

In association with



# Export for growth

## Your guide to getting started



## LLOYDS BANK WHOLESALE BANKING & MARKETS

Lloyds Bank Wholesale Banking and Markets provides comprehensive expert financial services to businesses ranging from privately owned firms to multinational corporations and financial institutions. As well as offering the expertise and capabilities our clients need to compete successfully in the marketplace, we are proud of the relationships we build with our customers.

We work closely with them to understand their business and offer the best financial solutions to meet their distinctive needs.

The wide range of services and innovative solutions we can deliver includes:

- dedicated relationship banking.
- capital market funding.
- debt and equity finance.
- treasury and risk management services.
- structured finance solutions.
- asset finance.
- leasing.
- company registration and employee share schemes.
- competitive e-trading facilities.
- import and export trade finance.
- tailored cash management solutions.
- structured credit investments and securitisation facilities.

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## Foreword

The UK economy, in common with many developed countries, has suffered in recent years. Growth rates have dropped while economies have been rebalanced, businesses have retrenched and governments have focused primarily on deficit reduction. As a result, the last four years have been very tough for most companies in the UK.

### TAKING ADVANTAGE OF OUTSTANDING OPPORTUNITIES

However, one bright spot amid the gloom has been the growing interest in exporting as a means of supporting businesses' growth ambitions. In recent times, a growing number of UK businesses have woken up to the possibilities of broadening out from domestic markets into new markets. It's a trend that has been building for several years, and encouragingly, it shows no sign of slowing down.

This brochure aims to outline some of the outstanding opportunities opening up across the world, and what UK companies can do to take advantage.

Many of these new markets are countries that are rightly viewed as established trading partners to the UK

– the EU and US in particular. But a growing proportion of new opportunities now come from emerging markets – the much-discussed BRICs (Brazil, Russia, China and India) as well as others following those markets: the CIVETS, for instance (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa) have some of the highest rates of GDP growth in the world and are increasingly attractive for UK firms looking to sell (and partner up) abroad.

This brochure highlights UKTI's work and is designed to provide an insight into the emerging market opportunities for UK businesses, as well as look in more detail at some quick wins that companies can achieve by preparing themselves for an export push.

In particular, it looks at:

**Why should I export?** It can be a daunting prospect but the potential rewards from opening up new markets can be significant. And it's not only the bottom line from increased sales: research proves that those companies that export tend to be more innovative and productive than their peers and are more protected from sluggish domestic economic performance.

**Where should I export to?** While the fastest growth is coming from emerging markets in Asia and South America, the EU and the United States still account for the majority of export sales from the UK. Developing links in these 'socially close' markets may offer an easier way into exporting for some businesses.

#### **What markets are opening up?**

Don't know your BRICs from your CIVETS? Emerging markets are exciting and fast growing, but there are a whole range of factors that make each one different.

#### **How should I prepare my business to get the best from the export market?**

Fail to prepare, prepare to fail. There are a few simple steps a business can take to ensure they are ready to meet the export challenge. Are your finances properly set up to cope with the increase in business? Do you have the right controls in place to ensure you're not over-extended?

#### **What obstacles can I expect to meet?**

There's no doubt that even the best prepared business can run into trouble when setting up an export operation. Finding a market is just the beginning – the regulatory, legal and compliance elements will also need attention.

#### **Where can I look for help?**

UKTI will be the first port of call for many businesses, but alongside that there are a range of bodies, public and private, that offer assistance and advice to those companies embarking on an export drive.

UK businesses, and smaller firms in particular, are in the perfect position to capitalise on these emerging trends. Most are already set up to sell abroad, with good management structures, prudent financial strategies and are nimble enough to change the way they work to make the most of dynamic emerging markets.

However, while opportunities abound, so do risks. Any business entering a new market will encounter a number of new risks that they must manage.

Consider the following:

Is your intellectual property protected?  
Are you aware of the local tax code if setting up a subsidiary or sales office?  
Have you got sufficient working capital to finance an export drive?  
Are you protected if your counterparty goes bankrupt?  
Do you have adequate resource in place to truly export successfully?  
Have you put in place the proper foreign exchange framework to maximize your returns?

No business can hope to address and manage these risks on their own. That's why there are a number of places that offer help to potential exporters.

The work of UKTI is vital in helping a new generation of businesses have the confidence to go out into new markets. The advice and expertise is second to none. This brochure lays that out, and is an invaluable starting point.

From a banking perspective, helping customers navigate this minefield is one of the key priorities for Lloyds Bank in 2012 and beyond. Through our work in most of the world's most significant markets, we have developed expertise across all aspects of export finance and risk management.

We believe that there are few more important things we can do as a bank than offer guidance, encouragement and support to those customers looking to grow through an export strategy. That includes offering access to a range of finance products and services that can form an important part of any export strategy.

On behalf of Lloyds Bank I am delighted to support the vital work of UKTI in helping UK companies compete in the global marketplace. For our part, we are committed to working with existing and new customers in order to design solutions to help them be the very best they can.

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# It's time to go global

Have you ever thought about doing business in overseas markets? If not, or you thought it too difficult, then you might want to think again.



Exporting can help you survive and grow. There are real opportunities to trade internationally; UK products, services and expertise continue to be in demand across the world. There are opportunities – both in traditional, established markets such as Europe and the US, and the high-growth economies of countries such as China, India, Brazil and Russia.

As hosts of the 2012 Olympic and Paralympic Games in London, the eyes of the world are firmly on the UK. This provides a perfect platform for UK companies to showcase their expertise and do business in overseas markets.

This guide aims to help you grow your business internationally. If you haven't exported before, you will probably have lots of questions. As this guide sets out, there is a lot of expert assistance available.



**If you become an exporter, the evidence shows that you are likely to improve your productivity by a third in your first year alone.**

Mark Prisk, Minister of State  
for Business and Enterprise

## Where should I export to?



### Why should you take the export plunge?

UK companies which export are responsible for 60 per cent of national productivity growth and more than 70 per cent of UK business research and development. This helps to give them a technical competitive advantage, leading to **more sales** and opening **new markets**.

Doing business overseas is a different experience for every company and its benefits will vary greatly depending on the personal profile of each firm.

As well as opening access to **new sources of revenue**, trading internationally will allow you to **spread risk** across a wider range of customers, **extend the market** for specific products and ensure that you are aware of international competition.

In some cases companies are able to offer much more interesting roles for their staff, and to recruit better people as a result.

Exporting can also be a **catalyst for innovation**. In many cases you will see new ideas and opportunities overseas which will spur you to develop new and modified products to meet the needs of international customers. This can help you to gain and retain a competitive advantage in the UK as well.

#### Academic research confirms that exporting companies:

- are more productive and innovative than non exporters;
- are more resilient to an economic downturn;
- achieve stronger financial performance;
- have a higher profile and more credibility; and
- are more likely to stay in business.

### A growing trend

More and more UK companies are recognising the benefits of exporting. Research shows that a growing number of UK firms have increased their export levels. A recent study found that the percentage of UK firms doing business overseas rose from 26 per cent to 31 per cent over a two-year period.

Exporting is not just for bigger businesses. A recent survey of around 200 smaller exporters showed that three in every four planned to export more in 2011. A separate study found that the proportion of small UK firms exporting increased by 10 per cent in both manufacturing and services over a six-year period.

## Business benefits

Exporting can allow companies to:

- 1 Achieve levels of growth not possible domestically.
- 2 Increase the resilience of revenues and profits.
- 3 Spread business risk.
- 4 Achieve economies of scale not possible domestically.
- 5 Increase the commercial lifespan of products and services.
- 6 Increase the returns on investment in R&D.
- 7 Improve financial performance.
- 8 Improve productivity.
- 9 Boost their profile and recognition internationally.



Exporting is a must to survive in these difficult times. Despite the challenges, the opportunities are simply staggering. A British-made product is a mark of quality, and has a higher value overseas. Exporting can be challenging but also exciting.

Mary Barnett, Director, Chokolit

### Case study — New York Delhi

Exports have helped west London snack business New York Delhi more than quadruple its turnover since its launch in 2009.

Its premium peanut brand, ViPnuts, is now being supplied to Canada, Eastern Europe, France, Germany, Spain and the US. Market visits to New York and Delhi have enabled them to meet potential distributors and exhibit at overseas trade shows.

Managing Director Nina Uppal says: "We are truly going global. Because of the excellent advice, support and contacts we have received, New York Delhi has been catapulted into the global market, giving it the sort of exposure I had only dreamt of. We have already caught the eye of a couple of giant food multinationals.

"I always knew we had an excellent product and brand, but it was really about how we shouted about it."

[www.newyorkdelhi.com](http://www.newyorkdelhi.com)

Where should I export to?





The advice we received not only helped shape my export strategy, but really opened doors, putting me in contact with the right people in the right countries.

Parminder Kalsi, Managing Director  
BBC Pharmaceutical Services

## There is an abundance of opportunities for UK exporters – and plenty of support to help you take advantage of them.

The UK is a major trading nation, able to capitalise on the single market through the European Union (EU), as well as being 'socially close' in terms of culture and language to a number of major international markets – including the US.

Many UK firms begin exporting by entering established markets such as these. The EU, with its open borders and shared import/export procedures, provides UK companies with unrestricted access to more than 500 million consumers, while the US continues to be our number-one export market, offering opportunities across a wide range of sectors.

## High-growth markets

UK exporters are also increasingly embracing the myriad opportunities offered by the world's emerging economies – many of which are experiencing rapid rates of growth. Such high-growth markets include the 'BRICs' (Brazil, Russia, India and China), whose dynamic economies will provide a wealth of prospects for UK firms in the coming decades.

In addition to the BRICs, there are other fast-growing markets with great potential, such as the so-called CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa). These often smaller markets have much to offer, and UKTI International Trade Advisers (ITAs) are well placed to guide exporters on how to select the best territory to target.

Growth in such markets is driven by rapidly rising populations and GDP levels. Research has shown that the

middle classes in China and India, for example, are set to increase household expenditure fourfold over the next 20 years. The Chinese middle class is forecast to grow from 172 million to 314 million in the next five years – more than the entire population of the US.

These rapid growth rates, combined with progress in infrastructure, communication networks and global co-operation, are making doing business in high-growth markets increasingly commonplace for UK exporters. For example, since 2002, the number of UK companies exporting to China and India in the construction and IT sectors has increased by over 100 per cent.

You don't have to be an experienced exporter to enter a high-growth market. Two in five of the smallest exporters (with fewer than 10 employees) already do business in at least one high-growth market.

## Aid-funded business

As well as working with specific geographic markets, there are also huge opportunities for UK companies in aid-funded business – that is, the contracts awarded by multilateral agencies such as the UN and World Bank to support projects in the developing world. Much of the implementation of these aid-funded projects is contracted out to the private sector, representing significant business opportunities for consultants, works contractors and suppliers of goods and services.

Every year, multilateral agencies spend some US\$60 billion on everything from tents to telecommunications. The UK currently gains between 4 and 17 per cent of this aid-funded business, with the most sought after expertise being in the healthcare, construction, consultancy, ICT, environmental and transport sectors.

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## Case study —

### Kat Maconie

Exports have been a key way for British footwear designer Kat Maconie to build her business. Having received support from UK Trade & Investment, her label can now be found in leading fashion stores across the world, including Brazil, Europe, Japan and the US.

"I knew I'd have to produce large quantities of shoes early on to get a decent price point," says Maconie. "I had to grow the business quickly and my best chance of doing this was to look beyond the UK."

"UKTI's support has been crucial. The international trade adviser really understood what I was trying to achieve and had a very good insight into the nature of my business."

"The UKTI-organised seminars were really helpful, while the support I had in meeting the costs of travelling to new markets was invaluable – I would not have been able to fund such visits on my own."

**[www.katmaconie.com](http://www.katmaconie.com)**

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## Case study —

### Skyline-IFE Ltd

International business has really taken off for Suffolk-based in-flight entertainment company Skyline-IFE.

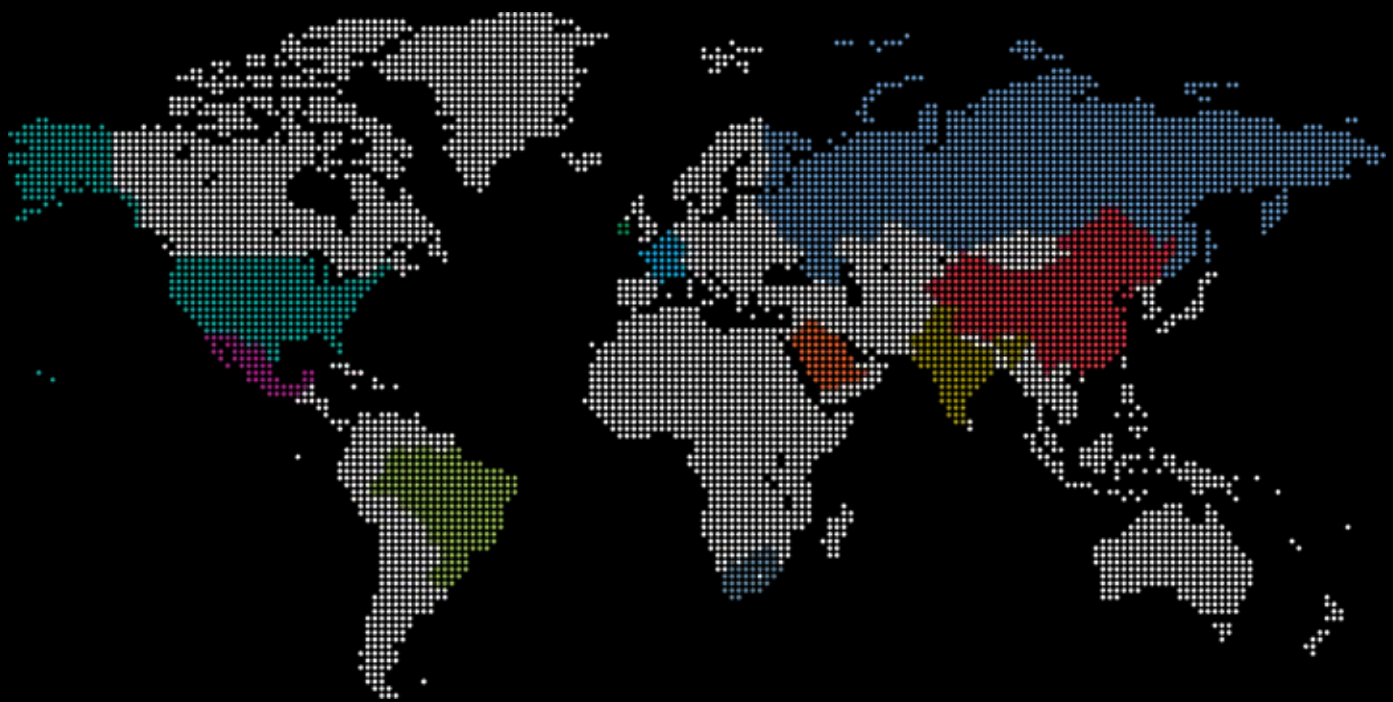
Since getting professional advice and attending major airline industry exhibitions overseas, the small firm has won clients in Norway and Sweden and is bidding for work in the Middle East.

Managing Director Richard Barsby says: "It is relatively new for us to be selling in this way and the expert advice we received was one of the things that gave us the confidence to go ahead. Advice which is tailor-made for a small business like ours made us take a considered look at our strategies and plans."

He adds: "We know that trading conditions are going to get very challenging in the coming year but we believe we are well placed to come through. We're now very busy presenting new proposals to prospective clients."

**[www.skyline-ife.com](http://www.skyline-ife.com)**





# A world awaits

There are opportunities for UK exporters in all corners of the world. They include:

- **Brazil**

The value of UK goods exported to Brazil grew by 24 per cent to £2.2 billion in 2010.

- **China**

China has become the UK's ninth-largest goods export market and British export activity there rose by 418 per cent from 2000-2010.

- **France**

The UK's fourth-biggest export market.

- **India**

UK exports to India grew 45 per cent between 2005 and 2010.

- **Ireland**

Widely considered the 'easiest' overseas market for UK exporters, who sold goods worth £17 billion there in 2010.

- **Mexico**

UK goods exports to Mexico increased by £207 million in 2010. 24 per cent of internationalised UK firms said that they are already doing business here or are 'very' or 'quite' likely to do so in the next two years.

- **Russia**

Around £3.6 billion of UK goods were exported here in 2010.

- **Saudi Arabia and UAE**

Popular emerging markets with nearly a quarter of internationalised UK firms already doing business here.

- **South Africa**

A popular emerging market, with 45 per cent of firms involved in or considering export activity either there already or with some likelihood of entering in the next two years.

- **US**

The UK's number-one export market, with around £38 billion of UK goods exported here in 2010.

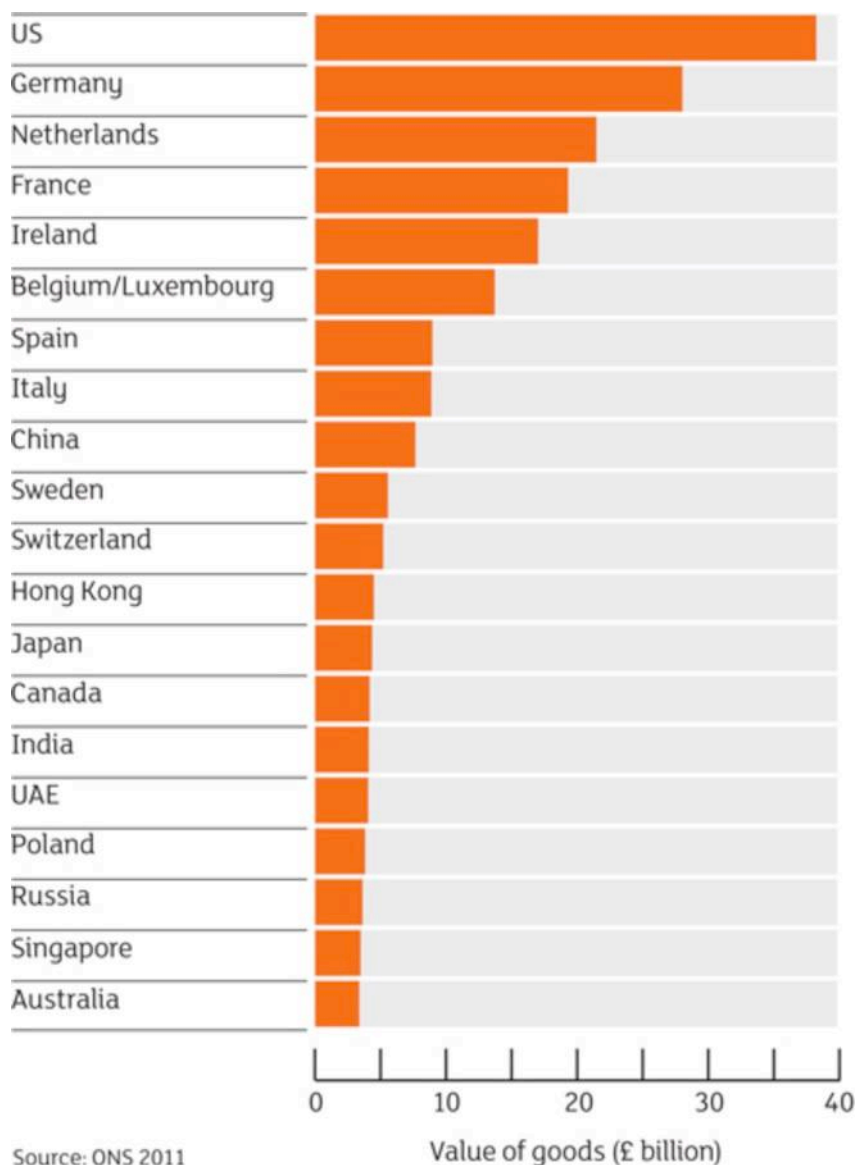
Source: All figures taken from 2010 UKTI International Business Strategies Barriers and Awareness Survey and ONS Monthly Review of External Trade Statistics, March 2011.



International trade is more important than ever and exploiting the opportunities of fast-growing markets in Asia and Latin America is vital to the UK's economic future. The difficulties and risks of operating in these fast-changing markets are less than the risk of not participating in their growth.

Miles Templeman, Director General, Institute of Directors

### Top 20 goods export markets for UK companies (2010, £ billion)



## Getting ready to export



We saw our website as a critical tool to reach our customer base. Getting it right was crucial. The consultant was inspirational: hugely experienced with a wealth of knowledge. Working with him provided us with invaluable insights and ideas.

Andy Cox, Director, Cox & Plant Ltd,  
West Midlands

If you are serious about trading internationally, you will want to think about how to research, target and grow a presence in overseas markets.

But how should you begin? How do you even know whether exporting is right for you? Before you commit to exporting you need to honestly assess your export potential – both in terms of the readiness of your business and of your product or service. The following steps should help you to do this.

### Assess your export capabilities

Business Link's online tool '**Are you ready to export?**' provides a quick, basic assessment of your export capabilities and the issues and practicalities you need to know about before beginning to export. The tool provides a useful starting point for discussions with a UKTI International Trade Adviser (see '**Who can help me export?**' and '**UKTI contacts**' later in this guide).

**ITAs** can draw on years of business experience and give you – **at no cost** – a more detailed assessment and practical advice on a one-to-one basis.

### Carry out market research

It is essential to carry out detailed market research to identify and evaluate the target market. Areas to examine include:

- the industry structure;
- the predicted demand for your product or service;
- the competition and how you plan to fit into that marketplace; and
- any modifications required to make your product or service saleable.

Desk research is a good starting point – an increasing amount of information is available online – but you may also wish to consider commissioning some bespoke research from an export specialist.

UKTI's Overseas Market Introduction Service (**OMIS**) draws on the local knowledge and expertise of its staff around the world. The cost of this is very competitive.

### Make an export plan

After completing your market research, you can draw up an export plan defining how you will enter the new market. That should include:

- a marketing strategy which incorporates international trade development;
- an understanding of the route to market, e.g. the preferred distribution channel for your products or services;
- the chosen business model e.g. agent, distributor, B2B, sales office, joint venture or subsidiary company;
- the necessary financial resources;
- the right people to develop the new export markets;
- adequate knowledge of the requirements of your chosen market
- e.g. modifying packaging to meet local regulations and standards; and
- an understanding of export payment mechanisms and export finance.

## Assess your product/service

To assess whether your product/service is suitable for export to your target market, consider:

- consumer preferences, competitive offers (local production and imported) and their market share;
- product standards and regulations in the overseas market – the British Standards Institution offers help for exporters; and
- the costs of adapting your product or service.

## Understand the law

There are various legal responsibilities associated with doing business overseas – all of which you should understand before starting to export.

For example, you'll need to familiarise yourself with the VAT rules administered by HM Revenue & Customs (HMRC), and be aware of any export controls which relate to your particular product. See **'Who can help me export?'** later in this guide.

## Key questions to ask before you export

- 1 What are the unique selling points to your business proposition? Will there be a market for your products and services?
- 2 Are there any legal barriers to your business model?
- 3 Where in the market would you start?
- 4 Do you have sufficient resources (management time, project finance and expenses) to fund your overseas projects?
- 5 Who will be leading the project within your company?
- 6 Do you need to work with an overseas partner to succeed? Can you communicate with them effectively?
- 7 Have you evaluated business risks (such as protecting your intellectual property) and conducted research and due diligence?
- 8 Do you know how to secure payment and get the right quality products?

## Case study — WOW Toys

Quality toy manufacturer WOW Toys decided to adopt an export strategy shortly after opening for business in 1997. Today, the London-based company trades with 40 countries around the world.

Managing Director Nadim Ednan-Laperouse says: "These days, our international sales far outweigh sales within the UK. The revenue

we generate from our overseas customers allows us to be a completely independent business. We also spread the risk, rather than relying on just one company."

He continues: "If you're serious about exporting, you need to recognise it as your number-one priority, focus on it and make it happen. Be open-minded and even

opportunistic about which markets to pursue. Sometimes smaller markets such as those emerging in Eastern Europe are easier and quicker to access. And make the most of support available from UK Trade & Investment. They can help you get on the right path to international success."

**[www.wowtoys.com](http://www.wowtoys.com)**



I was quite taken aback by the thoroughness of the Communications Review, the insights it delivered and the sheer depth of resources it gave us access to the review changed the way we think about our export communications.

Britten Sinfonia, Cambridge



## Selling and distribution

Once the initial homework has been done, and you have decided on the export market/s to approach, you then need to organise your sales presence there.

Depending on your product/service, you may be able to sell direct. For example, you might be able to sell over the internet or by exhibiting at local trade shows.

Many businesses look for a **partner** who already understands the local market. For example:

- You can sell to a **distributor** who then sells your products locally. Note that a distributor takes title of the goods once the sales transaction is complete; and is responsible thereafter for any profit or loss in stocking and selling them on.

- You can use a **sales agent** who sells products on your behalf, or puts you into contact with potential customers on a commission basis. Note that an agent never takes title of the goods but merely stocks and sells them on, making a commission in the process but never accepting responsibility for profit or loss.
- You can enter into a **joint venture** with a local business. This gives you a share of the management and profits of the joint venture, but it can be a more complicated and expensive option.
- If you want complete control over sales, you can set up your own **local office**. This is the most expensive option.

When arranging a sales contract with an agent or distributor, you need to ensure that responsibility for delivery and payment is clearly defined. You will also need to secure intellectual property protection in each country you sell into.

## Marketing

Marketing is a key element of successfully selling overseas. To be effective, your marketing strategy should be tailored to each target market.

You'll need to appreciate the traditions, culture and legislation of the countries you are trading with to exploit your exporting efforts. Customisation of your marketing activities is essential if there are cultural differences affecting the consumption of your product.



### Visit the market

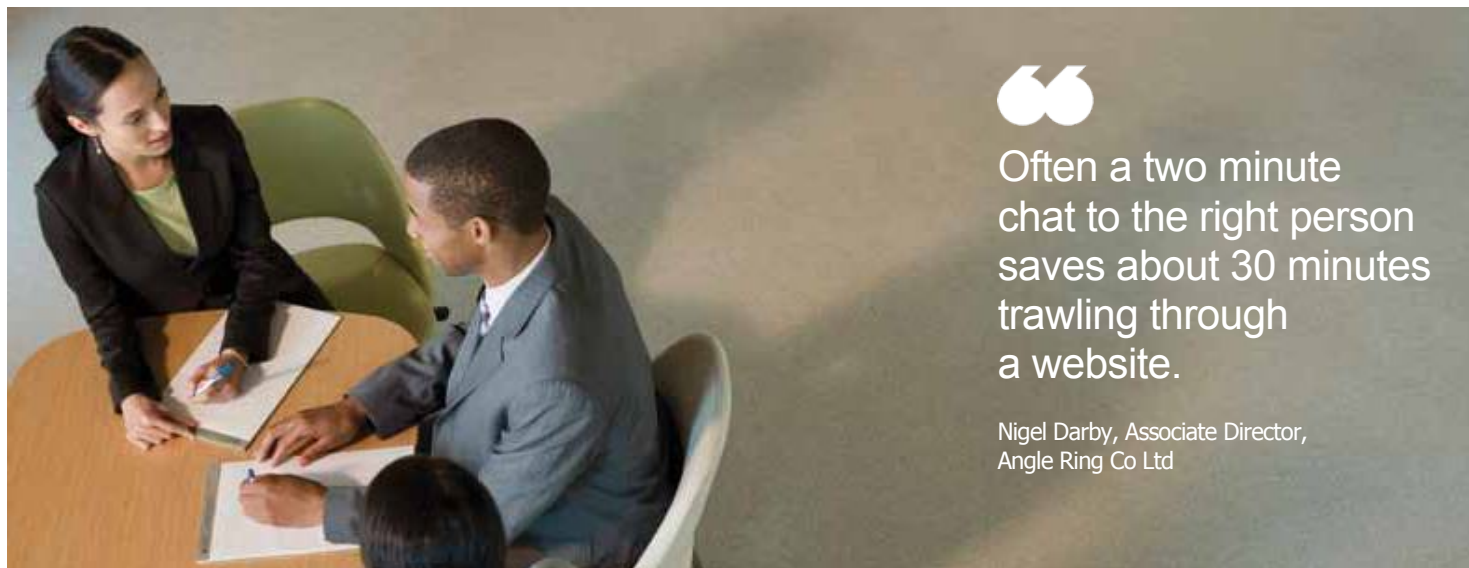
Visiting the market is an invaluable part of trading internationally. You will experience the marketplace firsthand, and make the contacts necessary to do business.

Attending overseas events, such as **trade fairs**, or participating in a **trade mission** can be great ways to test markets, attract customers, appoint agents or distributors and make sales.

# 314m

The Chinese middle class is forecast to grow from 172 million to 314 million in the next five years – more than the entire population of the US.

## Rising to the Challenge



Often a two minute chat to the right person saves about 30 minutes trawling through a website.

Nigel Darby, Associate Director,  
Angle Ring Co Ltd

Exporting may be a challenge, but the potential rewards are huge. The following are some of the most commonly cited hurdles to doing business internationally, with advice on how to overcome them.

### Resource costs

Entering an overseas market may require both financial investment and an increase in manpower. Timescales can also be an issue, with short-term 'pay back' not necessarily guaranteed.

It's advisable to discuss your financial position with your accountant and bank manager before committing to exporting. It is also important to take the long-term view and build appropriate timescales into your projections. Customers and partners in high-growth markets, for example, tend to put an essential value on relationships and it is unusual for a return on investment to emerge within the first year.

### Legal, regulatory and intellectual property issues

The barriers to success which exporters talk about most are legal and regulatory issues. Some firms also say that intellectual property (IP) protection can be an issue. The Intellectual Property Office (IPO) can help in this area. See '**Who can help me export?**' later in this guide.

Adopting the right mindset is vital to overcoming such hurdles. Every country has its own trading, taxation and IP systems and you will need to be willing to get to grips with those systems and adapt to them. So doing your homework is vital when planning market entry.



We have a long-term development strategy to achieve a strong presence in global markets. This is important as it allows us to be far more competitive, whilst giving us access to new technologies, manufacturers, skills and materials, all of which feed our creativity and influence new product development.

Richard Liddle, Founder and Managing Director, COHDA Design

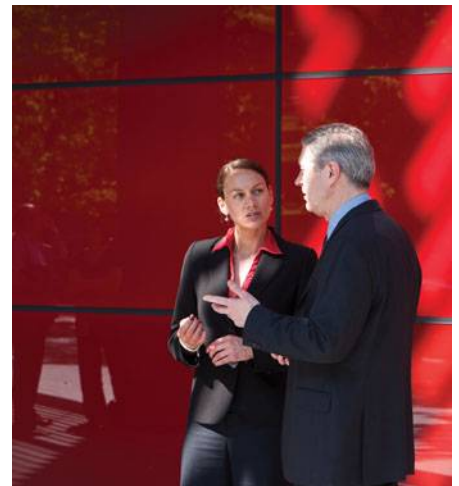
### Managing overseas risk

Political and economic developments, cyber risks, bribery and corruption – these are some of the issues your business could face when you begin to trade overseas or expand into fresh markets.

UK Trade & Investment and the Foreign & Commonwealth Office bring together authoritative,

accessible and topical information online on countries and the key issues related to their political, economic and business security environments.

This can help you identify and understand possible risks – and guard effectively against them.



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### Case study — Chokolit

Young British entrepreneur Louis Barnett has used UK Trade & Investment's (UKTI) services to help sell his award-winning luxury chocolate brand, Chokolit, overseas.

After participating in UKTI's Passport to Export programme, Chokolit appointed a distributor in Mexico, who has since introduced the company's products into the country's biggest department store.

"UKTI has been a great support to us as we develop our business internationally," says Barnett. "It was instrumental in putting the Mexico deal together, advising and helping us with back-end details and regulatory matters, including getting our products through Customs. This kind of after-care made all the difference."

He adds: "We have also worked with UKTI to get our products sold in Spain, Hungary and 12 States in the US, and are currently in discussions with China. By the end of 2011, we expect that 90 per cent of our revenue will come from export."

**[www.chokolit.com](http://www.chokolit.com)**

## Language and cultural barriers

Every market is different, and companies need to be sensitive to local ways of doing business, even in different regions of the same country. Lack of awareness and knowledge of local cultural norms can impede the development of a business relationship.



Attending trade shows and exhibitions is a key way of marketing the company and its products to international audiences.

Claire Watt-Smith, MD, BoBelle

Being able to speak the language of your potential customers can help to establish mutual confidence. If you don't speak the local language, you could consider investing in foreign language training for your staff. Alternatively, you could employ a translator or interpreter. It can also help to have your promotional material translated. It's a good idea to avoid colloquialisms and metaphors in promotional material – they could be embarrassing in the local language.

You should conduct research into your target market to establish local considerations. These may include product or packaging modifications to enable your product to conform to local cultural demands. Or it could be that local sales and marketing channels for your particular product are different from those in the UK.



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## Case study — Ellis Pharma

The Middle East has become a key market for UK firm Ellis Pharma, a specialist in global supply chain solutions for the pharmaceuticals industry.

Following expert advice, the Staffordshire-based company decided to focus on the emerging markets of Oman and Qatar, winning an £18,000 contract with

Doha Clinic Hospital. It further established itself in the region by going on trade missions and having numerous one-to-one meetings with local decision makers in governments and hospitals and potential agents. This led to Ellis Pharma securing orders worth £150,000.

Business Development Director Gary Campbell says: "We are confident that with our own efforts and support, our exports will increase substantially in the coming months and years."

**[www.ellispharma.com](http://www.ellispharma.com)**

## Logistics

Getting international transport right can be complicated and depends on the agreement you have with your customer or supplier. Your obligations should be clearly set out in a written contract using **Incoterms** – standard trade terms which state who is responsible for transporting goods, insuring the goods during transportation, paying duties and securing customs clearance.

The best mode of transport for your goods will depend on the type of goods and how quickly they need to be delivered. You may need more than one mode, for example, sending goods by lorry to a port in the UK and then by ship overseas. In all instances, the goods will need suitable packaging and labelling for transportation. You should clarify in advance who will be responsible for UK customs procedures, for freight and insurance, and for customs clearance in the customer's

country – and use the correct Incoterms to describe this in the quotation and written contract.

Most companies use a specialist **freight forwarder** to handle transport. Confirm exactly what they will do and whether they can handle all documentation and other procedures. Look for a forwarder who exports regularly to that destination. They can 'consolidate' your goods with other consignments in a single container to reduce costs.





## Getting paid

The risk of late or even non-payment can sometimes be greater when doing business internationally. Ensuring you get paid for overseas sales is a combination of assessing risk, settling on acceptable payment terms and methods and considering insurance to protect yourself against problems.

Help is available from UK Export Finance (formerly known as ECGD).

To minimise the risks of non-payment, you should research the market conditions in your target country and the creditworthiness of potential customers before you start trading.

There are also currency issues you need to consider. In some countries where there are restrictions on access to foreign currency, your customers may face problems getting currency to pay you. In this case, it's worth insisting on a (confirmed) **irrevocable letter of credit** that secures payments according to the terms of the credit and often at an agreed rate.

Businesses which sell on credit to foreign customers can use **factoring** or invoice discounting to free up cash flow. Export factors specialise in the collection of money from overseas. The factoring company pays you a percentage of the invoice value up-front and the balance (less their percentage) once they have collected payment.

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## Case study —

### ABF Europe

Overseas sales have soared for ABF Europe, the creator of the revolutionary Kite table system.

The North Yorkshire firm first introduced the conference and business table, which can be adapted to accommodate both large and small groups of people, into the international market four years ago when sales took off in the US.

ABF now supplies 17 countries globally and has offices in a number of overseas markets, including Spain and Dubai.

Managing Director Darren Buttle says: "Our international operation is gathering pace. Our immediate focus is undoubtedly America, but I'm keen to explore opportunities in Canada, Brazil and regions of South East Asia as well. These are all markets that are experiencing rapid

growth of their own and countries where we can really play a part in helping companies compete in the international arena through effective use of office space and cohesive work-life strategies.

It promises to be an exciting journey ahead as we harness the skills and expertise available from trade advisers to support us and show us the way."

**[www.kitetables.com](http://www.kitetables.com)**

# Getting it right

Ten key steps to successful exporting

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## 1

### **Research your market**

Does your prospective foreign customer need what you are selling at the price that will yield you a profit? What is the competition and how will they react?

## 2

### **Implement an export strategy and review your capabilities**

Ask yourself: what would my business gain from exporting?

## 3

### **Construct an export plan**

Define how you will enter the foreign market. Finalise human resources and marketing strategy and allocate an adequate budget to cover export start-up costs.

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## 6

### **Get the Customs side right**

Contact HM Revenue & Customs and the UK embassy of your destination country to clarify requirements. Make sure your reporting practices are watertight.

## 7

### **Get paid on time**

Ensure your cashflow will remain at a safe level. Guarantee sufficient credit for your future sales. Take out insurance cover if necessary.

## 8

### **Choose your distribution methods**

Consider the implications of selling over long distances and across national frontiers.

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# 4

## **Choose your sales presence**

Establish whether you need a direct sales operation. Or is an agent or distributor more effective? How will you manage your overseas sales presence?

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# 5

## **Promote your product**

How are you going to market and sell your product? Customise marketing to the target country.

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# 9

## **Transport goods effectively**

Assess and choose the most effective transport method and make sure the goods are insured by you or the importer.

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# 10

## **After-sales policy**

Regularly liaise with customers, export agents and banks. Monitor political unrest or other adverse conditions in the country of destination. Manage regular servicing and warranty claims.

A woman with long brown hair, wearing a black blazer over a white shirt, sits on a brown leather sofa. She is looking towards a man on her right. The man has short dark hair and is wearing a dark suit, a white shirt, and a red tie. He is also looking towards the woman. They appear to be in a professional setting, possibly a lounge or office, with a brick wall and a blurred background.

## Who can help me export?

A wide range of support services exists to help UK exporters and would-be exporters to tackle virtually all of the issues and challenges which they are likely to face, and help them become established in international markets.

The following are just some of the many organisations which can help you get started on your exporting journey.

## UK Trade & Investment

UK Trade & Investment (UKTI) is the Government Department that helps UK-based companies succeed in global markets and assists overseas firms in bringing their high-quality investment to the UK.

UKTI has a global network of 2,400 staff. Its International Trade Advisers (ITAs) around the UK have years of business experience to draw on when advising companies. In 97 markets based in British Embassies and other Diplomatic offices around the world, UKTI staff can offer local, in-market knowledge and expertise.

UKTI has helped many thousands of businesses achieve international success by providing tailored services with specialist support covering a wide range of industries. Its clients consistently cite the importance of UKTI support in helping them to overcome barriers to new overseas business and improve their business performance.

### UKTI services have helped its customers to:

- understand how to do business overseas;
- identify opportunities and open doors;
- reach customers/business partners not otherwise accessible
- raise their profile and credibility overseas;
- overcome barriers to entry or expansion;
- improve overseas marketing strategy;
- gain access to information not otherwise available;
- understand the competition;
- access powerful research to inform management decisions; and
- have the confidence to explore or expand in overseas markets.

**[www.ukti.gov.uk](http://www.ukti.gov.uk)**

## UK Export Finance

UK Export Finance is the operating name of the Export Credits Guarantee Department (ECGD), the UK's export credit agency.

UK Export Finance does not lend direct, but supports UK exports by issuing insurance contracts to UK exporters and by issuing guarantees to banks which make loans to overseas borrowers, which are used to purchase supplies from UK exporters. UK Export Finance's services help facilitate export contracts by providing protection against the risks of the exports not being paid for.

In 2010-2011, UK Export Finance (then known as ECGD) supported £2.9 billion of UK exports (up from £2.2 billion the previous year). In late 2011 it announced an extension to its credit insurance policy to cover all sectors and sizes of company, as well as the launch of three new short-term products.

See the following pages for details of those services provided by UK Export Finance which are most relevant to small- and medium-sized businesses.

**[www.ecgd.gov.uk](http://www.ecgd.gov.uk)**



UK Trade & Investment and UK Export Finance services and products are detailed overleaf.

# UK Trade & Investment

## – services

### Passport to Export

Provides new and inexperienced exporters with the training, planning advice and ongoing support they need to succeed overseas.

### Overseas Market Introduction Service (OMIS)

A tailored service by our overseas teams to access market and industry information, identify potential contacts or assist in planning an event. This service attracts a charge.

### Export Marketing Research Scheme (EMRS)

Offers support, advice and some grant funding to eligible companies wishing to research a potential export market.

### Export Communications Review (ECR)

Assesses the way companies communicate with overseas customers and makes practical recommendations for improvement.

### Events and seminars

Held across the UK and the world. They include specific sector and market based activities.

### Trade missions

Organised to help UK companies visit the marketplace they're interested in and talk face to face with prospective business partners. UKTI also organises missions into the UK to allow overseas delegates to meet with potential partners or investors.

### Business opportunities

News emailed directly into your in-box, highlighting hot leads in your chosen overseas market. Companies can sign up for this free service by visiting [www.ukti.gov.uk](http://www.ukti.gov.uk)

### Gateway to Global Growth

A service for more experienced exporters. It offers focussed planning and advice, and support to help companies to build on their previous success and develop new overseas markets.

### High-value opportunities programme

Proactively identifies global supply chain opportunities, coupled with an online service giving access to several hundred sales leads around the world each month.

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## Contacts

UK Trade & Investment is the Government department that helps UK-based companies succeed in an increasingly global economy.

Our range of expert services can be tailored to meet the needs of your company to maximise your international success.

You can find contact details for your local UKTI International Trade Adviser on our website:

**[www.ukti.gov.uk](http://www.ukti.gov.uk)**

or telephone us:

+44 (0)20 7215 8000.

Our helpline is open from 9.00am to 5.00pm Monday to Friday.

### UKTI East

T: +44 (0)8456 419 955

E: [info@uktieast.org.uk](mailto:info@uktieast.org.uk)

### UKTI East Midlands

T: +44 (0)8450 524 001

E: [info@uktiem.co.uk](mailto:info@uktiem.co.uk)

### UKTI London

T: +44 (0)20 7234 3050

E: [info@uktilondon.org.uk](mailto:info@uktilondon.org.uk)

### UKTI North East

T: +44 (0)8450 505 054

E: [enquiries@ukti.rito.co.uk](mailto:enquiries@ukti.rito.co.uk)

### UKTI North West

T: +44 (0)8456 037 053

E: [info@uktinorthwest.co.uk](mailto:info@uktinorthwest.co.uk)

### UKTI South East

T: +44 (0)8452 789 600

E: [info@uktisoutheast.com](mailto:info@uktisoutheast.com)

### UKTI South West

T: +44 (0)8456 060 969

E: [enquiries@uktisouthwest.org](mailto:enquiries@uktisouthwest.org)

### UKTI West Midlands

T: +44 (0)8450 743 515

E: [info@wmchambers.co.uk](mailto:info@wmchambers.co.uk)

### UKTI Yorkshire and the Humber

T: +44 (0)300 365 1000

E: [info@uktiyorkshire.co.uk](mailto:info@uktiyorkshire.co.uk)

### Invest NI

T: +44 (0)28 9023 9090

E: [customerservicemgr@investni.com](mailto:customerservicemgr@investni.com)

[www.investni.com](http://www.investni.com)

### Scottish Development International

T: 0800 917 9534 within Scotland

T: +44 (0)141 228 2828 from the UK

[www.sdi.co.uk](http://www.sdi.co.uk)

### Business Wales

T: +44 (0)3000 603000

E: [businessinformationhelpline@wales.gsi.gov.uk](mailto:businessinformationhelpline@wales.gsi.gov.uk)

[www.business.wales.gov.uk](http://www.business.wales.gov.uk)

# UK Export Finance

## – Products and Services

UK Export Finance has a range of products and services to support UK exports; mentioned below are those specifically targeted at small and medium-sized businesses.

### Export Insurance Policy

Under an export contract, there is always a risk of not being paid by the buyer - or of not being able to recover costs incurred performing the contract due to it being terminated in circumstances beyond the exporter's control.

UK Export Finance's Export Insurance Policy may be able to provide an exporter with cover against those risks, such as specified political or buyer-related events, which prevent it being paid, lead to the contract being terminated, or prevent its performance.

### Bond Support Scheme

Under an export contract, the buyer may require the issue of an on-demand contract bond (for example, an advance payment, performance or retention bond) in order to assure itself that the exporter will meet its obligations. Before issuing such a bond, a bank will require an undertaking from the exporter to pay to the bank any amounts which the bank may pay out under that bond. The bank is therefore taking a risk on the exporter's creditworthiness under that undertaking. Where the bank is unsure about taking that risk, a guarantee from UK Export Finance for part of it may persuade the bank to issue the bond.

In the case of an advance payment bond, the exporter's bank may require the exporter to deposit the buyer's advance payment with the bank as security for the exporter's undertaking to pay. This would deprive the exporter of the cashflow benefit of the advance payment. UK Export Finance can provide a guarantee to the bank of up to 80 per cent of the advance payment bond's value, which will reduce or remove the requirement to use the advance payment as security – thus freeing up funds with which to perform the export contract.

### Export Working Capital Scheme

To fulfil an export contract, the exporter may require funds in order to be in a position to provide goods or services. Specifically, the exporter may have won more or larger contracts than usual and a bank may be cautious about lending any further funds to meet the exporter's needs for more working capital, thus constraining the company's ability to grow.

UK Export Finance's Export Working Capital Scheme can offer a partial guarantee to the bank (of up to 80 per cent of the value of the working capital facility in some cases), so that the exporter can gain access to the working capital with which to perform a specific export contract.

### Foreign Exchange Credit Support Scheme

When an exporter enters into an export contract under which it will be paid in a foreign currency, the exporter may be exposed to unfavourable changes in exchange rates over the course of that contract. In order to bring certainty to this aspect of the contract, the exporter may ask the bank to enter into a contract to purchase, with sterling, the foreign currency which the exporter will receive at a pre-agreed rate of exchange.

However, the bank will be taking a risk on the exporter's ability to deliver the required amount of foreign currency on the agreed date: if the exporter fails to do so and exchange rates have moved against the bank, the bank may suffer a loss. The bank may therefore wish to receive some protection against this risk of loss before entering into the forward foreign exchange contract.

Where the exporter's bank has been requested to provide a working capital facility guaranteed by UK Export Finance in respect of an export contract and is also requested to enter into a forward foreign exchange contract in relation to the same contract, UK Export Finance will increase its guarantee of the working capital facility in order to enable the bank to enter into that forward foreign exchange contract.

### Further information

For additional information or details on the full range of UK Export Finance's services, please contact them on +44 (0) 207 512 7887 or visit [www.ecgd.gov.uk](http://www.ecgd.gov.uk).



## Other sources of help

As well as the help available from UKTI and UK Export Finance, there are many other sources of help available to you.

### Your bank

Your bank can provide a range of help on topics such as managing foreign transactions, trading overseas in sterling, owning assets abroad, exchange rates and managing foreign exchange risks. For more detailed financial advice and guidance on issues that affect you, you should talk to the international section of your bank. If you can't find the right person to talk to, you could contact the following people at the one of the five major banks who will point you in the right direction:

#### Barclays

John Bevan,  
Head of Trade and Working Capital  
T: +44 (0)1256 791401  
E: john.bevan@mercantile.  
barclays.co.uk

#### HSBC

Felipe Hsieh, Senior Manager,  
TSC Client Management  
M: +44 (0)7920 411997  
T: +44 (0)20 7991 1706  
E: felipe.hsieh@hsbc.com

#### Lloyds TSB

Barry George, Senior Manager,  
Trade Products  
M: +44 (0)7793 670292  
T: +44 (0)20 7463 1690  
E: barry.george@lloydstsb.co.uk

#### RBS/NatWest

David I.Houghton MBE,  
Director, Strategic Partnerships  
M: +44 (0)7785 708611  
E: david.i.houghton@rbs.co.uk

#### Santander

Martin Hodges,  
Head of Trade Finance  
M: +44 (0)7827 872312  
E: martin.hodges@santander.co.uk

### Your accountant

Your accountant can provide you with a range of advice, from starting a business, organising your financial affairs, financial management and taxation. You should also be aware that the Institute for Accountants in England and Wales (ICAEW) has just launched a new scheme: small businesses across the UK are being offered free expert advice from ICAEW Chartered Accountants as part of an initiative called the Business Advice Service (BAS). It aims to help small companies and start-ups with business and financial advice to help economic growth. Small businesses can find details of ICAEW chartered accountants in their local area at [www.businessadvice.service.com](http://www.businessadvice.service.com)

### Your lawyer

Your lawyer will also be able to help you. Similar to the ICAEW's BAS, the Law Society has many members which offer a service for SMEs. 'Lawyers For Your Business' is a network of 1,000 solicitor firms in England and Wales offering specialist advice and a free half-hour initial consultation to small and medium-sized businesses. Advice can be sought on a range of legal issues – both domestic and international.

In 2012 the Law Society will also be working with its solicitor members to produce practical 'Doing international business' guides aimed at SME firms new to exporting their products and services internationally.

The guides will look at some of the fundamental legal issues which SMEs need to consider when working internationally. Topics being covered will include:

- international employment issues;
- international contracts;
- business structures;
- debt recovery;
- tax; and
- dispute resolution.

These guides will be available as publications, but also as webinars and will be promoted widely to small businesses.

For more information visit the Law Society's website at [www.lawsociety.org.uk](http://www.lawsociety.org.uk)

## British Chambers of Commerce (BCC)

The BCC, and its network of affiliated Chambers, support and advise businesses in all areas of international trade. With a worldwide network of bilateral and international chambers of commerce, the BCC can provide UK exporters with numerous services including: export documentation, market research, training, translation services and letters of credit. For more information visit the BCC's website at **[www.britishchambers.org.uk](http://www.britishchambers.org.uk)**

## The Institute of Export (IoE)

The Institute's mission is to enhance the export performance of the UK by setting and raising professional standards in international trade management and export practice. They achieve this by the provision of education and training programmes. The IoE offers recognised formal qualifications in international trade. It also runs a series of short training courses covering every aspect of international trade management, sales and marketing, logistics and documentary requirements, and international trade finance.

For more information visit the IoE website at **[www.export.org.uk](http://www.export.org.uk)**

## Export Control Organisation (ECO)

Any item exported from the UK which is subject to export control needs a licence. The ECO is responsible for assessing and issuing (or refusing) export licences for a wide range of controlled, so-called "strategic" goods. This includes military and dual-use items.

You can find out more on export controls, including applying for a licence and rating enquiries, licensing policy, key documents, key links, notices for exporters and news related to export control, by visiting the businesslink.gov website at **[www.businesslink.gov.uk](http://www.businesslink.gov.uk)**

## Intellectual Property Office

Intellectual property rights can allow you to own things you create, in a similar way to owning physical property. You can control the use of your IP, and use it to gain reward. IP rights only give protection in the country where they are registered, so if you are thinking of trading internationally, then you should consider registering your IP rights abroad.

The UK's Intellectual Property Office (UKIPO) can provide guidance: **[www.intellectual-property.gov.uk](http://www.intellectual-property.gov.uk)**

## HM Revenue & Customs

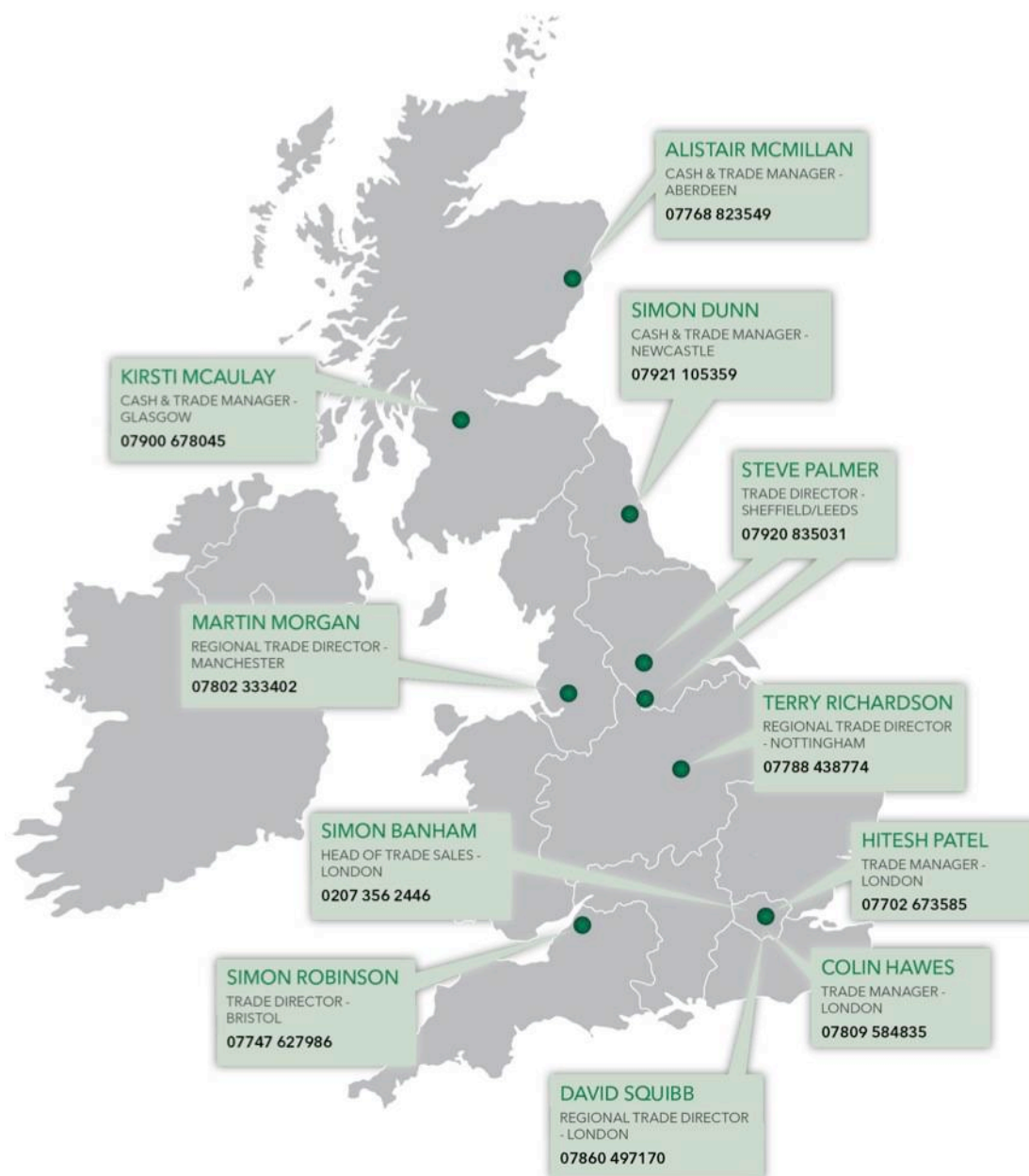
HM Revenue & Customs (HMRC) provides assistance on a number of matters relating to the importing and exporting of goods. Information and guides are available covering topics such as the classification of goods, the European Union, Relief Procedures on Duty and VAT, Tariffs and Duties, Intrastat and the requirement to submit Supplementary Declarations, together with basic guides on export licences, export taxes, import licences, rates of exchange, etc. **[www.hmrc.gov.uk](http://www.hmrc.gov.uk)**

## Business Link

The Business Link website provides the information, advice and support needed to start, maintain and grow a business. It provides information and advice to help customers make the most of their opportunities. Rather than providing all the advice and help itself, it fast-tracks customers to the expert help they need. For SMEs thinking about exporting there is a simple diagnostic tool that helps you consider whether now is the right time to export.

For more information go to **[www.businesslink.gov.uk/bdotg/action/layer?r.l1=1079717544&r.s=tl&topicId=1084654164](http://www.businesslink.gov.uk/bdotg/action/layer?r.l1=1079717544&r.s=tl&topicId=1084654164)**

## OUR SPECIALIST TRADE FINANCE TEAM



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