



Henrietta Lovell, right, of Rare Tea Company, chats with a tea plucker on the Satemwa Estate in Malawi

TOP TIPS FOR INTERNATIONAL EXPANSION



DO YOUR RESEARCH

From local demographics and VAT rates to infrastructure and business etiquette, make sure you know your target country inside out - and be prepared to get on a plane.

TALK TO PEOPLE WHO HAVE DONE IT

Link up with businesses that are experienced in the markets you wish to enter. Consider recruiting managers with international experience.

LOCALISE

Tailor your products to the local culture. Don't assume that what flies off the shelves in Britain will do well overseas.

TAKE ADVANTAGE OF GOVERNMENT HELP

Check out UK Trade & Investment, which offers exporting advice, outward trade missions, training programmes and bespoke market-intelligence reports to help SMEs crack foreign markets.

DON'T TAKE YOUR EYES OFF THE BALL

Selling to new markets can be a strain on resources. Take care that your foreign operations don't interfere with your domestic business.

Could you have the eXport factor?

Fear of the unknown and concerns about language difficulties stop many small businesses from exploring overseas trading opportunities, writes **Kate Bassett**

Britain is a great trading nation. We speak the world's business language and we're in the best time zone to operate globally: we can talk to Asia in the morning and America in the evening.

Yet small business owners are resisting international trade opportunities. Only one in five of the country's SMEs sells overseas, so what's holding them back? Why do Britain's entrepreneurs lack the "eXport factor"?

One of the biggest barriers to trading beyond British shores is confidence: the prospect of peddling your wares overseas can be daunting. When Barclays surveyed 500 small businesses earlier this year, 52% said the reason they hadn't

exported sooner was because they "didn't know where to start", "thought it would be "too complicated", "didn't think it would work" or just "didn't think to do it". Half said they wish they'd started sooner.

Phil Orford, chief executive of the Forum of Private Business, recalls setting up his first business, Merseyside-based P&L Laboratory Supplies, in 1983. "We literally started with £300 of savings and a Volkswagen Beetle, which was both our delivery vehicle and our transport to visit would-be clients," he says. "For the first few years, our biggest 'export' market was Manchester; next, Yorkshire. By the early '90s, we were national. By the mid-90s, we were selling to the Middle East. The journey from regional retailer to global business can be slow. It takes time to move out of your comfort zone."

The first step for novice exporters is to build up knowledge of overseas markets. UK Trade & Investment runs Passport to Export programmes to help with market selection and research. You

should also start developing your circle of international contacts: put feelers out on LinkedIn and Twitter, ask your customers and suppliers for introductions and consider attending international trade fairs.

Connections

Henrietta Lovell, founder of speciality tea firm Rare Tea Company, tapped into her existing network of contacts to help her expand into the United States.

Founded in 2004, the company sources fine tea from around the world and supplies some of the country's top chefs, including Mark Hix, Heston Blumenthal and Gordon Ramsay. "They have helped me build my brand and reputation here in Britain," she says. "When I decided, three years ago, to start selling tea to the States, they introduced me to chefs out there. Those connections were invaluable."

Nevertheless, Lovell admits that exporting to the US has been far from easy. Like many small retailers trading

overseas, she's had to get to grips with local customs, regulations and legal considerations.

"To sell food products into the US you have to have an FDA [Food and Drug Administration] licence," says Lovell, an ambassador for the International Festival for Business 2014, the UK's biggest export event. "That process took me 18 months and involved a painful amount of paperwork."

Selling through a foreign distributor would have made Lovell's job much easier, but it would have meant missing out on much of the profit.

"Everyone told me to use a local distributor, but, as a small company with small margins, I just couldn't afford

'The journey to global business can be slow. It takes time to move out of your comfort zone'

that luxury. From setting up a US bank account to sourcing a warehouse in New Jersey, I did everything myself."

Language hurdles

Exporting to a non-English-speaking country can be even tougher. According to a survey last year by the British Chambers of Commerce, almost half of businesses claim that language barriers influence whether, when and where to enter international markets. Companies may still have a head start in the 53 Commonwealth countries, where English is spoken, but the National Centre for Languages says three-quarters of the world's population speak no English at all.

Douglas Watson, who runs an eponymous ceramic tile-making company in Oxfordshire, has always sold his products overseas, but admits he's missing out on certain markets because of language hurdles: "We're looking at getting our website translated into German, French, Spanish and possibly Russian next year. We need to make it easier for customers in Europe to find us online."

Watson's bespoke tiles are handcrafted and handpainted, with orders ranging from five to 25,000 tiles. To take the headache out of shipping overseas, Watson works with local logistics agents. "They know which forms to fill in, which taxes and duties are due, and they get us the best price on shipments," he says.

He charges international clients in sterling and asks for 50% of the fee up front to part-cover the cost of production.

Rupert Lee-Browne, founder and chief executive of foreign-exchange specialists Caxton FX, says many small businesses continue to charge in sterling regardless of where orders come from. "It keeps things simple," he says. "Currency issues tend to put many would-be exporters off. If you can avoid getting involved in it, that's great."

But, he warns, there are downsides to sticking with sterling. "Certain companies and countries will offer you better payment terms if you agree to be paid in the local currency," he says.

"And be mindful of your competitors," he adds. "If you're only prepared to charge in sterling and speak in English, and a rival comes along with a multcurrency, multilingual website, who is going to win the business?"

Avant Guard Doors: keeping exports financially viable

How do you move a bulletproof door weighing 1.2 tonnes from England to Venezuela? Ask Jerry Jariwalla, founder of Avant Guard Doors, who has become something of a logistics expert since setting up his business three years ago.

The London-based company designs and sells bespoke, high-security doors made from steel and "skinned" in wood, and costing upwards of £6,000. "We like to think of them as 'Downing Street doors' - stylish but secure," explains Jariwalla, who started the company as a spin-off from his father's locksmith business. His clients range from pop stars to politicians.

Jariwalla, right, knew the business had international potential, but assumed his products would be too expensive for overseas clients. "We were surprised when queries started

trickling in from east Africa, South America and the Middle East," he says. "The business attracts foreign customers who value the fact we're a British brand. They associate us with quality."

The order from Venezuela arrived six months ago: a ballistic, AK47-resistant double door, costing around £10,000 and weighing more than a hippo. Jariwalla hired a packaging engineer to advise on materials and safe transportation; he also took on a logistics partner who managed the entire shipping process, which took around eight weeks.

"They made sure the product reached its destination safely and that our brand wasn't tainted by any shortcuts," he says. "By air, the door would have reached the customer



Avant Guard Doors recently set up its first overseas office in Tanzania

in a week - but it would have been prohibitively expensive. Logistics can really impact your end price; when it comes to export, you constantly have to look for ways to keep your product financially viable."

To help with cash flow, Jariwalla asks foreign clients to pay 100% of the fee up front and uses his financial controller, who has experience in international trade, as a sounding board. "You have to keep a tight control on finances. If a customer won't pay us the full amount up front, we won't sell to them - it's as simple as that. We don't overtrade and we don't promise things we can't fulfil."

Around 20% of Avant Guard Doors' turnover comes from export. The company set up its first overseas office, in Tanzania, earlier this year. "We now employ three people out there," says Jariwalla, who spends around three months of the year overseas, meeting new clients. "East Africa is one of our fastest-growing markets." **KB**