Developing Export Counseling & Assistance Skills

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WHY EXPORT?

- Make more money - 96% of world's consumers (2/3 world purchasing power) live outside the U.S.
- Diversify markets - reduce dependency on U.S.
- Create jobs - 1 in 5 U.S. mfg. jobs depend on exports; each $1B in exports creates 6,000 jobs.
[UNREALIZED] U.S. EXPORT POTENTIAL

- 85% of CA manufacturers do **not** export
  - Many NTEs make exportable products
- 60% sell only to Canada and Mexico
  - Many have new-to-market (NTM) potential
- Why are 85% of Mfrs selling to only 4% of their potential market?

Export Myths & Excuses

IS EXPORTING JUST FOR THE BIG GUYS?

- No, 97% of all U.S. exporters are SMEs

SMEs can profit from exporting

- As suppliers of a product or service
- As intermediaries for a commission
- As export consultants
- As providers of an export support services (e.g., logistics, banking, legal)
WHERE CAN NTEs GO FOR EXPORT HELP?

- Not USEACs - they focus on the export ready
- Not FAS, except for food & agriculture
- Not Eximbank - they prefer a track record
- Not SBDCs yet - most lack export know-how
- Not chambers/trade associations - most
  - Lack export know-how
  - Focus on networking for dues-payers
- State/local trade assistance centers; Yes, but
  - Some are better than others
  - Not well coordinated with TPCC agencies

CAN SBDCs HELP FILL THE NTE VOID?
YES, IF THE RIGHT STEPS ARE TAKEN

- Widely distributed SBDCs can reach many more NTEs than USEACs and others
- Some “International” SBDCs already do a great job – learn from them
- Steps to empower other SBDCs
  - Hire or train export staff
  - Aim for all export staff to be “CGBPs”
  - Develop strong local partner networks
  - Resolve turf-and credit-sharing issues
  - Offer the needed NTE services
  - Refer and hand-off clients seamlessly
SUGGESTED EXPORT ROLE FOR SBDCs

- Focus on New-to-Export (NTE) SMEs
  - Export-ready SMEs already helped
  - NTEs get little or no help under NEI
  - 85% of all U.S. manufacturers are NTE
  - Many could export if effectively helped
  - SBDCs uniquely positioned to help NTEs

- Prepare NTEs to become export ready
  - Focus on most needed start-up services
  - Handoff to USEACs/others when ready

WHAT EXPORT HELP DO NTEs NEED?

- NTEs mostly need help with
  - Export motivation; “what’s in it for me”
  - Start-up advice; ongoing counseling
  - Export readiness assessment
  - How-to-export training
  - Research to identify & enter best markets

- When more export-ready, they need help with
  - Export marketing to attract customers
  - Matchmaking to find good foreign reps
  - Export finance to aid buyers & get paid
  - Trade compliance & legal advice
  - Export logistics & delivery
## Proposed SBDC/NTE Export Services

- Motivate & create export commitment
- How-to-export counseling & training
- **Export readiness assessment**
- **Web-based marketing information**
- Partner coordination/referrals/handoffs for:
  - Customized export market plans
  - International marketing & trade events
  - International matchmaking
  - Regulatory compliance
  - Export finance and credit insurance
  - Logistics, legal and other support

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### Four Stages of Export Development for New-to-Export SMEs

#### Client Needs for Assistance at Each Stage

<table>
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<tr>
<th>Stage 1 (EEP 1-3) Build Export Capacity</th>
<th>Stage 2 (EEP 3-6) Develop Export Markets</th>
<th>Stage 3 (EEP 6-7) Make Sales &amp; Get Paid</th>
<th>Stage 4 (EEP 7) Deliver the Goods</th>
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<td>Improve Competitiveness</td>
<td>Identify Best Markets</td>
<td>Close the Deal</td>
<td>Regulatory Compliance</td>
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<td>Situation analysis/SWOT</td>
<td>Market research/analysis</td>
<td>Respond to inquiries</td>
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<td>Solidly fundamentals</td>
<td>• Select target markets</td>
<td>Quote prices/FINCOTERMS</td>
<td>Foreign Regulatory compliance</td>
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<tr>
<td>• Production processes</td>
<td>• Assess target markets</td>
<td>Negotiate sales terms</td>
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<td>• Business practices</td>
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<td>• Operating capital</td>
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<tr>
<td>Develop Export Readiness</td>
<td>Finance Sales</td>
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<td>Export readiness assessment</td>
<td>Get Paid</td>
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<td>• Export counseling</td>
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<td>Foreign documentary compliance</td>
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<td>• Export training activities</td>
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<tr>
<td>Get &amp; Use Help</td>
<td>Implement Strategy</td>
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<td>Transport the Goods</td>
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<tr>
<td>Trade assistance network</td>
<td>Find Partners</td>
<td>Manage the supply chain</td>
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<tr>
<td>• State export assistance centers</td>
<td>• Trade leads</td>
<td>Prepare goods for delivery</td>
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<tr>
<td>• U.S. Consulate &amp; Embassies</td>
<td>• Find partner opportunities</td>
<td>Book a flight</td>
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<tr>
<td>• Community export centers</td>
<td>• Contact partners</td>
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<tr>
<td>• Chambers/Assoc/WTCS</td>
<td>• Export sales</td>
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<td>Trade assistance resources</td>
<td>• Broadcast promotion</td>
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<td>• Partner program/services</td>
<td>• Targeted promotion</td>
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<td>• Partner client databases</td>
<td>• Market promotion financing</td>
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CREATE EXPORT COMMITMENT

- In media, conferences, meetings, workshops:
  - Debunk export myths; overcome fears
  - Tout export benefits ("what’s in it for me")
  - Describe export services to meet needs
  - Emphasize extensive export support network
  - Explain/demystify start-up steps
  - Motivate NTEs to seek help/use services

ASSESS CLIENTS’ EXPORT READINESS

- Objectives for clients
  - Self-assess export readiness
  - Understand factors affecting readiness
  - Identify/overcome export weaknesses

- Objectives for counselors
  - Assess export readiness of new clients
  - Determine starting point for assistance
TOOLS TO ASSESS EXPORT READINESS

- El Camino CITD’s free Web-based Export Readiness Assessment System (ERAS)
- 23 questions about company resources, operating methods, management commitment, and product
- Immediate detailed report and score on client’s export strengths/weaknesses
- Recommended improvement steps

Other Readiness Assessment Tools
- Export.gov 9-point questionnaire
- MSU fee-based “CORE”
- MEP’s free on-site “SMA” assessment

EXPORT READINESS PREREQUISITES

- Company has adequate resources
  - Has funds; willing to spend for export
  - Willing to hire or train export staff
  - Has inventory to fill export orders
- Company uses sound operating methods
  - Plans, markets, distributes domestically in ways conducive to export
- Management is committed to export effort
  - Sees exports as important; willing to wait for results
- Product has export market potential
  - Good domestic sales record
  - Evidence of foreign demand
  - Competitive on price, quality or other
  - Adaptable to foreign requirements
PROVIDE START-UP COUNSELING

- Objectives
  - Clients have opportunity to ask questions, raise concerns about exporting
  - Counselors use session to determine start point for export help, based on readiness assessment.
  - Counselors use session to build client confidence and respond to questions/concerns

- Counseling Tools
  - Results of Export Readiness Assessment
  - Available Export Q&As
  - Export-related Websites

PROVIDE START-UP TRAINING

- Objectives
  - Content covers what NTEs need to know
  - Clients learn the export basics
  - Clients hear from subject matter experts
  - Presenters connect with possible clients

- Methods
  - Offer in convenient formats – e.g., 3-4 hour orientations for start-ups, 15-minute Podcasts, in-depth workshops and Webinars
  - Schedule group sessions when most convenient for clients – e.g., weekday mornings/afternoons/evenings or on weekends
PROVIDE WEB-BASED MARKET RESEARCH

- Objectives
  - Clients learn most useful export information
  - Clients learn where/how to find it
  - Clients learn to apply it for decision-making

- El Camino CITD free sources
  - www.elcaminocitd.org
  - www.tradecomplianceinstitute.org
  - www.exportassist.org

- Other free sources of export information
  - USDOC/USCS (www.export.gov)
  - MSU (www.globaledge.msu.edu/)

CITD EXPORT ENABLER PROGRAM

7-Step Deliverables

1. Competitiveness audit
2. Export readiness assessment
3. Export training – 8 key topics - 24 hours
4. Market research to identify best markets
5. Customized export market & action plans
6. Export promotion/trade events
7. International matchmaking
   Plus, help with financing & first transactions
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