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Building your export networks

International relationships and networks are crucial to meeting new customers, winning new business, building existing partnerships and delivering on contracts. Tapping into valuable networks, finding the right partners and getting the right advice and support can make a huge difference in succeeding in your export-related business.

The information in this eBook should help you answer the following questions:

- ✓ How do I build networks?
- ✓ Who do I need to build relationships with to succeed overseas?
- ✓ How do I choose the right partners?
- ✓ How should I maximise my networks?

Building your export networks

How do I build networks?

Networks can encompass everything from friends, peers and other companies operating in similar markets, to professionals such as lawyers and accountants, to mentors and advisers, to government contacts, and critically, market partners. Establishing broad and deep networks is a critical success factor in exporting and operating in a global supply chain. There are some simple things you can do to build your networks:



Industry associations

Every industry has at least one association which represents the interests of its members. Associations range in size and role but many will provide basic resources for members, publish a regular magazine with industry news and updates, organise events and provide a forum for sharing advice and knowledge.



Trade shows

Trade shows or expos both in Australia and in overseas markets are a great way to meet potential partners and customers by showcasing your goods and services.



Industry events and conferences

Industry events are a great way to meet peers and learn about their experiences as well as connect with potential customers. Organisations which provide support for exporters, such as **Austrade** and **Export Finance Australia**, also host regular events providing information and advice for Australian export businesses.



Face-to-face meetings

Travelling overseas and meeting local potential partners is vital. If you don't know where to start, **Austrade** has on-the-ground representatives in a wide range of markets who can help you with introductions by setting up appointments with buyers which have a good fit for you.

"At Las Vegas trade shows, I'd chat to CEOs or product development teams from likeminded companies, looking at where we could create synergies and build relationships. It all comes to down to your approach – everyone wants to make money, work with good people and get into market quicker by leveraging other's strengths."

Lee Ranchod, Dog & Bone Cases

Who do I need to build relationships with to succeed overseas?

There are lots of different ways for an export business to go to market which will determine who you need to build partnerships with.

“You have to make a decision how you want to go to market... this is a business decision that every business needs to make. Do you want to go to market directly, or do you want to partner with someone to go to market? There are risks on both approaches and it's a trade off between cost and control.”

Matthew Michalewicz, entrepreneur

Export merchants

Normally based in Australia, export merchants have strong links with a country or a particular market segment. Exposure is minimised as the merchant normally purchases the product in Australia, ships, insures and takes the payment risk.

Agents

Working on your behalf, agents seek out potential clients for your product or service. They do not take ownership of the goods/service and can be paid a salary, retainer or commission or a mix of all three.

Distributors

Taking ownership of the goods and paying the exporter for them, distributors will then market and resell them and often provide after-sales service. As distributors own the stock and have an investment in representing a product, they are normally performance driven and usually have strong market knowledge.

Joint venture

When exporters enter into joint venture arrangements, they are usually financially driven, with shares held by both parties involved. Many joint ventures are between parties who have past experience in working together in a distribution arrangement.

Advisors

You should consider working with legal, accounting and foreign exchange professionals who have experience in the markets you deal with. They can help you to identify and manage potential issues and help you to streamline the business' regulatory and taxation compliance, while making the most of currency conversions.

Business advisors who specialise in export businesses can also help to open doors overseas, and help make you aware of new opportunities.

Suppliers

It's important to partner with a supplier that understands your business and target market and will work with you. Often your suppliers will have valuable insights that can help you avoid unknown risks or pitfalls.

The Export Council of Australia (ECA) and Austrade provide information on a range of export-related topics, including common export partner relationships. Visit their websites for more information.

[Export Council of Australia >](#)

[Austrade >](#)

How do I choose the right partners?

Building the right partnerships on a local as well as global level is a skill that can take time to perfect. Selecting the right people can help open doors, win customers and provide a valuable source of support and advice.

We work with Australian export businesses on a daily basis and hear some of the considerations they take into account when building their networks and global business.

Be selective

"Having trustworthy employees, suppliers and partners in the country where you are undertaking the work is essential."

Robin Johnson, Founder and Managing Director, RJE Global



Consider size



"In a large organisation especially, there's a danger that you could be talking to the wrong person – and that could go on for years. So often it's a process of elimination to find the decision maker."

Percy Maguire, Founder and Director, Powerhouse Distribution

Think long-term

"You don't get these opportunities often, so Export Finance Australia's funding was pivotal. We've had monthly re-orders with Nordstrom and a great relationship with the department store ever since."

Ed Baker, Co-founder and CEO, Pared Eyewear



Be flexible



"The timezone difference, especially for customers in Europe, is a huge advantage and something that we definitely trade on, as it allows work to be completed far more quickly and efficiently for our customers."

Haydn Faltny, Co-founder and CEO, BroadSource

Build trust

"We talk to our customers, and treat them as friends and part of the family. We're the ones answering the emails. We're like that with all of our buyers as well, and I think that's been one of the biggest drivers of success for us with our export business. We're real people and we're really open."

Kim Peirce, Founder and Director, Babe Australia



How should I maximise my networks?

Support your partners

Getting a partner is only half of the battle, getting them to actually sell something is the other half – you need to provide your partners the support they need to sell your product or service.

1

“Give the partner everything they need to succeed... A salesman’s suitcase. I trained them, I went on sales calls with them, they watched me sell, I watched them sell, I mentored them... I was then ready to engage in a partnership conversation.”

Matthew Michaelwicz, entrepreneur

Learn from your partners

If you are looking to build your expertise, take advantage of the knowledge of your partners who may be happy to share the value of their experience with you.

2

“In the end facing this challenge [finding a manufacturer] was the biggest stroke of luck we’d had as a business because the manufacturer we finally found has been more of a mentor to me than just a service provider.”

Kim Peirce, Babe Australia

Leverage your supply chain

If your supply chain is multinational, it is likely that they will have offices around the world and will serve customers that could also become your customers. If you have a strong relationships, leverage this by asking your partners to introduce you to their end customers.

3

“[Our supply chain] is more than willing to help us [by putting us in contact with their end customers] because there are synergies and it is a mutually beneficial relationship.”

Linh Bui, HMPS

Draw on your partners when things go wrong

When something goes wrong with your shipping or product (and it will, at some stage!) it is vital to have a strong network of local partners who can help out if you don’t have your own presence in the market.

4

“You’ve got to have a good network of either agents or in-country personnel to support you [when things go wrong].”

Aaron Begley, Matrix Composites and Engineering

Show your appreciation for their support

Everyone likes being appreciated and partners are no different. If you thank people, they will be more likely to help you again next time.

5

“Our referral program... if someone’s told someone to eat Carman’s, we ask for their details and then we send them a little thank you present in the post. People love that.”

Carolyn Creswell, Carman’s Kitchen

Managing your finances

One of the most common problems for export-related businesses is funding growth. When exporting is part of the equation, financing becomes even more important and many businesses need support to enable them to build their overseas business and fulfill their export-related contracts. This is where having the right networks around you can help. Knowing that you have the right partnerships to support you can make finding a finance solution an easier process. Whether that is through your bank relationship, government agencies or peers, there is help available.



Consider your options

As you're building your overseas business and securing contracts, think carefully about how you can fund this without entering into risky debt or putting strain on cashflow - even your own client or partners might be able to help you.



Speak to your bank

Speak to your business banker who can assess your situation and advise you on your best course of action. Your bank may be able to offer you a secure loan or commercial bill facility to help you with financing your exports.



Think about alternative sources of funding

If your bank is unable to help, Export Finance Australia may be able to. As Australia's export credit agency, we can provide financial support to exporters, or businesses in an export supply chain, in the form of loans, guarantees and bonds to support export-related business.

Operating in international markets can throw up a range of payment challenges. The payment terms that you offer your client can make a real difference to securing a contract, however, you also need to make sure you protect yourself to ensure you get paid.

There are some payment options to consider:



Prepayment

You receive some or all of the payment amount upfront.



Documentary collection

Which involves you shipping your goods or services but retaining control of them until you receive payment or a legal undertaking of future payment from your overseas buyer.



Open account

(Or open credit) which gives your buyer certain credit terms by delivering your goods or services with an invoice requesting payment on a specific date after delivery.

For more information on how you can manage your export cashflow, download our free [Five ways to manage your export cashflow](#) paper.

[DOWNLOAD](#)

Export-related finance

There are a number of differences between exporting or being part of the export supply chain and operating in Australia which will have an impact on your finances. Access your networks to get the advice you need to understand all the costs associated with with exporting. Getting the right advice from your partners and advisors will help you make an informed decision on whether your business is ready to start to tap into international opportunities.

There are some crucial considerations to bear in mind:



Keep your financial health in check

As your business grows, you need to make sure you work with an accountant that understands the fundamentals of your business and where you are looking to go. Your accountant will help you stay on the right track with your financials as you expand into an export supply chain or take on new export opportunities.



Understand your cashflow requirements

One of the most common problems encountered by growing businesses is when their growth rate outstrips their capacity, which can create pressure on working capital. By developing detailed cashflow projections into the future, you can ensure you are able to plan and manage your cashflow accordingly to avoid problems.



Develop a financial plan

When you start winning export-related contracts, you need to be prepared for all finance eventualities. For example, export can mean a longer cashflow cycle, a greater risk of non-payment and exposure to foreign exchange risk. Putting together a detailed financial plan, one that you can easily adjust as you collect more data and change your assumptions, can help you determine if your export plan is viable.



Build a strong relationship with your banker

Your banker is crucial in your growth journey. Successful export businesses will keep their banker informed on a regular basis, by keeping them updated on what their business plans are, what direction they are heading in and any financial issues they anticipate. If you involve your banker closely in your business, it will be much easier to get help the day that you do run into trouble or need more capital.

G'day USA: Aussie business breaks into US market

Client: Pared Eyewear
Industry: Fashion

Our Small Business Export Loan helped breakthrough Queensland-based eyewear design studio, Pared Eyewear, take their product to a high-profile US department store.

In 2011, specialised eyewear designer Samantha Stevenson and her partner, fashion and retail veteran Edward Baker, decided to take the plunge and create their own brand, making high quality fashion eyewear from premium materials.

Since its inception, Pared has quickly grown from being a small business to one with a strong brand and profile overseas. By their third year of business, Pared's export sales outweighed their domestic sales by almost two to one.

Focusing on wholesale trade, they had their first success in Korea. They then approached the US market through a small trade agent, but without much success. In 2015, with the help of a business mentor, they changed strategy and hit the US tradeshows themselves to meet customers face to face. At the same time, Pared became the first eyewear brand accepted into the not-for-profit Australian Fashion chamber, which led to an invitation to Paris Fashion Week.

Pared managed to secure a coveted order from US top-tier department store, Nordstrom.

"When you're manufacturing sunglasses, the minimum orders are high – about 500 per style," Ed says. "Nordstrom ordered 12 styles, which meant we had to order 6,000 pieces. But I didn't know how we would fund that order."



Photo courtesy of Pared Eyewear

Due to a lack of tangible security, their bank was not able to assist. Fortunately, Ed found out about Export Finance Australia around the time that they secured the contract. We had the perfect solution for Pared Eyewear's dilemma.

The online Small Business Export Loan provided Pared Eyewear with quick access to the cashflow they needed.

"Because Export Finance Australia funds you on the purchase order value, you can use the stock value and your customer's future payment to fund your operations."

With our support, Pared Eyewear were able to meet the contract delivery to four Nordstrom stores.

"You don't get these opportunities often, so Export Finance Australia's funding was pivotal."

IT solutions tapping into global opportunities

Client: BroadSource

Industry: Professional, Scientific and Technical Services

Our Export Line of Credit is helping Melbourne-based BroadSource deliver on existing export contracts while securing new overseas opportunities.

BroadSource provides IT solutions and platforms for global telecommunications companies. After establishing itself in the Australian market, BroadSource won its first overseas contract around two years ago – and the company hasn't looked back. From the start, founders Jason Thals and Haydn Faltyn say they wanted a business that they could operate anywhere and easily scale up, driving their decision to put their systems in the cloud.

"The cloud-based nature of the business has meant that it is able to operate anywhere there is an internet connection. It also allows us to expand very easily. There are no major decisions and costs to expand to cope with additional needs – which means that growth can be very incremental," says Faltyn.

One of the biggest challenges for the company early on was achieving the finance it needed to set up and grow.

"Because we don't have physical assets, banks weren't really an option for us. And we didn't want venture capital, as we didn't want to hand over equity in the business we were working to build," says Thals.



Photo courtesy of BroadSource

Instead, he says that Export Finance Australia's support was an important factor in the company's success.

After being referred to Export Finance Australia by its accounting firm, we were able to help BroadSource with the additional working capital it needed through the approval of a \$300,000 Export Line of Credit. BroadSource was unable to source funding from the commercial market, due to a lack of tangible security and given its offshore customer base.

"Export Finance Australia were fantastic to deal with," says Haydn, "and for a small organisation like ours, this additional finance has made a huge difference."

"Having a line of credit like this in place allows us to act on a commitment from a customer, even though it's probably 12 months or so before we get paid."

Aussie innovation taking global stage

Client: Dog & Bone Cases
Industry: Manufacturing

Our Export Contract Loan helped technology business Dog & Bone cases deliver on a significant export order with a large US wholesaler.

The start-up produced the world's first direct touch waterproof mobile case. It then went on to creating keyless smart padlocks that could be operated by bluetooth. Their range went from heavy-duty padlocks for sheds or gates, to lighter padlocks for school lockers, and ones designed for travellers to use on suitcases or backpacks.

"We now export to 86 countries, including countries in Europe and Australia, Canada, and the US," founder Lee Ranchod says.

To help break into overseas markets, Dog & Bone Cases invested time and effort into building relationships with other businesses.

"At Las Vegas trade shows, I'd chat to CEOs or product development teams from likeminded companies, looking at where we could create synergies and build relationships. It all comes to down to your approach – everyone wants to make money, work with good people and get into market quicker by leveraging other's strengths," explains Lee.

One of Dog & Bone Cases' big breaks was scoring a A\$800,000 deal with a large US wholesaler. For the deal to go through, the high-growth business needed \$250,000 so they could pay their suppliers while they were waiting for payment from their client.

"As a high-growth business, our balance sheet doesn't look fantastic, so our bank couldn't help us – but they



Photo courtesy of Dog & Bone Cases

told us about Export Finance Australia," Lee explains. "We met with the team there and they provided us the funding we needed to push that deal through. They were fantastic – it went through really smoothly."

We were able to provide Dog & Bone Cases with a \$250,000 Export Contract Loan to help with the delivery of their large export order.

"Export Finance Australia's the best port of call for Australian businesses trying to grow and export their product overseas," says Lee. "I think it's a fantastic government initiative."

Where can I go for practical, relevant advice and information on exporting?

There is a wealth of detailed, easy to access information available to help Australian SMEs planning to export, it's just a case of knowing where to look.



Export Finance Australia

As Australia's export credit agency, we operate on a commercial basis and partner with banks to find financial solutions for exporters and businesses in an export-related supply chain.

We also provide a number of resources for exporters, including our **Export Essentials** app, that provides guides and templates to help you on your export journey.



Austrade

Austrade, the Australian Government's trade and investment agency, can provide you with practical advice, support and insight into many of the countries to which you're looking to export.

Austrade provides information and advice to assist Australian companies to reduce the time, cost and risk associated with exporting as well as a range of 'How to Export' guides that can help you increase your export knowledge and skills.



Export Council of Australia

Export Council of Australia is the main industry body for Australian exporters and provides resources, support and information to help Australian business succeed overseas.



Business.gov.au

The business.gov.au website is an online portal created to assist all businesses from start up, registration and licences to grants and assistance, and advice and support.



Advisors

Your accountant, financial adviser and lawyer are a great place to start when seeking advice on expanding your business overseas.



Peers

Other successful exporters and like-minded businesses are sometimes the best source of tips, advice and inspiration.



Australian Government



If you would like further information or to have a discussion about funding solutions for your export or export-related business growth, please call 1800 093 724 or send us an enquiry via our website and we will get back to you soon.

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