

Questions & Answers
PREPARING TO EXPORT

Dorothy I. Riddle, Ph.D., CMC
Service-Growth Consultants Inc.
riddle@servicegrowth.com

The following ten questions and answers provide tips on how you can get ready to export and how you can determine if your firm is export ready.

1. What are the typical steps in developing an export strategy for services?

Because potential international customers depend on recommendations and referrals, you are likely to be most successful in markets where you have strong contacts. Also, since you need to move quickly to take advantage of new market opportunities, you will need to keep modifying your strategy as conditions change and your network expands. Here are the typical steps needed when you initially develop your export strategy:

- a) Define your export objectives and gain top management support.
- b) Define your firm's export-related strengths that you wish to leverage.
- c) Identify three to five potential markets with customers that have needs similar to those your firm has already addressed successfully.
- d) Identify contacts that your firm has in (or into) each of the potential markets (including satisfied customers, business colleagues, mentors, old school mates, relatives, friends).
- e) Rank the potential markets based on the quality of contacts you have into each market.
- f) Verify, through market research, that your top-ranked market is a viable market for your firm.
- g) Work with your contacts to build credibility for your firm in your potential export market and/or with target customers.
- h) Travel to the market (if necessary) to build profile and meet potential partners and potential customers.
- i) Review the regulatory regime and trade liberalization commitments in your potential export market, and resolve any market entry issues and risks.
- j) Allocate the resources needed to develop the priority export market.

2. Why do I need an export strategy?

An export strategy allows you to:

- a) Coordinate the efforts of all staff to focus on the same priorities.
- b) Manage the expectations of senior management regarding how long it will take to become profitable and what resources will be needed.
- c) Monitor your progress towards your export objectives and make adjustments in your strategy as needed.

3. How can I build networks abroad as a service provider?

First think about the networks in which you are already active in your own market – e.g., alumni association, Rotary or Lions Club, service industry association, etc. Then think about whether or not there are (a) network members from your target markets, or (b) similar organizations in your target markets.

Another strategy is to join bilateral trade organizations between your country and your target market (e.g., Malaysia Canada Business Council) and develop contacts that can be helpful to your firm.

A third strategy is to recruit co-op students, summer interns, or staff from your target market who are already in your country – especially if they are well-connected in that market. Then work with them to develop networks into the target market.

A fourth strategy is to join the appropriate service industry association in your target market and become active in it, timing your travel to coincide with major events there. A particularly effective approach is to establish a joint conference with the sister association in your own market and then work on the planning committee of the conference.

4. How can I obtain export-related experience?

There are a number of ways to get low-cost export-related experience such as:

- a) Expanding your service delivery to other regions of your own country to gain practice in managing dispersed service delivery sites and/or delivering to other ethnic or cultural groups.
- b) Acting as a subcontractor to experienced service exporters from your own country.
- c) Participating in projects funded by international development agency in your country to target developing or transitional economies.

Providing services to foreign firms or inter-governmental organizations (such as United Nations agencies) in your own country, while technically export activity, helps you increase your export capabilities without leaving the country.

5. How can I contact service firms who have successfully exported before?

You probably already know other firms who are successful exporters if you examine your own network of contacts. If not, here are some routes through which to make contact:

- Industry and trade associations to which you belong
- Officials in the international trade department of your bank
- Your government's trade development officers
- International trade lawyers
- Your accountant
- Your customers

6. How long before we can expect to see a profit?

Developing a profitable export initiative takes time and investment. You can accelerate the process by:

- a) Working through your network of contacts and satisfied customers instead of entering a new market "cold."
- b) Doing your homework on your target market from your home market before you incur travel expenses.
- c) Finding ways to supply services to foreigners in your home market.
- d) Exploiting online opportunities.

Generally speaking, unless your service can be provided entirely on-line or provided to visiting foreigners, it takes from three to six trips to the export market in order to develop an export opportunity. You will reduce your overall costs if you try to get your travel expenses reimbursed through speaking opportunities and link market development trips to travel to/from existing export markets.

If you enter the market through a strategic alliance with a local partner, you may find that you can become profitable almost immediately. Similarly, if you enter through referrals from foreign customers in your home market, you can significantly reduce your time to profitability. If, however, you choose to enter the market independently, your estimates should be double the usual time it takes you to become profitable in a new local market.

7. What domestic market development strategies will also work abroad?

Often your most successful domestic market development strategies also work well in export markets. The first question to ask yourself is, "How do we get business now?" Then check with a "cultural coach" (i.e., someone who knows your target market well) to see if the same strategies would work there. Here are some strategies that are often "portable" from one market to another:

- Building your profile through speaking at conferences/industry events

- Participating in your service industry association to build profile and contacts
- Active networking at industry events
- Soliciting references from satisfied customers
- Writing articles for local trade press

8. How can I benchmark our performance against the competition?

Benchmarking involves identifying practices responsible for the high performance of other firms (in any industry) that you can adapt and adopt in your own firm. Websites such as the American Productivity and Quality Center (www.apqc.org) can help you do this.

Competitively, you will want to compare your firm with “best in class” or “best of breed.” Comparisons can be made not only with firms in your same industry but also with firms in other industries who use similar processes, and can involve a range of functions:

- Financial performance
- Response time
- Delivery process (convenience, access, use of technology)
- Allocation of staff time
- Ability to target customers’ needs
- Quality controls and recovery techniques
- Empowering front-line employees
- Service standards and targets

Benchmarking can help your firm ensure that, when it enters an export market, it is at least meeting international quality standards.

9. How can I use the Internet to assist my export initiative?

There are at least 12 ways in which you may be able to use the Internet to assist you in exporting:

Promoting your capabilities

- a) Promoting your firm’s capabilities through a well-designed corporate website.
- b) Enhancing your credibility as an expert through participation in selected on-line discussion groups.
- c) Being listed in appropriate online directories.
- d) Participating and/or advertising in relevant e-marketplaces.

Researching export possibilities

- e) Conducting efficient market research on-line.

- f) Collecting feedback and ideas from consumers.

Delivering your service

- g) Coordinating the activities of project teams, and partners, in different locations.
- h) Holding virtual meetings online with clients.
- i) Distance delivery of services.
- j) Using teleworking staff.
- k) Reducing operating costs through e-procurement.

10. How will I know if my firm is export ready?

Export readiness is the capability to succeed in export markets. Your firm will be export ready when it is prepared in three dimensions:

Resources

Whether or not your firm has sufficient internal capacity to handle extra demand, internally efficient systems to respond to customers quickly, senior managers and marketing staff with culturally-sensitive marketing skills, and senior management support for export objectives.

Competitiveness

Whether or not you have a service that is unique and/or competitive in the type of market you are targeting, sophisticated market entry methods that you are already using, and market research demonstrating the viability of your service abroad.

Expectations

Whether or not you have clear and achievable export objectives, a realistic idea of what exporting entails, an open-mindedness to new ways of doing business, and realism about what will be necessary to be profitable abroad.