

EXPORTING AT A GLANCE



TABLE OF CONTENTS

Introduction	Page 3
Why Export?	Page 3
Myths About Exporting	Page 5
Assess Your Export Readiness and Potential	Page 8
Ten Keys to Export Success	Page 8
Develop and Export Plan	Page 9
Taking the Next Steps in Exporting	Page 11
Works Cited	Page 12



Material contained in this publication is in the public domain and may be reproduced fully. While the information compiled in this guide was gathered from sources believed to be authoritative and reliable, no responsibility is assumed or implied by the Idaho Department of Commerce or the Idaho State Department of Agriculture as to the accuracy, completeness, or factual representation contained herein. The information herein is meant to be a guide and an overview and does not contain comprehensive answers to every question.



INTRODUCTION

The Idaho Department of Commerce and the Idaho State Department of Agriculture have developed the *Exporting at a Glance* booklet to:

- Help Idaho businesses determine the possible benefits of international business;
- Help Idaho business people evaluate potential opportunities in the international marketplace as viable extensions of their domestic operations; and
- Support those Idaho firms to become exporters of Idaho products and services.

An increasingly global economy provides opportunities for Idaho businesses to enter international markets, adding an important dimension to achieving business objectives. Exporting can be a means of enhancing bottom-line profits for companies of all sizes, including small and medium-sized businesses.

There are a number of benefits in becoming an established exporter of Idaho products and services in the international marketplace.

WHY EXPORT

The truth is that exporting is good for your bottom line! It creates new opportunities, new revenue streams, potential product development, diversification and so much more. Here are some facts about why exporting can be a good choice for your company:

- 96% of the world's population and 80% of the world's wealth is outside of the United States, so if an Idaho business is only selling domestically, they are reaching just a small share of potential customers

Exporting at a Glance

- Middle class consumer populations are growing quickly around the globe, driving demand for U.S. products
- Exports increase sales and income with diversified sources of revenue
- Exporting enables companies to diversify market risk and to weather changes in the domestic economy
- Exporting can stabilize seasonal markets and sales fluctuations
- Exporting helps small companies grow and become more competitive in all their markets
- Exports extend product life cycles; over half the world's economies are less developed and may not need or can't afford the latest innovation
- Exports use idle capacity and can reduce unit costs
- Free trade agreements (FTA's) with 17 countries provide more exporting opportunities for U.S. businesses

THE ECONOMIC IMPACT OF EXPORTING

- During the past 25 years, U.S. exports have made an important contribution to our country's economic growth—increasing five-fold from \$224 billion to more than \$1.1 trillion last year
- In 2014, the U.S. Department of Agriculture announced that agricultural exports soared to a record \$152.5 billion - up 8% over the previous year
- Idaho agricultural exports increased 16%, double the national figure, during the same time period
- Agriculture Secretary Tom Vilsack stated that "Agricultural exports have climbed 41% in value over the past five years. U.S. agricultural exports have increased in volume as well as in monetary value, which demonstrates an increasing global

appetite for high-quality, American-grown products.”

- Exports have created over 11.4 million jobs in America, with nearly 7 million of those jobs being in the manufacturing sector

THE NUMBER OF SMALL BUSINESS EXPORTERS IS GROWING

Today, less than 1% of the 30 million businesses in the U.S. export, but the truth is, not all of these exporters are large conglomerates. Small and medium-sized businesses account for almost 97% of all U.S. exporters.

- In 2014, 30 percent of the total export value of U.S. goods came from small and medium-sized firms
- More than two-thirds of exporters have fewer than 20 employees
- Nearly two-thirds of small and medium-sized exporters sell to just one foreign market

MYTHS ABOUT EXPORTING

When considering exporting, many firms stop looking into the possibility almost before they start because of incorrect business assumptions. Listed below are some of the most common ones and the export realities that exist with the globalization of products and services.

COMMON MYTHS	EXPORTING REALITY
I'm too small to go "Global"	Not True! In 2014, 97% of all U.S. exporters were small to medium-sized business and more than two-thirds of exporters had fewer than 20 employees.

Exporting at a Glance

COMMON MYTH	EXPORTING REALITY
Exporting is too risky	Exporting to some markets, such as Canada, is no more risky than selling within the United States. Different international markets have different levels of risk. Almost any perceived risk can be identified and reduced by using the affordable export assistance that is now available.
I'm afraid I won't get paid	Selling has risks anywhere, but if you do your due diligence, it can pay off big! Trade finance and global banking have evolved to the point where buying and selling things internationally is routine, safe, and efficient. Reliable payment methods are numerous and varied and should be explored with each customer.
Exporting is too complicated	You don't need to be an expert about international trade to become an exporter. You can use outside experts and governmental agencies to help you through the process and paperwork. Researching markets and finding buyers can, in many instances, be done from your computer using free or low-cost information.

COMMON MYTH	EXPORTING REALITY
<p>My domestic market is secure—I don't need to export</p>	<p>Few markets remain static and new markets are constantly opening to competition. Most U.S. businesses are affected by or involved in international business, whether they realize it or not. Globalization has made it easier to buy and sell goods in multiple markets and more small- and medium-sized businesses need an international strategy.</p>
<p>My product or service probably won't sell outside of the U.S.</p>	<p>If your product or service sells well domestically, there's a good chance an overseas market can be found. What makes your product sell in the U.S. can help it sell overseas. In some markets, you may have to do some modifications because of cultural or regulatory differences. But by learning how to sell into another market, you will become a better marketer and your company will be more successful in all markets in which it competes.</p>
<p>I won't be successful because I don't speak another language and have never traveled abroad</p>	<p>Cultural knowledge and business etiquette are always helpful, but you can pick these things up as you go. The English language will take you a very long way, and help is readily available for situations where interpreters and translators are necessary. Remember, a friendly disposition and willingness to learn about the importers needs and culture can make business dealings much easier.</p>

ASSESS YOUR EXPORT READINESS AND POTENTIAL

Companies new to export rarely have all the knowledge and skills necessary to assure immediate success in the global marketplace. However, with reasonable effort and guidance, a company can begin to gain the necessary knowledge where exporting becomes part of the overall business plan. Don't fear the worst when considering exporting. Every experienced exporter was at one time terrified at the thought of exporting.

If you believe exporting might be right for you, take this Export Questionnaire found at <http://export.gov/begin/assessment.asp> to see how ready you are right now to enter the global marketplace.

TEN KEYS TO EXPORT SUCCESS

When considering exporting, keep these ten important recommendations for successful exporting in mind:

1. Secure commitment from top management in order to overcome initial difficulties and financial requirements
2. Obtain qualified export counsel and develop an international marketing plan before exporting to overseas markets. The plan should clearly define objectives, goals, and be kept up to date with problems encountered
3. Take sufficient time in selecting overseas distributors and partners. The complications involved in overseas communications and transportation require careful monitoring and selecting of independently acting distributors that will defend your company's interests

4. Establish a basis for profitable operations and orderly growth by building relationships with government officials, organizations and companies
5. Devote continuous attention to export business even when the U.S. market booms
6. Treat international distributors on an equal basis with domestic counterparts. Make the same deals and offers to the international distributors as you would domestic distributors
7. Do not assume a given market technique and product will automatically work in another country. Treat each market independently to ensure maximum success
8. Be willing to modify your product to meet regulations or cultural preferences of other countries
9. Print service, sale and warranty messages in locally understood languages
10. Service the product like you would in the U.S. market. A product without the necessary service support quickly acquires a bad reputation for your company

DEVELOP AN EXPORT PLAN

Once you've decided to sell your products abroad, you'll need to develop an export plan.

A crucial first step in planning is to develop broad consensus among key management personnel on the company's goals, objectives, capabilities, and constraints. In addition, because they will ultimately be responsible for its successful implementation and execution, the personnel involved in the exporting process should agree on all aspects of an export plan.

Exporting at a Glance

The purposes of the export plan are (a) to assemble facts, constraints, and goals and (b) to create an action statement that takes all of those elements into account. The plan includes specific objectives, sets forth time schedules for implementation, and marks milestones so that the degree of success can be measured and motivate personnel.

The following 11 questions should ultimately be addressed:

1. Which products are selected for export development, and what modifications, if any, must be made to adapt them for overseas markets?
2. Which country or countries are targeted for sales development?
3. Is an export license needed?
4. In each country, what are the basic customer profile, and what marketing and distribution channels should be used to reach customers?
5. What special challenges pertain to each market (for example, competition, cultural differences, and import controls), and what strategy will be used to address them?
6. How will your product's export sales price be determined?
7. What specific operational steps must be taken and when?
8. What will be the time frame for implementing each element of the plan?
9. What personnel and company resources will be dedicated to exporting?
10. What will be the cost in time and money for each element?
11. How will results be evaluated and used to modify the plan?

The first time an export plan is developed, it should be kept simple. It need be only a few pages long because important market data and planning elements may not yet be available. The initial planning effort itself gradually generates more information and insight. As you learn more about exporting

and your company's competitive position, the export plan will become more detailed and complete.

From the start, your plan should be written and viewed as a flexible management tool, not as a static document. Objectives in the plan should be compared with actual results to measure the success of different strategies. Your company should not hesitate to modify the plan and make it more specific as new information and experience are gained.

TAKING THE NEXT STEPS IN EXPORTING

If you have now decided that entering the international marketplace may be a good option for your company, there are many resources available to help you find the right market, sales and distribution methods, and requirements for your first shipment.

REVIEW IDAHO'S ADDITIONAL EXPORT GUIDES

The "*How-To*" *Guide for Exporting* will walk you through a more detailed process so that you will be able to conduct research to see what countries may be right for your product(s), to develop an export plan, and to learn about the intricacies of international business.

There's also the *Exporter Documentation & Education Guide* that covers documents commonly used in exporting and the *Idaho Exporter's Resource Guide* that lists a variety of local sources for export assistance, Idaho's Overseas Trade Office locations and contacts, online resources for export information, and a listing of business contacts to help you with your exporting needs.

Works Cited

Exporting Basics, by Maurice Kogon,
Export Tutorials: Focusing on Details. (n.d.). Retrieved from Trade Port: <http://tradeport.org/index.php/tutorials/using-typography>

Export.gov. (2012). Retrieved from Basic Guide: http://export.gov/basicguide/eg_main_017244.asp

Utah U.S. Export Assistance Center. (2009). *Export.gov*. Retrieved from http://www.export.gov/utah/build/groups/public/@eg_us_ut/documents/webcontent/eg_us_ut_027976.pdf

News Release No. 0247.14, USDA Office of Communications, Retrieved from <http://www.usda.gov/wps/portal/usda/usdahome?contentid=2014/11/0247.xml>



IDAHO

State Department of Agriculture

Department of Commerce

Promoting Idaho Products Around the World