



GETTING STARTED EXPORTING

Why Export?

Why should a Virginia company consider exporting? In a nutshell- **PROFITS**. Virginia's manufacturing companies exported over \$18.9 billion in 2008, and over 2,100 Virginia service companies exported an estimated \$11.92 billion in 2005 (the most recent year for data). Profits generated by those exports are substantial even for small Virginia companies. In addition, multimodal transportation, computerized and real time shipping documents, new trade agreements, and e-commerce have facilitated international business and made exporting the norm for most American companies. The Virginia Economic Development Partnership's (VEDP) Division of International Trade is available to help Virginia businesses with their export needs. (World Trade Atlas and U.S. Coalition of Service Industries)

Is your company exporting? If not, consider these facts:

- A manufacturer of transformers from Roanoke traveled to Saudi Arabia on a VEDP market visit and booked \$560,000 worth of exports over the following 12 months.
- In Richmond, an industrial magnet company booked the largest order in its history as a result of a targeted, 14 month strategy focused on Mexico.
- "I expect an increase in business next year to exceed 250%. Although it may have been possible for me to acquire this business without VEDP's help, it would have taken years to develop instead of mere months." -Dan Ralston, Inter Product (U.S.A), Inc.
- 95% of the world's population live outside the United States.

ADVANTAGES AND CHALLENGES OF EXPORTING

Consider how exporting can help your business:

- Enhance domestic competitiveness
- Increase sales and profits
- Gain global market share
- Reduce dependence on existing markets
- Extend the sales potential of existing products
- Stabilize seasonal market fluctuations
- Enhance potential for corporate expansion
- Sell excess production capacity
- Acquire intelligence about foreign competition

There are certainly challenges associated with exporting. Your business may be required to:

- Develop new promotional material
- Subordinate short-term profits for long-term gains
- Incur added administrative costs, such as hiring new employees
- Allocate personnel for travel
- Wait longer for payments
- Modify your product or packaging
- Apply for additional financing
- Obtain special export licenses

See VEDP FastFacts on Export Licensing, International Marketing, and Export Financing Overview



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The challenges of going international pale in comparison to the advantages. If you have a small company with a “niche” product, you never know where sales may come from. U.S. exporters actually ship oil to Saudi Arabia and chopsticks to Japan. Your product may very well find its way into foreign markets.

Exporting is a big step for many businesses, and there are several important issues that must be addressed before a company starts actively pursuing international sales. The best way to address these issues is to carefully examine your current business practices, and then create an export plan. Evaluating your company to determine if it is ready to start exporting may prevent avoidable mistakes, and will help create a strong foundation for an exporting program. The better prepared your company is for exporting, the more successful it will be.

GENERAL GUIDELINES

Below are some general guidelines to evaluate a company’s export readiness. Not all of these guidelines apply to every company, but they may prove useful as you examine these issues. If your company meets at least two of the following guidelines, you should begin to seriously examine exporting: 1) *More than \$100,000 in sales*, 2) *Over 3 years in operation*, and 3) *Service companies: 5 or more employees, or Manufacturing companies: 50 or more employees*.

To evaluate whether your company is ready to export, there are three major areas to consider: 1) company export readiness, 2) the business plan, and 3) product/service export readiness.

1. Is the company ready to export?

Successful exporting requires a certain level of commitment. If exporting is intended to become a major part of a company’s sales and marketing efforts, it needs to be focused and well-planned. The investments necessary to make exporting truly profitable can be divided into three key areas:

- **Management:** Senior management must be committed to exporting and all that it involves for the company to have a strong chance of being successful.
- **Money:** As the old cliché goes, you have to spend money to make money. Exporting has some upfront costs including (but not limited to) international travel, international shipping, translating materials and websites into other languages, training personnel and hiring experienced staff.
- **Time:** In many cases, an investment in exporting takes 1-3 years before the company sees a payoff. This is because business moves slower in many parts of the world and because exporting requires the development of personal relationships.

2. Does the company’s business plan include an international strategy?

Many companies are ready and able to export, but fail to include exporting in their company strategy. Before launching into international trade, a company should consider the following questions:

- How will international sales fit with the company’s business plan?
- Is exporting consistent with the company’s goals?
- What does the company hope to gain from exporting?



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3. Are the products or services ready to export?

Finally, once you've examined your company, you need to take a look at your products/services. Products and services that are popular in the U.S. will not necessarily enjoy uniform popularity in all countries. There are three ways to determine if your product or service has export potential:

- Products and services with unique designs or advantages that are hard to duplicate will likely be in demand overseas.
- If your product/service has had success in the United States but is now experiencing declining sales, you may have opportunities in markets where your product/service would be state-of-the-art, even if it's past its prime in the United States.
- If your products or services have sold successfully in the U.S., they very well may be successful in other countries, too. It is important to research the target market in order to evaluate the potential your product or service will have there.

Additionally, you need to consider if any adjustments are necessary for your products or services. Adjustments can include the following:

- Obtaining patent or trademark protection
- Adding metric measurements
- Obtaining foreign standards and approvals

See VEDP FastFact - Foreign Standards Overview

OK, I'M READY TO EXPORT, NOW WHAT?

Virginia businesses that are ready to export have the advantage of being able to call their local Trade Manager who can assist them every step of the way. The VEDP's Division of International Trade has 7 Trade Managers throughout the state, and their services are free to Virginia businesses. VEDP also has a Global Network of consultants and representatives in 44 countries that can provide Virginia businesses with assistance in growing their international sales. These services are free or highly subsidized by the VEDP.

To find the Trade Manager in your region, visit the VEDP's Trade Division website at www.exportvirginia.org or call the Trade Division at (804) 545-5764.

The next step, after determining if your company is ready to export, is to create an export plan. An export plan lays out the research and action items necessary to begin exporting. It addresses issues such as which markets (countries) should be targeted, product modifications, foreign regulations and documentation issues. Your local Trade Manager can work with you to put the plan together. Additionally, the VEDP offers customized, primary research from its Global Network of researchers around the world. For more information on the Global Network, visit our website at www.exportvirginia.org, contact your Trade Manager, or email Stephanie Tignor, Global Network Manager, at STignor@yesvirginia.org.

See VEDP Export Issues FastFact - Developing an Export Plan



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VEDP TRADE EVENTS

The VEDP participates in many international trade events and hosts a number of market visits. All Virginia companies are welcome to attend.

For a complete listing of VEDP's international trade events, please visit the "Events" tab on our website: www.exportvirginia.org

VEDP CONTACT INFORMATION

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ADDITIONAL RESOURCES

- Business.gov.: <http://www.business.gov/>
- Foreign Trade Online: <http://www.foreign-trade.com/>
- John Jagoe. The Export Sales & Marketing Manual 2001: <http://www.exportusa.com>
- United States Department of Commerce. A Basic Guide to Exporting: <http://www.unzco.com/basicguide/toc.html>
- United States Department of Commerce. Export America Newsletter: <http://www.trade.gov/exportamerica/>.
- United States Department of Commerce. Export Assistance Center: www.export.gov; 1-800-USA-Trade.

WORKS CITED

Global Trade Information Services. World Trade Atlas. World Annual 2008. Available by subscription at: [<http://www.gtis.com>](http://www.gtis.com)

United States Coalition of Service Industries (USCSI). [<http://www.uscsi.org>](http://www.uscsi.org)

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