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EXPORTING A HOW-TO GUIDE LEADERSHIP

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MAIN STEPS ON THE EXPORT JOURNEY



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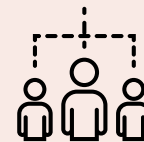
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STEP ONE LEADERSHIP



Take the first step...



MAKE A START

- Discuss exports in your next planning session
- Understand where you are on your journey and choose a starting point

LEAD FROM THE TOP

- Assign board-level responsibility for the development and execution of a strategy
- Create champions in all parts of the business

PAINT A PICTURE

- Understand why you are developing an export strategy
- Develop an internal communication plan for the export strategy

ASSIGN RESOURCE

- Establish an export strategy team, drawing from all parts of the business
- Lean on existing experience within your business to build your team

EMPOWER THE TEAM

- Appoint a project leader
- Agree a reporting structure for the team

BUSINESS PLAN

- Carry out a SWOT analysis of the business's export profile
- Develop SMART goals, including identifying training needs

LEADERSHIP

It can be a challenge to get your goods to market and to adapt your product where necessary, but step one is to get your business fit and healthy to trade internationally.

International trade can be hugely rewarding. As a first-time exporter, your chances of success will depend on how you introduce the idea to your workforce, and steer the efforts from initial research to first overseas sale.



MAKE A START

Like any other strategic initiative, making exporting a visible change project and resourcing it correctly will maximise the chances of success.

Before committing to an export strategy, consider the long-term objectives. Satisfy yourself that the business has a sound springboard for success. In particular, be sure you have the capacity to reassign resources from existing core business to support export activity or to acquire new staff if needed.

Mainstream the project and involve all parts of your business. All parts of your business will be able to add value to the development of your export strategy. You may already have an excellent export profile, and this plan can be used to refresh or review your strategy.

- Discuss exports in your next planning session
- Understand where you are on your journey and choose a starting point



LEAD FROM THE TOP

Leadership is about making something happen and engaging across the organisation. Your business should be aligned to export, but you should start with exploring your potential approach with key colleagues first.

An export strategy will be led from the top, will require cross-department input and will be championed across the business. A successful export-led business will have an export focus at its core, from the business's strategic plans to product development and design to production, sales and marketing.

- Assign board-level responsibility for the development and execution of a strategy
- Create champions in all parts of the business

LEADERSHIP



PAINT A PICTURE

Engage with your employees. Be prepared for likely questions and concerns. Anticipate resistance to change, and set out to generate excitement.

Working across your business, promote the advantages of developing an export strategy. There are many advantages, from growing business, mitigating risk and developing new products.

Be clear about why your business needs to focus on export. Acknowledge barriers, while highlighting the benefits and opportunities – for individuals as well as the business. Get all staff involved, even those who might not be directly involved in the export effort. Aim to evolve the culture and mind-set so that your workforce thinks like an international business.

- Understand why you are developing an export strategy
- Develop an internal communication plan for the export strategy

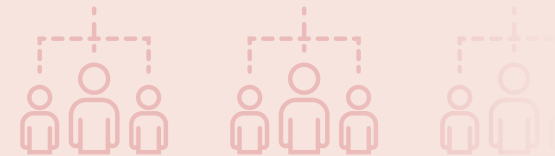


ASSIGN RESOURCE

In order to develop and execute an export strategy, you will need to assign some resources. A company new to exporting may require new skills and knowledge within the business. However, you may already have members of the team with experience and knowledge. Experienced exporting businesses might want to refresh and renew the strategy and knowledge and further develop the team's skill sets.

Identify key people who will lead the day-to-day activity up to the export launch. Seek out new specialists, or skill up your existing team – for example, through Make UK's range of [short courses](#) in exporting. The Institute of Export & International Trade also offers a range of [training](#) that leads to qualifications and can give you an edge in overseas trade.

- Establish an export strategy team/working group, drawing from all parts of the business
- Lean on existing experience within your business to build your team



LEADERSHIP



EMPOWER THE TEAM

Appoint a trusted and enthusiastic team leader to work through the detail of marketing, fulfilment and distribution. They should explore the detailed rules for exporting as they apply in your industry. Provide the team with top-level access and support, while empowering them to make progress autonomously.

Create a guiding team with the ability to draw on needed expertise and experience across the business. The team led by a senior decision maker in your business should develop a business plan and agree on a schedule of reporting on progress.

Set up regular reports and conversations, so you can stay in the loop and provide ongoing guidance. Be clear that you are willing to hear unwelcome news: the team should have the power to question decisions made to date, and to suggest revisions as new information emerges.

- **Appoint a project leader (or export manager)**
- **Agree a reporting structure for the team**



BUSINESS PLAN

In order to develop an export strategy, it will be important to understand your product, the competition and the market opportunities. However, it is essential also to develop a business plan with achievable goals and realistic financial and sales projections which should be used to assess your capital needs. Set time aside to carry out a SWOT exercise to unearth all relevant factors. Are your competitors active overseas? Is your website equipped to serve international customers? How easy would it be to adapt your product or packaging?

Set goals which are measurable and delivered to an agreed timetable. It will also be important to understand where more knowledge or additional skills are needed, and what training and development might be necessary to help the team and wider business to develop and execute a successful export strategy. Your SWOT exercise should have identified key assets and gaps in your skills, from language abilities to knowledge of export documentation. Based on this analysis, you might decide to make use of external expertise to handle some aspects, such as customs declarations or freight forwarding.

Use your findings so far to construct a business plan. This should be robust enough to convince banks and partners that you have fully explored every angle – from the competition and market opportunity, through your marketing strategy, to the selection of the best entry approach (direct sales, retailers or local distributor).

HSBC offers a useful ready-made template for business planning.

- **Carry out a SWOT analysis of the business's export profile**
- **Develop SMART goals, including identifying training needs**

LEADERSHIP

CASE STUDY – PLAYDALE PLAYGROUNDS

From research to growth: an exporting journey

Playdale Playgrounds is the largest UK manufacturer of outdoor children's playground equipment. Thanks to award-winning success, children around the world are having fun because of this South Cumbrian business.

Family-owned business Playdale Playgrounds has been making playground equipment for 43 years. It began in 1978 when Jack Croasdale was building a new community centre at Leven Valley Playing Fields in Haverthwaite in the Lake District. Having checked the cost of replacing the old playground equipment, Jack and his son John decided to make their own, from timber logs. They went on to build three other playgrounds that year and by 1983 their business was firmly established.

Having only built a small number of playgrounds overseas and concerned the UK market was going to struggle over the next decade, Playdale really began to focus on exporting 12 years ago. Looking for the growth potential that new markets could bring, the company's first step was to engage with the Department for International Trade (DIT) (UKTI as it was then). DIT provided training and recommended an International Trade Adviser (ITA) who helped Playdale access a number of support services including the Overseas Market Introduction Service (OMIS).

The support from DIT led Playdale to develop an action plan, which over the last 12 years has grown to have in excess of 700 actions. These are reviewed weekly by up to 20 staff in the organisation.

The annual plan involved doing desk research to highlight six countries each year they wanted to enter. In the early years this was based on market value, GDP and even child population statistics. This however was somewhat technical, and they quickly learned to look where the developed markets are by researching their competitors based on the principle of not wasting time to reinvent the methods of others that have been successful.

Playdale then spends up to a week in each market researching it, meeting architects, city councils, schools and even the competition. They believe that this step is vital, as you must without fail get eyes, ears and boots on the ground. Playdale has had an incredible journey along the way where they have visited over

60 countries. They have experienced many cultures, have managed to sell sand (pits) to desert countries and made many friends and memories.

Today Playdale's turnover is circa £11M, employing 85 employees and have a presence in 50 countries through 38 distributors spanning the globe and 50% of their manufactured product is going abroad.

Exporting has grown the business in so many ways in a period when the UK market has contracted by about 40%.

In addition Playdale has won national awards including 'UK Family Manufacturer', 'UK SME Exporter of the Year' as well as being named the Department of International Trade Export Champions from 2014. Playdale Chief Executive Officer, Barry Leahey received an MBE for services to International Trade and Exports.



Playdale
Playgrounds

GLOSSARY

Term	Meaning
Advance Payment	Advance Payment – paying for a good or service before it is received.
Authorised Economic Operator status (AEO)	<p>A compliance certification signifying secure and reliable exporter status and offering smoother customs flows and deferred payment of duties. Predominantly used across the EU but with WTO links.</p> <p>Your freight forwarder will likely be AEO approved and a known consignor.</p>
AWB	Air Waybill - a receipt issued by an international airline for goods and an evidence of the contract of carriage. This document sets out the routing of an exporter's cargo while it is in the hands of the air carrier.
BL	Bill of Lading - document of title, a receipt for shipped goods, and a contract between a carrier and shipper. This document must accompany the shipped goods
BoE	Bill of Exchange - is used in international trade to help importers and exporters fulfil transactions. While a bill of exchange is not a contract itself, the involved parties can use it to specify the terms of a transaction, such as the credit terms and the rate of accrued interest
Border Operating Model	Post Brexit, this is the UK Government's new border control system that will be introduced in three stages up until 1 July 2021.
Carnet	A document permitting the holder to temporarily send goods to certain foreign countries for display or demonstration purposes without having to pay duties
CHIEF/CDS	CHIEF (Customs Handling of Import and Export Freight) is the HMRC computer system used to make customs declarations. Mostly used by freight forwarders, it will be replaced by a new system called CDS (Customs Declaration System) in 2021.
Certificate of Origin (CO)	An international trade document that certifies that goods in a particular export shipment are wholly obtained, produced, manufactured or processed in a particular country.
COD / OA	Cash on Delivery / Open Account - The sale of goods or services in which payment is made upon delivery rather than in advance
Commodity Code	A number allocated to goods to classify exports/imports. It dictates your duty rating, and alerts you to any import or export regulations. Department for International Trade UK Global Tariff Look Up
Consignor, consignee and declarant	Customs terminology referencing the person/organisation exporting, the person/organisation receiving the goods (taking ownership) and the person responsible for the import respectively.
Country of Origin (COO)	Countries use rules of origin to define the COO of goods – the COO determines how tariffs might apply. For example, to be 'made in the UK' a certain percentage of the ex-works value must be of UK origin.

Customs procedure code (CPC)	Tells customs what will happen to the goods.
Customs simplified procedures	Customs special and simplified procedures deal with customs treatment of goods transiting a country or held in storage – also known as bonded storage or warehouses.
Customs declaration	An electronic export declaration.
Customs union	Members apply a common external tariff (e.g. the European Union)
DIT	The Department for International Trade (DIT) is the UK Government department tasked with promoting and financing international trade and investment, as well as championing free trade.
Documentary Collection	Documentary Collection - A simple alternative payment method to Export Letters of Credit that protects the sellers interests over documents and payment collections via banks.
Duty	A duty or tariff is a tax imposed on goods when transported across international borders. The term duty could include import tariffs, VAT (or equivalent) and/or an excise duty.
Economic Operators Registration and Identification (EORI) number	A UK EORI number is issued by HMRC to identify an organisation for the purposes of customs and import/export.
EU Common External Tariff	The EU's external tariff regime, or MFN tariffs. See MFN Tariff
Free circulation	Free circulation refers to goods entering the European Union and, once cleared by customs, are free to circulate within the EU.
Freight forwarder	An agent who organises shipments and transport and can manage certain related customs procedures on behalf of the exporter. British International Freight Association
Generalized System of Preferences	The Generalized System of Preferences (GSP), is required to validate claims for preferential duty treatment (a reduced or duty-free entry). This form is granted by certain developed countries for certain manufactured goods exported by least developed countries to boost exports.
Incoterms®	Created by the International Chamber of Commerce (ICC) and used universally Incoterms are a set of internationally recognised three-letter trade terms that describe the practical arrangements for the delivery of goods from sellers to buyers and allocate the obligations, costs and risks between the two parties. Link to ICC

LC / DC	Letter of Credit (Documentary Credit) - A letter of credit, also known as a documentary credit is a commitment given by the buyer's bank that they will make payment when a pre-agreed, specified set of documents are presented to a nominated bank by the seller (video link)
MFN (Most Favoured Nation) tariff	Normal non-discriminatory tariff charged on imports (excludes preferential tariffs under free trade agreements and other schemes or tariffs charged inside quotas).
Open Account	Shipping goods to your buyer before you get paid.
Rules of origin	Rules of Origin (ROO) allow an importing country to identify and classify the origin of a product and therefore whether it should be subject to preferential treatment, such as tariff reductions. See also Country of Origin.
SWOT Analysis	SWOT is an acronym for a method of analysis looking at Strengths, Weaknesses, Opportunities, and Threats
Tariffs	A duty or tariff is a tax imposed on goods when transported across international borders. Often an import tax applied at a rate specific to the product. These can be applied at either MFN or at preferential rate through trade agreements.
TCI	Trade Credit Insurance (TCI) provides cover for businesses if customers who owe money for products or services do not pay their debts, or pay them later than the payment terms dictate.
UK Export Finance	UKEF is the UK's export credit agency
UK Global Tariff (UKGT)	The UK's external tariff regime, or MFN tariffs. The tariff or duty that applies to all goods imported into the UK unless the country you're importing from has a trade agreement with the UK or another exception applies.





Make UK is backing manufacturing – helping our sector to engineer a digital, global and green future. From the First Industrial Revolution to the emergence of the Fourth, the manufacturing sector has been the UK’s economic engine and the world’s workshop. The 20,000 manufacturers we represent have created the new technologies of today and are designing the innovations of tomorrow. By investing in their people, they continue to compete on a global stage, providing the solutions to the world’s biggest challenges. Together, manufacturing is changing, adapting and transforming to meet the future needs of the UK economy. A forward-thinking, bold and versatile sector, manufacturers are engineering their own future.

www.makeuk.org

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HSBC is one of the world's largest banks. We support around 1 million UK businesses, among 37 million customers worldwide. Our international banking network covers 64 international markets and territories and gives us access to around 90% of world trade flows.

Our aim is to be acknowledged as the UK's leading bank for national and international trade, and in Euromoney's Trade Finance Survey 2021 we were recognised as the UK's best bank in trade finance for the fifth consecutive year. Globally, we were voted the world's #1 Global Trade Finance bank for the fourth year running, demonstrating our delivery of safe, fast and simple trade transactions.

These awards reflect our commitment to British businesses and our support in helping them realise their growth ambitions. With trade solutions ranging from paper-based documentary credits to sophisticated upstream supply chain financing we can help companies of all sizes trade with confidence.

For businesses with international ambitions, our global network provides unique access to global trade flows and means we can connect businesses to opportunities worldwide.

A strong balance sheet, advanced technology and an extensive network of dedicated trade and supply chain teams worldwide – including 800 specialist UK trade staff – puts us in an excellent position to support UK businesses as they expand overseas.

We understand that growing businesses want more than finance and products from their bank, they want a partner and expert guidance. To this end, we run a series of initiatives to meet the needs of companies across the country at every stage of their growth journey.

We also recognise the value of access to up-to-date information and insight on building a successful business. Our recently launched Tomorrow Ready hub contains a wide range of tools and resources to help businesses prepare for the future and there is a section on the hub dedicated to exporting and Brexit preparedness.

To find out more, visit:

www.business.hsbc.uk/en-gb/tomorrow-ready-programme/prepare-for-exporting-and-brexit



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