



Export for growth

Our insight

Your guide to getting started in exporting

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D2N2

D2N2 is the Local Enterprise Partnership for Derby, Derbyshire, Nottingham and Nottinghamshire.

Our purpose is to support and encourage economic growth in the D2N2 region.

Our vision is to make our area one of the strongest and most resilient economic regions in the UK.

Our ambition is to be one of the most respected LEPs, known for our professionalism and effectiveness.

Contact:

Matthew Wheatley

T: 07817749907 / 0115 9578744

E: matthew.wheatley@dncc.co.uk

D2N2 working to promote international trade and investment in partnership with:



Foreword

Welcome to D2N2's guide to getting started in exporting.



The guide will help you understand the opportunities out there and who can help you get your export strategy right.

If your business is looking to export or simply want to know more, D2N2 is on your side. With our partners at UK Trade & Investment we have produced this guide to support your business to access overseas markets.

D2N2 is the Local Enterprise Partnership for Derby, Derbyshire, Nottingham and Nottinghamshire and is one of the largest LEPs in England covering an area with a population of over 2 million people and economic output of over £36 billion.

Our purpose is to support and encourage economic growth within the D2N2 region. We are ambitious and intend to make our region one of the most resilient economic regions in the UK through strong and productive local firms creating sustainable employment for a skilled workforce.


In partnership with UKTI, our three Universities, the Chamber of Commerce, other business representative organisations, local government and local investment marketing organisations we want to help your firm to export successfully. Increasing exports can not only help boost economic growth in the UK but also create jobs in the local economy. This guide sets out 10 steps to export success and the support that UKTI can give to you. It also includes case studies of local firms who have exported their way to success.

In years gone by it was thought that before firms looked to sell overseas, they should build up a strong domestic customer base. Exporting firms would be large firms with dedicated export departments. Although the international activities of large firms remain crucial to the local economy, today increasing numbers of small firms are exporting and many new starts are established primarily targeting overseas markets. Local firms not only sell goods all over the world but services too. The range of overseas opportunities has never been wider and Government is boosting its support for new and existing exporters through more money for UKTI. Across the UK the Government wants to see an extra 100,000 firms exporting.

Even with reports of ongoing issues in the Eurozone and lasting effects from the downturn, there are rapidly growing overseas markets that represent a real opportunity for UK business. This guide intends to help you take the first steps to access that opportunity. There is demand from across the world for products and services from Derby, Derbyshire, Nottingham and Nottinghamshire.

The guide will help you understand the opportunities out there and who can help you get your export strategy right and ensure that you get paid for the goods or services that you are exporting.

Colin Walton, Chair of D2N2



It's time to go global

Have you ever thought about doing business in overseas markets? If not, or you thought it too difficult, then you might want to think again.



Exporting can help you survive and grow. There are real opportunities to trade internationally; UK products, services and expertise continue to be in demand across the world. There are opportunities both in traditional, established markets such as Europe and the US, and the high-growth economies of countries such as China, India, Brazil and Russia.

As hosts of the 2012 Olympic and Paralympic Games in London, the eyes of the world are firmly on the UK. This provides a perfect platform for UK companies to showcase their expertise and do business in overseas markets.

This guide aims to help you grow your business internationally. If you haven't exported before, you will probably have lots of questions.

As this guide sets out, there is a lot of expert assistance available.



If you become an exporter, the evidence shows that you are likely to improve your productivity by a third in your first year alone.

*Mark Prisk, Minister of State
for Business and Enterprise*

Why should I export?



Why should you take the export plunge?

UK companies that export are responsible for 60 per cent of national productivity growth and more than 70 per cent of UK business research and development. This helps to give them a technical competitive advantage, leading to more sales and opening new markets.

Doing business overseas is a different experience for every company and its benefits will vary greatly depending on the personal profile of each firm.

As well as opening access to **new sources of revenue**, trading internationally will allow you to **spread risk** across a wider range of customers, **extend the market** for specific products and ensure that you are aware of international competition.

In some cases companies are able to offer much more interesting roles for their staff, and to recruit better people as a result.

Exporting can also be a **catalyst for innovation**. In many cases you will see new ideas and opportunities overseas which will spur you to develop new and modified products to meet the needs of international customers. This can help you to gain and retain a competitive advantage in the UK as well.

Academic research¹ confirms that exporting companies;

- * are more productive and innovative than non exporters;
- * are more resilient to an economic downturn;
- * achieve stronger financial performance;
- * have a higher profile and more credibility; and
- * are more likely to stay in business.

A growing trend

More and more UK companies are recognising the benefits of exporting.

Research shows that a growing number of UK firms have increased their export levels. A recent study² found that the percentage of UK firms doing business overseas rose from 26 per cent to 31 per cent over a two year period.

Exporting is not just for bigger businesses. A recent survey of around 200 smaller exporters showed that three in every four planned to export more in 2011.³ A separate study found that the proportion of small UK firms exporting increased by 10 per cent in both manufacturing and services over a six year period.⁴

Business benefits

Exporting can allow companies to:

- 1 Achieve levels of growth not possible domestically.
- 2 Increase the resilience of revenues and profits.
- 3 Spread business risk.
- 4 Achieve economies of scale not possible domestically.
- 5 Increase the commercial lifespan of products and services.
- 6 Increase the returns on investment in R&D.
- 7 Improve financial performance.
- 8 Improve productivity.
- 9 Boost their profile and recognition internationally.



We developed our business model with a global market in mind. We didn't want to limit ourselves to the UK and export was always an integral part of our vision.

Paul Skellett, Wonderland Publications

An increasing number of young UK companies are grabbing international opportunities from an early stage. Almost one in five new firms are currently active abroad and so have been doing business overseas since they started trading.

You too can join this growing club and gain the export advantage.

Case study

Wonderland, Derbyshire

Rosliston-based Publishing Company, Wonderland, has a foot in the door of the lucrative American market after teaming up with UK Trade & Investment.

The Wonderland team signed up to the Passport to Export scheme and visited the PGA merchandise show in Orlando where they were able to take advantage of UKTI's partnership arrangements with the British Golf Industry Association. They were given subsidised exhibition costs at the show and the chance to give press conferences to invited media.

"Signing up to Passport helped us massively," says Paul Skellett, co-owner at Wonderland, "We knew we had to bridge ourselves between the UK and the States and the funding helped us with our travel expenses to get that initial footing in the US to start the process of digitising archives."

"UKTI is a best kept secret. It's great to have an organisation in this current economic climate still supporting small businesses like ours with solid advice and even some funding."

www.wonderlandpublications.com

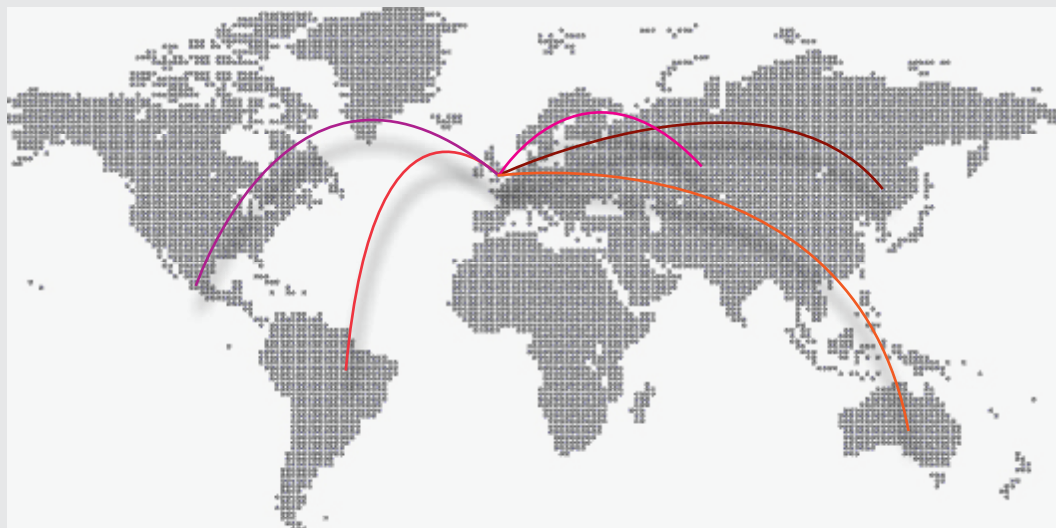
1 Harris, R. and Q. Cher Li (2007), Firm Level Empirical Study of the Contribution of Exporting to UK Productivity Growth and Hart et al Impact of Trade Services on R&D Aston University August 2009

2 Study of the Relationship Between Innovation, Exporting and the Use of ECommerce, Harris and Li, 2010.

3 UKTI/IOD Doing Business Overseas survey, July/August 2010.

4 Study of the Relationship Between Innovation, Exporting and the Use of ECommerce, Harris and Li, 2010.

Where should I export to?





One-to-ones with Embassy trade advisers are extremely valuable, and you can't get that on the internet.

Simon Willis, Sales and Marketing Director, Royal Crown Derby



There is an abundance of opportunities for UK exporters and plenty of support to help you take advantage of them.

The UK is a major trading nation, able to capitalise on the single market through the European Union (EU), as well as being socially close in terms of culture and language to a number of major international markets including the US.

Many UK firms begin exporting by entering established markets such as these. The EU, with its open borders and shared import/export procedures, provides UK companies with unrestricted access to more than 500 million consumers, while the US continues to be our number one export market, offering opportunities across a wide range of sectors.

High-growth markets

UK exporters are also increasingly embracing the myriad opportunities offered by the world's emerging economies many of which are experiencing rapid rates of growth. Such highgrowth markets include the BRICs (Brazil, Russia, India and China), whose dynamic economies will provide a wealth of prospects for UK firms in the coming decades.

In addition to the BRICs, there are other fast growing markets with great potential, such as the so called CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa). These often smaller markets have much to offer, and UKTI International Trade Advisers (ITAs) are well placed to guide exporters on how to select the best territory to target.

Growth in such markets is driven by rapidly rising populations and GDP levels. Research has shown that the

middle classes in China and India, for example, are set to increase household expenditure fourfold over the next 20 years.⁵ The Chinese middle class is forecast to grow from 172 million to 314 million in the next five years - more than the entire population of the US.⁶

These rapid growth rates, combined with progress in infrastructure, communication networks and global cooperation, are making doing business in high growth markets increasingly commonplace for UK exporters. For example, since 2002, the number of UK companies exporting to China and India in the construction and IT sectors has increased by over 100 per cent.

You don't have to be an experienced exporter to enter a high growth market. Two in five of the smallest exporters (with fewer than 10 employees) already do business in at least one high growth market.⁷

5 BIS Economics Paper No.8, UK Trade Performance: Patterns in UK and Global Trade Growth, November 2010

6 HSBC, October 2010

7 NIESR Analysis of the International Business Strategies, Barriers and Awareness Monitoring Survey, March 2010, and OMB Research, PIMS Qualitative Follow up Study of Business Needs in Emerging Markets, June 2006

Aid-funded business

As well as working with specific geographic markets, there are also huge opportunities for UK companies in aid funded business that is, the contracts awarded by multilateral agencies such as the UN and World Bank to support projects in the developing world. Much of the implementation of these aid funded projects is contracted out to the private sector, representing significant business opportunities for consultants, works contractors and suppliers of goods and services.

Every year, multilateral agencies spend some US\$60 billion on everything from tents to telecommunications. The UK currently gains between 4 and 17 per cent of this aid funded business, with the most sought after expertise being in the healthcare, construction, consultancy, ICT, environmental and transport sectors.



Case study 4fx Healthcare Ltd

John and Sarah Soulsby's Baby Nose Clear product was selling so well in the UK market that they decided the time was right to move into export.

With the help of UKTI, this Nottinghamshire-based healthcare company soon broke into the Irish market. An OMIS report helped them to better understand the potential in New Zealand and they then used their export template to explore the Australian market.

Specialist help from Medilink East Midlands has also contributed significantly to the company's international success.

John says, "Our relationship with UKTI and the funding we access are absolutely critical to our business. We couldn't afford to realise these opportunities without their help."

www.4little1.com

Case study Royal Crown Derby

Royal Crown Derby is now on sale in Mexico's premier department store, thanks to some timely help from UKTI.

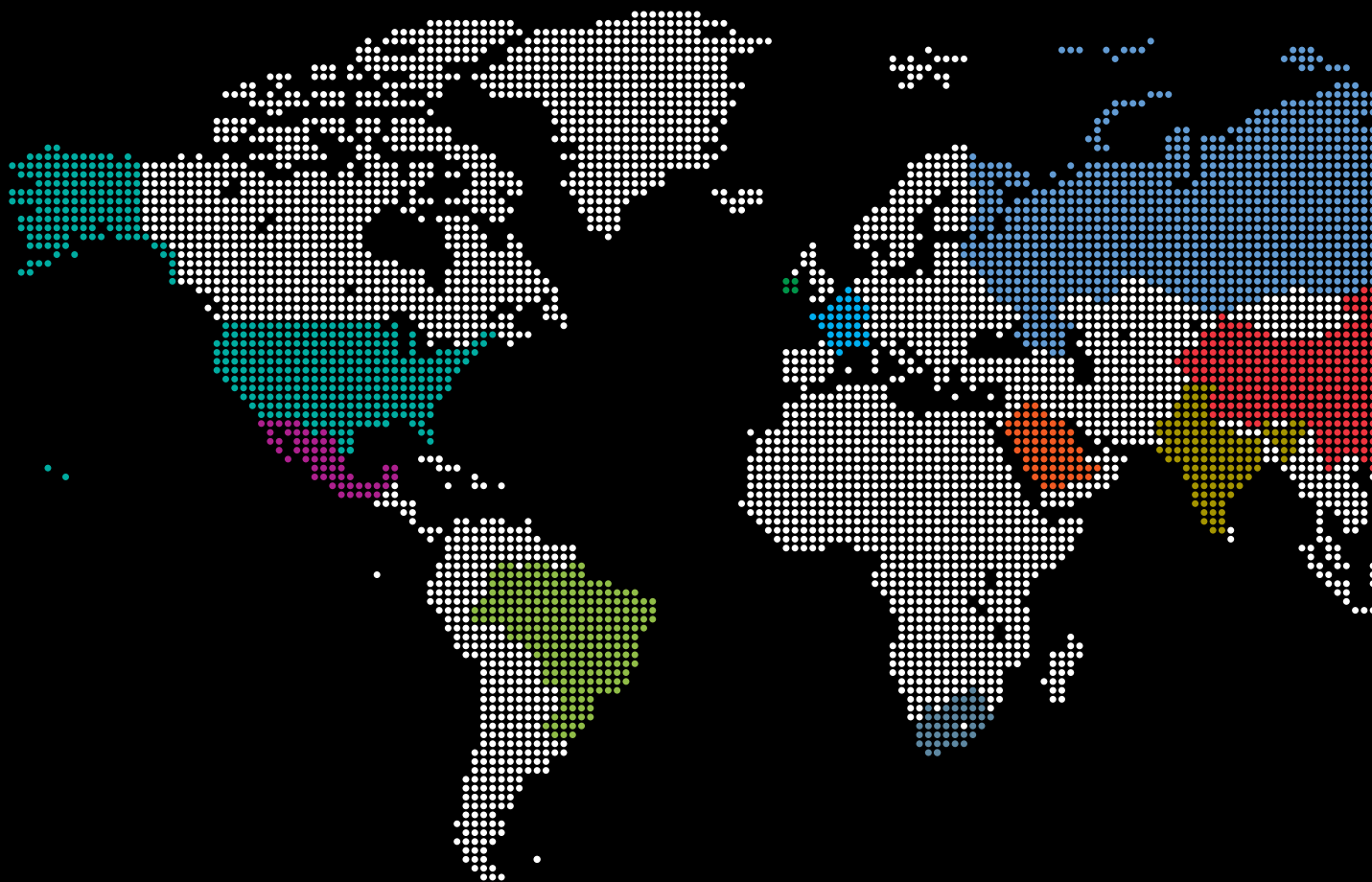
UKTI arranged one-to-one meetings with Embassy Trade Advisers at an event in Coventry and shortly afterwards the trade team from Mexico invited Royal Crown Derby, along with Twinings, to a tea party at the British Embassy in Mexico City.

Staff at Royal Crown Derby continue to maintain a close contact with their UKTI international trade adviser and dip in and out of the services as they feel necessary. Export drives are now planned for the Middle East and China.

Export Manager Alison Peverley says, "The whole process worked well for us. From that initial contact with the UKTI commercial officer in Coventry and their idea of the tea party, we've managed to secure a high profile customer in one of our prime target markets."

www.royalcrownderby.co.uk





A world awaits

There are opportunities for UK exporters in all corners of the world. They include:

- **Brazil**

The value of UK goods exported to Brazil grew by 24 per cent to £2.2 billion in 2010.

- **China**

China has become the UK's ninth largest goods export market and British export activity there rose by 418 per cent from 2000/2010.

- **France**

The UK's fourth biggest export market.

- **India**

UK exports to India grew 45 per cent between 2005 and 2010.

- **Ireland**

Widely considered the easiest overseas market for UK exporters, who sold goods worth £17 billion there in 2010.

- **Mexico**

UK goods exports to Mexico increased by £207 million in 2010. 24 per cent of internationalised UK firms said that they are already doing business here or are very or quite likely to do so in the next two years.

- **Russia**

Around £3.6 billion of UK goods were exported here in 2010.

Source: All figures taken from 2010 UKTI International Business Strategies Barriers and Awareness Survey and ONS Monthly Review of External Trade Statistics, March 2011.



- **Saudi Arabia and UAE**

Popular emerging markets with nearly a quarter of internationalised UK firms already doing business here.

- **South Africa**

A popular emerging market, with 45 per cent of firms involved in or considering export activity either there already or with some likelihood of entering in the next two years.

- **US**

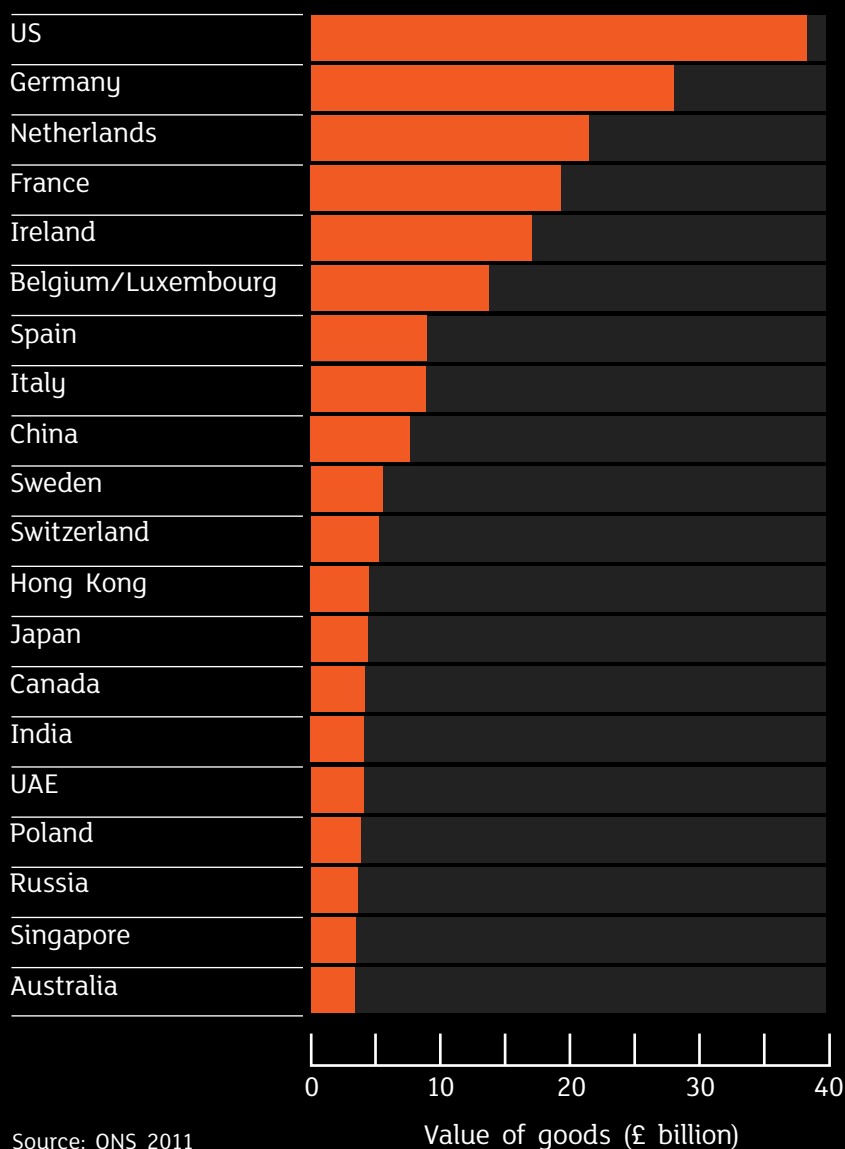
The UK's number one export market, with around £38 billion of UK goods exported here in 2010.



International trade is more important than ever and exploiting the opportunities of fast-growing markets in Asia and Latin America is vital to the UK's economic future. The difficulties and risks of operating in these fast-changing markets are less than the risk of not participating in their growth.

Miles Templeman, Director General, Institute of Directors

Top 20 goods export markets for UK companies (2010)



Getting ready to export



If you are serious about trading internationally, you will want to think about how to research, target and grow a presence in overseas markets.

But how should you begin? How do you even know whether exporting is right for you? Before you commit to exporting you need to honestly assess your export potential both in terms of the readiness of your business and of your product or service. The following steps should help you to do this.

Assess your export capabilities

Business Link's online tool 'Are you ready to export?' provides a quick, basic assessment of your export capabilities and the issues and practicalities you need to know about before beginning to export. The tool provides a useful starting point for discussions with a UKTI International Trade Adviser (see 'Who can help me export?' and 'UKTI contacts' later in this guide).

ITAs can draw on years of business experience and give you at no cost a more detailed assessment and practical advice on a one-to-one basis.

Carry out market research

It is essential to carry out detailed market research to identify and evaluate the target market. Areas to examine include:

- the industry structure;
- the predicted demand for your product or service;
- the competition and how you plan to fit into that marketplace; and
- any modifications required to make your product or service saleable.

Desk research is a good starting point. An increasing amount of information is available online but you may also wish to consider commissioning some bespoke research from an export specialist.

UKTI's Overseas Market Introduction Service (OMIS) draws on the local knowledge and expertise of its staff around the world. The cost of this is very competitive.



It would have been daunting to travel round Japan on my own. I was very impressed that all my potential distributors came to visit me and that interpreters were provided when needed.

Emma Ball, Emma Ball, Nottinghamshire

Make an export plan

After completing your market research, you can draw up an export plan defining how you will enter the new market. That should include:

- a marketing strategy which incorporates international trade development;
- an understanding of the route to market, e.g. the preferred distribution channel for your products or services;
- the chosen business model e.g. agent, distributor, B2B, sales office, joint venture or subsidiary company;
- the necessary financial resources;
- the right people to develop the new export markets;
- adequate knowledge of the requirements of your chosen market e.g. modifying packaging to meet local regulations and standards; and
- an understanding of export payment mechanisms and export finance.

Key questions to ask before you export

- 1 What are the unique selling points to your business proposition? Will there be a market for your products and services?
- 2 Are there any legal barriers to your business model?
- 3 Where in the market would you start?
- 4 Do you have sufficient resources (management time, project finance and expenses) to fund your overseas projects?
- 5 Who will be leading the project within your company?
- 6 Do you need to work with an overseas partner to succeed? Can you communicate with them effectively?
- 7 Have you evaluated business risks (such as protecting your intellectual property) and conducted research and due diligence?
- 8 Do you know how to secure payment and get the right quality products?

Assess your product/service

To assess whether your product/service is suitable for export to your target market, consider:

- consumer preferences, competitive offers (local production and imported) and their market share;
- product standards and regulations in the overseas market; the British Standards Institution offers help for exporters; and
- the costs of adapting your product or service.

Understand the law

There are various legal responsibilities associated with doing business overseas all of which you should understand before starting to export.

For example, you'll need to familiarise yourself with the VAT rules administered by HM Revenue & Customs (HMRC), and be aware of any export controls which relate to your particular product. See 'Who can help me export?' later in this guide.

Case study

Seal Team Systems Ltd

Chesterfield-based Seal Team Systems is a step closer towards setting up a new operation in Ireland after joining a market visit to Ireland, organised jointly by Enterprise Europe Network (EEN) Midlands and UK Trade & Investment (UKTI).

Initial research by the company, which specialises in online leak sealing, flange and valve repairs, suggested there was a real opportunity to grow the business in Ireland. The jointly organised visit gave them the chance to meet prospects face-to-face and test out their theory.

EEN built detailed company profiles and liaised with UKTI in the region, the British Embassy team in Dublin and the Chamber of Commerce in Cork. A comprehensive programme of activity was planned.

The UKTI Embassy trade team conducted research on behalf of Seal Team Systems before they arrived in Ireland and the Chamber of Commerce used EEN generated profiles to identify further contacts that might be of interest.

Technical Director Ken Black said, "We wanted to talk to people with 'on the ground' experience to see if the gap in the market we had identified really existed.

"We had a full programme of activity planned for us and we were very pleased with the quality of the appointments.

"It was a positive first step towards selling overseas."

www.onlineleaksealing.co.uk



Without the Export Marketing Research Scheme support we would not have been able to dedicate resources to doing the research properly.

Susan Beastall, Director, Soutron



Selling and distribution

Once the initial homework has been done, and you have decided on the export market/s to approach, you then need to organise your sales presence there.

Depending on your product/service, you may be able to sell directly. For example, you might be able to sell over the internet or by exhibiting at local trade shows.

Many businesses look for a partner who already understands the local market. For example:

You can sell to a distributor who then sells your products locally. Note that a distributor takes title of the goods once the sales transaction is complete; and is responsible thereafter for any profit or loss in stocking and selling them on.

You can use a sales agent who sells products on your behalf, or puts you into contact with potential customers on a commission basis. Note that an agent never takes title of the goods but merely stocks and sells them on, making a commission in the process but never accepting responsibility for profit or loss.

You can enter into a joint venture with a local business. This gives you a share of the management and profits of the joint venture, but it can be a more complicated and expensive option.

If you want complete control over sales, you can set up your own local office. This is the most expensive option.

When arranging a sales contract with an agent or distributor, you need to ensure that responsibility for delivery and payment is clearly defined. You will also need to secure intellectual property protection in each country you sell into.

Marketing

Marketing is a key element of successfully selling overseas. To be effective, your marketing strategy should be tailored to each target market.

You'll need to appreciate the traditions, culture and legislation of the countries you are trading with to exploit your exporting efforts. Customisation of your marketing activities is essential if there are cultural differences affecting the consumption of your product. UKTI's Export Communications Review can help.

Visit the market

Visiting the market is an invaluable part of trading internationally. You will experience the marketplace first-hand, and make the contacts necessary to do business.

Attending overseas events, such as trade fairs, or participating in a trade mission can be great ways to test markets, attract customers, appoint agents or distributors and make sales.

 **314m**

The Chinese middle class is forecast to grow from 172 million to 314 million in the next five years - more than the entire population of the US.



Rising to the Challenge



It's worked so well for me that it really feels like UKTI are an extension of my company.

*Malcolm Hall, Managing Director,
Hall-Fast Industrial Supplies Ltd*

Exporting may be a challenge, but the potential rewards are huge. Following are some of the most commonly cited hurdles to doing business internationally, and advice on how to overcome them.

Resource costs

Entering an overseas market may require both financial investment and an increase in manpower. Timescales can also be an issue, with short-term pay-back not necessarily guaranteed.

It's advisable to discuss your financial position with your accountant and bank manager before committing to exporting. It is also important to take the long-term view and build appropriate timescales into your projections. Customers and partners in high-growth markets, for example, tend to put an essential value on relationships and it is unusual for a return on investment to emerge within the first year.

Legal, regulatory and intellectual property issues

The barriers to success which exporters talk about most are legal and regulatory issues. Some firms also say that intellectual property (IP) protection can be an issue. The Intellectual Property Office (IPO) can help in this area. See 'Who can help me export?' later in this guide.

Adopting the right mindset is vital to overcoming such hurdles. Every country has its own trading, taxation and IP systems and you will need to be willing to get to grips with those systems and adapt to them. So doing your homework is vital when planning market entry.



We knew from enquiries generated from our website that there was international demand. At that time we knew nothing about export and recognised we needed some help.

John Soulsby, Managing Director, 4fx Healthcare Ltd



Managing overseas risk

Political and economic developments, cyber risks, bribery and corruption - these are some of the issues your business could face when you begin to trade overseas or expand into fresh markets.

UK Trade & Investment and the Foreign & Commonwealth Office bring together authoritative, accessible and topical information online on countries and the key issues related to their political, economic and business security environments.

This can help you identify and understand possible risks and guard effectively against them.

Case study Soutron

Soutron develops and supplies systems and software to libraries and information professionals such as HMRC and the Welsh Assembly from its base in Derbyshire.

The company was at the stage where it wanted to actively seek global opportunities and set its sights on Australia and New Zealand.

UKTI's Export Marketing Research Scheme (EMRS) helped Director Susan Beastall to research the market thoroughly and, armed with quality appointments from the Overseas Market Introduction Service (OMIS), she was able to use her time in Australia and New Zealand to good advantage.

Susan says, "The contacts the Embassy Team made for us were invaluable and that,

together with the marketing research before and during the visit, gave us everything we needed to make some really informed decisions when we got back to the UK."

Soutron decided that the best route to market in Australia was to engage a reseller and a better understanding of pricing levels has led the company to adjusting their pricing upwards.

"Without EMRS support we wouldn't have been able to tackle Australia. We are in a much stronger position now to bid for major tenders and secure the best business partnerships possible," added Susan.

www.soutron.com

Language and cultural barriers

Every market is different, and companies need to be sensitive to local ways of doing business, even in different regions of the same country. Lack of awareness and knowledge of local cultural norms can impede the development of a business relationship.



The workshop (part of the Passport Programme) was absolutely essential; it covered all you need to know about export.

Nigel Heldreich, Proprietor, Wheathills

Being able to speak the language of your potential customers can help to establish mutual confidence. If you don't speak the local language, you could consider investing in foreign language training for your staff. Alternatively, you could employ a translator or interpreter. It can also help to have your promotional material translated. It's a good idea to avoid colloquialisms and metaphors in promotional material - they could be embarrassing in the local language.

You should conduct research into your target market to establish local considerations. These may include product or packaging modifications to enable your product to conform to local cultural demands. Or it could be that local sales and marketing channels for your particular product are different from those in the UK.

Case study

Hall-Fast Industrial Supplies

UKTI's Passport to Export Programme has given Malcolm Hall, Managing Director of Newark-based Hall-Fast, the confidence he needs to succeed in international markets.

The company supplies high-end automotive parts to manufacturers and Malcolm knew he would have to diversify in order to succeed.

Through the Passport scheme, Malcolm had access to an export skills development programme, a dedicated mentor, match funding to support their export strategy, bespoke action planning and access to a global network of trade advisers based in Embassies, High Commissions and Consulates around the world.

"The Passport programme was a real turning point," says Malcolm. "It gave me the knowledge to make better decisions and be more proactive internationally.

"Best of all I have gained so much confidence that I have been able to drive the export share of my business from 15% of sales to 35% in under 3 years. The great news is that it's not at the expense of the UK business. We are looking at overall growth next year of 50%."

www.hall-fast.com



Logistics

Getting international transport right can be complicated and depends on the agreement you have with your customer or supplier. Your obligations should be clearly set out in a written contract using Incoterms – standard trade terms which state who is responsible for transporting goods, insuring the goods during transportation, paying duties and customs clearance.

The best mode of transport for your goods will depend on the type of goods and how quickly they need to be delivered. You may need more than one mode, for example, sending goods by lorry to a port in the UK and then by ship overseas. In all instances, the goods will need suitable packaging and labelling for transportation. You should clarify in advance who will be responsible for UK customs procedures, for freight and insurance, and for customs

clearance in the customer's country – and use the correct Incoterms to describe this in the quotation and written contract.

Most companies use a specialist freight forwarder to handle transport. Confirm exactly what they will do and whether they can handle all documentation and other procedures. Look for a forwarder who exports regularly to that destination. They can 'consolidate' your goods with other consignments in a single container to reduce costs.





Case study

Wheathills

Wheathills of Derbyshire is a long established family run business using traditional methods of cabinet making and furniture restoration.

To ride out the recession, proprietor Nigel Heldreich developed a personalised memory box that he wanted to start selling overseas.

Unsure of where to start Nigel approached UK Trade & Investment and signed up to the Passport to Export Programme which would give him all the necessary tools to grow his business internationally.

Being on the Passport Programme and gaining a better understanding of export issues has helped the company to save money. Nigel has also been able to use the grant funding from the programme to refresh his marketing literature for targeting his new overseas markets.

With mentoring support from his International Trade Adviser, Nigel has explored the US market and been on visits across Europe, achieving particular success in Switzerland.

Nigel says, "It has taken us two years to get to where we are now. Going on the Passport Programme has given me a real sense of confidence for future success overseas."

www.wheathills.com



Getting paid

The risk of late or even non payment can sometimes be greater when doing business internationally. Ensuring you get paid for overseas sales is a combination of assessing risk, settling on acceptable payment terms and methods and considering insurance to protect yourself against problems.

Help is available from UK Export Finance (formerly known as ECGD) see page 25.

To minimise the risks of non payment, you should research the market conditions in your target country and the credit worthiness of potential customers before you start trading.

There are also currency issues you need to consider. In some countries where there are restrictions on access to foreign currency, your customers may face problems getting currency to pay you. In this case, it's worth insisting on a (confirmed) **irrevocable letter of credit** that secures payments according to the terms of the credit and often at an agreed rate.

Businesses that sell on credit to foreign customers can use **factoring** or invoice discounting to free up cash flow. Export factors specialise in the collection of money from overseas. The factoring company pays you a percentage of the invoice value up front and the balance (less their percentage) once they have collected payment.

Getting it right

Ten key steps to successful exporting

1

Research your market

Does your prospective foreign customer need what you are selling at the price that will yield you a profit? What is the competition and how will they react?

2

Implement an export strategy and review your capabilities

Ask yourself: what would my business gain from exporting?

3

Construct an export plan

Define how you will enter the foreign market. Finalise human resources and marketing strategy and allocate an adequate budget to cover export start up costs.

6

Get the Customs side right

Contact HM Revenue & Customs and the UK embassy of your destination country to clarify requirements. Make sure your reporting practices are watertight.

7

Get paid on time

Ensure your cashflow will remain at a safe level. Guarantee sufficient credit for your future sales. Take out insurance cover if necessary.

8

Choose your distribution methods

Consider the implications of selling over long distances and across national frontiers.



4

Choose your sales presence

Establish whether you need a direct sales operation. Or is an agent or distributor more effective? How will you manage your overseas sales presence?

5

Promote your product

How are you going to market and sell your product? Customise marketing to the target country.

9

Transport goods effectively

Assess and choose the most effective transport method and make sure the goods are insured by you or the importer.

10

After-sales policy

Regularly liaise with customers, export agents and banks. Monitor political unrest or other adverse conditions in the country of destination. Manage regular servicing and warranty claims.

Who can help me export?

A wide range of support services exists to help UK exporters and would-be exporters to tackle virtually all of the issues and challenges which they are likely to face, and help them become established in international markets.

Following are just some of the many organisations that can help you get started on your exporting journey.



UK Trade & Investment

UK Trade & Investment (UKTI) is the Government Department that helps UK-based companies succeed in global markets and assists overseas firms in bringing their high-quality investment to the UK.

UKTI has a global network of 2,400 staff. Its International Trade Advisers (ITAs) around the UK have years of business experience to draw on when advising companies. In 96 markets based in British Embassies and other Diplomatic offices around the world, UKTI staff can offer local, in-market knowledge and expertise.

UKTI has helped many thousands of businesses achieve international success by providing tailored services with specialist support covering a wide range of industries. Its clients consistently cite the importance of UKTI support in helping them to overcome barriers to new overseas business and improve their business performance.

UKTI services have helped its customers to;

- understand how to do business overseas;
- identify opportunities and open doors;
- reach customers/business partners not otherwise accessible;
- raise their profile and credibility overseas;
- overcome barriers to entry or expansion;
- improve overseas marketing strategy;
- gain access to information not otherwise available;
- understand the competition;
- access powerful research to inform management decisions; and
- have the confidence to explore or expand in overseas markets.

www.ukti.gov.uk

UK Export Finance

UK Export Finance is the operating name of the Export Credits Guarantee Department (ECGD), the UK's export credit agency.

UK Export Finance does not lend directly, but supports UK exports by issuing insurance contracts to UK exporters and by issuing guarantees to banks which make loans to overseas borrowers, which are used to purchase supplies from UK exporters. UK Export Finance's services help facilitate export contracts by providing protection against the risks of the exports not being paid for.

In 2010/11, UK Export Finance (then known as ECGD) supported £2.9 billion of UK exports (up from £2.2 billion the previous year). In late 2011 it announced an extension to its credit insurance policy to cover all sectors and sizes of company, as well as the launch of three new short term products.

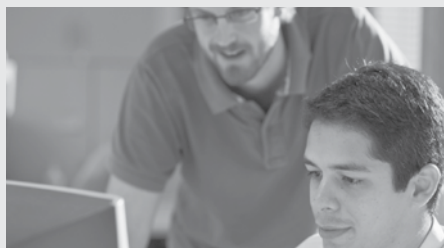
See the following pages for details of those services provided by UK Export Finance which are most relevant to small and medium sized businesses.

www.ecgd.gov.uk



UK Trade & Investment and UK Export Finance services and products are detailed overleaf.

UK Trade & Investment – services



Passport to Export

Provides new and inexperienced exporters with the training, planning advice and ongoing support they need to succeed overseas.

Overseas Market Introduction Service (OMIS)

A tailored service by our overseas teams to access market and industry information, identify potential contacts or assist in planning an event. This service attracts a charge.

Export Marketing Research Scheme (EMRS)

Offers support, advice and some grant funding to eligible companies wishing to research a potential export market.

Export Communications Review (ECR)

Assesses the way companies communicate with overseas customers and makes practical recommendations for improvement.

Events and seminars

Held across the UK and the world. They include specific sector and market based activities.

Trade missions

Organised to help UK companies visit the marketplace they're interested in and talk face to face with prospective business partners. UKTI also organises missions into the UK to allow overseas delegates to meet with potential partners or investors.

Business opportunities

News emailed directly into your inbox, highlighting hot leads in your chosen overseas market. Companies can sign up for this free service by visiting www.ukti.gov.uk

Gateway to Global Growth

A service for more experienced exporters. It offers focused planning and advice, and support to help companies to build on their previous success and develop new overseas markets.

High-value opportunities programme

Proactively identifies global supply chain opportunities, coupled with an online service giving access to several hundred sales leads around the world each month.



I think using UKTI makes us different. It keeps us ahead of the game.

Pam Dubois, Assistant Managing Director, ILS English

UK Export Finance – products and services

UK Export Finance has a range of products and services to support UK exports; mentioned below are those specifically targeted at small and medium-sized businesses.

Export Insurance Policy

Under an export contract, there is always a risk of not being paid by the buyer or of not being able to recover costs incurred performing the contract due to it being terminated in circumstances beyond the exporter's control.

UK Export Finance's Export Insurance Policy may be able to provide an exporter with cover against those risks, such as specified political or buyer-related events, which prevent it being paid, lead to the contract being terminated, or prevent its performance.

Bond Support Scheme

Under an export contract, the buyer may require the issue of an on-demand contract bond (for example, an advance payment, performance or retention bond) in order to assure itself that the exporter will meet its obligations. Before issuing such a bond, a bank will require an undertaking from the exporter to pay to the bank any amounts which the bank may pay out under that bond. The bank is therefore taking a risk on the exporter's creditworthiness under that undertaking. Where the bank is unsure about taking that risk, a guarantee from UK Export Finance for part of it may persuade the bank to issue the bond.

In the case of an advance payment bond, the exporter's bank may require the exporter to deposit the buyer's advance payment with the bank as security for the exporter's undertaking to pay. This would deprive the exporter of the cashflow benefit of the advance payment. UK Export Finance can provide a guarantee to the bank of up to 80 per cent of the advance payment bond's value, which will reduce or remove the requirement to use the advance payment as security, thus freeing up funds with which to perform the export contract.

Export Working Capital Scheme

To fulfil an export contract, the exporter may require funds in order to be in a position to provide goods or services. Specifically, the exporter may have won more or larger contracts than usual and a bank may be cautious about lending any further funds to meet the exporter's needs for more working capital, thus constraining the company's ability to grow.

UK Export Finance's Export Working Capital Scheme can offer a partial guarantee to the bank (of up to 80 per cent of the value of the working capital facility in some cases), so that the exporter can gain access to the working capital with which to perform a specific export contract.

Foreign Exchange Credit Support Scheme

When an exporter enters into an export contract under which it will be paid in a foreign currency, the exporter may be exposed to unfavourable changes in exchange rates over the course of that contract. In order to bring certainty to this aspect of the contract, the exporter may ask the bank to enter into a contract to purchase, with sterling, the foreign currency which the exporter will receive at a pre-agreed rate of exchange.

However, the bank will be taking a risk on the exporter's ability to deliver the required amount of foreign currency on the agreed date: if the exporter fails to do so and exchange rates have moved against the bank, the bank may suffer a loss. The bank may therefore wish to receive some protection against this risk of loss before entering into the forward foreign exchange contract.

Where the exporter's bank has been requested to provide a working capital facility guaranteed by UK Export Finance in respect of an export contract and is also requested to enter into a forward foreign exchange contract in relation to the same contract, UK Export Finance will increase its guarantee of the working capital facility in order to enable the bank to enter into that forward foreign exchange contract.

Further information

For additional information or details on the full range of UK Export Finance's services, please contact them on +44 (0)20 7512 7887 or visit www.ecgd.gov.uk



Other sources of help

As well as the help available from UKTI and UK Export Finance, there are many other sources of help available to you.

Your bank

Your bank can provide a range of help on topics such as managing foreign transactions, trading overseas in sterling, owning assets abroad, exchange rates and managing foreign exchange risks. For more detailed financial advice and guidance on issues that affect you, you should talk to the international section of your bank. If you can't find the right person to talk to, you could contact the following people at the one of the five major banks:

Barclays
John Bevan,
Head of Trade and Working Capital
T: +44 (0)1256 791401
E: john.bevan@mercatile.barclays.co.uk

HSBC
Felipe Hsieh, Senior Manager,
TSC Client Management
M: +44 (0)7920 411997
T: +44 (0)20 7991 1706
E: felipe.hsieh@hsbc.com

Lloyds TSB
Barry George, Senior Manager,
Trade Products
M: +44 (0)7793 670292
T: +44 (0)20 7463 1690
E: barry.george@lloydstsb.co.uk

RBS NatWest
David I.Houghton MBE,
Director, Strategic Partnerships
M: +44 (0)7785 708611
E: david.i.houghton@rbs.co.uk

Santander
Martin Hodges,
Head of Trade Finance
M: +44 (0)7827 872312
E: martin.hodges@santander.co.uk

Your accountant

Your accountant can provide you with a range of advice, from starting a business, organising your financial affairs, financial management and taxation. You should also be aware that the Institute for Accountants in England and Wales (ICAEW) has just launched a new scheme: small businesses across the UK are being offered free expert advice from ICAEW Chartered Accountants as part of an initiative called the Business Advice Service (BAS). It aims to help small companies and start-ups with business and financial advice to help economic growth. Small businesses can find details of ICAEW chartered accountants in their local area at www.businessadviceservice.com

Your lawyer

Your lawyer will also be able to help you. Similar to the ICAEW's BAS, the Law Society has many members which offer a service for SMEs. Lawyers For Your Business is a network of 1,000 solicitor firms in England and Wales offering specialist advice and a free half hour initial consultation to small and medium-sized businesses. Advice can be sought on a range of legal issues both domestic and international.

In 2012 the Law Society will also be working with its solicitor members to produce practical 'Doing international business' guides aimed at SME firms new to exporting their products and services internationally.

The guides will look at some of the fundamental legal issues which SMEs need to consider when working internationally. Topics being covered will include:

- international employment issues;
- international contracts;
- business structures;
- debt recovery;
- tax; and
- dispute resolution.

These guides will be available as publications, but also as webinars and will be promoted widely to small businesses.

For more information visit the Law Society's website at www.lawsociety.org.uk

Derbyshire and Nottinghamshire Chamber of Commerce (DNCC)

The Chamber offers a range of services for both would-be and experienced exporters. These include an export documentation service, international apprenticeships, international student placement, international trade advice, international trade training and market visits and events. An international forum also meets on a regular basis to discuss international trade topics.

For more information visit www.dncc.co.uk

The Institute of Export (IoE)

The Institute's mission is to enhance the export performance of the UK by setting and raising professional standards in international trade management and export practice. They achieve this by the provision of education and training programmes. The IoE offers recognised formal qualifications in international trade. It also runs a series of short training courses covering every aspect of international trade management, sales and marketing, logistics and documentary requirements, and international trade finance.

For more information visit the IoE website at www.export.org.uk

Export Control Organisation (ECO)

Any item exported from the UK which is subject to export control needs a licence. The ECO is responsible for assessing and issuing (or refusing) export licences for a wide range of controlled, so-called strategic goods. This includes military and dual use items.

You can find out more on export controls, including applying for a licence and rating enquiries, licensing policy, key documents, key links, notices for exporters and news related to export control, by visiting the businesslink.gov website at www.businesslink.gov.uk

Intellectual Property Office

Intellectual property rights can allow you to own things you create, in a similar way to owning physical property. You can control the use of your IP, and use it to gain reward. IP rights only give protection in the country where they are registered, so if you are thinking of trading internationally, then you should consider registering your IP rights abroad.

The UK's Intellectual Property Office (UKIPO) can provide guidance: www.intellectual-property.gov.uk

HM Revenue & Customs

HM Revenue & Customs (HMRC) provides assistance on a number of matters relating to the importing and exporting of goods. Information and guides are available covering topics such as the classification of goods, the European Union, Relief Procedures on Duty and VAT, Tariffs and Duties, Intrastat and the requirement to submit Supplementary Declarations, together with basic guides on export licences, export taxes, import licences, rates of exchange, etc.

www.hmrc.gov.uk

Business Link

The Business Link website provides the information, advice and support needed to start, maintain and grow a business. It provides information and advice to help customers make the most of their opportunities. Rather than providing all the advice and help itself, it fasttracks customers to the expert help they need. For SMEs thinking about exporting there is a simple diagnostic tool that helps you consider whether now is the right time to export.

For more information go to www.businesslink.gov.uk/bdotg/action/layer?r.l1/1079717544&r.s/tl&topicId/1084654164

Enterprise Europe Network Midlands (EEN)

Win business in Europe - grow your profitability and achieve sales, prepare to beat your competition with the right research from Enterprise Europe Network. Want to improve your understanding and pursue with confidence contacts and international business. EEN can assist you in:

- leads of opportunities, potential buyers, suppliers and trade partners
- meet and reach agreements with overseas firms
- create new products with new European technologies
- safeguard your business from the latest legislation, make your voice heard to improve laws for small companies

Tel: 0115 957 8746

Email: info@een-midlands.org.uk

Web: www.een-midlands.org.uk

Freight forwarding

One of the other things you'll need to think about is how to move your goods overseas. Much will depend on the nature of your goods and their destination and you will need to evaluate the best combination of time and cost with the characteristics of your product. There are various methods of shipping goods: by air, road, sea, or rail. Some companies offer multi-modal solutions; this means that they offer more than one service.

For more information about freight forwarding please contact the British International Freight Association at www.bifa.org

Useful export links

Country Information

BBC website

http://news.bbc.co.uk/1/hi/country_profiles/default.stm

Foreign & Commonwealth Office country profiles

www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile

Customs & Regulations

HM Revenue & Customs

www.hmrc.gov.uk

Economic Information

The Economist

www.economist.com/countries

Market Access

Market Access Database for Tariffs (for non-EU markets only)

<http://madb.europa.eu/mkaccdb2/indexPubli.htm>

SOLVIT – Overcoming Trade Barriers (EU markets only)

www.bis.gov.uk/EUMarketAccessUnit

Standards and Technical Regulations

British Standards Institution (BSI)

www.bsigroup.com/en/sectorsandservices/Disciplines/ImportExport

National Physical Laboratory

www.npl.co.uk

Trade Statistics

National Statistics Information

www.statistics.gov.uk/hub/index.html

UK Trade Info

www.uktradeinfo.com

Travel Advice

Foreign & Commonwealth Office

www.fco.gov.uk/en/travel-and-living-abroad

NHS

www.nhs.uk/nhsengland/Healthcareabroad

Travel Health

www.travelhealth.co.uk

Contact us

UK Trade & Investment is the Government department that helps UK-based companies succeed in an increasingly global economy.

Our range of expert services can be tailored to meet the needs of your company to maximise your international success.

They are delivered through an extensive network of market specialists, based in the UK and across the globe.

You can find contact details for your local UKTI International Trade Adviser on our website:

www.ukti.gov.uk

or telephone us: +44 (0)20 7215 8000.

Our helpline is open from 9.00am to 5.00pm Monday to Friday.

UKTI East

T: +44 (0)8456 419 955
E: info@uktieast.org.uk

UKTI East Midlands

T: +44 (0)8450 524 001
E: info@uktiem.co.uk

UKTI London

T: +44 (0)20 7234 3050
E: info@uktilondon.org.uk

UKTI North East

T: +44 (0)8450 505 054
E: enquiries@ukti.rito.co.uk

UKTI North West

T: +44 (0)8456 037 053
E: info@uktinorthwest.co.uk

UKTI South East

T: +44 (0)8452 789 600
E: info@uktisoutheast.com

UKTI South West

T: +44 (0)8456 060 969
E: enquiries@uktisouthwest.org

UKTI West Midlands

T: +44 (0)8450 743 515
E: info@wmchambers.co.uk

UKTI Yorkshire and the Humber

T: +44 (0)300 365 1000
E: info@uktiyorkshire.co.uk

Invest NI

T: +44 (0)28 9023 9090
E: customerservicemgr@investni.com
www.investni.com

Scottish Development International

T: 0800 917 9534 within Scotland
T: +44 (0)141 228 2828 from the UK
www.sdi.co.uk

Business Wales

T: +44 (0)3000 603000
E: businessinformationhelpline@wales.gsi.gov.uk
www.business.wales.gov.uk

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Any enquiries regarding this publication should be emailed to us at:

enquiries@ukti.gsi.gov.uk

Or you can call:

+44 (0)20 7215 8000

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www.ukti.gov.uk

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**Solutions
for Business**

Funded by
UK Government

UK Trade & Investment is the Government Department that helps UK-based companies succeed in the global economy. We also help overseas companies bring their high-quality investment to the UK's dynamic economy acknowledged as Europe's best place from which to succeed in global business.

UK Trade & Investment offers expertise and contacts through its extensive network of specialists in the UK, and in British embassies and other diplomatic offices around the world. We provide companies with the tools they require to be competitive on the world stage.

UK Trade & Investment is responsible for the delivery of the Solutions for Business product Helping Your Business Grow Internationally. These solutions are available to qualifying businesses, and cover everything from investment and grants through to specialist advice, collaborations and partnerships.



TPO NETWORK
AWARD WINNER 2010

2010 winner Best Trade Promotion Organisation in the developed world.