
Overview

There are many things that are different about trading abroad than trading locally or in the UK. It is important to identify these differences and make sure that the effects on your business will be positive before you commit time and resource to developing markets abroad.

You might do this if you need to:

1. widen your range of products or services
2. find new customers for your existing products or services
3. open a new business or social enterprise elsewhere

If you want to explore markets abroad, you will need to:

1. investigate export markets;
2. consider the costs and benefits of exporting;
3. find out about the paperwork involved, and the terms and conditions of trading abroad
4. plan the resources that will be needed
5. know where to get information and help

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Performance criteria

You must be able to:

- P1 research information on foreign markets to choose suitable opportunities for your business
- P2 consider whether your products or services need changing to be effective in another country
- P3 explore how you will protect your products or services abroad
- P4 identify the most effective way of selling or distributing your product or service in another country
- P5 identify the skills and capacity you will need to develop for your business
- P6 identify the costs, resources, benefits and risks of trading abroad
- P7 seek advice when you need it
- P8 set targets for trading abroad and match these to the targets you have already set for your business
- P9 assess whether overseas trading will produce a suitable return on the investment you are prepared to make

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Knowledge and understanding

You need to know and understand:

International trade

- K1 where you can find out about the market abroad (for example business associates, embassies, market research, trade journals, the internet, marketing specialists, government departments and export agents)
- K2 what might affect your business in foreign markets including:
 - K2.1 location (for example geographical proximity to your business, time zones)
 - K2.2 politics (for example political stability, political stance)
 - K2.3 financial environment (for example, currency exchange rates, charges and restrictions, insurance availability, export and import duties, inflation levels, level of indebtedness, banking and taxation systems)
 - K2.4 laws and regulations (for example differences in legal systems based on codified law and common law and precedence, import restrictions, consumer protection, contract law, environmental protection, workplace safety, employment conditions)
 - K2.5 infrastructure (for example air, road and rail networks, efficiency of distribution, communication and media channels)
 - K2.6 people (for example values, attitudes and tastes, educational levels, technological advancement, affluence, business culture, language)
- K3 how to assess competitors' activities including:
 - K3.1 who your competitors are (for example other exporters from the UK, exporters from other countries or competitors from the country you are researching)
 - K3.2 why some competitors are not exporting to particular countries
 - K3.3 the level of competition (for example intensity of rivalry, extent of price competition)
 - K3.4 your competitive advantage in the market (for example why people would buy your product or service instead of someone else's)
- K4 how your products or services might be affected in foreign markets including:
 - K4.1 market perception (for example unique qualities, strengths, weaknesses, suitability, brand name and image, your own country's image, local certification);
 - K4.2 features (for example shelf life, technical specification);
 - K4.3 laws and regulations (for example product safety, product liability, quality control); and
 - K4.4 protection (for example copyright, intellectual property, trademark, design, patent)

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- K5 different routes to market and which will be most appropriate for you including:
 - K5.1 direct selling (for example face to face or using the internet);
 - K5.2 through another company (for example agent, distributor, wholesaler, retailer, export or buying house)
 - K5.3 setting up a subsidiary
 - K5.4 becoming a subcontractor
 - K5.5 licensing or franchising
 - K5.6 forming alliances (for example working through other companies already operating in the country)
- K6 how to work out the costs of trading abroad (for example, foreign exchange rates, foreign travel, transport and distribution, agents' fees, insurance, credit, export credit guarantees, import duties, packaging, promotion or bad debts)
- K7 how to work out the resources needed to trade abroad (for example management time, premises and warehousing, finance, staff, distribution, administration, product adaptation, packaging and labelling, translation, promotion)
- K8 how to work out the benefits of trading abroad (for example, increased markets, quantity of sales, trading agreements or increased profits)
- K9 how to work out the risks of trading abroad (for example, less sales than expected, changes in exchange rates, distribution problems, late payment, patent and copyright infringements, trade embargoes and international conflicts, losing your current UK-based customers, lack of buy-in from other co-owners or board members)
- K10 what skills you will need to develop for your business to trade successfully abroad (for example management, language, market research)
- K11 how to take account of unfamiliar cultural practices, expectations and business processes when dealing with overseas companies or customers
- K12 how your use of language, tone of voice and body language can be adapted to minimise misunderstanding through cultural differences
- K13 what capacity you will need to develop for your business to trade successfully abroad (for example sales, marketing, storage, production, administration)
- K14 why it is important to get advice from people with a foreign trading background and where to find them
- K15 how long it will take to get your export plan up and running, and how these timescales can differ in different types of overseas market
- K16 how to make sure exporting will be financially viable for your business including:
 - K16.1 researching thoroughly (for example making sure there is really a market for your products or services, allowing a realistic amount of time to develop the foreign market, thoroughly researching all

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the costs involved)

K16.2 planning cash flow (for example making sure you have enough money to last while the new market is being developed)

K16.3 being realistic about expected profits (for example making sure you match your prices to the market, working out exactly what margins you are likely to get and what margins are acceptable to you, working out your profits in pounds)

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Additional Information

Links to other NOS

1. EE1 Achieve the goals for your business
2. BD3 Plan where your business is going
3. BD4 Carry out a review of your business
4. BD6 Make changes to improve your business
5. BD13 Import or export products or services
6. WB1 Check what your customers need from the business
7. WB2 Plan how to let your customers know about your products and services
8. WB3 Plan how you will sell your products or services

Links to other standards

It may be appropriate to consider the following units from the Standards for Working Effectively with People from other Countries or Cultures which are being developed by CILT.

9. Developing and maintaining relationships with organisations from a
10. range of national or international cultures
11. Exploring new markets with different cultures

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