

## Preparing your business for export

There are a number of factors that must be considered when preparing to export, such as [financial issues](#), [market research](#), [preparing an export plan](#), [visiting the country](#) you're planning to export to and [alternative approaches](#).

Thinking about your readiness to export is a way of identifying key success factors and helping you in your planning. The [exporter checklist](#) will help you in this process. Also, as part of your preparation take some time to understand the [risks of exporting](#).

### Financial issues

Getting into export will impose additional financial burdens and risks on your business. **Steps to take** include:

- Discussing your plans with the international department of your bank to ensure that you are in a position to finance your export investigations and market entry.
- Gaining an understanding of the advantages and disadvantages of various **international payment methods** and the terms used in international trade.
- Discussing costing for export with your accountant, including the issue of marginal costing.
- Determining **transport and insurance costs** with help from a customs broker or forwarding agent who will also help establish packaging needs (and costs).
- Developing an understanding of **options for quoting buyers** for export business. Common quotation modes will include FOB (free on board) and CIF (cost of goods plus insurance and freight).

### Market research

The first step in selecting your first – or next – country is to screen every country to produce a short-list of the most suitable (ie. three to five). **Screening** uses secondary data (ie. data which has already been collected by others) about countries, and primary (original) data about your organisation.

Countries have differing levels of product demand, product demand growth, economic activity, legal fairness, risk levels, etc. These can all be quantified, then a short-list of the most suitable countries determined. You **need to assess every country** so you don't miss the best. Small countries need to be included because often they are buying centres for other markets. The smaller countries may also be easier to trade to as major exporters concentrate on larger more complex markets.

Your business has a unique combination of goals, values and business skills. Just some of these attributes are marketing and finance skills, foreign language proficiencies, comfort with risk-taking, and commitment to internationalise the business. They **determine your compatibility with particular overseas countries**, and influence how effectively your organisation will enter the new market.

An example of the influence of these organisational attributes is for the same product, a large firm with international business experience will probably export to a different country from a small, new-to-export firm. One size (of country) does not suit all (firms). Therefore, the short-list of most suitable countries needs to be adjusted for organisation differences.

The next step is the **short-list needs to be cut down to the single, most suitable country**. To collect the necessary information to be able to do this, in-depth research is carried out. It uses both secondary and primary data. You should find assistance with gathering this data, which could include:

- what import duties the product would attract
- other barriers to imports, such as import licensing
- local taxes on the product, such as sales tax
- frequency and cost of shipping or airfreight between home and the foreign market
- regulations, such as [quarantine](#) and labelling standards, consumer protection rules, and product standards
- current selling prices
- profiles of the main competitors
- who the potential agents, distributors or partners are
- an in-country assessment by industry contacts whose business survival depends on their in-market skills and knowledge

The country you choose will influence your flow of profits for years to come, so it's a major decision. Different countries have different characteristics, and **your organisation has particular preferences and skills**. This means that you will find it easier to export to some countries, and more difficult to others.

Market research will provide the information needed to make an informed decision about which country is best for your organisation. Your **goal is to choose a country which matches your abilities, goals and values**. Success of the match will maximise sales, minimise costs, minimise speed to break-even and minimise the risk of failure.

### Exporting plan

When you have completed your country selection research, you should prepare a basic export marketing plan covering all the different aspects which would need to be covered in developing target markets. This plan will help you focus your activities to ensure you achieve defined objectives. A well-prepared export plan may also assist you in obtaining finance from your bank if this proves necessary.

### Visiting the target country

The desk research should have indicated the country with the most potential and you should now be ready to visit this country. The main purpose of the visit will be to:

1. study its special characteristics
2. examine the opportunities/competition at first hand
3. decide which methods of selling and distribution to use - whether to sell through a distributor, your own foreign office or a joint venture. The way you sell and distribute determine the risks you take, because they determine the amount of investment you expose yourself to. They also determine the amount of profit you capture in the new country.
4. The outcome of step 3 is likely to be that you will wish to select a suitable agent or distributor ([locate a suitable agent or distributor](#)). This will require a visit to the market.
5. draw up an appropriate marketing plan with your new representative to introduce and expand the sale of your product.