Steps to Exporting

Success in international markets is critical to the long-term, sustainable growth of your business and good preparation is key to successfully managing the risks associated with exporting, particularly for the first time. You need to know that if you put in the effort, there is a strong likelihood of success. A well developed export plan is a vital part of that preparation and will help you reduce the risk and cost in entering new markets. This section of our website will help you find out what you need to do to get export-ready and the steps y involved in developing your export plan.

Step 1 – Are you ready to export?

Is your product ready?
What is your value proposition?
Who are your target customers?
How will you enter the market and what partners will you need?
Who are your competitors and what is your competitive advantage?
Are your marketing and sales processes sufficient?
Are your staff resources sufficient?
Have you the financial resources to make it happen?
Can you cover the costs of selling overseas?
How should you set your prices?
How can you manage risk and protect against not getting paid?

Step 2: Have you done your research?

Have you researched the market thoroughly?
What is your market opportunity?
What cultural and language issues are relevant?
What legal issues should you consider?
Which export market should you target first?
What export duties, regulations and transportation issues apply to your chosen market?
Have you qualified your research by visiting the market?

Step 3: Has your company got the capability and resources?

Have you sufficient internal capability to deal with the increased workload?
Do you have sufficient capacity for increased production?
Are you competitive on costs?
Do you own the technology and are your brands and intellectual property protected?
How efficient are your processes?
Are you managing innovation as a strategic business process?
Is your website ready for export sales?

Step 4: Finalise and execute your plan

Preparing your export plan

Step 1 – Are you ready to export?

Product / Service

You've achieved some success on the Irish market with your product or service, – but is it the right product for the export market? Can you sustain a competitive position in export markets with your existing offering? In other words, can your product or service "cut it" in the international arena? What level of adjustment or localisation is needed to your product or service to suit new, international markets and at what price? Have you considered the impact of local regulations, language and cultural issues, service expectations, local competition, income-levels, shipping time and costs and the effect of any tariffs or duties on affordability?

Value Proposition

Your value proposition is quite simply what you offer your customers and why they would want to buy from you. It's an expression of your unique value-add. It leaves your customers in no doubt as to whom they are dealing with and what exactly you have to offer. You need to consider how you can differentiate your company and your offering from competitors and how you can identify the proposition that resonates with your most valuable target customers.

A well-defined and concise value proposition should be honed and refined through continuous research and contact with customers. As a statement, it is at the very heart of your sales campaigns and should be at the forefront of your company's blueprint for growth.

Target Customers

What customer groups are you targeting and why? How many potential clients exist in the new export market? A well-defined target market is the first element in developing your marketing strategy. Once you've defined who your target market is, your marketing strategy and plan should be primarily aimed at satisfying that market.

Routes to Market / Market Channels

Assuming you know the market you want to target and have a clear idea of its potential, you need to decide on the channel by which your product will reach your customers. How you enter a market is a strategic decision that will define the very nature of your business in overseas markets. The decision to either sell directly or partner with someone to sell on your behalf will be guided by resources, opportunity and the nature of your offering.

Finding the Right Partner

Research consistently indicates that the correct choice of partner in your overseas market is one of the most critical success factors for SMEs. Setting and agreeing expectations is the key to establishing a strong relationship with a partner from the outset. The types of details you may want to consider include sales objectives and shared marketing plans, exclusivity, pricing, margins, discounts and payment terms. It can also be wise to include a 'get out' clause if targets are not being met or the arrangement is not working.

Competitor Analysis

Only when you have a good understanding of who your competitors are, at home and overseas and their strengths and weaknesses, can you identify your true competitive advantage. You need to know who else is competing for your market, their products and services, advantages and disadvantages of their offering and their market share.

Competitive Advantage

Determining your competitive advantage is a key part of the strategic planning process. True competitive advantage is achieved when you can offer your customers greater value – either by providing them with greater benefits and service to justify higher prices or by offering them lower prices. You need to understand what's innovative about your product or service and what differentiates it from others in the international marketplace, allowing you to charge a premium price while giving your customers clear reasons for choosing your product over your competitors'.

Sales Process

Implementing the right sales process is fundamental to the international success of your business. But first you need to understand what level of selling and sales capability the company has right now, how likely that capability can be transferred to export markets and how you can better use technology to bolster your sales and sales management capability.

Staff Resources

Do you have the capability and resources to develop business overseas and do your staff have the required skills, knowledge and experience to implement your market-entry strategy? Depending on the market and the route you are taking, necessary skills may include language fluency, good understanding of cultural differences, ability to research and evaluate your target market, and experience of dealing with freight forwarders or customs agents. You will need to define the main stages, tasks and budgets required to implement your market-entry strategy. You will also need to consider training existing staff, employing new staff with the required skills and experience or using consultants to work with you in Ireland and/or overseas.

Financial Resources

Does your company have the financial strength and senior management time to commit to developing an overseas market, with no guarantee of a return on your investment? For a small company, depending on the route you take, the costs can be considerable, and you will need access for cash to fund your export drive.

Planning Your Export Finance

Planning your export finance broadly revolves around the costs involved in setting up and running an export operation and the approach you need to take to managing payment risk. Credit management, export credit insurance, letters of credit, invoice discounting and factoring are just some of the issues to consider. You also need to consider the lead-time before receiving your first order and the length of your sales cycle, which can vary from market to market. For example, what are the cash implications for funding a sales cycle of 18to 24 months? Consult your financial advisor or bank for advice on this.

Pricing and Getting Paid

While you need to be price-competitive, your product or service should not compete solely on price. In setting your prices, you will need to consider your competitors' prices, the level of existing competition in the market, your customers' perception of the price/quality relationship, production and distribution costs and overheads and the extent to which your customers can afford the price.

Protecting against exchange rate fluctuations

Irish companies should also consider how to protect against exchange-rate fluctuations. Many Irish banks provide facilities such as

- setting up a foreign currency account in Ireland, with the money kept in that currency, allowing companies to receive and make payments without having to convert them into euro
- setting up a bank account in your target market's country
- forward contracts, whereby the exporter agrees to purchase currency at an agreed rate for a fixed period of time
- options – similar to forward contracts – but where the exporter is not obliged to go ahead with the currency exchange.

It may also be possible to agree a euro price with your customers and suppliers.

Step 2: Have you done your research?

Researching the Market

A key mistake companies make is to assume overseas markets are no different to the Irish market. Researching the market thoroughly in advance will help you avoid making mistakes before you start burning cash, losing opportunities, teaming up with the wrong partners or sustaining reputational damage in an overseas market.

Market Potential/Opportunity

What is the realistic international opportunity for your products or service? Evaluate the size, growth-rate and structure of your target market and evaluate the likely return. Examine the uniqueness of your product, relative to your international competitors; how about the longevity of your product before it becomes obsolete; how competent are you and your team at selling your products or service in overseas markets?

Legal Issues to Consider

While UK, Irish and European law is similar, there are some differences between these legal systems, and it is important to seek advice from a legal expert on any potentials impacts on your business. Areas to consider include rules of competition, compliance with government sanctions and regulations, patents registration, product liability, employment legislation, packaging regulation and setting up an office overseas.

Prioritising you target market

Your choice of to the first overseas market to target needs careful consideration. Taking a scatter-gun approach will put an unnecessary strain on your resources and could spread your resources too thinly. Your decision will be influenced by your existing knowledge of the market, potential customers and the presence of competitors in that market. To minimise risk, consider which market has the greatest potential for your product or service and the lowest cost of market-entry.

Export Duties, Regulations and Transportation

When exporting from Ireland, you need to be aware of the regulations, taxes and procedures for processing export orders and for transporting goods into your target country. You should also be aware that some countries require that goods are inspected for quality, quantity and price prior to shipment – the importing country typically nominates a pre-shipment inspection company to supply certification, testing, packaging and logistics services on its behalf. Although ultimate responsibility will lie with you, your shipping company is likely to have considerable experience of these issues and should be able to provide advice on what is required for particular markets as well as the correct packaging and marking of your shipment.

Step 3: Has your company the capability and resources?

Capability and resources

For any company, expansion into overseas markets will have a direct impact on the organisational structure of the business. Weaknesses in business processes, structure, staffing issues, critical skills and the ability to deal with cultural issues may need to be addressed to deal with the increased demands associated with exporting. This can be achieved through training and development and Exploring Exporting programme will be able to help you.

Capacity

If you are in the manufacturing business, you need to consider how much of your current capacity is available for export and how you will meet increased customer demand. You also need to be sure your product is sufficiently proven in the marketplace. If you are outsourcing the manufacture of your product, have you considered the additional demands associated with management overheads, manufacturing schedules, quality control, finance, etc?

Software companies should consider the staff resources they'll need to integrate, test and support sales in the field, plus any localisation required. Likewise, services companies should consider the demands replicating their service offering overseas will place on the company's key staff resources.

Cost Competitiveness

Are you internationally competitive on the cost of making and delivering your product or service? It is essential for companies trading internationally to have a good understanding of their company's competitive position compared to their international counterparts, and, if necessary, to take appropriate measures to maintain or improve their position in the market.

Technology and Intellectual Property

You've made a significant investment in developing your new product, service or technology, but how well is it protected legally? Legal protection for your technology and brands through use of patents, copyright, registered designs, design rights, trademarks and "know how" (confidential company information), can act as a barrier to entry for your competitors and will make your company more attractive to investors. Seek legal advice from a small business or intellectual property lawyer or solicitor on this.

Efficient Processes

How efficient are your processes? Are they sufficiently fine-tuned to support your export drive? Do you need to build capability in your people to better identify problems, improve operations and efficiencies and reduce costs?

Innovation

Innovation is one of the key drivers of competitive advantage, growth and profitability. In the face of increased global competition, Irish companies must stay on top of innovation and manage it as a strategic business process, encompassing new product development, responses to potentially disruptive emerging technologies and a creative approach to problem-solving, ideas management and implementation.

Getting your Website Ready for Export Sales

The internet provides one of the most cost-effective ways to develop business overseas. How you choose to incorporate the internet into your business will depend on your resources, capability and the market you're targeting. However, one thing is clear, no business can afford to ignore or take their web-presence lightly.

Step 4: Finalise and execute your plan

Preparing your Export Plan

Developing your export plan requires careful planning and time and is a key step in helping you determine your readiness to export. A well-prepared plan will help you assess the international market potential for your product or service, help you quantify your market opportunity, determine how much it will cost to export and will help you in your application for financing from your bank. It will also help Enterprise Ireland to offer you the most appropriate advice and support.

Our GET EXPORT READY Helpdesk can help you access information to prepare, investigate and execute your export plan. Contact us at +353 1 7272829 or getexportready@enterprise-ireland.com.