DEVELOPING AN EXPORT STRATEGY

Any export venture should be preceded by a plan. The key elements of this strategic approach include:

1. Evaluating your export potential. Exporting is not for everyone. An export venture that puts your business in peril, or impairs your ability to serve your Canadian customers, is almost certainly unwise. Beyond that, you must answer the key questions: What needs are met by your product or service? Is it already known abroad? Is its appeal limited to certain industries, consumer segments or age groups? Is demand for it affected by climate or geography? What is its shelf life? How complex is it to use? Does it require follow-up support or service?
2. Targeting your market. This step begins with talking to someone who is already familiar with your target market. It includes collecting information about the size of the market, who supplies it, characteristics of competitors, possible partners and distribution mechanisms. Although much of this information is available through government agencies and trade associations, trade fairs and even first-hand visits are also in order.
3. Mastering the details of exporting to your target market. This kind of review should cover the rules and regulations affecting your product: health, safety or technical standards; rules of origin; documentation; and tariff rates. It may begin with export-related workshops offered by federal departments, business associations or even by universities and community colleges.
4. Choosing an entry strategy. Once you have an analysis of the target market and some basic information about export techniques, you can narrow your range of questions: Is your preferred approach direct export and sale? Do you want to work through a local distributor, agent or retail chain? Are you selling a technology licence or franchise? Would a joint venture be advantageous?
5. Finding a partner. Regardless of your preferred means of entry, you will almost certainly need a partner of some sort: an agent, a distributor, a retailer, a joint venture partner, or a customs broker. Because no partnership is absolutely risk-free, you should formalize it in a clear agreement.
6. Promoting your product or service. There are several ways to promote a product, ranging from mass-market advertising to personal sales. The point is to acknowledge the fact that, regardless of the entry strategy, success ultimately depends on an attractive presentation — to end users, distributors, investors, partners, franchisees, or all of the foregoing. Promotion need not be expensive, but it cannot be disregarded.
7. Arranging financing. In the first instance, financing issues range from a requirement for more secure forms of payment, such as irrevocable letters of credit, to insurance on export receivables and the credit worthiness of a given buyer. You can also expect all revenues to take longer to reach your company than the proceeds from domestic transactions; this in turn may prompt a look at various sources of financing, ranging from export credits issued by the federal government to loans against export receivables.
8. Getting your product or service to market. More than a question of the best means of transportation, this area includes questions of appropriate documentation, the considerable assistance available from freight forwarders and customs brokers, as well as storage.
9. Getting started. Ongoing and profitable business can only be conducted after steps 1 through 8 have been mastered. Even if initial sales are modest, it will give the novice a measure of breathing space to become familiar with the export process, distribution channels and financing options.
10. Reviewing and updating your strategy. Successful entrepreneurs learn from their experiences. It is vital to keep an open mind, learn from mistakes and remain receptive to new information.