TRADE ACCELERATOR PROGRAM

TAP CANADA'S TRADE ACCELERATOR PROGRAM

EXPORT PLAN

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EXECUTIVE SUMMARY

Your summary should highlight clearly where your company stands at this moment in time, where you want to take the company and how you will get there. It is a summary of all information given throughout your plan.

Your summary should be 30% about your company and 70% about your expansion plans. Some points to consider:

As the executive summary states, it is a summary. Start with stating your value proposition and summarize every module you have been working on. You want to convince your banker, investor, trade commissioner, and so on to read the rest of your plan and the more detailed information. Make sure not to waste your readers' time.

Keep it short – maximum 2 pages long. Resist the temptation to include details in your export plan's executive summary. The purpose of an executive summary is to present important facts and entice your readers to read the rest of your export plan, not tell them everything.

Keep your language strong and positive. Be assertive in your descriptions and forecasts. Avoid writing in conditional tenses which tend to weaken your narrative. For example, instead of writing, "expansion to Mexico might increase our market access to government contracts", write "our increased presence in Mexico will give us access to very profitable government contracts".

Polish your executive summary. Make sure it flows and reads easily. It should be clear and straight to the point. Enroll someone who has not been involved in writing your plan to read it with outside perspective and make suggestions for improvement.

Tailor it to your audience. Although you export plan will remain the same for all your readers, you should adjust the executive summary to your audience. For example, if your purpose is to attract investors, focus on the ROI they will achieve by investing with your organization. If you need the help of your private bank, focus on management's experience and how you can minimize their risks.

Remember, the executive summary will be the first thing your readers will read. Make sure it does not become the last thing they read by writing it poorly.

COMPANY OR SITUATION ANALYSIS

A. Domestic Business Overview

This section is all about explaining your company's situation at this present moment in time. Write a very brief history of your company and explain the key factors which made the business a success in Canada.

1) Company Profile

The full company profile should be written in your main business plan. The export plan will only focus on elements which will have a direct or indirect impact on the export strategy and/or results. This includes:

a) Company Structure – incorporated, sole proprietor, partnership, any foreign divisions/branches, number of employees (could include an org-chart), etc. By reading this section, the reader should have a clear understanding of the size of the company, management and relationships between departments.

Describe your company current structure and relations between departments

b) Product/Service Description – activity (manufacturer, distributor, digital services, etc.). Includes the key features and competitive advantages of your products or services that make them attractive to potential export customers.

Describe your sector focus, products/services to be exported, product(s) classification (HS codes), patents (existing and required). Include pictures, diagrams or photos if applicable.

c) International Experience – current exporting status, where, when, to whom, etc.

2) Company resources

Key resources are the building blocks your business need to function. Expanding globally will increase operational demands on all aspects of your company. Assess carefully all the resources you currently have and/or have access to within a very short time period to support the build-up towards international growth and the subsequent sales, production, delivery and conclusion of new business.

Once you've assessed the resources available to your company, it will become clear the gaps that need to be filled. Describe thoroughly the additional resources your company needs to access to support your international growth. These include financing (angel investing, debt financing, risk covers, funding & grants…), HR (additional manpower, training, consultancy, expert skills such as legal, tax or accounting…), physical (processes, IT, space, manufacturing, freight and supply chain management…) and intellectual resources (IP protection, branding reinforcement…).

a) Financial Resources

As your company expands internationally, a significant amount of financial resources will be needed to finance your growth in the short, medium and long term. It is critical to have a clear outline of your company's financial status before approaching new potential financiers. It's also crucial to understand what additional resources your company needs (angel investing, debt financing, risk covers, funding, grants…).

- Internal: Describe the company's flexibility to meet short-term debt obligations, finance up-front costs linked to market development.
- External: What is the company's ability to raise financing/lines of credit? List the company? Engage in a JV/partnership? Does your company have risk management tools?

b) Human Resources

People will be what drive your business and ensure success. The company's strategy and structure will be designed by people, they will fill the roles and ensure the processes are aligned to ensure the company achieves its export plan goals. To address gaps in HR, consider what additional manpower, training, consultancy, or expert skills such as legal, accounting etc. you may require.

Strategy:

- High-level assessment of current HR competencies in and outside the company in relation to the expansion plan
- Create vision/strategy of skills/competencies & experiences necessary for expansion

Structure:

- Analyze existing roles and describe how your current internal and external HR resources will be deployed in your expansion plan. Examples of Internal vs. external are:

- Internal: appointing/identifying a person who will be responsible for implementing the export strategy i.e. an export manager. In addition, make use of the export experience of staff within the various departments to be applied towards achieving the expansion strategy.
- Internal: what roles need to be filled etc.
- External: identify outside resources such as freight forwarders, trade commissioners, legal counsel, distributors, brokers, in-market sales agents etc. Could be ones used in past exports.

People:

- Develop/adjust job descriptions to include expanded responsibilities for current staff and new responsibilities for new roles needed to fulfill expansion strategy.
- Ensure you are attracting the best talent. Make sure to conduct compensation market reviews for positions when calculating salaries, promotions, bonuses and profit sharing.
- Be sure to make considerations for needed training requirements & development plans that are aligned with your overall HR strategy and structure.

Process:

- Develop processes which will be the tools you will deploy to deliver on your strategy.
- Include tools on how you will review, assess and control the performance of the staff involved in your export implementation; including KPIs and motivators.

c) Physical Resources

Physical assets such as manufacturing facilities, buildings, vehicles, machines, point of sale systems, processes and distribution networks are all key business functions. As you grow internationally, most levels of your supply chain resourcing & service management chains will likely have to be adjusted to meet new demand and requirements.

*Note: this section applies to both product and service-based companies.

- Internal: Do you have enough production/storage/skill capacity for your increased sales? Do you have in place efficient processes to enable the company to scale-up?
  - For *Product* companies: Could new product lines impact production and capability? Do you have a reliant freight forwarder?
  - For *Service-based* companies: Do you have the resourcing to fulfill increased demand in that export market?
- External: Are your suppliers/service partners local? Do your suppliers have direct distribution in your selected market(s)? Can your suppliers handle increased volumes/new products? Are you overdependent on one or two suppliers?
- Outsourcing: While latest trends in international trade are going towards outsourcing manufacturing and service-related functions, the pros & cons of such measures must be carefully weighed.

d) Intellectual Resources or Intellectual Capital

Intellectual capital is the intangible value of a business. Resources include brands, proprietary knowledge, patents, customer databases, copyrights and relationships. It is the sum of everything that everybody in a company knows that gives it a competitive edge. Intellectual resources take time to create and develop and are key company assets, even though they are not reflected in the company balance sheet. Address gaps in IP protection and trademarks for your target market.

Assess carefully all the resources you currently have and describe the additional resources your company needs to access to support your international growth

	Internal Resources (existing and required additional resources)	External Resources (existing and required additional resources)
Financial Resources		
Human Resources		
Physical Resources		
Intellectual Resources		

3) S.W.O.T. Analysis

(As it relates to exports)

To achieve your strategic objectives abroad, your company needs a range of resources, skills and capabilities. A S.W.O.T. analysis is a very valuable tool to assess your company situation. By defining your company's strengths, weaknesses, market opportunities and threats relating to your export activities,
you will create a clear description of your company's current state.

Areas you should be thinking to include are:

- Production - How cost-effective are your company's production processes? What is your company's overall efficiency, effectiveness and productivity? Will capacity keep up with growing demand coming from new markets?

- **Marketing & Sales** - Does your company understand your target market(s)? Are sales being supported by an aggressive approach to promotion?
- **Distribution** - Does your company employ advanced logistics techniques? Does it enjoy extensive and effective distribution channels abroad?
- **Financial** - Does your company have access to a variety of sources for financing? What levels of financing are available to you? Do you generate significant cash flow to finance your expansion?
- **Management** - Is management able to direct change in the organization? What is the depth of export experience in the business? Are turnover rates manageable or are they disrupting continuity in the organization?

Complete the table below with bullet points.

Strengths (internal, positive factors) *What you do well - competitive advantage?*	**Opportunities** (external, positive factors) *What market conditions help you out? Market share, currency advantage, consumer preferences/cultural similarities*
Weaknesses (internal, negative factors) *What operational issues will hurt your growth? These are key challenges you will have to address throughout your plan.*	**Threats** (external, negative factors) *What export market conditions will need to be overcome? Logistics, currency risk, brand awareness, political risk*

EXPORT STRATEGY

1) Why Exporting

There are many reasons why a company can decide to expand internationally. Some of the most common reasons are a need to increase revenue, margins, or profits, improve productivity, beat your competition, extend product life cycles, flatten product seasonality and many more. In other words, **what will your company gain from exporting?** Whichever the reasons, the goals behind going global should be well understood as the tools and tactics you will be using might differ.

Identify the key factors that have influenced your decision to export.

2) Defining Exports Goals and Objectives

There is a significant difference between goals and objectives. Setting and using clear objectives and defined goals are strategies you can use to increase the success of your company. In short, goals are the outcome you intend to achieve, whereas objectives are the actions that help you achieve those goals.

a) **Goals:** goals are short and broad statement of desired outcomes to be accomplished over a longer time frame, usually three to five years. It does not describe the methods used to get the intended outcome.

Some common examples of business goals for your company could be:

- Maximize profits
- Grow revenue
- Increase efficiency and profitability
- Become the industry benchmark in your field
- Strengthen your brand
- ……

b) **Objectives:** Objectives are specific, actionable targets that need to be achieved within a smaller time frame, such as a year or w few months, to reach a certain goal. Objectives describe the actions or activities involved in achieving a goal.

Some common examples of business objectives for your company could be:

- Increase overall business revenue by 15% this fiscal year
- Reduce transportation costs by 10% within the next 2 years
- Reduce response time to customers' enquiries down to 24h by the end of the fiscal year.

c) How to differentiate between goals and objectives

	GOALS	OBJECTIVES
Order	Refers to the mission of the organization	Set for the accomplishment of the goals
Scope	Goals are broad in nature and not being measured in quantifiable units.	Objectives are narrower than goals and are described in terms of specific tasks.
Specificity	Goals are general statements of what must be achieved. They do not specify the tasks that need to be performed to accomplish them.	Objectives are specific actions one takes within a certain timeframe.
Tangibility	Goals are usually intangible and non-measurable	Objectives have tangible targets
Timeframe	Goals are set to be achieved over a longer period. A goal is usually divided into several objectives spread over multiple time frames.	Objectives are meant for a shorter time frame.
Language	Describing goals focuses on overall strategy and conceptual thinking.	Objectives are much more detailed and nearly always include quantifiable targets.

d) Benefits of setting clear goals and objectives

GOALS	OBJECTIVES
Help you set priorities for your company	Helps measure your progress towards achieving your goals
Support your decision-making process	Creates a sense of achievement and motivates you to move further towards your company goals
Help the whole company focus and move in the same direction	Confirms your overall strategy is formulated correctly
Helps the management team with investment/R&D decisions	Helps you make difficult decisions in difficult situations
	Helps your team set targets and motivates staff

Set clear export goals and measurable objectives for your company (1-2 full pages)

	Goals	Objectives
Short Term (next 2 years)	*Example:* *Increase profit margins*	*Example:* - *Reduce operating costs by 15% in the next 12 years.* - *Increase sales volume by 20% in 18 months.*
Medium Term (2 – 4 years)	*Example:* *Deliver high-quality upgrade services and ensure that customers are satisfied.*	*Example:* - *Ensure that 90% of upgrades pass quality assurance the first time and 100% of the inspected upgrades meet quality standards* - *Implement systematic customer satisfaction feedback by end of quarter 2 to increase the average rating from 7 to 9.*
Long Term (4+ years)		

INTERNATIONAL LAW

A. Compliance

This section is about explaining how your company's legal and ethical practices incorporate enough flexibility to allow for international expansion while keeping in line with Canadian law. Every Canadian company planning to export should have international business compliance established. Failing to do so can make your company vulnerable to foreign investigations which can prove extremely costly. Briefly, a proactive compliance plan will save you time and money.

The main areas of international compliance you should be focusing on include:

1) Immigration laws

Exporting often involves travelling, employing foreign staff, using the services of foreign partners…. These relationships must be sanctioned by documentation that ranges from visas to contractual agreements.

For each of the company staff or foreign agent involved with selling outside the Canadian borders, explain the legal documentation required.

2) Import and export laws

From the moment goods cross the Canadian border, licensing requirements are likely to be mandated. Your compliance plan should include contingencies to protect your company against potential litigation and civil liability. A compliance plan will also minimize the potential for government investigations, which could not only be very costly but also shut your operations in the targeted country.

Describe how you are protecting your company from potential litigation in your targeted countries.

3) Contractual agreements

Transactions across borders are legally much more complex and riskier than within Canada. Each partnership must be stabilized and nurtured despite all the potential challenges that inevitably happen when dealing internationally. Issues like commercial terms, dispute resolution, payment terms and many more must be negotiated and finalized to all parties' satisfaction.

For each of your foreign partners, whether agents, distributors, partners, suppliers, or staff, indicate what type of written agreement has been established, signed by both parties and legal representation and potential way forward if not done yet.

B. Intellectual Property Protection

Intellectual property is a broad category of intangible assets that companies need to protect against outside use or implementation without the company's formal consent. Protecting your company's intellectual property is critical, especially when trading outside of Canada, where laws and cultural standards can differ significantly.

IP protection can take several forms, including copyrights, patents, trademarks, franchises or other and each market or economic zone where your company is trading must be assessed for IP protection. Those must be researched, budgeted and carefully planned.

Describe the measures you currently have in place to protect your IP and/or the plans you need to expand in new markets.

INTERNATIONAL TAX

The complexities and obligations to follow rules and regulations in foreign jurisdictions can be overwhelming when facing exports to new markets despite the considerable growth opportunities. Decisions regarding legal entities, where to conduct business, and how to finance operations all greatly affect the amount of taxes your company will pay.

A. Structuring your company for international expansion

As you expand internationally, it is important to pay attention to the tax consequences of your expansion and take advantage of the opportunities attached to a tax-effective international company structure.

Whether you decide to have a permanent establishment in a foreign jurisdiction, operate exclusively from Canada or establish a close partnership like a franchise or a joint venture across borders, it will impact your bottom line.

Describe how your company is structured to minimize taxes on international transactions

B. Tax Filing

Over the past few years, Canadian and numerous foreign tax departments have sharply increased their demands to report on cross-border situations and transactions. Whether transfer pricing, individual country reporting or separate entity reporting, this trend has put increased pressure on Canadian companies to adopt stricter accounting and reporting processes.

Complying with these demands means that your company and partners must implement policies, procedures and processes that will systematically capture the required transactions details. The complexity of demands can be overwhelming and necessitate an outside tax consultant.

For each market where you are operating or planning to operate, list the tax requirement demanded by the local jurisdiction

C. Exit strategy

Although leaving your business behind might not be part of your immediate future, failing to plan your succession is likely to result in chaos and a loss in the company value. Any good tax planning should therefore include an exit strategy and should be established at least 2 years before the planned exit date.

The 3 most common exit strategies for entrepreneurs are the passing of the business to a successor, the transfer of ownership to employees or a sale to a third party. According to BDC, over 50% of entrepreneurs intend to sell or transfer their business to someone outside their family, 25% of them prefer a family succession, while just over 20% expect to wind down the business and sell its assets.

1) Transfer of ownership through management or employee buyout

This solution allows your management team or a group of employees to pool resources to acquire all or a part of the company. The advantages of this solution are significant and include a preservation of the company culture and legacy, a complete separation of the family and potential conflicts, a limited process for due diligence and a great option to rewards long-term employees. The downside is usually linked to a limited access to capital and consequent company valuation.

2) Succession within the family

Your company can be passed onto family members through either donation or selling of interests, or a mix of both. These hand-outs should be carefully measured, considering tax consequences, revenue needs and the wishes of family members. This solution has the advantage of reducing 3rd party involvement and it gives you the possibility to maintain your involvement and influence in the company. However, it can sometimes be difficult to identify and train the right successor, leading to potential family conflicts.

3) Selling the business to a 3rd party

The main options for business owners who are looking to sell their small business include:

a) **Initial Public Offering (IPO):** this relates to the sale and/or issuance of shares in a private company on a public stock exchange.
b) **Private equity:** this relates to the sale and/or issuance of shares to a financial investor.
c) **Sale to another business:** the sale and/or issuance of shares to another operating company. This is a good option for shareholders looking for a clean exit and the highest possible value.

Describe your exit strategy

SUPPLY CHAIN MANAGEMENT

The success of your company on the global arena depends on the cohesion, the strength and resilience of each link of your supply chain. Coordinating the flow of materials, information, and finance through each of the components in the supply chain, involves many challenges.

A. FREIGHT FORWARDER

There are mile-long lists of freight forwarders who all claim to be better than the next. It can be very difficult to assess which one will handle best the complexity of your global expansion.

Whatever you decide to choose to carry your goods across borders, the main criteria should always focus on the freight forwarder's experience, the network of global agents they are interacting with, their range of services, their credentials and certification and finally, their level of customer service.

As a general rule, the cheapest forwarders are not the best at solving all the problems that can happen with your cargo.

Explain your transportation strategy and the reasons behind your choice of freight forwarder

B. COSTS

Keeping transportation costs under control is always a key component of international trade. The challenges you have to face are broad:

- Cost of fuel
- Increasing complexities of tracking technologies
- Increased demands from customers regarding timing, tracking, delivery…
- Freight billing
- Many more

Do you have a strategy to lower your transportation costs in view of your increased international expansion?

C. COMMUNICATION

Having an efficient supply chain requires a team that works well together, has good synergy and a certain chemistry that achieves results. That team includes internal staff but also outside partners. Building a better team, better technology, and better processes to improve communication is critical to your successful expansion.

What are the processes you have in place to maximize communication between all the people involved with your supply chain?

E-COMMERCE

At the end of 2019 (according to data from Statista) the global ecommerce market sales reached $3.5 trillion and represented 14% of the total share of global retail sales. This data predicts that by the end of 2020, global ecommerce sales will reach $4.2 trillion and make up 16% of total retail sales.

For many companies who have not yet exported, e-commerce can be a great way to start your global journey.

However, if e-commerce forms part of your expansion plans, domestically or internationally, you need to have a strong strategy in place.

A. E-COMMERCE MARKETING

1) Pricing

E-commerce shoppers tend to hunt for deals, creating the temptation to lower prices to increase potential sales. Whichever you decide to price your products/services, be very careful not to undermine your distributors, to set target margins and not to undermine the value of your brand. Like in normal distribution, e-commerce requires a clear pricing strategy.

Describe your e-commerce pricing strategy, including payment methods

2) Marketing

Whether you decide to have loyalty programs, subscriptions, customer support tools or any other tactic to enhance customer experience, you must have a clear path to create market awareness and client retention for your e-commerce platform.

3) Site speed and Design

All evidence show that slow websites lose orders to fast websites. In fact, 47% of customers expect any website page to download in 2 seconds or less and 40% will leave the website after waiting for 3 seconds. The data is ever more severe for customers using mobile devices.

What are the technical and marketing steps you have taken or are planning to push your e-commerce sales?

B. E-COMMERCE LOGISTICS

1) Product returns

Depending on the type of product you sell and the type of customers you sell to, you could have lots of returns which can turn into headaches. In facts, for some products the return rate for e-commerce sales can be as high 50% over normal after the holidays.

You need to track your return rate and have a clear understanding on how returns affects your bottom line (you need to take into account the cost of restocking, lost or damaged good or return shipping if you paid for it).

Explain your return policy and cost to your overall margins.

2) Distribution Centres & Stock control

One of the downsides of e-commerce is the large amount of stock you have to keep, especially if you are in the retail sector and sell to other markets which need different packaging, languages, pack sizes…. Increasing your exports means the number of SKUs, transactions, countries and marketplaces will increase accordingly. Inventory management can become extremely complex and require strict control of various techniques.

Further to inventory control, exporting gives you a choice of location using specialized distribution centres, either in Canada or abroad. These mega e-fulfilment centres are basically large warehousing facilities specializing in picking, packing, stock control and dispatching of products sold through e-commerce. Would they be a good solution for your company?

How do you currently manage your inventory and distribution? Will exports impact current process?

C. FINANCES

1) Sales tax

Keeping up with where you owe sales tax is a nightmare for e-commerce sellers especially those who use organizations like Amazon. Consider that in the US alone, Amazon has more than 90 fulfillment centers in more than 25 states! This means that if Amazon transfers some of your products to another state, you are suddenly obligated to collect and remit sales tax for sales made to residents of that state.

Describe the processes you have in place to keep track of sales tax and ensure compliance with foreign jurisdiction?

2) Fulfilment centres fees

Fees charged by large organizations like Amazon will become a big part of your P&L. They include sales commission fees (6-20% depending on the category), FBA fees (depends on the size of the item, how long the inventory sits at the distribution centre…) and advertising costs. Those will reduce your margins drastically, possibly making your e-commerce strategy nonviable.

Assess the share of fees paid to fulfillment centres as part of your overall pricing strategy

3) Transaction volumes

Should your e-commerce sales become successful, you fill face the challenge of having to deal with lots of small transactions with lots of data points. The multiplication of SKUs and volumes could create a challenge for your accounting system. One potential solution is to batch transactions on a weekly/monthly basis.

Describe the measures your accounting system has to manage the increased volume of transactions?

D. SECURITY

Of the many technical issues linked to e-commerce, data security is probably one of the most difficult to control.

4) On-line Security Verification

For all you know, all the information given by a prospective client could be false. There are software solutions that can identify fraudulent attempts through identity verification by using multi-layered authentication for fraud control, including electronic identity verification, SSN verification, instant authentication, and identity checks.

Be aware that you may not need your customers' identity, but you do need to verify their age for adult content or products.

5) Data Confidentiality

Selling through e-commerce instantly makes your company the guardian of your clients' confidential data. Should you suffer a security breach, you are exposing not only your clients' data but your own company door to liability.

Describe the steps have you taken to ensure the security of your e-commerce activities

INTERNATIONAL FINANCE

Introduction

Start your export financial plan with a quick introduction highlighting your challenges, financial goals and objectives. It should also include a quick reminder of which markets you are focusing on and how these revenues will fit within the overall company's projected results.

A. Understanding your financial risks for exporting

Like in domestic markets, there are risks associated with exporting which can have a significant impact on your bottom line. Your export financial plan should assess those risks and make provision to protect your company from them.

1) Commercial or Credit Risk

Credit risk is a very common hurdle any business needs to assess while operating. International trade only increases the level of risk as clients fall under different jurisdictions, different laws, different cultures… You should seriously consider insuring your accounts receivable for international transaction. This can be done at a very low cost and will help you not only to place you in a more competitive position with potential clients, but also to leverage more working capital from your commercial bank.

2) Political Risk

Political risk is usually defined as the risk to your company resulting from political instability or political change. While people tend to think about severe situations like war, revolution, terrorism or labor strikes, the current changes in the US show clearly that political risks can happen in any market. Overnight. A change in a political environment could have a serious impact on import tariffs, international money transfers or any other regulation or policy, potentially impacting your profit margin.

3) Currency or Foreign Exchange Risk

Currency fluctuations are unavoidable when doing international trade. Many businesses choose no to protect themselves against this risk based on their margin levels, number of various currencies they deal in, market presence or size of the companies. Whether you decide to protect yourself against currency fluctuation or not, it is important to assess the risk you are facing so you can make an educated decision.

4) Legal Risk

It is important to remember that exposure to legal risk can be extremely costly, especially in an international context where your company does not have the same degree of control. Companies trading in specific sectors like health or food products can be particularly vulnerable to liability suits. Your financial plan should make provision for such eventuality.

B. Assess and leverage your assets and capital for your export activities

The costs of exporting can be significant and have a real negative impact on your company's financial situation if not evaluated correctly. Building a strong financial plan for your export ambitions will help you ensure your cashflow and operating lines of credit remain healthy.

A sound export financial plan should include:

- **Sales forecasts per each market:** All analyses and forecasts should be based on a multi-year format. They should be established based on the company's new export goals and objectives but remain realistic. Sales forecasts typically form the top line of your cashflow analysis and will be reflected in your **Cash Budget** below.
    - Note that it is extremely unusual for any new market to display positive revenues in year 1, hence the need for the financial situation of the company to be strong enough to carry the initial investment.
    - Depending on your company's pressure points, you might want to develop a manufacturing forecast, supply forecast, HR forecast, etc.
    - Scenario Analysis: you might want to include in an annex a "best-case" and "worst-case" scenario, clearly identifying your assumptions for using the chosen scenario in your export plan.
- **A cash budget:** following your most likely scenario estimate, build an export cash budget is an estimation of your financing requirements over the short to medium-term, so you can assess the timing and amount of your export cash expenditures.
- **A capital budget**: a capital budget covers a longer period than the cash budget and analyses the funds you'll need to succeed in your export journey. Your capital export budget will give you an operating plan against which you can measure actual expenditures and revenues. It will also tell you when your export will start generating positive cash flows.

Both your short-term and longer-term budgets should consider the financial risks highlighted previously. Also keep in mind that international payments usually take longer than domestic ones, impacting negatively your cashflow. Some countries are notoriously difficult for timely payments, sometimes taking several months to cover their debts, even with 30 days contracts.

1) Export Cash Budget

Please create an overall cashflow budget for your export activities. It is easier to have a separate budget for each export market and then combine them all. You can use the example below as a basis to build on.

Example of a cash-flow analysis for 1 year:

Market X	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales												
Cost												
Gross Profit												
Payment timing												
Expenses												
Trade shows (incl. booth)												
Air travel & hotel												
Food & Entertainment												
Transportation												
Shipping/ Freight												
Promotional												
Insurance												
Translation												
Website												
Export Manager												
Consultant												
Legal												
Commissions												
EDC												
Total expenses												
Cash flow												
Cumulative cashflow												
Financing needed												

2) Export Capital Budget

Your Export Capital Budget will integrate your Export Cash Budget (see above) and all the company's necessary costs to reach the desired bottom line for your export plan.

Once your export capital budget is drawn, you will be able to clearly assess how your international (future) presence will fit within your overall company's strategy, from both a cost and revenue perspective.

You can use the example below as a basis to build your export capital budget.

Example of a foreign market P & L:

Market X	Year 1	Year 2	**Year 3**
Projected Gross Sales (Revenue)			
Sales discounts, returns			
Net Sales			
Cost of Goods Sold			
Operational Profit			
Operating Profit Margin			
Salaries and Overtime			
Sales and Marketing			
General Administration			
EBITDA			
Taxes			
Depreciation / Amortization			
NET PROFIT / LOSS			

C. Financial Support

There are many export financial support programs you can access to boost your international expansion. Your export financial plan should research:

- which government loans and grants you can access,
- which tax credits you can access depending on your services/products and markets
- how you can leverage government services to get financial information on potential new clients, and
- how you can negotiate competitive payment terms with new customers, and

These programs are run by all levels of government and require various levels of paperwork and requirement. One common thread though, is the need for planning to write applications, submit and get reviewed.

In this part of your financial plan, you will describe which program you could apply for, when you should apply and how it would impact your cashflow.

D. Method Payment

Whether you decide to use Letters of Credit, ask for Cash in Advance, or use Documentary Collection, you should be aware of the many existing payment methods and which is best for you and your clients. All markets are different and while some methods like Letters of Credit are extremely popular in Asia, they can be rarely used in other parts of the world, making it sometimes difficult to impose them during negotiations.

Each of those method will have a different impact on your cashflow and should therefore be planned.

CONCLUSION

Your conclusion is an important part of your financial analysis. It should give any reader a strong summary of your overall financial situation and how exports will fit within the company's general strategy. It should state how you are planning to grow your markets and general export over the short, medium, and long term. It should include a summary of your projected sales, three-year profit loss, and twelve-month cash flow including a summary of how you will fund your expansion. Once written, it could become a part of your overall executive summary at the beginning of your export plan.

INTERNATIONAL MARKETING STRATEGY

A. CLIENT/CUSTOMER PROFILE

International marketing is significantly more complex than domestic marketing. Additional factors like legal differences, cultural differences, barriers to entry (tariffs, taxes…), brand identity and distributor agreements will add complexity which must be planned and approached strategically.

One of your most important elements to ensure your success in your foreign market is to clearly define your clients. Your marketing plan should identify three key elements: 1) who your target customers are, 2) how you will reach them, and 3) how you will retain them, so they repeatedly buy from you.

Describe your ideal client(s) in your chosen international market. Those can be very different from the end-users of your products/services. There could be several types depending on product range, geography, etc.

Who are your clients? (might differ from your end-user)	
Provide a clear & specific description of the end-users of your products/services	

What are their precise wants, needs & buying motivators?	
Where do your end-users buy from? What channels?	
If you use intermediaries/distributors, provide a clear & specific profile of the ideal one	
Who are the top 2-3 competitors in your new chosen market?	
Are your clients easily reachable? How?	
Where are they located?	

B) MARKET ANALYSIS

4) Export Market Scoping and Research

To select your export market and succeed in expanding there, it is critical to gather as much market intelligence and information as possible. Market research is the foundation of your marketing strategy and should be aimed at achieving your company's overall objectives. Three factors need to be outlined in your plan:

a) Sources of Market Intelligence

Industry associations, local competitors/allies, commercial banks, industry publications, data traders, Trade Commissioners, etc. This section will give credibility to your findings and help convince potential investors.

b) Competitive Analysis

Identify your competitors and evaluate their strategies to determine their strengths and weaknesses as they relate to your products and services. Based on your market research. How do you stack up against your main competitors (direct or indirect)?

c) Market Selection

Describe factors such as competitive advantages in logistics, cultural links, economic conditions, technological aspects, etc.

Once you have analyzed your market and have a strong knowledge of who your clients and competitors are, highlight the key points of why you have chosen your selected market and why it will give you a competitive advantage.

2) P.E.S.T. Analysis

P.E.S.T. is an acronym that stands for the Political, Economic, Social and Technological factors of the market(s) your company want to enter. Before entering any market, you will have to do in-depth research to determine the major trends and factors you will have to take into consideration.

P.S.: this research is extremely long to complete. You might want to make use of the services of external support such as university students or interns.

Political (includes legal and regulatory): *Labour law, consumer protection, environmental regulations, industry-specific regulations, competitive regulations, etc.*	**Economic (market trends):** *Economic growth trends, taxation levels, government spending levels, disposable income, job growth/unemployment, interest rates, exchange rates, tariffs, etc.*
Social (cultural conditions): *Demographics (age distribution, gender, race, family size, growth rates, etc.), lifestyle changes, population shifts, education, trends, cultural aspects, fads, diversity, immigration/emigration, health, etc.*	**Technological (access to IP):** *Technological factors can determine barriers to entry, minimum efficient production levels and outsourcing decisions. Technological factors will also consider levels of R&D activity, automation, technology incentives and the rate of technological change.*

C) MARKETING PLAN

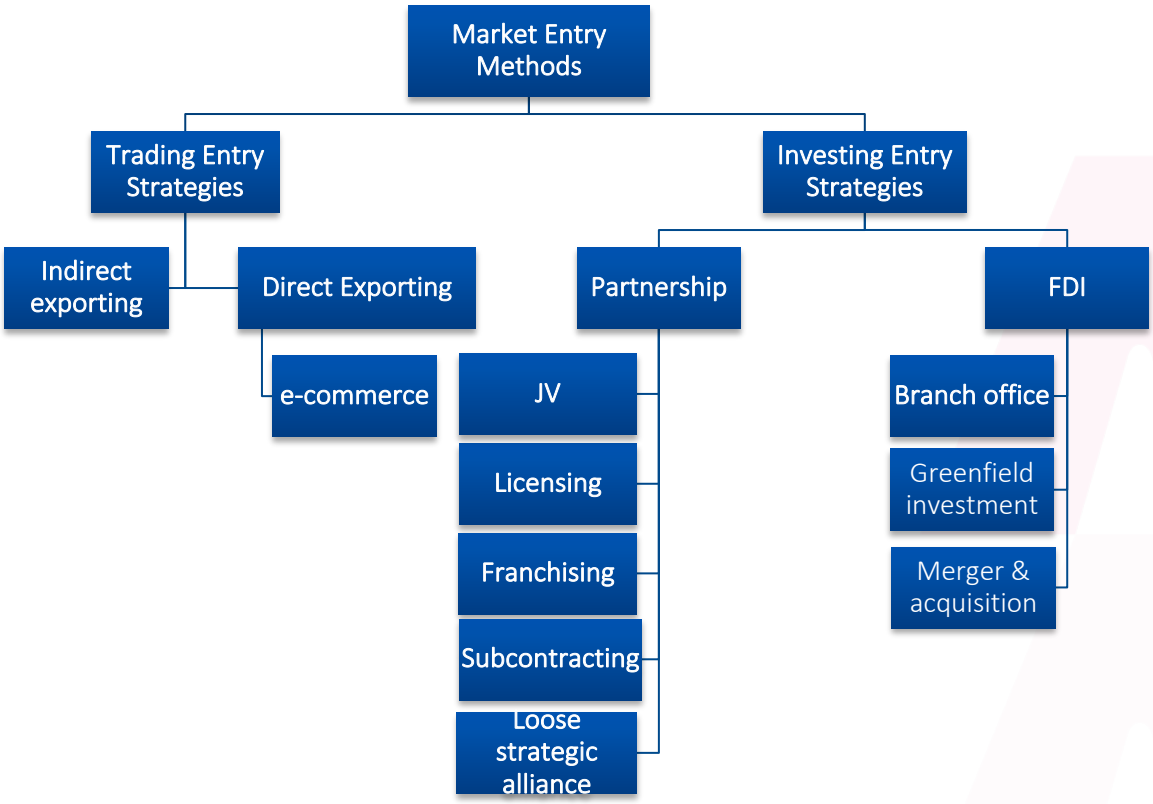
With a clear definition of your clients' profile, market analysis and market competitors, you can now put in place the marketing tactics which will get you to grab additional market shares.

1) Market Entry Strategy

The many methods that a company can use to enter a new market can be defined as trading or investing strategies, all bearing different advantages and disadvantages.

- Outline the various advantages/disadvantages for each strategy,

- Indicate which method works best for your product/service including the strengths and weaknesses of your strategy and,
- Why you didn't choose one of the other leading strategies (if applicable).



Trading Entry Strategies	Advantages	Disadvantages
Direct exporting (to end-user)		
Indirect exporting (via distributor, agent, or third-party)		
eCommerce Platforms (portals, web)		

Investing Entry Strategies	Advantages	Disadvantages
Branch/Sub Office		
JV/Partnership or Alliance		
Investing in Production		
Merge or Acquire		
Franchising		

Describe which market entry strategy will be chosen to enter/expand your market and why.

2) Your Products and/or Services

Write a short, concise value proposition. Describe specifically how it satisfies the needs of your target customer. You can have several value propositions, each targeting a specific customer.

It is highly likely that your products/services will need to be adjusted to succeed in your new market, if only for translation or regulatory considerations.

- **Positioning –** positioning strategies may vary depending on which country you want to penetrate. They are the value proposition which conveys what makes your products/services unique, better and relevant and how they benefit the clients who will be buying them.
- **Differentiation –** essentially the way you carry out your positioning by promoting distinct attributes or benefits that your products/services offer, differentiating you from your competition.
- **Adaptation –** your products/services might need modification to appeal to your new clients and meet local cultural and regulatory requirements, language, pack size, weight, colour, technical specifications, durability, efficiency, prestige, customer service, production, R&D, etc.
- **Pricing –** you might decide to set your prices artificially low to gain market share, lower marketing and promotion costs to create an image of "no frills, great value" or on the contrary, charge higher prices because of a significant competitive advantage or superior quality. Whatever the strategy, pricing should be carefully evaluated and justified to maximize market penetration and the company's objectives and resources.

Describe your products/services strategies to penetrate your export market by focusing on your positioning, differentiation, sales tactics and adaptation in the identified international market.

3) Distribution

For Product companies:

- Your distribution plan should explain how you will supply your products to your customers. Example: will you develop an e-commerce strategy?
- What type of logistics will you be using to maximize efficiency?
- Will your customers buy from distributors or other retailers?

For Service companies:

- Your distribution plan should explain how you will supply your products to your customers. Distribution channels may include:
  - ***On-Site consulting:*** providing on-site work, which would mean intensive resourcing from your end
  - ***Virtual Delivery:*** interacting with clients via phone, email, cloud-based project software, which would expand your ability to distribute your services
  - ***Third Party Consulting:*** distribute your services by working for another service provider who does the marketing and legwork of finding clients.

*Note that your distribution strategy is directly linked to your market-entry strategy

INTERNATIONAL SALES STRATEGY

Expending internationally requires a winning international strategy, which, in turns requires the right knowledge, skills and the ability to share information across all levels of the company, including external partners.

A. HUMAN RESOURCES

Companies which succeed internationally tend to display the following common traits:

- Aggressive staff training, including sales force based in foreign markets
- Maximum leveraging of external experts and government support
- Effective integration of internal company experts with the international team

Describe your HR strategy for international expansion, including the name and position of staff dedicated to export growth

B. PROCESSES

Your internal processes are directly linked to the measurement of your company's efficiency and the Value it is creating. Once you have clearly identified your export strategy and objectives, it becomes essential to map your internal processes to describe how you are going to achieve that strategy. Keep in mind that processes exist throughout your organization – whether they are formally defined or not – that they create value and are a critical part of your value proposition. They differentiate your company from your competitors.

1. Customer Relationship Management (CRM)

Although running a CRM system can appear daunting and unnecessary for a smaller company, the implementation of solid customer relation processes will track basic information such as supply chain, sales pipeline and age analysis, accounts and shipments which are absolutely vital to limit your overheads and streamline your company's internal functions.

Describe, whether in Word, table form, excel sheet or other, how your company is/will be planning to manage customer relationships in an international context. Key areas should include:

- *Customers selection*
- *Customers retention*
- *Customers acquisition*
- *Enhancement of customers relations*

2. Processes Compatibility

Planning the implementation of your internal processes will give you the ability to integrate all systems smoothly, thus creating significant savings in the longer-term. While it is tempting to invest in new technological solutions as the company grows and needs increase, the multiplication of ad-hoc independent solutions will eventually become detrimental to overall productivity.

Keep in mind that cloud-based systems are often more effective, especially in a global environment as everyone in the company has access to any information at any time.

Describe your IT architecture e and design and how it will ensure a smooth integration of all your company's functions, from manufacturing, finance, CRM, administration, and others.

C. IMPLEMENTATION & ACTION PLAN

An Action Plan consists of several action steps defined to achieve your company's objectives. Each action step should include the following information:

- **What** actions or changes will occur
- **Who** will carry out these changes
- **By when** they will take place, and for how long
- **What resources** (i.e., money, staff) are needed to carry out these changes
- **Communication** (who should know what?)

Example of Action Plan. *Insert content with your own plan, including dates, names, etc. and using various colours to make it easier to read. Other columns can be added such as "priority level", "date of completion" or "notes". Action plans can be designed in Excel, Microsoft Project, or any other available software packages.*

Objective	Tasks to be completed	Desired outcome	List of needed resources	Person responsible	Date to begin	Due date

D. CONTROL

One of the most challenging aspects of international trade is to monitor and keep control of all foreign activities, including sales. To keep track of goals and objectives, processes must be implemented to monitor activities and their outcomes. You will need to establish standards, measure performance against standards and correct deviations from those standards.

Typically, control measures will be based on sales volume, sales value, market share gains, consumer feedback or any other appropriate or relevant measure.

Example of a control measure for directing a foreign sales force:

	Company/person contacted	Nature of call	What was discussed	What was decided	Date to be completed	Follow-up action
Date	*Name, title, contact details*	*Meeting/call/ plant visit…*	*List of subjects covered*	*Actions and name of person responsible*		*Includes description and date*

Action sheets can easily be requested on a weekly basis, for past or future calls in any industry. Numerous tools can be found to increase the monitoring of sales representation in foreign markets.

The World Trade Centre Toronto (WTC-T) is the trade services arm of the Toronto Region Board of Trade. As a member of the World Trade Centers Association, WTC-T creates unparalleled global access for the Toronto region's business community with its connection to 326 branded properties and trade services associations in 89 countries. WTC-T provides targeted international trade advisory services and expertise through comprehensive research, trade education, strategy building workshops, outbound and inbound trade missions and valuable connections to experts and networks.

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