











<p>Market Entry Decision Making: Making the most of initial visits to new foreign markets</p>	
<p>Chase Park Plaza, St Louis, Missouri, April 16th, 2015</p> 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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 <p>Overview</p>	
<ul style="list-style-type: none"> • Background /Approach • Corporate Strategy • Research • Preliminary Market Visit • Agents vs. Distributors <ul style="list-style-type: none"> > Search > Selection > Best Fit > Trouble Spots • Agreements • Developing Partnerships • Managing for Performance • Building Sales Momentum • Special Thanks • Questions 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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 <p style="text-align: center;">Leroy Lowe, CITP Professional Background</p>	
<ul style="list-style-type: none"> • BSc., Dip Eng., MAEd, MBA, CITP, CGBP • Former Aerospace Engineering Officer (Canadian Airforce) • 20+ years in International Business (20+countries) • Sales, marketing and business development focus • Experience recruiting, developing and managing agents and distributors • Faculty, International Business - Nova Scotia Community College • Active consultant, mentor for SME exporters • NASBITE Board Of Governors <ul style="list-style-type: none"> ➢ CGBP task force (practice delineation) • President and Cofounder of Getting to Know Cancer <ul style="list-style-type: none"> ➢ 350+ Scientists in 31 countries ➢ www.gettingtoknowcancer.org 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
	




 <p style="text-align: center;">Opening New Markets</p>	
<ul style="list-style-type: none"> • Increased sales • Improved margins • Unique customer issues (learning) • Unique competitive issues (learning) • Diversified sales/client base • Interesting & challenging work • Significant government support / assistance 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
	





	<h2>Where to begin?</h2>	
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	<h2>Strategic Focus</h2>	
<ul style="list-style-type: none"> > Ensure you are "export-ready" > Develop a strategic list of prioritized markets and act strategically (avoid "shotgun-style" tradeshow promotion and order-taking) > Unless your firm has a large export staff or lot of export experience, focus on only 1-2 new markets at a time <ul style="list-style-type: none"> > Biggest, closest, most similar markets first > New and emerging markets take much longer to develop but early entrant position may offer best long term potential > Plan to know your new market(s) inside and out 		<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsccl.ca (902) 893-5362</p>
		




 <h2 style="text-align: center;">Market Research</h2>	
<ul style="list-style-type: none"> ➤ Most initial research can be done using web resources <ul style="list-style-type: none"> ➤ http://gloaledge.msu.edu ➤ Consult widely for initial list of market participants <ul style="list-style-type: none"> ➤ U.S. Commercial Service ➤ Chamber(s) of Commerce ➤ Industry Associations ➤ Local World Trade Center Association ➤ Trade Magazines ➤ Speak to other companies who are already in the market ➤ Develop enough of an understanding to roughly quantify the market potential for your product or service 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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 <h2 style="text-align: center;">Preliminary Market Visit</h2>	
<ul style="list-style-type: none"> ➤ Plan to visit the market for at least a week to confirm assumptions and gain an insider's perspective ➤ Spend considerable effort in advance planning ➤ Refine initial market research details by capturing industry participant perspective on local market conditions ➤ Meet 10-12 supply chain participants <ul style="list-style-type: none"> ➤ Understand supply-chain norms ➤ Find out typical participant margins ➤ Learn market size, segments, peculiarities ➤ Understand the cultural nuances ➤ Channel configurations are important ➤ Ensure product/service fit 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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 <h2 style="text-align: center;">Agents vs Distributors</h2>		
<p>Agents (good use)</p> <ul style="list-style-type: none"> > High volume, large customers > High language/cultural barriers > Politicized procurement process > Relationship driven buying > Lengthy interactive sales cycle <p>Agents (poor fit)</p> <ul style="list-style-type: none"> > Many customers to service > Distribution tasks required 	<p>Distributors (good use)</p> <ul style="list-style-type: none"> > Reach to many customers > Distribution tasks required <ul style="list-style-type: none"> > Warehousing > Distribution > Tech sales/support > Customer service <p>Distributors (poor fit)</p> <ul style="list-style-type: none"> > Agent-like activities <ul style="list-style-type: none"> > too much overhead > Low margins inadequate 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
		

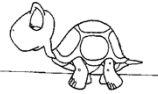


 <h2 style="text-align: center;">Finding a Good Agent</h2>		
<ul style="list-style-type: none"> • Talk to clients and ask for agent recommendations (be careful of conflict of interest policies) • Search the web for companies that have complementary products to yours and find out who they use for an agent • Ask the Canadian Embassy for suggestions • Make use of trade shows and government sponsored trade missions (as part of a more comprehensive strategy) • Do not shy away from agents who represent competitors as it is not uncommon for agents to reassess their portfolio from time to time <ul style="list-style-type: none"> > Use of this tactic depends on the importance of the element of surprise > be strategic about what you reveal 		<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
		




 <h3 style="text-align: center;">Agent Selection: Striking the Right Balance</h3>	
<ul style="list-style-type: none"> • At times agents are needed to sell and service high-needs buyers <ul style="list-style-type: none"> > Frequent site visits > Many accounts > Typical sales role • At times agents are needed to gather high-level (internal) client intelligence <ul style="list-style-type: none"> > Informal discussions with top management > Understanding internal politics at client site > Strategic advice on positioning and approach • Typically these activities are best suited to different types of agents and rarely does one agent do both activities well...so the right balance must be struck <p style="text-align: right;">...cont'd</p>	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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 <h3 style="text-align: center;">Agent Selection: Striking the Right Balance (cont'd)</h3>	
<ul style="list-style-type: none"> • Figure out which activities are needed most and hire accordingly but as a general rule, select agents based on <u>strength of relationship with the top management of your target clients</u> • Agents can be particularly effective when they are deeply embedded in an industry association and/or when they maintain extensive relationships within relevant government agencies • If you have a choice between an agent with good relationships or good technical/selling skills, <u>go with relationship strength.</u> 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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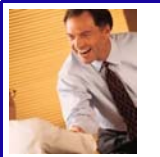


	<h3>Agent Selection: Best Fit</h3>	
<ul style="list-style-type: none"> • Interview agents face-to-face at their own office • Financially independent agents tend to be strongest • Many agents are open - try to assess the financial circumstances <ul style="list-style-type: none"> > Family and other financial obligations > Cash flow from agency activities • Match projected revenue and commissions carefully with agents needs and expectations • If technical expertise or skills are needed, ensure that the skills are there or that a training plan is workable • Compare potential earnings to other products that the agent manages 		<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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	<h3>Agent Selection: Competitor Issues</h3>	
<ul style="list-style-type: none"> • Agents who seek you out may be sent by competitors or by the agent for your competitors (i.e., candidates who plan to earn your trust and gain exclusivity with your product solely for the purpose of delaying your market entry!!) • Agent candidates may be attempting to gather information for the same reason • Be selective about what you reveal in any event • Too knowledgeable may be "too good to be true" 		<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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 <h3 style="text-align: center;">Agent Selection: Trouble Spots</h3>	
<ul style="list-style-type: none"> • Retired industry leaders can make great agents but if they are recently retired and just getting started they may not be ready for the activity • Longstanding Agents who are too comfortable (financially) or not hungry enough may not put enough emphasis on your product if the sell-in phase is lengthy • Agents who are experiencing cash flow problems due to sporadic commissions and monthly cash flow needs will service whatever accounts "pay the bills" and potentially neglect the others (this is usually not a good fit for most companies seeking steady service regardless of sales cycles and timing of commissions) 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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 <h3 style="text-align: center;">Agent Selection: References</h3>	
<ul style="list-style-type: none"> • Gain as much background information as possible and then find friendly / neutral industry participants who know enough about the agent to validate their situation, integrity and sincerity • Find the best fit agent who has a reasonable line-up of activity and then ask other companies who use the agent about strengths and weaknesses <ul style="list-style-type: none"> ➢ Strength of relationships with client accounts ➢ Communication skills ➢ Workload ➢ Reliability ➢ Integrity ➢ Ethics ➢ Handling of portfolio conflicts ➢ Any problems? 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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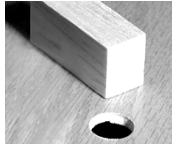


	<h2>Finding Distributors</h2>	
<ul style="list-style-type: none"> ➤ Make use of the Canadian Embassy and/or the World Trade Center Association ➤ Make use of the local chamber of commerce and any relevant industry associations ➤ Search the web for companies that have complementary products to your own and find out who they use for distribution ➤ Talk to other exporting (non-competitive) companies in your industry sector about the challenges/ pitfalls in the market and ask who they would recommend ➤ Initial market visit should have identified the main players but also consider niche players who have an approach that is closely aligned with your positioning ➤ Look for members with tenure, a good reputation, a history of profitability and integrity 		<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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	<h2>Meeting Distributors</h2>	
<ul style="list-style-type: none"> ➤ Ideally, look for companies with <ul style="list-style-type: none"> ➤ considerable tenure ➤ a reputation for excellence, ➤ a history of profitability ➤ a reputation for integrity ➤ market leadership ➤ Prioritize choices and arrange on-site visits over a single week if possible ➤ meet least preferred option first, most preferred option last (learning curve) 		<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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	<h3>Meeting Distributors (cont'd)</h3>	
<ul style="list-style-type: none"> > Meet them at their location (important) > Talk to them about their business <ul style="list-style-type: none"> > Size of the business? > Sophistication of the operation > Who are their main competitors? > What is their main source of competitive advantage? > How is their sales force remunerated? > Is your product complementary to their existing lines? > How do they treat conflicts between product lines when they arise? 		<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
		




	<h3>Meeting Distributors (cont'd)</h3>	
<ul style="list-style-type: none"> > What sort of <u>margins</u> are typically expected in their line of business? > What other types of support do they expect from their suppliers > How does the projected sales and anticipated margins from your offering compare to other lines of business that they carry (significant mismatches can be problematic) > Do your homework on supply chain margins – everyone must earn the margins they expect to make a channel work 		<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
		




 <h3 style="text-align: center;">Distributors: Trouble Spots</h3>	
<ul style="list-style-type: none"> • Companies with extensive lease arrangements (e.g., buildings, vehicles, offices etc) and a long standing list of payable accounts from suppliers are always at risk of <u>unscrupulous liquidation</u> (businesses with a strong balance sheet tend to be more stable) • Potential distributors can be influenced by competitive positions as well – research their product lines in advance and be selective about what you reveal 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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 <h3 style="text-align: center;">Selecting a Distributor: Best Fit</h3>	
<ul style="list-style-type: none"> • Ideally a distributor will become an extension of your organization and therefore they must be closely aligned with your company <ul style="list-style-type: none"> ➢ discuss goals/objectives ➢ discuss strategies/tactics ➢ Ask direct questions and read between the lines for "values" ➢ look for the closest possible fit • Once the options are clear, focus on the "best fit" distributor <ul style="list-style-type: none"> ➢ what it will take to win them? ➢ If the cost of entry is too high, move to the next one on the list 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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 <h2 style="text-align: center;">Agreements</h2>	
<ul style="list-style-type: none"> • Have a formal written agreement • Avoid exclusive arrangements (if at all possible) • Define mutual performance expectations <ul style="list-style-type: none"> ➢ Assign clear volume and performance targets (waiting until there is a problem to do this will cause disagreements and substantial delays) ➢ Set expectations for supplier support • Spend time working through range of possible outcomes and developing mutually agreed upon contingency plans • Ensure exit strategies are well thought out, clearly articulated and provide for quick exits when targets aren't met or if a clear contractual breach is made 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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 <h2 style="text-align: center;">Developing Partnerships</h2>	
<ul style="list-style-type: none"> • Continuous, focused communication is important (if you forget them, they will forget you) • Do site visits as often as possible (this may take some convincing internally but this is crucially important) • Learn about the culture – it will improve all of your agent/distributor relationships!! • Sharing information about the experiences of your agents in other countries is an extremely valuable process • Work closely with agents and distributors to: <ul style="list-style-type: none"> ➢ develop their product knowledge ➢ jointly forge growth strategies ➢ be visible to their customer base (strengthening their relationship with their clients) 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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 <h2 style="text-align: center;">Managing for Performance</h2>	
<ul style="list-style-type: none"> • Keep track of performance (measured against established targets) and follow up so you have ongoing dialogue on issues and needed changes • As your network grows, review your portfolio of agents/distributors on a yearly basis and be prepared to drop agents/distributors if performance isn't up to par 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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 <h2 style="text-align: center;">Building Sales Momentum</h2>	
<ul style="list-style-type: none"> • Add new markets strategically and focus your efforts accordingly. Lead chasing trade show contacts and random export inquiries is a practice that will tend to pull you in many (nonproductive) directions. • Just a handful of significant markets may have the potential to double or triple your sales (depending on the market segment) if properly developed and managed • Take a long term strategic view – by developing each market with considerable focus and care, you will have fewer surprises, stronger growth and a better understanding of the issues as they arise 	<p>Leroy Lowe BSc, Dip Eng, MBA, MAEd CITP, CGBP</p> <p>leroy.lowe@nsc.ca (902) 893-5362</p>
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Questions?



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