

Innovative Sector Exchange Project

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ISE

European Regional Development Fund





Developing an International Business Strategy

The Innovative Sector Exchange (ISE) is an EU-funded project providing a range of FREE support services to help SMEs explore new markets in Europe and apply innovation techniques to grow their businesses. ISE works with SMEs in Kent, East and West Flanders, Hauts-de-France and the South-West of the Netherlands on developing their internationalisation strategies. Below is a summary of the key exporting information, advice and insights the project has brought together over its lifespan.

We have combined ISE tips with elements of The Global EIS Tool – A guide to exporting, produced by the Everywhere International SMEs (EIS) project, funded by the EU's Interreg Europe programme.



View and download the full document in PDF format – [click here](#)



The GlobalEIS tool sets out four steps to help you prepare for internationalising your business:

1 Think

Your first step is to consider not just whether you're ready to export but why you want to export and whether it's the right move for you now.

Companies have different reasons for considering exporting or expanding internationally. It's not for everyone, and there's no right or wrong answer, so don't feel under any obligation. You need to decide based on the risks and benefits to your individual business. Think about:

- ◆ Your motivation to export
- ◆ The skills, resources and expertise you have within your business
- ◆ The risks to your business posed by exporting and whether you're prepared to accept them
- ◆ The approximate costs of preparing for exporting
- ◆ Whether exporting already forms part of your overall business plan – and if not, why not

If after this thinking stage you recognise that you're not yet ready to export but have the potential to do so, you need to work on addressing any gaps or weaknesses you've identified. It may be, however that you conclude exporting is not right for you – or at least not yet – and take a different direction. There are several local experts who may be able to help you make this decision including taking advantage of a 1-2-1 internationalisation and innovation assessment from the ISE Project partners.



2 Decide

After Thinking about it, you still believe exporting is the right thing to do. Now you need to Decide how to proceed. A well thought-out international business strategy can help focus activities and avoid surprises.

Market Analysis

This involves gathering information about each country or region that could be a potential target market for your product or service, much of which can initially be done online. You need to collect as much accurate, reliable and up-to-date intelligence as possible about the competitive and consumer environment, legal and documentation requirements (such as export licences and intellectual property protection) distribution channels and the suitability and competitiveness of your product or service.



Check your website analytics to see the level and origin of international enquiries you're already getting: this may indicate that your product or service offer has potential in a particular country



The world is a big place and it's sensible to focus on one or two countries or areas to begin with. Consider starting in a nearby market or one which shares your language or has a similar business culture. Check your website analytics to see the level and origin of international enquiries you're already getting: this may indicate that your product or service offer has potential in a particular country.

For help with market selection you can:

- ◆ Access support and guidance from local business support organisations.
- ◆ Identify relevant professional and trade literature.
- ◆ List useful contacts (potential partners/ customers/ others) that you may already have.
- ◆ Find out about key international exhibitions/ trade fairs.
- ◆ Find out if there is likely to be demand for what your business can offer and what might set you apart.

You can carry out more detailed market research online or by commissioning specific research activities through local international trade support services.

Market Scanning

Once you've narrowed down your target markets, you can start to identify potential competitors (through online research, trade directories, trade show exhibitor lists etc.) Using this analysis, you can define your unique selling proposition (USP) both for your product or service, and also for your business in a market that (probably) does not yet know, recognise or understand what you do and represent. The question to ask yourself, and have an answer to, is: why would an international customer buy from me rather than a local equivalent? Then, most importantly, work out if you can still offer an attractive proposition once you've factored in any additional costs of internationalisation (see below).

Product and service adaptations

Even within your nearest European neighbour countries, you may find business cultures are surprisingly different. Your background research in the earlier phases of your planning should help avoid any potential problems or misunderstandings. You may also identify areas where your products or services might benefit from adaptations, including packaging,

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Why would an international customer buy from me rather than a local equivalent?
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labelling or design, to ensure it meets your international customers' needs.

- ◆ Research the cultural dynamics of your target country or region - this can avoid frustration and highlight some basic dos and don'ts
- ◆ Make an effort to learn some basic phrases in the language of your chosen market, even if it's just elementary greetings and introductions. Consider engaging a trusted interpreter to attend meetings with you or help with phone calls if necessary





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3 Plan

Based on the insights and knowledge you've gained in the first two steps, you can draw up your export plan. The purpose is to assemble facts, constraints and goals, and set out specific objectives, time schedules and milestones.

Developing your export plan is an iterative process. The first version can be fairly simple: as you acquire more information and data about your target market, competitive position, routes to market, financial issues and so on, it will become more detailed, specific and comprehensive. It is not, therefore, a static document that once written never changes,

but a flexible management tool you can use to measure planned outcomes against actual results.

Your export plan will be entirely determined by the nature, location and size of your business, product or service, and the international market(s) you're targeting.

There are some common elements, however, that any company seeking to export will need to consider:

Technical & legal issues

Overcoming and complying with cross-border legislation (outside the EU Single Market) can seem a daunting prospect, and it's important to get it right. But you don't have to do it all by yourself!

- ◆ There is plenty of expert advice on permits, taxes, duties and documents you may need to deal with in order to export; for example, your local Chamber of Commerce or equivalent will be able to put you in touch with the right person.
- ◆ Consider using the various currency options and financial products available to help you manage risks in relation to fluctuating exchange rates, especially if you're trading outside the Eurozone.
- ◆ Contact your bank or an international trade finance specialist to make sure you can get paid.

Internal resources and capacity

The first months of international trading can place heavy demands on your business's resources. Having set yourself the goal of securing international orders or contracts, it's important to ensure you have the capacity to deal with them when they arrive – especially if (as you presumably hope) they are large and lucrative!

- ◆ Assign a member of staff to manage international export sales and marketing; ideally, they should have previous export experience and relevant language skills.
- ◆ Identify any additional training your staff may need to deal effectively with international customers, including cultural awareness or language training.
- ◆ Make sure you have procedures and management systems in place to cover staff members who are away on international business.
- ◆ Make any necessary changes to your staffing and systems to cope with new, practical demands placed on the business. For example, you may need to extend or adjust your office hours to serve customers in different time zones.

Additional costs of internationalisation

You need to price your product or service to take into account any additional costs that could eat into your bottom line. Consider the following



and how they will affect your international pricing:

- ◆ Insurances
- ◆ Import Duties
- ◆ Taxes
- ◆ Transport/ shipping costs
- ◆ Financial charges
- ◆ Potential exchange rate fluctuations

Routes to market

It may seem obvious, but you need to work out how you're going to get your product or service to your customers. There are a number of different methods and tools you can consider; which one(s) you choose will depend on the nature of your product or service and where and who you're selling it to. Your possible routes to market include:

- ◆ Direct sales
- ◆ Using a distributor or an agent
- ◆ Using e-commerce platforms
- ◆ Joint ventures / partnerships
- ◆ Setting up an office, branch or manufacturing base in your target market



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International marketing

Your website is your window to the world and you need a strategy to ensure you're visible in your target markets. This will be an evolving strategy to reflect changes in technology, but some basic requirements include:

- ◆ Targeted international SEO and using country-specific URLs.
- ◆ Identifying the most effective social media and other channels in your market of choice, then regularly creating suitable content and responding to enquiries.
- ◆ Reviewing your communication content to ensure it is culturally relevant and appropriate. Take care with colours, imagery and language, and make sure your brand or product names won't be misunderstood or cause offence.
- ◆ Although English is the lingua franca of the online world, you should have your content professionally translated into the target language(s) where appropriate. Always take great care with online translation tools (such as Google Translate) since the results might not be 100% accurate!
- ◆ Offer clear, simple ways for potential customers to get in touch with you. Simple things like providing a foreign-language landing page and always showing international dialling codes can make a big difference.



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Contracts & payments

The most important thing for your business is to protect your payments and cash flow through robust contractual arrangements. You should therefore:

- ◆ Set out your payment terms and conditions clearly; seek advice and assistance from your bank or legal services provider if in doubt
- ◆ Develop your International Commercial Contracts (Incoterms) to determine the rights and responsibilities of both buyer and seller in any transaction
- ◆ Negotiate distribution and agency contracts where required, and make sure you check the conditions are being fulfilled in the international market

Shipping & logistics

If you're exporting physical products to an international market, you need to investigate all available transport options and choose the most reliable, timely, secure and cost-effective method, based on the nature of your product, and the distance and frequency of deliveries to your customers. You should:

- ◆ Compare prices and conditions with transport companies and freight forwarders
- ◆ Ensure you know who has responsibility for your product once it leaves your premises and before it arrives with the customer
- ◆ Make sure all necessary transport documents are issued by the responsible



party and ensure that you have all necessary documentation (e.g. for VAT exemption);

- ◆ Negotiate with clients regarding the frequency of delivery and minimum order quantities to ensure your chosen shipping method is viable
- ◆ Find out whether other local businesses are shipping goods to the same destination and see if you can share delivery slots to keep costs down

Aftersales services and support

Once you've made a sale, you need to consider what happens in the event of a problem, or where customer support might be needed for maintenance, troubleshooting or repairs. Questions to consider are:

- ◆ How will you deal with international customer enquiries? Will you do this directly from your office or via an agent, distributor or other 'in market' representative?
- ◆ Could you create a partner support pack, dedicated web page, market-specific helpline or other service to provide simpler, more cost-effective support?
- ◆ If applicable, what will be the procedure for returning goods and who will be in charge of that?



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4 Go!

After all the work you've completed in the first three steps, your business will be ready to export to your chosen market(s).

It's important to monitor the impact of your exporting activities to ensure you're achieving your planned margins and profitability. And if things are not going as you'd expected, you need to decide what additional measures are required – adjusting your product, changing your marketing, finding new partners – or whether you need to rethink some aspect of your strategy altogether.

How you measure and define these elements – what does 'good' look like? – should already form part of your export plan, which needs to be updated based on actual results and experience.



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Through the ISE Project, you have access to support and guidance for the following sectors:

◆ **Agri-food**

This includes food & drink producers, food processing, manufacturers, packaging, agricultural and bio-based companies and the supply chain.

◆ **Digital and Creative**

This includes digital technology (telecommunications) and creative activities (media, digital content, augmented reality, virtual reality & publishing).

◆ **New materials**

This involves companies which create or could use innovative new materials such as bio-based polymers, smart textiles or 3D printed materials.

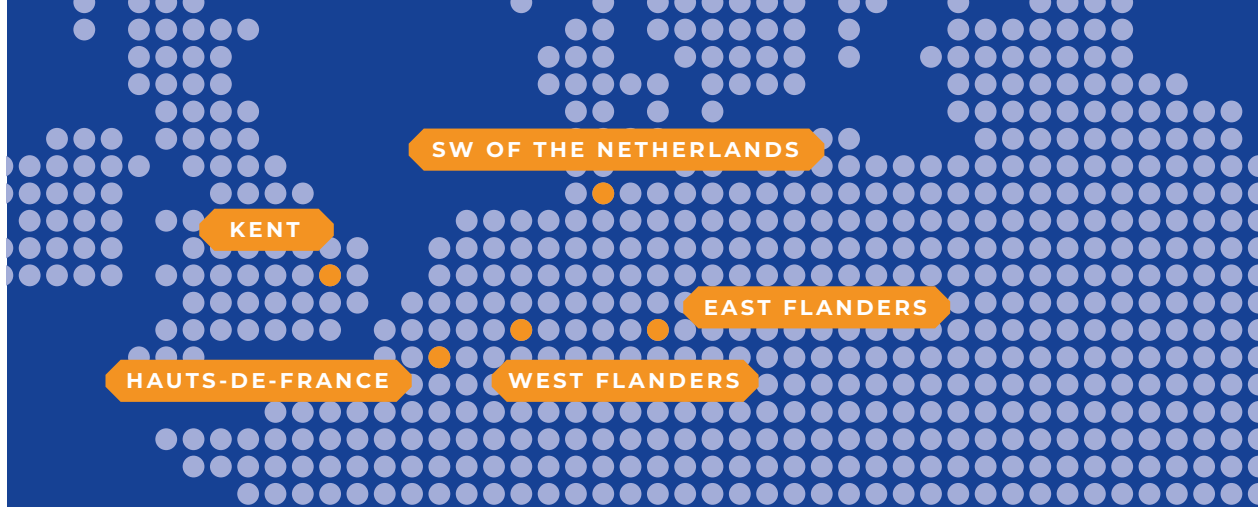
◆ **Mechatronics**

This includes electronics, engineering and manufacturing companies, smart industries and intelligent systems.

◆ **Other innovation**

ISE works with SMEs from other innovative sectors including businesses which don't like to put themselves in a 'sector box'.





Whether you're thinking about exporting, deciding to proceed, planning your export strategy or ready to go, seeking advice and support from partners can be enormously helpful



Summary

This guidance from the ISE Project is broadly applicable to any SME contemplating internationalisation. Clearly, you will also have specific concerns and considerations depending on the size and nature of your business, your product or service, sector, location, target market(s) and resources.

Whether you're Thinking about exporting, Deciding to proceed, Planning your export strategy or ready to Go, seeking advice and support from partners, both within your sector and in your target market(s) can be enormously helpful. Establishing personal contacts right along your supply chain – including distributors, partners, buyers and, wherever possible, customers or end-users - will provide valuable additional insights to inform your plans.

Some questions to consider:

- ◆ Who do you know – or should you know – in your chosen market who can help you develop your international sales?
- ◆ What business support services aimed at international companies are available in your target market?
- ◆ Are there companies with a complementary offer you could work with for mutual benefit?
- ◆ How could you find and collaborate with 'in market' providers of marketing and promotional support?
- ◆ Are there places or events where your industry gathers, physically and virtually, where you could make links and develop contacts? The ISE Project, for example, runs a year-round programme of sector-specific events throughout its geographical region.
- ◆ Would you benefit from joining an ISE Cluster? These bring together businesses and experts within the different target sectors to meet other companies, collaborate and do business, provide peer-to-peer support, attend international business events and keep in touch electronically.



The Clusters are free to join – click here for more details



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