



# Planning for export

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Many SMEs fall into exporting when they win a contract and are not adequately prepared or set up for exporting. We know you need trusted information, support and advice to help you succeed, quickly.

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

- ✓ How do I know if export is right for me?
- ✓ Where can I go for practical, relevant advice and information on exporting?
- ✓ How do I set myself up for success with exporting?
- ✓ What do I need to think about when building an export strategy?
- ✓ How do I identify the right export markets?
- ✓ What do I need to think about when entering a new market?

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# Planning for export

# How do I know if export is right for me?

The decision to export, or enter into an export-related contract, is a great opportunity for many businesses to grow and expand sales, but it is not right for every business.

Before entering into export activity, you should address the following considerations to decide whether export is right for you:



## Management commitment and resources

Expanding or investing overseas takes a lot of work. Do you have the right senior team in place to drive and support everything that is needed to make it work?



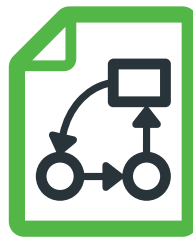
## Export experience

The ability to draw on the export learnings of others is invaluable. Do you have staff or a network of contacts with export experience you can tap into for insights?



## Financial resources

Setting up export operations in a new market and dealing with overseas buyers will take a toll on finances. Have you considered how you will finance your business growth?



## Market demand

A solid customer base in a new market is critical. Are you confident demand is strong enough for your product or service?



## Market entry

Knowing demand exists is only the first step. Have you assessed your market entry options and requirements to set up operations in a new country?



## Timeframes

Exporting is a long process: from making the decision to go overseas to having up-and-running export operations can take between one to three years. Have you factored realistic timeframes into your business planning?

“Export was always part of our strategic plan to help us deleverage risk in our customer base.”

Peter McDonald, Capilano Honey

“We thought that when we were successful in Australia, that story would translate pretty well overseas. In reality, there is a four to five year pipeline to getting substantial work in new markets.”

Bruce Rodgerson, Rubicon Water



# 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.



Australian Government  
Austrade

## 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 Finance Australia

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

We also provide a number of resources for exporters, including our online **Exporter Journey** which walks companies through the steps to successful exporting.



## 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.



Australian Government

Business

*business.gov.au*

## 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.



## Australian Institute of Export

The Australian Institute of Export offers a range of courses and handbooks to help businesses develop and grow in international markets.



## Advisers

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.

# How do I set myself up for success with exporting?

While there will always be things that take you by surprise on your export journey, you can set your business up for success by covering these important steps to prepare for exporting.

1

## Develop a robust export strategy, and stick to it

When you start exporting, you may find that a lot of different options come across your path, whether they are potential markets, buyers, or partners, that aren't part of the plan. It can be easy to get sidetracked, and while it's important to consider your options carefully, stay focused and stick closely to your export strategy.

2

## Consider the positioning of your product or service in a new market

When considering if your product or service will succeed overseas, you need to consider your positioning, which will include price points, quality and competition among other things.

3

## Build an experienced and flexible team

You need to know you have the expertise and resources to support you when you win a big export contract, but in the early years of exporting the flow of work may fluctuate. Getting the right team, with the ability to be flexible, will be key.

4

## Identify strong local partners

In the export game, relationships are everything: finding and working with great local partners will set your exporting business up for success.

5

## Test, test, and test again

Too many SMEs make the mistake of launching their product or service too early, without testing whether it works and how it is received in the local market. Just because a product is well received in one market, this may not be the case in another market, while manufacturing capabilities and standards in different countries can vary significantly.

"We weren't going to get any major orders unless we could demonstrate that these products would actually work [in the market]."

Aaron Begley, Matrix Composites and Engineering

"We made the mistake of launching our product too early. We thought our product was perfect, in fact it wasn't even close."

James Douglas, Carbon Revolution

# What do I need to think about when building an export strategy?

An export strategy is an essential component of your overall business plan. It doesn't need to be complicated, but at a minimum it should cover the following:

## Domestic business overview

What is the current status of your domestic business?

## Target market

What is the country or countries that you will target, including the size of the market, the cities or regions you will be targeting, the demographics of your target market?

## Financial resources

What capital do you require for growth overseas, what costs and expenses do you estimate you will encounter, how will you source the finance you need?

## Staff

What is the size of your current team and what headcount growth do you project you will require, how will you meet this growth, what export experience do your staff have?

## Product

Does your product need to be adapted for each new market, how will you brand and market your product?

## Regulatory requirements

What are the government standards that you will need to adhere to, the licenses you will need to apply for, the warranties and after-sales service that you will need to provide?

## Market positioning

What market segment in each country will your product or service be positioned for, where are they located, how much will they pay?

## Competitors

Who are your competitors in each country, what are their strengths, weaknesses, distribution strategy, price point and customer service strategy?

## Distribution strategy

How will you distribute your product or service, what are the delivery costs, how will you service your customers?

"Have a team in place that has done it before... They know what you don't know, they have been on the journey, they have made mistakes."

Matthew Michalewicz, entrepreneur



"[We decided] we've got to be at the top of the market, to have a quality product and to be in a niche market."

Paul Cooper, Rinstrum

# How do I identify the right export markets?

One of the most common mistakes that new exporters make is picking the wrong market – this may be due to misguided assumptions about demand for your product in that market, or just because you happen to have a good contact in that market who can help you get off your feet. Take the following steps to avoid making that mistake:



## Do your research on the right market for you

Do as much research as you can on whether a market is suited to your product or service before making any commitments. Visit the country, meet with potential partners and distributors, understand the local customs and regulations, calculate the costs of modifying your product – this will help you determine whether you are likely to be successful in that market.



## Understand the economic and political environment of your target markets

In addition to the business environment, it's important to understand the economic and political context of doing business in different markets. Currency risks, political risks, tough regulations on businesses – these can all influence the attractiveness of an export market. Our **Country Profiles** outline some of the risks of doing business in different countries.



## Appreciate that every market is different

However well you know one market, another market may be entirely different. Every country is different, and you need to understand the profiles, consumer trends and price points in those markets to develop a product specifically for that market.



## Think about the customer

For some businesses, the market is a secondary consideration to identifying the customer that can pay the best price for your product. Making sure the customer is right may need to come before choosing the market.



## Consider the competition

Assess the size of the market and the competition you are likely to face in the market – the competitive environment may be a prohibitive factor at worst, and at best will influence how you market and position your product.

"We use the UAE as a hub into other markets we don't want to travel to."

Peter McDonald, Capilano Honey

"We started exporting by making some big mistakes. We went to a country where I had a good contract in South East Asia. We should never have gone there – the country didn't make sense."

Joel Montgomery, Affiniti

# What do I need to think about when entering a new market?

Exporting to new and different markets can require a complete shift in culture and way of operating. SMEs need to think about:



## Regulations and compliance

Domestic and foreign markets are likely to have their own regulatory and compliance requirements, which come with practical and financial considerations, including consumer protection rules, product standards and product liability insurance. Don't get caught out by overlooking local regulations.



## Marketing and labelling requirements

Some markets will have specific requirements around how you package, label and market your product which you will need to adhere to.



## Logistics

Many exporters overlook the time and resource that needs to be dedicated to shipping and freighting when they first start out exporting. The logistics component of an exporting business is huge – how are you going to get your product to your market, how long will it take, how much will it cost, how will you manage the process?



## Cultural factors

It's important to consider whether there are any language, religious, cultural or climatic market factors you need to be aware of and adapt to. For example in China, red is considered a very prestigious colour and generally, red packaging symbolises good luck.

"My business has become a logistics business."

Carolyn Creswell, Carman's Kitchen

"Some of the challenges we have faced [include] understanding the colour on labels in some markets. Some of our Australian labels that have white on them don't work in China. We've now redesigned some of our labels."

Peter McDonald, Capilano Honey



There are lots of different things to consider when you are planning to start exporting. Careful preparation and research and seeking good quality advice will help you avoid common mistakes and set your business on the path to success.

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



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