
products he or she represents. 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 is chosen, some agreement should be made concerning target markets. There are two main reasons for not granting worldwide mandates to trading companies. First, most trading companies are fairly specialized and are just not equally strong on all markets. Second, manufacturers may already act as independent exporters on certain markets or plan to do so in the future.

Manufacturers often overlook this last point as a potential source of conflict in their relations with traders. While conceding that manufacturers may eventually decide to export on their own, traders feel justified in expecting a reasonable return on the enormous efforts needed to penetrate foreign markets. When traders suspect that, once the market is developed, the manufacturer will refuse them the opportunity to enjoy the fruits of these efforts for a reasonable time, chances are their commitment to the manufacturer's interests will also be limited to short-term gains. This would cloud prospects for the kind of partnership required to succeed in export trade.

It is worth repeating that trading houses may be used for only a portion of exports. Even large exporting manufacturers do occasionally use trading companies because they realize they cannot cover all potential markets adequately.

A good case in point is the partnership between Overseas Projects and Beam mentioned earlier. Although Beam does a substantial amount of exporting on its own, it has decided that Overseas Projects can do a better job in Saudi Arabia. And, over a ten-year period, Overseas has in effect gained Beam a good sales position in a difficult market at a fraction of the cost the manufacturer would have incurred acting on its own.