



Accelerate Your Business
....Through Exports

*Tri-State World Trade Network &
Indiana Small Business Development Center
October 20, 2011*

Presentation Overview

- Relevance of Exports to Indiana
- Introduction of Export Services:
 - Core-8 Steps to Export Development
 - Linking Federal, State and Local Export Development Resources
- Examples of Export Assistance through ISBDC



FTI – Export Management Company since 1996

Jobs Creation Bill 2010 and the ISBDC

ISBDC's Mission: To have a positive and measurable impact on small businesses in Indiana.

President's Goal: Double exports in 5 years

Our Task: Aid both by offering export development assistance through the Indiana SBDC's and Indiana's Technology Parks



Why Exports Matter

- '..... US exports....have powered nearly half the nation's economic expansion since the recession ended in 2009, their biggest role since World War II'.

Wall Street Journal, Weekend Edition, April 2-3, 2011.

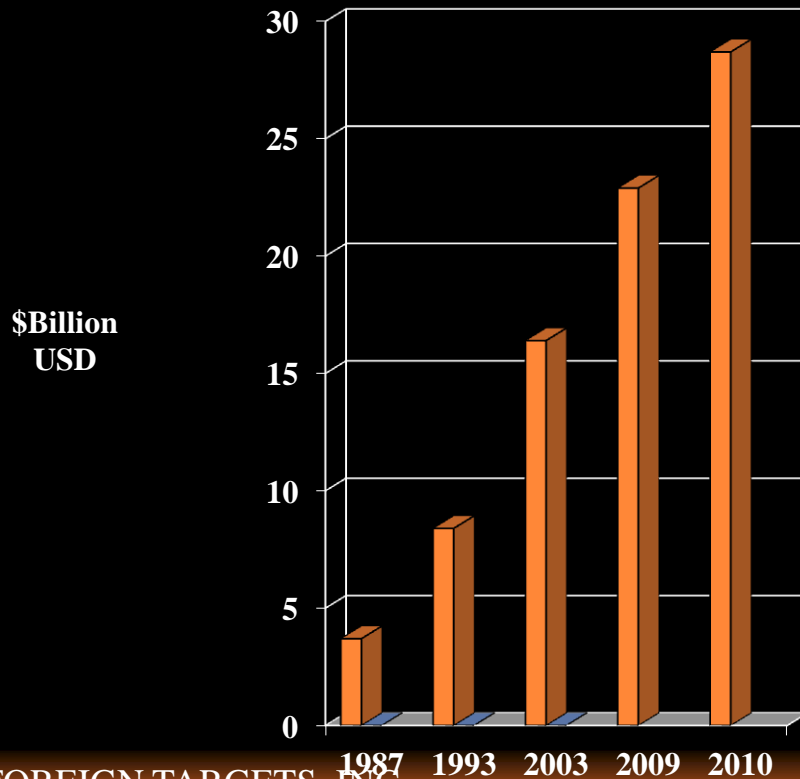
- 96% of the world's consumers live outside of the US.
- Exports counter domestic economic downturns.
- Firms that export are up to 40% more profitable than those that don't.
- Over 70% of the world's purchasing power is outside of the US.
- US is among the top 2-3 competitive nations on Earth, usually #1
- US Exports account for 12% of GDP, up from 4% in the 1950's.

Sources: Federal Reserve-Chicago, Kiplinger Newsletter, WSJ, State of the Union 2010, 2011



Indiana's Role in US Exports

- 28.7 Billion in Exports in '10 – 25% growth over '09.
- 14th in Exports Nationally
- Exports account for 10.4% of Indiana GDP, up from 7.2% in '98
- <http://www.ibrc.indiana.edu/international/pdf/globalpositioning2011.pdf>



Sources: US Census Bureau – Statistics,
Indiana Business Research Center – IU.



Indiana's Lead Exports and Destinations

Indiana's 10 Leading Exports in Order of \$ Value:

- Transportation Equipment
- Pharmaceutical Products
- Industrial Machinery Including Computers
- Optical and Medical Instruments
- Electrical Machinery
- Organic Chemicals
- Iron, Steel and Articles Thereof
- Plastics and Articles Thereof
- Aircraft, Spacecraft and Parts Thereof
- Miscellaneous Chemical Products

Indiana's 10 Top Export Destinations:

- Canada
- Mexico
- Germany
- United Kingdom
- France
- Japan
- China
- Spain
- Brazil
- Australia

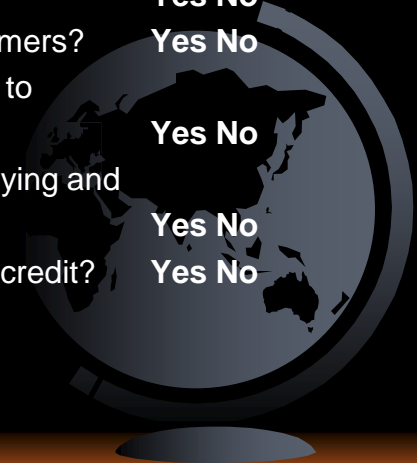


Core I – Export Readiness

Determine your Export Readiness:

Export Readiness Assessment

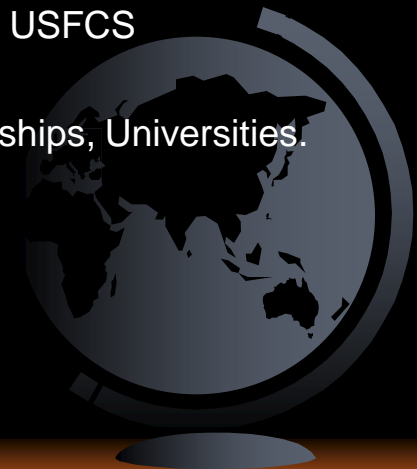
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|--|---------------|
| 1. Does your company have a product or service that has been successfully sold in the domestic market? | Yes No |
| 2. Does your company have an international marketing plan with defined goals and strategies? | Yes No |
| 3. Does your company have sufficient production capacity that can be committed to the export market? | Yes No |
| 4. Does your company have the financial resources to actively support the marketing of your products in the targeted overseas markets? | Yes No |
| 5. Is your company's management committed to developing export markets and willing and able to dedicate staff, time and resources to the process? | Yes No |
| 6. Is your company committed to providing the same level of service given to your domestic customers? | Yes No |
| 7. Does your company have adequate knowledge in modifying product packaging and ingredients to meet foreign import regulations and cultural preferences? | Yes No |
| 8. Does your company have adequate knowledge in shipping its product overseas, such as identifying and selecting international freight forwarders and freight costing? | Yes No |
| 9. Does your company have adequate knowledge of export payment mechanisms, such letters of credit? | Yes No |



Core II – Market Research & Identification

- Primary Research: Market data derived specifically from interviewing the targeted foreign customers as well as the sales and distribution channels in your targeted export markets.
 - ◆ Existing foreign leads, customers, contacts;
 - ◆ Inquiring foreign distributors and sales representative agencies;
 - ◆ Benchmarking (Core III) – contacting other manufacturers of similar but non-competing products to learn of other successful export strategies

- Secondary Research: Market data derived from trade statistics and data offered by various industry and government sources.
 - ◆ [US Department of Commerce Market Research Library](#) – an excellent country and product data source of information, the US Foreign Commercial Service (USFCS)
 - ◆ [US Department of Agriculture Market Research Library](#) – similar to the USFCS
 - ◆ Industry Trade Organizations
 - ◆ Utilize your Chambers of Commerce, Sister City & Sister State Relationships, Universities.



Core II – Market Research & Identification

Continued

To Begin the Research:

- Identify Schedule B and Harmonized System (HS) codes of your products by visiting <http://www.census.gov/foreign-trade/schedules/b/> to find product by word-search.
- Visit [USA Trade Online](#) – An excellent source of trade data (export and import) based on the HS and Schedule B code systems.
 - ◆ Determines if US has a trade surplus or deficit with that product
 - ◆ Determine if the trends are positive or negative.
 - ◆ Determine to what export markets your product is shipped.
- **End Objective of Research** – determine top 3-5 foreign markets to export develop.

Core III - Benchmarking

Contact vertically or horizontally integrated manufacturers of similar but non-competing products to learn of other successful export strategies. Effort can lead to a wealth of information and contacts in your selected foreign markets *and* in your domestic sales networks.



Core IV – Foreign Market Representation

NAME OF MANUFACTURER
ADDRESS & CONTACT INFORMATION

AGENT/DISTRIBUTOR PROFILE

COMPANY NAME _____ DATE ESTABLISHED _____

ADDRESS: SHIPPING _____

MAILING _____

TELEPHONE # _____ FAX # _____

E-MAIL ADDRESS: _____

PERSONNEL

1. MANAGEMENT

Name	Title
_____	_____
_____	_____
_____	_____

2. NUMBER OF SALES PEOPLE: INSIDE _____ OUTSIDE _____

3. NUMBER OF DISTRIBUTION CENTERS/BRANCH OFFICES _____

4. COMPANY CONTACT _____

5. COMPANY OWNER _____

6. YEARS IN SERVICE _____

CURRENT PRODUCT REPRESENTATIONS

1. LIST ALL MANUFACTURERS FOR WHICH YOUR COMPANY DISTRIBUTES / SELLS

Manufacturer	Nationality	# of Years	Payment Terms	Contact Person	Phone #	Do You Stock?
						Y/N
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

Research & Select the Right Foreign Sales Partners:

- Trade Associations – foreign sister trade organizations
- Distributor/Sales Rep Lists at US Embassy & Consulates
[US Department of Commerce Market Research Library](#)
- Gold Key Program – Intended for US firms visiting foreign countries to meet with & select foreign sales partners.
- Among Best Methods: Benchmarking – Core III

Key Questions to Pose to the Foreign Partner:

- Size of Firm
- Financial standing of firm – credit report via D&B or Coface
- History of selling within target industry
- Firm carry any competing lines
- What firms are represented, contact name and number
- Stocking Distributor
- Travel to US for training / meetings?
- List of key personnel, branch offices, bank references.
- Click [here](#) to download a typical questionnaire.



Core V – Promotion Strategies

Typical Ways to Export:

- Direct Export: A company engages in dialogue, quotations and sales directly with foreign buyers, distributors and sales representatives established in the foreign markets.
- Indirect Export: company utilizes the services of an intermediary company based in the US. There are two types of intermediary companies:
 - Export Management Company (EMC): researches, establishes and maintains your export market while serving as an intermediary and sells for you, but does not take title of goods.
 - Export Trading Company (ETC): performs same functions as an EMC, but takes title.

Method of Market Reach:

- Trade shows, joining foreign trade associations, advertisements and email lists by industry – efforts should be joined and advised by foreign partners.
- Web Presence - a global presence is easier than ever.



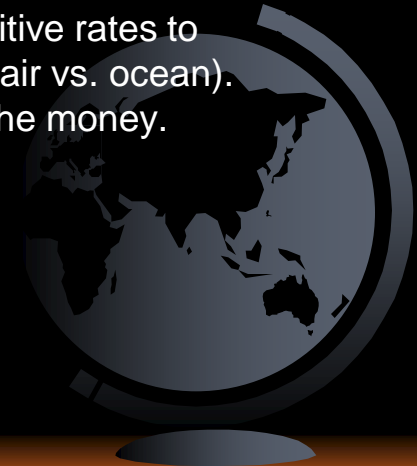
Core VI – Assemble the Export Team

Key Internal Export Team Players:

- Sales/Marketing
- Engineering
- Management
- Production
- Quality Control

Key External Export Team Players:

- Banks: Your bank should have a Swift Code for accepting international payments, knowledge of export financing methods, payment terms, be familiar with Incoterms and export receivables & finance programs offered through private and government sources.
- Freight Forwarders: Forwarders tend to specialize in offering more competitive rates to certain foreign markets than others and may focus on a mode of transport (air vs. ocean). Forwarders also can handle documentation for a nominal fee – well worth the money.



Core VII – Assessment & Adjustment

Not if, but when you need to adjust course:

- Consult your Internal Export Team (Sales/Marketing, Engineering, Management, Production, Quality Control)
- Meet and review regularly – monthly in short term, quarterly or annually longer term once export program is established

Core VIII – Maintain

- Treat Exports and Domestic Sales Equally
- Don't be frustrated by slow progress of export development – often takes longer, *but well worth the effort.*
- National sales meetings should include foreign reps. as well as domestic.



Other Export Resources

- World Trade Clubs:
 - [Tri-State World Trade Network](#) - Southwest Indiana
 - [World Trade Club of Indiana](#) - Central Indiana
- Federal and State Resources:
 - [US Department of Commerce Indiana Office](#) – The US Commercial Service of the US Department of Commerce provides research and assistance including trade data, consulting, and access to industry and country specialists in the US and throughout the world.
 - [US Government - Do Not Sell Lists](#) by country and individual
 - [Indiana District Export Council](#) - a private, nonprofit corporation comprised of dozens of experienced professionals throughout the state of Indiana, appointed by the Secretary of the US Department of Commerce, offering export expertise free of charge.
 - [State of Indiana Foreign Offices](#) – The Indiana Economic Development Corporation (IEDC) has 7 foreign offices located in Australia, China, Europe, Japan, Taiwan and the United Kingdom.



Other Export Resources

continued

Other Regional and State-Wide Trade and International Organizations:

- [America China Society of Indiana](#) is a non-profit organization founded in 2011 promoting trade and cultural ties between China and Indiana.
- [Indiana Council on World Affairs](#) is a non-profit organization founded in 1955 to foster public understanding of world conditions and US foreign policy through forums, lectures and conferences.
- [Japan America Society of Indiana](#) is a non-profit, cultural and educational organization founded in 1988 promoting friendship between Japan and Indiana.
- <http://www.inzone.org/> is central Indiana's foreign trade zone. Izone is the local entity of the national economic incentives program designed to enhance foreign trade. Products entering the US may not be subject to US Customs duties until released for use in the US, and products re-exported to other countries may never be subject to US Custom duties.

