

Expanding your company skills & expertise

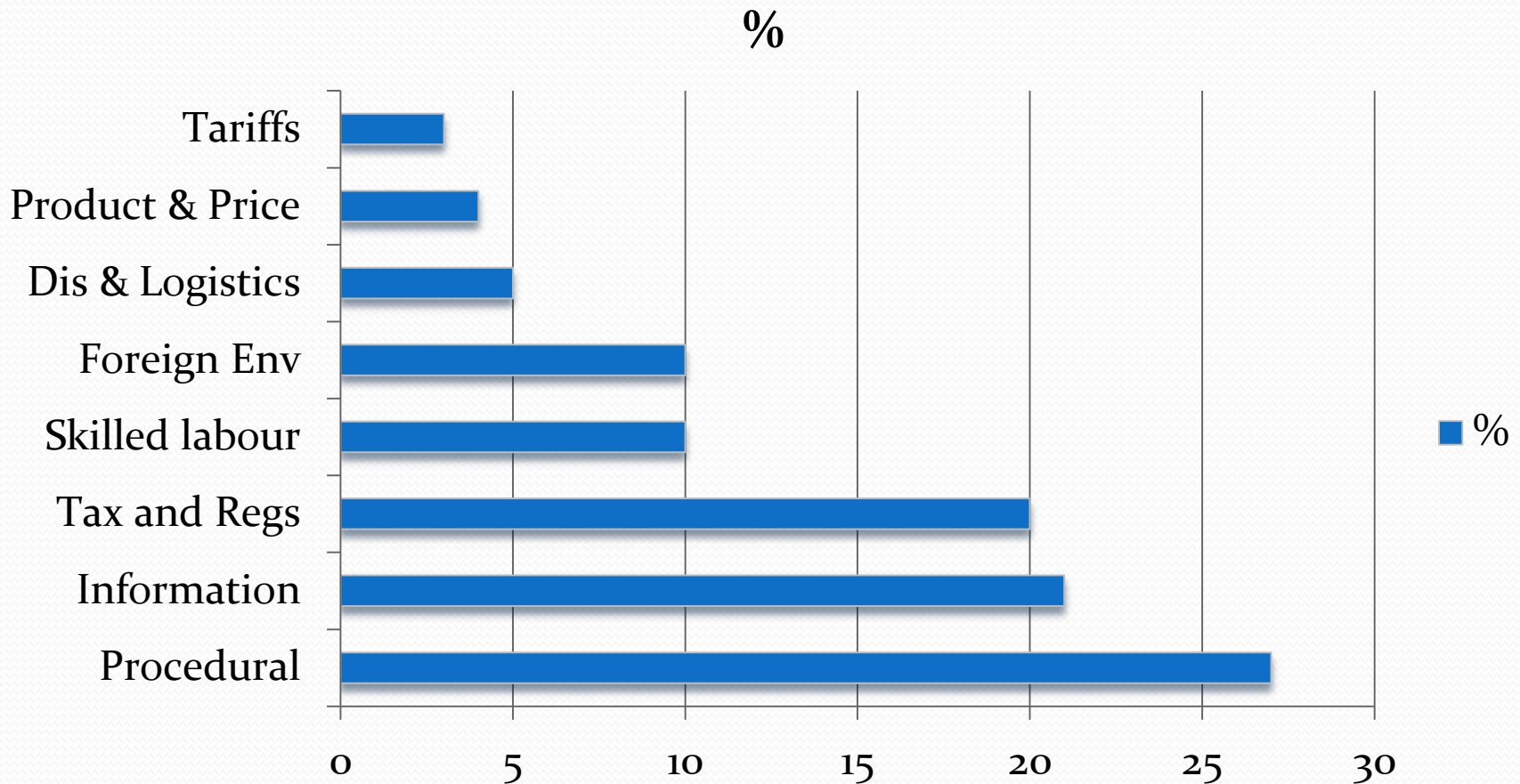
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Outline

- **Poll of Polls on Reported Obstacles to Exporting by UK SMEs**
- **A Model of SMEs Exporting**
- **Some possible helps to succeed in export markets**

Major Reported Obstacles to Exporting



External and Internal Obstacles

- **External Obstacles**

- **Procedural – Information - Tax and Regulations - Foreign Environment - Tariffs**

- **Internal Obstacles**

- **Skilled Labour - Distribution and Logistics - Product and Price**

- ❖ **Top obstacle is always obtaining finance**

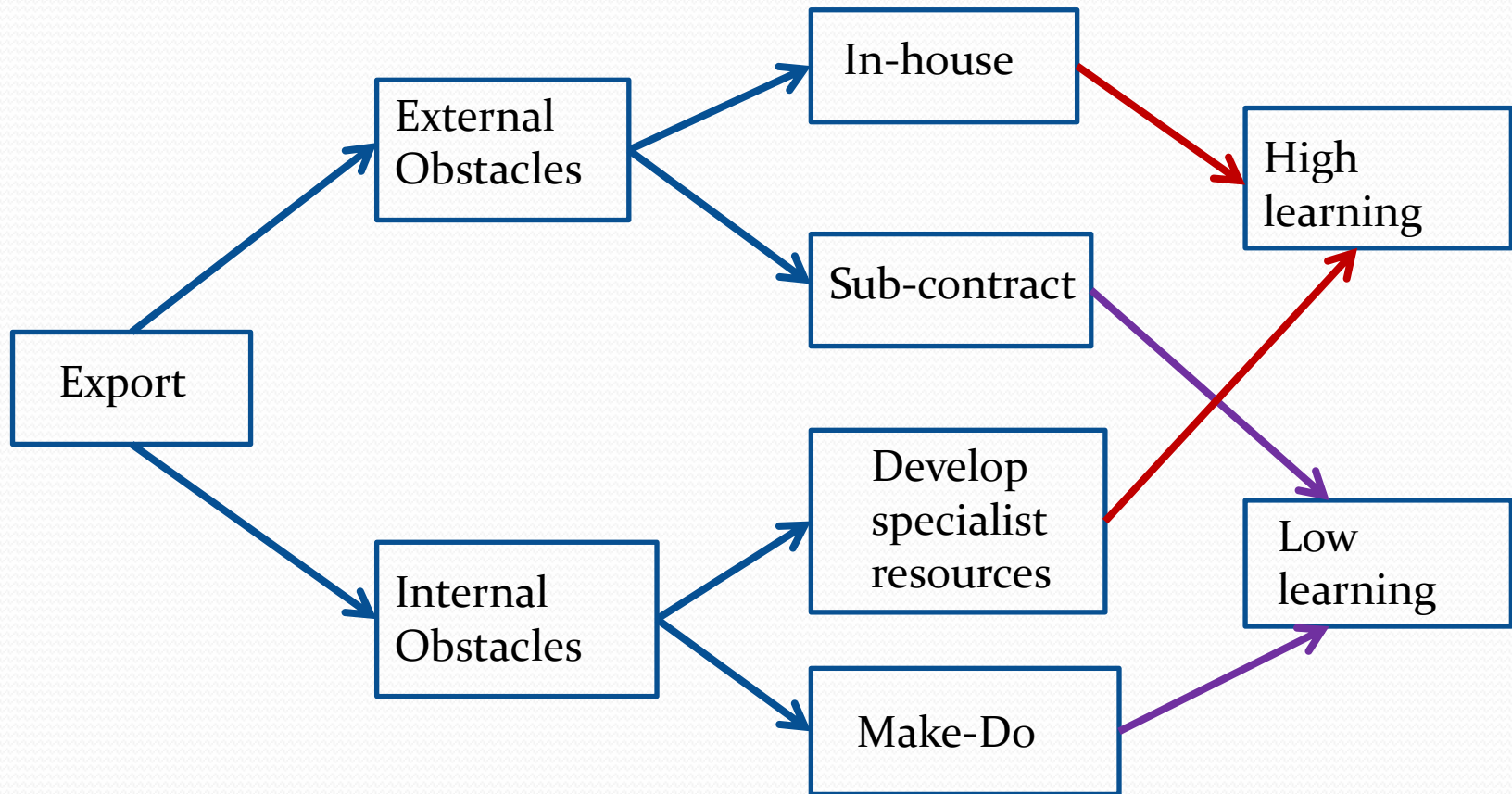
By Age, Size and International Experience

- **By age** – not a lot of difference older firms > 10 years report slightly fewer problems with Information – but has no notable effect on the other reported obstacles
- **By size** – again not a lot of difference – interestingly micro firms <10 employees often report fewer obstacles
- **By international experience** - only in Information does international experience lead to fewer reported obstacles

Strange Results

- **We might expect older, larger and more internationally experienced SMEs to report fewer obstacles**
- **Only appears to be true for the Information obstacles**
- **Indeed Micro firms often seem to report fewer problems - may be because many of these firms have a high proportion of output exported**
- ❖ **As SMEs engage more deeply in exporting it seems only obstacles relating to Information decline**

Model of Exporting



Low Learning Models

- **Often indirect exporters – part of MNC global supply chain – use of agents that market and sell for firms in foreign markets**
- **Exporting often marginal to these firms.**
- **In cases where not marginal high risk of failure as conditions change and firms have little knowledge of why conditions have changed - or how to react to the changes**
- ❖ **Moving to high learning model of exporting normally involves a need for large scale investment**

High Learning Export Models

- **German Mittelstand** – arguably one of the most successful export machines in the world – often based on global niche markets
- **South Korean SMEs in high-tech sectors** – often closely linked to large Korea MNCs
- **Very high-tech SMEs in areas of fast developing technology** – often micro firms
- **Specialist final product SMEs** – often in areas such as artisan food, jewellery, clothing etc

Key to High Learning Exporting

- High use of in-house capabilities with specialist staff and resources for exporting
- High use of information and knowledge networks – **not the same thing as ‘networking’**
- Often employ senior managers with long experience of working and operating in international markets
- High proportion of output for export – not a buffer or a marginal activity but core to the firm
- Nearly always engage in foreign direct investment of some sort.

Sources of Help

- **Lots of help with Information, Procedural and Tax and Regulations & Tariffs**
 - **UKTI**
 - **Institute of Exporters**
 - **Chambers of Commerce**
 - **The Internet provides a host of free information – but resources are needed to analyse and understand the data that is available**
 - **Commercial companies – danger that SMEs are enticed into web sites with some free stuff - then charge huge fees for ‘valuable’ information**

Key ways to develop key knowledge and expertise

- Collaboration via 'real' knowledge and information networks – share information and experience among firms – even in same industry
- Make better use of government and quasi-government agencies – UKTI, Chambers of Commerce, LEPs, universities etc – need better institutional systems to make these simpler and more effective to use – **institutional entrepreneurship**
- Have a clear strategy
 - If exporting is core to your plans this will need major investment in appropriate resources both human and non-human &
 - Have clear and assessable objectives with clear and feasible plans to achieve the objectives