

## ***Export Newsletter***

### ***Volume 2: Export Readiness Assessment***

In volume 1 of this export newsletter, readers were exposed to some of the basics of exporting and the topics included:

- **Reasons to Export**  
Why would a company decide on exporting?
- **Exporting Myths**  
Popular misconceptions about who exports and how daunting the process appears.
- **Exporting Facts**  
Insights into the realities of exporting.
- **Who Can Export**  
The kinds of companies typically exporting.

Perhaps the material presented caught your attention and you began to revisit the idea of exporting your company's product or service. You may be thinking that there are opportunities overlooked overseas and you are now realizing that the idea of exporting bears further investigation.

Good!

If you've arrived at this conclusion you may be wondering about the next step.

Great!

Most companies begin by asking themselves their very first and very basic question. Am I ready to export? Export readiness asks that a company takes a thorough and honest look at itself before allocating funds, personnel and other company resources to exporting. This month's newsletter will offer you some basic considerations to determine if your company is ready to export.

## **The Export Readiness Assessment**

While it's true that any successful company can export, it is often valid to measure where your company is on the "export learning curve". This involves identifying its strengths and weaknesses and the resources that might be needed to further pursue exporting. What are other successful exporters doing and is there any value in adopting their tactics and strategies? Yes, yes and yes.

## The Elements of the Export Readiness Assessment

- Organizational Readiness
- Company Readiness
- Financial Readiness
- Product Readiness

You may want to begin the process by asking yourself some of the following questions.

### Organizational Readiness

- Is there consensus within the organization to pursue exporting as aggressively as domestic markets? Is your management team on the same page? Are your employees on the same page? Are you prepared to move as a team in pursuit of export objectives?
- Does anyone on your staff possess export marketing or export sales experience? Can you build on that expertise and experience?
- How will you staff your export operations? Will you rely on existing staff and will they require some level of export training? Will you hire new staff with export expertise? Will you outsource your export marketing and sales to a manufacturer's representative, a distributor or an agent in an overseas market?
- Has your company developed an export strategy? Most successful exporters develop a plan and a strategy rather than simply react to market conditions; they consciously approach exporting.
- What are your organization's long-term and short-term expectations for exporting? Managing expectation is crucial. What do you expect in one year; three year...five years?
- Is your company prepared to designate a go-to-person within the organization to handle export activities? Successful exporters generally have a person assigned to its export activities and it becomes their priority to address all international inquiries in a timely manner. Remember that exporting may very-well become the most important part of your business; it's not a part-time thing but a full-time thing.
- How prepared is your company for change? Selling overseas is a lifestyle not merely an occupation. Consider, for a moment, that you eventually begin selling your product in the

Middle East. Unless you expect your partner to work on your schedule your work schedule, at the very least, will shift nine hours. The work week in the Middle East begins on Sunday and so might yours. How do you feel about other cultures? Can you separate personal beliefs from business practices?

- How does your company feel about risk? Exporting exposes your company to greater success and greater risk. Even going overseas to visit your new customers involves risk. Would you rather be safe than sorry?
- Is your company prepared for a marathon or a sprint? Even the occasional large company begins exporting thinking that it can turn sales around in the next quarter. The general rule of thumb suggests that it may take a company at least a year to be profitable in overseas markets. In many markets it could be 2-3 years.

## Company Readiness

- Does your company have an established and successful presence in the domestic market? Exporting is a business expansion strategy and not a business development strategy. It may be far better to gain your proficiency as a company by working with customers closer to home before branching out to overseas markets.
- Does your company fully understand how it sells its product or service? Are you reliant upon distributors, agents, in-house staff or a combination? However you sell your product or service and ask yourself if that business model will work in another country.
- How does your company promote its product or service? Do you expect to air a commercial on the radio or television in another country? Will you use social media, the yellow pages, advertising in industry publications, and the newspaper? Be prepared to adapt your promotional strategies to the market.
- Does your company have a web site or a Facebook presence? These forms of social media may be your most effective form of advertising and if you do not have a website or Facebook presence you will most likely need to develop them.
- Is your social media internationalized? In future editions of this newsletter this topic will be discussed in detail. For now though, ask yourself how user friendly is your website to someone for whom English is a second language. Can your webpage be viewed in its entirety on a smart phone? Many people overseas rely on smartphones more than they do PCs. Do you rely on jargon to describe your company, your product or your service? Will your potential buyer in Morocco understand?
- Have you analyzed web traffic? Many companies are surprised to learn that upwards of 40% of the hits on their website come from overseas. Why might they be visiting your

website? Have you missed a sale or exposed your product and/or technology to the competition?

- Can export orders be filled from existing inventory and with existing staff? How scalable is your business and how quickly can it adapt?
- Are you prepared to offer aftersales service overseas as good, if not better, than you do domestically? Many veteran exporters know that whatever product they think they sell, they are actually selling a service. Are you prepared to do whatever it takes to serve your clientele overseas?

## **Financial Readiness**

- Can your company commit financial resources to hiring new personnel or training existing personnel?
- Are you prepared to modify marketing materials and your website for “foreign consumption”? Will you translate your training manuals, if you require them, so that your new distributor overseas fully understands the product you are asking them to sell?
- Can you allocate staff and finances for foreign travel? In order to be successful in exporting at some point you will have to meet your partner abroad. Your company may initially meet that partner at a tradeshow. The booth alone can cost upwards of \$20,000 and the cost of sending personnel to staff that booth can cost over \$3,000 per person.
- If your company does not have a website or a social media presence, are you prepared to develop and manage one?
- Is your company prepared to offer different payment options to potential customers abroad? Thirty, sixty and even ninety day same-as-cash terms are widely used payment terms in Europe. There are many programs to assist U.S. exporters with export financing; will you have the time to address this issue?
- Is your company financially able to modify its products or services for markets abroad? Even selling to Canada will require bilingual labeling and utilizing metric standards. The color black is associated with death in many cultures. It is likely that your product will undergo some form of adaptation for the overseas market and it may serve to prepare for this eventuality.
- Are you financially prepared to accommodate increased production? Sometimes success can overwhelm the new-to-export company; can you afford to grow?

## **Product Readiness**

- Which products will you market overseas and why? Are you intending to unload excess or outdated inventory abroad? Are you willing to expose your flagship product to the competition who may very well decide to copy your idea? What are the profit margins for your products; are there one or more products with a healthy enough margin to compete on price, if necessary, overseas?
- Is the product unique? Do you intend to file for a patent? How can you expect to protect you intellectual property rights?
- Is it demand in the USA? Why or why not? What do you know about your product's competitive advantages overseas? What do you know about similar product sold in other markets?
- How easily can it be modified? Can it be modified in such a way so as to retain its uniqueness?
- How is it packaged? How is it labeled? Will the packaging withstand the rigors of overseas shipping? Is your product packaged to efficiently use space? The most expensive thing to ship overseas is empty air.
- Can it be assembled overseas? Shipping components instead of the finished product overseas can reduce duties, shipping costs and afford your partner the opportunity to increase their profit margins.
- How will it be shipped overseas? Shipping via rail or over-the-road may not get your product to many overseas markets and your company will be served by developing the acumen to understand the other methods of shipping.
- What are the regulatory standards for your product overseas? Virtually every product sold overseas must meet some form of standard not enforced in the United States. As part of your readiness assessment, identify those standards and the costs associated with compliance.
- How much technical support or training is required to use or support the sale of the product? How will you communicate that training to someone for whom English is a second language? Will you absorb the cost of bringing them to the USA for training? Will you train them at their site? Does your product, by its very nature, require that you partner have command of one or more technical skills so as to effectively sell and service your product?

## **In Summary**

- Exporting is a business expansion strategy
- Exporting may require a company to forego short-term sales in favor of a long-term strategy
- Exporting can expose a company's strengths and weaknesses
- Exporting may require a company to develop or acquire new skill sets

It is important to realize that every new-to-export company starts the export process by asking many of the same questions posed in this article. Rarely, if at all, does a company have an answer to every question. So how did they make that transition? How do you eat an elephant? One bite at a time of course. In the next edition of this newsletter you will be introduced to the various government resources that are designed to assist the Small-to-Medium-Sized Business (SME) through the export process. For every question posed here, these resources will have counseling, information or referrals that will answer each and every question. Each has developed unique and cost effective services to assist and guide the exporter in each step and every nuance in the export process. Guaranteed.

Until the next edition you are invited to conduct your own export readiness. If you've read the first newsletter you know that your company's future may very well rely on your ability to diversify and sell in markets abroad. The export readiness self-assessment will give you an idea of how to prepare for the eventuality of selling overseas. If this stills feels like so much a daunting task feel free to contact Enterprise Florida or the U.S. Commercial Service. They are our partners, they are committed to your export success and each stand s ready to serve.

**Larry Bernaski**  
**Regional Manager**  
**International Trade Development**  
**Enterprise Florida**  
**904.359.9350**  
[lbernaski@enterpriseflorida.com](mailto:lbernaski@enterpriseflorida.com)

**Jorge Arce**  
**Director**  
**Jacksonville Export Assistance Center**  
**U.S. Commercial Service**  
**904.232.1270**  
[jorge.arce@trade.gov](mailto:jorge.arce@trade.gov)