

Global Market Strategy – Grow Your Business Internationally



Enterprise Minnesota, along with the Center for International Business Education and Research (CIBER) in the University of Minnesota's Carlson School of Management (CSOM) are offering "Global Market Strategy."

This program series coaches companies through the process of creating and implementing a global business strategy.

Do you believe your product has international sales potential, but don't know how to get started?

Have you received international inquiries, yet have not fully capitalized on them to generate significant sales growth?

Would you like to shift from a reactive to a proactive approach to expanding your international sales?

Do you sell internationally, maybe to one country, and want dramatic improvement?

GLOBAL MARKET STRATEGY CAN DRIVE INTERNATIONAL SALES GROWTH TODAY!

- > Provides your company with a systematic process for entering or expanding in global markets
- > Connects you with the best international business experts in the region
- > Assists you in developing a peer-reviewed export growth plan in 12 weeks
- > Generates measurable results for committed C-level participants
- > Involves a unique combination of innovative group sessions and individual coaching



"Our biggest fear was how to get paid and how to find the right partnership so we would get paid."

ALLAN CRONEN, CEO of GVL Poly



"We're building a plan, slowly, but solidly."

MARK FILLHOUER, COO of Homecrest Outdoor Living

WHAT ARE THE BENEFITS OF PARTICIPATING?

Companies that have gone through the Global Market Strategy program report significant impacts to their bottom lines:

- > The average participant **increases sales by nearly \$170,000**
- > Many companies **generate export sales within 3-6 months** of completing the program, and some have negotiated sales before the program's final session
- > The average participant reported **cost savings of \$34,000**
- > The program **saves the average company over 120 hours of labor time** by navigating them through the international growth process.

All of these sales increases and cost savings yield an impressive ROI for participating companies. The estimated average **gain in operating margin is 10x the typical investment** of staff labor time and program fees.

GLOBAL MARKET STRATEGY PARTNERS



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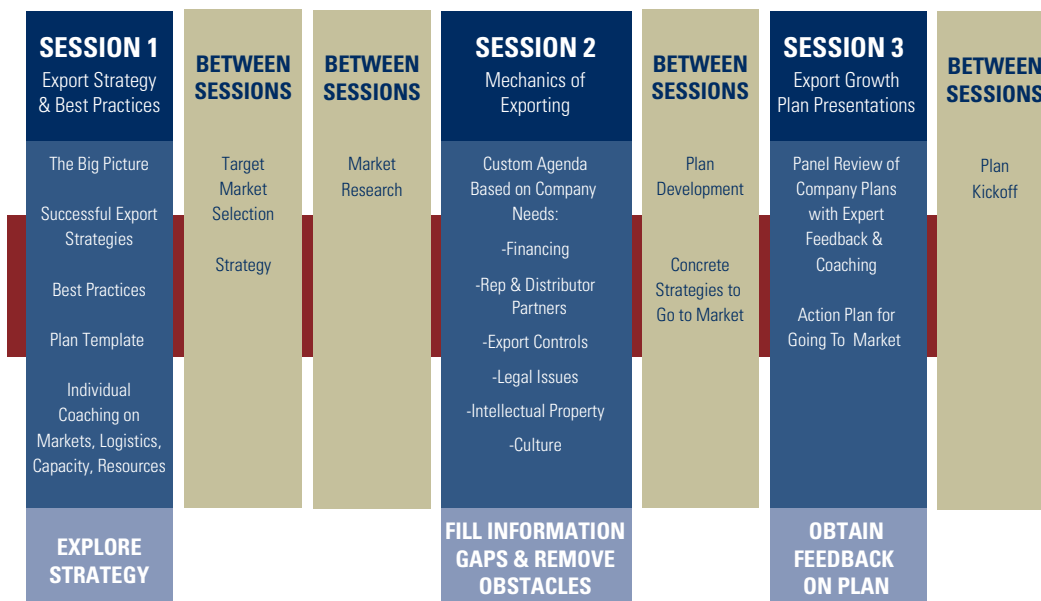
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HOW DOES GLOBAL MARKET STRATEGY WORK?

- > We work with companies to develop a simple, actionable, international growth plan.
- > We connect participants with a wide range of reputable international business experts who help navigate the export process.
- > We provide a unique combination of group work, individual work, and personal coaching, that allows companies to gain information that is critical to their exporting success.
 - During group sessions, experts are selected based on the specific needs of the participants, to educate the entire group and provide one-on-one consultation.
 - Planning exercises and peer discussions are employed to help executives apply knowledge to their own companies.
 - In the final group session, each company's plan will be reviewed and vetted by a panel of experienced international businesspeople, to help them avoid costly mistakes and see new opportunities.
 - Each company is assigned experienced coaches to provide focused, one-on-one support in the development and execution of their plans.
 - Each 7-element program is limited to eight companies, to ensure quality, personalized service and attention to each company.

WHAT IS REQUIRED?

Companies participate in three one-day group sessions scheduled over a three-month period. In between sessions, each company works on the development and implementation of their international growth plan, with the support of Enterprise Minnesota and CIBER coaching.



EXECUTE PLAN & VISIT TARGET COUNTRIES



OFFERED NATIONWIDE

The program was developed by two of the leading organizations that provide assistance to manufacturers – the Manufacturing Extension Partnership and the U.S. Department of Commerce – and is offered in collaboration with numerous state trade offices, and other regional partners throughout the country.

By the end of the program every company will have developed their own international growth plan and accelerated their export sales process.

Contact your regional MEP center for dates, location and cost. (Find your center at www.nist.gov/mep/find-you-local-center.cfm)



For more information... read, "Exportise," a feature article highlighting Global Market Strategy in the December 2011 issue of *Enterprise Minnesota* magazine. www.enterpriseminnesota.org.

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PHOTOGRAPH BY PATRICK KELLY



“In the last decade, people have become more aware of the growth opportunities outside the U.S., where growth rates are higher.”

JOHN CONNELLY,
*Director of Consulting
for Enterprise Minnesota*

ExportTise

In Enterprise Minnesota’s Global Market Strategy program, participants receive four full days of intensive instruction plus individualized coaching—giving them the knowledge, contacts, and confidence they need to implement international marketing strategies.

By Kate Peterson

As the economic recovery continues to stumble along, exports offer one of the few bright spots in an overcast climate. Manufacturing exports rose 20 percent in 2010, aided by the weakness of the dollar.

And even though global trends suggest a potential downturn in demand, smaller manufacturers remain well-positioned for export growth. “International monetary policy and macroeconomics are considerations of large-scale companies,” says John Connelly, director of consulting for Enterprise Minnesota. “For small and medium-sized businesses, the value of the dollar and international monetary policy don’t have as much of an effect—it becomes, ‘If I decide to do business in Chile, I’m most

concerned about Chile’s circumstances.’ ”

The promise of exports to boost revenues is no secret. “In the last decade, people have become more aware of the opportunities outside the U.S., where growth rates are higher,” says Connelly.

Despite the opportunities, Enterprise Minnesota’s 2011 State of Manufacturing™ survey showed that 56 percent of participating manufacturing executives responded that they sell none of their product internationally. Only one in six executives reported selling more than 10 percent of their product overseas. Among exporters, most sell in just one country, indicating their efforts are reactive, not intentional, says Connelly. Without a thoughtful strategy,

even those companies that do business internationally fail to take full advantage of the opportunity exports offer.

The value of the dollar remains low, and the domestic economy still lacks the robust growth that can drive manufacturing revenues up, giving Minnesota manufacturers strong incentives to develop and implement international sales plans.

Still, too many export-capable Minnesota companies—those that have the production capacity and product line to generate international sales—are leaving global business on the table. They either fail to pursue exporting at all because of uncertainty or lack of knowledge, or their export efforts are limited to responding to email or Internet requests from buyers who happen to be overseas.

Helping manufacturers develop and implement strategic international sales plans lies at the root of Global Market Strategy. It's a joint venture between Enterprise Minnesota and the Carlson Global Institute at the University of Minnesota. Global Market Strategy is a series of four full-day sessions that give participants the information and one-on-one instruction necessary to develop an international sales strategy.

The nuts and bolts of exporting

Despite the opportunity exporting offers, many manufacturers appear to be deterred by three significant obstacles: lack of knowledge about practical matters such as shipping, language, and currency; uncertainty about how to

establish business partnerships; and overall anxiety—that where-do-I-even-begin trepidation about the demands of a new market. Global Market Strategy addresses all three concerns while helping companies shape a focused strategy.

There are important distinctions between Global Market Strategy and other programs and offices available to companies interested in exporting, Connelly says: “There are lots of resources at the state and federal level once a company takes a step toward exporting, to help them execute deals. Global Market Strategy helps them make a strategic choice to pursue exporting to begin with.”

In the first session, participants walk through different exercises to establish clarity about their objectives. The sessions are held one month apart, giving participants time to work with their assigned coaches and complete their “homework.”

During the second meeting participants focus on developing a business plan, sharing the results of their research, and refining their unique selling proposition, says Greg Thomas, a business growth advisor for Enterprise Minnesota. “We also spend time considering things like sales distribution options, logistics, and financing,” he says.

The final sessions include a review of each participant's strategic plan by a panel of international business experts. “You'll hear things like, ‘I've been to that country and this is what I've found,’ or, ‘I didn't go to that country because of these cultural issues or these requirements,’” Connelly



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PHOTOGRAPH BY PATRICK KELLY

says. “The panel adds so much to the secondary research because they’ve been there and done that.”

By the end of the series, manufacturers have a carefully reviewed international strategy and the knowledge and contacts to begin carrying out their plans. With follow-up and individualized coaching, participants also receive feedback going forward. “We’re not just putting a plan together, but helping them implement and execute that plan,” Thomas says.

With knowledge, confidence grows

For Allan Cronen, CEO of GVL Poly in Litchfield, that’s exactly how Global Market Strategy worked. Before going through the program, Cronen had anxiety about the practical challenges of exporting. “Probably our biggest fear was how to get paid,” he says, “and how to find the right partnership so we would get paid.”

Global Market Strategy’s sessions with industry experts offered insight on a range of issues, from shipping and containers to currency and distribution agreements. With that knowledge, Cronen developed the confidence he needed to devise a strategic plan for GVL Poly, which manufactures specialty polyethylene attachments for agricultural machinery.

Once the plan was developed, Cronen began executing. “I looked through some contacts from a prior career and was able to locate somebody in Ukraine who was a native of Fargo, North Dakota,” he says. “We sell to his Fargo-

based company, and they ship to Ukraine, so we are paid in U.S. dollars. There’s no issue with the language difference, marketing, legal, or safety issues.”

Cronen finished the formal portion of Global Market Strategy in May. By the end of June, GVL Poly had its products on a ship to Ukraine.

Before going through Global Market Strategy, about 5 percent of GVL Poly’s revenues came from international sales, excluding Canada, where the company has been exporting for years. Now that non-Canada number is 10 percent. Next year Cronen expects it to reach 20 percent. His long-term goal is for exports to generate 50 percent of GVL Poly’s revenues.

Mary Connor, a business growth advisor for Enterprise Minnesota, says GVL Poly’s goal is not unreasonable, and the company’s positive results are quite common. “The typical company is exporting within three to six months of executing a plan,” she says.

Beyond accidental exporting

Many companies occupy a middle ground in the exporting world. They sell their products internationally, but it’s usually only after receiving inquiries. Connor distinguishes between the companies that want to respond to the one-time or occasional email inquiry from international customers, and those that intend to develop a thoughtful export strategy. International business experts have dubbed the first type of company “accidental exporters.”

Companies that move beyond accidental exporting to develop and implement a focused strategy have great potential to seize the benefits of international sales. “What this plan does is take a strategic approach and let them put some resources toward it,” Connor adds. “It’s a strategic design, not a tactical approach.”

Connelly agrees. “Global Market Strategy says, ‘Let’s make decisions about which countries to go into, and what is unique about us, and what we can offer to those countries.’ It’s the difference between responding and being strategic,” he says.

Homecrest Outdoor Living has been selling its products in Canada for years, but attempts at exporting to different countries has been hit or miss, says Mark Fillhouer, COO of the Wadena-based designer and manufacturer of outdoor furniture. He and the company’s CFO went through Global Market Strategy this spring.

The training helped Fillhouer develop an exporting strategy for Homecrest in contrast to its previous efforts. “We’re building a plan, slowly, but solidly,” he says.

Through research completed during Global Market Strategy, Fillhouer and Homecrest identified Australia as its first target market. “The styles of furniture that are accepted there are similar to what we have here,” he notes. The common language also saves the company thousands of dollars by not requiring changes in marketing and product safety materials.

In addition, as Fillhouer participated in Global Market Strategy, he discovered that one of Homecrest’s customers, an original equipment manufacturer, has an Australian

account. That means the two companies can share shipping containers and save on freight costs, Fillhouer says.

Making the right connections

Not every potential exporter has Cronen’s good fortune to find a reliable potential business partner by digging through old contacts. With that in mind, Global Market Strategy also offers tips on evaluating potential partners using other resources.

The U.S. Commercial Service offers a program called “Gold Key Service” that provides research on markets and identifies reliable partners in specific countries. Help comes from seasoned experts, and the menu of options available to exporters is reasonably priced.

Gold Key Service offers customized, country-specific market research, and its staff will help participating companies set up appointments with prospective, pre-screened partners in target markets. The service also can help aspiring exporters with travel and accommodations as well as interpretative services.

Fillhouer intends to use the Gold Key Service to identify potential partners in Australia. As Homecrest’s busy season winds down, Fillhouer says he will begin a disciplined process to identify the right distribution partner in Australia.

Homecrest already has planned the Gold Key Service. Early in the planning process, Fillhouer thought his company might enter the Norwegian market. So Homecrest used the Gold Key Service to gather market information, including evaluating prices and styles. The service



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MARY CONNOR,
*A business growth advisor
for Enterprise Minnesota*



PHOTOGRAPH BY BRYAN HANSEL

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ultimately led to a 100-page, data-filled report on the outdoor furniture market in Norway, he says.

Ultimately, Homecrest ruled out Norway as a potential market, at least for now. “But it was the best \$500 we could have spent because it would have cost thousands to send one of our own people there to do that research,” Fillhouer says. “And then we might have invested so much we might have tried to make it work because of that.”

A model for many markets

One of the best things about the business model Global Market Strategy helped Cronen develop is that GVL Poly can use it in other markets. Cronen says the company next will take its newly created approach to Canada to refine and focus exporting in that market, moving beyond working with a couple of dealers to establishing ties with a Canadian distributor. After that, GVL Poly plans next to target Brazil.

Staging Concepts, a 55-employee company based in Minneapolis, sells portable staging products. Kari Lessard, the company’s international sales manager, says until recently, Staging Concepts was an accidental exporter, reaching customers in Caribbean countries and Europe simply because they contacted her.

Lessard went through Global Market Strategy in the fall of 2010 and is now working to find a business partner in the Middle East. The region is the target market Staging Concepts identified during its initial strategic planning process. “We took a trip to the Middle East

to engage in communications with potential partners,” Lessard says. “My coach had a lot of experience and expertise in the Middle East, and we thought we should try to narrow our focus instead of trying to do everything at once.”

Like Homecrest, Staging Concepts is using the Gold Key Service to facilitate communication between company executives and potential business partners. “Essentially, we would have an agent or trading company acting on our behalf,” Lessard says. “They would either be a distributor or an agent that works in our space, for example, with lighting or sound.”

Ramadan, the Muslim religious holiday, slowed progress on firming up an arrangement with a business partner, but Lessard is confident Staging Concepts will soon have a deal in place to begin exporting. Unlike exporting efforts that involved responding to customer inquiries, her efforts definitely can be duplicated in other regions, she says.

Fillhouer says Homecrest plans to do the same. Once the company has established a firm foothold in Australia, Homecrest will take its export model to New Zealand and possibly some South American markets.

That’s all part of the Global Market Strategy plan. “Most medium sized and smaller businesses that are in one country have a dramatically improved possibility of moving into another country or market,” says Connelly. “It gives them great experience, they will have learned a lot, and they can build on that foundation.” ■