

Exporting 101



*For Tennessee
Small Businesses*



Exporting 101

The Tennessee Department of Economic and Community Development Trade and Export team can offer businesses assistance with navigating the sometimes intimidating export process. This booklet will answer your questions regarding exporting and determine if you are ready to begin. For more information or to get started, visit **tn.gov/export**.



Why Export?

Why should you export?

- 96% of the world's consumers live outside the United States.
- 70% of purchasing power is outside the United States.
- If you are not exporting, your competitors likely are or will.

Luckily, the Tennessee Department of Economic and Community Development offers free export assistance. TNTrade is a statewide initiative intended to help achieve Governor Haslam's goal of making Tennessee first in the Southeast for high quality jobs by boosting exports from small- and medium-sized businesses. Exporting companies grow faster and hire more workers than non-exporting companies, but less than 2% of Tennessee businesses are exporters.



Are You Ready to Export?

Have you ever wondered if you could expand your business internationally? The questions in this assessment will help determine if you are ready to export your products or services. Whether you have 1 or 100 employees, we can provide you with a plan that pays to export.

Answer the following questions and total up your points for each section. The grading scale is located at the end of the quiz to calculate your results. Once you have calculated your results, you will determine if your business is ready to export or if you need additional assistance. The state of Tennessee offers free export assistance no matter where you are in the exporting process.



Get Started Now

PRODUCT/SERVICE:

1. Your company's product that is currently selling in the U.S. marketplace has:
 - a. A high U.S. market share and continues to grow. (5 points)
 - b. Had past success(es) in the U.S., but sales have decreased because of domestic competition. (4 points)
 - c. A low U.S. market share with minimal sales. (2 points)
 - d. Problems selling well in the U.S. (1 point)

When determining your company's readiness to export, it is important to weigh the costs versus the benefits of exporting. It must be determined if exporting would be worth its costs, or if the company's resources could be better used for developing new domestic business.

2. Does your company's product/service have clear and unique competitive advantages?
 - a. Yes (5 points)
 - b. Somewhat (3 points)
 - c. No (1 point)

Factors like the uniqueness of a company's product can help determine its export success. If a product cannot be replicated abroad, it is likely that the product will be successful overseas.

3. Does your company have a product/service available for production?

- a. Yes. Our product/service is currently in production. *(5 points)*
- b. Our product/service is only in the prototype stage. *(2 points)*
- c. We have an idea about a product or service we would like to export. *(0 points)*

4. To what extent is your company's product/service sold domestically?

We sell:

- a. A variety of products and/or services across the U.S. *(5 points)*
- b. A variety of products and/or services regionally within the U.S. *(4 points)*
- c. Some products across the U.S. or regionally within the U.S. *(3 points)*
- d. Some products locally. *(1 point)*



5. Is your company's product/service compliant with all technical aspects required for exporting?

- a. Certain that we are compliant. We put a fair amount of research into this. (5 points)
- b. We are mostly compliant, but we know there is still more work to be done. (4 points)
- c. We are still researching to determine our plan of action. (2 points)
- d. I am not sure, but would like assistance to determine what technical aspects are required. (0 points)

Trade regulations and international markets can be difficult to navigate. Failure to understand and comply with rules and regulations of exporting by the U.S. and foreign countries may result in serious penalties. Figuring out where your company and product fits in can take time and patience. The state of Tennessee is willing to help companies research and determine how to comply with all regulations.

6. Has your company calculated export prices, including items such as FOB (free on board), CIF (cost, insurance and freight), etc. and taken into account currency risk?

- a. Yes (5 points)
- b. Somewhat, there is still work to do. (3 points)
- c. No (1 point)

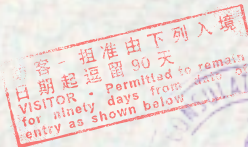
A company should consider all of the financial aspects to exporting. The TNTrade team can help you understand your market and the risks and benefits associated with it. We can estimate the costs to determine if you have the financial capacity to export.

7. Your company achieves export sales for your product/service:

- a. Regularly and proactively (5 points)
- b. Occasionally (3 points)
- c. We have not yet. (1 point)

Exporting experience is beneficial, but not required. The process of exporting different products varies greatly, but much of the process such as paperwork, financing and shipping stays the same. Every company was once a first time exporter, and you can be successful with time.

SECTION POINT TOTAL: _____



THE MEANS TO EXPORT:

8. You have excess capacity or will be able to increase production by:

- a. Training new staff. (5 points)
- b. Using existing capital, equipment and staff. (3 points)
- c. Investing in new plants and equipment. (2 points)
- d. We have not decided and are currently working to determine capacity. (1 point)

9. Significant finance is required for developing new markets. How has your company planned on financing its export development?

- a. With a working capital/cash flow (5 points)
- b. Through bank finance option (3 points)
- c. We do not have a financing plan, yet. (1 point)

Exporting expenses can be kept at a minimum, but there will always be associated costs. Generally companies with stable, more flexible resources will have the easiest time financing an export venture. Many companies start on a tight budget; the key is maximizing the utilization of available funds. We offer several free government programs such as TNTrade Academy and ExporTech that can help kick-start and expedite your company's export process.



10. In your business plan for this year, is there a budget for export market development costs, e.g. market research, visits to the market, samples, brochures, website development, etc.?

- a. Yes – up to \$75,000 (5 points)
- b. Yes – up to \$20,000 (3 points)
- c. No (1 point)

In addition to having a market development budget, a company should also have a clearly written marketing strategy to encourage clarity and accountability and to limit miscommunication. Writing out a marketing strategy as well as a budget will inform your management what kind of commitment to exporting is expected of them.

11. If your company has marketing material for the product/service for export, what is its status?

- a. All of our marketing material is already translated for its appropriate market destination(s). (5 points)
- b. Our material is not prepared for market destinations, but our material for the local U.S. market is pretty good. (3 points)
- c. We do not have marketing material, yet. (1 point)

SECTION POINT TOTAL: _____

MANAGEMENT KNOW HOW:

12. What quality of research has your company undertaken into overseas markets to determine priority markets and optimal routes to market?

- a. Detailed research, including visits to the market. (5 points)
- b. Desk research from Tennessee. (3 points)
- c. We want assistance to help us begin the research process. (1 point)

Successful planning and research prior to exporting is essential in achieving export success. Market research is utilized to collect information that enables you to gain an edge over your competitors. Thorough market research now will result in less costly mistakes later.

13. How much exporting experience does your company management have?

- a. Considerable (5 points)
- b. Occasional (3 points)
- c. None (1 point)

While exporting experience can be beneficial to the process, it is by no means required. The TNTrade team has experienced exporting resources located across the globe that can help get you started.



14. Is your company management committed to export development?

- a. Yes, our management from the CEO downwards are all on board with export development. (5 points)
- b. Yes, this effort is primarily led by senior managers (or similar positions). (3 points)
- c. Not yet. (0 points)

Making sure your management is committed to exporting is key to your success. Even more, management needs to be committed to exporting for the right reasons, such as the long-term economic growth of the business. The business of exporting takes patience, dedication and the long-term development of relationships, all of which require committed personnel. The TNTrade team is your partner and is committed to help you throughout the course of your exporting process.

15. Have clear and realistic goals for export development been identified and created?

- a. Yes (5 points)
- b. In progress (3 points)
- c. No (1 point)

Today's global trading system is ideal for small firms getting into the exporting business. The most important thing is organization, commitment and adhering to a firm plan.

SECTION POINT TOTAL: _____

Results

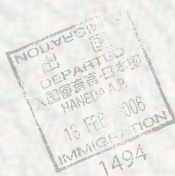
Transfer your section totals here. Add them together to reach your overall total and find out your results.

SECTION 1 POINT TOTAL: _____

SECTION 2 POINT TOTAL: _____

SECTION 3 POINT TOTAL: _____

OVERALL TOTAL: _____



EXPORT READY: *65-75 overall points*

You are ready to export and we are ready to help! The ExportTech class will help you get started and determine the next steps you will need to take.

ALMOST READY: *50-64 overall points*

You are almost ready to export! An Export 101 session will help you understand what it will take to begin exporting.

CONSIDER MORE PREPARATION: *31-49 overall points*

You just need a little more preparation and you will be ready to export in no time. Contact us today to begin your exporting process.

FOCUS DOMESTICALLY: *12-30 overall points*

Your product or service will be more profitable if you focus on domestic sales. Not all products will be successful in other markets. If you would like more information, please contact the TNTrade team or your local Small Business Development Center at **[sba.gov/offices](https://www.sba.gov/offices)**.

For more information on classes, visit **tn.gov/export**.

Global Offices



We have made it easy to connect with international markets by having four offices located across the globe. The regional specialists are experts in their market and offer valuable services to Tennessee companies at no cost. To get started, visit **tn.gov/export**.



