

# EXPORTING CHECKLIST

Exporting is a great way to expand, grow your business, and increase profits. In order to get the most out of exporting, and to avoid pitfalls, a business owner needs to carefully plan their exporting journey. Our checklist can help you do just that.

## 1. Research and development

### Make sure you have the resources

There's no point entering an export market if you can't manufacture and deliver your product. It's important that you know upfront that you've got the capacity to deliver to an export market.

### Identify the products/services you'll export

It's important to work out which of your products would appeal most to an overseas target market. Then you need to determine if they should be modified in any way in order to maximize their potential. When you are deciding which products to export, it's important to balance the costs of manufacturing and exporting the product against the return, so you can be sure it's worth it.

### Consider new products specifically for the new market

If there's nothing (or only a few) products in your inventory that would suit an overseas market, you might consider developing a new product specifically for export. Attending international trade shows can be a great way to see what similar businesses are doing outside the US.

Any new ideas identified from market research and customer feedback should be screened for their feasibility. Ask yourself if the market really needs the new product or service, and can you produce it at a price the market can afford?

### Define your unique selling point and competitive advantage

To identify your competitive advantage you'll need to understand the strengths and weaknesses of your competitors. Find out where they're located, analyze the goods or services they offer, determine how they price and market and establish what share they have of the market.

### Protect your intellectual property

Consider extending any patent, copyright or trademark that already exists into your export country. Equally you don't want to be infringing on local IP. Visit the US Patent and Trademark Office website to protect your IP and make sure you're not breaching anyone else's.

### Develop an export business plan to show lenders

Not only will a business plan keep you on track and define your goals, you'll need one to show to any potential lenders and investors if you need to raise capital. They'll want to see that you've got clearly defined goals and objectives in place.



## 2. Confirm that you can make money

### Calculate your costs

First, review all the costs that go into manufacturing or building your product, including raw materials, time and wages. Then research what costs there will be exporting to your targeted country. In most cases, that country's government will have a website with information on importing and exporting that details the costs and fees associated with them. It's important to visit these sites and gain a clear understanding of their requirements.

Talk to anyone you know who has experience in exporting goods so that you can get an idea of the costs of shipping, labelling and handling.

If you're exporting a service or online/software product you may not have any physical raw materials. Instead you're more likely to have staff costs to cover.

### Conduct a break-even analysis

Work out when you'll generate enough export revenue in sales to cover all your costs before showing a profit. Ask yourself whether there are areas where you could reduce costs or increase prices to help you reach this point sooner.

When you're considering how much to sell your products for, take into account whether you are using your currency, or the local currency of the export market you are entering.

### Conduct a cash-flow forecast

You need to be sure that you are going to have enough cash going through your business to sustain output and generate a profit.

Put together an accurate forecast of how cash will flow through the export area of your business. This will help you decide if the opportunity will give a decent return on your investment.

### Develop a competitive pricing strategy

It's only worthwhile exporting if you can do so profitably. You'll have to balance covering your costs with making a reasonable profit while charging a price that customers can afford to pay.

First, determine the best price for your product in an overseas market. You should consider your market position, whether the price reflects the product's quality and what discounts you might offer. Then research what price consumers expect to pay, and the maximum price they'll pay for something that's perceived to be superior. Collect data on your competitors' prices along with any statistics showing their sales and market share. Build an overall picture of the industry price range from here.

How your offerings fit in depend on your products. If they're innovative with improved technology, few competitors and strong demand, you may be able to charge a premium. If your business faces competition that will constrain your prices, having a strong USP will give you more opportunity to maintain your price.

Be cautious when it comes to discounting. It can erode your profit margin and could create a 'lower quality' perception of your business. You'll probably be better off spending more time to enhance your value proposition in order to charge prices that will produce a sustainable profit.



### 3. Create an international marketing plan

#### Define your brand attributes and identity

Your aim should be to make your brand as recognizable as possible. You are looking to increase brand awareness in your target market, and to do that it's important that you've clearly defined your business values and a strong identity.

Your current branding will be conveying information about your business to prospective customers. Look at each aspect of your branding and write down all the positive, neutral, and negative messages it might be sending to consumers. Define your USPs and competitive advantage, your position in the target market, and what you offer that your competitors don't.

A brand is your business's overall image. The best brands provoke an emotional response in consumers and give them a sense of belonging to a business's overall values and aims. It can be a name, an identity, a logo, or a great tagline. In an export market double check that the brand message you have in the US will transfer to the new country. Take care for any cultural differences you may be unaware of.

#### What are the characteristics of your chosen market?

Market research will help you understand the market size, needs and to help determine who will buy from your business.

It's a good idea to visit your intended export market and get to know what the situation is like on the ground for similar businesses. Find out as much as you can about local customs and business protocols before you visit – be aware of standard business attire, ways to greet and converse, and what times of the year are best to visit.

#### Identify your target customers in overseas markets

In the same way you would do locally, you need to identify your target customers overseas and create profiles of the ideal customer. This gives you a better idea of how to promote your product and is an important aspect of your export marketing strategy.

Use online resources as much as possible to research your target customers. Set up a customer database and create a profile of your ideal customer in your chosen markets. Use the market research you've conducted to predict their needs and what they would buy from you. For example, you'll be able to compare prices and read customer reviews on their websites and social media platforms. By establishing customers' perspectives on your future competitors, it will be easier to pinpoint their competitive advantages and to determine your own.

#### Identify the best ways to create awareness

It's important to consider a range of possible marketing paths to get the word out there to as many consumers in your target market as you can.

Enhancing your presence on social media. Link to other relevant sites, and between your own website, blog, LinkedIn, Twitter, Facebook, and Pinterest pages. These can all be vital tools in creating brand awareness if used regularly.

Look into traditional advertising options in your target market. You can still reach a lot of potential customers through advertising in newspapers and magazines, television, and radio if that's how consumers in your chosen export country listen and engage.

### 4. Financing your export journey

#### Identify and list all cash-flow considerations

It's important to take into account all your cash-flow needs, so you can minimize risk when entering an export market. A cash-flow forecast will help you to identify everything that will impact on your cash-flow.

When exporting, you'll probably be waiting longer for payments, and this can put a strain on your cash flow. The length of time you have to wait will depend on any contracts written up with buyers in your export market. Shipping terms, currency, and payment methods and terms can be open to negotiation. With the expectation that you'll be selling more and supplying a whole new market of buyers, you'll have to check your capacity and possibly purchase additional assets to meet demand.

How much surplus cash flow from your domestic business will you be able to reinvest in your export plans? Think of steps you could take to maintain a surplus while focusing on exporting. For example, are you able to lock-in some domestic revenue over the next 6-12 months to help fund your export drive and reduce your business's risk?

Keep in mind what impact exporting will have on your domestic cash flow. Don't neglect the domestic side of your business when you are planning to enter international markets.

#### Identify the best ways to raise capital

Every business is different when it comes to the best ways to secure funding – identify which suits your business best. Whether it's borrowing from a bank or other lenders, approaching investors or using funds from within the business, you need to make sure it's financially viable.

Estimate how much money you think you'll need to set up an export component of your business. It usually costs more and takes longer to successfully export than you plan for.

**Approach chosen options with business and marketing plans**

Lenders will want to see detailed business, marketing and export plans, so make sure yours are carefully laid out and fully up to date.

**Accounting software**

Whether it's what you've already got in place or if you are on the hunt for something new, make sure your accounting software has options that can handle export finance data and payments. Business-Software.com has a report you can download that ranks their top 10 accounting software applications.

## 5. Get ready to make your mark on the world

**Scale up your staff, operations and logistics**

You'll need more resources to export effectively so make sure your business is prepared to meet the increase in resource demand.

You'll need to become an expert at delegating the right tasks to the right staff. You may be away from your business's base for long periods with the added time and effort needed to get your exports up and running. Are there any skills gaps on the horizon? Do you need added specialist staff? For example, if you are exporting to a foreign language country, you might have to hire a local interpreter or employ a fluent speaker.

**Export documentation**

Familiarize yourself and your staff with Incoterms (the jargon exporters use) on the Export.gov website and other export documentation, including packaging and labelling.

**Insurance**

Shop around insurance providers that specialize in exporting, so you know you are getting a good deal, one that's tailored to your needs. Then make sure your insurance – covering things like cargo and transportation – is in place before you get started.

Different businesses require different cover according to their assets and commercial offering.

**Trade treaties and conventions**

You and your staff should be familiar with the trade treaties and international conventions the US is involved in.

It's also important to be aware of cultural differences between the US and your target market.

**Test market and pilot before committing**

Test the market by selling your product on a limited basis in the export country. You can do this via your website, by attending and exhibiting at trade shows in the export country or selling through a third party.

It's important to generate feedback from the test sales. Use the responses to fine-tune and tailor your products before the actual launch.

## 6. Growing your exporting operations

**Review distribution channels**

You might have started with an online presence, but with a successful entry into exporting you can look at expanding the distribution channels you use.

You might consider opening an offshore manufacturing/distribution facility, to make supplying your business with export products easier and more streamlined. Visits to your target countries and the opening of overseas offices may lead you naturally to the next step – manufacturing your product in your overseas target markets. It's often a cost-effective way to increase production.

Consider a joint venture. Joining forces with a local business might be the way forward. You'll need to negotiate how much each side will provide, who owns any intellectual property, and what resources are necessary. Clear guidelines are essential for this kind of arrangement.

**Review distribution and supply deals**

You want to make sure you are getting the best deal so it's important to understand the market your distributors work in, and the challenges they face, as well as what share of their revenue you represent.

The same is true of suppliers. Talk to them about the current deals you have with them and see if they can improve on them. If you are not happy with them, shop around to find better suppliers.

**Review marketing and promotional strategies**

Successful export growth requires constant work. You should be continually reviewing your marketing and promotional strategies to make sure that you are building brand awareness.

**Open an offshore branch**

After you've visited your target countries, you might see an opportunity to open a local branch of your business employing local resource. This should give you a greater foothold in your new markets and will provide opportunities to grow even faster.

Please note that the information provided isn't intended and should not be relied upon as professional or personal financial product advice. You should seek professional advice before making any decision that could affect the financial health of your business.