



Information Sheet:

Defining the Export Development Process

All new-to-export firms that want to enter the global marketplace have similar questions and needs that define what the firm must do to successfully establish overseas distribution and sales of their product. When these are categorized and put into a sequence, they form what could be called an export development process. Since there is a commonality that exists for all firms as they begin this process, it can be explained graphically as a continuum of events.

The **Export Development Process Continuum** illustrates the key items that form the process. This explanation is to help the reader understand what these events mean to the firm preparing to enter the international marketplace. They are illustrated in the continuum in three categories: (1) status of the firm (from new-to-export to exporting); (2) phases of the process (from awareness to actual exporting); and (3) use of key state and federal export assistance resources (federal and state Department of Economic Development Commercial Service).

The continuum ranges from the new-to-export firm to those companies that are exporting. In actuality, few (if any!) firms reach the full end of the scale (100) serving all available global markets since there are always constant changes occurring in world markets. For example, when the Berlin wall was torn down and the Soviet Union became a series of Newly Independent States (NIS), this opened numerous markets for U.S. manufacturers. These types of changes are constantly happening on a smaller scale; thus few firms will be serving all markets at any given time.

The continuum also illustrates key aspects of a firm's status during their development. These aspects can be determined in two categories, the status of management (indicated on the vertical axis) and of the firm (indicated on the horizontal axis).

1. First is an *interest* in exporting on the part of management, resulting in an **awareness** of the global markets and the potential that exists for the firm's products.
2. This is generally followed by a management decision to commit resources to preparing the

firm's **export readiness**.

3. Once the firm has finished their preparation for entering global markets, both management and the firm are considered *qualified* and **export ready**. (Note explanation of export readiness and export ready that follows).
4. When the firm has established distribution in a foreign market and is serving that market, they are then considered to be **exporting**.

Although this may seem rather obvious to the reader once it is understood, many new-to-export firms do not think in terms of developing their global market potential as a process. This becomes particularly relevant when a firm understands the importance that state and federal export assistance resources can play in their export development. In most cases, the two key resources available to the new-to-export firm are the International Trade Office of their State's Department of Economic Development (or Department of Commerce) and the U.S. Department of Commerce, Commercial Service, (70 offices located throughout the nation).

There is a "Catch-22" that exists in using these key resources as their services are promoted for the "export ready" company. This means that a firm must be considered **export ready** in order to be able to use state and federal export assistance programs.

What is a definition of **export ready**? There is none! However, most serving agencies determine a company's "export readiness" based on the degree of the *management's commitment* and the *status of the firm's preparation* for entering global markets. Some agencies use a questionnaire to determine readiness, while others may simply ask the company questions to determine if they are export ready. Either way, the agency staff will evaluate the new-to-export firm before export promotion services are provided.

A definition of "export readiness" is provided in this section for purposes of helping the reader understand what steps a firm can take to be considered to be export ready.

The focus of the information presented in these materials is to help a firm prepare their export readiness. Since this is not considered the role of state and federal export assistance agencies, it becomes an ideal niche for other business service providers (SBDC, University Extension, Economic Development). This assistance does not require export expertise, and three key roles have been determined that trade assistance organization staff can fulfill to help a firm with export readiness. These roles and how they interrelate to state and federal agency services are illustrated in the Global Marketing Assistance and Facilitating Role Continuums also available.