Export-readiness Assessment

Market Penetration Program

February – 2014

This report is a short assessment to the company's readiness to export. It was built based on a one-on-one interview, the observation of the researcher and the tools of the International Trade Center. The assessment was written by a certified Export Management Development Advisor.

Marketing:

The company does have a clear description of their potential buyers' profiles and their whereabouts. Where they have identified the big wholesalers in their target markets as their segment. Further, the company is aware of distribution channels for reaching their target markets as they have one wholesaler in each market as their distributor. They stressed the importance of having only one distributor in each market in order to avoid competition among the different distributors.

In terms of communication; the company does have the means to communicate with prospective international buyers through advertisement and promotion. They have their catalogues, and they are linked to different websites which refer to the company and its quality products. The company does have the means to communicate with prospective international buyers through participation in international trade events, dissemination of sales literature and personal sales. Where they have participated in many exhibitions, trade missions and business-to-business meetings, in where they disseminated their sales literature and made personal sales and some deals in some of those events.

Regarding the company staff's ability to carry out international sales and contract negotiations; the company's representative indicated that the staff were not trained to carry out these tasks, but they gained it by practice and experience. Yet, it is important to emphasize the training the staff to perform these tasks effectively. The export contract states the exporter and buyer's consent on a subject, establishes each party's obligations to each other, and clearly indicates all the information related to the products exported (volume, weight, value etc.). The currency of payment, currency exchange rates to be applied, and mode of payment are also clearly stated. The contract also requires a number of secondary contracts covering the movement of goods, the insurance of their safe movement, and if credit is involved, a separate finance contract. All these elements are subject to negotiation. Thus, a company should build a staff able to negotiate contracts and should prepare the procedures for negotiations. A company should ask itself a set of questions before each negotiation: What are the objectives of the negotiators? What are the main issues to be included in the agenda? Who has the strongest bargaining power? What concessions can be made, and how?

Furthermore; to ensure the company's exported products are going to the defined destination, the company always ships its products using the incoterm CIF. When asked about this, the CEO of the company assured the importance of sending it using this incoterm in order to prevent sending it to another market that where there might be another distributor to the company's products.

Production:

The company's production capacity is sufficient to produce the quantities that will be required for export orders. Where the company obtains the required technical and administrative human resources. Further, the company has inventory management system to ensure the availability of sufficient quantities of inputs at proper quality and at a minimum cost and on time.

The company has established a system that ensures the level and consistency of quality of the product to be exported, as they have a quality control engineer, in addition to computerized production lines to ensure a consistent level of quality. This system and those computerized production lines give the company ability of timely production of their export orders. The company is ISO9001 certified.

The company's average product costs per unit are comparable to their competitors, and, they have taken measures to be competitive in that aspect, where they have set their prices lower than the European competitors and higher than the far east competitors.

Strategy:

The company is aware of the Palestine's bilateral/multilateral trade agreements, which are relevant to its products. Yet, it exports its products based on their knowledge of the target market and not on trade agreements.

The company has made inquiries in regards to adapting their products beyond what competitors are doing to meet the needs and wants of their buyers, hence enhancing their bargaining position with the buyers. Further, the company did inquire about their buyers' technical and non-technical requirements and applied its products to meet with these requirements.

The company is capable of obtaining the required trade information about the target market through its professional marketing staff that is capable of using professional business websites. The company also is linked to different websites to refer to it and to the products it manufactures.

Distribution:

The company has been exporting since many years. The company is knowledgeable in handling export procedures and documentation. The company has studied the packaging requirements for freight and has made preparations for them. The company has inquired about different modes of freight and has selected the most cost-effective, and reliable, method for their business purposes.

Regarding tock keeping, storage and materials handling, the company has sufficient storage place within its facilities. Further, it has its own forklifts and huge storage place with shelves. There are no special requirements for the company's products except keeping them away from rain.

Finance:

The company's financial position is sound. The company's corporate resources for foreign market development can be freed without endangering their domestic market position or their long term prospects. The company is literate in terms of pre/post-shipment financing. The company has everything in place to keep accurate records of their export transactions as the company has two accountants who fulfill this task effectively. The company conducts risk/profitability assessments under different conditions and/or scenarios.

Organizing:

The company has assigned the marketing and sales manager to follow up on export orders. Further, the company's main accountant is in charge of maintaining levels of working capital adequate for export-related operations.

Analysis:

The company is able to justify and describe its product's position in their target market. As the CEO of the company clearly identified his company's products as high quality, reasonable price and multipurpose products.

The company does not have a written export plan, which indicates that it acts on ad-hoc basis and not based on a solid plan that details the target markets, marketing and distribution channels and the steps to be taken in order to penetrate the markets in the best way. Yet, the company here depends on its current customers and has contracts with them to supply them with its products.

A detailed export plan allows the company to better understand the path it chose to take and how it should direct itself through it. Furthermore, it focuses the company's efforts on developing its product(s) in order to meet the expectations of the prospective buyers. The company is advised to seek a consultancy service in order to build its export plan.

Marketing communications is a way for a firm to explain its positioning strategy to its selected markets/segments. The objectives of marketing communications are to attract potential buyers' attention and interest in the product offered, to finally lead the potential customers to buy it.

Environment:

The company is aware of the present, applied environmental laws. The company has taken all the steps required to comply with environmental issues.

Monitoring:

The company has established procedures for monitoring the completion of tasks related to prompting sales inquiries, responding to them and closing sales. As the company's marketing and sales manager is in charge of those tasks and implements them efficiently under the supervision of the company's CEO.

Gender:

The company has four female employees working in different administrative positions. Their salaries are in the same scale of the rest of staff.