



DEVELOPING AN EXPORT PLAN

THINK YOU'RE READY TO EXPORT?

Perhaps you began exporting by accident in response to an overseas inquiry. Maybe you exported once or twice and got swept away in successful Internet and trade show sales. But have you thought about why you're exporting and have you made your strategy official? An export plan can help your company gain focus on specific products to export, and where to export them for the best profit.

EXPORT PLANNING BASICS

The Foundation for Your Export Plan is Your Current Business Plan

Things that are considered essential best practices in domestic business development are often sidestepped when entering international markets. Be sure your current business plan is in order before you attempt to develop your export plan.

Why Do I Need It?

A good export plan will help guide and prepare you for operating in international markets. The plan will also help your company communicate export goals, processes and responsibilities internally. This will help keep you on track to achieve clearly identified goals. In addition, an export plan serves a critical role in export financing, by communicating your company's international commitment and professionalism to banks, partners, agents and even potential customers.

(Jagoe)

What Should it Cover?

An export plan is simple and flexible. It should identify specific goals and objectives, and the strengths and weaknesses of your product and business. It also outlines all processes, resources, and key player responsibilities. When writing your export plan, think of all the parts of the business that are involved in exporting/international trade, not just sales and shipping managers. Since the international arena and export regulations are constantly changing, so should your export plan. Keep it up to date so that it can be referenced often.

(US Dept of Commerce)

Things to Consider When Writing an Export Plan

- Which products are best suited for export?
- What markets are most receptive to my products?
- What kind of changes to production, marketing, and delivery will need to be made for exporting?
- Does upper management support exports?
- Can customers be found and qualified?
- Can the product be exported legally?



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THE NUTS AND BOLTS OF AN EXPORT PLAN

An export plan can have many formats, so tailor yours to suit your company structure and style. The following seven major components should always be included:

- I. Commitment Statement
- II. Company Situation Analysis
- III. Product Background Analysis
- IV. Marketing
- V. Action Plan and Strategy
- VI. Budget
- VII. Implementation Timeline

I. Commitment Statement

Spell out your reasons for exporting. You will gain a huge competitive advantage over other U.S. and foreign firms by responding quickly and correctly to export inquiries, establishing realistic delivery dates, following up, and keeping your customers informed of their shipment status.

(Jagoe)

II. Company Situation Analysis

- Why is your business successful domestically?
- What is your growth rate?
- Research industry domestically and internationally, as well as projected industry growth.

(ASBDC)

- Describe staff resources and your ability to:
 - ⇒ Communicate internationally
 - ⇒ Provide technical support
 - ⇒ Travel abroad
 - ⇒ Train employees
 - ⇒ Advertise
 - ⇒ Manufacture product
 - ⇒ Repair/service product

III. Product Background Analysis

Define products for export with regards to:

- Life cycle
- Unique features
- Quality history
- Delivery capability
- Warranty
- Intellectual property concerns
- Competitive advantage

Emerging Markets

An emerging market is a country which is currently experiencing high growth over several years. Emerging markets can be good places to export since they may require goods and services related to infrastructure, the growth of communities, liberalization/privatization of industries, and the rising purchasing power of its citizens. Some currently popular emerging markets include India, China, and Brazil.

See VEDP Fast Facts "Emerging Markets"



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THE NUTS AND BOLTS OF AN EXPORT PLAN (CONTINUED)

IV. Marketing: a 3-Step Process

1. Use macro data to determine a list of about 12 possible markets for export. Focus on data relating to economic growth rates, income per capita, growth in consumption and/or imports of your product or ancillary products, etc.
2. Select six initial candidates to research in more detail.
3. Using outside research resources like those provided by the VEDP, whittle down the list to three markets in which to seek out meetings with customers.

Once you've chosen a target market, consider how your product and accompanying services will need to modify marketing materials and packaging for measurement, language, etc.

V. Action Plan and Strategy

No company can take on the world all at once. Be realistic, and be specific when working out the details of your action plan. Provide a timeline for all steps.

Take advantage of external research resources as well. The VEDP and other organizations offer assistance researching international markets and setting up meetings with target customers in those markets, often for free or at a minimal cost.

VI. Budget

Focus not just on the cost for you to manufacture your product, but on the entire production/delivery process and your gross margin. Consider distribution, travel, communication, and product modification costs in your budget.

Understand the financial mechanisms available to manage the payment process. Research what organizations like VEDP, banks, customs brokers, and lawyers can offer.

See VEDP Fast Facts "Determining Tariffs and Duties", "Payment Terms and Export Financing Resources"

VII. Implementation Timeline

Be realistic with your timelines, considering the number of staff involved, their other duties, and travel. Allow enough time for thorough attention to detail, unforeseen delays, and proper account management. Be specific when outlining steps of implementation with regards to the staff involved and exact task at hand.



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VEDP SERVICES

The VEDP offers a number of export-related services to Virginia businesses, including group market visits and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters. For more information, please visit our website: www.exportvirginia.org.

ADDITIONAL RESOURCES

Useful Links for Sample Export Plans

- International Trade Data System: www.itds.treas.gov/exportplan.html
- A Basic Guide to Exporting: www.unzco.com/basicguide/toc.html
- World Trade Organization: www.intracen.org/ec/asp/checker/online/analysis.asp
- Free Business Plans: <http://www.freebizplan.org/>

Useful Links for Country and Industry Research

- U.S. Multi-Agency Portal: www.export.gov
- Foreign Tariffs and Trade Info Center: <http://tradeinfo.doc.gov>
- Country Commercial Guides: www.stat-usa.gov
- Trade Statistics: <http://www.census.gov/foreign-trade/index.html>
- CIA Country Profiles: www.cia.gov/cia/publications/factbook/
- U.S. Customs: www.customs.ustreas.gov

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Last Updated: October 2009

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