

A black and white photograph of a person in a suit holding a vintage bicycle with a messenger bag. The person's hands are on the handlebars, and the bicycle is in the foreground. The background is blurred, showing a railing and some foliage.

**STRATEGIES FOR
SERVICE EXPORTERS SERIES**

ARE YOU EXPORT READY?

**A PUBLICATION OF THE CARIBBEAN NETWORK
OF SERVICE COALITIONS (CNSC)**

**“BECOMING COMPETITIVE IS NOT
AN IMPOSITION OF THE EPA, IT
IS A GLOBAL IMPERATIVE.”**

**[PRIME MINISTER GOLDING, JAMAICA/
THE SECOND REGIONAL REVIEW ON AID FOR TRADE]**

ARE YOU EXPORT READY?

Resource-scarce service providers in the Caribbean are often hesitant to engage in export activities, understanding that penetrating a new market can take significant time and effort, with no guarantee of success. As they have already created many of the conditions that will most likely result in profit in their domestic market, they prefer to focus their resources there, despite their small size and, accordingly, the limited opportunities offered in this market.

Though serving the national market exclusively might be the easiest option, it is not the most advantageous one. Apart from the obvious benefit of generating additional sales, revenue and foreign exchange, there are many other positives to exporting services. These benefits are explored on page 2.

The good news is, all service providers can capitalize on the advantages of exporting because the same or similar conditions that significantly improve the chances of success in the national marketplace can be elaborated in other markets. This is 'Export Readiness' – having considered and taken action on the factors that will improve your chances of success in a new market.

This booklet explores ten of the critical considerations in determining export readiness. Being export ready will save your company time and money in its efforts to expand internationally and, best of all, can be done from home, with minimal financial investment.

Use this booklet as a guide in identifying areas of strength and weakness and accordingly exploit and address these areas as appropriate. Focusing on the factors noted below will lay the foundation for export success.

THE BENEFITS OF EXPORTING SERVICES

As noted above, exporting creates additional sales, income and serves to generate foreign exchange.

The benefits do not end there. With an expanded market, a service provider can specialize and offer the specific services they are best at, most competitive in, or most enjoy offering.





“...OFFERING NICHE SERVICES CAN BE MUCH MORE PROFITABLE THAN SIMPLY OFFERING GENERAL SERVICES.”

Services specialization requires a large market space. Enhanced job satisfaction aside, offering niche services can be much more profitable than simply offering general services, as consumers are often willing to pay more for specialty services.

Service exporting also mitigates the risk of doing business in only one country, lessening the impact of economic downturns and seasonality. Consider, for example, the annual downturn in the summer for companies that serve namely the tourism market.

Service exporting enhances innovation and competitiveness through exposure to new ideas and processes such as marketing techniques or management practices. This will improve your ability to compete domestically as well. Service exporting expands networks, vital in this age of connectivity. Research also shows that exporting companies are more profitable, have better growth prospects and adapt quicker to change.

Service exporting is not only a lucrative and advantageous option, it is also a highly feasible one. A successful service company does not necessarily require large start-up capital, numerous employees or significant financial investments to export successfully. Therefore the potential for micro and small services companies to develop and trade successfully is quite real.

Are you ready?



ARE YOU READY?

“WHERE DOES YOUR COMPANY HAVE A STRONG COMPETITIVE ADVANTAGE?”

1. Know Thyself

The first step to exporting is to understand what makes your company competitive. Evaluate your strengths and weaknesses and determine whether you can offer a service which might satisfy a need in an overseas market (this will be more precisely gauged after undertaking market research - see page 13).

- Is your company successfully offering services in the national market?
- Is your company offering services that are of better quality or of better value for money?
- Do the services being offered have unique features?
- Where does your company have a strong competitive advantage? Staff? Technology? Networks? How can you exploit these advantages in overseas markets?

- What are the challenges being faced by your company? Can these be mitigated in another market?
- Is your company committed to providing at least the same quality of customer service offered in the national market in foreign ones?

2. There's a Difference Between Interest and Commitment

The next step, and the single most important factor in determining export readiness, is establishing the commitment to exporting. Successfully penetrating a new market requires a substantial investment in time and money, even when suitably prepared.

- Are foreign markets necessary for the growth of the company? Is there significant competition and little demand for your service offering in the national market? Is there a unique opportunity in a foreign market?
- Are management and staff prepared to devote the time required to develop an overseas market - at least a year period?
- Is management willing to divert time from existing business to focus on developing an export market?
- Is management prepared to commit the resources necessary in penetrating a new market? Is there an export development budget?
- Is management and marketing staff prepared to travel and spend significant time in the new market?
- Is 'exporting' recognized by the full staff as a priority of the organization and is everyone prepared to work towards this goal?

If management is hesitant about committing to establishing new markets, then this is not the right time to begin planning for export. Be cognizant however, that in this ever-expanding global marketplace, your company will likely have to tackle the export issues sooner or later – you may get a request from a potential customer abroad, perhaps a unique opportunity in a foreign market will emerge, or maybe increasing competition in the local market will make the status quo impossible. What will you do?

3. Regarding Resources

Once you have secured the necessary commitment, you will need to ensure that you have the right resources in place to make exporting successfully more likely.

Human Resources

- Does your company have the management skills and expertise necessary to develop export markets? If not, can these skills be acquired?
- Does your management or staff have strong marketing skills?
- Does your staff have professional experience outside of the national market?
- Has any of your staff ever lived, worked or visited the target country? If yes, they may be a useful 'cultural' resource.
- Does your staff have relevant language, marketing, project management, networking and research skills required to export successfully?

- Does your staff demonstrate cultural sensitivity?
- Does your staff have the ability to manage international payment methods and accounting requirements?
- Does your company have the capacity to accept significant additional work if you achieve success in an export market? If not, how will the resources required to meet additional demand be quickly obtained?

If your staff or management do not have the skills or capacity required, it may be necessary to train your staff in weaker areas or contract the services most needed. Be mindful that when it comes to skills such as cultural sensitivity, marketing and even networking, it might be best to hire a professional in the target market to support your efforts, as they will likely have the market-specific knowledge required.

Communication Resources

One of the differences between goods and services is that providing a service requires a greater degree of interaction with the customer than providing a good does. So much so, that the buyer-seller interaction serves as a significant determinant of customer satisfaction.

In assessing export readiness, it is important to consider therefore the communication tools available to potential customers in foreign markets. These communication tools should be easy-to-use, readily available and, of course, reliable.

- Does your company have service standards with respect to response time for emails?





IMPORTANT

Webinar tools including Skype's advanced options, offer an effective way of delivering presentations, training or conducting dynamic meeting to multiple people in a target market.

- Is your company on the major social media platforms (Facebook, Twitter)?
- Does your website accommodate customer feedback?
- Does your company have a Skype account and do you make it readily available?
- Do the directors/owners/managers have a Skype account?

Consider not only the tools, but your export communication strategy as well.

- Can your company accommodate different time zones and vacation dates?
- Is management internet savvy and open to adopting new communication tools, as required?
- Does your staff have the foreign language capabilities required?

Make sure communication channels are well developed before engaging an export market.

Marketing Resources

As services are intangible, potential customers will make determinations on the quality of service based on whatever information is available to them. Business cards, brochures and websites are often the first tangible representations of a company.

- Does your company have a strong marketing presence in the national market?
- Does your website clearly articulate your services and the value you provide?
- Does your company have high quality marketing material, including a website, that reflects its professionalism?
- Does it give examples of previous work?
- Does your company have any experience in marketing to other cultures?

Ensure your firm is export ready before marketing your services abroad.

4. A Goal Without a Plan is Just a Wish

Careful planning, as noted above, is fundamental to services exporting. That said, an export plan need not be a complex, lengthy document. Keep it simple. Set realistic goals and establish a clear strategy for obtaining them. Ensure that staff members contribute to and understand the plan well and know their role.

- What are the company's objectives with respect to exporting? These do not need to be strictly financial, for example 'establishing an international reputation', 'matching the performance of competitors' or 'building networks' are good secondary objectives.
- How does your company intend on delivering the service? Via internet? An office in the target market? Short-term visits to the market? Through a local strategic alliance?
- What resources will be needed to penetrate a new market?

- Determine the total export development budget and how it will be spent.
- Determine who will perform what role vis-à-vis the export plan. Will you require additional staff?
- What are the company's strengths? How can these strengths be harnessed in the export planning?
- How long do you predict it will take to become profitable? What kind of profits do you expect?
- What monitoring mechanisms can be put in place to track progress?

Remember, the Benjamin Franklin quote, “By failing to prepare, you are preparing to fail.”

5. Targeting Your Market

Market choice is an important element of the export planning process. Determine which export market(s) bears the most potential. Consider:

- Is the market a good cultural match for your firm? It is common for new exporters to fail in securing contracts abroad because they did not understand the cultural nuances.
- Does your home country and the potential market share preferential trading arrangements?
- What is the target market exporting and importing?
- Are you aware of the regulations regarding the provision of services in the potential market, such as industry standards or entry requirements?

- What are the tax implications of doing business in the potential market? Are there favourable tax agreements in place between your country and the potential market?
- What are the legal implications of doing business in the target market? Consider intellectual property rights, labour laws and service contract laws.
- Does your company have contacts in this market?
- Who are your competitors?
- Are any other companies from your country doing business in the potential market? Or are there companies from the potential market doing business in your country? How can these companies support your efforts?
- Is the market easy to service? Direct flights? Reliable internet?

Most of this information can be collected through desk research via the internet and online reports. Speak also to business support organizations, including investment organizations as well as the Ministry of Trade in the potential market. They usually have standard “Doing Business In” information available.

Do not try to penetrate too many markets at once – especially dissimilar markets.

6. Moving Beyond Data

There are characteristics of any market that transcends the standard data collected during the preliminary market research.

Market research should move beyond data to a 'market feel'. The best way to understand the market is to undertake a market visit.

- Are the needs and preferences of the potential market a good match for the services you wish to offer?
- How do the public and private sector interact? What is the role of the public sector vis-à-vis business in the prospective market?

IMPORTANT

Speak also to business support organizations, including investment organizations, as well as the Ministry of Trade in the potential market.



- What are competitors doing? Can you match or exceed their offerings in terms of price and/or quality?
- What are successful companies in the potential market doing that makes them successful?
- What potential obstacles do you foresee?
- What is the going rate for your service offering in the potential market? Will your service be cost-competitive, given the additional resources you may have to utilize in delivering the service to a foreign market?

Prepare questions in advance that will help you assess the needs of the potential market and ways of reducing risk.



Who do you know from the potential market in your home country? Speak to them before you go. Ask them about the potential market. Ask if they would introduce you to business persons there.

Can your local Coalition of Service Industries help? Do they have connections in the market?

Have you spoken to the regional export promotion agency, Caribbean Export, about your plans? They might have connections in the market as well.

Are there foreign service officers from your country in the target market? They are excellent resources.

When you visit the potential market, attend networking events and other social gatherings.

Meet with business support organizations and potential customers. Explain to them what you are hoping to do and evaluate their reaction to your service offerings. Ask them to recommend other people you might want to speak with and to introduce you to them, if possible.

Speak to everyone you can while you're in the market – shopkeepers, taxi drivers, waiters, hotel staff to get a general feel of the market.

When you get back home, do not forget to follow up! Send the people you met with a 'thank you' note.

Also remember that markets are fluid so it's important to check back on the market when you're ready to export to ensure that the opportunity still remains.

**“... BEFORE A
SPECIFIC SERVICE
CAN BE MARKETED,
THE CAPABILITIES
OF THE SERVICE
PROVIDER OR FIRM
MUST FIRST BE
MARKETED.”**

7. Consider Culture

Businesses often fail to secure contracts in new markets through inadequate understanding of cultural differences. Culture impacts the way in which businesses function, communicate and negotiate.

As noted above, buyer-seller interaction serves as a significant determinant of customer satisfaction. Therefore, in foreign markets it is critical to consider ‘culture’ in how we communicate.

Communication is not exclusive to emails, telephone conversations or even face-to-face meetings. Non-verbal communications is also critically important.

Be mindful that communication extends beyond how a company ‘speaks’ with potential customers to include how a company interprets a customer’s needs.

During your in-market mission, pay attention to:

- How strangers greet each other;
- How business cards are exchanged;
- The dynamics of business meetings;
- The degree to which people use technology;
- Preferred communication modes for business – face-to-face, telephone, email;
- The standard with respect to socializing.

Think about factors like:

- Body language;
- The degree of formality;
- The level of directness;

- How feedback is received;
- Pace of communication.

Be sure to ask the same resources noted above about the cultural landscape as well – the ‘must dos’ and the ‘do nots’. Adjust your service offering to meet cultural preferences. Do not assume a ‘one-size-fits-all’ approach of offering your service.

8. Establishing Credibility

Services are intangible. They cannot be examined before purchase in the same way that goods can. Therefore, in order for a sale to be made, the buyer must trust in the capabilities of the service provider to deliver what is being promised. Accordingly, before a specific service can be marketed, the capabilities of the service provider or service firm must first be marketed.

Credibility can be established in the target market by:

- In-market recommendations – word of mouth is the best way of establishing credibility;
- Serving as a speaker in international/national conferences – If there are no events in the target market that you can actively participate in, consider hosting a workshop on a relevant subject of interest to position yourself as an expert;
- Partnering with local companies – credibility by association is an effective way to position your company;
- Membership in a local industry association can support your image as a professional and help in building your important network;

- Join Chambers of Commerce/Small Business Associations/Coalition of Service Industries and participate in activities hosted by these organizations. This helps to identify you as a business leader and in expanding your network;
- Write articles for newspapers and magazines in the potential market.

For many more ideas on establishing credibility, pick up a copy of the CNSC's Strategies for Service Exporters Series – Establishing Credibility.

9. Marketing in New Markets

Establishing credibility and services marketing are closely related. It is necessary to do both continuously, especially while your company is new to the export market.

- Do you thoroughly understand the needs of potential clients in this market? Spend some time really getting to know your clients and their needs. Where possible, meet with potential clients. A face-to-face is an effective way of building trust and cementing sales.
- Has your marketing message been shaped for the export market? Identify what makes your company or your service offering unique to the export market.
- Has your promotional material been adapted to the export market, including the incorporation of any cultural considerations?
- Which social media tool is the most relevant in the export market? Have you made a concerted effort to develop your social media presence in the export market?
- Is there someone in the export market who can support and



monitor your company's marketing efforts when you are not in-country? Consider hiring local marketing support.

- Develop a small service that you can provide in order that customers can test your delivery or host a contest with your service offering as a prize, if this is relevant.
- Do not price your service too low. This could pose a problem when prices are eventually raised.

10. Strategic Alliances

The establishment of strategic alliances, in many cases, can be the quickest, cheapest and easiest way for a service company to export.

Strategic alliances can assist service exporters in:

- Evading barriers to trade;
- Enhancing market knowledge;
- Accessing local networks;
- Accessing national incentives;
- Accessing resources, including office space and staffing;
- Benefiting from your partner's credibility in the export market.

During the market assessments, also inquire about potential partners for your company. Be sure to understand your strategy vis-à-vis a strategic alliance before you engage potential partners.

For more on how to establish a strategic alliance, get a copy of the CNSC's Strategies for Service Exporters Series – Strategic Alliances.

Of course, do not overlook all the other important aspects of doing business, including the use of contracts and obeying labour and tax laws.

The Caribbean is signatory to a number of important trade agreements, including the CARIFORUM-EC Economic Partnership Agreement with the EU. CARICOM will soon be concluding negotiations with Canada. There is a possibility of an enhanced trading arrangement with the US in the near future. Let us not overlook the possibilities within the CSME.

Be cognizant therefore that you are already internationally competitive in your local market! Also be aware that both competition and access to opportunities continue to increase.

While this export readiness list may seem taunting, do not be deterred. Export success is a journey and each small step forward marks progress. Begin today with one small step - prepare an 'export ready' business card or connect with people you know in a target market, for example.

Export success takes hard work and commitment, but the rewards are within reach!

This publication has been developed for the benefit of Caribbean service firms and all of the stakeholders who contribute to the development of the services sector in the region. Permission is granted for the reprinting of any material in this booklet, subject to due acknowledgement of the source.

Several industry specialists and experts have contributed directly and indirectly to this series. Best practices have been incorporated where possible based on interviews with successful exporting firms, trade support institutions and/or international best practices. Several key documents were referenced, including publications developed by the International Trade Centre and the Government of Canada, as well as extensive internet research on the specific topics. We wish to acknowledge and thank the many contributors, as well as those who reviewed the material for content and accuracy.

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For more information see <http://c-nsc.org>.



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