WASHINGTON STATE SBDC EXPORT READINESS CENTERS*

* The WSBDC Export Program is funded in part by a grant from the Community Economic Revitalization Board administered through the Washington State Department of Commerce.

Helping SMEs Achieve Global Export Success

WSBDC International Trade Specialists
Help Clients Chart their Path to Export Success

- Achieve Export Readiness
- Evaluate Export Markets
- Manage Export Compliance
- Enter Export Markets
- Grow Exports
WSBDC Export Readiness Centers

The goal is to help SMEs conduct successful business in foreign markets

WSBDC Trade Specialist

Demystify, Simplify and Accelerate
WSBDC Uses A Collaborative Advising Approach To Exporting

TRADE SPECIALIST

Research Interns

CERTIFIED BUSINESS ADVISOR

EXPORT CLIENT

SBDC NETWORK IN WASHINGTON STATE
OUR WSBDC EXPORT CLIENTS ARE

NEW TO EXPORT

• Existing Business that has never Exported
• Existing Business with Int’l Purchase Requests
• Startup Business targeting Domestic & Int’l Sales
• Startup Business targeting International Markets

NEW TO MARKET

• Existing Business that has limited Export Sales
• Existing Business with New Int’l Sales Requests
• Existing Business expanding into New Int’l Markets
• Existing Business increasing current Int’l Sales
TWO Stages of Export Readiness

New-To-Export

STAGE I

EVALUATE EXPORT READINESS

STAGE II

DEVELOP EXPORT PLAN

Export Ready

EXTRACTION READINESS STARTS HERE

Clients need to know how to become export ready in FOUR Critical Business Areas

- PRODUCT Knowledge
  - Have you successfully produced, marketed & sold products and/or services in the U.S.? Are you aware of demand in foreign markets?

- MARKET Opportunity
  - Have you received purchase inquiries from foreign buyers or identified international demand for your products and/or services?

- OPERATIONS Commitment
  - Do you have top management’s commitment to provide direction, financial support and critical resources to enter foreign markets?

- FINANCE Capability
  - Do you have an Export Business Plan with secured financial resources that will fund your market entry and export activities?
**Client Focused Readiness Tools**

*WSBDC Trade Specialist use Client Focused Tools to accelerate client progress towards Export Readiness*

- **EVALUATE EXPORT READINESS**
  - PRODUCT Knowledge
  - MARKET Opportunity
  - OPERATIONS Commitment
  - FINANCE Capability

- **EXPORT READINESS ASSESSMENT**
  - Records clients knowledge of typical export activities
  - Can be completed online or in an advising session
  - Captures information about client’s export IQ
  - Can reveal client’s export knowledge gaps
  - Can be archived & shared as a PDF

**WSBDC Client Focused Tools**

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YOUR EXPORT READINESS STATUS?

1. Have you successfully produced, marketed & sold products and/or services in the U.S.?

2. Do you have spare production capacity so you can quickly fulfill large export orders?

3. Do you have a reliable supply chain that allows your production to meet foreign market demands?

4. Do have the ability to change packaging, labeling or product features to be competitive in the market(s)?

5. Do you have knowledge of how your product fits your foreign market based on the local FOUR P’s Product, Price, Promotion, and Place?

YOUR EXPORT READINESS STATUS?

1. Have you conducted export market research to find & confirm foreign market sales opportunities?

2. Know how your landed-cost pricing matches up with existing competitors in your foreign target market(s)?

3. Have knowledge of existing and reliable methods for in-country sales of your export products?

4. Have an operational knowledge of how tariff and non-tariff barriers may impact entry costs & timeframes?

5. Have a documented strategic market entry plan along with market exit contingencies?

Give yourself (2) Points for each “Yes” answer

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<thead>
<tr>
<th>Points</th>
<th>Low</th>
<th>Medium</th>
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5/6/2013
## EVALUATE EXPORT READINESS

### OPERATIONS Commitment

1. Obtained top management’s absolute support for and commitment to the company’s export efforts?

2. Developed a formal documented Export Plan?

3. Have staff with experience in export marketing and handling International shipping tasks?

4. Considered how your company will address the various export risks you may face?

5. The ability to adopt additional competitive features such as using new materials, meeting international standards, integrating new technologies, creating new packaging, etc.?

### YOUR EXPORT READINESS STATUS?

Give yourself (2) Points for each “Yes” answer

- [ ] 0 – 4
- [ ] 6 – 8
- [ ] 10

Low | Medium | High

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## EVALUATE EXPORT READINESS

### FINANCE Capability

1. Have an existing accounting system for managing your business expenses and income?

2. Adequate cash, savings or access to capital to finance your production & marketing efforts for a year or two?

3. Have an established and profitable domestic market for your product here in the U.S.?

4. Ability to manage international payment methods and accounting requirements in home & foreign countries?

5. Ability to manage required HS Export Codes and documentation that meets U.S. compliance regulations?

### YOUR EXPORT READINESS STATUS?

Give yourself (2) Points for each “Yes” answer

- [ ] 0 – 4
- [ ] 6 – 8
- [ ] 10

Low | Medium | High

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Know Your Export Readiness Status

What is your Export Readiness Score?

- **PRODUCT Knowledge**
  - 0 – 4 Low
  - 6 – 8 Medium
  - 10 High

- **MARKET Opportunity**
  - 0 – 4 Low
  - 6 – 8 Medium
  - 10 High

- **OPERATIONS Commitment**
  - 0 – 4 Low
  - 6 – 8 Medium
  - 10 High

- **FINANCE Capability**
  - 0 – 4 Low
  - 6 – 8 Medium
  - 10 High

WSBDC Client Focused Tools

**SCOPE OF WORK (Document)**

- Records Place, Time, Topic, & Session Purpose
- Can be used in any type of advising session
- Captures information about critical issues
- Details next-step action items
- Assigns responsibility for follow up tasks
- Can be attached to CIC & shared as a PDF
The SBDC is eager to help you meet your goals. To do this both the SBDC advisor and the client must agree to be full participants in completing the actions items outlined above in a timely manner. Advising services are provided at no-cost but with the expectation of you will complete action items, respond to our requests for information, and reply to periodic surveys.

The SBDC Client Focused Tools

**SWOT ANALYSIS (Document)**

- Records client’s understanding of their business strengths, weaknesses, opportunities & threats
- Can be used in training or advising sessions
- Helps clients recognize competitive business gaps
- Helps ITS & CBA focus advising sessions on critical gaps
- Improves client focus on relevant export readiness initiatives
- Can be archived & shared as a PDF
The SWOT Analysis tool helps NTE and NTM Clients recognize their Internal (Operational) and External (Market) Strengths and Weaknesses.
Use the SWOT template to write down at least 3 relevant statements about your organization's internal Strengths and Weaknesses.

Then write down at least 3 relevant statements about your Market Opportunities and Threats.

WSBDC Client Focused Tools

NTE & NTM CLIENT WORKSHOP

Five – 3 hour sessions

• Provides attendees with the Basics of Exporting
• Covers Market Selection, Market Entry & Payment Methods
• Clients Complete SWOT Analysis of their Biz Operations
• Arrange One-On-One Advising Sessions with ITS
• Helps Potential Clients recognize critical gaps
• Improves client focus on relevant export readiness items
• Attendees provide evaluation of WORKSHOP content
Achieving Export Readiness

WSBDC Trade Specialist use Client Focused Network Advising and external Export Assistance Resources to accelerate client progress towards Export Readiness

- **Evaluate Export Readiness**
  - Product Knowledge
  - Market Opportunity
  - Operations Commitment
  - Finance Capability

**ITS & CBA Network Co-Advising**

- Involve Government Export Resources
- Involve Professional Service Providers

**WSBDC Client Focused Advising**

**CLIENT FOCUSED CO-ADVISING SESSIONS**

- Evaluate client progress towards export readiness
- Uses client focus tools to keep client progress on-track
- Provides client with critical feedback and direction
- Help clients identify & overcome barriers to progress
- Refers clients to additional resources when needed
- Documents clients progress and results
CLIENT AWARENESS OF STATE, FEDERAL PRIVATE SECTOR RESOURCES

- Show Clients where to get reliable Export info
- Refer to or co-advice with Gov. Export Agencies
- Link Gov. resources to Clients’ Export Readiness
- Intl Logistics and Shipping Companies
- IP, International Law and Accounting Firms
- Debt and AR financing resources & Insurers

Achieving Export Readiness

 Evaluate Export Readiness

- Product Knowledge
- Market Opportunity
- Operations Commitment
- Finance Capability

 Develop Export Plan

- Customized Export Plan
- Market Fit Analysis
- Market Entry Strategy
- Export Performance Metrics
- Export Compliance
Trade Specialist & CBAs Co-advise clients to prepare a customized EXPORT Business Plan.

Trade Specialist use the Intern Research Team to Analyze and Select Potential Export Markets for Clients.

Trade Specialist use Wiser Trade & KOMPASS Subscription Databases to assist Export Clients in formulating a viable Market Entry Plan.

Trade Specialist Use the (4 Ps) Product, Price, Place, and Distribution to help Clients solidify Market Entry and Exit Strategies.

Trade Specialist & CBAs Co-advise clients to identify critical EXPORT Performance Metrics to measure their Export initiatives.

Trade Specialist use Government Resources to help clients identify critical EXPORT Compliance Issues for their Products or services.
I hope my L.L. Bean order comes soon

(15 Minute BREAK)

Road Map to Successful Exporting

EXPORT BUSINESS PLAN

- Require a Functional Export Business Plan
- Review and Revise with Client Present
- Include Market Entry Strategy in the Business Plan
- Require Market Contingency or Exit Plan Component
- Confirm Est. Revenues, Timelines & Funding Sources
MARKET FIT ANALYSIS

- Target Market Research Data
- Landed Costs & Competitive Pricing Analysis
- Transportation and Delivery logistics
- Available Distribution Methods
- Product Life Cycle
- Available Payment Terms

MARKET ENTRY & CONTINGENCY PLANS

- Agreed Distribution Method
- Product Profitability Analysis
- Defined Target Share of Available Market
- Agreed Customer Payment Terms
- Confirmed Delivery Terms and Costs
- Production & Service Capacity
- Market Entry Contingency plan
Which Market Entry Method?

1. Indirect Exporting
   > Export Management Companies (EMC)
   > Trading Companies

2. Direct Exporting
   > Direct Sales in Country Through Representatives or Distributors

3. Contractual Market Agreements
   > Licensing
   > Franchising

4. Foreign Production (Equity Strategy)
   > Strategic Alliance
   > Joint Ventures (JV)
   > Wholly Owned Foreign Entity (WOFE)

RISK vs REWARD MARKET ENTRY MODES

- **Low Investment, Lower Risk, Lower Control**
- **High Investment, Higher Risk, Higher Control**

Amount of Investment, Risk, Control & Profit Potential
## Comparison of Foreign Market Entry Modes

<table>
<thead>
<tr>
<th>ENTRY MODES</th>
<th>CONDITIONS Favoring this Mode</th>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
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</table>
| **Exporting**     | - Limited sales potential in target country  
- Little product adaptation required  
- Distribution channels close to plants  
- High target country production costs  
- Liberal import policies and MFN treaties  
- High political risk in target market | - Minimizes risk & investment  
- Improves speed of entry  
- Maximizes ability to scale distribution of products  
- Uses existing facilities. | - Trade barriers & tariffs can add to costs.  
- Transport costs may limit competitive pricing.  
- Limited access to local market know-how  
- Company viewed as an outsider |
| **Indirect & Direct** | | | |
| **Licensing or Franchising** | - Import and investment barriers  
- Legal protection possible in target market  
- Low sales potential in target country  
- Large cultural distance  
- Licensee lacks ability to be a competitor | - Minimizes risk & investment  
- Improves speed of entry  
- Able to circumvent trade barriers.  
- Provides higher ROI | - Lack of control over use of assets  
- Licensee may become competitor  
- Risk knowledge spillovers  
- License period is limited |
| **Joint Ventures** | - Import barriers & large cultural distance  
- Assets cannot be fairly priced  
- High sales potential  
- Some political risk  
- Government restrictions on foreign ownership - Local company can provide labor skills, technical resources, brand name, distribution network, etc. | - Overcomes ownership restriction, cultural distance  
- Combines resources of two companies - Potential for learning - Viewed as insider  
- Less investment required | - Difficult to manage  
- Dilution of control  
- Greater risk than exporting  
- Licensing knowledge spillovers - Partner may become a competitor |
| **Direct Investment** | - Import barriers  
- Small cultural distance  
- Assets cannot be fairly priced  
- High sales potential  
- Low political risk | - Greater knowledge of local market - Can better apply specialized skills - Minimizes knowledge spillover  
- Can be viewed as an insider | - Higher risk than other modes  
- Requires more resources and commitment  
- May be difficult to manage the local resources |

## Road Map to Successful Exporting

**EXPORT PERFORMANCE METRICS**

- Identify Clear, Relevant, Performance Metrics
- Systematically Document and Review Data
- Use Data to Evaluate Key Export Performance
- Use Data to Drive Export Process Improvements
- Recognize and Reward Improvements
Road Map to Successful Exporting

**EXPORT COMPLIANCE PROGRAM**

- Confirm Correct HS Code Usage for your Product(s)
- Understand Export Compliance Requirements
- Establish Export Documentation System
- Document Corrective Actions ASAP
- Perform Export Compliance Audit Annually

Planning & Research Makes a Difference

**DEVELOP YOUR EXPORT PLAN**

- CUSTOMIZED EXPORT PLAN
- MARKET FIT ANALYSIS
- MARKET ENTRY STRATEGY
- EXPORT PERFORMANCE METRICS
- EXPORT COMPLIANCE

**These FIVE areas are critical to Export Readiness**

- Do you have an Export Business Plan that defines your market opportunity, return on investment and your capacity to deliver?
- Do you have research or data that confirms real foreign market demand with end-user pricing that will return acceptable profits?
- Have you selected a reliable market entry method that will minimize risks and support distribution & market growth opportunities?
- Have you established realistic and relevant performance metrics that help you evaluate your export business initiatives?
- Are you aware of U.S. export requirements and do you have resources to establish and document critical processes & procedures?
RESOURCES FOR FOREIGN MARKET ENTRY

HOW TO IMPROVE YOUR MARKET ENTRY STRATEGY

Find and qualify potential buyers, distributors and /or partners by:

a.) Attend product relevant trade shows in U.S. or abroad. (STEP GRANT)
b.) Use Foreign Commercial Services to find & screen potential players
c.) Use KOMPASS Database to search for existing Reps, or Distributors
d.) Use Vendor Questionnaire & Profile Assessment tools to evaluate players
e.) Use Int’l Attorneys or Accountants to finalize distributor or licensing agreements
f.) Establish reliable and agreed upon payment terms with foreign buyers.
g.) Involve an experienced Bank with international services that meet your needs
h.) Attend export business and export compliance training programs (BIS)
i.) Download and read export.gov Country Commercial guides for your target market.

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Road Map to Successful Exporting

Criteria for Export Ready Clients

- Organizational commitment to exporting
- Export management competency & capability
- Capacity to meet foreign market sales targets
- Export business plan with market entry strategy
- Realistic export performance metrics
- Ability to meet export compliance requirements
Road Map to Successful Exporting

Export Readiness

- CUSTOMIZED EXPORT PLAN
- MARKET FIT ANALYSIS
- MARKET ENTRY STRATEGY
- EXPORT PERFORMANCE METRICS
- EXPORT COMPLIANCE
- MARKET Knowledge
- PRODUCT Capacity
- FINANCE Ability
- OPERATION Capability

IMPLEMENT EXPORT PLAN

- EXECUTE EXPORT PLAN & Review Performance
- IDENTIFY Under-Performing Export Processes
- Establish CLEAR Performance Metrics
- IMPLEMENT Best Practices For Exporting

Export Ready Client can execute their Export Business Plan with relevant performance metrics in place to review performance.

Trade Specialist, CBAs & Business professionals can Co-advice clients to help them evaluate under-performing elements of their EXPORT Activities.
Road Map to Successful Exporting

STRENGTHEN MARKET POSITION

- BUILD Stronger Links with End Users
- INCREASE Channel Loyalty & Distribution
- Enhance Terms of Payment
- Expand Market Enter New Markets

Trade Specialist, CBAs & Business professionals can Co-advice clients to help them identify ways to maintain & increase market share

Trade Specialist, and other Int’l business professionals can provide research and client guidance for improving distribution models and favorable payment terms

Road Map to Successful Exporting

Export Sustainability

- INCREASE Channel Loyalty and Distribution
- BUILD Stronger Links with End Users
- ENHANCE Payment Terms
- IDENTIFY Under-performing Export Processes
- ESTABLISH CLEAR PERFORMANCE METRICS
- EXECUTE EXPORT PLAN & Review Performance
- Implement Best Export PRACTICES
Client Focus Tools We use to Accelerate Export Readiness

- EXPORT READINESS ASSESSMENT
- SCOPE of WORK
- SWOT ANALYSIS
- EXPORT BUSINESS PLAN
- MARKET ENTRY & CONTINGENCY STRATEGY
- EXPORT COMPLIANCE MANUAL

CLIENT CENTRIC Advising Approach

- PROFESSIONAL SERVICES PROVIDERS
- LEGAL ADVICE
- GOVERNMENT EXPORT ASSISTANCE
- TRADE SPECIALIST
- CERTIFIED BUSINESS ADVISOR
Client Centric Approach To Export Sustainability

New-To-Export Clients

Export Ready Clients

Client Focused Tools, Collaborative Advising, and Export Assistance Resources Accelerate the Client Incubation Process
Becoming a Successful Exporter will

- Help companies create more jobs
- Improve survival rates of SME’s
- Help SME’s grow larger by entering new markets
- Help SME’s Increase Revenues
- Enable entrepreneurs to achieve their goals
- Increase your clients’ satisfaction

Stage I Keys to Export Readiness
Stage II Keys to Export Readiness

- MARKET FIT RESEARCH SERVICES
- EXPORT BUSINESS PLAN
- MARKET ENTRY and CONTINGENCY PLAN
- EXPORT COMPLIANCE BASICS
- EXPORT PERFORMANCE METRICS

Stage III Keys to Sustainability

- EXACTUABLE EXPORT PLAN
- IDENTIFY AREAS TO IMPROVE EXPORTING
- APPLY EXPORT PERFORMANCE METRICS
- IMPLEMENT BEST EXPORT PRACTICES
Stage IV Keys to Sustainability

BUILD LINKS TO END USERS

INCREASE MARKET DISTRIBUTION

EXPAND OR ADD NEW MARKETS

ENHANCE EXPORT PAYMENT TERMS

EXPORT CLIENT

INTERNATIONAL TRADE SPECIALIST

CERTIFIED BUSINESS ADVISOR

MARKET FIT RESEARCH

EXPORT BUSINESS PLAN

MARKET ENTRY and CONTINGENCY PLAN

EXPORT COMPLIANCE BASICS

EXPORT PERFORMANCE METRICS

Implement Best Practices

Link Performance Metrics

Identify Areas to Improve

Execute Export Plan
Road Map to Export Success

Export

- Evaluate Export Readiness
  - Product Factors
  - Market Factors
  - Operation Factors
  - Finance Factors

- Develop Export Plan
  - Customized Export Plan
  - Market Fit Analysis
  - Market Entry Strategy
  - Export Performance Metrics
  - Export Compliance

Readiness

- Export Ready

Export

- Implement Export Plan
  - Execute Export Plan & Review Performance
  - Identify Under-Performing Export Processes
  - Establish Clear Performance Metrics
  - Implement Best Practices For Exporting

Sustainability

- Strengthen Market Position
  - Build Stronger Links with End Users
  - Increase Channel Loyalty & Distribution
  - Enhance Terms of Payment
  - Expand Market Enter New Markets

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