

A Look at the Competition

T*C*S International continues its series on foreign trade promotion organizations (TPOs) with a look at how our competitors address charging for selected services. This research is part of the service charge feasibility component of the Performance Measurement Initiative (PMI). Our findings are based exclusively on case studies of 12 TPOs: Tradenz; Austrade; the U.S. Commercial Service; British Overseas Trade Services; the Irish Trade Board; the Spanish Institute of Foreign Trade; the Belgian Office of Foreign Trade; the Netherlands Foreign Trade Agency; the Finnish Foreign Trade Association; the Norwegian Trade Council; the Swedish Trade Council; and the French Centre for Foreign Trade and Trade Expansion Posts.

We found that trade promotion organizations have three key objectives for charging fee-for-service, as follows:

Filtering: to eliminate frivolous or futile requests for service;

Focus: to focus clients, trade commissioners and locally engaged staff (LES) on high-value-added services, and to improve the quality of services by responding to client expectations that will naturally increase when services are being paid for; and

Revenues: to obtain revenue, partly to supplement the government's own resources, and partly to demonstrate that the services are valued by the clients.

TPOs consider the first two objectives — filtering and focus — to be the highest priorities. Indirectly, revenues are important to TPOs because, in many countries, they have become vital to credibility with stakeholders. Nevertheless, it is clear that fee-for-service were implemented by TPOs primarily to improve operational effectiveness, and only secondarily to raise money.

WHAT CHARGING INSTRUMENTS?

All TPOs provide some free services to exporters and/or foreign investors. Indeed, trade commissioners and LES spend the majority of their time on unbillable work, such as administrative and policy work and free services (typically to new exporters abroad and to individuals at offices in the home country). When they do charge for services, they use three main instruments:

- Memberships
- Charges per task/Contracts
- Miscellaneous fees

MEMBERSHIPS

The Swedish Trade Council (STC) and the Finnish Foreign Trade Association (FFTA) both have paid memberships. At the end of 1997, the STC had 1730 members, or, counting corporate groups as a single member, 1651 members, paying dues in proportion to their export earnings. Total fee revenues are about \$5 million per year.

The FFTA has approximately 800 fee-paying members (about 10 percent of all eligible companies). Typical dues are about \$1100 per year.

CHARGES PER TASK/CONTRACTS

Charging per task is by far the most common approach to fee-for-service, and it brings in the

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