

# Writing an Export Plan

## EXPORT SERIES

For more information, contact:

**exportlink**

*The Business Link* Business Service Centre  
100 – 10237 104 Street NW, Edmonton, Alberta

Tel: (780) 422-7722 or 1-888-811-1119  
Fax: (780) 422-0055  
E-mail: [buslink@cbsc.ic.gc.ca](mailto:buslink@cbsc.ic.gc.ca)  
[www.cbsc.org/alberta](http://www.cbsc.org/alberta)

A Member of the Canada Business Service Centre Network



## Go Global...

Going global is a big step for many companies who are only familiar with their domestic market. It is important for the health of your business to really know why you want to export. On average, it takes about a three-year commitment to establish a presence in a foreign market. This will require the resources of people and finances during this developmental period. Checking the feasibility of the venture is an obvious exercise before you go global.

You may want to examine whether your interest in exporting is market driven, or product/service driven. Here's the difference...a market driven entry would look at "what the foreign market wants, and how you will fulfill that need". A product/service driven entry would be, "here's what my company offers, now let's find sales in a foreign country". The common link is that both require feasibility and a lot of resource planning.

A recommended first step is an Industry and Company Diagnostic evaluation of your business or current resources. If this confirms your commitment to export development, proceed with the next step, the Export Business Plan. Prior to spending a tremendous amount of research time on developing your export plan, the diagnostic will help you evaluate whether your objectives for exploring foreign market will be satisfied, and whether the risks of the venture are truly worth the returns.

Should your diagnostic confirm your firm's export readiness, then proceed with the export planning process. The Export Business Plan will evaluate the country risk, the target market(s), the demographics, the market demand and needs, the currency and commercial risks, the legal aspects, the logistics of delivering the product or service, and of course, the financial implications involved in an export transaction.

## Preliminary Diagnostics

Knowing your industry is important for the present and the future. In the Industry Diagnostic, the items to examine are the current trends and the growth potential of your industry. A declining industry, a highly competitive industry, or a saturated domestic industry may motivate seeking growth potential in markets abroad. In the Company Diagnostic, it is extremely important that you know management's commitment to exporting, available financial and human resources, and production capabilities.

### A. Industry Diagnostic:

1. Describe your industry
2. What are the industry trends: growth, decline, stagnant, saturated, increased competition?
3. How does the industry overall measure in the global marketplace? i.e. What percentage of the industry output is exported (increasing or decreasing)? How competitive is the industry in the international marketplace?
4. What is currently exported from this industry, and to where?
5. What government and association studies have been developed for the industry? (Foreign and domestic)

### B. Company Diagnostic:

1. Give a description of your business in terms of history, ownership structure, growth pattern, staff numbers, number of points of service, etc. over the recent years.
2. How well does your small business compete in your industry?
3. What are your goals and objectives for considering exporting? (An overly competitive domestic market, a surplus of product or production capacity, need for exchange of new ideas and technologies, a "hot" market, greater economies of scale?)
4. How financially stable is your company at this time and the foreseeable future? International business may mean additional costs and delays in cash flow.
5. Evaluate your staff for international experiences and capabilities? (i.e. languages, foreign travel, contacts, education). Can staff be assigned to the exporting project? What additional support will they require? (i.e. budgets, equipment, training, management commitment). To what degree can the organization accept change (going international)?
6. How much can your plant produce or your company service in a given time frame? Can you keep up with foreign demands, without sacrificing any domestic business? How reliable are suppliers and methods of transportation? What contingency plans are in place if a disruption occurs?

7. What external expertise such as other suppliers, freight forwarders, customs brokers, international lawyers, accountants, banking divisions, consultants, and other international support organizations, will you require to supplement internal skill deficits?

You can also test your export readiness and get feedback on priority activities to succeed in your target export market by completing Team Canada Inc's export readiness diagnostic available on-line at: <http://www.exportdiagnostic.ca>.

Upon completion of your diagnostics, you will have a good view of your company's ability to achieve the goals and objectives for international trade; expanding your markets, acquiring new capabilities, improving profitability, and exploiting new opportunities. If favorable, you should now be able to proceed with your international business plan.

## Getting to the Right Stuff

Getting the right information for an international business plan is readily available. The federal and provincial government, through Team Canada Inc, Trade Team Alberta and initiatives such as The Business Link Business Service Centre, has excellent information resources and service.

**Team Canada Inc** is a network of more than 20 federal departments and agencies working with the provinces, territories and other partners to help Canadian businesses prepare for the global marketplace. Team Canada Inc's web site: **Exportsource** is the government of Canada's largest and most comprehensive web site on exporting, where you can find the information, skills and assistance you need to make your export venture a success.

Internet web site: [www.exportsource.gc.ca](http://www.exportsource.gc.ca)

**Trade Team Alberta** is a partnership of key Alberta public and private sector organizations offering trade-related services to active and potential exporters. It provides services to businesses to help them achieve success in global markets. The Team is one of 10 Regional Trade Networks across Canada, and an important part of Team Canada Inc's approach to helping Canadian businesses capture emerging opportunities in international markets.

Internet web site: [www.alberta-canada.com/tta/index.cfm](http://www.alberta-canada.com/tta/index.cfm)

To access the information and services provided by the members of Team Canada Inc and Trade Team Alberta, contact **Export Link**, a specialized service of *The Business*

**Link**, dedicated to Alberta's new and potential exporters. We will assess your export readiness and assist you in determining the appropriate contacts to access throughout your venture.

Export Information Service: 1-888-811-1119

Internet web site: [www.exportlink.ca](http://www.exportlink.ca)

Export manuals which may be of assistance in your research, can be found at **The Business Link's** library. Annual directories and reference materials offer a multitude of data to guide and inform you about the target market. This information is available on site in Edmonton, but also through our Regional Lending Library.

Finally you can access local services by contacting the **Regional Export Links**. These regional centres feature friendly export specialists and a collection of local resources to help you advance your export initiative.

Call us at 1-888-811-1119 or visit [www.exportlink.ca](http://www.exportlink.ca) for more information on these additional resources.

## Export Plan Template

### A. Cover Page

### B. Table of Contents

### C. Executive Summary

### D. Company Description

#### 1. History

- Significant milestones in the development of the business
- Is the company currently exporting? If yes, where to what has been the strategy to develop export markets?
- Corporate legal structure, any subsidiaries, affiliates, joint ventures, strategic alliances

#### 2. Management

- Ownership of the company
- Organizational structure
- Identify key personnel and summary of qualifications, identify any exporting experience, past or present

### 3. The Export Team

- Identify specific individuals and their positions which have been assigned responsibilities for export development
- Identify international skill sets and knowledge (languages, culture, international marketing, logistics, transportation, documentation, banking, politics, economics, legal, financial, etc.)

### 4. Sales/Revenue/Financial Stability overview

- Discuss the financial health of the corporation?
- What percentage of sales, profits are contributed by exporting activities?
- What are the percentage growth of export sales and profits relative to overall growth?

### 5. Goals and Objectives

- Overall goals and objectives for the company
- Export goals and objectives: how does the exporting activity contribute to achieving the overall goals and objectives?

## **E. Product/Service Description**

### 1. Domestic and International Products and/or Services

- Unique selling attribute or competitive advantage(s)
- Typical profile of end users
- Describe required product modifications
- Seasonality and life cycle of your product or service
- Intellectual property protection

### 2. Growth Potential

- Domestic and existing international market(s)
- New products/services research and development
- New intellectual property protection

## **F. New Foreign Marketplace Analysis**

### 1. Rationale for Exporting

- Consistency with the company's goals and objectives

### 2. Rationale for Selected Foreign Market

- Why does the company want to enter this particular foreign market(s) over other prospects?



3. Country Profile
  - Political, economic, social conditions
  - Regulatory environment
  - Legal structure
  - Fiscal/taxation structure
  - Infrastructure conditions (e.g. roads, ports, rail, airports, telephones, and communications, etc.)
  - Cultural and business practices
  
4. Industry Profile
  - Broadly identify direct customers (e.g. buyers, agents, distributors, trading houses) or actual end users (e.g. individuals, businesses) and current market trends
  - Competitive Analysis
    - Overall competitive conditions
    - Existing competitors: strengths, weaknesses, opportunities, and threats (SWOT) in the foreign marketplace
    - Unique selling attribute or competitive advantage(s) of each
    - Existing sources of production and channels of distribution
    - Marketing practices used
    - Typical payment terms offered

## **G. Market Entry Strategies**

1. Strategic Alliance, if applicable (co-marketing, co-production, joint venturing, licensing, franchising, etc.)
  
2. Target Customer Profile
  - Direct customer (buyers, distributors, trading house)
  - Who will they be?
  - Demographics or company characteristics
  - Purchasing decision makers
  - Actual end users (individuals, families, elderly, youth, businesses)
  - Who will they be?
  - Demographics or company characteristics
  - Purchasing decision makers
  - Total market size and future growth potential
  
3. New foreign market product or service description(s)
  - Typical usage by the end users (what problems are being solved?)
  - Unique selling attributes or competitive advantage(s)/market niche
  - Describe required product modifications



- Product characteristics (design, styles, colors, etc.)
- Quality characteristics
- Product specifications standards(health and safety)
- Labeling, packaging, markings, language(s)
- Seasonality and life cycle of the product or service
- Foreign intellectual property protection (tradename, trademarks, trade secrets, patents, industrial designs, copyrights, etc.)

#### 4. Pricing Strategies

- Export costing analysis
- Pricing constraints
- Legislation (anti-dumping, price controls, resale price maintenance, etc.)
- Current market pricing (if necessary, consider typical profit margins in distribution chain)
- Price sensitivity (market acceptance of higher or lower price)
- Market penetration pricing strategy (market skimming, penetration pricing, flexible pricing, static pricing)

#### 5. Sales and Promotion Strategies

- Sales methods (company representative, subsidiary or affiliated company, foreign agent, foreign broker, mail order/Internet orders)
- Promotion methods
- Advertising availability and regulatory constraints (newspapers, magazines, radio, television, Internet, posters, flyers, letters, etc.)
- Demonstrations, trade fairs, trade missions, etc.
- Promotional tools (samples, in-store giveaways, discounts, consignment, etc.)
- Promotional message (consider cultural, religious, lifestyle/image, economic influences, etc.)
- Sales financing support, pre-arranged financing for purchaser (e.g. EDC, Multilateral Development Banks, etc.)
- Performance bonds and guarantee requirements
- After sales services (returns, repairs, warranties, maintenance, training, communications/hotlines, etc.)

#### 6. Logistics and Transportation

- Time lines between order processing and delivery (contract negotiations, production, invoicing, collections, deliveries, communications, etc.)
- Negotiated delivery terms - Incoterms
- Requirements and availability of warehousing and storage
- Inventory control methods

- Freight insurance requirements
- Methods of transport, identify special needs (e.g. refrigeration, heated, humidity sensitive, etc.)
- Usage of professional services intermediaries (freight forwarders and customs brokers)
- Documentation (import, export, health, quotas, inspections, customs preapprovals)
- Packing and marking requirements
- Service or employment contracts (accreditation requirements, VISAS, immigration issues)

## H. International Law (legal counsel required)

1. Dispute Resolution considerations to address in your sales contract:
  - Mediation/Arbitration clauses: an agreement to attempt to resolve conflicts prior to commencing litigation procedures.
  - Law of contract: the chosen legal system under which the contract is enforced.
  - Venue: the jurisdiction of the court, i.e. where will the case be heard?
  - Attornment: agreement of the parties to be bound by the court's decision in that chosen jurisdiction.
  - Securing Payment: if decision is favorable, how will you collect and who will enforce the collection agreement?
2. Language consideration: the language used to bind the parties within the sales contract.
3. Contract terms and Conditions
  - Incoterms
  - Currency of payment and exchange rate
  - Method of payment (cash, letter of credit, documentary collection, open account, barter, counter trade, consignment)
  - Product measurement methods and quality standards
  - Insurance,
  - Warrantees, after sales services, etc.
4. Product Liability considerations: applicable foreign laws and regulations.
5. Intellectual Property: the protection in the foreign market(s) required to maintain ownership.
6. Sales Agent and/or Distributor agreements
  - consideration of foreign laws and regulations that affect agreement

- commissions
- territory
- duties
- authority
- termination

## **I. Financial Analysis (accounting advice recommended)**

1. Facility and Equipment Requirements: detailed list of capital expenditure items specific to supplying the export market.
2. Sales Forecast: for each export market
  - numbers of units exporting
  - price/unit
  - total sales (three to five year forecast, provide monthly details for year one)
3. Cost of Goods Sold: for each export market (refer to export costing sheet)
  - number of units exporting
  - cost/unit
  - total cost of goods sold.
4. Projected International Income Statement: international sales less cost of goods sold and international overhead expenses to obtain projected net profit.
5. Projected International Cash Flow: expected expenditures of cash and receipt of cash, consider the time elements from the Logistics and Transportation portion of the business plan.
6. Breakdown Analysis: number of units and dollar sales to cover cost of goods and international overheads.
7. Financing Requirements: identify term financing and working capital requirements, equity contribution and collateral available to secure needed financing.
8. Financing Sources: identify type of financial support (e.g. Program for Export Market Development (PEMD), Export Development Canada (EDC), Canadian Commercial Corporation (CCC), Business Development Bank of Canada (BDC), AFSC Commercial Export Financial Assistance, Chartered Banks...).

## J. Risk Management

1. Country Risk: assessment of political, regulatory and economic conditions, contingencies for problems (e.g. pre-payments, insurance, etc.)
2. Commercial Risk: assessment of creditworthiness, contingencies for non-performance such as default, refusal to accept goods, insolvency.
3. Currency Risk: contingencies for maintenance of value, (e.g. contractual value maintenance, forward contracts, currency options, etc.).
4. Internal Risk: contingencies for ensuring adequate manpower skills and availability, control over production and distribution costs.
5. Market Risk: contingencies for changes in domestic and foreign market conditions.

Upon completion of your business plan, you should have a much more defined picture of what your overseas venture will entail. Your decisions and your implementation processes can now be plotted using the information you have gathered and the analysis you have made along the way. You have done your homework, examined the options, done your due diligence, planned your strategy, and now it is time to put your plan into motion.

**GOOD LUCK AND WELCOME TO INTERNATIONAL BUSINESS!!!**

### *Disclaimer*

Information contained in this document is intended as a guide only and should not be relied upon as the only source of information. Please note that all information is current only at the time of printing and is subject to change.

© Reproduction of this document is prohibited without the express consent of *The Business Link*.

***The Business Link*** Business Service Centre  
100 – 10237 104 Street NW, Edmonton, Alberta T5J 1B1  
Tel: (780) 422-7722 or 1-800-272-9675 Fax: (780) 422-0055  
E-mail: [buslink@cbsc.ic.gc.ca](mailto:buslink@cbsc.ic.gc.ca) Web: [www.cbsc.org/alberta](http://www.cbsc.org/alberta)