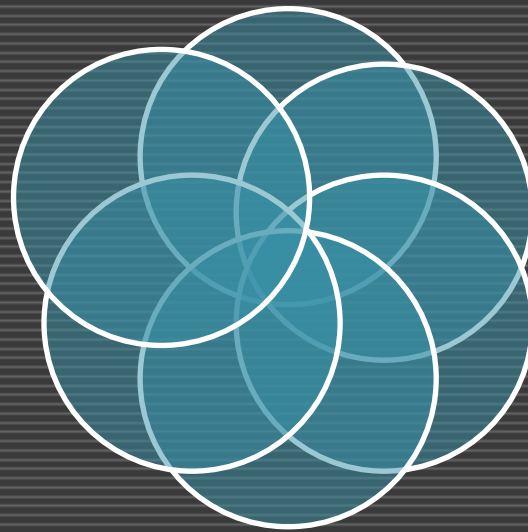
- Analysing and researching markets are critical elements in determining an export strategy. Businesses should identify the key factors and constraints in each potential market.
- Product / Market Niche: Will the business be able to identify and exploit market niches based on unique product or service features and qualities? Can the product design be modified if necessary to accommodate market requirements?

Marketing



- Does the business have strong marketing skills and a proven track record in existing market? Is there high quality marketing material which could be translated if necessary?

Researching, Selecting, Entering Your Target Market



Gathering information internally and externally that will help you make sound export marketing decisions.

Well executed market research will give you a clear picture of how to operate in your target market.

The decision to enter a market: based on sound research



- Getting a good handle on the competition in the market is an important part of market entry preparation
- Understanding the size of the category and the players within
- relative positioning and pricing within the category

Research: Market Considerations



Consumer demand vs. competitive activity

- High demand/few competitors
- Low demand/few competitors
- High demand/many competitors
- Low demand/many competitors



Product Research Considerations



What drives
the
product?

Quality?

- Price? Value?
- Uniqueness?



Research: Product Considerations



Self assess product strengths, weaknesses: Ask a third party, don't be afraid of criticism, be prepared to change if relevant. (Ask your existing customers, ask those that declined to buy your product)

- Labeling
- Packaging
- Size
- Sales Points
- Display
- Presentation Materials
- Building Identity
- Expansion Potential

Market Visitation



- Visiting target markets is a vital aspect of exporting as it enables businesses to verify and supplement their market research and make contact with customers, agents and distributors in the target countries.

Some food industry intelligence gathering to gain insights
and seek answers to questions



Being aware of what's happening in the market,,,,, Trader Joes



Packaging and Pricing,,,,,



How sweet it is,,,,, 11 suppliers



Telling a story,,,,,



Intelligensia – Telling their story,, at store level,,,



Color, Graphic Design,,,,



Seattle Chocolate Perfect Peanut Butter Bar	\$2.49	Seattle Chocolate Pike Place Espresso	\$2.49	Seattle Chocolate Rainier Cherry Bar	\$2.49
2.5 oz. Ea / 99.80¢		2.5 oz. Ea / 99.80¢		2.5 oz. Ea / 99.80¢	

Trade Shows- Will exhibiting at this trade show help me reach my objectives in growing my export



- **Trade Show Participation and Attendance:**
- Rationale for auditing trade shows: assess the show's value and assist in planning for future participation. Record leads, market trends, quality of traffic, company (industry) positioning, competition, educational programs available, composition of attendees, type of show, size of show, quality of show, appropriateness for your company.

Maximizing learning / growth opportunities through trade shows



- ✓ Tours and Store Visits? Map out a strategy, know where you should touch down at
- ✓ Working with Brokers and Distributors: Roles, Rules and Relationships
- ✓ Learn about starting from Cost of Goods to establish various pricing levels: wholesale, distributor, private label, and export

**Trade Shows-
Excellent Sources for
Intelligence Gathering
Example: Lead
Information Sheet**

STAPLE BUSINESS CARD

NOTES

TIME:

DATE:

LEAD TYPE

- Manufacturer
- Agent
- Distributor
- Wholesaler
- Importer
- Supplier
- Other

BUSINESS CATEGORY

- Retail
- Food Service
- Institutional
- Caterer
- Industrial
- Other

COUNTRY of BUSINESS

REQUEST

- General Info.
- Prices
- Technical Info.
- Product Samples
- Representation
- Partnership
- Supply
- Bid / RFP

URGENCY

- Urgent
- ASAP
- Soon
- Not Urgent

FOLLOW-UP

- Call back
- Send info/brochure
- Send proposal
- They will call back

Sales Information, Expectations to Achieve Sales?



- Sales Expectations: An example for a food company
 - *Slotting Fees*
 - *Grocery Chain and Distributor?*
 - *Manufacturer Requirements*
 - *EDI*
 - *Competition*
 - *Presentation Travel/Schedule*
 - *Non-Sales Issues*
 - *Deductions*
 - *Marketing Costs*
 - *Performance Volume by Time Period?*
 - *Overall Investment / Price to Play? Can you afford to play in this space,,,,,,*

Market Entry Research



Becoming an excellent fact finder is an important skill across multiple areas that require intelligence and answers to questions

- ✓ Regulatory
- ✓ Transporting / delivering your product
- ✓ Freight Forwarders / Custom Brokers
- ✓ Packing, Labelling
- ✓ Export Documentation, Insurance

Market Entry



- Determine the best methods of entering your product to your target market: market entry strategy considerations ?
- Agents, distributors, trading houses, direct sales, partnering with companies in market, impacts on margins, etc.
- Pick your Partners with Care !

Define what you are trying to accomplish with a market visit,,,,



- Networking , Seeking key contacts: Make a list of people with whom you want to meet or the type of contact you feel would be valuable to connect with
 - * if you want to secure a broker in the USA, shouldn't you be meeting with some brokers? Make it happen.
- Information: What specific information do you want to know? Where are the best places to get the answers?
 - Base your questions on your objectives
 - Make a list of questions to ask each organization/company that you will be meeting with.

Market Entry Preparation



1. Identified Target Markets and Key Accounts
 - Prioritized by region
 - Selected the regions of least resistance to new items
 - Selected suitable sales representatives or brokers
 - To take advantage of the highest initial sales opportunities
2. Determined Best Method of Distribution Channels
 - Direct to (high volume) customers
 - Distributors
 - Regional Warehousing

Market Entry Preparation



3. Established Pricing
 - Versus competitive environment
4. Established Sales Representatives, Distributors, and Broker Network
 - Set Productivity Expectations
 - Regional / National
5. Set Reasonable Timelines from product / service development, packaging to shipping
6. Established relationships with trade Media to take advantage of editorial opportunities for brand promotion

Financing



- Exporting can be a major strain on your financial resources. Whether you are an experienced exporter or just starting out, most companies require some additional financial resources

Developing a Sound Financial Plan



- Does the business have sufficient financial strength and resources to develop new overseas markets? Initial items of expenditure may include advertising, promotional material, training, and cost of market visits.

Exporting Costs



- What kinds of costs are incurred in exporting that may not be normally a part of domestic business activities?.

Export Costing Considerations



- ✓ Marketing and promotion
- ✓ Production
- ✓ Preparation

- ✓ Documentation
- ✓ Transportation
- ✓ Customs
- ✓ Financing



Export Pricing



- Setting export prices – approach?
- What information do we really need? What strategies are we deploying? Is it in line with our branding?
- Factoring all costs? What costs need to be considered?
- What is our desired profit margin?

Trade Legalities / Regulatory Considerations



- Understand the legal aspects involved in international transactions and contractual arrangements
- There are a number of different legal systems in use globally, and exporters must be aware of the system, and how it is enforced, in potential export markets.
- Seek professional advice when / where required.
- Talk with exporters who are further down the road than you are

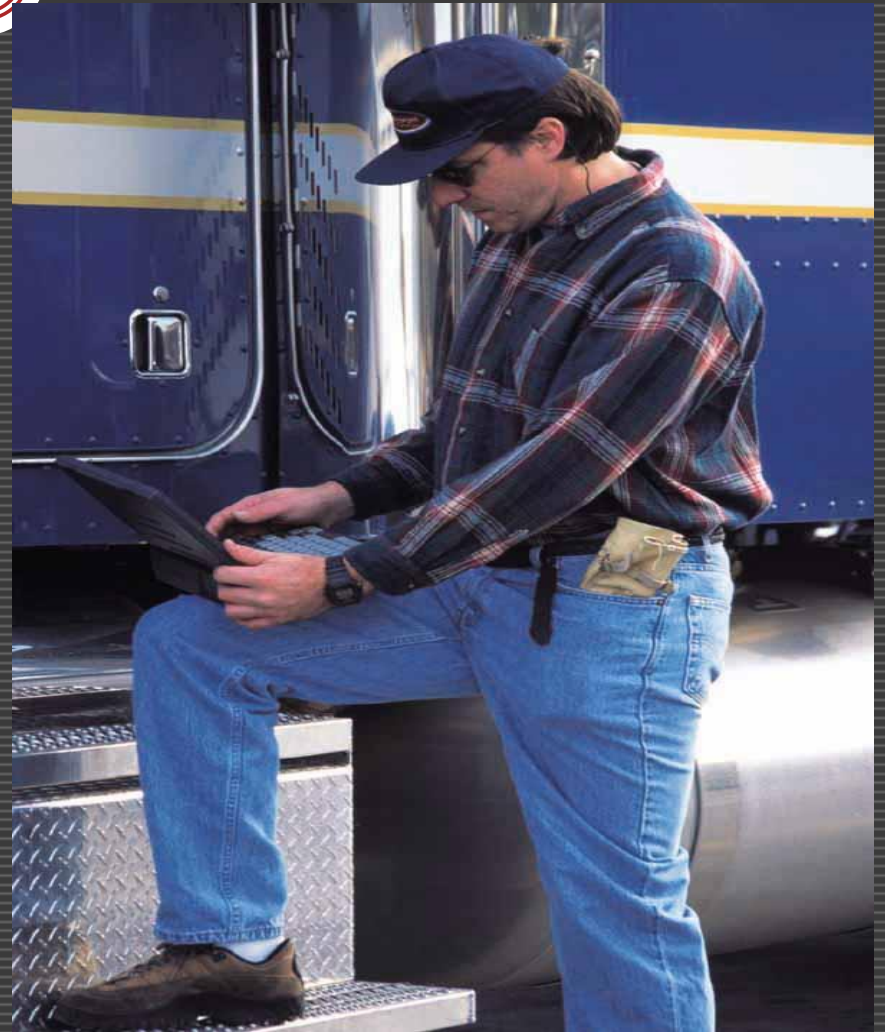
Regulatory Considerations

To ship goods many companies retained the services of:

- an excellent customs broker who provides the proper documents and clearance code identification for products
- a good freight carrier who knows the regulations and properly presents documents

* Despite the best laid plans, some shipments simply get held up for one reason or another.

Merchandise can be held for a variety of reasons and it can take weeks or months to get proper clearance. Having a customs broker in your corner to manage shipping processes takes the pressure off you and put's these processes in the hands of the experts.



Financing Your Export Venture



- Develop a sound financial plan.
- Evaluate the key elements for cost consideration
- If the numbers work, how will the bills be paid while you're “investing in export growth?”
- Can you articulate your business case?

Seek out resources in advance



- Market reports – Canadian Consulate offices, Federal, Provincial government partners, Trade Associations

Be knowledgeable before you hit the ground running,,,,,,

2.Preparing an Export Strategy



- Most successful international businesses adopt a long-term strategic approach to their export activities.
- Export Readiness Checklist -Before embarking on an export strategy, businesses can use this export readiness checklist to consider a number of key issues.
- The beginning basics,, many more questions to add.

<i>Export Readiness Checklist : Indicators of export readiness:</i>	<i>Yes</i>	<i>Plan</i>	<i>No</i>
Do you have an export product line or collection?			
Do you have a strategy for product development?			
Do you have enough production capacity to fulfill new orders?			
Do you have a good system for quality control?			
Can you finance export orders?			
Do you have access to email on a daily basis?			
Do you have staff that speak international languages, especially English?			
Do you have an export price & terms list and a product catalogue?			
Do you have an export license and knowledge of export procedures and regulations?			
Do you have good packing and labeling materials?			
Do you have an export marketing plan and budget?			
Do you understand global customer expectations?			
Do you have a market research strategy?			
Do you have the desire to export?			

3. Resources



- **Service Exports**

Connect with the global services community. [Service Exports](#) is designed to help service companies learn about exporting services, network, explore new markets, and promote their expertise to the world.

- Canada Business is continually publishing new and updated guides for exporters. Check their [Export Guides and Tools](#) to find out what's available

Canadian Commercial Corporation (CCC)



- CCC specializes in international procurement markets for Canadian exporters and provides services to help them win export sales. CCC's contract specialists can provide small and medium-sized exporters with contracting and legal advice which can help you establish effective strategies for mitigating risk and increasing your win potential during the proposal and contracting stages of your export deal. For more information [visit CCC](#) or call **1-800-748-8191**.

International Trade Canada



- The Canadian Trade Commissioner Service – Offices in Canada
- With a team of 100 trade commissioners covering every province and territory in Canada and 800 trade commissioners working in more than 140 cities around the world. Through their offices in Canada, you can obtain practical advice on export support services, market intelligence, funding opportunities and business contacts to smooth your path to exporting and One-On-One Export Help, Market and Industry Information, Assistance in Export Financing, Trade Fairs, Missions and Events
- To contact the Trade Commissioner Service in Canada, call **1-888-811-1119** or visit <http://www.infoexport.gc.ca/eng/offices-in-canada.jsp>

Resources: Canadian Trade Commissioners



Canadian Trade Commissioners can help assess the potential in target markets and provide among other assistance:

- advice on doing business in the foreign market
- resolve border crossing issues
- introductions to potential buyers and partners
- provide an indication of major trade barriers, regulations, and certifications;
- notification of upcoming events (trade fairs, conferences, seminars and trade missions)

** resources to help you refine and implement your market entry strategy*

Virtual Trade Commissioner (VTC)



- VTC is a key tool for accessing the international business development services of the Canadian Trade Commissioner Service. By registering and becoming a client of the Trade Commissioner Service, you can obtain on-line access to market research reports, business leads, business news, events and visit information that match your specific international business interests. Through your Virtual Trade Commissioner, you can request services from trade commissioners abroad who are responsible for your industry and target markets. You can also make information about your company available to more than 800 trade commissioners in over 140 offices abroad. For more information, or to register visit the [Virtual Trade Commissioner](#)

Strategis www.strategis.gc.ca



- Strategis: comprehensive internet site for business information and statistics about Canada and other countries.
- In addition to providing market research, industry statistics, company directories, and information about doing business internationally, the portal hosts interactive applications such as customizable benchmarking tools, cost calculators, and online business planning.

Atlantic Canada Resources



- Atlantic Canada Opportunities Agency (ACOA), www.acoa.ca
General Inquiries: **1-800-565-1228**
- Prince Edward Island Business Development, www.peibusinessdevelopment.com
General Inquiries: **1-800-563-3734**
Trade Team Prince Edward Island, www.tradeteampei.com
- Government of Newfoundland & Labrador, www.gov.nl.ca/doingbusiness/
General Inquiries: **1-800-668-1010**
- Trade Team New Brunswick, www.ttnb.ca
General Inquiries: **1-888-811-1119**
- Nova Scotia Business Inc., www.novascotiabusiness.com
General Inquiries: **1-800-260-6682**

EDC: Export Development Canada – best known for financing export receivables – providing exporting insurance

- EDC has decades of experience in helping Canadian exporters of all sizes. Our solutions have been designed to make exporting easier and less risky, while helping you access more cash.
- EDC's products and services
 - Extend competitive payment terms and make sure that you get [paid](#).
 - Increase your access to [working capital](#).
 - Get [credit and financial](#) information to assess your U.S. buyers.
 - Access a [guarantee](#) for your contract without tying up your cash.
 - Strengthen your bid with long-term [buyer financing](#).
 - Issue a [bond](#) for your contract and protect yourself against a wrongful call.
 - Access to up-to-date, useful and comprehensive [economic and political market intelligence](#).
 - Telephone:: **1-866-283-2957** weekdays 8 a.m. to 6 p.m. EST,

Forum for International Trade Training (FITT)



- FITT is Canada's centre for international trade training and certification. Through its training programs, FITT supplies individual entrepreneurs and business professionals working for firms that want to become global players with practical trade skills and a competitive leading edge. FITT offers the only national professional designation in Canada that recognizes individuals' experience in international trade, the Certified International Trade Professional (C.I.T.P.) designation. Contact **1-800-561-3488** for more information or visit www.fitt.ca.
- Local Delivery: UPEI – Sherilyn Acorn

FITT



- Global Business
- International Marketing
- Trade Research
- Trade Finance
- Supply Chain Management
- Market Entry Strategies
- Legal Aspects of International Trade
- Ethics International Business

More examples



- **Business Development Bank of Canada (BDC)**

BDC provides specialized long-term financing to help drive sales, improve competitiveness and increase profits. **1-877-232-2269** or visit www.bdc.ca

- **National Research Council (NRC)**

NRC's Industrial Research Assistance Program (NRC-IRAP) is Canada's premier innovation assistance program for small and medium-sized Canadian enterprises (SMEs). NRC-IRAP provides Canadian SMEs with financial assistance and other business and technological consulting services. Visit www.irap.nrc.ca or call

1-613-993-7620

Resources and Expertise



- www.wtca.org
- www.chamber.ca
- www.the-alliance.org
- www.edc.ca
- www.tradeteampei.com
- www.tcm-mec.gc.ca
- www.bdc.ca
- www.cida.ca
- www.infoexport.gc.ca
- www.exportsource.ca
- www.incoterms.org
- www.strategis.gc.ca
- www.fitt.ca

Tips



- Building business relationships in foreign markets is best done face to face.
- Learn about the culture of the place you desire to do business in. People will respect your efforts, the first building block in relationship development.
- Be sincere
- Be honest about what you can't deliver

Assistance, Grants and Services



- The Government offers a range of assistance and support services to assist PEI businesses establish and develop their export potential.
- .Arrange of Government websites and sites that can assist in export related business activities.
- Strategies for increasing export skills in your business, and a range of training options for staff involved with exporting.

Export Successes All Around Us!



- **CHANDLERS CABINETS & MILLWORK**
- **VISION RESEARCH**
- **PRINCE EDWARD AQUA FARMS**
- **CANOE COVE STUDIOS**
- **RAVENWOOD STAIRWAYS**
- **PHYTOCULTURES**
- **and many more,,,,,,,,,**

You can do it!



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