**Elements of an International Business Plan**

1. Executive Summary
* Martin Brill’s definition: “This is a 1-2 page summary of your capital needs, sources & uses of funds including equity contributions; an overall cogent summary of the business, including a brief, non-technical product description, its differentiation/value-added compared to competition, potential orders; your relevant business experience; barriers to success; and target markets. This is a very important part of the plan which will be carefully reviewed by any prospective financier and guarantor. Compose this section after the other segments of the plan are completed.”
* Our definition: “The only thing an investor or supervisor will read at first” – so make it compelling!
* Balance a realistic assessment of opportunity with an equally realistic assessment of risk – and your solution(s) to minimize exposure
* Brief overview of products and/or services
* Top 3 to 5 potential markets, with indicators of demand
* Timeframe and milestones
* Your ask (this will vary with your audience. Your ‘ask’ of upper management may be support and a budget, while you may be seeking export working capital or expansion capital from lenders).
1. Company Description
* Legal business name (and any proposed DBAs in other markets – and reasoning)
* Organizational structure and ownership: including any requirements for foreign offices, such as joint ventures
* Location (advantages and disadvantages, particularly with regard to shipping and logistics)
* Size (e.g., # employees, revenues, sales volume). Note projected need for additional employees and/or shifts with expanded demand.
* Mission, Vision, Company Values
* Successes, Benchmarks Achieved (International patents or other IPR, prior international sales)
* How does the plan to export fit into the big picture?
* Assessment of management commitment to export
* Gaps to be addressed for readiness for export (facilities, personnel, inventory, marketing, capital)
1. Product or Service Selection
* What are their strengths and weaknesses vs. overseas competitors?
* Which are doing well domestically? Why? Where on they in their life cycle?
* Which are not? Why not?
* Which of your products/services might do well in foreign markets?
* What product modifications might be necessary? (electrical power, size)
* What labeling or compliance issues will these products face? What is the cost?
* Do they have any export restrictions?
* Do they have any import restrictions?
* Do you have indicators of interest from foreign buyers or distributors?
* How much demand?
* What is your capacity? (sales, marketing, delivery, customer service)
* What additional support is needed?
1. Market Selection
* What are the factors that make a region favorable or unfavorable for you to do business in? (Language, infrastructure, free trade agreements, buying power)
* What are indicators of someplace being a good market for your products or services?

• Growing economy (GDP per capita)

• Population growth (in specified age range)

• Literacy rate

• Healthcare spending per capita

• % of Households with internet subscriptions

• Trend in annual expenditure on similar imports

• Need for products or services

• Intellectual property protections

• Political stability

• Free trade agreements

• Ease of doing business

* Infrastructure (rails, paved roads)
* Conduct your research and apply your criteria. A weighted scorecard would be useful here, ranking and weighting 4 to 12 indicators. Useful sources of data (see links, below) include:
* ITC Trade Map (demand in tons per commodity code)
* MSU’s Global Edge for their Country Comparator tool, Market Potential Index (MPI)
* World bank Data
* Trade Stats Express (for state by state trade data)
* UN Comtrade (for historical shipment data)
* Trade Compliance Institute (nearly 1,000 links, and well organized)
* CIA World Factbook
* Google Trends and Analytics
* Narrow down potential markets – top 5 or 10.
* Evaluate any potential barriers to entry and tariffs.
1. Competitive Analysis
* What is the direct competition for your products or services?
* What are the competitors’ strengths and weakness?
* How do you compare?
* What is the indirect competition?
* How much of a factor is it?
* What are the keys to your ability to compete in the markets that you have selected?
1. Business Model

*For each country, explain your core framework for delivering value to customers and generating long-term profitability.*

* Who are your customers? Are your customers the users of your products/services?

• How do you create value for customers? Will they be repeat customers? What about users?

• What are your customer/user engagement channels? Sales channels?

• What are your key activities?

• What are your revenue streams?

• Where do you incur expenses?

1. Cultural Assessments

*and how are things changing,* relevant to:

• initial engagement with business connections (letter, e-mail, phone)

• development of business relationships (time, physical presence, family)

• conduct of business meetings (dress, introductions, handshake/physical contact)

• contract negotiations (who, how long)

• marketing (color, language, taboo subjects, call to action)

• brand development

• customer service (who/how provided?)

• management issues

TIP: [https://guide.culturecrossing.net](https://guide.culturecrossing.net/) at MSU’s Global Edge site is very useful

1. Marketing & Sales

• How well do you know your market and your target customers?

• What information are you missing?

• What is central to your brand?

• What are the channels for conveying what is central to your brand?

• Will they work in that market?

• How are you going to go beyond marketing to generate sales?

Contacts and Resources in each selected country for export:

• Potential B2B Customers

• Potential Distributors

• Potential Partners

• Potential Connectors

• Information Resources

• Domestic local, state or federal resources to utilize

TIP: U.S. Country Commercial Guides offer detailed guidance on selling U.S. goods and services in specific countries, including legal concerns such as, “Can you ‘go it alone’ or do you need to form a joint venture?” and much more.

TIP: The U.S. Commercial Service’s Gold Key Service can help facilitate introductions, meetings and translations with vetted agents, distributors and relevant companies abroad, for a very nominal fee.”

1. Legal & Regulatory Issues

• compliance

• documentation

• product modifications – power, marks, color, etc.

• privacy and data laws

• tariffs

• quotas

• embargoes

TIP: More regulation info: <https://www.trade.gov/foreign-regulations>

1. Risk Mitigation

Identify potential risks and take steps to protect against:

• Branding Errors

• Intellectual Property Risk

• Credit Risk

• Foreign Transaction Risk

• Political/Country Risks

• Ethical

• Supply Chain

• Impact on Domestic Operations

• Pandemic Risks

• Natural Disasters

• Cybersecurity Threats

1. Operations Review & Logistics Management

• How will exporting impact your domestic operations?

• Do you need to hire more employees, extend hours of operation, expand facilities?

• Do you need an in-country partner?

• Will you need to establish operations in another country in order to profitably deliver products or services to your customers?

• Do you have a good freight forwarder?

• What help do you need with documentation?

• What kind of analytics do you need?

• Where is there potential for automation?

1. Action Plan

*What Do You Need? How Will You Achieve It? By When?*

• Trademark and patent protections

• Primary market research

• Product modifications

• Finding buyers, distributors, suppliers

• Hiring

• Training (culture, incoterms, etc.)

• Translation assistance

• Foreign transaction credit products

• Legal assistance

• Accounting assistance

• Travel

1. Pricing Considerations
* Landed costs: <https://incodocs.com/blog/how-to-calculate-the-landed-cost-of-imported-goods-2/> (insurance, Truck #1, rail, truck #2, warehousing, loading, shipping, unloading, clearing customs, warehousing, truck #3, rail, truck #4, delivery, set-up)
* Choice of Incoterms <https://www.trade.gov/know-your-incoterms> – there are 11 terms in international trade that determine where responsibility is passed from seller to buyer
* Payment Terms <https://www.trade.gov/methods-payment> (open account, documentary collections, letters of credit, cash in advance)
* Perception by foreign customers or governments
* Product or service demand
* Reflection on quality
* Choice of currency for pricing
* Use of hedging tools for FX risk

TIP: More info: <https://www.trade.gov/pricing-strategy>

TIP: Use freight forwarder for logistics, full landed costs and Incoterms choice.

TIP: Use bank with a foreign trade desk for payment vehicles and ways to mitigate risk (Exim Bank, letters of credit)

1. Financial Analysis

• Evaluate Financial Objectives

• Project Revenues

• Project Expenses

• Project Impact on Cash Flow – and working capital needs

• Project Impact on Profitability – and duration

• Project Impact on Return on Assets

• Project Impact on Balance Sheet – will this expansion impact other borrowing?

• Utilize Industry Comparisons

TIP: The Kansas SBDC has excellent sources for financial benchmarks

1. Measurement: Monitor for Success
* What milestones are you aiming for? By what date?
* How will milestones be tracked? Who ‘owns’ the task(s)?
* How will successes be measured? KPIs?
* What additional criteria will you use for determining whether the plan is going well?

Resources for a robust International Business Plan:

* For determining your Schedule B number: Search for: schedule b search engine or: <https://uscensus.prod.3ceonline.com/>
* The ITC Trade Map for indicators of demand for a product or service, based upon the Sched B number: <https://www.trademap.org/Index.aspx>
* MSU’s Global Edge tool – their Market Potential Index (MPI) for product-agnostic, overall potential: <https://globaledge.msu.edu/mpi>
* MSU’s Global Edge tool – their country comparator: <https://globaledge.msu.edu/comparator>
* World Bank’s Data: <https://data.worldbank.org/indicator>
* Trade Stats Express  <http://tse.export.gov/tse/tsehome.aspx>  to see what is being exported from the individual states
* UN Comtrade: <https://comtrade.un.org/> for shipping records to confirm assumptions
* International Trade Compliance Institute - <http://www.tradecomplianceinstitute.org/>  for 1000+ links from an international trade educator with 40 years of experience
* CIA World Factbook: <https://www.cia.gov/library/publications/the-world-factbook/>
* Google Trends: <https://trends.google.com/trends/>
* The International Trade Administration’s Market Diversification Tool: <https://beta.trade.gov/marketdiversification/about-the-tool>
* Country Commercial Guides for in-depth info on specific markets: <https://www.trade.gov/ccg-landing-page>
* U.S. Commercial Service’s Gold Key Program to find vetted agents and distributors abroad, facilitate introductions, meetings, etc.: <https://www.trade.gov/gold-key-service>
* NASBITE’s Trade Passport for video lessons: <https://www.trade-passport.org/>
* SBA Export Express expansion loans: <https://www.sba.gov/offices/headquarters/oit/resources/5715>
* SBA Export Working Capital Loans: <https://www.sba.gov/business-guide/grow-your-business/export-products>
* Info on 2020 Incoterms: <https://iccwbo.org/resources-for-business/incoterms-rules/incoterms-2020/>
* Insuring foreign accounts receivable: <https://www.exim.gov/what-we-do/get-financing>
* Foreign buyer credit from EXIM: <https://www.exim.gov/what-we-do/finance-a-foreign-buyer-purchase>
* <https://www.nist.gov/exportech>: A collaborative project between the Manufacturing Extension Partnership Centers and the U.S. Commercial Service
* <https://www.trade.gov/export-solutions> Formerly Export.gov, your one-stop clearinghouse for trade resources and training
* SBA’s Export Business Planner: <https://www.sba.gov/sites/default/files/articles/SBA_Export_Business_Planner.pdf>
* Trade Passport: <https://www.trade-passport.org/> NASBITE’s extensive video library of international trade training videos. You can watch up to 20 of the 60+ videos for free!

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