

Are you ready to expand into the global market?

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Entering the realm of import and export is an exciting and promising step for any business. The possibilities are virtually endless and could allow your business to grow exponentially. In such an exciting situation it is often easy to throw caution to the wind in the rush towards growth.



There are many complex aspects involved in entering international trade and one should master them before taking the plunge into the global marketplace. Small, medium and micro enterprises (SMMEs) need to be particularly cautious in their approach to expansion. If the foray into import/export is undertaken at the wrong stage of the SMME's development, the results could be devastating.

With such high payoffs and substantial risks, it is crucial for SMMEs to gain a comprehensive understanding of import and export management before entering the process.

Here are some of the many considerations that SMMEs need to review:

- **Manufacturing capacity** - Is your enterprise ready to cater to the increased demand that comes with exposure to an international market? Supply needs to keep up with demand. If your enterprise cannot fulfil large orders, over and above those of a local market, it is not ready to expand into export. Your capacity should also be able to handle sudden fluctuations in demand, facilitating unexpected orders.
- **International marketing** - Breaking into a foreign market is a process rife with unique complexities. An understanding of the distinctive facets of a foreign market is essential. Cultural differences, market quirks and existing industries need to be considered before the process of international marketing can commence. The foreign market may already be saturated with your product, or cultural, political or religious factors could prohibit its use. Each foreign market presents the potential exporter with a diverse mix of factors that can either delay or enhance market penetration.

- **Trade regulations and your business** - In order to mediate and control the global trade industry, governing and regulatory bodies impose certain trade regulations on international traders. Before exporting, it is important to know which restrictions could apply to your product. Tariffs and non-tariff barriers may increase the price of your product and harm its competitiveness in a foreign market.
- **Technical knowledge** - The potential exporter must consider the impact of a foreign country's environmental packaging and patent protection regulations and their potential impact on their success in the foreign marketplace. A comprehensive transportation scheme should be created, and its impact on export or import costs must be calculated to note the effect on the price of the product.

There are a great many more considerations for the potential exporter. While this may seem daunting, the benefits of expansion into exporting are well worth it.

Minimise the risk of entering the export process by learning more about it and how it applies to your business. A solid understanding of the basic risks and considerations of exporting and importing will go a long way in ensuring the successful conversion from a local enterprise to a global supplier.

ABOUT THE AUTHOR

Terri-Lee is an academic officer at online education company GetSmarter ([www.getsmarter.co.za]). When she is not creating new course content, she is editing and reviewing the existing short courses offered by GetSmarter. Terri enjoys working at GetSmarter because it aims to make Internet users smarter. Terri thinks that this is a crucial initiative.

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