Building an Effective Partnership with a Trading Company

It cannot be overemphasized that the trading-manufacturing partnership will work only if both parties consider it as a mutually profitable venture. Both must contribute their best efforts. Once this spirit of co-operation has been established — when objectives, strategies, and respective rights and obligations have been clarified — then, and only then, is it time to put these terms on paper.

According to Jack Martell, president of Martell Exporting Ltd., before undertaking any transaction, the trader and manufacturer must reach a clear understanding on the key dimensions that follow.

Product Coverage

Manufacturers usually carry several product lines. Which lines, and which products within each line, will be exported first? Which will be introduced later? For the firm, these decisions will depend on export capacity and the international competitiveness of each product. The trader will be guided by product knowledge, the product mix and a sense of foreign market demands. Decisions in this area should thus be made jointly by producers and traders.

Product Knowledge

A manufacturer will expect domestic marketing and sales staff to have a thorough knowledge of the company's products so that good sales practices are maintained. There is no reason why a manufacturer should expect less from a trading company, which is, after all, the manufacturer's marketing arm abroad. A good trader will try to gain a thorough knowledge — including specifications and production process — about the products to be represented. Such knowledge will impress potential buyers and come in handy when discussing product adaptations for foreign markets.

Territories

Before exporting, manufacturers should find out which markets offer the best potential and approach trading companies with experience in these markets as well as suitable product competence and interest. Once a trading house