

Traderadar

GLOBAL TRENDS,
OPPORTUNITIES AND RISKS

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India: a doorway to growth

STRONG POTENTIAL
IN THE WORLD'S
FOURTH LARGEST
ECONOMY

"THE BEST WAY
TO ENCOURAGE
EMPLOYEES TO
GET BEHIND A
SMARTER, MORE
EFFECTIVE, MORE
EFFICIENT WAY
OF WORKING IS TO
KNOW HOW YOU
WANT PEOPLE
TO BEHAVE." 17

 **572m**
The size of India's
population aged
under 24**

 **4th**
India is the fourth
largest economy in
the world*

 **US\$1trn**

Project infrastructure
spending in India's 2013-17
Five Year Plan†

 **TRADE RADAR**

Trade Radar Audit: See
how globally prepared
your business is 

* Source: CIA World Factbook
** Source: UKIBC
† Source: HSBC Trade Forecast

GET READY for growth

It's something every exporter dreams of. A sudden huge order or similar breakthrough in demand for your goods from overseas. The contract is in front of you. "But put the top on your pen," says James Monk, Commercial Director of Business West, which as well as being the Chamber of Commerce covering Bristol, Bath and Gloucestershire has a large international trade services team.

Maybe you have built this eventuality into your strategy. Even so, it's worth pausing to look again at your company's capabilities. "You need to decide how to make it work for you," says Monk. The questions come down to three. Can we deliver? How and when will we be paid? And how will we work with the clients longer term?

The second is the most crucial, for now. Get it wrong and, especially if the new business materially changes the income and costs profile, it could have a significant impact on the business's cash flow.

"It's the classic risk of overtrading, magnified by the additional issues of doing business overseas," says Monk. In many countries three months or more before payment is the norm. Meanwhile your suppliers and contractors will be wanting to be paid on their increased output. Cash flow, working capital, not to mention ensuring your cash is in the right country to pay the bills at the right time at the right currency rate, all take on a sudden new importance.

And then there's having the right people. Are your staff up to the new challenges that trading overseas brings? Maybe you need more specialist skills in-house, such as languages. If you've been using a local agent, now's when you need to be able to tell from your original due diligence whether they can cope with the sudden new volume of business, says Monk.

That's besides reviewing payment handling and how payments collected by your agent are remitted to you. You may find you have to change agent suddenly, which could be difficult – not least if the new clients came through the old one. Or set up your own office? But aside from worries about cost and premature commitment, according to a recent McKinsey report even

Rapid international expansion can help to drive strong business growth, but the risk of overtrading can be magnified when operating in overseas markets. So it is vital to have the infrastructure and financial arrangements in place before committing to new contracts.

global corporations are finding that good local staff are now in high demand in emerging as well as developed markets.

Delivering good local customer service is as important these days as delivering the actual quality goods. Both depend on effective back-end support systems and in export that relates to a large degree to the processing of documentation – order fulfilment, freight forwarding, customs, financial and so on.

"A bigger company might have a nice IT system covering everything but many businesses, when the export surge

"IT'S THE CLASSIC RISK OF OVERTRADING, MAGNIFIED BY THE ADDITIONAL ISSUES OF DOING BUSINESS OVERSEAS."

happens, may still have an eclectic mix of Word and Excel handling different bits and pieces," says Monk.

"They need to be pulled together so a new entry is replicated automatically and efficiently across all the documentation."



iCandy pushes into new markets

While the UK economy has staggered in recent times, the luxury market has grown and pushchair manufacturer iCandy has taken advantage of that growth.

Since 2009, the British family-owned business has enjoyed significant success with sales in overseas markets increasing by 45% and overall growth at 70%.

That impressive growth has been driven by many factors from excellent customer service and market-leading design and engineering to its state-of-the-art factories in China, where iCandy has registered its own company.

It is product innovation and development though that have allowed the company to widen the market both at home and overseas, where Russia and China are providing the greatest opportunities for growth.

Like any fast-growing business, iCandy has faced its challenges as Joint CEO Bradley Appel explains.

"Our greatest challenge has been to meet growing customer demand,"

he says. "There are emerging markets that offer exciting potential but our first priority has been to evolve and support growth in our current territories, while maintaining quality and performance."

To some extent the greatest symbol of iCandy's continuing growth has been its increasing presence in China, where it not only manufactures

but also sells to a growing consumer class.

"It was never our original intention to both sell and manufacture in China, but with 46.5% of the world's billionaires concentrated in China and Hong Kong, its potential for luxury quality products has

grown significantly. Twenty years ago when we first started manufacturing in China, we could not have imagined the sophistication in the market that we see today," explains Appel.

"The key to our success in both manufacturing and selling in China has been to put in place an excellent infrastructure that guarantees the quality that we're known for."



“THE QUESTION YOU SHOULD ULTIMATELY BE ANSWERING IS, HOW DO WE MAKE SURE THIS TURNS INTO SOMETHING BIGGER, LONG TERM AND SUSTAINABLE?”

The cost in money and customer relations of a consignment stuck at a dockside for the lack of the correct documentation can be serious.

"Getting documents right can be challenging if you've not got the right skills in-house, but there's help at hand, people like us to get you through certificates of origin, letters of credit, carnets and the rest, especially if you need more of them handled."

Acorn Interactive (www.acorninteractive.co.uk), a central resource for information and support on documentation provided

through the Chambers of Commerce is certainly a good start point, if not more.

Sudden success sometimes can result in unwelcome attention from competitors.

"If you're a small business that has identified a great niche overseas and moved into it, in no time competitors will start doing so too. So how can you maximise on that first mover advantage?" says Monk.

It may for instance now be the time to start looking at joint ventures with someone with the supply chain you need in that country. All the more reason,

says Monk, why "you should be talking, certainly to your bank, the Chamber of Commerce and UKTI as soon as things start happening. If only to make sure you've got all the angles of the whole new project or business flow covered."

The maxim seems to be, move fast but tread surely. And be flexible. However well anticipated, a sudden export success will always raise short-term gaps and questions. But as Monk says, "The question you should ultimately be answering is, how do we make sure this turns into something bigger, long term and sustainable?" 