

> BY CHARLES STEILEN

m+e

MANUFACTURING & ENGINEERING



74



94



101



74 **AMD Industries** / 78 Inteplast / 83 U.S. Engine Valve / 86 Ossenbach / 90 Sapa Profiles / 94 **Teleflex** / 98 Danko
101 **Harris Broadcast** / 104 Larson Boats / 107 Stahl Specialty / 110 Trinity Yacht / 112 Walker Manufacturing

+ Roads *Not* Taken

EXPORTING CAN OPEN UNTAPPED MARKETS FOR YOUR COMPANY, IF YOU CAN SUCCESSFULLY IDENTIFY THE OPPORTUNITIES.

The last issue featured the first in a series of articles that will focus on the issue of international business with special emphasis on exporting. That article suggested that first you need to evaluate the various activities – as well as the strengths and weaknesses – of your own business before you begin to move forward, e.g., expanding your business to other markets in the world. Dealing with some of the weaknesses of your business in your home country is much easier than having to deal with the complex issues in a foreign market.

According to U.S. Department of Commerce statistics, less than 2 percent of all U.S. companies have ever exported anything with 58 percent of those companies that have exported, only exporting to one foreign market. That foreign market usually happens to be Canada or Mexico. As 95 percent of the world's population lives outside of the United States, overseas market opportunities are out there for many more companies.

Recently, you have been informed that the U.S. has signed free trade agreements with South Korea, Panama and Columbia. In addition, the United States is currently negotiating an overall agreement with the Asia-Pacific Region.

Unfortunately, that is probably all you know about these markets; thus, you have no clue as to what opportunities are there for your company in those or in any other foreign markets, This

is one of the weaknesses in the U.S. export system. You have to go and find out whether or not there are opportunities available to your company in any of the 20 countries in which the United States now has a free trade agreement.

In addition, to those countries in which the United States has free trade agreements, many United States cities do have sister city associations. These cities may also offer opportunities as you may already have some knowledge of those cities and have some contacts in those cities. Also, when you do travel overseas, in addition to enjoying a particular country's offerings, do spend some time looking at the various types of industries that may offer you an opportunity in which to sell your products.

The objective of this series of articles is to take you step-by-step through a process that will help you to enter your first foreign market or to expand your business to additional overseas markets. Although there are a number of steps in the model, this article will only take you through the first two steps.

Step 1 *Identify the Relevant Opportunities that Exist Within Specific Foreign Countries.*

Examples: The new Five Year Plan of China lays out the priorities for the country's development. It identifies those sectors in

which investments are to be made. This enables a foreign company to see whether or not there are any opportunities for that company.

The Brazilian Five Year Plan on Infrastructure Development suggests that \$650 billion will be invested into certain sectors as well as specific projects for development and the related dollar amounts to be applied to each sector.

The U.S. Department of Agriculture produces a yearly report on many countries throughout the world. Their 2010 report on Hong Kong provides information on specific food related product opportunities, information about market structure, consumer buying motives and habits as well as food and drink import statistics, etc. Hong Kong purchases about \$20 billion in American food products yearly.

There is an abundance of information available out there. Your company just needs to find it.

Sources of Market Information:

- (U.S.) export.gov
- The U.S. Commercial Section, of the U.S. Department of Commerce, has offices in any given country, e.g., they have an office in each of Turkey’s three major cities.
- The foreign trade offices for various countries that are located in the U.S., e.g., Hong Kong’s offices, are located in Los Angeles, Chicago and New York. Chicago has approximately 45 foreign trade offices located in that city.
- The American Chamber of Commerce offices are located in many foreign countries.
- The foreign-based Chamber of Commerce offices located overseas

- The relevant trade associations in which you might be a member. There may be a similar trade association located in a foreign country.
- Key business schools in a foreign country.
- Key foreign importers of products into their own countries.
- The U.S. government website focusing on free trade agreements.

As an example: On its website, the U.S. Commercial Section offices in Turkey have identified 20 different product categories that have offered business opportunities over the past few years.

The information that you acquire helps you to begin to put together a profile of a particular country. This allows you to identify potential areas of opportunity as well as identify possible partners or distributors that can be available to you.

If you don’t have the time or patience to go through this process, find a business school student who has an interest in international business and bring him or her in to find the information for you, e.g., an internship.

Unfortunately, many companies often times agree to sign up to go on a trade mission, usually organized by some type of government unit or trade association. Other organizations often want to go to an overseas trade show.

Much of the time all they end up doing is accumulating hundreds of business cards and then returning home not knowing quite what to do about the cards they collected. On occasion, they do get lucky and someone places an order. In fact, they have little knowledge of the countries from which the potential buyers come from. In essence, Step 1 never is un-

dertaken by these companies, and as a result their efforts are weakened.

This approach can be defined as a company whose only objective is making an export sale, not developing a market.

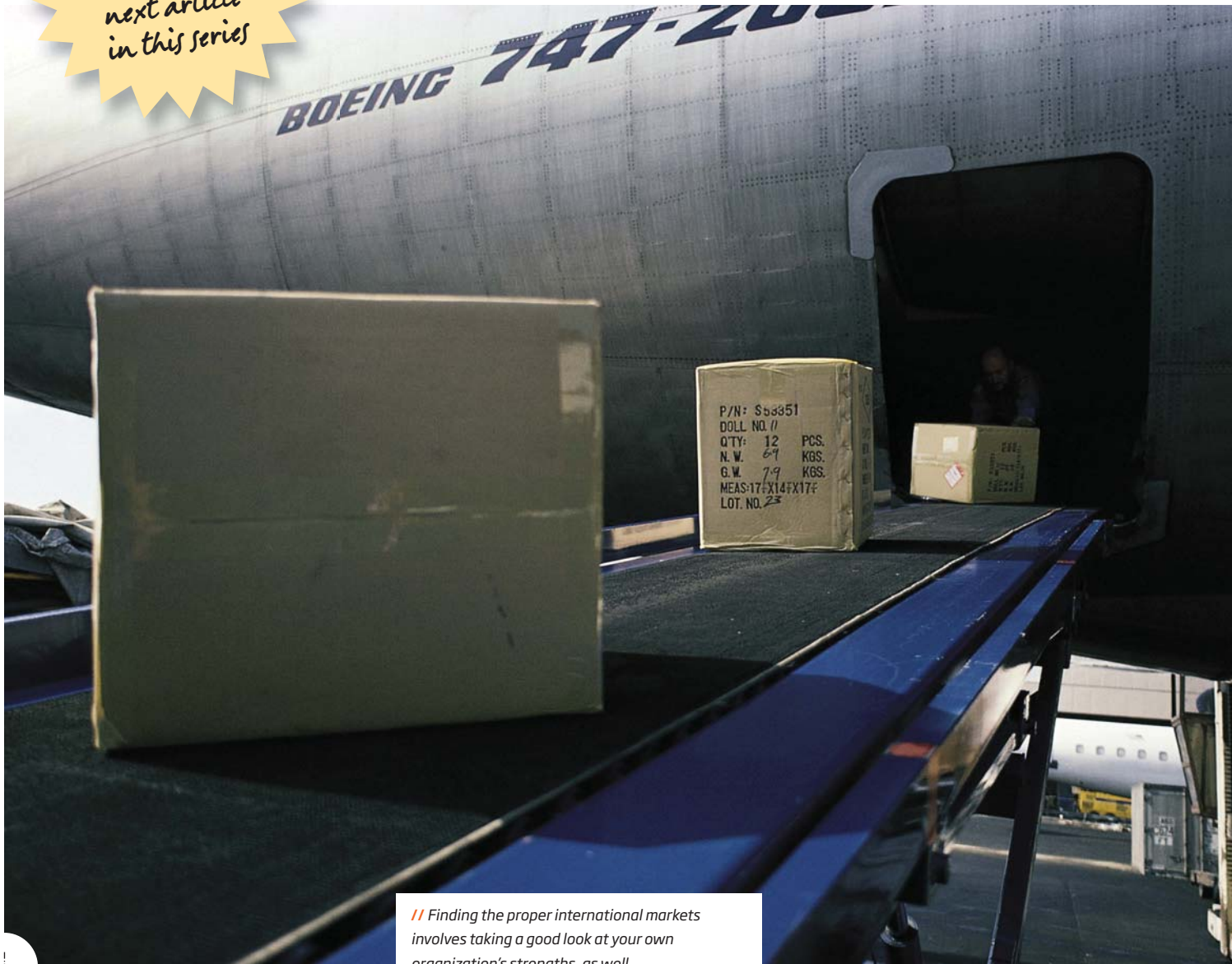
Step 2 *Appraise Your Own Organization’s Product, Service and Corporate Strengths, Its Weaknesses and Its Capabilities.*

This step needs to be undertaken as it relates to what you have found out in Step 1.

- Is there any type of ‘product or service fit’ for your company in that foreign market?
- Do you have the production capacity for that market?
- Do you have sufficient financial capabilities and resources?
- Do you have the necessary service support capabilities?
- Are you able to adjust the product, e.g., size, functions, packaging, etc., to that market?
- Do you understand the foreign payment processes and terms?
- Do you have any knowledge of physical distribution/transportation options and processes?
- Do you have any understanding of legal issues and import requirements of that market?
- Do you require translation services in that market?

Again, steps 1 and 2 are all about preparation, about learning about the foreign market, having some knowledge about the culture, about how the competition is positioned in that market, and then taking an inventory as to what existing and

Stay tuned
for the next
issue and the
next article
in this series



// Finding the proper international markets involves taking a good look at your own organization's strengths, as well.

required knowledge and capabilities you and your company has and what it will require. Future articles will deal with the developing of specific target markets, strategy development, action plans, etc.

The challenge for you is to now begin to apply steps 1 and 2. Therefore, identify just one country and try to apply these steps as they relate to that country and then to your company. Try to profile just

that one overseas market in which you may have some interest. •mt

Dr. Charles Steilen has spent 45 years as an international marketing professor, consultant and trainer. Thirty of those years had been spent as a member of the marketing faculty at The Chinese University of Hong Kong. During those years in Asia, he was able to serve as consultant to the Hong Kong government's trade develop-

ment organization as well as to introduce the concept of international marketing to numerous individuals and organizations within Asia. He recently has served as a member of the Hawaii Export Council and as dean of the college of business at Hawaii Pacific University. Dr. Steilen is now helping U.S.-based companies understand the nuances of international marketing with a specific emphasis on exporting. He can be reached at cfsteilen@gmail.com.