Chapter 2 Basic Planning For Export

Introduction

Before starting an export, an individual should evaluate his company's "export readiness". Further planning for export should be done only, if the company's assets are good enough for export.

There are several methods to evaluate the export potential of a company. The most common method is to examine the success of a product in domestic market. It is believed that if the products has survived in the domestic market, there is a good chance that it will also be successful in international market, at least those where similar needs and conditions exist.

One should also evaluate the unique features of a product. If those features are hard to duplicate abroad, then it is likely that you will be successful overseas. A unique product may have little competition and demand for it might be quite high.

Once a businessman decides to sell his products, the next step is to developing a proper export plan. While planning an export strategy, it is always better to develop a simple, practical and flexible export plan for profitable and sustainable export business. As the planners learn more about exporting and your company's competitive position, the export plan will become more detailed and complete.

Objective

The main objective of a typical export plan is to:

- Identifies what you want to achieve from exporting.
- Lists what activities you need to undertake to achieve those objectives.
- Includes mechanisms for reviewing and measuring progress.
- Helps you remain focused on your goals.

For a proper export planning following questions need to answered:

1. Which products are selected for export development?
2. What modifications, if any, must be made to adapt them for overseas markets?
3. Which countries are targeted for sales development?
4. In each country, what is the basic customer profile?
5. What marketing and distribution channels should be used to reach customers?
6. What special challenges pertain to each market (competition, cultural differences, import controls, etc.), and what strategy will be used to address them?
7. How will the product's export sale price be determined?
8. What specific operational steps must be taken and when?
9. What will be the time frame for implementing each element of the plan?
10. What personnel and company resources will be dedicated to exporting?
11. What will be the cost in time and money for each element?
12. How will results be evaluated and used to modify the plan?

From the start, the plan should be viewed and written as a management tool, not as a static document. Objectives in the plan should be compared with actual results to measure the success of different strategies. The company should not hesitate to modify the plan and make it more specific as new information and experience are gained.

Some "Do's and Don'ts of Export Planning

DO ensure your key staff members are ‘signed on’ to the Plan.

DO seek good advice – and test your Export Plan with advisers.

DON’T create a bulky document that remains static.

DO review the Export Plan regularly with your staff and advisers.

DO assign responsibility to staff for individual tasks.

DON’T use unrealistic timelines. Review them regularly – they often slip.

DO create scenarios for changed circumstances – look at the “what ifs” for changes in the market environment from minor to major shifts in settings. e.g. changes of government, new import taxes.

DO develop an integrated timeline that draws together the activities that make up the Export Plan.

DO make sure that you have the human and financial resources necessary to execute the Export Plan.

Ensure existing customers are not neglected