

## Guide to Exporting

Adapted from [export.gov](http://export.gov)

### 1. Export Planning

The first stage in export planning is to investigate the market and the various reasons to consider exporting to customers. This article details the value in trillions of dollars that U.S. total exports hold and explains some of the reasons why small-to-medium sized businesses are in a good position to leverage selling to overseas markets.

Are you looking to make your first export sale or expand into new foreign markets? Each year, thousands of U.S. companies boost their bottom line and competitiveness by meeting world demand for innovative, quality, made-in-USA products and services. You can too, with a good export plan. When it comes to making new export sales, businesses often have several questions, among which are the most common:

- Is my product in demand?
- How do I find foreign buyers?
- How would I get paid?
- What is required to ship goods?
- Where do I start?

#### **The World Is Open for Business—Your Business**

While the U.S. exports some \$2 trillion in goods and services to world markets annually, there is vast opportunity to increase both the number of U.S. exporters and the markets they are selling to— particularly among small and medium-sized firms.

Here are just a few reasons to pursue export sales:

- **Demand.**

More than 95 percent of the world's consumers are outside of the United States. Your competitors are increasing their global market share, and you can too.

- **Access.**

Exporting doesn't have to be burdensome. The Internet, improved logistics channels, free trade agreements, eCommerce, and the array of available export assistance through the U.S. government and its partners has made exporting more achievable; that's true for even the smallest businesses.

- **Profitability.**

Exporting can be profitable for businesses of all sizes. On average, sales grow faster, more jobs are created, and employees earn more than in non-exporting firms.

- **Competitive Advantage.**

The United States is known throughout the world for high quality, innovative goods and services, customer service, and sound business practices.

- **Risk Mitigation.**

Most companies that export have an easier time riding out fluctuations in the U.S. economy and are more likely to stay in business.

- **Export Resources.**

U.S. companies can benefit from U.S. government resources and its state and local partners. For example, the U.S. Department of Commerce has a global network of U.S. Commercial Service offices in 108 U.S. cities and U.S. Embassies and consulates in more than 75 countries; and through the U.S. Export-Import Bank and Small Business Administration, businesses can leverage export financing.

## 2. Identifying a Market

Choosing a market for your product or service requires careful research. Here are some pointers to take into consideration.

To succeed in exporting, you must first identify the most profitable international markets for your products or services. Without proper guidance and assistance, however, this process can be time consuming and costly — particularly for a small business.

**Tips:**

- Thorough market research is key to success. Understanding your export markets will give you vital information about how to manage your efforts.
- Do not choose too many markets. For most small businesses, three foreign markets will be more than enough, initially. You may want to test one market and then move on to secondary markets as your experience level develops.
- Focus on regional, geographic clusters of countries. This can be more cost effective than choosing markets scattered around the globe.

**Begin with:**

- Classifying your product
- Finding countries with the largest and fastest growing markets for your product
- Determining which foreign markets will be the most penetrable
- Defining and narrowing those export markets you intend to pursue
- Researching export efforts of U.S. competitors
- Determining which countries might be profitable markets for your product/service

**Tools & Resources:**

- Find your HS (Harmonized System)/Schedule B number (see <http://2016.export.gov/california/sanfrancisco/qa/hssb/>)

**Checkup**

- Do you know your HS classification/Schedule B code?
- Which target market(s) have you selected for your company?
- What are the pros and cons of the market(s)?
- What R.O.I. do you need to achieve to make the market(s) worthwhile?
- Do you know where you can find help to identify the best markets?

**3. Market Entry**

Specific considerations to address for your target market.

Once you have chosen your target market(s), your plan needs to address specific considerations for that market.

- Do you need to tailor your product or service to specific consumer preferences, industry standards, or regulatory environment of that market, for instance?
- What steps do you need to take to actually export from the United States?
- Are there certain risks/challenges associated with doing business in your target markets for which you can prepare?

This article will help you think through what it takes to actually make a sale to your target market and to prepare accordingly.

**You will need to:**

- Create an action plan to address the pros and cons of exporting.
- Determine product modifications based on consumer preferences, market environment, trade barriers, etc.
- Understand regulations and licenses that apply to your products

**Tools & Resources:**

- Consider how you might have to adapt your products/services for the target market. Leverage market research to learn about the target market's industry standards, consumer preferences, etc.

- Familiarize yourself with the regulations and licenses that may apply to your product(s). Most export transactions do not require specific approval in the form of licenses from the U.S. Government. Regulations regarding all exports must be followed.
- Understand Tariff and Import Fees. It is very important to consider the effects of tariffs, port handling fees and other miscellaneous customs charges when determining your product's final cost.
- Determine your Tariffs and Import Fees. These are duties (or taxes) applied to goods transported from one country to another, or on imported products. Tariffs raise the prices of imported goods, thus making them less competitive within the market of the importing country. Before you export to any country you need to determine what the tariff rate is on your product(s).
- Think about Non-tariff Trade Barriers. These are laws or regulations that a country enacts to protect domestic industries against foreign competition. Such non-tariff barriers may include subsidies for domestic goods, import quotas, regulations on import quality, and other Foreign Standards and Certification Information.
- Consider whether or not intellectual property rights violations are a likely risk in your target market(s).

#### **Checkup:**

- What are the relevant standards issues your company faces in the target market(s)?
- Are there other trade barriers your product or service faces in your target market(s)?
- What are the adjustments you might have to make to your product or service prior to entering your target market(s)?
- Can you address all of these issues in your plan?

#### **4. Plan Development**

Creating an international export plan is important for defining your company's present status and internal goals and commitment. It is also required if you plan to seek export financing assistance. Prepare a plan prior to requesting bank loans. This can save both time and money. Completing an international business plan helps you to anticipate future goals, assemble facts, identify constraints and create an action statement. It should also set forth specific objectives and an implementation timetable and milestones.

#### **Developing an Export Plan**

- Conduct an "audit" of your company to determine how exporting will impact your operations.
- Understand the key components of an effective, actionable export plan.
- Have a clear idea of the information you need to collect and sources where you might find that information.
- Begin developing your export plan.

#### **Tools & Resources**

Preliminary considerations: before writing your international sales plan, you should understand

exactly what exporting will mean for your company. More specifically, you should consider the management issues for exporting, approaches to exporting, distribution channels and other important considerations that will impact your business. Just as no two companies are alike, there is no one-size-fits-all export plan. However, your export plan should be an extension of your overall business plan, if not infused completely into your business plan. Many of the same questions for your international sales strategies will apply to your domestic sales plan.

[Click here to see a Sample Export Plan](#)

## 5. Selling to Your Market

Evaluate the most profitable way to distribute, price, and promote your products and services to the customers in your target market.

Once you have chosen a target market and addressed how to prepare for that market, it's now time to evaluate the most profitable way to distribute, price, and promote your products and services to the customers in your target market.

### Steps:

- Determine the distribution method for your product or service
- Calculate the optimal pricing for your product or service
- Create a sales and promotion action plan

### Tools & Resources:

- Leverage customized market research from the US Commercial Service to determine how to optimize your promotion efforts based on the consumer preferences of your target market.
- Promote your products and services to the target market. There are a variety of ways to do this without leaving the United States or even by traveling to the target market.
- Search for trade leads in your target market.

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### Checkup:

- What is your pricing strategy for the target market?
- Have you identified the distribution channel(s) for your product or service?
- What is your budget for promotional activities in your target market(s)?
- Can you travel outside the United States to facilitate your sales strategy?
- Will language be a barrier?

*Prepared by the [International Trade Administration](#). With its network of 108 offices across the United States and in more than 75 countries, the International Trade Administration of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Locate the trade specialist in the U.S. nearest you by visiting <http://export.gov/usoffices>.*

*If you would like to request a Cincinnati SCORE counselor please [click here](#).*

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