ROADMAP TO EXPORT SUCCESS
Training Series
Based on the Book
BY MAURICE KOGON

IS EXPORTING FOR ME
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March 5, 2024
Why Export?

❖ Make more money

✔ Sell to 200 more markets outside the U.S.
✔ With 95% of the world's consumers
✔ With 2/3 of the world’s purchasing power
✔ Over $19 trillion in foreign imports
✔ If you’re not exporting, this is what you are forfeiting

❖ Reduce dependency on the U.S. market

✔ When the U.S. economy slows, others might be booming
✔ When your season ends, others are just starting
✔ When your product phases out in U.S., others still want it
✔ Don’t idle your capacity, keep it at full capacity
Your U.S Market May Seem Large
But It’s a Small Fraction of the World Market
America’s [Unrealized] Export Growth Potential

- 75% of U.S. manufacturers do not export
  - Many make exportable products
- 60% sell only to Canada and Mexico
  - Many have new-to-market potential
- Why are 75% of Mfrs selling to only 5% of their potential market?

Export Myths

- It’s too complicated
- I’m too small
- It’s too Risky
- I Can’t Compete
- I can’t afford it
5 Stages of Export Development

Bring Up Chart
Role of Export Intermediaries

❖ EMC/ETC Responsibilities for their Clients
  ▪ Secure authorization to represent clients
  ▪ Find foreign buyers for clients
  ▪ Research best export markets for clients
  ▪ Develop market entry plans for clients
  ▪ Market & promote clients’ products
  ▪ Respond to foreign inquiries/quote prices
  ▪ Negotiate terms of export sale
  ▪ Handle export paperwork
  ▪ Arrange shipping and financing

❖ Your Compensation as an EMC vs. ETC
❖ Protect against “end runs” (circumvention)
Exporting vs. Domestic Sales
Similarities

❖ Same product/service for both
❖ Same customer segments for both
❖ Complementary seasons for both
❖ Same market research sources for both
❖ Same distribution channels for both
❖ Same base price for both
❖ Same promotion methods for both
❖ Same inquiry response methods for both
❖ Comparable health/safety regs for both
❖ Same transport methods for both
Exporting vs. Domestic Sales
Differences

❖ Different payment modes/foreign exchange
❖ Greater use of agents/distributors
❖ More & different paperwork
❖ Widely varying laws & business practices
❖ Involves customs duties & clearance
Assessing Export Potential & Readiness

❖ How do I know if I have export potential?

- Your product is selling well in the U.S. market
- You have price or other competitive advantages
- U.S. products like yours are already being exported
- Foreign countries are importing products like yours

❖ What does it take to be export-ready?

- Learn the basics of exporting – reading, training
- Have adequate resources -- money, Inventory, staff
- Have committed managers – patient, willing to spend
- Have sound operating methods – planning, distribution, promotion
- Line up your export support network
- OR, farm out exports to an intermediary (EMC)
Company Resources for Export

❖ Need adequate budget for export initiatives
  □ Small budgets can produce export results
  □ The more you invest, the greater the return

❖ Need adequate inventory to fill orders
  □ Idle capacity can be put to export use
  □ Pre-export working capital can build inventory

❖ Need competent staff for export operations
  □ Hire or train

❖ Need management commitment throughout
Export Potential Positives

❖ You have strong domestic sales
❖ You’ve had unsolicited foreign inquiries
❖ Your product/service is price-competitive domestically
❖ Your product/service is somehow "superior"
❖ Your transportation costs to destination are not prohibitive
❖ You can adapt your product/service to the market
Export Potential Negatives

❖ Product transportation costs are high
❖ Product needs on-site user training
❖ Product needs extensive on-site service
Management Commitment

- Management exports for the “right” reasons
- Management sees exports as important
- Management is willing to be patient
Operating Methods

❖ Market research and planning are SOP
❖ Company has a sales/distribution network
❖ Company markets/promotes its products
❖ Workload is delegated and not closely held
Where Can You Get Export Help

❖ Help for new exporters
  □ SBDCs
  □ SCORE
  □ State Export Development Offices

❖ Help for export-ready firms
  □ USEACs
  □ DECs
  □ Export Service Providers
Free & Low-Cost Export Help

❖ Free Services
  ◾ Export orientations for start-ups
  ◾ One-on-one consultations with experts
  ◾ Export readiness assessments
  ◾ Extensive Web-based trade information

❖ Low-Cost Services
  ◾ How-to-export workshops
  ◾ Workshops on key trade topics
  ◾ Help with finding and entering markets
  ◾ Help to attend trade shows/find customers
  ◾ Help to comply with trade regulations
  ◾ Help to finance export sales & get paid
  ◾ Help with export transportation & logistics
Free Web Resources For Exporters

❖ International Trade Compliance Institute (ITCI) Website (www.tradecomplianceinstitute.org) - One-stop access to extensive information on all aspects of international trade, including Exporting Basics and 1,000s of direct links within the Trade Information Database, Regulatory Database, & Regulatory FAQs Database.

❖ USDOC’s Export Website (www.trade.gov) - One-stop access to worldwide market research and trade promotion resources for manufactures and services.

❖ USDA’s FAS Website (www.fas.usda.gov) - One-stop access to USDA’s worldwide market research on food and agricultural products.
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