



## Devising an export plan

Today, many entrepreneurs rely on an export plan, which is largely an extension of your business plan. Put simply, an export plan is a written document that shows how your company will tackle the international market. Much like a business plan, it focuses on key factors such as your strengths, weaknesses, opportunities and threats in the international playing field.

With a written export plan, you'll gain more credibility with lenders who will be asking you to prove your capacity for exporting.

Begin your plan by asking yourself these questions:

- What countries are you targeting?
- What is the basic customer profile in each country?
- How will you market and distribute your product to each location?
- Do you need to adapt your products to reach foreign markets?
- Are there special challenges related to each market, such as cultural differences or government regulations?
- How will you determine your export sales price?
- What is the timeframe required to meet your objectives?
- What human resources will you be allotting?
- How will you reach your market: distributors, on-site sales team?
- How will you evaluate your results and modify your plan accordingly?

### Key elements of a plan

Although there's no one recipe for an export plan, you can expect it to include the following:

#### Executive summary

A good export plan summary is short and highlights what is important in your plan. When you are writing it, ask yourself: what does the reader need to know upfront to make a quick decision about my company's exporting potential? You should tackle the executive summary once you've completed the whole plan.

#### Introduction

Your introduction should include a brief business history, vision and mission statement and purpose of the export plan. Be sure to include:

- overall company goals and objectives
- short-term and long-term international market goals, strategies and tactics

#### Management issues

Demonstrate that you have buy-in from management and that your employees know what they need to do to meet your exporting objectives. Take into account:

- the relationship between your exporting group and other operations, and or how the two will work in harmony
- any company experience and your knowledge of exporting; the failure rate is high, so you want your lenders to feel confident that you know what you're doing

#### Products and services

When describing the key features of your products and services you should pay attention to the needs and wants of your export target markets. Consider these issues:

- adaptation and redesign required to address cultural differences and foreign country needs
- language barriers and labelling requirements
- buyer preferences such as colours and packaging that appeal to foreign buyers (for example, red may mean joy in China and passion in Europe)

- engineering standards and measurements
- geographic and climactic conditions such as topography, humidity and energy costs that may affect the performance of your product
- comparative advantage of your product over foreign domestic brands

### Market overview

Show that you understand your market and do adequate research. Keep in mind that commerce is a very "cultural" activity; customs such as religion and language have a major impact on how people do business. Focus on:

- political and economic environment
- size of market and key market segments
- purchase process and buying criteria
- description of industry participants
- tariff and non-tariff barriers
- industry trends and other market factors
- market outlook

### Market entry strategy

Clearly indicate how your company plans to **enter the market**, such as using a foreign distributor or selling directly to end users. You'll also be covering key material such as your promotional strategies and sales processes. State any strategic alliances that will help you enter your market, whether it's handling logistics, distribution or promotion. You can include:

- a description of your target markets
- analysis of competitive position
- product positioning
- pricing strategy and terms of sale
- distribution strategy
- promotion strategy
- description of intermediaries and partners

### Regulatory and logistical issues

Many countries are trying to standardize their laws and regulations to encourage international trade but discrepancies still exist. Be sure to consider:

- intellectual property protection
- modes of transportation and cargo insurance
- trade documentation
- health and environmental regulations, particularly in sectors such as food products, prescription drugs and chemicals
- language, labelling and consumer protection

### Financial plan

Lenders prefer sound facts and figures. Back up your information with a strong financial plan, particularly in areas such as **export financing**. Here you should assess the potential costs of exporting as well as your expected revenues. You also need to have a clear picture of the amount and type of financing required, both short and long term. You can expect to:

- develop an export budget, which include aspects such as product adaptation, redesign, consulting fees, marketing costs, travel, distributor commissions, logistics and all other costs that will affect your bottom line
- show your financing options
- address how you will handle the cost of expansions, purchasing equipment and streamlining your operations
- demonstrate how you will collect payment
- assess your cash flow/working capital in the context of longer sales cycles and longer payment terms

### Risk factors

Doing business in lesser known territory with different rules and regulations inevitably poses more risk. Show lenders that you've addressed risk by providing a customer **credit check** and obtain **insurance for your sales**. You should include:

- market risks, such as economic instability and political changes
- credit and currency risks

**Implementation plan and timetable**

It's a good idea to reiterate your objectives and show how you'll meet them in a specific time frame. Be sure that you:

- develop both short-term objectives (3-9 months) and longer-term objectives (1-2 years)
- show what you intend to achieve in sales and indicate how any foreign alliances will help you
- demonstrate how you will evaluate and measure your results in line with your objectives
- provide an action plan and responsibilities of specific team members