

From local to global

How to expand your business overseas



UK Trade
& Investment



**BUSINESS
IS
GREAT**

BRITAIN

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Breaking boundaries and borders in business

Kelly Hoppen

Export Ambassador for the Business is GREAT Britain campaign

I've always been an advocate of encouraging business people to follow their dreams. With over 30 years of first-hand experience building different businesses, I know what's involved in turning an idea into a reality. We've got some amazing small businesses in the UK and I'm immensely proud of the talent and skills we can share in new markets.

Much of doing business includes conquering your fears. There are parts of growing a business that will challenge you to do things you have never done before. This is especially true when exploring the option of doing business overseas. Sometimes, you will have to take a step into the unknown, but for every nerve-racking leap of faith, there could be many more rewards. That's why I'm supporting 'From local to global' as part of the Business is GREAT Britain campaign, to give small businesses the information they need to begin to think about exporting their product or services.

Confidence is vital when doing business - believing in yourself, your ideas and your abilities is incredibly important. Then you can surround yourself with the right team to get the job done. Even for the most experienced entrepreneurs, keeping this confidence when in a new country is sometimes difficult. Language, logistical and cultural barriers can all be business obstacles. However, these barriers can be overcome with the right support,

guidance and people to cheer you along throughout the journey.

I'd advise businesses to take onboard advice from others and have patience. Making your mark in new markets isn't going to happen overnight. This is where your research and vision will help you to hold steady – if you have explored a new market and adapted your offer to fit it, you should have a recipe for success.

Always remember that being flexible and agile as a business person will help your enterprise to flourish. Challenges are just opportunities you are yet to capitalise on, so see them in a positive light and don't give up on a business idea you feel will work if expanded from these shores.

In this guide, we've cherry-picked advice from individuals and companies who have succeeded in doing business overseas. They told us their experiences, approaches and outcomes. This is advice from those who have done it. It's inspiring to read their stories of success and exciting that you, as a business entrepreneur, could look to do the same. Good luck!



A handwritten signature in black ink, which appears to read 'Kelly Hoppen'.

Is your business ready to go international?



Before you dive in, are you and your business ready?

Talk to an expert

On average, a company earns £100k in additional sales within 18 months of working with UKTI.

Your first step: meet a UKTI International Trade Adviser (ITA). With years of experience, they can give you a more detailed consideration of your options.

Visit www.greatbusiness.gov.uk/ukti and book an appointment with an ITA now. This is the most efficient way to gain all the advice relevant to you.

Do your homework

Identify and evaluate your target market. Do your desk research to understand industry structure, competition and your product fit. What modifications might you need to make to your product or service to help it succeed in your target market?

Ask yourself

- What's your unique selling point? Is there an overseas demand?
- Are there any legal barriers?
- Where is the best market to start?
- Do you have the financial resources to fund this extension of your business?
- Will you lead this?
- Will you need an overseas partner?
- What are the main risks?
- Are you confident about getting paid?



Amanda Gestetner, co-founder of frozen yoghurt brand, yoomoo:

We fell in love with frozen yoghurt following a trip to Los Angeles in 2009 and decided to be the next UK Ben & Jerry's. We quickly secured a concession in Harrods and then worked closely with UKTI to gain advice about expanding

our brand overseas. They helped us think strategically about where we should target. We also commissioned Overseas Market Introduction Service (OMIS) reports to learn more about each market and to identify potential franchise partners. As a result, we visited Dubai to meet with UKTI contacts and soon secured a partnership with the Sharaf Group, one of the Middle East's largest retail organisations. We have also worked with UKTI to expand yoomoo into the Asian market. Support included helping with our launch event in Thailand through to inviting us to a trade mission in Shanghai. We now sell over three million pots of yoghurt annually in seven countries, including Thailand, Switzerland, Spain and the UAE, as well

as the UK. Selling overseas is crucial to our success – at least one third of our sales come from international markets.

For more information on getting started, take a look at the New Market tab on the Business is GREAT website - www.greatbusiness.gov.uk/information-and-training-for-first-time-exporters/



Why take the plunge?



It can lead to new potential sources of revenue



Selling abroad leads to successful, sustainable, long-term growth



Companies that export become more productive, more innovative and more efficient than those that don't



Research shows companies are more likely to survive a recession than those firms that don't export



It provides you with a wider range of customers



It is a catalyst for innovation and inspiration - you'll develop new ideas to meet the needs of your international customers, and gain a competitive advantage back home too



It's not just about shipping products. Many of the UK's most successful exporters are service businesses too

Una Driscoll, founder of Belt up Kidz talks about how selling overseas has transformed her business:

When I started the child 'retro-fit' buckle business in 2011 from my dining room in Staffordshire, I had no idea we would grow this fast. Within our first 12 months, we secured a patent and found a manufacturer in China. Since working with UKTI, we've achieved a 70% increase in export sales in less than a year. It's astounding. We worked closely with UKTI to develop a strategic action plan that would suit a small single-product business. As a direct result of UKTI's advice, our website now features a main site for orders from the UK and Europe, with a page dedicated to international customers. We then joined UKTI's Franchising Access Programme, which has opened so many doors for us in Central and Western Europe. UKTI put us in touch with a Greek online mother and baby company who immediately put in a standing monthly order for our product. Since then, we've secured similar orders from other businesses we met.



To hear more stories about businesses like Una's and how selling overseas has helped them, please visit: www.greatbusiness.gov.uk/new-marketsall-case-studies/



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The road to doing successful business overseas

1. Research your market

Do your potential customers want your product or service for the price you are selling it? What is the competition and how do you compare?



2. What's possible?

Ask yourself the right questions - what would your business gain from accessing new markets in another country?



3. Write your plan down

Define how you plan to realistically launch overseas and what resource do you have and do you have the capital to support all elements of your venture?



4. Which sales route is right for you?

You'll need an idea of how you will actually sell overseas and get the right process in place with a distributor, agent or online. There is help you can access to arrange this.



5. How to shout about your product

It's important to match your marketing with your market - look at what others are doing and what works to reach your target audience.



7. Get paid on time

Ensure your cashflow will remain at a safe level and credit is in place for future investments and sales. Always protect your business with insurance.



6. Get customs right

Contact HM Revenue & Customs and the UK embassy in the country you are going to do business, to clarify all requirements. Give yourself enough time to get this right.



8. How will you distribute?

Think about the practicalities of selling over long distances and across borders. Plan the routes you will use for both distribution and business travel.



9. Transport goods effectively

Access and choose the most effective transport method and make sure the goods are insured by both parties.

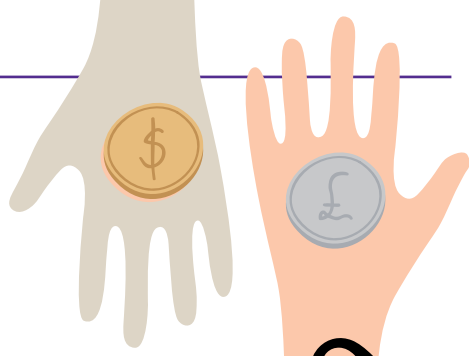


10. After the sale

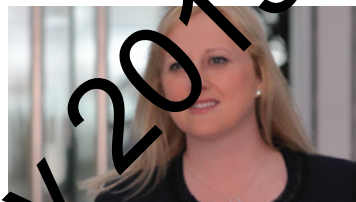
Regularly check in with your customers, export agents and banks. Monitor the wider implications of what is happening in the country. Keep your customer service to the high standard it is in the UK.



How your bank can help



- When you are looking to expand your business overseas, there are two big questions; how are you going to fund it and how will you get paid and when?
- Discuss the financial implications with your bank. Entering a new market often requires more finance and manpower. It takes time to build new relationships with customers and partners. You are unlikely to generate a return on investment in your first year.
- Make sure you get paid. This requires good risk assessment, agreeing acceptable payment terms and methods, and protecting your business with credit insurance cover.
- Research the creditworthiness of potential customers before you start trading with them. Confused on where to start? Speak to UK Export Finance.
- In countries where there are access restrictions to foreign currency, your customers may face problems getting the right currency to pay you. In this case, insist on a confirmed, irrevocable Letter of Credit to secure payment according to the terms of credit at an agreed rate.
- Consider the use of export factoring if you sell on credit. You get paid a percentage of the invoice upfront with the balance paid (minus the export factor's percentage) once payment is collected.
- Hedge your exposure to foreign currencies. Exchange rates can move unfavourably and damage your profitability and cash flow. Foreign exchange hedging allows you to identify, qualify and manage these risks.



**Angela Potter - Managing Director,
Transaction Services UK, RBS**

We are keen to help our clients expand their global footprints by supporting them to fulfil their export ambitions.

We offer a wealth of services around importing, exporting and supplier finance. We also run trade clinics to help local corporate communities find ways to overcome the perceived challenges of doing business abroad.

The international agenda is a key priority for many small businesses and, with a presence in over 30 countries complemented by partner banks in another 24, we're focused on helping these clients seize the opportunities that overseas trade presents.

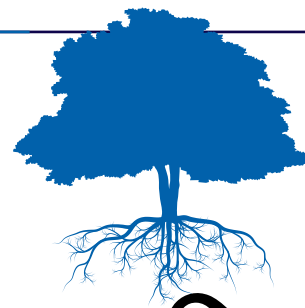
Amelia Rope, founder of Amelia Rope Chocolates Ltd:

My turning point was in 2010. I secured my first two orders from Hush and Selfridges. I met with the bank manager, confident in borrowing a small sum to build my business. But they declined. It was an economically unstable time, and I had to turn elsewhere for the cash to supply them. After raising money through friends

and family, I secured the retailers and my business boomed. I recently revisited the bank to ask for a much greater amount. They said yes! Not only did they believe in me and the business, it was clear they had received support to help small businesses. Most small businesses don't realise how much their bank can help when selling overseas but my bank now is central to helping me to increase the sales of my chocolate worldwide.



A guarantee of growth



Heather Wells, group finance director at BDP, describes how UK Export Finance has helped to unlock growth in the important Middle East market

Building Design Partnership (BDP) combines expertise in disciplines as diverse as architecture, civil engineering, and industrial design. Its projects range from science centres to children's hospitals. We have invested a great deal over the past five years in building BDP's international presence and now have studios in China, the Middle East, India and the Netherlands.

We had financed our international growth out of retained earnings and tended to be quite self-sufficient.

But in the Middle East, we had to deal with clients' requirements for performance bonds. A client might ask for a bond equivalent to ten per cent of the fee - which must be payable on demand. It puts a substantial amount of profit at risk for the duration of the contract, which can be up to five years.

The only way to support these bonds was for us to put cash into an account that we then couldn't touch. That obviously tied up a lot of working capital and therefore restricted the number of projects that we could carry out in that region.

People say that these bonds rarely get called in but, when you are talking about money of this sort of magnitude, you have to operate from the basis of the worst happening.

So we approached UK Export Finance with our bank. I wish we had contacted them earlier! UK Export Finance provided performance bond cover, meaning that we could provide bonds for larger contracts than we could have done from our own resources. We have used this cover for the big projects.

Many people think that this type of finance takes a long time to put in place. It doesn't. Even with our first application, when we were getting used to the forms and information requirements, we had clearance within two weeks. That's very fast.

It's important that you have a good relationship with your bank and speak to them about their relationship with UK Export Finance. It is a good partnership; UK Export Finance assists the bank to support us.

Without UK Export Finance, BDP would not have been able to achieve our current level of export business - and therefore the number of UK jobs that we have supported.



We were stopping ourselves from growing

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“We approached UK Export Finance with our bank. I wish we had contacted them earlier!

Business skills & networking



Five top tips by Heather Melville, Director of Strategic Partnerships at RBS, on networking internationally

1. Put time aside to meet and greet. Networking is key to growing your business and helping you to develop as a business owner, especially when starting out in a new territory.

2. Do your research. Before an event, ask for the guest list and select five individuals you want to meet because they might benefit your business or help you personally to grow.

3. Learn your markets. Use the experiences of your new contacts to get under the skin of new markets. Learn about the opportunities and the challenges. Ask questions to get the right answers.

4. Immerse yourself in the culture. Tap into the expertise of your UKTI trade adviser. They can advise you

on what to wear, what traditions to respect and even teach you some local dialect to throw in!

5. Know the business card etiquette. Be aware of business card customs when networking abroad. In Japan, for example, the business card is often embossed and represents a significant part of the process. Present your own card with both hands, and take the time to receive a card warmly.

Claire Selby, founder of Yellow House English, used networking to take her service to the next level:

When I set up Yellow House, my aim was to allow the world to communicate in English better and from a younger

age. In 2011, I registered with UKTI and attended a UKTI inward mission of digital media businesses from China. It seemed like the logical next market to focus on. They introduced me to key players from their local networks and helped me to make the most of market visits. I discussed my plans with UKTI's Creative Industries representative for Beijing, who, in turn, introduced me to

a number of mission delegates. One of these was Tencent, China's largest and most used internet service portal. We have since gone on to sign an agreement with them, the Peking University Press and have struck a deal with China International Broadcasting Network. Thanks to the meetings organised by UKTI, this was the start of something big and has been central to our success.



To learn more about how RBS works with small businesses across the globe, visit www.rbs.co.uk/international

Kelly Hoppen's

TOP 10 TIPS

for breaking into new international markets

1

Research, research, research

Contact UKTI and use the expert International Trade Advisers (ITAs) to help you research your target markets and potential customers. Book a free appointment with an ITA today by visiting www.greatbusiness.gov.uk/ukti

2

Plan

Have a business plan and the necessary capital. Talk to your bank and UK Export Finance (UKEF), the government's export finance provider, well in advance. If pitching to an investor they'll care more about how you're going to a.) get to revenue, b.) scale it over the first year, and c.) retain those customers. Plan your responses in advance.

3

Meeting with investors

When preparing to pitch to an investor, it's important to know your pitch inside and out. This doesn't mean learning it by rote but practice the content and deliver it confidently. Include your learnings in your investor pitch. Investors like to see the market research you've done. Wherever possible, include positive testimonials from real customers.

4

Test

Take part in overseas events, trade fairs or missions to test markets, attract customers, appoint agents or distributors and make sales. UK Trade and Investment's (UKTI) Trade Access Programme provides grants to companies to attend trade shows and missions worldwide.

5

Know the currency

Understand the currencies you will need to deal with. Talk with your foreign exchange provider early, as they can give you insights into the potential currency risks.

6

Start small

It's tempting to pursue multiple markets. Don't. Begin by focusing on one or two markets.

7

Seek out support and advice

There are several organisations that are dedicated to supporting overseas trade - such as UKTI, UKEF and Chambers of Commerce, as well as specialists in banks, law and accountancy firms. Their support will be crucial. Seek support from your peers too - deliver your pitch to a friend and ask them to pose the tricky questions to you so that you are fully prepared.

8

Appreciate cultural differences

Failure to take account of different cultures can lead to damaging and costly mistakes. This could range from causing offence by not observing correct protocol to inappropriate packaging and marketing.

9

Get paid

It's easy to overlook the risk of non-payment. Establish the credit rating of potential clients and guard against non-payment through letters of credit or credit insurance. UKEF can provide advice and insurance where the private market can't help.

10

Be patient

It won't happen as quickly as you anticipate. Local customs and legislation can slow things down.

Where to start



Andrew Mapstone, UKTI International Trade Adviser for the South East, on how to get started:



Your first step: head to www.greatbusiness.gov.uk/new-markets. It is full of useful links, resources and case studies from UKTI.



Secondly, arrange to meet an International Trade Adviser. You can get an appointment within a few weeks of your enquiry. We have all held senior positions within commerce: our experience is there for you.



Think of an ITA as a 'facilitator' to help you make an honest assessment of the potential of your business to sell overseas. An ITA can also point you in the right direction to take these conversations further.



Talk to an ITA if you believe there might be international demand for your product or service.



Talk to an ITA if you receive an enquiry from an international market and you are not sure what to do next.



Talk to an ITA if your current export business has hit a bump in the road. Whatever the enquiry, we can help.



Be prepared to be surprised at the support, advice and opportunities that you will discover once you have started to work with a UKTI ITA. We don't just sit in our office - we visit your business and learn how you work. We are committed to making a commercial difference to your business.

Chrys Charvy, Global Office Manager at Pixel Projects Ltd, explains how their ITA has helped them:

Our ITA has been a crucial resource to Pixel's global expansion programme. As one of the UK's leading audio-visual solution providers, we already had an existing global customer base. However, the Passport to Export programme gave us

introductions to contacts at British Embassies and Consulates around the world. This programme also provided us with £3,000 in matched-

funding towards the costs incurred during research into the Dubai Free Zone, where we are now fully operational. Our ITA advises us about available workshops and master classes covering all areas of export, and the various Trade Missions run by UKTI. One of these was a six day Olympic mission early in 2014, attended by one of our General Managers, which has opened up opportunities in Brazil. We now operate in various global locations including Singapore, Dubai and the United States, with other key operations due to go live imminently in Barcelona, Paris and Sydney. We are now proudly servicing international blue chip clients in our chosen areas of the world from locally based operations.



Views from a trade mission



Sweet Mandarin takes on China

The Tse sisters were running an award-winning Chinese restaurant, Sweet Mandarin, in Manchester when a customer asked if he could bottle some of their barbecue sauce. This request grew into a whole business, which employs four full-time staff and produces approximately 20,000 bottles of sauce per week.

Following an e-mail business alert from UKTI, Lisa Tse applied to join a delegation to SIAL in Paris, a major international food show. Sweet Mandarin received funding towards the cost of the trip and appeared on the UKTI stand, resulting in an order from Russia. And, as a mission to a food and drinks trade fair in Cologne led to meeting with new distributors for Australia, New Zealand and the Middle East.

Sweet Mandarin joined a group of 100 British businesses accompanying the Prime Minister to China in December 2013. As a direct result of this their business secured a £6m, five-year export deal to China.

"The Prime Minister said he could help us to promote our sauces to China and he kept his word," says Lisa. "I could tell that because such a visit really impressed our distributors. It showed us to be a credible, powerful British brand, serious about doing business in China. Exporting is crucial for a business to survive but it has its pitfalls. Thankfully, UKTI is on hand to answer questions, make introductions and create opportunities for us to promote ourselves globally."

If you are looking to sell your products overseas or tender for new international business, register on www.businessopportunities.ukti.gov.uk and receive tailored new business alerts straight to your inbox.

Angloco sells overseas

Angloco, based in West Yorkshire, has been designing and building fire fighting and rescue vehicles for 40 years.

Thanks to UKTI support through their Trade Missions and Overseas Market Introduction Service, between 60-75 per cent of their products are exported to customers spanning 50 countries, contributing to their annual turnover of over £17 million.

UKTI has been central to their success across the Middle East, Africa and in particular the Caribbean. After an initial introduction by UKTI to the British High Commission in Barbados, the firm has gone on to build strong relationships across the island and ultimately secure their third, five-year rolling contract to service all Barbadian fire vehicles.

"Our sales and service teams visit the island regularly to meet with UKTI contacts and they have helped us to find high quality distributors," commented Bill Brown, Chairman and MD of Angloco. "They keep us informed of tender opportunities which gives us a head start."

To see how you could take advantage of emerging opportunities across the globe, visit new markets and meet international buyers, go to www.events.ukti.gov.uk and to find the Trade Missions available to you.



Selling while you sleep



With global online retail sales increasing by 17 per cent per annum, the opportunities for British businesses are huge.

Ten tips for using digital to sell overseas

- 1 Recognise *where* global demand lies. Pent-up demand for UK brands exists all over the world.
- 2 Learn what products and styles suit each country and their consumers. One size doesn't fit all.
- 3 Do your homework. Understand what additional services you may require to enter into a new country, such as translation services, warehousing, fulfillment, IP registration, tax & VAT implications. You can get help from UKTI.
- 4 Work with UKTI. Through their e-Exporting Programme, they help businesses to accelerate their global growth through online channels.
- 5 Distance isn't a barrier. Asian consumers, for example, are more connected because of their love of smart phones, meaning there are vast opportunities to extend the reach of your brand.
- 6 Engage with your customer using the common trends in their market. Learning how different markets operate is simple but extremely effective.
- 7 Weigh up the options of 'digital only' vs 'digital and physical presence' within a new market.
- 8 It's not all about sales, e-marketplaces such as Tmall in China, are also a good way to gain consumer behavioural data before you begin to sell.
- 9 Scalability is easy and affordable. Whether you want to sell into one country or 101, e-marketplaces allow you to trade across multiple countries via one platform.
- 10 Be more social. Consumers expect to be able to engage with you or other shoppers before purchasing.

UKTI's e-Exporting Programme will allow you to:

- Meet with an adviser to discuss your plan of action
- Receive help and advice on building your online and e-commerce presence
- Increase the global reach of your brand
- Identify new marketplaces around the world
- Set up on e-marketplaces quickly
- Attend events and webinars about retail/e-commerce opportunities.



Niki McMorrough, CEO and Creative Director at Made by Niki explains further

My lingerie business was going from strength to strength, even getting the seal of approval from Victoria Beckham. After securing a solid status here in the UK, we knew we could take this further, particularly in the US, but our website wasn't ready for the job. We used UKTI's

e-Exporting programme to help kick start our global growth, tapping into the importance of our social channels. Our website is now inviting and functional, both helping to maintain and, crucially, boost our sales.

To find out more about how you could sell overseas through online visit: www.greatbusiness.gov.uk/ukti

"Exporting has really given our business a lift"

Mike Coveney,
Sales and Marketing Director of Griffon Hoverwork



UKTI services and networks

Businesses who choose to sell overseas become 34% more productive in their first year while those already selling overseas achieve 59% faster productivity growth than non-exporters.

UKTI can help you succeed overseas. The figures are compelling: on average businesses earn £100,000 in additional sales within 18 months of working with UKTI. This could be you.

UKTI has a national network of International Trade Advisers with first-hand export expertise to support and advise you on how to grow your business in international markets. Find out what UKTI can do for you, by contacting your nearest ITA today.

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For first class export advice and guidance visit www.greatbusiness.gov.uk/ukti

Other sources of information

- **Foreign & Commonwealth Office country profiles**
www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile
- **Support and advice on access to finance UK Export Finance**
Tel: +44 (0)20 7272 8010 Email: customer.service@ukef.gsi.gov.uk
gov.uk/uk-export-finance

"Now we're building success from Durham to Dubai"

Carole O'Neil,
Partner at Cundall

When Carole wanted to provide engineering consultancy overseas she took advantage of expert advice, tailored to her business. To arrange a face-to-face meeting with an International Trade Adviser, visit:

greatbusiness.gov.uk/ukti



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