

Guide from

[insert your firm’s name here]

Tel: [insert telephone number here] Email: [insert email address here] [Insert web address here]

[Insert a line about your business here]

**First steps to exporting**

Exporting can boost your turnover and reduce your dependence on UK-based customers. But moving into selling overseas is a big step - it's important you consider whether your business is ready for the challenge.

As well as identifying promising export markets, you'll need to plan how to cope with issues such as extra legal complications, organising transport and making sure you get paid.

## 1. Assessing your export potential

Before committing resources to exporting, you should assess your exporting potential.

### Assess the suitability of your goods and services for export

* Consider whether your product or service offers enough of a profit margin to cover the costs of being exported.
* Identify foreign laws and standards which will affect your products and services.
* You might need to modify your products to ensure they conform to the cultural norms of the target market.
* You should consider intellectual property (IP) protection in each of your overseas markets.

### Analyse the benefits exporting could bring

* Your turnover and profit can be increased.
* Overseas competition could give you a competitive edge over rivals at home.
* Falls in demand in your home market can be offset by overseas sales.

### Identify the possible pitfalls of exporting

* Trying to break into overseas markets may mean that you take your eye off your home market.
* Getting paid by overseas customers can be difficult. Get your terms of sales right.
* You may have to travel abroad or spend months negotiating a deal, so allocate sufficient time.
* Many would-be exporters fail because they are not fully up to speed with the language, culture and legal systems of the target country.
* You must ensure responsibility for delivery and collection is clearly defined.
* You will need to maintain regular contact with your sales agent or import distributor.

### Identify the resources you will need for trading abroad

* Unless you appoint a sales agent, your sales staff may need to have the language skills of your target market.
* Identify the financial reserves needed to support exporting activity such as product development and marketing.
* Ensure your business has the administrative capacity to handle the documentary and legal obligations.
* Ensure you understand foreign regulations, standards and cultural preferences.
* Plan the expansion abroad within the framework of your business plan.

## 2. Researching your export markets

### Identify your target markets

* Investigate which markets have demand for your product or service.
* Find out about potential difficulties you may face in your target markets.
* You can find detailed country-specific advice from the Department for International Trade (DIT), through their [**Exporting is GREAT**](https://www.great.gov.uk/) programme, and from Open to Export. Your professional or trade association may also be able to help.

### Explore your market

You need to:

* Check levels of demand for your product or service and the strength of the economy in the target market.
* Identify a potential foreign supply chain.
* Find growth areas in your target market.
* Examine the industry structure so you know your competition.
* Identify the best way to sell your product. For example, you might look to sell online or through distributors.
* Find out about any modifications required to make your product or service acceptable to different cultures.
* Research foreign laws and any quotas, duties or taxes that may be in place.

### Choose a research method which meets your needs

* In-house research keeps costs down. Be clear about the data you require and set a realistic budget.
* British embassies can provide fee-based information.
* Visits to trade exhibitions in your target market are ideal for building contacts.
* A trade mission abroad can help you meet contacts and gauge competition.
* For detailed information on a specific market, use a market research agency. They have access to your customers and can observe competitors' weaknesses.

## Cultural considerations when exporting

You need to understand the culture of your would-be markets to establish a successful relationship with your customers.

* Customisation of your product or service to the market is essential. Ensure your business respects local traditions, beliefs and customs.
* Analyse local cultural meanings behind your product brands. For example, bicycles might be perceived as a leisure item in one country but as an essential mode of transport elsewhere.
* Evaluate your marketing strategies. The latest thing in the UK might already be old news elsewhere - or too new to take off.
* Speaking the language of your potential customers can establish mutual confidence. It's a good idea to avoid colloquialisms and metaphors in promotional material - they could be embarrassing or offensive when translated into the local language.

## 3. Exporting routes to market

### Consider how you will market your product or service overseas

* Tailor your overseas marketing strategy according to your sales target. Will you sell directly to customers, to a wholesaler or distributor, or via a sales agent?
* If you are selling to another business, such as a distributor or agent, you might need to promote your product via your website, online advertising or trade publications.
* Whether you are selling direct or via a distributor, trade exhibitions abroad are an effective method to present your products - but this is costly.

### Choose your foreign sales channel

* Selling via the internet is the most straightforward option. Make sure your website is up to date and that you can fulfil orders quickly and efficiently.
* A sales distributor buys your products and sells them on your behalf. They can be used to conduct activities such as research.
* A joint venture with a local business will give your business access to established markets. However, the costs of running an overseas branch or office can be high.
* An export agent will find buyers for your products or service and receive a commission on sales. Maintain regular contact with the agent and keep them informed of new product developments.

## Plan your entry to market

After completing your market research, it's worth developing an export plan which defines how you will enter the new market. A plan can also help you communicate progress within your business.

An export plan should outline:

* projected costs and revenues
* export pricing strategy
* legal requirements
* transportation methods
* foreign investment capabilities
* dates for the completion of key tasks

## 4. Getting paid when you export

### Discuss your cash position with your bank before exporting

* The possible time lag between shipment of goods and payment affects your cash flow.
* When arranging your sales, ensure payment terms are defined. Use the internationally recognised rules, Incoterms 2020.

### Minimise foreign currency risks

* If you sell in local currency, exchange-rate fluctuations between the sale date and the date you are paid can mean you receive less than expected.
* Although trading in sterling transfers the risk to your customer, this can make you uncompetitive in the market.
* You can protect against exchange risk using foreign exchange contracts and currency options. Ask your bank for advice.

### Think carefully before extending credit

* Before giving credit to new customers, assess their creditworthiness through an application process.
* Minimise the risks of late payment from new customers by initially granting a low credit limit. Take into account that this may restrict your sales growth.
* Credit payment terms vary across the world. Non-UK firms often insist on large discounts for early settlement.
* Structured trade finance, such as bridging loans, can plug the cash flow shortfall while you await payment.
* Carefully consider the risks of bridging finance. If your customer does not pay, can you afford to shoulder the burden of non-payment?

### Factoring can help you collect debts if you sell direct to customers

* Factors are expert in the techniques of international debt collection. They can chase and collect payments on your behalf.
* For a small fee, the factor will advance you around 80% of the value of your invoices once they are issued. You receive the balance (less fees) once the customer pays.
* High street banks offer factoring services, but they do not operate in every country.

### Trade credit insurance can protect you against non-payment

* Commercial insurers can help with credit insurance.
* Your bank can offer advice.

## 5. Exporting - your legal obligations

Make sure you have the administrative capacity to fulfil any legal obligations.

### Complete relevant paperwork to ensure exporting goes smoothly

You must complete several documents, including:

* a numbered export invoice, which includes a description of your goods
* a standard shipping note, which tells the destination port how to handle and store your goods
* a dangerous goods note, which must be attached if the goods are hazardous
* an export licence, which might be needed for some types of goods

### Comply with Value Added Tax (VAT) rules

* [**Goods exported from the UK**](https://www.gov.uk/guidance/vat-on-goods-exported-from-the-uk-notice-703) are generally zero-rated for VAT.
* You must keep numbered invoices and records giving details.
* You must comply with the VAT rules in the destination country, including for sales to customers in the EU.
* Always make sure you take up-to-date advice from a specialist if in doubt.

### Certain goods may only be exported following the issue of an export licence

* Goods subject to licensing control include weapons, fine art, most food and drink, and chemicals.
* All licences issued by the Export Control Organisation are processed electronically via SPIRE, the online application system.

## 6. Getting your products to market overseas

### Identify the most suitable mode of transport for your goods

* Assess the cost of each option.
* Consider the climatic conditions of the countries the goods pass through.
* Examine how special goods, such as perishables, will be accommodated.
* How crucial is speed of delivery? Some manufacturers will not want supplies until just before they intend to use them.

### Freight forwarders can transport goods

* Forwarders reduce your transport costs because they consolidate your goods with other consignments. This is useful when you can only provide a part-container load.
* A forwarder assumes responsibility for documentation and books air, rail, shipping and road transport.

### Ensure your transport packaging and labelling conforms to international requirements

* Establish the packaging requirements for deliveries to specific countries.

### Define responsibility for your products with your freight forwarder

* You might be responsible for the goods until delivery to your customer.
* Use [**Incoterms**](https://iccwbo.org/resources-for-business/incoterms-rules/) in your contracts.

### Purchase cargo insurance to cover damage to goods or late or non-delivery

* Marine cargo insurance will cover your goods while at sea, and usually for the parts of the journey over land.
* Cover typically costs around 1% of the value of the consignments.

## Signpost

* Find [**export guidance**](https://www.gov.uk/browse/business/exports) on GOV.UK.
* Find extensive [**export market information and guidance**](https://opentoexport.com/) from Open to Export.
* Find export services, support, advice and events offered by the Department for International Trade at [**Exporting is GREAT**](https://www.great.gov.uk/).
* Find a **trade association** relevant to your sector through the Trade Association Forum.
* Find contact details for [**British embassies overseas**](https://www.gov.uk/world) through GOV.UK.
* Find a [**market research agency**](https://www.mrs.org.uk/researchbuyersguide) through the Research Buyer's Guide published by the Market Research Society.
* Find advice on how to obtain [**intellectual property protection overseas**](https://www.gov.uk/government/publications/protecting-your-uk-intellectual-property-abroad) and links to overseas intellectual property offices from the Intellectual Property Office.
* Order a copy of [**Incoterms**](https://2go.iccwbo.org/explore-our-products/books/incoterms.html) from the International Chamber of Commerce.
* Search for an [**insurance broker**](https://insurance.biba.org.uk/find-insurance) belonging to the British Insurance Brokers Association.
* Send a [**customs enquiry**](https://www.tax.service.gov.uk/shortforms/form/CITEX_CGEF) to HMRC.
* Read more about [**export controls**](https://www.gov.uk/government/organisations/export-control-organisation) or find out if your goods need a licence using the [**GoodsChecker**](https://www.ecochecker.trade.gov.uk/spirefox5live/fox/spire/OGEL_GOODS_CHECKER_LANDING_PAGE/new) interactive tool from the Department for Business, Energy & Industrial Strategy.
* Search for a [**freight forwarder**](https://www.bifa.org/member-search) belonging to the British International Freight Association.

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