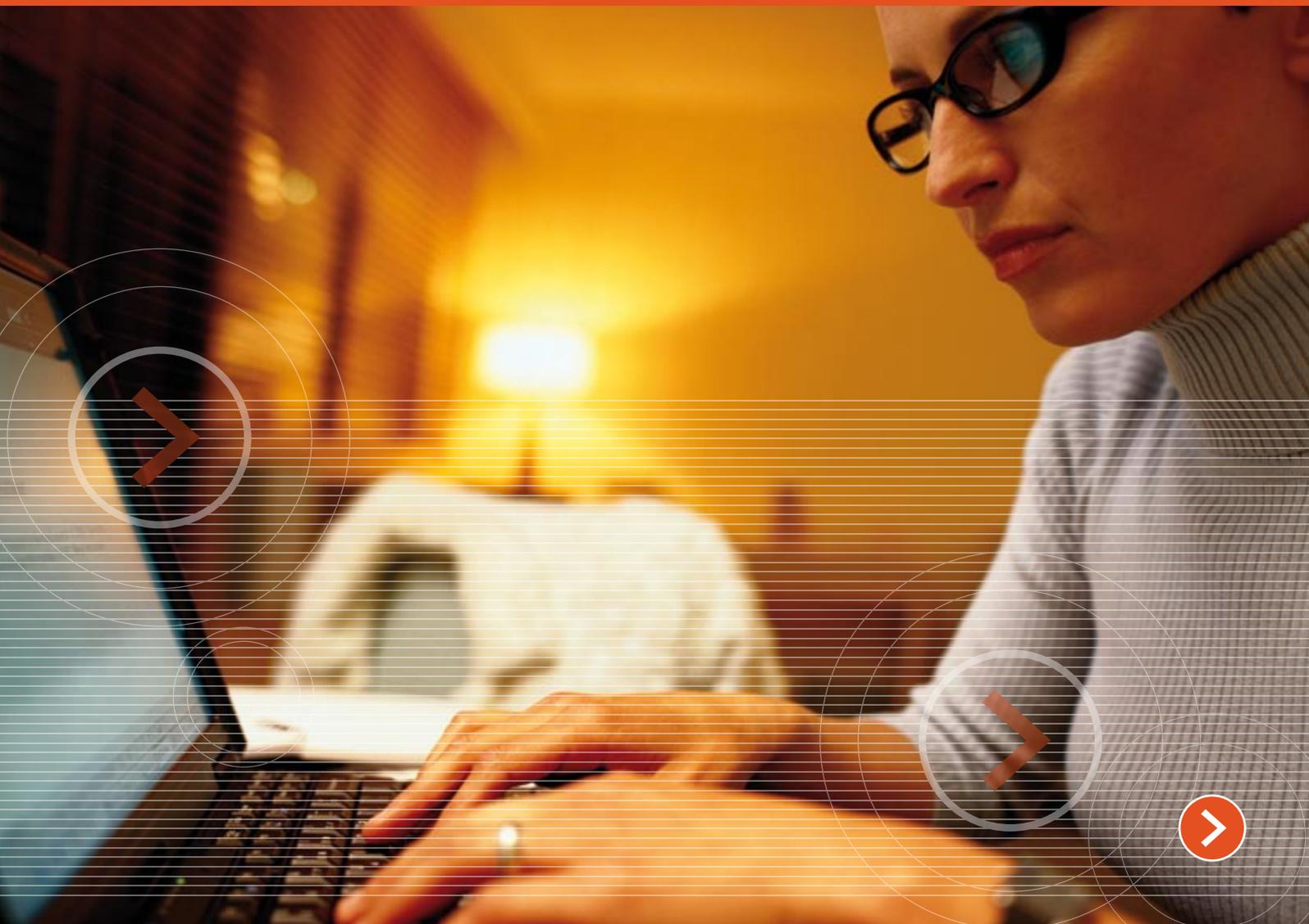




Guide to developing an Export Strategy





This is one of three practical guides to the more important and technical aspects of the export process.

Use the following as a guide to developing your Export Strategy:

1 Look inside your company

Analyse your company's operations and growth aspirations. Take into account your competitive position and highlight your strengths and unique selling propositions. Assess your strengths in terms of product, service, staff, distribution and technical service.

2 The export environment

Assess the factors that will impact on your export plans. Do you have international expertise in the company? Are you aware of export markets where your products have been sold previously? In this section, undertake the bulk of your market research and market selection activities. These will include market analysis, ranking market attractiveness, assessing competition, understanding export market environments, distribution and logistics.

3 Product and service offerings

What modifications will you need to make to your product or service to satisfy overseas buyers? What packaging, labelling and presentational modifications are required?

4 SWOT analysis

A standard SWOT analysis will enable you to segregate the key factors for further work and to help shape your priorities in terms of markets, pricing and competitive factors. More specific SWOT work will be needed in the Export Plan.

5 Needs assessment or "How will we succeed"

Determine the 'must do' factors which will underwrite your success. These could include product modifications, financial resources, distribution and developing the final marketing model.

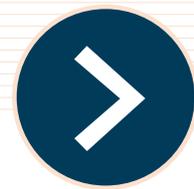
6 Creating the Export Plan

Your Export Plan will flow from the Export Strategy structure outlined. It should include target setting, market entry strategies and financial management including your export pricing model. Marketing decisions on distribution model will be required (distributor, agent, representative office, after sales service).

7 Implementation and monitoring

Instigate the Export Plan, drive its implementation, regularly view and adjust strategy as market circumstances change.





Developing an Export Strategy

Many people ask “Why do I need an Export Strategy? Why should I develop one? Isn't this only for big companies?”

It is critical to analyse your motives for entering overseas markets. The key questions to ask are:

- > What does my company want to gain from exporting?
- > Is an export program consistent with company goals?
- > Do we have the resources – financial and human – to execute an export program?
- > Are our products or services exportable – or are major modifications required?

Your decision to export may be prompted by a range of factors:

- > Expanding sales and profits.
- > Establishing a broader and more stable customer base.
- > Utilising excess capacity to lower costs.
- > Responding to competition.
- > Accessing new technology for overseas markets.

An essential element in developing a sound strategy is to identify the key factors that have influenced your decision to export. Draw up a ‘long list’ of all the issues that have prompted you to export.

This list will serve as the basis of discussion with a range of staff to rank these factors and understand why they are important to the success of your business. Reduce your list to about 5 of these factors and build your strategy around them – and from that, your Export Plan can be developed.

There are strong advantages to having a written strategy – and it need not be long. It must be simple, understood and accepted by all company members. It serves as a constant guide and binds staff commitment to the company's export efforts. Discuss your strategy with others such as Austrade, your bank and financial advisers. Keep it to 2-3 pages.

The effort you make at this early stage in outlining and defining your Export Strategy will be repaid as you continue the export journey. Successful exporters always have a clear idea of why they are exporting and the results and benefits they expect to achieve.

A sound strategy marks the professionalism of your company and provides valuable benefits when dealing with banks, customers and support agencies. It provides direction to your staff and their involvement in its creation is a critical factor in embedding an export culture in your company.

Conditions change – and your strategy will need to adapt to shifting environments, both in Australia and in overseas markets. Your Export Strategy should be modified when unexpected situations emerge.

Make your strategy readily available to staff and review it on a regular basis.

As your export business matures, you will become more aware of the external factors that influence your strategy and develop ways in which you can manage and adapt to them. These external issues can include availability of finance, exchange rates, import regulations in your export markets, new or unexpected competition, technology shifts and logistics.

Anticipating change and adapting to external factors is a vital factor in the export planning process.

A balanced strategy requires clarity in objectives and also a statement of targets at a broad level.

Following is an example of a simple Export Strategy for a new exporter. It outlines 6 clear objectives (the last one is longer-term) and some of the reasons why the strategies are important to the company. The Export Plan will flow from this strategy. More detailed numbers and marketing programs will be included in the Export Plan.

Checklist

- > Ask yourself the tough questions.
- > Getting strategy clear from the start pays dividends.
- > Look at all the factors which impact on your reasons and ability to export.
- > Identify 5 key factors that have influenced your export decision.
- > Involve a range of staff members.
- > Have others review your strategy. Strategies must be simple and understood by all. A written document reinforces commitment.
- > A sound strategy helps you in dealing with other organisations.
- > Make your strategy a ‘living document’.
- > Review it regularly.
- > Identify external factors that can influence your business.
- > Changes will impact on your business. Anticipate them.
- > Include targets in the Export Strategy.
- > The Export Plan will flow from the Export Strategy.

Metro appliances – Export Strategy

STRATEGY	OUTCOMES
> Expand sales to build company turnover to \$9 million by 2008 and achieve profit of \$1.8 million to finance plant expansion	Domestic market is saturated and growth prospects are limited. Export is vital to grow the company
> Increase utilisation of plant capacity from 67% to 80%	80% utilisation will reduce overheads, increase our competitiveness and ROI
> Develop new products for the convenience food market	Capture market share in the fastest growing segment of the appliance business in global markets
> Concentrate on South East Asian markets	Metro products are well suited to SE Asian lifestyles and meet design demands
> Appoint distributors in Singapore, Malaysia and Thailand in Year 1 and Indonesia and the Philippines in Year 2	Market research indicates growth prospects and entry requirements are most positive in Singapore, Malaysia and Thailand
> Develop export sales to South-East Asia of \$2 million by 2009	Assure Metro's future growth by diversifying markets and capturing market share in high growth market segments
> Investigate contract manufacturing of electronic components in SE Asia to maintain competitiveness	Develop 'insider knowledge' of markets through a presence on the ground

Developing an Export Plan – why plan?

Many companies enter export as a result of a random buyer enquiry – and often succeed through responding to market demand. Pursuing an Export Strategy through careful planning will ensure that the company:

- > Acts on well-researched information.
- > Has analysed and assessed the best options.
- > Identifies constraints and their impact on the company's business.
- > Has the resources to become a viable exporter.
- > Creates confidence with lenders and demonstrates that the export program is viable.
- > Understands competitive pressures and has plans to ensure the company maintains and increases its market share and industry standing.

Like an Export Strategy, an Export Plan need not be a detailed document – a 3-page document which has been well-constructed will be read and acted on by staff responsible for its execution.

Use each of the points in the Export Strategy to compose the Plan. These elements could include the following:

Export Plan methodology

- > Create a plan summary with key headings and commence a task list.
- > Develop a timeline for the Export Plan.
- > Allocate responsibilities to key staff and ensure they have the resources to deliver against your program.
- > Select products or services most suitable for export. Assess supply capability and necessary modifications for export.
- > Analyse customer profile to provide pointers to market selection.
- > Undertake the market selection process to produce a long list of potential markets.

Checklist

- > Export Planning is not complex. A clear, professional Export Plan demonstrates a company's credentials to lenders and customers.
- > Make sure knowledge of your competitors is factored into the Export Plan.
- > Keep the Export Plan short, clear and fresh.
- > Build the elements of the Export Plan from the Export Strategy.
- > Keep your Export Plan short – even though it is backed by more detailed information.

- > Ask Austrade to assist you with Market Selection to determine which markets offer best potential.
- > Undertake a SWOT analysis for those markets.
- > Undertake more detailed market research to determine competition, pricing, distribution channels, import duties and taxes, shipping, after sales service, regulatory requirements and product positioning.
- > Refine market selection analysis to define target markets.
- > Develop a market entry strategy for each market.
- > Develop a realistic financial plan to undertake the export marketing process.
- > Set budget targets and develop pricing strategies.

Your Export Plan will require an overall strategic objective to define the individual plan elements. It is critical to get your key objectives right – then work on detailed actions for execution. In the Metro example, the Export Plan summary could be as follows:

Metro Appliances Objective

Expand sales to build company turnover to \$9 million by 2008 and achieve profit of \$1.8 million to finance plant expansion.

- > Develop a financial model to achieve goals. Create domestic and export sales targets for 2006-2009.
- > Estimate financial and staffing requirements to increase production to meet these targets.
- > Test financial model with bank and financial advisers.
- > Create a broad product/market matrix to select the most appropriate export combinations.
- > Commence market research.
- > Undertake analysis of competitor activity.

Naturally, some of the documentation required for each of the planning steps will be more extensive. The objective of the Plan, however, is to outline what the steps are to achieve the strategic objectives of the company.

Checklist

- > Talk to other exporters operating in markets of interest to you. Most will be prepared to share their experiences.

Some “Do’s and Don’ts” in Export Planning

- > **DO** establish strong linkages between the Export Strategy and the Export Plan.
- > **DO** ensure your key staff members are ‘signed on’ to the Plan.
- > **DO** seek good advice – and test your Export Plan with advisers.
- > **DON’T** create a bulky document that remains static.
- > **DO** review the Export Plan regularly with your staff and advisers.
- > **DO** assign responsibility to staff for individual tasks.
- > **DON’T** use unrealistic timelines. Review them regularly – they often slip.
- > **DO** make sure the various elements of your Export Plan mesh with the Export Strategy.
- > **DO** create scenarios for changed circumstances – look at the “what ifs” for changes in the market environment from minor to major shifts in settings. eg changes of government, new import taxes.
- > **DO** develop an integrated timeline that draws together the activities that make up the Export Plan.
- > **DO** make sure that you have the human and financial resources necessary to execute the Export Plan. Ensure existing customers are not neglected.



Useful websites and references for Export Strategies and Plans

The Austrade website also provides a range of useful advice on strategy and planning. www.austrade.gov.au.

The Unz and Co website www.unzco.com/basicguide includes practical tips on Export Strategy creation and prompts the questions you need to ask yourself and your colleagues.

State governments websites also provide advice on export strategies and plans. The New South Wales Exporters Network includes practical advice. www.smallbiz.nsw.gov.au.

Consult the Business Victoria website for an excellent sample Export Strategy. www.business.vic.gov.au.

The Government of Queensland has some good material. Access it through the main website of the Queensland Department of State Development, Trade and Innovation at www.sdi.qld.gov.au under the heading 'Export and International Trade'.

Western Australia's Department of Industry and Resources offers a most useful 'Online Guide to Exporting' that includes a module on Finance and Payment methods. Start at the homepage www.doir.wa.gov.au and click on 'Export and Trade'.

The South Australia Department of Trade and Economic Development home page www.southaustralia.biz/dted will provide a link to 'Export South Australia' www.exportsa.sa.gov.au. This website includes an excellent Strategy and Planning Guide.

The Tasmanian Department of Economic Development includes a well-arranged series of modules on exporting, all with useful links. www.development.tas.gov.au.

Australian Business Limited (ABL) provides a range of international trade services to its members. www.australianbusiness.com.au.

The Australian Industry Group (AIG) provides extensive services to members operating in export markets. Click on 'Trade and Export' on their homepage. www.aigroup.asn.au.

All of the major banks (ANZ, Commonwealth, HSBC, NAB, Westpac) include extensive information on their websites for exporters, often with advice on export strategy and planning.



For more information on Austrade
phone 13 28 78 or visit www.austrade.gov.au