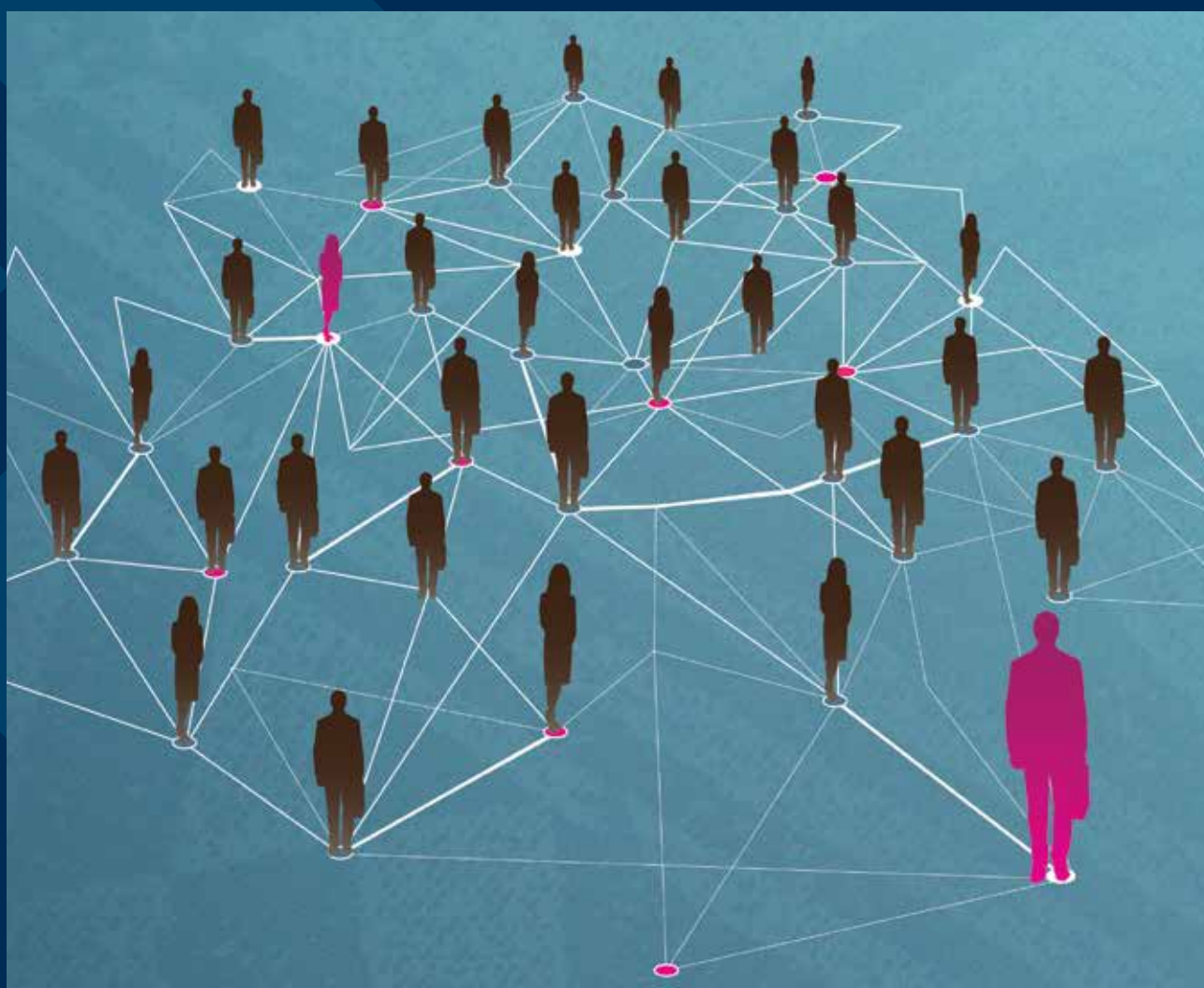


Entering New Markets

A GUIDE FOR TRADE REPRESENTATIVES



International
Trade
Centre

EXPORT IMPACT FOR GOOD

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The guide is designed to assist foreign trade representatives (FTRs) in their activities – draws on the field experience of the Foreign Trade Representation Programme of ITC and its FTR methodology aimed at strengthening the FTR networks of trade support institutions (TSIs) from developing and transition economies; takes into account globalization and its effects on trade and employment, changes in the multilateral trading system, as well as the rise in bilateral and regional agreements, increasing Internet use and instant communication; focuses on the training and advisory aspects of FTR, and provides a set of specific tools, methods and capacity-building possibilities for trade support institutions in charge of supervising FTR networks; serves as a reference for TSIs to help them gain a better understanding the issues faced by their networks of FTRs.

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FOREWORD

Foreign-based trade representatives need support to guide them through complex times – times when a nation's competitiveness is the lifeblood of economic and social development. Trade support institutions have repeatedly requested an update of this guide published by the International Trade Centre. We are confident this new edition fills a critical and growing need.

It is a topic that has withstood the test of time. The first and second editions of this book were published in 1973 and 20 years later in 1993. The book became a standard textbook for a generation of trade representatives and their organizations. Twenty years later in 2013, this third edition addresses the special blend of economic diplomacy and business skills that trade representatives need to make a measurable contribution to national export development.

The world has changed dramatically since the last edition of the guide. Set in the context of current global economic realities, this guide responds to the expressed priorities of trade support institutions. It takes into account new elements such as the impact of globalization on trade and employment; changes in the multilateral trading system, including the rise in bilateral and regional agreements; the rise of value chains, improvements in communications as a result of information and communications technologies; and the impact on result-based management practices. These global changes have profoundly transformed the day-to-day working environment for staff operating away from their home base.

Trade representatives may sometimes be tempted to make decisions in isolation. This book seeks to address that by exploring various ways of networking and creating partnerships, which can reduce geographical barriers and improve decision-making processes.

With topics ranging in scope from national development planning to trade promotion event management, office security or what to do when assigned to a new country, the book provides a strategic overview and serves as a hands-on guide. The guide strongly emphasizes priorities to achieve tangible business outcomes.

The book is set within a framework of clear goal setting, effective networking, strong ethical standards, efficient prioritizing of time and resources, and robust performance management. It is an important reference for trade support institutions, as it provides in-depth insight into what these trade representatives need in order to meet the challenges of strengthening national and international competitiveness in a constantly changing economic environment.

We hope this guide serves as more than a day-to-day reference for trade representatives in the field. It can serve as the foundation for training programmes, as well as improved governance and role clarification between representatives of trade support institutions, whether they be national or sectoral, public or private.

Finally, this publication fulfils a key mission of the International Trade Centre – to strengthen the international competitiveness of enterprises, particularly those in developing countries.



Arancha González
Executive Director
International Trade Centre

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Author

Lloyd Downey, the main author, has extensive experience as a trade commissioner for Australia. He wrote the guide based on research and guidance from ITC, as well as his own experience as a trade commissioner and at the headquarters of Australia's national trade promotion body, Austrade.

Research

Any project such as this one is based on the collaboration and expertise of many people. The success of the previous editions of this guide and the lessons gathered from project documents, reports and other workshops served as a research base for this publication.

The project to develop this new edition was led by Bertrand J. Monrozier, who led the ITC Foreign Trade Representation between 2008 and 2012.

This book reflects the needs outlined by developing countries during training events he organized, as well as a companion document he prepared on Foreign Trade Representation Methodology. The needs were obtained from national workshops held in Algeria, Bangladesh, Belize, Benin, Côte d'Ivoire, Egypt, Guatemala, Indonesia, Mexico and Uruguay; regional meetings of supervisors of Foreign Trade Representation networks in Ecuador and Santo Domingo, gathering representatives of 14 Central American and Caribbean countries; and advisory missions in Indonesia and Paraguay.

Carlos Ceceña, working with Bertrand J. Monrozier, developed the first detailed outline for the manual. Other contributors of background research included Peter Bennett and Richard Francis.

Project management and administrative support was provided at ITC by Saskia Marx, Wendy Paratian and Zaneera Thajudeen.

Natalie Domeisen provided guidance on the publishing process for the selection of contributors, writing and structure of this guide.

Sebastian Rodas contributed to finalizing the book in 2013.

Peer review

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ABBREVIATIONS

Unless otherwise specified, all references to dollars (\$) are to United States dollars, and all references to tons are to metric tons.

The following abbreviations are used:

CEO	Chief Executive Officer
CRM	Customer relationship management
FTR	Foreign trade representative
GATT	General Agreement on Tariffs and Trade
ISO	International Organization for Standardization
ITC	International Trade Centre
NGO	Non-governmental organizations
SMEs	Small and medium-sized enterprises
SWOT	Strengths, weaknesses, opportunities, threats
TPOs	Trade promotion organizations
TSIs	Trade support institutions
UNCITRAL	United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organization



INTRODUCTION

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INTRODUCTION

WHY THIS GUIDE?

This guide is designed to assist foreign trade representatives (FTRs) and their supervising bodies. It acknowledges the unique role FTRs play and recognizes that this role is continually evolving in today's complex and constantly changing trade landscape.

Set in the context of the current global economic circumstances, this guide makes the case for foreign trade representation services as an invaluable contribution to national competitiveness. It takes into account new parameters such as globalization and its effects on trade and employment; changes in the multilateral trading system, as well as the rise in bilateral and regional agreements; increasing Internet use and instant communication; and the growing need to evaluate and practise results-based management, as requested by trade support institutions (TSIs).

It is specifically directed to FTRs from developing and emerging market countries, although the material has much wider applications. It should also serve as a useful reference for TSIs to help them gain a better understanding of the issues facing their networks of FTRs. The material has been developed for the following audiences:

- **FTRs**, as a self-training guide and reference to consult for planning, reporting, managing projects, setting objectives, setting priorities and negotiating with headquarters;
- **TSIs** at headquarters, to better understand the potential of foreign trade representation as a necessary complement to their trade promotion work;
- **Trainers**, as a reference book and source for support materials for training events related to foreign trade representation. By targeting trainers, the outreach for this guide will be wider than previous editions because FTRs are a very large, yet specific, group.

This guide focuses on the needs and activities of an FTR. But FTRs do not operate alone; they rely heavily on a support network at home that is some form of TSI. A TSI has a comparative advantage in dealing with companies in the home country, in coordinating trade missions, and in organizing programmes for buyer visits. There are many situations where the TSI clearly needs to play the lead role and the FTR is a supporting actor or minor contributor. This guide does not attempt to cover those activities where the TSI has a clear comparative advantage in service delivery.

Many FTR activities rely on an efficient and capable supervising TSI in the home country. This guide assumes that the TSI staff is doing its job. It is written from the perspective of the FTR. What does an FTR need to know? What do FTRs need to do to accomplish their mission? It also covers the operational aspects of the Post, where the FTR is located outside the home country.

It is designed to be both a guide and a reference. It is a guide rather than a recipe book because it does not set out line by line the steps that must be taken, for example, to organize a trade mission, since each one is different. It is a reference in the sense that an FTR can look up a topic such as trade missions and find useful tips about what needs to be done.

This guide assumes that FTRs can draw upon the checklists and on the lists of issues that need to be considered when planning or implementing their activities or in scheduling their work. They can use them as 'memory joggers'. FTRs can ask, 'Have we taken this into consideration?' They can take into account their own situation, their own internal rules, and the varying needs of their own exporters. This guide is not designed to be strictly followed, nor does it cover every eventuality. If it saves FTRs from missing something important in the course of their work, it will have served its purpose.

Even as this guide is being written and published, the world is changing apace. The use of social media brings new ways of communicating. Every day, the development of new 'apps' for smart phones and cloud storage opens up new possibilities and opportunities.

An FTR sent to a foreign country for the first time, or multiple times, needs considerable support. The authors hope that users of this guide will gain insights that will help them in their daily work. The issues and options outlined should encourage decision-makers in TSIs to address the needs of FTRs. Most importantly, the authors hope this book will result in closer collaboration between headquarters and foreign trade representations, with all parties more informed about their respective roles.

This guide will also help users to identify their networks' weaknesses and areas for improvement, and prompt them to act accordingly. It cannot detail all the possible variations or modes of operation in different countries. For this reason, the authors encourage individual countries to develop customized national versions of this guide, with the support of technical cooperation programmes of ITC.

ITC – MEETING THE NEEDS OF FOREIGN TRADE REPRESENTATIVES

ITC offers the only programme within the United Nations system for FTRs. The work is rooted in a long tradition. This new guide has tapped into that experience and network. The first book, *Official Commercial Representation Abroad*, was produced in 1973, and served as a guide for many officers in developing and developed countries. The next edition, the *ITC Handbook for Official Trade Representatives*, was published 20 years later in 1993. It is still in use today and sets out guidance for FTRs.

Some developed countries use Operation Manuals to train diplomats. They can cover economic and trade representation, rules of protocol, communication channels, and administrative aspects, and are typically country specific.

ITC has analysed the manuals of countries such as Australia, Canada, Finland and Ireland and included relevant learnings in this new edition. The guide draws on the field experience of the Foreign Trade Representation Programme of ITC, which is aimed at developing and emerging market countries.

Figure 1: Types of trade support institutions



DEFINITIONS

To get started, it is important to understand the terms used in this guide and that are also the lexicon of foreign trade representation.

INSTITUTIONS AND LOCATIONS

Trade support institution (TSI) is any recognized public or private entity offering trade development and trade-related services. The services may be provided to government policy and strategy makers, as well as to institutions and enterprises, with the objective of facilitating and promoting sustainable exports. Figure 1 illustrates the variety of organizations that function as TSIs. Many TSIs develop and maintain a network of FTRs. However, some facilitators, such as a 'packaging institute', are unlikely to have their own international network.

Trade promotion organization (TPO). A TPO is an official or government body involved in trade promotion. It is also a type of TSI. They usually have their own network of FTR offices, which are usually attached to embassies or consulates. Other TSIs may be operated by private organizations, such as chambers of commerce.

Home country is the country that the FTR is representing. Usually, the TSI will have its headquarters in the home country.

Host country is the country where the FTR is located. If the FTR is accredited to more than one country, it includes these other countries in its work.

Post. The Post in this guide means the FTR office when it is located outside of the home country. A posting is an assignment to another country, normally for a fixed period of time.

Third country is a country outside of those where the FTR is operating. Additionally, it is not the home country. For example, some big international trade fairs are held in Frankfurt, Germany, which is a third country for an FTR whose home country is Colombia and whose host country is Mexico. (The fair in Frankfurt might have buyers attending from Mexico and sellers attending from Colombia so it is still of interest to the FTR based in Mexico.)

EXPORTS

What is an export? An export takes place when a resident of one country (the buyer) buys something from a resident of another country (the exporter).

Service exports. Service exports are sales of services to a non-resident. The buyer may cross the border and buy services (such as tourism services) in the FTR's home country. The services may even be purchased in a third country (legal services by an Australian legal firm for a Chinese company taking legal action in New York courts. This is an export by the Australian firm to China – assuming the payment is ultimately made from China).

It can become very complex. Services have been defined in all sorts of ways including; "It's something that you can't drop on your foot". In trade terms this definition does not work; many things are counted as services even when something could be "dropped on your foot". For example, music is typically regarded as a service even though it may be sold as merchandise in the form of a CD. Airline services are regarded as "services" even though they rely on aircraft to deliver their business. It's best to follow one's national statistical agency definitions of what is a service activity.

Exporting a country's culture. There is frequently confusion among government agencies about the term 'exporting'. For example, cultural and arts related agencies consider they are 'exporting' the culture of the country when they put on a cultural performance or an exhibition in a foreign country. In many cases, these types of performances and exhibitions have no obvious commercial outcomes and the cost might be covered entirely by the home country, sometimes by direct grants and sometimes by commercial sponsorships. Statistical agencies still regard such activities as an 'export' and usually place some notional value on the 'export' even though there is a negative cash flow to the home country.

Promoting cultural exports may or may not be part of the role of the FTR. The activities may be seen as important by the national government or as a form of tourism promotion. However, a TSI should understand that such exports do not really fit the definitions used above for 'exports' where a real 'buyer', someone who pays for the goods or services, is required. Business plans for the FTR should reflect this distinction.

Exports from offshore investments. International business is becoming increasingly complex. There are instances when a 100% foreign-owned company exports from the home country. This is still considered an export and is positive economically for the exporting country because of the value that has been added. Other complicated situations arise when an investment is made in the host country by one of the home-country companies. If this entity then exports to a third country what role should the FTR play in supporting them? There are no easy answers, but a good basis for decision-making is to look for the economic benefit that flows from the activity back to the home country.

Inwards investment refers to investment flows that come from the Post market (or are controlled by the Post market) and are directed into the home market.

Outwards investment refers to investments that originate (or are controlled) from the home market and are directed into the Post market.

Offshore investment and the role of the FTR. As companies expand their exports, they typically reach a stage where they wish to establish themselves on the ground in the export market. This usually involves offshore investment in business premises, offices, networks, etc. A question arises about whether the FTR should assist in this process. This guide makes no judgements about such developments, but if there is a net benefit that flows to the home country, then this would appear to be a legitimate activity for the FTR to support.

EXPORTERS AND IMPORTERS

Who is an exporter? An exporter is an individual or a company, or some sort of entity (for example, a university, or a government body), who sells something to a resident of another country.

The size of a transaction is an issue for FTRs. They could spend all their time assisting individuals with micro-businesses (with negligible impact on the overall trade statistics). At the other extreme, they could spend all of their time with one significant client and have a major impact on the balance of payments but very little on diversity or technology development. Large volumes of small value exports are liable to become an increasing issue in world trade as the volume of Internet sales grows dramatically.

Another complicating factor is that, frequently, the producers of goods (and sometimes services) in the home country are not the actual exporters. It is very common, for example, for producers of fruit or vegetables to sell their produce to a consolidator that does all the exporting under its own name. If a consolidator owns the goods when they are exported, then the exporter and the FTR need to be working with them and not the original producer. There is often confusion around this point because the producers know that their produce is being exported and thus consider themselves to be exporters. (They could be considered indirect exporters.)

In this guide the term 'seller' is often used interchangeably with 'exporter'.

Who is an importer? For the practical purposes of an FTR, an importer is an entity that buys something from a non-resident. Importers buy either goods (merchandise) or services. In this guide, the term 'buyer' is often used interchangeably with 'importer'.

Companies and entities. Exporting entities are usually companies and governed by the company law of their country of origin, but also by the laws of the country to which they are exporting. However, not all exporters are set up as companies. There are many other entities that export, including individuals, sole traders, partnerships, organizations that are not incorporated as companies (this may include cooperatives or other structures), universities, other places of learning, government bodies (including national governments, provincial or state governments, or local governments), marketing organizations and industry associations, as well as not-for-profit research, cultural, charitable and religious organizations. Where this guide refers

to exporters as 'companies' or 'entities' it could normally include any of the above-mentioned structures. Likewise, importers are normally companies but could include all of the above structures. It is not sufficient for FTRs to simply have a database of 'companies'; their list of contacts needs to be much broader.

CLIENTS, CUSTOMERS AND ALLIES

The terms 'client' and 'customer' overlap and can be confusing. Both buy services from the FTR. However, the term 'client' tends to be used more for suppliers of professional services. FTRs work with numerous individuals and organizations. Some buy FTR services. These include:

- **Exporters** (sellers) and potential exporters;
- Potential **investors** in the Post market and investors in the home market.

Typically, the FTR is trying to persuade them to invest in the home country. There are circumstances where the locally-based investor seeks out the FTR for help and advice.

These are notionally all clients or customers. (If the FTR charges for services then the 'notional' element vanishes and it becomes much clearer that the above are buyers of services.)

There are many trade facilitators in the home country and in the host country which help to make trade possible:

- **Private trade facilitators**, including banks, insurance companies, chambers of commerce, industry associations, shipping companies, airlines, media and publishers of trade directories;
- **Government facilitators**, including TSIs, regulators, various ministries such as industry development, tourism, treasury, customs authorities and education.

These organizations might commission the FTR to do something for them, such as organize a trade mission, and thus might be considered clients or customers. In most cases, however, it is more useful to regard them as 'allies' who share a common purpose with the FTR – to expand and diversify international trade. Sometimes, there may be a partnership arrangement between these ally organizations and the TSI/FTR network where both parties have committed to delivering some service.

Finally, there are the:

- **Importers** (buyers);
- The **beneficiaries of investment flows**, both inwards and outwards from the home country's perspective.

The two classes above are the final customers or clients. All other activity is incidental to:

- Making a sale to this group of buyers; or
- Securing a significant foreign investment.

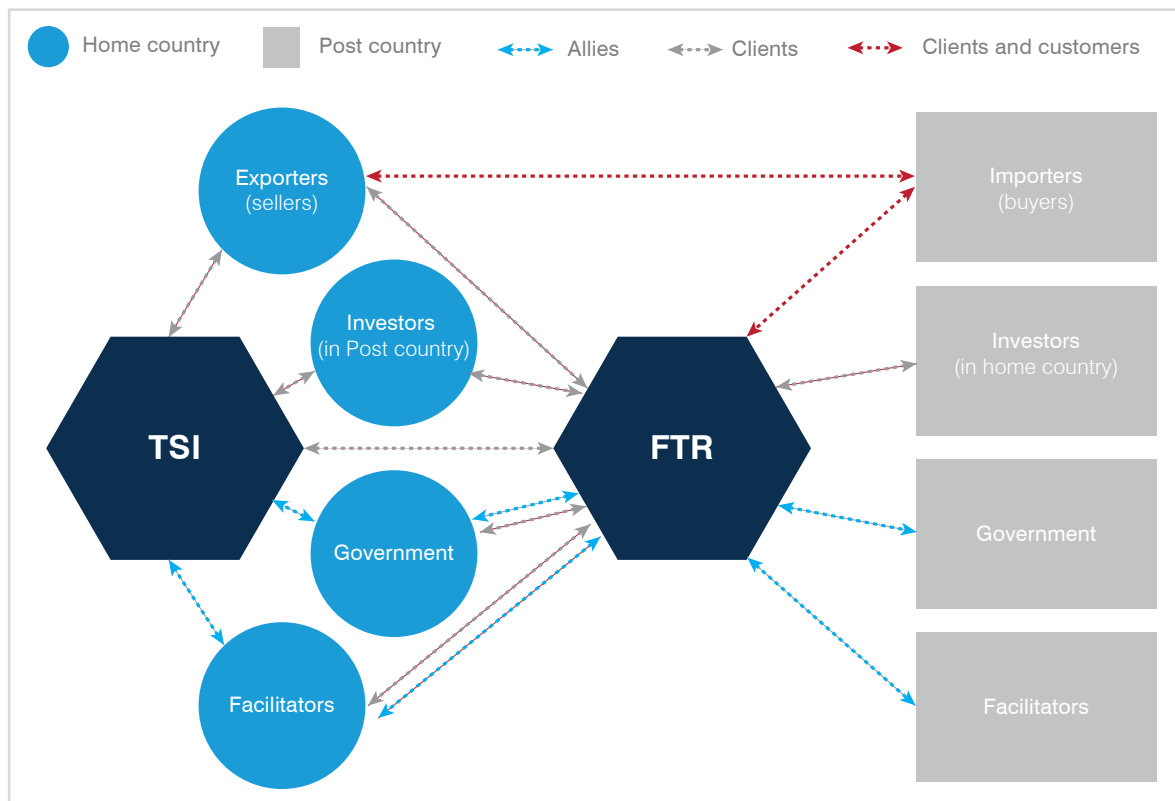
COMPLEX RELATIONSHIPS

The various relationships can become very complex, as illustrated in figure 2.

Unless there is a clear convention established in a TSI network there is apt to be great confusion over these terms. This is a very important issue because business plans and goals and objectives are typically set around clients and customers. For example, if you build a client database does it also include allies, importers and government contacts?

At least one TSI (Austrade) uses a convention of referring to exporters, potential exporters and investors based in the home country as 'clients', and 'buyers' or potential investors based in the host country as 'customers'. However, this is still confusing to people outside of the organization. All of the facilitators are called 'allies'.

Figure 2: Relationships with clients and allies are complex



There is no easy solution. Many organizations just live with the ambiguity, but in this guide the term 'client' is generally used for exporters or 'sellers' of both goods and services. The terms 'importer' and 'buyer' are used fairly interchangeably. Allies are referred to as 'allies' or by their own name.

The relationship with TSIs is special. There are elements of both client and customer at both ends of the chain. Where the marketing unit in the TSI develops a new web page for an FTR Post, it might be considered a client of the FTR. Where the FTR researches a topic for the TSI, then the TSI might be considered a client. In some cases, the TSI may deal direct with entities in the host country, for example inwards investors, and regard this group as a 'client' of the TSI.

TRADE EVENTS AND MISSIONS

The terms **trade fairs**, **trade displays**, **trade exhibitions** and **trade shows** tend to be used interchangeably. However, very large international and national events tend to promote themselves as trade fairs and there may be numerous associated activities happening around the trade fair, such as seminars, conferences, entertainment, live demonstrations and dinners. Trade shows have the connotation of being smaller events, although not always. In the United States, even very large events may be called 'trade shows'. Any event, which is centred around some form of display or exhibition, may be known as a 'trade display' or 'trade exhibition'. In this guide, 'trade fairs' describe a major event and a 'trade display' indicates a smaller event.

Outwards trade missions proceed from the home country to the host country.

Inwards trade missions proceed from the host country to the home country.



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CHAPTER 1

FOREIGN TRADE REPRESENTATION IN A CHANGING WORLD

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FOREIGN TRADE REPRESENTATION IN A CHANGING WORLD

BLENDING BUSINESS AND DIPLOMACY

FTRs are unique. In the course of their work, they blend the best of the worlds of business and diplomacy. This position gives them the opportunity and privilege to help their countries prosper in a globalized marketplace driven by trade. Ideally, this function is performed by trade specialists fully dedicated to trade promotion. In practice, the reality is different for most FTR networks in developing and emerging market countries.

Foreign trade representation is an essential outreach service for governments, industry associations and other TSIs at home. To be successful, FTRs need to integrate strongly with the main institutions in charge of trade promotion. This involves sharing strategies, services, networks and management tools. As this service can be costly, cooperation must be efficient and effective.

In this guide, FTRs are regarded as official representatives of their home country to a second country. There are many variations in the exact arrangements and reporting lines of such representatives. Some, probably the majority, are appointed by their national governments and attached to the embassies or consulates in a foreign country. Others are appointed by industry bodies such as chambers of commerce. Some are appointed by provincial or state governments. Most are located in the countries to which they are accredited (the Post country) but not always. Some are accredited to multiple countries and others are accredited as diplomatic representatives. Some do not have this accreditation. Some FTRs operate on a fly-in-fly-out basis.

Different titles are used for the same position, including: commercial counsellor; trade commissioner; commercial attaché; economic counsellor; economic attaché; or director of the trade promotion office. However, the name used in this guide is 'foreign trade representative' (FTR), which covers all such positions.

A BROAD SPECTRUM FOR REPRESENTATION

Foreign trade representation is a function performed by different categories of staff:

- Career diplomats and embassy staff at large (including the ambassador);
- Specialized trade representatives, attached to industry associations or government agencies;
- Contractual staff working at embassies and trade offices;
- Expatriate trade specialists working for a TSI;
- Expatriate trade specialists working outside the country on behalf of a ministry, TSI, chamber of commerce, trade association, etc.;
- Managers and others – including contractors – working in foreign trade offices;
- Supervisors of foreign trade representation networks working in the capital.

Responsibilities can vary, from export promotion and promoting inwards investment to procurement for their own country. Typically, as companies expand their trade, there comes a point when they need to consider investing to further expand their business and seek out the services of an FTR. Some have additional responsibilities for consular purposes. Sometimes tourism promotion to the home country (a services export) is handled by a separate entity, but in many cases this is also the responsibility of the FTR. Specialized roles such as investment and procurement mean developing a separate set of contacts at the Post end and at the home end. It is different from typical trade promotion work.

With such a variation of organizational structures and roles, a guide such as this cannot detail all the possible variations or modes of operation. Nevertheless, there is enough in common, for example, in project management of a trade display, for this guide to be a useful tool for all FTRs no matter what their structure.

PART OF A WIDER NETWORK

FTRs cannot work in isolation. They are part of the much wider trade support network of the country and must work in close cooperation with the main TSIs that are part of this network. Primarily, these include the country's TPO, the chambers of commerce and the country's sector-specific trade associations. FTRs need to work with, and through, a wide set of organizations and contacts in the course of a typical day.

In the absence of integration and frequent communication with the TSIs, FTRs are often unable to assess the seriousness and actual export capacity of home-based companies seeking their assistance. This entails the risk of spending valuable resources without real impact. TSIs are best placed to filter export-ready companies. Valuable time can also be saved if the FTR benefits from the information previously collected by the TSIs, including market intelligence obtained at home through desk research.

There are many other ways that the TSI provides a vital link with home-based companies. These include organizing groups to send on trade missions or bringing groups of companies together to form a national stand at an international trade fair. The TSI is closer to the domestic companies and is in a position to know which markets the companies might be interested in. Typically, an FTR relies on the TSI to fill this role.

There are many other players involved in international trade and the FTR will have dealings with all of them. They include allies such as the following:

- Export promotion bodies such as those financed by state or provincial governments or by industry associations;
- Financial institutions such as banks, insurance companies and brokers;
- Industry associations and chambers of commerce;
- Government bodies with a trade interest, including customs, quarantine, health, industry development, tourism, manufacturing, education, finance, agriculture and communications;
- Media – both general media and specialized trade media;
- Shipping and freight companies, including airfreight, ground and rail;
- Trade consultants and trainers;
- Producers of trade directories;
- Trade fair organizers and event promoters;
- Educational bodies providing training to exporters and traders;
- Suppliers such as designers and construction contractors for trade displays.

All of the above exist both in the home country and also in the Post country. The FTR needs to work with them, as allies, to achieve the best outcomes and to work most efficiently.

COMMON CHALLENGES

FTRs rely on a support network at home. The relationship between FTRs and TSIs is fundamental to success. ITC training events for foreign trade representatives reveal the following shortcomings which tend to be common to a wide range of countries:

- Trade representatives work without clear terms of reference;
- Targets and expected results are not defined or known;
- Priorities in terms of end-users, export products and services, and services to be delivered to exporters are unknown;
- There is minimum supervision from the capital (except in administrative terms);
- Very limited knowledge exists of good practice in other countries;
- Little or no training is provided to young recruits.

HIGH-LEVEL OBJECTIVES

The importance of successful commercial activity to a country and to its people cannot be over-emphasized. In almost all developing countries, economic development is closely linked to growth in export trade. This, in turn, creates jobs and raises living standards. Additionally, exporters become exposed to international competition, which helps drive internal innovation and improvement.

Development normally stimulates a growth in imports, which must somehow be financed from foreign exchange receipts derived from exports and from foreign investment. Without a dynamic expansion in exports, the growth of a country's economy will almost certainly weaken.

FTR high-level objectives typically focus on increasing exports, diversifying exports and increasing inward investment (into the home country). They may also include increasing jobs, expanding exports of technologically sophisticated goods and services, and increasing economic and political stability.

The job description may be more abstract, such as 'represent the commercial interests of the country' and 'promote and facilitate the development of exports'.

As noted earlier, promoting inbound tourism to the home country is sometimes part of the brief. This recognizes the fact that inbound tourism is a service export. In this case, the buyers actually travel to the home country to purchase the services.

DIVERSE REPORTING LINES

Foreign trade representation is performed by different organizations and categories of people. A country may have several foreign trade representation networks operating simultaneously in the same city. As a result, foreign trade representatives (FTRs) have several reporting lines.

Table 1 shows the diversity of supervision for FTRs, the trade promotion frontline people. Diplomatic representatives performing trade-related work are generally supervised by the ministry of foreign affairs, while trade representatives may work under the technical supervision of other ministries concerned with trade, commerce or industry. In most cases, there is a reporting line directly to the ambassador, which means FTRs frequently have two masters.

Table 1: Foreign trade representation reporting lines

Examples	D	T	O	R	Supervision
Algeria	X				Ministry of Foreign Affairs (D)
Australia	X	X	X	X	Ministry of Foreign Affairs (D), Austrade (T, O), state governments (R)
Benin	X	X			Ministry of Foreign Affairs (D) and Ministry of Commerce (T)
Colombia	X		X		Ministry of Foreign Affairs (D), Proexport (O)
Egypt	X		X		Ministry of Foreign Affairs (D) and Ministry of Industry and Trade (ECS) (O)
Guatemala	X		X		Ministry of Foreign Affairs (D) and PACIT (O)
Indonesia	X	X	X		Ministry of Foreign Affairs (D) and DG-national export development (O)
Mexico	X	X	X	X	Secretariat of Foreign Affairs (D and T), ProMéxico (O)
Uruguay	X				Ministry of Foreign Affairs

Source: 'Strengthening Foreign Trade Representation: Methodology.' Unpublished paper, ITC, November 2011.

D = Diplomats attached to embassies and consulates

T = Trade representatives in embassies and consulates

O = Foreign trade offices of TPOs, industry associations, usually housed independently

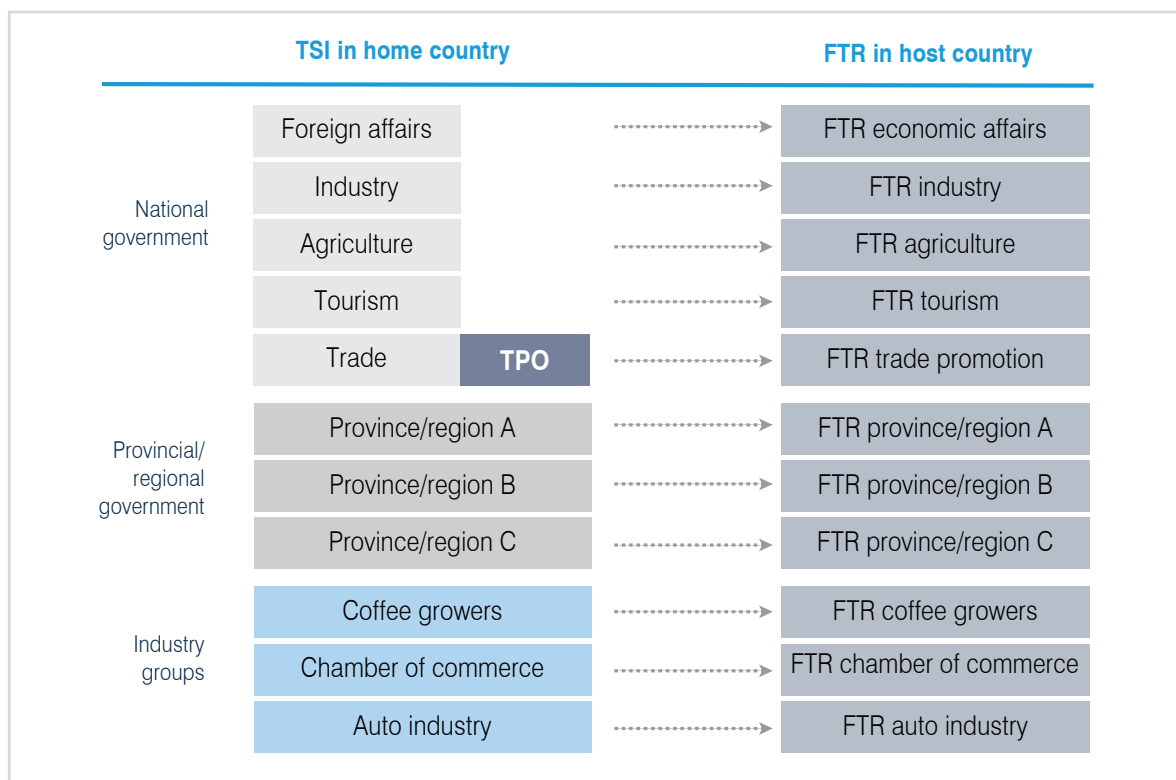
R = Foreign representatives of home-country regions or cities, usually housed independently

Foreign trade offices are typically supervised by the ministry of commerce or the national TPO. In some cases they are managed by industry bodies, such as chambers of commerce. The FTRs of home country regions, often provinces, states or cities report to their domestic headquarters.

Many types of FTRs exist. They may work in parallel in one city – sometimes in harmony, sometimes not. Figure 3 illustrates the FTRs and the different reporting lines. There can be many variations. For example, all government specialists, such as an FTR for agriculture, might report to the TPO. There may be a specialist FTR for investment, perhaps attached to the treasury department. Many different industry groups may employ their own representatives.

TSIs are diverse. The advantage of this is that individual sectors or regions can be given special attention, but it has the disadvantages of fragmentation, competition and mixed messages being delivered to the host market. FTRs representing multiple TSIs can maximize cooperation by being located in one building.

Figure 3: Possible FTR reporting lines



The many possible reporting lines reflect the variety of FTRs.

Note: The table is not exhaustive, and there are many variations and combinations.

STRENGTHS AND WEAKNESSES

Different FTR network structures have their strengths and weaknesses. These are highlighted in table 2.

Table 2: FTR networks: strengths and weaknesses

FTR structure	Strengths	Weaknesses
(D) Diplomats attached to embassies and consulates	- Can have a close link between trade policy and promotional activity - Close coordination of national goals (for example with branding) - Easier access to government and elsewhere, because of embassy/diplomatic status - Clear lines of reporting (normally directly to the ambassador) - Usually have diplomatic cover	- Often located away from business areas - Conflicting priorities between trade promotion and other commitments - Lack of direct connection with business world - Lack of direct connection with TSI or TPO - Officers not generally selected for commercial knowledge but for other characteristics
(T) Trade representatives in embassies and consulates	- Close link between trade policy and promotional activity - Close coordination of national goals (for example with branding) - Easier access to government, and elsewhere, because of embassy status - Officers selected for commercial knowledge - Close connection with TPO and TSI - May have diplomatic cover	- Difficulties sorting out lines of reporting (ambassador or TSI) and usually there are overlaps - Often located away from business areas - Can still be conflicting priorities between trade promotion and other tasks of embassy
(O) Foreign trade offices: usually reporting to ministry of commerce or TPOs	- Located in commercial centres - Close connection with national priorities (such as branding) - Staffed by people with commercial experience - Close connections with TSI in home country - Total focus on commercial issues - Sometimes have diplomatic cover	- Difficulties sorting out lines of reporting (ambassador or TSI) and usually there are overlaps - Conflicting priorities between trade promotion and other embassy tasks - Difficulty organizing events such as minister-led trade missions
(O) Foreign trade offices of industry associations; usually housed independently	- Usually located in commercial centres - Staffed by people with business experience - Close connections with industry in home country - Total focus on commercial issues - Close links possible with equivalent local industry organizations	- Remoteness from trade policy issues - Lack of cohesion with national government priorities (such as branding) - No direct connection with TPO, only their own TSI - Can have very narrow sector focus and ignore other sectors - May work against other organization's priorities - Not especially easy to get access to government - May subsidize activities in a different way to other organizations
(R) Foreign representatives of home-country regions or cities Sometimes countries have combined resources to have a promotional office	- Usually located in business areas - Can deliver good service to own narrow group of clients and ignore all others - Clear line of reporting to home organization - Good for promoting investment into their region because of the close regional ties and home support systems	- Often no allegiance to national priorities – narrow focus - Can compete with other FTR in the same area - Exporters can choose between different FTRs and their services and increase overall work - Can be duplication of work - Can create confusion with host government and business organizations about the FTR roles - Can distort national priorities (promoting their region at expense of other regions) - No diplomatic cover, may not be easy to get work permits - May need help from embassy with State-based VIP's wanting high-level meetings during visits - No direct connections with TPO

RECENT TRENDS

These trends are on the rise, especially in the developed world:

- Consultancy work, for example, in Finland and Sweden;
- Charging for services, as in France;
- Formal contracts between the TSI, the FTR and the company, as in Colombia;
- Efforts to measure export impact of FTR interventions;
- Formal key performance indicators and targets;
- Cost-benefit analysis;
- More locally-hired staff and fewer home-based staff.

See the World Bank's 'Policy Research Paper 5125' for an analysis of a large number of TPOs and their impact on exports. The general conclusion is that as TPOs become more focused and better resourced, they are more successful in increasing exports.

<https://openknowledge.worldbank.org/bitstream/handle/10986/4315/WPS5125.pdf?sequence=1>

LEARNING FROM OTHERS

One can learn from the experience of other FTR networks by examining their websites to see how they operate, how they set priorities and whether they charge for services. Some websites are accessible, while others are open only to companies domiciled in that country. ITC has done some research on the approach taken by different countries, including the charging policies of different FTR networks.

Another way to learn from others is to link up with other FTRs, based in the same city or country or in different countries. FTRs face similar issues, whatever country they are from, and are usually willing to share their experiences with a colleague. It is relatively rare to be competing for exactly the same contract. The information that FTRs share is probably more significant than the areas where they compete. ITC facilitates this type of networking by organizing workshops and forums for the exchange of good practice by FTRs. Within most large commercial cities there will be a network of FTRs who meet frequently over lunch to share experiences. This can be a very valuable networking vehicle. Successful experiences include the FTR associations created in the cities of Miami (INTRADE), Buenos Aires (ACACE) and Madrid (ACELA).

FOREIGN TRADE OFFICES – A CLEAR MISSION

The consensus is that foreign trade offices tend to perform better than other FTR arrangements. The main reasons for this are set out in table 2. Foreign trade offices have a very clear mission to promote exports and perhaps investment. The lines of responsibility are clear; they are generally based in a commercial centre and are staffed by people with commercial experience. Other types of FTR structures often have multiple objectives besides trade, have less direct involvement with the commercial world and are often not staffed by people with commercial experience. It is a case for specialization.

ARE FTR NETWORKS PROPERLY SUPERVISED?

When an FTR network reports directly to one specialist organization such as the TSI, it is possible to provide clearer guidelines, set clear priorities and hold the FTRs to account for their performance. When the reporting lines are blurred or there are several masters to please, it is harder to have clear priorities and consequently it will be difficult to measure relevant outcomes. This situation makes the case for operational models along the lines of trade specialists who report directly to a TSI.

THE DAY-TO-DAY JOB

The tasks in a typical day might include the following activities.

Trade policy

- Liaise with Post government regarding trade policy issues;
- Research opportunities which might emerge from changes to policy;
- Research and report on trade barriers;
- Represent the country at high-level industry or government meetings;
- Act as an official observer at high-level meetings where the home country might not be a member of the group;
- Develop close relationships with various trade-related ministries.

Embassy representative

- Prepare economic reports on the Post country;
- Provide economic and commercial advice to the ambassador;
- Provide commercial insight to other home-based government agencies on issues such as technology, education and tourism;
- Organize events for other government agencies, which might have a commercial or industry angle;
- Represent the country on various national days or celebrations.

TSI representative

- Provide commercial intelligence;
- Advise the TSI on trade strategies;
- Deliver the TSI strategy in the Post country;
- Provide positive news stories and case studies for the TSI;
- Provide input into national customer or customer relationship management (CRM) systems;
- Be a speaker at TSI events in home country;
- Contribute to national export plans.

Facilitator for exporters

- Respond to trade enquiries from home country;
- Respond to enquiries from potential importers;
- Identify new opportunities for exporters;
- Undertake market research for exporters;
- Organize business visits programmes for exporters;
- Organize trade missions;
- Organize participation in trade displays;
- Organize buyer visits to the home country;
- Organize seminars and business meetings for exporters;
- Organize seminars for importers and for potential investors;
- Organize business-related programmes for VIPs (for example, presidents or provincial ministers);
- Identify potential local partners for exporters;
- Introduce exporters to key local people, including regulators.

Public relations representative

- Handle media relations;
- Promote a positive image for the home country;
- Play a representational role via meetings and speaking assignments;
- Organize programmes for business journalists to visit the home country;
- Act as a board member or member of a chamber of commerce;
- Participate in activities for local FTRs from various countries;
- Organize activities with local representatives of home-based companies.

Office manager

- Manage property, staff, resources, and information systems;
- Manage finances and budget control;
- Prepare monthly and other activity reports;
- Coordinate training for staff.

Investment promoter

- Seek out potential investors;
- Organize visits to home country by potential investors;
- Organize events to promote the home country to investors.

Tourism promoter

- Organize advertising and promotional campaigns for tourism;
- Organize participation in travel shows and expositions;
- Assist with tourism trade missions;
- Research issues of country branding and perceptions.

Procurement

- The FTR may have a role in official procurement for the home country, especially with major tenders.

Activities in third countries

- The FTR may have many of the above tasks multiplied in situations where they are accredited to multiple countries.

WORKING ACROSS INDUSTRY SECTORS

All of these day-to-day activities ultimately support high-level objectives. For example, reporting on trade barriers is a way of getting these trade barriers on the agenda for some form of trade negotiations. The trade negotiations, in turn, would aim to reduce the barriers and increase trade, and thereby exports from the home country. Likewise, providing positive case studies to the TSI is a way of stimulating other companies to try exporting to the Post market, thus increasing and diversifying exports.

In addition to managing all these different tasks, the FTR has to work across all industry sectors, learning enough about each exporter to deliver some added value and, finally, commercial business.

It means being able to introduce trade ministers one day, and walk the floors of an abattoir the next. It means being able to satisfy the demands of multiple masters, including the TSI, the ambassador, exporters, importers and visiting VIPs.

An FTR is on constant display, always has to maintain absolute integrity and never share commercial secrets. An FTR must consciously earn and maintain a reputation for professional reliability and high personal standards. It is a challenging but very rewarding career.

Box 1: What foreign trade representatives need from trade support institutions

- A clear statement of what the FTR is supposed to do; what the priorities are and the key performance indicators;
- Clear reporting lines so that the FTR does not have several bosses;
- An annual programme that gives at least 12 months notice of major trade displays and 4 months notice for trade missions and appropriate lead-times for all other events;
- Budget support sufficient to achieve the key performance indicators;
- Support and acknowledgement of the needs of the FTR and his or her family;
- A centrally maintained website that the FTR can access to post notices, newsletters and other relevant materials.;
- Detailed and updated information on national exporters, either from an exporter directory, a database, or a full-fledged CRM system linking TSIs and their users;
- Organizational support in the home country for all inwards and outwards: missions, displays, other events, and promoting the Post country to carefully selected, qualified exporters;
- A clear set of operational policies for issues such as accepting gifts; the level of support that FTRs are expected to provide to exporters and a list of services that the FTR will not provide to exporters, such as travel arrangements;
- Training programmes for the FTR and for staff;
- Minimize demands for reports and simplify procedures;
- A clear contract of employment that sets out all the conditions such as salary, allowances, adjustments for inflation or currency movements, return travel, holidays, reporting responsibilities and budget arrangements;
- Absorb enquiries from non-export capable companies, protect the FTR from such enquiries and provide clear information to exporters about what FTRs will and will not do for them;
- A handover programme with the incumbent FTR and directions about introducing the new FTR to important contacts.

Box 2: What trade support institutions need from foreign trade representatives

- Good governance and management of the Post finances, staff and resources;
- Post priorities that will deliver the agreed key performance indicators;
- Accurate input on the attractiveness of the market for different products and services;
- Three-to-six real success stories each year;
- Cooperation when tasks are imposed on the TSI with little notice;
- Reports submitted on time;
- Support for politically important activities, which may have low pay-off ratios;
- Maintain web materials about the Post that are relevant, up to date and interesting;
- Keep the TSI informed of any pending crises or successes;
- Maintain the security of systems and personnel;
- Maintain appropriate communication with the media, making no comment on policy issues without prior approval;
- Keep the TSI informed of trade relations issues, import barriers, restrictions and changes;
- Provide adequate notice of impending trade missions or buyers-sellers events in the home market;
- Maintain good relationships with the rest of the embassy, with allies and other government departments.



CHAPTER 2

FROM VISION TO IMPLEMENTATION

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FROM VISION TO IMPLEMENTATION

NATIONAL DEVELOPMENT PLAN

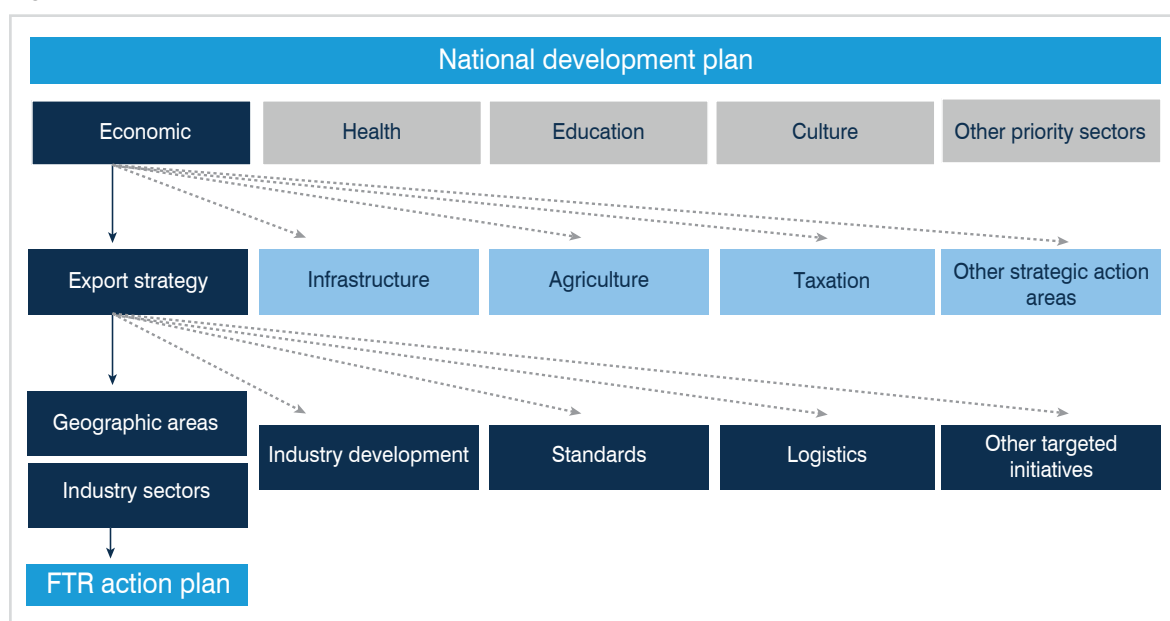
A national trade strategy is a plan that fits within a larger, overarching national development plan for a country's economic and social development. The larger plan is usually developed within a high-level economic policy unit of government, such as the national treasury or authority. The trade strategy component may address both imports and exports; typically the overall objective is to increase the wealth of the country's citizens. Wealth in this context is usually measured in financial terms, but it may also include social measures such as addressing income inequalities, building social capital. It may have other measures such as diversifying the export base away from one or two commodities. The top two levels of figure 4 illustrate how an export strategy is just one component of a wider national development plan.

Within the export strategy there are elements of concern to the TPO and TSI that only involve an FTR in a peripheral way, if at all. The FTR has little or no involvement in campaigns to introduce industry quality standards in the home market, for example.

The following diagram illustrates how an action plan for an FTR Post ideally flows, in several stages, from a national development plan. Typically, the national TPO is tasked with translating the national export strategy goals into activities focused on countries and/or on industry sectors. This prioritization sets what is most important for the individual FTR Post. Priorities may not be sector-based; they can include such things as country branding, investment, diversification of exports and so on. Once given such a set of priorities, the individual FTR should develop an action plan to deliver the appropriate outcomes, in conjunction with the TPO.

In the bottom level of figure 4, one can see export strategy elements that concern the TSI, but only involve an FTR peripherally. For example, an FTR has little or no involvement in campaigns to introduce quality standards in the home market.

Figure 4: From national development plans to FTR action plans



This guide deals with the export side of an economic plan, not imports. It is generally the main area where the FTR and the TSI become involved. This chapter focuses on how FTRs should prioritize their work. Major factors in setting priorities are goals and objectives set at a high level, ideally within a national development plan.

Figure 4 illustrates one way of segmenting clients to develop a manageable export strategy. Clients would be classified by their industry sectors, for example agriculture or services, and then by geographical markets, such as North America or the Middle East. Priorities would be decided and from this grid would emerge the action plan and activities for an FTR based in one of these regions.

There are many ways of segmenting and prioritizing. None of them problem-free.

NATIONAL EXPORT STRATEGY

A national export strategy should start with high-level goals, which emerge from a national development plan. These high-level goals include objectives such as:

- Increasing the total value of exports;
- Diversifying exports and markets;
- Eradicating poverty in a specific region;
- Increasing the number of exporters;
- Increasing the value-added component of the exports through increased domestic processing;
- Increasing exports from specific industry sectors, for example, high-technology industries;
- Improving the quality of exports;
- Improving the infrastructure of exporting, for example in transportation, port facilities and cold storage;
- Improving the efficiency of exporting;
- Educating exporters;
- Increasing employment;
- Acquiring technology or new knowledge;
- Raising the living standards of a disadvantaged group;
- Improving marketing.

These high-level goals do not stand alone; they are interconnected with other elements of a national development strategy. A national education strategy could tie in with an exporter education or standards programmes focused on improving the quality of exports. Industry development objectives could tie in with a government wish to expand a particular sector, partly through increased exports. There will normally also be linkages between plans for domestic infrastructure development and improving the logistics of exporting.

For an export strategy to be successful, it needs widespread consensus and support. It is rare to find this consensus and difficult to ensure universal support. As a result, TPOs and TSIs are frequently left to implement a national export strategy with limited support from other government agencies. Sometimes they even compete with these agencies or other branches of government, such as state or provincial governments.

ITC offers a range of tools and advice for developing national export strategies, see: <http://www.intracen.org/trade-support/national-export-strategy-design/overview/>.

Box 3: What if there is no national development plan?

Some countries have a national development plan and planning agencies. If there is no national development plan, then a TPO or TSI can work from its own mission statement. These should reflect the same high-level goals that would come from a national development plan, but have a more commercial than social focus. For example, a TPO or TSI will be charged with promoting exports from the country and perhaps with other associated goals such as diversifying exports and increasing employment.

If this is the situation, then the export strategy will start from this point and the mission statement becomes the high-level goals. Performance of the whole organization, including FTRs, should then be measured against these mission statement goals.

Domestically, it is easier to build consensus around broad objectives, such as 'increase the value of exports'. It is more difficult to build consensus around focused objectives such as 'increase the exports of electric motors'. As a result, a national export strategy may be outlined in the broadest terms and it may be left to a TPO or TSI to fill in the details of the plan. It is difficult to turn broad objectives into tangible goals and then deliver outcomes against these goals.

Developing a national export strategy is part of the role of the TPO and TSI. Although this guide is for FTRs, it is useful for an FTR to understand the various methodologies to the extent that they eventually have an impact on action plans.

BUILDING AN ACTION PLAN

In this section, a single, hypothetical example will be tracked through the various processes that ultimately result in an action plan for an FTR Post. Given a high-level objective such as 'reducing poverty in Lalbur province', with reasonable evidence that increased exports from the region will assist in reducing poverty, the TPO must:

- Understand the industry or economic activity of the region;
- Identify sectors with export potential;
- Develop appropriate strategies for increasing exports.

Each of these goals requires significant work. For example, to identify sectors with export potential the TPO needs to:

- Identify the current exporters and understand what makes them competitive and successful;
- Identify potential exporters and understand why they are not exporting;
- Understand what needs to be done to remove barriers and boost exporting.

The TPO might identify, for example, that there are successful exporters of 'pesticide-free organically grown rice', and this could be expanded dramatically. This would become a main target group and an export strategy would be developed specifically for this sector.

SWOT ANALYSIS: KEEP AN INDUSTRY PERSPECTIVE

To identify target groups and develop a strategy, it is advisable to perform a SWOT (strengths, weaknesses, opportunities, threats) analysis for the industry. But it is very easy to confuse whose strengths, weaknesses, opportunities and threats are involved and end up with a mixed picture. Is it the strengths of the industry itself? Is it the opportunities for the TPO? Is it the industry association? Is it the whole country? To avoid confusion, a SWOT analysis is probably best done from the perspective of the members of the industry.

Ideally, a SWOT analysis helps to identify combinations where there is a strength and an opportunity. Then the question needs to be asked, 'So what do we do?' The SWOT analysis is not an end in itself; it identifies a need for action. However, it can be very helpful in framing a strategy for the target group. For more details on SWOT analysis see: <http://articles.bplans.com/business/how-to-perform-swot-analysis/116>

EXPORT STRATEGIES: MORE THAN MARKETING

Export strategies will be multifaceted. Elements will emerge such as the following:

- Make finance available;
- Improve quality, standards and research;
- Improve logistics;
- Raise educational standards;
- Improve governance of the industry;
- Improve marketing – packaging, branding, market identification, market penetration and promotion.

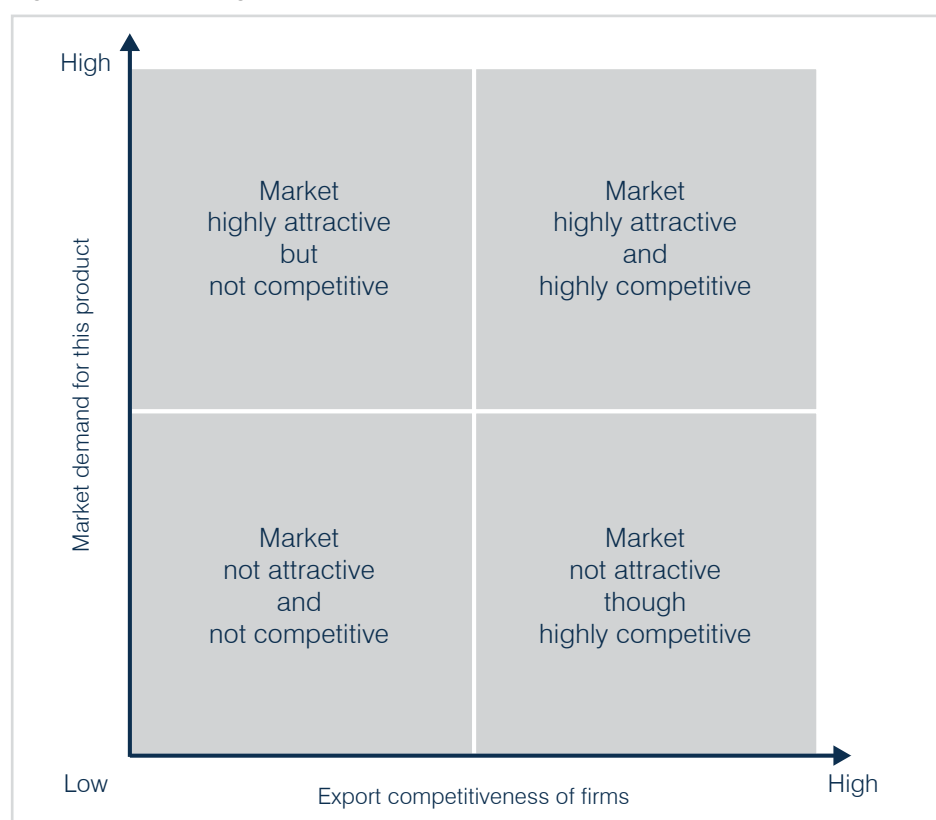
The important takeaway is that an export development strategy is much more than marketing. An FTR mainly becomes involved in the marketing activities. But if there is no action on other elements of the plan, it will quite likely fail.

In this example, the next step for a TPO or a TSI could be intensive desk research to select the best markets. ITC offers a range of online databases, such as Trade Map, Investment Map, Market Access Map, Trade Competitiveness Map and Standards Map, to assist with this type of analysis. See: <http://legacy.intracen.org/marketanalysis/default.aspx>. Since 1 January 2008, all users from least developed and developing countries and territories have free access to the market analysis tools from ITC. If a network of FTRs exists, it is likely quicker and more accurate to ask FTRs for a quick assessment of their market for the pesticide-free, organically grown rice. Official statistics can point the way, but nothing replaces on-the-ground observations and discussions with importers of a particular product or service. One way of conducting a quick market assessment is to combine two basic parameters in a market analysis matrix:

- Market attractiveness;
- Competitiveness of suppliers from the home market.

The result might look as follows in figure 5, with the most attractive markets in the top right hand corner.

Figure 5: Prioritizing product sectors



For a TPO or TSI the difficult question is, 'Which market?' It is possible to research the issue exhaustively. There are many complex methodologies with weighting techniques found in textbooks. However, using the technique described in figure 5 is one way to get a very quick overview, eliminate the obvious and focus on those sectors with high-to-moderate potential. FTRs should not launch major research projects to determine this information. The process should be quick, observational and qualitative.

When considering 'market attractiveness', the FTR would probably consider the following:

- The size of the total market;
- The volume and proportion of imports;
- The growth rate of imports;

- Import barriers and regulations;
- Competition;
- Quality and packaging issues;
- Market trends.

When considering the 'competitiveness of suppliers', the FTR would need briefing from research by the TPO and the TSI. They would need:

- Knowledge of any current exports;
- Relative pricing;
- The kind of supply, for example high volume low price, or high quality high price;
- Trends in production.

Box 4: Talk to people in the market

The FTR needs to talk to people in the market and those likely to be importing. This is the most valuable intelligence on issues such as trends and demand. Potential importers synthesize all the factors that make up 'market attractiveness'.

Once the TPO has the responses from their network of FTRs and has combined them into the one diagram they may need to make adjustments. An individual FTR has difficulty having a worldwide perspective. Imports to one territory might appear large to that FTR, but from the perspective of another FTR they will be small. The TPO needs to exercise some judgement.

At this stage, the target industry (pesticide-free rice) will be added to the priority sectors for some FTRs. It is then their task to develop appropriate programmes, which might include a trade mission or tailored research.

Table 3 summarizes the steps that have been followed in the strategy development process.

Table 3: Export strategy process

Export strategy process	Example
1. Set high-level goals	Eliminate poverty in Lalbur province
2. Understand the industries involved	Mainly subsistence farming; some trade in rice
3. Identify target groups	Pesticide-free organic rice
4. Develop export strategies for target group	Multifaceted development and export strategy
5. Identify what this means for the FTR programmes	If FTR Post is prioritized – a programme initiated

We have tracked one example of a high-level objective – eradicating poverty in a province – with a simple example of how the process can be transformed into a set of goals for an FTR Post. Other high-level goals should follow much the same procedures, although they can be much more complex.

Each of the high-level goals needs to be considered separately. There can be internal conflicts in trying to meet all of the goals set at the highest levels and it may be necessary to revisit or prioritize some of the goals.

For example, the best way to achieve a high-level goal to increase total exports might be to work with the 10 largest exporters and help them to increase their exports by 10%. This may have more impact than having thousands of small and medium-sized companies increase their exports by a similar percentage. However, if a separate high-level goal is to improve the export performance of small and medium-sized companies, then there is potentially tension between the two goals.

Box 5: Keep strategy models simple

It is tempting to over-engineer industry, market or export strategies. Normally, quite a lot of data is available and there is the temptation to use a large number of variables in quasi-mathematical models with notional weightings for importance.

Consider that the data always lag the real world. Any single variable is rarely measured to an accuracy of better than + or – 10%. By the time the strategy has been developed the world will have moved on or the environment could have changed. Another factor is that the government could have changed and set new priorities.

These are all good arguments for keeping strategy models simple. Simple models are not especially accurate, but neither are complex models. But simple models have the advantage that they are quick to use, easy to understand and can be easily modified.

SELECTING NATIONAL TRADE PRIORITY INDUSTRIES

To select a set of priority industries, a TPO or TSI needs to start with the high-level goals set in a national development plan. This will dictate some priority sectors. If there is no national development plan the TPO or TSI will have to work from its mission statement. This should include high-level goals such as increasing and diversifying exports. To achieve this high-level goals one requires a method to prioritize industries. A first step is to segment them into categories. This is fundamentally a TPO or TSI role.

There are many ways to segment clients and markets. The key is to group them in meaningful ways that allow economies of scale in servicing. At one extreme, with no strategy, clients can be dealt with individually. At the other extreme, one can create a strategy for a group of 50 clients that form an industry cluster. The strategy is likely to have many facets, from improving standards and identifying new export markets to developing a national brand image.

Common ways to segment clients and markets:

- Industry sector;
- Like products;
- Industry clusters;
- Geographic target markets;
- Size of company;
- Value of exports;
- Growth rate of exports;
- Regions in home country;
- Stage of exporting;
- Type of services needed from the TSI;
- Proportion of value added;
- Degree of innovation;
- Mode of export;
- Price competitiveness.

Each parameter can be divided into sub-classes, such as large to small, non-exporter, experienced exporter, and so on. Making sense of the various combinations can be challenging.

Very basic first cuts can be made by looking at current export performance and recent history. Market analysis tools from ITC could be helpful. See <http://legacy.intracen.org/marketanalysis/default.aspx>

This gives some indication of areas of relative strength. But the figures only tell part of the story. Exports in a sector may be large and rising rapidly because of the activity of one multinational company. Or exports for

that customs classification might be falling, but are masked within the broad classification. Exports of the product of interest might be rising rapidly, but the data may not be sufficiently broken down to show this. There needs to be an in-depth understanding of what the raw figures mean.

Probably the most widely used way of segmenting clients is by industry, followed by market of interest. Trade support institutions are usually organized along similar lines, either by geographic regions or by Industry sectors.

INDIVIDUAL COMPANIES DO THE EXPORTING

There is a hidden assumption underpinning this strategic planning – that it is possible to prioritize and work with a group of companies or industry such as the automotive sector. The idea is that by working with a group of companies, greater outcomes can be secured than by working one-on-one with individual companies. This is not always the case. It is the individual companies that write the export contracts. An industry sector does not do this. Perhaps equivalent outcomes could be achieved with less effort by working with one or two companies in a focused way.

However, there are many successful case studies where an industry group or cluster has implemented a very successful joint export strategy and marketing campaign. For a campaign involving Senegalese mangoes see: <http://www.intracen.org/projects/ntf-ii/senegal/>.

Changes in the kiwifruit industry globally and nationally meant New Zealand producers had to adapt to a new environment. The New Zealand case study suggests that the success factors for the industry included:

- Industry champions and the conduct of management;
- Innovation;
- Industry structure;
- Economies of scale and market power;
- Branding, differentiation and strategy;
- Value chain developments;
- Market research, responsiveness and information dissemination.

It is clear that the industry's success was related to a wide range of factors influencing production, logistics, and various elements of marketing. But it was certainly not all marketing, see http://dspace.lincoln.ac.nz/dspace/bitstream/10182/862/1/aeru_rr_311.pdf.

SETTING MARKET PRIORITIES

It can be daunting to select some industries and then decide the best markets for them. TPOs are frequently expected to do this. There can be very complex ways of accomplishing this, but it is best to keep things simple.

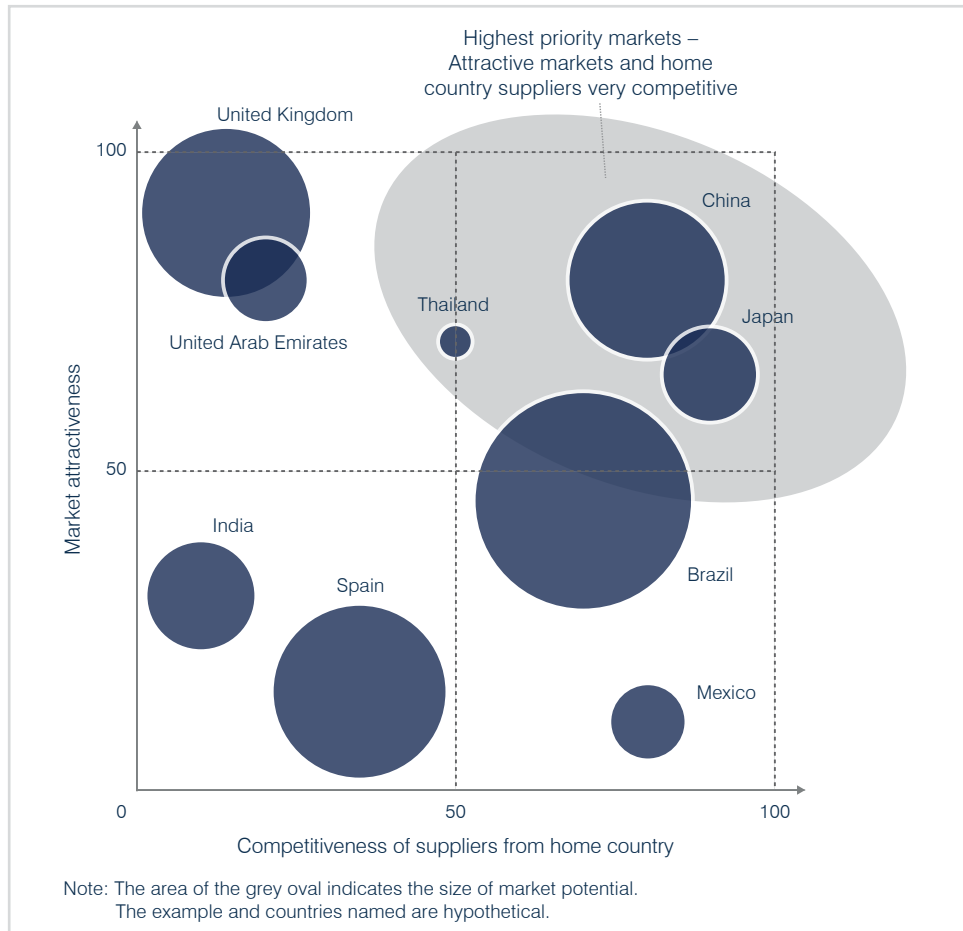
The model suggested below – market attractiveness versus competitiveness of suppliers from home country – is a relatively simple model which lends itself to most situations.

For example, if the TPO has selected 50 priority product or service areas and wishes to identify best markets, the same model can be used. It is a big job however it is done, but it is possible to ask every FTR Post to run the 50 priority areas through the attractiveness/competitiveness model and then pool the results. The FTR should not turn this into 50 major research projects. It should be kept simple and the work minimized. This is not an exercise that should need to be repeated every year. Priorities should be reasonably stable for a period of about three years and even then should only require minor amendments.

After some normalization of the data to reduce inevitable local biases, the TSI can produce a chart for each priority product and service area. (See figure 6. Note: this example is hypothetical.)

It is also possible to compare the 50 priority product and service categories and select those with the highest potential in certain markets. The end result is a set of prioritized products from 1 to 50 and a set of priority markets for each. It is possible that some of the 50 product and service categories were given very low ratings, but the politics may be such that the FTRs still have to work with them. The methodology described above identifies which market holds the best prospects, even if the prospects are not great.

Figure 6: Prioritizing markets



The methodology for figure 6 can be used for products or services. The results can be plotted on the same chart and directly compared in terms of attractiveness of the market and competitiveness of the suppliers. One can incorporate an estimate of the size of the potential export deals into the chart, thus giving a visual idea of the relative priorities of the sectors.

Box 6: Buyer pull or supplier push?

When prioritizing markets and products, it is difficult to know whether to start with the markets (attractiveness) and identify demands, or to start with the home country (competitiveness) and identify supplier strengths. There is no simple answer. Both need to be done. One first eliminates the most obvious areas and then refines the details of the more attractive sectors. This requires ongoing communication between the FTR and the TPO or TSI.

A case can be made to start with the supply side, as it may be possible to quickly eliminate entire sectors. For example, if the home country has no petrochemical industry it is pointless looking for demand for petrochemicals. Experience and knowledge concerning the relative strengths and deficiencies of the home country's export sector are important.

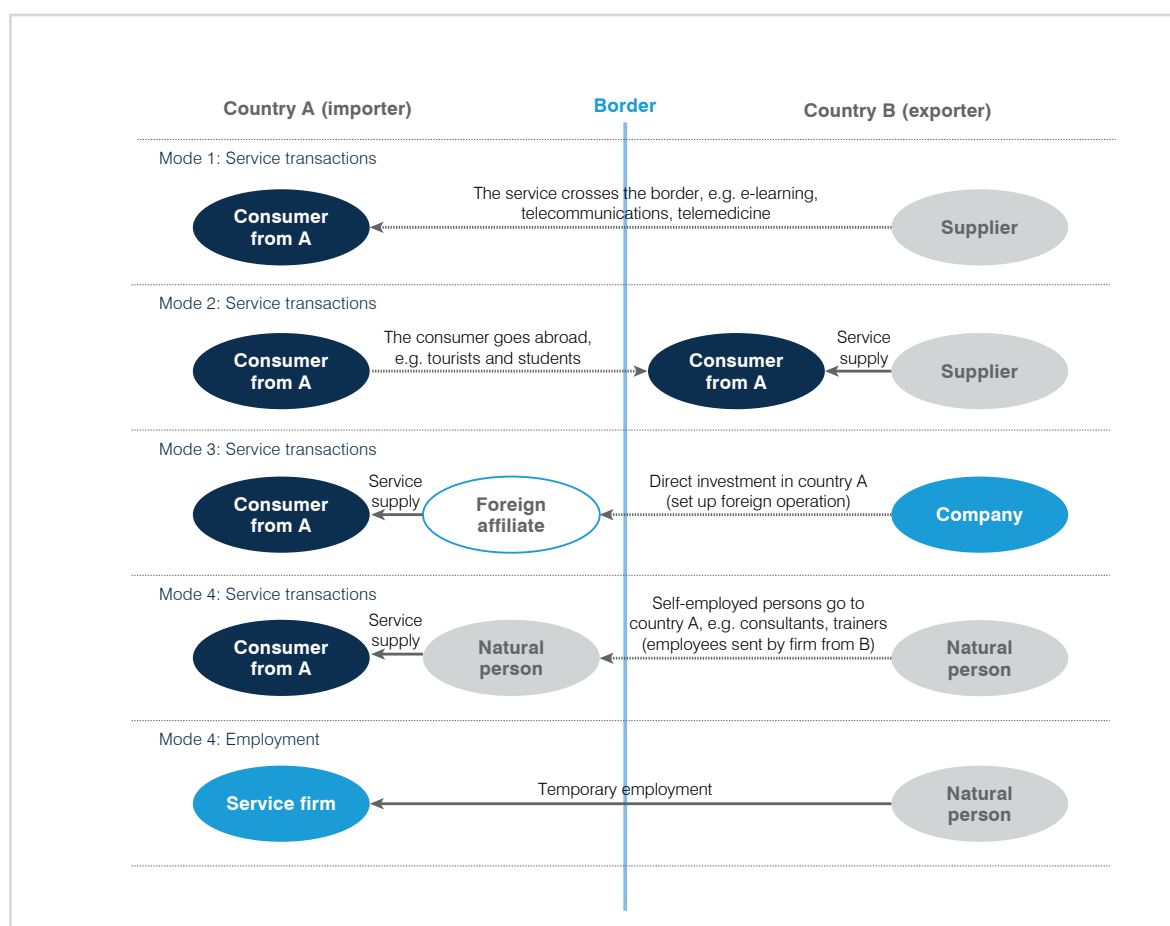
SETTING PRODUCT AND SERVICES PRIORITIES

It is frequently assumed that because products and services appear so different, the ways of setting priorities must also be different. However, the basic principles are the same. There is no reason to distinguish between them when prioritizing industries or sectors. FTRs and TSIs should look to achieve the maximum outputs for a given effort. The outputs are the measures that deliver against the mission statement, such as increasing the value of exports. The effort can be measured in terms of expenditure or person days, which is the equivalent of expenditure.

It is important for an FTR to understand that there is generally only one mode of delivering **products** for export, apart from local manufacture and assembly. This is where the merchandise crosses the border and is consumed or used in another country. Some assume that services are not exports. Tourism is an example because tourists visit the home market. However, selling services to a tourist for US\$ 1,000 has the same impact on the balance of payments as selling US\$ 1,000 worth of coffee beans.

There are four different modes of exporting services recognized under the General Agreement on Trade in Services (GATS).

Figure 7: Supply modes of trade in services



Source: *Manual of Statistics of International Trade in Services*. 2010. Department of Economic and Social Affairs of the United Nations Statistics Division. Statistical Papers series M No. 86. Page 23.

The one mode where it is more difficult to distinguish the export benefit is Mode 3. This is the situation where an investment is made in the importing country and a business is established to supply the local consumers. To put this in perspective, there are service businesses that need to be on the ground to deliver their services, including rental car companies, food franchises and retail operations. The benefit that flows to the home country is in the form of profits or dividends. There is also a positive effect on the national image, difficult to measure but real and worth mentioning.

PRIORITIZING CLIENTS

Any industry sector is comprised of a disparate group of companies. The movie industry uses inputs and services from a wide range of sectors, but many would regard themselves as being part of the film industry. For example, the accounting firm that works solely with the film industry might identify much more closely with the film industry than the accounting industry.

Figure 8: Industry clustering for the film industry



This clustering characterizes every industry. When it comes to exporting, there may be great opportunities for a company specializing in staging automotive stunts whereas opportunities for the general category of the 'film industry' might not exist. As a result, targeting industries will work in some circumstances, where the industry sector is reasonably homogeneous. It will not be a clear-cut target group for FTR programmes in every situation. In many situations FTRs will have to work at the level of the individual company.

For FTR purposes it is helpful to segment client needs by their stage of exporting:

Potential exporters to FTR Post territory

- Non-exporter
- Exporting elsewhere
- Early exporter – market identification needs

Existing exporters to FTR Post territory

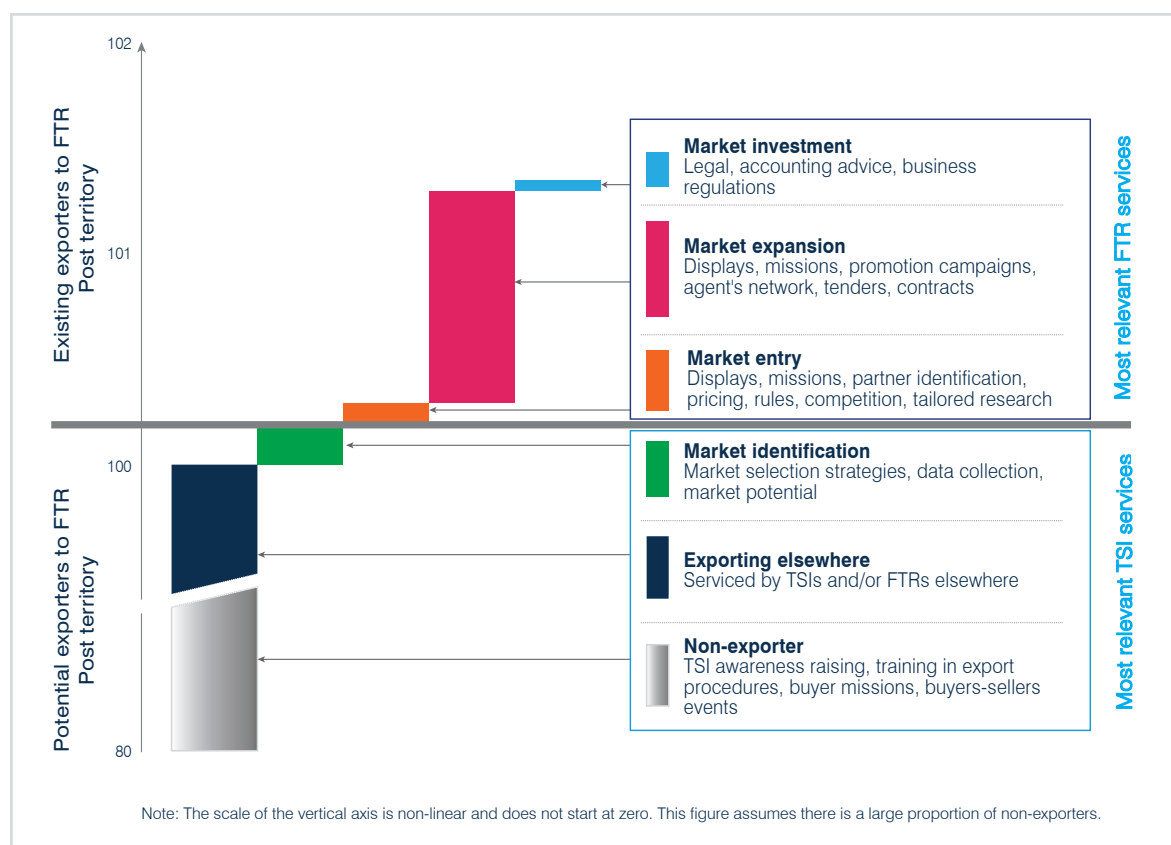
- Market entry needs
- Market expansion needs
- Market investment needs

Through this classification, the FTR can offer the same mix of services to a set of clients from different industries who are at the same stage of export development. Figure 9 shows, schematically, the relative proportions of FTR clients that might fit into each of the above categories in any one year for a medium-sized exporting country. More importantly, it also identifies the most relevant services from TSIs and FTRs at each stage.

This can be seen in figure 9, which illustrates:

- The proportion of companies that export is usually small, depending upon the geographic location and, to some extent, the industry. As a result, non-exporters tend to dominate an economy.
- The TSI has a comparative advantage in helping a company become export ready. This is not where an FTR should focus resources.
- In any one year, the number of companies that shows interest in expanding into the market (green and orange) will be a small percentage of those already exporting to the market. Research has shown it to average 6%-8%, although this will vary between markets and the economic environment. For example, a surge might be experienced after the signing of a new free trade agreement.
- The companies already selling into the market (pink) are the largest group involving the FTR, unless there is a policy that discourages assisting companies already in the market. They will continue to be clients for promotional activities such as trade displays and will probably support trade missions. They will not request market entry or export awareness-raising information.
- Each year, a small number of companies will change from exporting products or services to the market to investing in more permanent operations in the country. This is indicated in blue. Some businesses, such as a rental car companies, must invest in an on-the-ground operation right from the start. Typically, the companies moving to invest are equivalent to 1%-2% per year of the total active exporters to that market. They may require referrals to legal firms and accountants.
- The figure also illustrates that for each of these discrete stages of exporting, different services are required from the FTR and the TSI.

Figure 9: FTR services for exporters at different stages



Box 7: Do not miss companies with great potential

Individual companies with great potential should not be lost in the process of implementing export strategies. An industry may not be competitive as a whole, but individual companies within that industry might be very competitive on price, quality or innovation.

Industries are often prioritized because a number of companies are producing the same product or delivering the same service. But there may also be niches where only individual companies are operating. Strategies designed for industry sectors may miss these individual companies with great potential.

A market might be ruled out because of a barrier, yet with some imagination a way might be found around the issue. For example, rice imports may be limited by very tight quotas, but rice crackers may not. They are very different products, but for an industry-wide strategy, this may be a possibility. For example, a marketing authority could encourage rice cracker makers from the target market to establish operations in the home country to ensure the product was acceptable.

As another example, automotive parts may be subject to high tariffs, but it may be possible to establish a joint venture in the country and manufacture locally from the imported castings.

STRATEGIES FOR WOULD-BE EXPORTERS

FTRs wrestle with handling enquiries from would-be exporters. These can include a wide range of companies, individuals and entities. Some have the attributes of a successful exporter and some do not. Export readiness means:

- They have something to sell – either a product or a service that has progressed past the 'good idea' stage.
- They are already operating successfully as a business domestically. There are variations to this, especially with technology or software companies, but generally a company that is going to be successful in exporting has already succeeded domestically.
- They probably sell to other cities in the home country from their home city. If they have solved this problem of operating at a distance, they have demonstrated they have most of the characteristics of a successful exporter.
- They have an export strategy in mind. They will have thought about how they are going to export, whether through agents, by direct marketing from home, by establishing a franchise, by establishing a business locally, or through a joint venture.
- They know how they are going to fund the exports.
- They have the capacity and staff to deliver against export orders.
- They have the management and staff time to establish an export operation.
- Their product meets the ISO or other required target market standards.
- They have a clear idea of their cost structure and the price they need to receive for their products.

Many TSIs have developed tools to establish whether a company is export ready. Generally, these are questionnaires that the company fills in either by itself or with an expert. This is a very useful exercise. It can often demonstrate to a would-be exporter that there is much work to be done before they are export ready.

In an ideal world, a company that is not export ready would not approach an FTR. It would wait until it was ready and then commission the FTR to do some relevant research. In practice, FTRs are frequently asked to provide services to ill-prepared companies. This is a waste of resources. The TSI should be educating would-be exporters and support them to become export ready.

However, there are some exceptions to the general rule in the following situations:

- When the FTR has found a market opportunity and a well-established business in the home country is approached to consider exporting for the first time.

- A variation on the above situation is when a buyer visit is organized by an FTR or by a TSI. In this situation the buyer has come direct to the seller, which simplifies the marketing, but may not have solved the issue of an appropriate mechanism to handle exports in a structured way.
- When a company is a 'born global' such as some software companies that need to exploit the international market from the start-up phase. Others may need to export right from the start because the domestic market is not appropriate or is too small.

A company moving from the stage of not-export-ready to export ready often has a lot of work to do. In this phase, the services an FTR provides include trade opportunities, general product-market studies and case studies of other successful companies.

Once the newly export-ready company starts to research target markets, it has started to move past stage one of exporting – awareness raising. It will have moved into stage two – market entry (shown in orange in figure 9).

Good producers in the home country are often approached directly by import agents and distributors. FTRs and TSIs would be wise to recommend caution in these circumstances. It appears to be an easy way into exporting. However, entering into export in a casual, unplanned way can be fraught with problems that emerge later. For example, the agent may not be very effective or be in disrepute in his/her own market, and the seller may be locked into an arrangement that is legally binding and difficult to unravel.

The progress from 'not export ready' to 'experienced exporter' is often illustrated as a continuum. This is not the real situation; note that when a company exports for the first time it has moved past being export ready into becoming an exporter – maybe not a very experienced exporter, but an exporter nonetheless.

TOURISM MARKET STRATEGY

A tourism market strategy differs in that buyers need to visit the home country. Otherwise, prioritizing issues remains the same. If promoting tourism is a high-level goal, the FTR must get involved. If tourism is not one of the high-level goals it can be considered in the same way as other industries and plotted on the priority matrix as is done in figures 5 and 10.

A tourism strategy may include:

- Advertising campaigns;
- Participating in tourism shows;
- Organizing missions of tourism agents to the home market;
- Organizing missions of home-based tourism wholesalers;
- Sponsoring travel writers or visits by think-tanks;
- Supporting high-profile events or celebrity visits;
- Governance and quality programmes, usually managed by the home-based organization;
- Making a link with investment activities for projects such as hotels or hotel chains.

The greatest issue for an FTR is to find time for these activities when confronted with competing demands from other sectors. It is also critical to have strong support from the tourism agency in the home country, which needs to organize programmes for visitors as well as develop and finance advertising campaigns.

INVESTMENT PROMOTION STRATEGY

If promoting investment to the home country is part of the FTR role, a very different approach is required. Countries welcome most forms of foreign investment, but the home government and the body governing foreign investment should have set priorities. For example, they may want investment in information technology industries. The United Nations Conference on Trade and Development (UNCTAD) is responsible for investment and developing policies affecting investment.

TSIs can refer to UNCTAD when developing their investment policies. See <http://www.unctad-docs.org/files/UNCTAD-WIR2012-Full-en.pdf>. UNCTAD has formulated a comprehensive Investment Policy Framework for Sustainable Development, consisting of:

- Core principles for investment policymaking;
- Guidelines for national investment policies;
- Options for the design and use of international investment agreements.

New generation investment policies promoted by UNCTAD put inclusive growth and sustainable development at the heart of efforts to attract and benefit from investment. At the national level, these include integrating investment policy into development strategy, incorporating sustainable development objectives in investment policy, and ensuring investment policy relevance and effectiveness.

Typically, priority areas for investment will be established by the TSI responsible for inwards investment and they will draw on UNCTAD's recommendations. The FTR should target investment in these priority areas, avoid prohibited sectors, and generally follow national investment guidelines.

The World Bank is a major funder of investment projects. See: <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,contentMDK:20120732~menuPK:268725~pagePK:41367~piPK:51533~theSitePK:40941,00.html>. Generally FTR is not greatly involved in this type of investment unless it is to support home-based companies to tender for projects in the host country.

It is difficult to identify potential investors, although one way is to promote and run investment seminars. One may take advantage of high-profile visits by leading business figures or politicians to be keynote speakers at these events. Seminars are an opportunity to initiate interest and offset any unfavourable images of the country or showcase its most favourable view.

The proportion of serious investors to attendees is usually 1%-2%. Sometimes a main target group for investment is a major importer that wishes to become more vertically integrated in the supply stream. FTRs should include these major clients in their calls on key players.

Solid support from the home agency is critical. It can organize visits and programmes, identify potential investment possibilities and supply marketing materials to the FTR. Without this support it is almost impossible for an FTR to have much impact on potential investors. It is also very important to have the support of banks and financial entities (see chapter 4 for more information about promoting investment).

FROM STRATEGIES TO ACTIONS

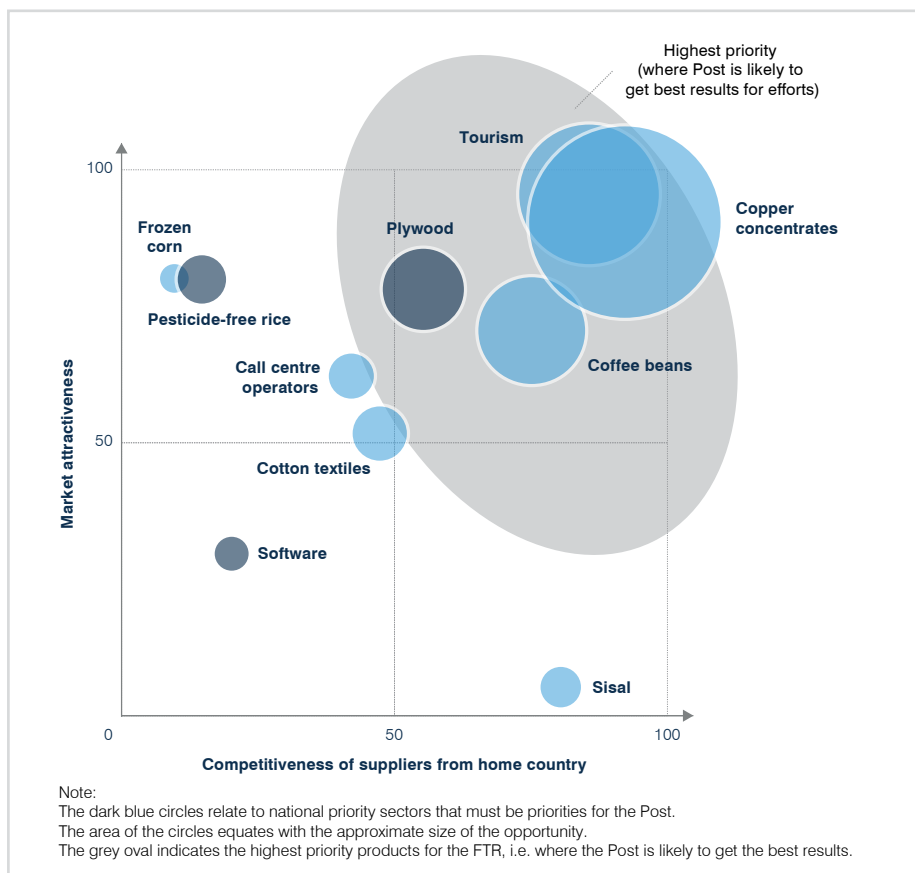
When all of the national priorities are reduced to Post priorities, the FTR has to deliver activities and programmes and actions that get results.

There will be more priorities – and conflicting priorities – than the FTR can possibly deal with. In addition, the FTR will probably be tasked with some tangible export impact targets and be assessed against them. As a result, the FTR has a difficult task of deciding on Post priorities and designing a work programme.

Some high-level goals, such as the hypothetical example of pesticide-free rice, may fail on several fronts. The supply could be inconsistent or lacking because it is a new initiative. Perhaps there is little or no demand. However, the FTR has been tasked with meeting certain targets.

The bubble diagram approach is a useful way of developing Post priorities. The FTR can use the same Boston Box approach with a result similar to figure 6 for prioritizing markets. Instead of markets the bubbles will represent different industries or market segments. See figure 10 for an illustration. It is hypothetical and does not represent priorities for an actual Post.

Figure 10: Setting priorities for the FTR Post



FTRs can see where they are likely to get the greatest return for efforts (grey oval in the figure) and where outcome is likely to be meagre. FTRs must put effort into some areas that are national priorities (dark blue in the figure) but it will be hard work to get results in some cases. Some suggestions for setting priorities include:

- **Look for synergies.** Can a trade mission serve multiple purposes, for example partly trade relations and partly investment promotion, but with a solid core of business visitors in a priority sector?
- **Support a collective event.** Could a trade display for a priority sector include many priority clients and generate good export impact?
- Can tailored research be offered to individual companies in areas that have been nominated as national priorities, but prospects in the current market are limited? In this case, the FTR is looking for niche opportunities and suppliers, but is still delivering against the national priorities.
- Are possibilities limited by trade restrictions? Is it possible to work on these restrictions through bilateral negotiations?
- Is it possible to work with allies, such as industry associations or provincial governments, to organize a buyers' mission in a priority sector? The allies do most of the work.
- Identify what tasks must be accomplished, even though they appear low priority on all the rational criteria. For example, a visit by a VIP unrelated to trade issues might absorb a lot of resources, but could the VIP attract an investor audience?

Developing a work programme for FTRs is a difficult balancing act. They must get results, deliver against some priorities set elsewhere, and have some reserve capacity to deal with the unknown. There is no magic solution – just a mix of pragmatism (doing the essentials), understanding the priorities and likely payoffs, and trying to work in the most effective way (see chapter 5 on managing workloads).

MARKET ENTRY

When a company is exploring export potential and has selected a market, it needs a market entry strategy. Ultimately, an exporter must take responsibility for its market entry strategy, but the FTR needs to be able to offer expert advice. An FTR needs to understand the various market entry strategies a company could adopt and inform exporter clients about the benefits and pitfalls of different approaches.

It is wise to think beyond the immediate issue of market entry. A company should be encouraged to think long term and develop ideas about its long-term market strategy. In the early stages, companies are eager to get started. But a bad strategy, such as being irrevocably locked into an arrangement with an unsatisfactory agent or distributor, can mean the business has no future.

An exporter client should consider the following questions about entering a market for the first time:

- What are the long-term objectives for this market?
- How will the business be expanded in this market?
- Should market territories be allocated to agents or distributors and should they be given exclusive rights or restrict them subject to performance?
- How will the company protect its intellectual property?
- What marketing support will be given to agents and distributors?
- Can the organizational arrangements be changed as the market grows?
- How will the company be paid?
- How will disputes be settled? (Mediation is suggested.)
- What servicing arrangements are needed? Who is going to provide the services?
- What staff does the company need to commit to the process?
- What milestones will be set for agents and distributors and for the company?
- What will be regarded as success?
- When do they expect positive cash flows?
- Is there an exit strategy if needed?
- What form of legal entity does the company need to operate?
- What form of contract or agency agreement is required?
- Is it possible for the company to invest in on-the-ground operations in the future?

FTRs should advise clients about these questions and encourage them to consider these issues seriously.

MARKET ENTRY VEHICLES

Once an overall vision and strategy has been developed, exporters should consider the practical implications. There are numerous market entry vehicles. The FTR should make suggestions based on a good understanding of the pros and cons of these different vehicles for the particular client and market. Table 4 provides a summary of common market entry vehicles.

Table 4: Market entry vehicles – the exporter's perspective

Type of arrangement	How it works	Positive features	Negative features
Appointing an agent	The agent is your representative and generally does not own the goods, but takes a commission on sales.	Reasonably flexible. Often no payment is made until sales are made. An agent can work with some service exports.	The agent is always fearful of being cut out when a business becomes profitable. The agent may have competing interests. Sometimes it is difficult to break the agency arrangement.
Appointing a distributor	The distributor imports goods and owns them from that point. The distributor also arranges distribution and marketing.	You get paid on delivery of goods. A distributor often has existing distribution system, customers, sales staff, storage, advertising, servicing, etc.	You lose control of the goods. The distributor may have competing products and may not promote your products adequately. The distributor may not have national coverage. Can you restrict distribution to regions? It is difficult to control intellectual property.
Set up a local company to manufacture or act as a sales subsidiary	The entity can be wholly owned or some form of joint venture. A local business is registered and you invest in the business and control it.	Where you have majority control, you are in charge of all decisions and make them in best interest of your products or services. You can maintain branding, intellectual property, quality, servicing, etc. This is a good arrangement if you have established buyers already.	Some countries do not permit wholly-owned operations or restrict investment. It is expensive to set up and profits may not flow for some time. There are no established networks or distribution. Lack of familiarity with local procedures and norms is a barrier.
Direct selling to major customers	The end customer imports direct in their own name. Selling online is a variation on this. Large retail operators may import direct and market under their 'own label'.	This works well with bulk commodities or where there are few major end-users. Virtually no restrictions exist about how you expand the business from here and it cuts out middle-person costs. There are no significant legal issues.	Nobody exists to take your side in disputes or to take an interest in following up payments. Usually there is no long-term commitment to continue buying. You have no service staff to sort out local issues.
Acquiring a local business	It is possible to wholly buy or partly buy a local business. This is a shortcut to setting up a local company.	With the right acquisition, you get established distribution systems, experienced staff, storage, branding and control of intellectual property (and possibly acquire some). This can work with some service businesses such as tourism or retail.	It is not always possible to have the same culture and networks might be tied to individuals. You inherit any staffing or business problems. This requires a lot of due diligence to know precisely what you are taking on.
Licensing	Technology, or know-how, is sold in return for a fee or commission on sales.	Low investment is required and if it works well the money just keeps flowing in.	You could lose control of intellectual property. A good auditing system is needed to ensure that you are being paid correctly. This can be hard to enforce or could be subject to piracy by the new licensee. Licensing may require a significant investment to get the technology working properly.

Type of arrangement	How it works	Positive features	Negative features
Franchising	A complete package is put together with manuals and instructions for every procedure. Includes branding, methodology, equipment, procedures, staffing, servicing, quality control, etc. The package is licensed or sold to franchisees or to a master franchisee that then controls the national or local network. In return for all of this, fees are paid. Some up-front; some as a percentage of sales.	This can work well for service businesses where what is being sold is know-how. Franchisees can own their own business and have a vested interest in making it work well. So you capture a lot of drive. This can also tie in supply of inputs, advertising materials, etc. You can realize economies of scale from franchises operating in other countries, plus the marketing benefits of wide distribution.	The business invariably needs adapting for different markets and different languages, standards, etc. Because disputes are common between franchisors and franchisees, dispute resolution mechanisms are required. It can be difficult to ensure payment of commissions and to ensure all operators abide by the rules. It is important to continue to add value through innovation; otherwise you can lose franchisees that may go into competition.
Forming a joint venture	An agreement is signed whereby a new business is established with inputs from you and from a local entity. Contributions can include cash, or know-how, or business premises, distribution networks, staff, etc. Ownership and profits are divided according to agreed formulas, which are typically based on percentage contribution to the joint venture.	This can be a way of entering the market with relatively low capital required, where you supply the know-how or product and your partner supplies the local premises and networks. You can split ownership so that majority is locally owned, but no one shareholder (apart from you) has more than perhaps 25%. You get access to existing local networks and contacts and exert some control over the business and quality, branding, servicing, intellectual capital, etc. You have some control over getting paid and a better understanding of what is going on in the market. It is reasonably easy to use this vehicle to expand in the market or to further invest.	A local joint venture may not do a good job with marketing or delivery of their networks, etc. You inherit their local business image, which is fine if it is a good image but difficult if it is a bad image. There is some control over getting paid and a better understanding of what is going on in the market.
Selling online to consumers	Products or services are advertised online, orders are taken online and physical products are delivered through the mail or via local warehousing. Or, in some cases such as translation services, the product can also be delivered online. Tourism packages, travel, accommodation and ticketing also lend themselves to this kind of marketing.	Selling online is generally suitable for a range of relatively low-value products such as books, electronics, clothing, toys, etc. But the technique is growing rapidly. This enables you to sell direct to the end user (consumer) with no middle-people taking profits along a distribution chain. Payments can be ensured with systems such as PayPal.	Online sales typically involve numerous small transactions and lot of servicing with individual consignments. After-sales servicing may prove difficult. Online sales require good technology and communications. You have to handle all disputes yourself – maybe in a foreign language. Online sales are unsuitable (in most countries) for distributing perishable items. (However, Japan and several European countries have effective and efficient systems for perishable distribution.)

Some suggestions of market entry strategies from Austrade can be found at: <http://www.austrade.gov.au/Market-entry-strategies/default.aspx>

In many markets, local commercial law protects distributors. FTRs need to brief themselves on the local laws that apply to distributors and agency agreements, and laws applying to local investment and setting up joint ventures. They should be familiar with the terms and conditions of such agreements, and determine the norms that apply within the market. They need to be aware of legislation related to restrictive trade practices, price fixing, monopolies, money transfers, abuse of a dominant market positions and similar issues. Cultural factors will also play a role.

Ideally, this information will be available as handouts to clients. FTRs should also have lists of legal firms, accountants and business specialists to whom they can refer clients for more expert and specialized advice on setting up a business.

When advising sellers on a market entry strategy, the FTR should place all the facts before the client and make recommendations based on knowledge of both the seller and the local market. The participants in the transaction take the final decision. If business arrangements deteriorate, for whatever reason, the FTR should not be in a position to be legally liable.

A combination of factors governs the options available to an exporter. The FTR must take the following into account when advising on entry strategies.

Market characteristics

- Local legislation;
- The need to provide local after-sales service;
- 24-hour delivery demands;
- The need to maintain local stock;
- Regulatory standards and practices;
- Nationalistic attitudes;
- Availability of suitable distributors or agents.

Resources available to the exporter

How much is the exporter prepared to invest? An exporter with cash resources could consider creating a subsidiary sales company, appointing a resident sales representative or an acquisition. These options are not available to the vast majority of small exporters due to resource limitations. The exporter also needs to consider how much ongoing support the import business is going to need and the cost of providing this support.

Local expertise

Local expertise in a particular line of business may be hard to find. The most attractive distributors may be working for the exporter's competitors. The exporter may be forced to open a local sales office or appoint an inexperienced distributor and invest in training.

Table 5 indicates how different market entry vehicles might suit various exporters. FTRs can use this as a guide.

If the exporter is short of cash, it will be difficult to invest in an on-the-ground business. The exporter will need to rely on an agent or sell directly to end-users. Using agents or distributors, however, brings the risk of losing control over how the business is developed and operated. There may also be a leakage or loss of intellectual property. These are difficult decisions and tradeoffs that an exporter has to make.

Table 5: Characteristics of market entry vehicles

	Capital investment by exporter?	Capital required by local company?	Level of support required 1-10*	Keep control of intellectual property?	Detailed legal agreement required?	Retain control of processes	Able to expand business when desired?	Suit small exporters?	Suit service companies?
Agent	Yes	No	5	No	Yes	No	No	Yes	Yes
Distributor	No	Yes	4	No	Yes	No	No	Yes	No
Establish local business	Yes	No	10	Yes	Yes	Yes	Yes	No	Yes
Direct selling	No	No	4	Yes	No	Yes	Yes	Yes	Yes
Buy local business	Yes	No	8	Yes	Yes	Yes	Yes	No	Yes
Licensing	No	Yes	3	No	Yes	No	No	Yes	Yes
Franchise	No	Yes	7	Yes	Yes	Yes	Yes	Yes	Yes
Joint venture	Yes	Yes	8	Yes	Yes	Yes	Yes	Yes	Yes

* 1 = low support needed by exporter; 10 = very high level of support needed by exporter.

USING AN AGENT

An agent does not take title to the goods. Agents act as 'matchmakers' between buyers and sellers and take a commission on successful sales. In some cases, they may be paid a salary or retainer. From an FTR perspective, agents are easy to find. They approach the FTR office to offer their services.

It is difficult to know whether any one agent would make a good representative. The main characteristics of success appear to be drive to succeed and tenacity. Other characteristics include: a good financial record; referrals, especially from buyers; other products that the agent represents; the size of the agent's operation; and whether they handle competing products. Does the agent have too many products to do justice to another one?

Agents do not require a big investment by the exporter. However, they generally do not offer after-sales service or other services that buyers seek.

As always, the final decision should be left to the exporter, who must feel comfortable with the agent.

Clients should be advised to negotiate proper agency agreements. Note that in many countries, agents have legal protection against dismissal or the dissolution of an agreement. Exporters who have signed an agreement in haste may find it hard to extract themselves, if they wish to develop the business in another way, such as a joint venture. Here is a sample draft agency agreement. It should be adapted to the legal conditions of the country: <http://www.lawlive.com.au/exclusive-agency-agreement-template/>

Most agents will demand exclusive rights to sales in the whole country and demand commissions on any sales whether or not they helped initiate the sales. This can cause tension and should be considered before the agent agreement is signed. Clients should be advised to be very wary about giving exclusive rights to market over the whole country. It can be very restrictive for the exporter. Often agents do not have the networks to market adequately over a large area. Different agents for different territories enables the exporter to measure their relative efficiency.

USING DISTRIBUTORS

Using distributors as a business partner is probably the most common market entry strategy, particularly for exporters of goods. They have local market knowledge and selling skills unique to the local market. Distributors provide market coverage at low cost and low risk. With the correct distributor, the exporter can have a strong presence in the export market.

The bulk of work will be identifying distributors for exporters. Research to identify potential distributors and business partners, followed by an itinerary for the exporter to meet them, is arguably the most valuable service provided by an FTR. A personal visit to the market to identify distributors is the primary method used by successful exporters.

A distributor purchases and takes title to goods, compared to an agent who does not. Distributors sell goods and provide services such as warehousing, delivery, credit, order processing, technical, after-sales and repair services, and spare parts. They make a profit by selling to a third party at a mark-up. The mark-up depends on the product and market conditions.

Characteristics of a successful distributor-exporter relationship include:

- The level of trust between the two parties;
- Clearly defined business parameters, for example, agreed sales volumes;
- Frequency of market visits, particularly those that support the distributor's sales efforts;
- Frequency of other forms of contact;
- A genuine effort to understand the distributor's problems;
- The level of joint decision-making.

Disadvantages

A distributor blocks the exporter's direct experience of the market. The exporter may have limited or no contact with the distributor's customers. In addition, the exporter has no permanent presence in the market, and limited control over the distributor's market strategy, which is a disadvantage when supplying a branded product. Even if there is reference to a marketing strategy within an agreement, in practice there may be very limited control. Other disadvantages include:

- Distributors' loyalties always lie with the customers;
- They may be less growth-oriented than the exporter;
- Distributors serve multiple suppliers; the exporter will be one of several. The exporter will have to compete for attention and resources;
- They may be short of finance;
- They may lack marketing and management skills and require training and assistance from the exporter.

What do distributors worry about?

Distributors worry that the exporter will no longer need them when sales reach a certain level. They also worry that an exporter will supply some customers directly, bypassing them and reducing their profit. They worry about the lack of long-term commitment on the part of the exporter. These worries encourage the distributor to allocate a minimum amount of resources to the exporter's product. Both parties, exporter and distributor, must make money from the relationship.

The exporter, on the other hand, must ensure that the distributor allocates the maximum amount of resources to the development of the market. The exporter has to encourage the distributor to spend money on developing the exporter's product.

There is an obvious tension between these objectives. The concerns may not be articulated, but they will always be in the distributor's mind.

The primary cause of a deteriorating relationship between the two parties is lack of communication. This issue can be resolved by the exporter implementing a distributor support programme (described below), which commits the exporter to the success of the distributor.

Finding distributors

The relationship between the distributor and exporter is created and developed over time. FTRs may have to advise exporters how to implement a distributor support programme, designed to develop and improve relationships with distributors.

Finding good distributors is hard work. In many instances, they work for the exporter's competitors. How can a busy FTR afford the time? There is no simple answer. In terms of priorities, if an exporter is at the point of appointing a distributor, there are few more valuable services that an FTR can provide than the short list of well-vetted potential distributors or other potential partners, such as joint-venture partners.

FTRs receive many unsolicited offers from individuals and companies offering services as a distributor or agent. The majority are a waste of time, but some are worth following up. An automated response to these enquiries helps manage the workflow.

Given a choice between spending four days checking out potential distributors or writing a general report on the market for foodstuffs, do the distributor job – it is more immediately useful. The following methods will help identify distributors:

- Observe how competitors operate in the market and approach some of their distributors;
- Speak to major customers or potential customers, buyers and purchasing personnel in the marketplace and ask for their recommendations. After a number of such calls, the same distributors will be mentioned;
- Meet potential candidates at a trade fair;
- Check the Internet by using the most popular search engine in the market territory;
- Check trade directories. But do not exclusively rely on trade directories as a source. Many entries in trade directories are paid for. A trade directory will give a distorted view;
- Check trade fair catalogues. They are a rich source of information;
- Consult with a chamber of commerce and specialized trade associations;
- Check specialized trade magazines – another rich source of information.

This process takes time. FTRs will need at least four weeks' notice to identify a group of suitable distributors for an exporter, interview them, and set up an itinerary for the exporter. Be methodical. Rushing the process results in mistakes, including overlooking vital pieces of information. Remember that chambers of commerce or trade associations will only recommend candidates from within their members. In some countries, membership in the chamber is compulsory for all businesses.

Selecting distributors

An exporter should never be introduced to a distributor or importer until the FTR has vetted the company. The exporter should always visit the potential distributor's offices and place of business. A walk around an office, factory or warehouse may be all the exporter needs to do to get a picture. The process of appointing a distributor could potentially be completed within hours. A mistake could take years to unravel. Foreign trade representatives may take into account the following when advising their exporter clients:

- Very large distribution companies are not always the ideal choice. Consider small and medium-sized companies that may try harder;

Box 8: Large vs. small distributors

There are advantages and disadvantages associated with distributors of different size. The large distributor should not be an automatic choice. The task is to identify a local company that is compatible with the exporter in terms of size, product range, personalities and expectations. It is not always a clear-cut decision and it is virtually impossible to meet all the ideal criteria.

Large distribution companies are constantly approached by companies. The exporter will be one of many suppliers. The distributor is in a dominant negotiating position and may dictate terms. The large distributor may not always be the exporter's best option.

The exporter's business could be very important to a small distribution company. The exporter will be one of a few suppliers. During the negotiation phase the exporter is in a dominant position. If a small distributor can demonstrate association with some key customers or with a market segment, it is an advantage.

- Can the distributor give sufficient attention to the exporter's product? This is a reason to select distributors with few products;
- Avoid companies that handle competing products, unless the exporter is trying to dislodge a competitor;
- A distributor that supplies two or three key major accounts of interest to the exporter is a prime target;
- Distributors that handle complementary products or services are prime candidates;
- Referrals and recommendations from buyers and distributors of non-competing products are good indicators of a distributor's reputation and standing;
- Attach a high premium to market knowledge, technical capability (in the case of engineering and technical goods), enthusiasm, genuine commitment and drive for success.

Supplying background information

FTRs should provide the exporter with a short brief on the distributor prior to making the introduction. If tailored, paid research is conducted, spend more time supplying background information. It is time consuming, but extremely valuable to the client.

There will always be gaps in available information. Sometimes information is freely available. Often it can be extremely difficult or impossible to get. It depends on the market, cultural issues, and nature of the business. Many are private companies and will not disclose financial information. References and referrals from major end-users and potential end-users of a product are valuable. For example, when looking for a reputable distributor of engineering components, if buyers in several large engineering companies refer the FTR to the same distributor, it is safe to recommend the distributor to the client.

Background information includes:

- The distributor's geographical area and market segments. For example, in a large market, such as Germany, both the FTR and the exporters should be very sceptical about claims that the distributor represents the whole country. Each region will be different.
- What products and accounts does the distributor handle?
- Who are their key customers or outlets serviced? Are their trade contacts impressive?
- References or referrals from end-users or customers are some of the most valuable pieces of market intelligence available.
- What size is the distributor in terms of turnover? Get information about its history and growth. A distributor in a new product range typically is willing to share this information.
- How many sales people are employed? How experienced are they? Will they need training by the exporter?
- What warehouse, storage, or showroom facilities does the distributor have? Visit and confirm.
- It is the exporter's responsibility to explore financial arrangements, forms of payment, form of commission, and period of appointment. With time, FTRs will gain experience of the norms in the market and should be in a position to give the exporter some guidance.
- How will the exporter measure the distributor's performance?
- What is the exporter expecting from the distributor? How much business and in what time frame?
- The exporter should have a clear exit strategy if sales targets are not met and the relationship does not work. This is not always easy. Local laws may make dissolving the relationship difficult. If in doubt, seek local legal advice.
- Many countries have directories with information about turnover, company size, products handled and companies represented. Do not make a recommendation solely on this information, as it could be incorrect or misleading. Seek corroborative evidence. Financial information is available in the Companies Offices where companies are required to register by law.
- Check the distributor's website if it exists. Check references to the distributor using local Internet search engines.

If most of the information above can be provided, the exporter will be in a position to make informed decisions.

The exporter will need a formal legal agreement with the distributor. For sample agreements see:

- <http://www.internationalbusinesslawadvisor.com/2010/05/articles/international-investments/how-to-structure-an-international-distribution-agreement/>
- http://www.expertlaw.com/library/marketing/distributor_mistakes.html

ITC has a publication with free model contracts that cover business needs with distributors, see *Model Contracts for Small Firms: Legal Guidance for Doing International Business*, 2010.

Distributor support programmes

A distributor support programme, organized by an exporter, supports a distributor's efforts in the marketplace. Activities are designed to motivate the distributor and build a foundation for a good relationship based on mutual respect. These programmes can develop distributors, but take time, effort, attention to detail and investment in the relationship. Frequently this type of support to distributors is entirely overlooked. A distributor support programme contains some or all of the following elements.

- **Cost sharing.** A commitment to a programme of activity where the exporter agrees to pay some of the promotional costs is an excellent way of generating cooperation and ensuring the product gets attention.
- **Communication.** A commitment to a quick response to queries. The exporter might commit to a 24 hours response time. If the export markets are in the Middle East or parts of Africa, where the weekends are Thursday afternoons and Fridays, the exporter might agree to offer a weekend service. In Asia, exporters might consider shorter response times.
- **Keeping the distributor up to date.** Inform the distributor about new products, changes to products, shipping and personnel changes within the exporter company. This helps promote the concept of a team.
- **Establishing trust.** One of the main contributors to distributor dissatisfaction is where the exporter circumvents the distributor and deals directly with customers in the distributor's territory. The exporter might agree with the distributor to reserve one or two major customers for direct contact. However, this is rarely a good idea and usually contributes to undermining the relationship.
- **Trade literature and brochures.** Support the distributor's sales effort by providing catalogues, sales brochures and promotional material. Consider providing print film, photos and layout for brochures and catalogues that can be overprinted in the local language. Frequently brochures and sales literature are downloadable from the web.
- **Website.** The exporter's website should contain information on the distributor. Enquirers should be referred to the distributor's website.
- **Market visits.** A visit to the distributor should take place at least once per year. The occasion should be used to discuss market trends, the activities of competitors, customer needs, new product developments, etc. The exporter should take the opportunity to accompany the distributor's sales representatives on visits to key customers.
- **Pricing.** A distributor who is making money is motivated. Price the product to provide a genuine financial incentive.
- **Asking for advice.** Actively seek the distributor's opinion on topics such as market trends, product preferences and design changes.
- **Appreciation.** Show appreciation for a job well done. Holding a sales conference in an attractive location to which the distributor and distributor's sales personnel are invited is an example.
- **Training.** Providing training for the distributor's staff, such as sales representatives and service engineers.
- **Visits from the distributor.** The exporter should actively encourage the distributor to visit the exporter's plant and should be treated well on such visits.

SALES SUBSIDIARY

A sales subsidiary might be an option for some exporters where the following conditions apply:

- When the exporter cannot locate a suitable distributor. In specialized industries, this occurs frequently. There may be no other choice than to consider creating a sales subsidiary;
- When sales or potential sales within a market are sufficiently substantial to enable the exporter to cover costs and make a profit, a sales subsidiary may be the best option.

DIRECT SELLING

In direct selling, there is no middle-person or broker in the supply chain. The rapid growth in Internet shopping is a form of business-to-consumer direct selling.

Direct selling is common in the engineering, electrical, electronic industries and with most commodities. It is often used when the exporter has a small number of customers in a market with large buyers. The FTR needs to understand when direct selling is possible and when it should be recommended.

Major department store chains in developed countries may not purchase goods through a third party. Margins may be so tight that a commission makes the product uncompetitive or reduces the store's profit margin. However, some United States companies still work through intermediaries.

Large engineering companies, original equipment manufacturers and major department store chains may insist on visiting the exporter's manufacturing facility for quality control and other issues. This vendor inspection or vendor audit could involve a visit from one individual or a group of individuals comprised of technical, financial and transportation specialists. They are likely to check on purchasing systems; quality control procedures; traceability of raw materials; logistics; security of the purchaser's proprietary information (for example drawings and designs); and backup manufacturing facilities. Some multinational engineering companies publish details of what they expect from a new vendor audit. This information can be found on their websites and is worth consulting.

Commodity traders and brokers will deal directly with the exporters and suppliers. Frequently they employ their own quality control personnel to check on products before shipment.

ACQUISITION

Large exporters often consider acquisitions. FTRs are unlikely to become involved in this process, though in some circumstances it is an option for achieving market access. Buying an existing business brings instant access to networks plus skilled staff. The business does not have to be large; it can be a small or medium-sized enterprise. A challenge is for different cultures to work harmoniously together. Investing in training and learning on both sides is probably necessary.

Advising exporters on acquisitions is normally not the role of an FTR. If approached on this issue, seek professional advice, from a large accounting or law firm.

FRANCHISING

Franchising is a form of marketing and distribution in which the franchisor (the exporter) grants the franchise to an individual, company or a group of individuals (the franchisee). This is the right to run a business selling a product or providing a service under the franchisor's (exporter's) business format. The business is identified by the franchisor's (exporter's) brand or trademark.

Business procedures are documented, patented or copyrighted where possible, trade secrecy agreements are signed and the franchisee pays an up-front fee and a percentage of profits. Franchise agreements are formal and detailed by the nature of the business model. Here is a sample of an international franchise agreement: <http://agreements.realdealdocs.com/Franchise-Agreement/INTERNATIONAL-FRANCHISE-AGREEMENT-960746/>.

Entering a market by licensing technology to a licensee or by franchising is an option available to many companies. It is an interesting model for service companies to deliver their service at a distance. Franchising is probably best known through the fast-food industry, but other successful models include entertainment, training organizations and dog-grooming services.

Various models exist for franchisors to enter a market. They can sell to a master franchisee that then controls the whole network within the country. Or they can fill this role themselves. Basically franchisors want to harness the energy of self-employed owners working to ensure the individual franchise operations are successful and profitable.

From an FTR perspective, it can be difficult to identify would-be franchisees. Consider attending franchising events (trade shows) and seminars and using general business contacts.

JOINT VENTURE

A joint venture is a cooperative arrangement between two or more individuals or businesses in which each agrees to share control, profit and loss in a specific enterprise. There are many variations in the way this can be set up, but frequently it is a separate business entity, separated from the other business activities of the partners.

In international trade it is a common vehicle where the local party provides knowledge, contacts, perhaps business premises and staff. The other party (the seller) provides intellectual property or knowledge.

From the perspective of an FTR, finding a company with which a joint venture can be developed is a similar process to finding a distributor. In some circumstances, the joint venture is developed with companies that might have been distributors except that the seller wishes to have more control over the process.

Before starting a search for suitable joint venture partner, the FTR needs a thorough brief about what the exporter is looking for. The same processes apply for identifying distributors, drawing up a short list of potential candidates that meet the specifications and making the introductions.

The client needs to seek professional legal and accounting advice when creating the legal framework for the joint venture.

ONLINE SELLING

Online selling is burgeoning. Initially it made its mark with the Amazon site selling books, but online selling is occurring in every commercial domain. Commodity trade has largely moved online, supplemented by quality testing and audit procedures.

Online stores are particularly suited to small businesses operating in a niche market or offering well-defined products and services, which can be set out in a catalogue. An online store contains three main components:

- A product list or catalogue with information, pictures and prices about products;
- A product selection mechanism usually referred to as a shopping cart or shopping trolley;
- An ordering and payment mechanism. Orders are sent by e-mail to the merchant and several methods of payment can be offered, typically by credit card or PayPal. Sellers can also receive e-mail orders while continuing to use traditional payment methods such as money order or cheque payments. It is crucial that the online business is protected from risks such as hacking or viruses. It also needs to provide clear consumer information on processes such as ordering and payment, returns, refunds, warranties, and privacy and security.

Some of the advantages of an e-store include:

- It is possible to promote products, services, organization, events, ideas or professional skills;
- The store can work 24 hours a day, 7 days a week;
- An unlimited number of people can be shopping simultaneously;
- There is no need to maintain a large staff;
- Both the local and international market can be captured without the need for offshore premises;
- The catalogue of products and services can be expanded as the market demand develops;
- No rent or utilities expense are necessary, just web hosting and web maintenance;

- No shipping costs are involved for selling downloadable items such as e-books, music, documents and videos.

Some of the disadvantages include:

- Nobody knows the e-store exists. Offline and online Internet marketing is needed. Offline marketing includes advertisements in newspapers and other traditional advertising channels. Online marketing includes advertising on social media sites or through search engine companies.
- Some people are afraid of buying online and are reluctant to give out credit card details.
- Local and international clients tend to be demanding in terms of product inquiries. Some e-store operators are answering inquiries at 04:00 or risk losing trust and credibility.
- Customs officials may reject some items resulting in problems for both buyer and seller.
- Competition from other online sellers can be intense.
- Having an online shop requires constant updating, technology development and enhancement, research of competing sites and much more.

Most online sales are unrecorded in official trade statistics because systems are not in place to capture relatively small transactions. As a result, an FTR may not get involved in online selling. However, if buyers in the host country can be directed to home-country websites there are likely to be economies of scale. But an FTR may be totally unaware of the volume of these transactions and they will not appear in the home-country's official export statistics.

Anything the FTR can do to publicize home-country websites will help the online sellers. If volume grows, some on-ground warehousing distribution systems may be set up and the FTR may be sought out for advice.

In the future, there will be increasing attempts to regulate for legal and financial purposes. This may involve FTRs via formal trade negotiations. Today, online trade is largely unregulated. FTRs are generally being bypassed in this traffic.

E-marketplaces

Another way to buy and sell online is through an e-marketplace. See: <http://www.emarketservices.com//start/Free-Handbook/index.html> - FromBanner

These online trading communities may provide sellers with greater access to suppliers and buyers, a more open trading environment, and the potential to expand their business in a more controlled way than via the open Internet. FTRs may not get involved in this type of trading unless problems arise with issues such as logistics or customs clearances.

Box 9: Market entry strategies: the FTR role

- Understand all possible entry strategies and vehicles;
- Understand what the exporter wants and needs;
- Understand the culture of the local marketplace; what works and what does not;
- Explain to exporters the pros and cons of various entry strategies. Suggest alternatives;
- Identify high-quality potential partners for client and provide detailed information about them to exporter;
- Arrange business meeting agendas and introductions for clients, including potential partners, government, industry associations, legal, accounting, financial, and other relevant contacts;
- Suggest possible temporary office facilities;
- Follow up with contacts and exporters after initial introductions.



CHAPTER 3

NETWORKS – THE BACKBONE OF TRADE

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NETWORKS – THE BACKBONE OF TRADE

INSTITUTIONAL PARTNERS

There are numerous people and organizations with whom the FTR can, and should, establish contacts and build networks. Table 6 summarizes some of these organizations. The FTR needs to build a good network of contacts in parallel organizations in both countries, for example with freight forwarders in the home country and similar groups in the host country.

Potential contact groups can be mirror images of each other. For example, exporters from the home country wish to establish business relationships with importers in the host country. As a result, the FTR needs to build networks with both these groups.

Throughout this chapter, refer to table 6 for an overview of the various types of networks that an FTR needs to nurture.

Table 6: Potential partners and networks

Entity	Home country	Host country
Public sector		
Ministries	Prime minister's department Commerce Foreign affairs Economy Agriculture Public works Treasury Customs	Prime minister's department Commerce Foreign affairs Economy Agriculture Public works Treasury Customs
Promotion agencies	Trade promotion organization Investment Tourism SMEs Export finance	Trade promotion organization Investment Tourism SMEs Export finance
Other public sector agencies	National standards board – patents office Research organizations – customs Port Export packaging Trade law and arbitration Training institutions Central bank – state or provincial governments (May have their own ministries of trade, industry, agriculture etc.) Regional development boards -marketing boards	National standards board – patents office Research organizations – customs Port Export packaging Trade law and arbitration Training institutions Central bank – state or provincial governments (May have their own ministries of trade, industry, agriculture etc.) Regional development boards -marketing boards
Private sector		
Chambers	Commerce Industry Agriculture Services Tourism Mixed/bilateral chambers	Commerce Industry Agriculture Services Tourism Mixed/bilateral chambers
Other private sector	Trade associations NGOs – marketing boards	Trade associations NGOs – marketing boards

Entity	Home country	Host country
Foreign networks located in country	Embassies and consulates Trade offices Business libraries of foreign embassies Import promotion agencies	Embassies and consulates Trade offices Business libraries of foreign embassies Import promotion agencies
International institutions	World Bank WTO See list of development agencies: www.devdir.org	World Bank WTO See list of development agencies: www.devdir.org
Regional organizations	See list of free trade agreements and organizations: http://www.wto.org/english/tratop_e/region_e/region_e.htm	See list of free trade agreements and organizations: http://www.wto.org/english/tratop_e/region_e/region_e.htm
Companies	Seeking to export Seeking to import Seeking partners for joint ventures Investors Seeking investment Seeking technology Offering technology	Seeking to export Seeking to import Seeking partners for joint ventures Investors Seeking investment Seeking technology Offering technology
Facilitators	Transport Finance Storage Legal Packaging Media Consultants	Transport Finance Storage Legal Accounting Packaging Advertising Promotional Media Translators/interpreters Consultants Display organizers Hotels Venue operators Display construction contractors Customs agents and inspection services
Clubs/societies		
Social-business	Sports Business – Rotary – Lions – professional associations	Sports Business – Rotary – Lions – professional associations
National societies	Alliance française British Institute Goethe Institute Other national groups	Alliance française British Institute Goethe Institute Other national groups
Virtual networks	Facebook LinkedIn Twitter YouTube Regional variants Internet search: social networks for business professionals	Facebook LinkedIn Twitter YouTube Internet search: social networks for business professionals

TRADE SUPPORT INSTITUTIONS

A wide range of special interest groups support industries. They can be regionally based or industry specific, such as a group to promote cotton exports. Each of these special interest groups is a TSI and is likely to look to the FTR for support with special interest programmes. Some may maintain their own network of FTRs.

See chapter 4 table 8 for a discussion of organizations that might offer equivalent services to the FTR. Because not all bodies will channel their activities through the FTR, the FTR needs to learn how to work with other TSI networks. It is best to regard them as allies and not to duplicate their work. An effective strategy is to cooperate with them to deliver mutually beneficial outcomes where both the FTR and the TSI can share credit.

The FTR needs to stay in close contact with particular groups in the home country, including:

- The main TPO.
- The organization responsible for investment, when this is one of the tasks of the FTR and the organization is separate from the TPO.
- The organization responsible for inbound tourism, when this is one of the tasks of the FTR and the organization is separate from the TPO.
- The main chamber of commerce and especially any specialist subgroup chamber that focuses on the home country. These are usually known in the home country as the host-country/home-country chamber of commerce and the naming order is reversed in the other country. These chambers are useful sounding boards, but can also become the captive of outspoken special interest groups. FTRs can sometimes exercise a persuasive and helpful influence.
- Regional groups, including state or provincial governments with a particular interest in the host country.
- Standards organizations or inspection agencies with an export focus, for example, certifying that certain goods meet minimum export standards.

TRADE PROMOTION ORGANIZATIONS

When several FTRs operate in the same territory, there is potential for duplicating effort and competition for the best clients. This could lead to conflict. Thus, there is an argument for centralizing and prioritizing by one agency at home. The question arises: 'Which agency?'

Box 10: Sister cities

City mayors often sign sister city agreements with similarly-sized cities in a foreign country. Some people believe the main benefit of these arrangements are for the mayors to have an overseas trip every year. Commercial outcomes are rare, although there may be effective cultural exchanges. FTRs would be wise to avoid becoming enmeshed in arrangements where no commercial outcomes seem likely. The TSI should make it clear that FTRs do not assist sister city programmes unless there is a clear trade goal.

The central coordinating agency should be the TPO, which typically – although not always – comes under the ministry of commerce. It assumes the TPO is regarded by all as the supreme coordinating agency. This also assumes that specialist industry groups with their own FTRs will agree to forgo their direct, unfettered access to their representative for the national good. It is difficult to secure cooperation like this. The best one can hope for is some sort of active communication and cooperation, especially in the field.

Where it is possible to secure a political commitment to cooperation, a strong central TPO is the best kind of organization to set national trade priorities and to follow through with them. A variation on this is to temporarily transfer specialists from different agencies and place them under the leadership of a single FTR at the Post. If this cannot be achieved, try to locate the different FTR representatives in one office building. This opens up the prospects for communication and cooperation.

Box 11: Make it mandatory to meet

Make it mandatory for the different FTRs in the field (same city, different organizations) to meet at least once every two or three weeks and exchange information. It can be a telephone hook-up or a Skype meeting, but face-to-face is better. It is remarkable how this reduces surprises and keeps people informed. The fact that people are talking reduces conflict and maximizes cooperation.

MUTUAL SUPPORT

FTRs are the frontline for TSIs. They are the delivery vehicles of services that count to exporters. This does not mean they can operate alone. An FTR requires solid support from the TSI, including organizational support for buyer missions to the home country, for trade missions and for trade display participants. The TSI should also fulfil two other important roles:

- Education to prepare first-time exporters;
- Diverting unprepared, first-time exporters to prevent them from flooding the FTR with demands that are unlikely to result in exports.

A list of what FTRs need from TSIs, and vice versa, can be found in boxes 1 and 2 in chapter 1.

MINIMIZING CONFLICT

There can be tension between a head office and the field. Both misunderstand the roles of the other and likely do not value them sufficiently.

How can conflicts be minimized? The answer is better communication. This means telephone, video conference or face-to-face visits. E-mail can be open to misinterpretation. Other channels allow instant feedback by enabling the parties to engage in a process to seek solutions rather than escalating conflicts. It also helps to give the other parties the benefit of any doubt, to treat them with respect, to promote them and never denigrate them to third parties.

Box 12: Who is doing all the work?

The author of this guide had been in the field most of his career as an FTR and was organizing yet another trade display. His sincere view and that of his Post colleagues was that the Post was doing 90% of the work associated with trade displays, including organizing the construction, dealing with the companies on the exhibition floor, preparing receptions and creating catalogue entries. He later returned home to the TSI and was placed in charge of the worldwide programme of displays. He was astonished to hear the home-based staff complaining that they were doing 90% of the work associated with the trade displays. They were organizing participants, the design, freight, and so on.

Clearly both sides were mistaken. Both played significant roles, but did not have an appreciation of what was being done by the other part of the network. It is very difficult, or impossible, to change these attitudes.

As set out in boxes 1 and 2 in chapter 1, it is important to have mutually negotiated and agreed objectives and priorities. By delivering the 14 expectations outlined in each box, most of the friction between the TSI and the FTR should be eliminated.

COMMUNICATIONS

As suggested above, FTRs work most effectively when they are trade specialists and when they have a direct line of reporting to the TPO in the home country. Where other layers of management are involved or where there are multiple bosses, tasks become more complicated and the FTR becomes less efficient.

Ideally, there will be someone at TSI headquarters with a designated responsibility for the FTR and the Post territory. This person will be the primary contact point for communications and should be kept informed of any significant contacts or developments by the FTR with home-based agencies or companies. There needs to be one person or unit in the TSI with an overview. This same person or unit in the TSI should also be responsible for ensuring that the FTR is kept informed of events in the home country that might impact on the Post. This includes trade missions or events that will involve significant Post resources.

The mechanism for communication is typically e-mail, but it can include the telephone or written communication. Increasingly Skype or similar applications can be employed for video calls. Social networks are another tool for widespread communication. In some cases, where confidential commercial information is involved, the embassy may operate secure encrypted communications systems. Increasingly, information may be placed on an Intranet and made available to the whole organization.

PROMOTING THE FTR OFFICE

One of the downsides of being far from home is that FTRs can grow remote from the TSIs. FTRs can become so involved in day-to-day tasks that they neglect to let others know about their good work. This can be dangerous. It may be assumed back in the TSI that if there is no communication from the FTR, that the FTR is doing nothing. The reverse is likely true, but it underscores the need for FTRs to engage in adroit public relations to keep themselves in the public eye.

A newsletter with regular articles and staff photos are effective to keep the Post in the forefront of people's minds. The same applies to posting articles on the website of the TSI. This involves producing a regular flow of articles, which takes time and effort.

A monthly report is a good way of focusing attention on the Post without spending vast amounts of time on reporting. As part of monthly reporting, a steady stream of success stories should be submitted to the TSI desk responsible for the Post. This helps the TSI meet demands for demonstrating the value of the FTRs.

It should be the role of a supervising TSI to be a champion for the Post and to inform the rest of the organization about what the Post is doing.

A regularly scheduled telephone conference call can help overcome the tyranny of distance and time zones.

HOST COUNTRY NETWORKS

The host country will probably have its own set of TSIs headquartered in the city where the FTR is located. There are often overlapping interests with these TSIs. Typically they are interested in exporting to the FTR's home market; encouraging investment into the host market; and may even have sections interested in purchasing from the FTR's home market.

An FTR should have readily available a list of all host country TSIs, including contact details, activities and fields of competence. With some agencies, such as standards agencies, they may be just as involved with inspecting and rating imported goods as with their own exports. Hence the FTR will need them from time to time.

STAYING IN TOUCH WITH THE HOST COUNTRY TSI

FTRs and local TSIs are in the same type of business, but the overlap of interests is not great. For example, the local TPO is likely not well informed about importers and FTRs are unlikely to become regular clients of the TSI in the host country.

However, an FTR can assist host country TSIs. For example, when a host country TSI organizes a trade mission to the FTR's home country, the host country TSI appreciates a pre-mission briefing by the FTR. Likewise, one can send links to relevant website postings to various TSIs to keep them informed and to stay in touch. It is more than likely that several TSI staff members have served as FTRs themselves. They are natural allies and worth cultivating by including them in invitation lists to events. Existing trade agreements or possible future trade agreements will also often bring them to work together with the FTR.

With groups such as chambers of commerce, whose membership embraces exporters, importers and distributors, the FTR may be a regular client for information. Generally, however, an FTR is not well prepared to answer questions about the importers and distributors in the home country.

PRIVATE COMPANIES

Which national companies should FTRs help? Should FTRs provide assistance to every organization that asks, or only a tightly defined group of clients? These are not easy questions to answer, which is why the FTR needs a clearly defined business plan and clear guidelines from the TSI. TSIs should set policy for all FTR Posts, which should then be promulgated to all domestic organizations. A case can be made for providing assistance to:

- Exporters from the home country and importers from the host country;
- Inwards and outwards investors;
- Inbound tourism operators from the home country and outbound tourism operators from the host country;
- Sellers of services from the home country and buyers of services in the host market;
- Small and large companies;
- Sellers of intellectual property and licences from the home country and buyers of intellectual property in the host market.

For each transaction there is a reciprocal entity in the other country. Both are potential FTR clients. How many of these can the FTR office realistically assist, given finite resources? What economic benefit will flow to the country as a result? It comes down to setting priorities. Ideally, the TSI and other national agencies should be making these policy decisions, not the FTR.

Some ways of setting priorities are outlined in chapter 2. In an ideal world, priorities should flow from the national development plan. If there is no plan in place, the TPO and the TSI should be developing policies and setting the priorities.

It is not easy to set priorities that exclude some classes of business from receiving assistance. Importers in the home country and exporters from the host country are frequently excluded, usually on the grounds that they are the responsibility of the host country TSI and its network of FTRs. It is more difficult to draw the line on the basis of company size, for example, excluding all micro companies or very large companies. As soon as criteria are introduced, a new level of management needs to be introduced to supervise the new criteria.

The best sorting mechanism is to charge for services. It is straightforward, has built-in economic rationale, and can be varied to suit the capacity of the FTR office. (See chapter 4 for more information on charging for services.)

Unless exclusions are made, demand will overwhelm the FTR office. Once a policy is decided upon by the TSI, it should be publicized to all entities that might seek FTR assistance. The publicity should be similar to what the Canadian Foreign Service uses, which is 'services provided' and 'services not provided'. See http://www.voyage.gc.ca/about_a-propos/role-eng.asp.

For example, FTRs should not spend time helping an individual move household effects from one country to another. Nor they should spend time following up on Internet sellers that have not delivered, as a general rule. TPOs need to clearly describe the services offered by FTRs, to protect FTRs from time-wasting, low-priority work.

TRADE ASSOCIATIONS

The number of trade associations increases every day. There can be trade associations for every sort of product, every region and every issue, including transport, quarantine or standards. Not all trade associations are essential for the work of the FTR. Those that are essential fit the following criteria:

- The association has widespread representative membership across a region or the nation.
- The association has an active interest in exporting to the Post market.
- A real demand exists within the host market for the product or services on offer.
- The association offers something useful to the FTR. It might organize a programme for a buyers' mission in the home country; organize a trade mission to the host country; or provide quality information about companies that are exporters or export-ready.
- Someone in the association wants to get involved with projects with the FTR.

If associations do not meet most of these criteria, there is a good case for not becoming involved. Importantly, without someone keen to work with the FTR, nothing will happen and time and resources will be wasted.

Box 13: Coping with competing demands

Some state or provincial governments have specific roles to promote their industries and they may have structures that mirror national ministries. For example, there may be state-based tourism promotion agencies or state-based agricultural agencies. This situation can create significant issues when a state-based agency requests assistance from an FTR to promote companies from its state only.

For example, in a country with 10 states, the FTR could be faced with duplicating effort for each of the 10 states and also for a national agency. This could waste time and resources.

TSIs should have state-based agencies pool resources and promote the nation first and then their states or provinces. This type of cooperation allows collective marketing to be more effective and is actually what the buyers want. Buyers do not want to be faced with a succession of organizations from the same country, each purporting to be the 'best'.

TRADE ASSOCIATIONS IN HOST MARKETS

The following criteria should be applied to trade associations in host markets:

- They represent buyers for products or services where the FTR home country is competitive;
- Their association is representative of buyers in the country;
- They cooperate with the FTR in facilitating inwards trade missions and identifying likely distributors and buyers.

For other trade associations such as standards and logistics, FTRs need to consider whether the overlap of interests is significant enough to get involved. Generally, these issues can be left to the interested local distributors and buyers to sort out.

Chambers of commerce can be helpful. They have good information about their members and potentially interested importers or distributors. They can also help organize meetings or receptions for visiting trade missions.

When FTRs travel from headquarters to other cities or states, local chambers of commerce can help to organize meetings with their local members.

IDENTIFYING BUSINESS NETWORKS

Some countries have directories of relevant business networks. For example, in Bangladesh a list is available from the TPO website. See <http://www.epb.gov.bd/bodytext.php?page=65>. In other situations, an Internet search is all that is required. To really understand the significance of different associations and organizations, however, local knowledge is needed. Officials in ministries and distributors can often provide insights into which associations are significant.

FTRs should identify the significant associations for the priority products and services for the Post. Others can be identified and followed up when needed.

IDENTIFYING FACILITATORS

There are numerous companies in the host market that facilitate the processes of importing or investing. Knowing these companies and having some personal contacts within these companies can make an FTR's role much easier. Facilitators include:

- Trade display organizers;
- Display construction contractors;
- Publicity agents;
- Venue operators;
- Hotel management;
- Travel organizers;
- Legal firms;
- Accounting firms;
- Banks;
- Freight clearing and forwarding companies;
- Airline offices;
- Customs clearing agents and inspection agencies;
- Business and investment consultants;
- Interpreters and translators.

FTRs should make it a priority to develop these types of contacts at a personal level and meet them personally. FTRs will need them regularly. These contacts can be included on handout materials for clients who need practical assistance. It is easy to develop contacts with import facilitators because they have a symbiotic relationship with the FTR. Both can help each other to do their job.

OTHER PROFESSIONAL NETWORKS

PERSONAL CONTACTS

FTRs rarely know where their next request is coming from. It could be about finance, regulations or competition. It is difficult to build networks of people in anticipation of a specialized request. Here are some suggestions for developing networks systematically:

- Build on the networks that the previous FTR has established. A reception is a useful way to introduce contacts. Closer contacts could be introduced over lunch or dinner. This requires goodwill on the part of the outgoing FTR and the active support of the TSI in having an overlapping handover. TSIs should recognize the importance of such networking. It is a good investment for the new FTR to have introductions to around 100 useful contacts.
- In the first weeks in the Post, use the opportunity to visit a wide range of organizations and introduce yourself as the 'new FTR'.

Concentrate on:

- High-level contacts in trade-related government ministries;
- Peers (other FTRs) in other embassies or consulates;
- Legal and accounting firms;
- Main financial institutions;
- Chambers of commerce and industry associations;
- Freight forwarders and customs clearing agents;
- Trade media;
- Trade fair organizers and contractors;
- Academics working in trade-related fields;
- Standards organizations;
- Shipping companies and other freight-related people.

Be systematic. Collect business cards from all contacts. If possible, ask them to send an e-mail or text message with their contact details so they can be captured instantly without retyping.

Use scanning programmes to enter data into a contacts system quickly, but double check that the optical character recognition system has correctly recognized all the data, especially telephone numbers.

It is useful to cement a relationship by follow-up communication, for example a 'thank you', a useful piece of information, a request to be connected via LinkedIn, or a useful link to some information.

Where possible, invite contacts to a reception or a personal event such as coffee, lunch or dinner. This helps to cement a relationship. Pick up the phone and call new contacts. Make sure that you have something to say or to offer.

Do not forget the junior people. There can be a tendency to try and cultivate the CEOs of organizations and ignore subordinate staff. This is unwise. Build relationships across organizations and in-depth. Treat everybody with respect. Remember the names of personal assistants – they are usually the gatekeepers to CEOs and can make access easy or impossible.

FTR ASSOCIATIONS

FTRs can develop contacts with peers through meetings of local FTRs from various countries. Often it just takes an initiative by one FTR to bring together a group. Most major cities have meetings among FTRs. Examples include ACELA in Madrid, INTRADE in Miami and ACACE in Argentina. This networking can bring benefits in terms of working with local trade fair organizers on any issue that affects all importers.

A second way to network with other FTRs is through regional or international groups. ITC fosters meetings among FTRs, presenting opportunities to develop contacts and stay in touch through e-mail, LinkedIn, Facebook or other virtual networking tools. These contacts might be attached to the same TSI or FTRs from other countries based in the same city. These networks will not help FTRs identify distributors, but they can be helpful in terms of understanding how others organize themselves or handle issues such as charging or prioritization. It takes time and effort to sustain such networks. To be valued members, FTRs must contribute useful content.

PROFESSIONAL AND SOCIAL CLUBS

Memberships in local clubs can be useful. These can include recreational organizations such as golf or country clubs that can be used by FTRs and their families. Developing contacts does not happen automatically. The FTR must become actively involved in sporting competitions or tournaments, or get involved with the organizing committees. When this is possible, it can be a great way to build lasting contacts.

Other organizations such as Rotary or Lions Clubs have a more international membership. The membership can be diverse and not necessarily relevant to trade. The clubs can also be demanding in terms of time and commitment to activities.

Other special interest clubs, such as university alumni, home-country expatriates, or hobby groups interested in photography or nature, can be useful for networking. The FTR may find it useful to join a professional association. For example, they may qualify for membership of local associations for engineers or economists, which can secure access to a range of useful contacts.

VIRTUAL NETWORKS

One issue to consider with social networking is that unless it actually helps the FTR to deliver the requested or contracted service to the client, it does not contribute to outcomes.

Networking is not an outcome. It may provide answers or lead to individuals who can provide critical information, but it is not an outcome in itself. Building and maintaining a virtual network of 500-plus contacts may be an admirable achievement, but it can divert the FTR from the real job. There needs to be a balance. The greatest asset that the FTR brings to the position is not a virtual presence, but actually being in the market.

See chapter 5 for more on social media.

NETWORKING PRIORITIES

FTRs should think critically and strategically about the time and resources involved in developing networks. Networking is not an ad hoc business. Time and resources can be saved by having good connections with:

- **Industry associations in the host market.** Industry associations can accurately direct FTRs to importers. Sometimes they can manage a trade mission or organize a buyers' mission to the home country. Industry associations are aware of trade relations issues and can lobby their governments on behalf of importers.
- **TSIs and TPOs.** Do not expect many outcomes in terms of export contracts from networking with host country TSIs or TPOs. This is because TSIs and TPOs have different objectives than FTRs. However, they may be a good source of referrals for companies that want to invest in the home country and can deflect approaches from those that are not export ready. They can provide valuable support with events such as missions and displays. A good TSI/TPO network can also help resolve administrative issues.

Time invested into a network (perhaps in the evening at a social event) could pay dividends later when the FTR is busy. For example, the FTR may need to organize a meeting for a visiting minister at short notice with a high-level official in the ministry of industry. Knowing people in the ministry pays dividends. The payoff is not in terms of export contracts (at least not immediately), but in being able to organize a meeting quickly.

Networking: Where to invest

In the author's experience, the best returns as networking are as follows:

- | | | |
|----------------------------------|---|---|
| Best outcomes for effort: | ➔ | networking with companies in host markets |
| Most resources saved for effort: | ➔ | networking with industry associations in the host markets |
| | ➔ | networking with TSI/TPO headquarters in the home market |

Networking is costly in terms of time. However, the networks developed in periods when the FTR is not pressed for time can pay dividends when time is short. In terms of effectiveness, the key variables are:

- Time (and money) to build and sustain the network;
- Time saved in your job because you have a network;
- Likely pay-off of business deals because you have a network.

It is worth doing the exercise for yourself; it will show you where to concentrate your efforts.

See table 7 for more information on advantages and disadvantages of networking with various groups.

Table 7: Networking – outcomes for effort

Type of network	Why?
HOME COUNTRY	
TSI/TPO	Helps smooth administration issues, organizes programmes for you and for buyers in the home country, organizes trade missions, locates sellers, maintains a website, keeps you informed, but does not directly generate export sales. This network requires considerable effort to maintain.
Other government departments	Your network with other government departments such as the ministry of agriculture and ministry of industry can smooth communications over things like trade missions, or phytosanitary inspections. But it does not directly generate export sales.
Industry associations	Industry associations at home may organize programmes for buyers that you send. They may also organize trade missions at the home end and can identify members who might be interested in exporting. They will not directly contribute to export sales.
Home country companies	Your networks with home country companies will be useful in terms of identifying a potential exporter for a new opportunity. But you will have to persuade them. It is difficult to maintain such a network at a distance and the TSI is actually better placed to do this. Your network may not be relevant to the next opportunity. You may generate some sales this way, but it is hard work convincing reluctant companies to try your market.
Facilitators	Facilitators in the home country such as banks, freight forwarders and representatives of international trade exhibitors can be a source of information about investment opportunities and likely exporters. But it is difficult to maintain the network from a distance. Outcomes are relatively low in terms of export contracts or investment contracts signed.
HOST COUNTRY	
TSI/TPO	Generally the local TSI focuses on helping domestic companies to export to your home country, but are also looking for companies from your country that wish to invest in your host market. You may often be in a position to refer such potential investors from your country to the host country TSI. And they might reciprocate by pointing you to local companies that could be interested in your home country. As a result, there can be some payoffs, especially with investment.
Other government departments	Networks with other government departments such as public works or agriculture can be very valuable in terms of access to new opportunities or to solving trade problems and blockages. There will be a modest increase in export sales via these contacts.
Industry associations	Networks with local industry associations such as chambers of commerce can be extremely useful in identifying importers, distributors and in building information about local demand. Such associations can be useful partners in events and in staging trade missions. There is likely to be a significant increase in exports because of this network.
Companies/importers	A network of importers requires a lot of work to develop and sustain and is constantly changing. However, having a network is immensely useful to you in getting your job done and is likely to give you the greatest outcomes in terms of increased exports sales.
Facilitators	A network of export facilitators such as accountants, banks, freight forwarders and exhibition organizers can be very useful in terms of getting the job done. Banks can be a source of information about potential investors or importers. It requires some time, but on the whole the effort going into maintaining the network can be modest. A modest level of export sales may result.
Virtual networks	Virtual networks can be relatively easy to set up, but to get much from them normally requires a significant investment in time. They can be a valuable source of advice. You may be able to use virtual networks to generate an audience at short notice. But rarely will they help you to deliver a service. They may be able to refer you to potential importers but it is unlikely there will be a great flow of exports from the virtual network.

Assumptions:

- Note that the figures in this table are estimates based on the author's own experience. Each FTR will have a different experience.
- Based on a three-person office with a maximum of 250-person days that can be devoted to networking.
- The main objective of the office is increased export sales or inwards investment. (These are the critical outputs.)
- Usefulness means days saved in completing a task because of the existence of a network. Referral of unexpected clients is counted as if time had to be spent identifying this client by other means.
- Increase in export sales means the likely number of export contracts that might arise from the investment in this network. Assumes that there will be an average export value.
- Outcomes relate to export sales numbers and new investment numbers in the home country. The number of such sales and investments is just one possible measure of outcomes. The value might be considered even more important. In addition, there are many other outcomes from networking such as speedy resolution of problems (including administrative problems), or referrals of new clients that are not captured here.

PASSING THE NETWORK TO A SUCCESSOR

Networks developed over the period of a posting (typically three to four years) are extremely valuable assets. It is very difficult to pass the network to a successor. To a great extent they are linked to the individual, but there are ways to help sustain the linkages.

There should be a formal handover. The outgoing FTR should organize receptions to introduce the incoming FTR. This is more than a social event; it is an effort to preserve a valuable piece of intellectual property. The TSI should strongly support and demand efforts to preserve the networks. It is worth investing in the handover because the networks will have to be rebuilt from scratch.

Networks maintained via LinkedIn or other social media are helpful to connect contacts to the incoming FTR. When this is unavailable, there should be a database of contacts that can be passed on. However, handing over a set of photocopied business cards or social media contacts is no replacement for personal introductions.



CHAPTER 4

DELIVERING SERVICES

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DELIVERING SERVICES

SPECIALIZATION

TSIs and their international networks of FTRs operate in the world of imperfect markets where their role is to help improve the wealth of their countries through trade by bringing buyers and sellers together, facilitating information flows, increasing trust and reducing trade barriers. TSIs and FTRs operate on several levels by:

- Reducing barriers to trade;
- Improving the way their country and exporters are perceived;
- Identifying potential exporters and developing their capability to export;
- Bringing buyers and sellers together;
- Facilitating both inwards and outwards investment flows.

An effective TSI and its international network of FTRs can help improve the wealth of a country in several ways. It can offer companies basic support to sell and buy products and services on international markets. It can also help a country build intangible 'wealth' through trade, such as knowledge, social capital or political stability.

International trade benefits both importing and exporting countries. The exporting country receives foreign exchange that it can use to buy imported goods and services. The importing country obtains goods and services that are less expensive or of higher quality than they are at home. According to WTO, on average, 40% of the value of world exports is made up of imports. This shows the degree to which imports and exports have become linked in globalized economies.

International markets are imperfect. Often, buyers and sellers are not connected. They may be unfamiliar with the quality or quantity of products and services. There may be a lack of trust because there is no history of trading. Barriers might exist designed to protect local producers and exclude foreign producers.

Governments will prioritize the broad areas listed above for their TSIs. The activities of their FTRs will reflect those priorities. Yet most TSIs have been tasked with focusing on small to medium-sized companies while still servicing larger, more international companies. This illustrates the ambiguity of the environment in which FTRs operate.

Delivering relevant and useful services is what really matters in the end to FTRs. The FTR network supplies services to end-users who build on these services and use them as a springboard for further action. The services delivered by the FTR are the tangible outcome and, generally, the justification for the existence of FTR networks.

FTRs are not the only ones to offer services to exporters. Many other organizations offer similar services. There may be multiple FTRs from different organizations located in the same host country. Table 8 explains how FTR services may be duplicated by other organizations.

Table 8: Duplicating services

Entity	Area of potential duplication
Chambers of commerce and industry or industry associations	Matching buyers with sellers
	Trade missions
	Market research
	Trade displays and exhibitions
	Some elements of trade negotiations
	Dispute resolution
Banks	Matching buyers and sellers
	Financial reports
Inwards investment agencies of the host country	Identifying exporters from the FTR home country who might become investors in the host country, and facilitation of the processes
Regional development groups in the host country	Identifying exporters from the FTR home country who might become investors in the host country, and facilitation of the processes
Other arms of the home-country government, such as the ministries of agriculture, industry or foreign affairs, etc.	There may be specialists from other branches of your government who are posted to the same country to promote their industry sector. Tourism promotion is commonly handled by a specialist agency. There may be a commodities specialist with special responsibilities for one sector and there may be an investment specialist, perhaps reporting to another ministry. It is also very common to have trade policy specialists attached to an embassy whose main function is to deal with trade policy issues but sometimes the area between policy and marketing overlap
Accountants (and sometimes legal firms)	They sometimes become involved in matching buyers with sellers
Private consultants, e.g. marketing, trade, business strategy and advertising	Consultants offer a wide range of services for a fee, including: market research, identifying partners, public relations, media coverage, organizing displays or other events, and marketing programmes
Internet directories and publishers of trade directories	They publish market research, business matching (partner identification), and profiling of individual companies
Trade fair and display organizers	They organize trade fairs and displays, including inviting participation from the home country
Travel agents	They can organize business programmes for visitors or for trade missions
State or provincial government representatives from the home country	Such representatives may duplicate most of the roles of the FTR, but only for the state or province they represent
Other FTRs from the same home country, but located in other cities in the host country	It is possible for duplication to arise in this situation in terms of displays, missions, market research, and identifying buyers and sellers
The supporting TSI	It is also possible for the supporting TSI and the FTR to be duplicating work with such things as lists of sellers or managing trade missions. See section below, Avoid duplication.

AVOID DUPLICATION

Maintaining FTRs in a foreign country is expensive. FTRs should undertake tasks that deliver the maximum benefit for the minimum cost. A business plan with a clear set of objectives should reflect input from the head office. Without clear objectives, it is almost impossible to respond to demands. It is relatively simple: Do the important things, avoid doing the unimportant and do not duplicate work of other organizations. Competition is destructive; cooperation is productive.

Unique services

It can be a challenge to completely avoid overlap. Focus on the unique services that an FTR can offer and where there is a comparative advantage. As an official representative of government, these comparative advantages include:

- Government support and a direct embassy connections;
- The TSI backing, with all the services they can provide in the home country;

- The reputation of being unbiased, impartial and able to represent a range of competing sellers from the home country or put together groups of competing buyers;
- The official position and stature to open doors both in the government and in the private sector that are closed to the individual seller.

When these services are required, an FTR has a unique advantage, although there may be ambiguous areas where the government has embassy representatives or there are state or provincial trade representatives.

Do not compete – cooperate

Make a limited budget go further by working with others to deliver programmes. Regard all the entities that offer duplicate services as allies rather than competitors. All share many of the same objectives. Do not compete – cooperate. Conduct joint activities, share credit for outcomes (negotiate this up front), and provide incidental support, such as issuing invitations on FTR letterhead, speaking at a briefing session, supplying lists of potential sellers, conducting market research, or publicizing their activities on the FTR website or in newsletters.

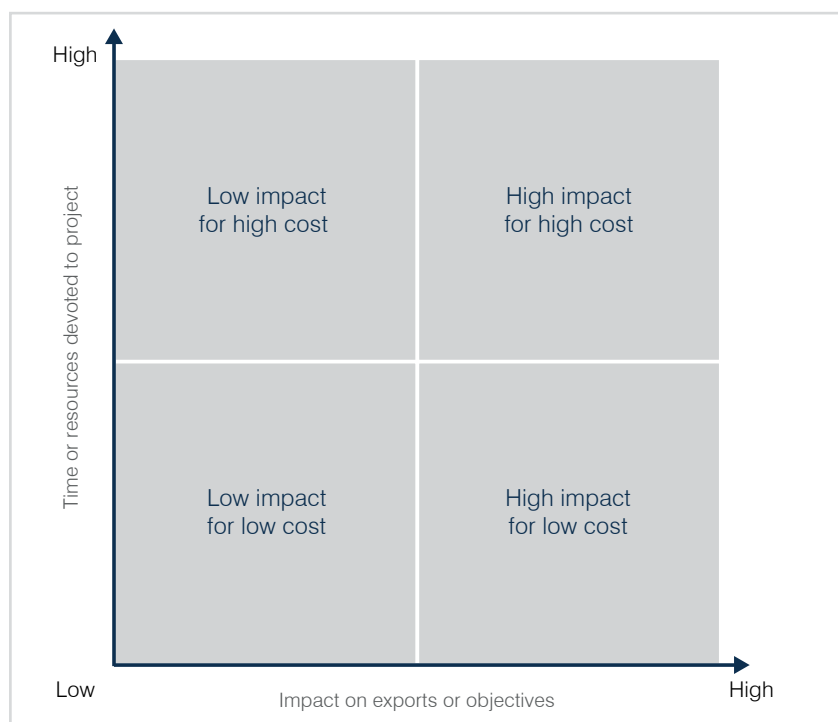
Give credit generously to others operating in the same working space. They report success to their bosses and support can be mutually beneficial. When FTRs cooperate on activities, they may both be able to report the same outcomes to their home agencies or bosses. FTRs should be generous when giving credit to others, even when they have done most of the work. This generosity is often reciprocated eventually. Concentrate on outcomes.

Avoid unwittingly being drawn into supporting disreputable companies or organizations that may be trying to establish credibility. The endorsement of the FTR is valuable and should not be given lightly.

Be cautious about excessively endorsing a quality exporter, as a rival company of equal, or superior, quality may also want endorsement for the same contract. Be even-handed and as neutral as possible to avoid appearing biased.

Concentrate most efforts on activities that will deliver against Post objectives, in areas where nobody else is delivering a service. Minimize time spent on other activities. Figure 11 indicates where most resources should be spent. The figure also indicates how some activities can demand a great deal of time and resources, but have little impact. In addition, some activities that deliver good outcomes can also be very expensive in terms of time and budget.

Figure 11: Focus resources where they will have the most impact



The politics of involvement

There is an underlying political dimension to the work of an FTR. All activities need to be run through another 'filter', which is about the politics of involvement. For example, occasionally the FTR may be asked by another government department, provincial government, chamber of commerce or influential business figure to develop a specific project, even though the projected outcomes may have little or no impact. It may be difficult to avoid taking on the project.

FTRs can develop a reputation for being helpful or unhelpful. Ideally, FTRs should be helpful to their client base while still focusing on the projects that are high impact for low cost. Where possible, employ a consultant or contractor to carry out low-impact tasks (or refer clients to a consultant).

CLARIFYING RESPONSIBILITIES

Maintaining costly trade representatives in a foreign country does not make sense if they provide the same services as those delivered by home-based TSIs. A logical and clear service specialization is needed for the country's entire trade support network to perform effectively.

TSIs and their networks of FTRs deliver a wide range of services, as shown in table 9. ITC drew up this list based on practice observed around the world. They found that services can generally be split into four major functions.

Table 9: The service menu

Major functions	Sub-categories	Major functions	Sub-categories
Commercial intelligence	Dissemination Business contacts Market information Market analysis	Business promotion	Business generation Marketing and branding Attracting investment
Export capability development	Export readiness Export counselling Export environment	Facilitation	Export procedures Business in trade policy Lobbying/advocacy Infrastructure Human resources

Sources: ITC workshops for comparative advantage.

The following sections examine each of the four major functions, and focus on those where the FTR appears to have a clear comparative advantage.

The comparative advantages of FTRs are mostly linked to their proximity to the market. FTRs can perform tasks and deliver services that would be more difficult, or even impossible, to provide from a home-country location.

From the perspective of the TSI, all activities and services under the heading 'export capability development' make more sense if undertaken by institutions and departments located close to the exporters, in the home country. The role of the TSI includes assisting companies to become export-ready and advising them about export incentives, export finance, quality, packaging, labelling, legal aspects, pricing, costing, intellectual property or export logistics. Proximity to the clients and availability of export-related skills and competencies are what make TSIs indispensable partners of exporters in export capability development and other areas.

COMMERCIAL INTELLIGENCE SERVICES

Table 10 lists the categories where the FTR generally has a clear comparative advantage over the home-based TSI in delivering commercial intelligence services. A rating of 5 indicates that the FTR is clearly better placed than the TSI to deliver that service. A rating of 1 means the FTR has no strategic advantage over the TSI and the TSI is clearly best placed to deliver this type of service.

Table 10 also provides qualitative assessments of the likelihood of securing real export business from these activities.

When an FTR is directly commissioned to identify potential partners and to provide competitive intelligence of a specific product or service, there is a good chance of contributing to a business deal. Such work is time intensive but the payoff ratio is high.

Work that has not been directly commissioned by an interested seller may not result in outcomes because the seller is generally not in a position to respond immediately. There are many reasons for this. For example, production may be committed, the seller could be focusing on another export market or the seller could be unable to export because of company policy. An FTR will be less successful when broadly disseminating opportunities and leads. Sometimes an opportunity will be picked up and developed, but the overall payoff ratio is generally low.

Table 10: Delivering commercial intelligence services

Intelligence services	Comparative advantage of the FTR in delivering: 5 = great advantage 1 = little advantage	Likelihood that FTR service generates export business
Alerts/selective dissemination	5	Low
Foreign importers/foreign partners	5	High
Competitive intelligence	5	Low
Trade fair information	5	Medium
Market characteristics	5	Low
Market trends	5	Low
Market identification/market potential	5	Low
Credit worthiness reports/credit rating	4	Useful but normally use agency
Business opportunities/trade leads	4	Low
Information on tenders and projects	4	Medium
Sector studies and product-specific market briefs	4	High
Market reports by geographical markets (country/region)	4	Low

Sources: The list of services and comparative advantage of the FTR in delivering the service was derived from: 'Strengthening Foreign Trade Representation. Methodology'. Unpublished paper produced by ITC, November 2011. Column 3: 'Likelihood that FTR service generates export business' is based on the author's own experience of outcomes.

COMMUNICATING NEW OPPORTUNITIES

FTRs may become aware of new opportunities via newspapers and through networks. It is difficult to identify companies in the home country that are both interested and able to develop this business. Unless the FTR knows of a company specifically interested in a particular type of opportunity, the most cost-effective way to disseminate information is through an electronic newsletter or another communication system operated by the TSI. To reach the right seller you need one of several things:

- A responsive TSI which can follow up the opportunity back home;
- A trade directory/database that accurately identifies the capability of your sellers;
- Personal knowledge about an interested seller;
- Newsletters, websites, or standard broadcasts of 'trade opportunities' by your Post or the TSI that put the information where people can find it.

IDENTIFYING FOREIGN IMPORTERS AND PARTNERS

Identifying foreign importers and potential partners is a crucial part of the job. It is a complex and time-consuming task. Take the time to get a very clear brief from seller clients to find out what type and size of company they are looking for, and in which industry. This will help focus the search in the right direction.

Use all means to identify potential partners: the Internet, telephone, referrals from banks or the chamber of commerce, and industry directories. They will help narrow the target list. A range of specialist marketplaces is available on the Internet that offer a large amount of information in a well-classified, searchable form. See: <http://export.gov/mrktresearch/index.asp>. See also the discussion of market entry strategies in chapter 2.

If possible, visit potential partner companies and interview the CEO or general manager. A personal visit can reveal much more than a telephone call or an e-mail, for example, what type of a business they are operating, the condition of the premises and the level of activity. Take notes and make records. Even if the potential partner does not work out for the current client, they may be suitable for another client.

Finally, make a list of three to four recommendations for the client with a summary of the pros and cons for each. This will save the client enormous time in selecting a partner and may even help avoid appointing an inappropriate partner.

THE VALUE OF COMPETITIVE INTELLIGENCE

With blogs, twitters, websites, electronic newsletters and more, gathering competitive intelligence is actually a more complex and time-consuming process than it was when newspapers were the main source of information. However, FTRs are often in the position to speak to CEOs and other high-level officials and frequently receive advance notice of some of the activities by companies. Sometimes this commercial intelligence is sent to the FTR, but more often it comes from making regular calls to local business people. For the most part, trade intelligence is not secret – it is just not widely publicized.

Communicate commercial intelligence to the FTR's home-country sellers, who can then follow up with buyers in the host country. The TSI may have a system for passing this information on. FTRs may need to contact their own client base or potentially interested sellers.

It is difficult to know what information will be regarded in the home country as vital intelligence. Because of the plethora of information sources, FTRs do not need to devote a large proportion of resources to this activity. The conversion rate of commercial intelligence into signed export contracts is low.

TRADE FAIR INFORMATION

Various groups maintain Internet databases of information about international trade fairs. These should be a first point of call (see www.biztradeshows.com). Trade fair organizers will often approach the Post office seeking support for their event. It is relatively easy to prepare information sheets on the trade fairs in the Post territory, which can be used as a handout or made available on the website. This information may already be available online from government or commercial sources. Make a habit of visiting various trade fairs and recording observations about the size of the event, the number of attendees, the type of attendees, the calibre of the exhibitors and the quality of the stands. This low-cost investment can be very useful.

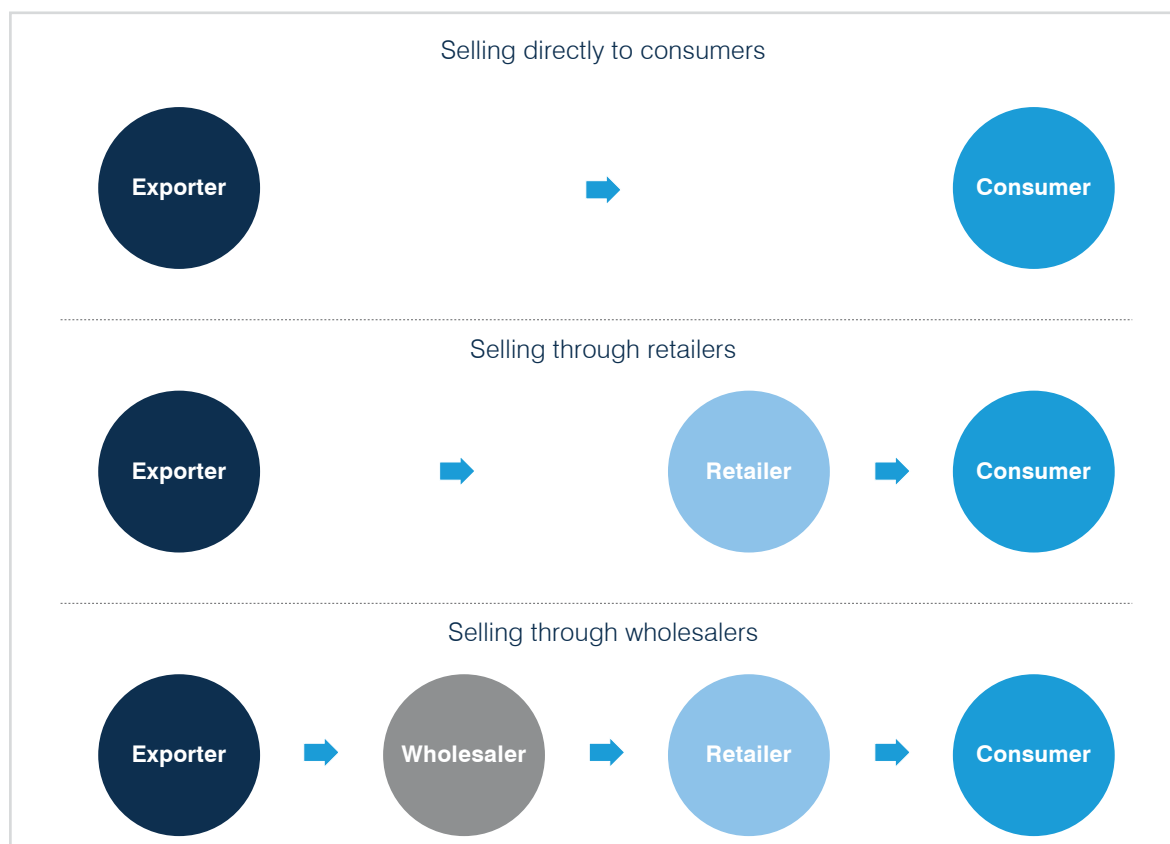
Even if there are not enough companies to make up a national stand, reports on trade events could prove invaluable to the one or two companies from the home market that might want to exhibit. Impartial assessment by the FTR is more meaningful to interested companies than the self-promotion material on the trade fair organizer's website.

MARKET CHARACTERISTICS

All markets have certain characteristics in common. Willing buyers need to connect with willing sellers. It is important to facilitate this meeting of potential partners. However, all markets reflect their own geography, culture, politics, religion, history and economy. In some places, large retailers import directly. In others, a complex distribution network involves wholesaler importers, warehouses, licensed distributors and retailers. The added value of the FTR is to be aware of the differences between the Post market and the home market.

A short summary of local market norms could be e-mailed to company representatives before they arrive in the host country. People can also be directed to the Post website if the information is already there.

Figure 12: Examples of merchandise distribution networks



FTRs need to quickly learn about local distribution systems, including some idea of the price mark-ups along the distribution chain. It may seem obvious that sellers could deliver less expensive products to consumers by cutting out some of the steps in the distribution chain. Be cautious about recommending this approach. There may be complex cultural and historical ties that lock these systems into place, and home-country companies might find they are frozen out by trying to change the local systems.

Some areas influencing the local market might be enshrined in law. Examples include labour laws, labelling requirements, fixing of retail prices, agents' commissions, foreign investment laws, work permits and visas. Make an effort to learn about these laws first by talking to professional staff and local business people. Often, large international accounting companies, local chambers of commerce and banks produce information on this subject and may be able to supply copies. This information can be offered to clients as printed handouts or as pages or links on your website. A good source is the U.S. Commercial Service Country Commercial Guides: <http://export.gov/mrktresearch/index.asp>. Do not spend time producing material that is readily available elsewhere.

There may be more subtle differences between the way business is done in the home and Post countries. Attitudes towards timeliness is one example. In some countries, business people are very strict about being on time for meetings and other appointments. When they say 08:12, they mean precisely 08:12 and not five minutes earlier or later. If the business people come from a society where attitudes towards time are more casual, then this is an important issue to communicate to your clients. In some societies it is normal to come straight to the point in a business meeting. In others, it is considered polite to spend time getting to know each other before talking business. Offering tea, coffee or other refreshments may be regarded as normal business etiquette.

There is a great deal of information available about managing cross-cultural differences in business. An FTR must be knowledgeable about these differences and advise clients about them. Local information is

best but there are also a number of useful websites. See www.worldbusinessculture.com for country profiles containing key information on business culture and www.cyborlink.com for advice on international business etiquette, manners and cross-cultural communication. For a more scientific approach to cultural differences consult the Geert Hofstede index: <http://geert-hofstede.com/countries.html>

BRIBERY AND CORRUPTION

Different cultures and countries have varying attitudes towards bribery and corruption. This extremely sensitive subject is difficult to advise others about. The FTR may hear that it is impossible to do business without paying bribes, and that bribes or commissions are paid to people operating at even the highest levels. Do not always believe all these stories. Clients only ever know that a bribe was not necessary to secure the business when they have not paid one and yet still secure the business.

Increasingly, corruption and bribery are being outlawed internationally (see <http://www.hg.org/bribery.html>). The 34 OECD member countries and five non-member countries – Argentina, Brazil, Bulgaria, Russian Federation and South Africa – have adopted the OECD Anti-Bribery Convention (www.oecd.org/corruption/oecdantibriberyconvention.htm). Transparency International publishes various indexes of corruption for countries on a worldwide basis (see <http://transparency.org/whoweare>). It appears that very few, if any, countries are totally free of either paying bribes to secure business or receiving bribes. Some countries are doing a better job of eliminating corruption than others.

FTRs must take a principled stand against corruption. Under no circumstances recommend paying a bribe to secure business. Be very careful about accepting gifts and lavish hospitality, which might also be considered a bribe. Ideally, the TSI will have a clear policy regarding gifts and hospitality.

IDENTIFYING MARKET TRENDS

Markets generally change slowly, but they do change, especially as incomes rise or fall. Changes in consumer purchasing patterns occur as middle class incomes increase. There is an increased demand for consumer items, including food, clothing and entertainment, as well as higher quality services in areas such as education, health, tourism and hospitality. An FTR will normally be aware of these trends, by studying the economic statistics and through daily experience.

Some trends come about by legal changes such as reduced tariffs or import duties, or a relaxation of import licensing. A new free trade agreement may divert imports from one country to another. Some trends are driven by fashion, such as worn-out jeans, espresso coffee or a book recommended by a film star. Some are driven by public health measures, such as a trend towards healthier food. Understanding what is driving these market changes helps FTRs make predictions.

When a trend is likely to have an impact on home-country exports, the FTR should ensure that those likely to be affected by it are aware of the changes. This could be communicated through the TSI or through the Post newsletters and the website. In some cases, the change may be so significant that it might warrant a buyer visit or a series of seminars.

IDENTIFYING MARKETS AND ASSESSING POTENTIAL

Identifying markets can be extremely difficult. There is often an unstated assumption that a market exists for a whole industry sector or at least for a significant set of companies within a sector. The reality is that normally there are market niches. To identify market opportunities, an FTR needs a combination of knowledge about:

- **Products, services and capacity of home-country companies.** This may come from experience working with industries, from home visits to industry, from knowledge of what sellers are doing in other export markets, or from TSI sources.
- **Markets in the host country.** An unfilled need will not be immediately obvious by examining the imported products. Talk to buyers and distributors. Sometimes the impetus comes from a seller.
- **National competitiveness.** Home-country sellers can be competitive on price, quality or service.

- **Market trends.** Capacity to understand how a trend in the market might represent an opportunity for home country sellers and convert into a business opportunity.

Once FTRs identify an opportunity for sellers from the home country, they can assess market potential. Such work can be time consuming and is probably best done in the following stages:

- Identify a change in the market or a potential demand for products or services from the home country.
- Test the sellers from the home country to assess whether there is capacity and interest in selling. If not, proceed with caution, if at all.
- Check the official import statistics to verify trends. Talk to importers and end-users and make a rough assessment of the likely growth rate of imports. Even experts in the field frequently get this part of the equation wrong, so do not waste too much time trying to perfect your figures. As an example, it is probably sufficient to say: 'Over the past three years, imports of coffee beans have grown by 15% per year, driven by a demand for freshly brewed coffee and fuelled by hundreds of new coffee shops springing up. Importers expect the trend to continue for at least another five years and imports should grow from 50,000 tons to 300,000 tons over this period. The demand is mainly for the arabica variety.'
- Of greater value to sellers from the home country is briefing material and introductions to future significant players and probable buyers or agents. Put most of your efforts into this part of the market assessment.
- Do not put a lot of effort into market potential assessments that reside in static documents. There will be greater results when the FTR responds directly to a request from an interested seller. Charging for these services is a way of ensuring that the seller is serious about your market. If they are not prepared to pay the relatively small fees for a market assessment by the FTR office, they may not be prepared for the hard work of establishing themselves in the market.

CREDITWORTHINESS AND COMPANY RATINGS

FTRs frequently receive requests for information about the creditworthiness of potential partners. It is difficult to know the exact financial position of a company or individual, especially if the entity is a privately owned company or if a government body has some involvement. However, there are some basic precautions.

It is a basic precaution to obtain a credit agency rating or a bank report on the company of interest. A number of companies specialize in this kind of work and reports can be purchased over the Internet. Two world leaders in this area are:

- D&B (http://dnb.com.au/Credit_Reporting/index.aspx);
- COFACE (www.coface.com/CofacePortal/COM_en_EN/pages/home).

Bank reports or other publicly available reports can also be consulted. Become familiar with the services that are available locally and their reputation. Traditionally, this was a significant role for an FTR but increasingly, clients can find the information online. This is one area where workload can be reduced.

BUSINESS OPPORTUNITIES AND TRADE LEADS

An FTR office is often assessed in terms of how many trade leads it sends back to firms in the home country. TSIs like this measurement because it is easy to quantify and the TSI can appear to be involved by passing the lead back to the seller. This gives them a justification for contacting the seller.

If sellers are asked what types of services they want from the FTR, they will usually ask for trade leads. However, the conversion rate of trade leads into business deals is only 2%-3%. This means that 97%-98% of the efforts going into trade leads is wasted.

Despite the desire stated by firms and TSIs for trade leads, they arrive unsolicited on the desks of companies that have a business plan and commitments in place, which means they usually do not have the capacity to pursue new business deals. Some argue that these leads are still useful commercial intelligence. However, if the company does not pursue the opportunity, the FTR has effectively wasted time and resources for no outcome.

Many countries have set up highly elaborate systems involving the automatic transmission of trade leads to sellers who have previously expressed interest (see <http://export.gov/mrktresearch/index.asp> for a large online system). Automating can improve the efficiency of delivery, but rarely increases the success rate.

Success rates are higher if an interested seller has commissioned the FTR to seek out trade opportunities for their company and gives the FTR details about the products or services and about the supplier. Success rates are also higher if the FTR has knowledge that a specific seller is interested in that market and is likely to respond quickly to a relevant trade lead.

Success rates are very low when an importer-exporter makes a general request for products available from the home country. These traders usually operate as middlemen and sellers are reluctant to become involved with them; they are not really specialists in the products being requested; or the enquiry is so vague that a large amount of time can be wasted searching for a product of real interest to the trader. Encourage enquirers to use the directories in the Post's trade library, if one is available.

There are a number of ways to handle trade leads:

- Use an automated system, usually managed by the TSI. This pushes enquiries to those who are pre-qualified.
- Publish a simple list of offers from sellers and demands from buyers. This can be done on the Post's website or in a newsletter. The drawback of this system is that few people will ever consult it. They are already overwhelmed with information. The success rate for such a system is probably lower than for the automated system, in the order of 1%-3%.
- Refer clients to Internet-based systems that offer trade leads (see www.globaltrade.net for an example). These systems suffer from the lack of immediacy. Usually, a buyer does not hold its position open for very long so by the time that a seller responds to a lead another supplier has usually filled it.

The bottom line is that the success rate is very low from trade leads, while the work required can be substantial. It is not the most effective use of FTR office time. Moreover, the number of trade leads is certainly not a good measure of effectiveness. While, an FTR cannot escape this type of work, routine leads should be minimized, with most efforts going into commissioned work.

UNDERSTANDING TENDERS

Tenders, or offers to supply for a fixed price, are commonly requested for large orders, such as the annual supply of stationery for a government department, or for significant infrastructure projects such as roads, railways, tunnels, hospitals and ports. Large projects often require an enormous effort to complete the tender requirements, and companies may need to pre-qualify to even submit a tender.

A major project may take up to 10 years or more from inception to completion. It may call for the procurement of power plants, complex machinery and equipment or the construction of dams and hydro-electricity schemes. It may include the development of a mine and associated infrastructure such as towns and railways and could involve the construction and equipping of a hospital.

Frequently, the funding source will influence procurement procedures. Bidders may be confined to countries that are members of these funding agencies. Bidding processes have to follow the procedures set by the funding agency.

Tenders for smaller projects by local authorities or firms are often only open to local firms, either by design, or by the sheer practicalities of securing delivery within the stipulated time frame.

Breakdown of projects

Large projects involve a number of stages, including:

- Prefeasibility study;
- Project appraisal and cost-benefit analyses;
- Environmental impact and social impact studies;
- Call for tenders;
- Tender appraisal;
- Awarding contracts.

Different specialist consultants might be required for these stages.

Subcontracting

A major project may be awarded to a large international construction firm that specializes in large-scale project management. That firm typically then calls for subcontractors to supply components, which could be substantial projects in their own right, such as for the supply of a power generating plant for a mining town. The real opportunity for home-country suppliers could lie with these subcontracts. It is important to contact the purchasing offices of big construction firms. The purchasing offices are often centralized and suppliers need to be pre-qualified with the central purchasing offices. Preregistration, which must be done by the firms themselves, can be time consuming and costly, but can also lead to successful business opportunities.

Tenders

Tenders must often be published in official journals or online, but frequently the impetus for the major projects comes as a result of development plans by governments or large companies. Government plans are usually published and easy to obtain but expansion plans for private firms may only be briefly mentioned in the local press. It is worth scouring official government plans to identify areas where your seller companies might be competitive suppliers.

A wide range of specialist journals and websites focus on this type of activity. The readers of these specialist journals should include the sellers. Frequently, seller companies know about projects at a very early stage in the process and may approach the FTR on their own initiative.

FTRs should also make regular calls on major organizations to discuss their plans and be well briefed before formal announcements are made. Generally, CEOs and others are willing to discuss the nature of their plans in broad terms.

Be discriminating about the tender opportunities you feed back to your sellers. Otherwise, the FTR can become caught up in a never-ending process of translation and transmission of tender documents that go nowhere. Here are some criteria for filtering the opportunities:

- Is the home country eligible to tender? Check the rules and the funding agency.
- Are there suppliers in the home country that could deliver against the tender?
- Are there suppliers that have a record of delivery for this type of international tender?
- Is there sufficient time for the suppliers to put in a bid?
- Does commercial intelligence reveal that a particular organization has a privileged position? Perhaps a local company has completed the first stage successfully and is tendering for the second stage.
- Is the tender almost certain to be awarded to a local company?
- Have any suppliers in the home country already expressed interest in this project?
- Are there suppliers active in the host country? This gives suppliers a head start. The alternative is to come 'cold' to the market and then try to establish a joint venture company to pursue the tender.

If the tender makes it through most of the above filters, it is worth putting significant effort into the project. If some fall short, especially the funding or time requirement, it would be wise to limit involvement and just publicize the tender through a newsletter or website.

Supporting sellers

FTRs should identify opportunities at an early stage, ideally before they are officially announced. They should introduce their seller companies and endorse them as reliable and proven suppliers. As mentioned previously, endorsements should be given cautiously. Avoid superlatives, such as 'best' and 'unrivalled'. An FTR's reputation is on the line when giving endorsements.

It is wise to state only the facts. A factual endorsement could read as follows:

'The company is well-known in our country, where they are the second largest construction firm. It has completed the Number Five Power Station and was the lead construction firm on the Estuary Bridge project. It employs 3,000 people and has been in business for 52 years. We commend them to you.'

FTRs may also assist sellers through the physical lodgement of the tender documents and at the official opening of tenders, if it is a public process.

If the home country supplier appears to be on the short list for selection, step up the lobbying process, perhaps by holding a reception for sellers and inviting the key decision-makers for the tender process. This can help to open doors, facilitate the information flow and add to the home-country suppliers' credibility.

Disseminating information

Ideally, the TSI will already have a system in place for identifying companies that have the capacity and interest in tenders. This involves sellers registering their interest with the TSI and supplying sufficient details to ensure the opportunity is delivered to them. If the TSI does not have a system in place, FTRs need to rely on their own resources. This could include Internet searches, directories, personal knowledge, a registration of interest by a supplier with the Post office, as well as the website and newsletters.

For a large, time-critical project that you are certain the supplier is seriously interested in pursuing, a phone call is probably warranted. This ensures that the information gets to the right person and is not diverted in the mailroom or somewhere else. All opportunities of this nature typically land on the desk of a CEO who already has a business plan underway and committed production for some time into the future. Success rates are low unless suppliers are advised very early in the process. With enough lead time, they can bid very early and perhaps even include the bid process in their business plans.

Assessment and evaluation

It will pay off to put mechanisms in place to track the success or response rate of tender information. This can be a part of the general assessment of the success rate of many different disseminated opportunities. As a database is built, it will be easy to identify areas where there are poor responses and those that are more successful. This will allow you to better evaluate where you should be reducing or increasing your efforts.

GUIDELINES FOR MARKET REPORTS

Sector studies

When FTRs participate in activities such as trade missions or displays, often they are asked to write a sector-specific study concerning a specific industry sector or subsector. An example would be the market for fruits and vegetables in Singapore. These studies usually provide limited value to sellers because most of them will be specialized in specific areas such as fresh strawberries or frozen beans. It is quite possible for the industry sector as a whole to look like a poor prospect, while within the sector there are excellent opportunities for specific products and markets, such as fresh strawberries for the hotel and restaurant trade. Nevertheless, occasionally an FTR must produce one. A suggested format:

- Introduction and brief background to the industry;
- Basic statistics on production, consumption and growth;
- Breakdowns by subsector;
- Trends in consumption and local tastes. Include commercial intelligence that might change trends;
- Import and export statistics and trends;
- Composition of the industry. For example, is 80% of production generated by one company?
- The regulatory environment. Discuss areas such as laws, labelling requirements and tariffs;
- What competitor countries are doing;
- Logistics. Use examples such as shipping issues;
- Distribution networks. Discuss importers, wholesalers and retailers;
- Promotion and publicity;
- Suggested reference material, with links to websites;
- List of public holidays and festivals;
- A summary of the market potential for the home-country's exporters;
- Approximate costs of establishing a local office.

This level of detail is sufficient to establish broad market trends and for the TSI to publicize market opportunities in the host country.

Local professional market researchers may also be hired to supply these types of surveys. If they specialize in a particular industry, it will save a great deal of time. They must be carefully briefed and supervised so that one does not get pre-prepared material that does not conform to specific needs.

To be more useful, a sector market report should be accompanied by a product-specific brief or study. Again, it may be possible to outsource this work, but it can be expensive and the FTR does not learn much in the process.

A product-specific market brief

Companies that are seriously interested in the host-country market need information specific to their product. This work is time intensive and demanding but it also has a high potential to result in real export outcomes, especially if the client is paying for the research.

ITC has developed some guidelines for this type of report (see <http://legacy.intracen.org/mas/MB/english/guide/gmaine.htm>).

Table 11: Sample layout for a market brief

1. Executive summary
2. Product or service description
3. Production, consumption, foreign trade statistics Imports Exports Stocks Apparent consumption
4. Market characteristics (regional demographic differences, etc., trends)
5. Market access (tariffs, taxes, licensing, labour laws)
6. Prices
7. Distribution channels
8. Commercial practices
9. Competition
10. Packaging and labelling
11. Sales promotion (trade fairs, media, etc.)
12. Market prospects
13. Potential importers/distributors or joint-venture partners
14. List of other useful addresses
15. List of sources

Some important principles for FTRs and their staff:

- Develop detailed descriptions of what clients will produce and deliver. If the client is exporting potato chips, a detailed description will be needed: 'Crinkle-cut potato chips, cooked in olive oil, packed in foil packs of 175 grams net, low in sodium.' Get this information before going into the marketplace to do research.
- Be clear and realistic about what can and cannot do for the client and the time frame in which you can deliver. Keep the client informed about progress; clients hate being kept in the dark – especially if there is a delay.
- Conduct desk research and fieldwork; speak directly to people in the trade.
- Maintain the client's confidentiality. Do not divulge information about their business without their permission. If they have paid for information, they should have some rights of exclusivity. Consider establishing a policy that the information will be restricted for six months but can be made available to others after that date.

A client requesting a product-specific report is likely most interested in the following information:

- Names and contact details of interested buyers or partners;
- Absolute size of the market and trends;
- Trends in imports and taste of consumers;
- Competitors;
- A breakdown of prices and markups if possible;
- Tariffs, taxes and other charges;
- Regulations, safety, quarantine, labelling and packaging;
- Distribution chains and how they operate.

The most critical information for a seller exploring a market is a short list of interested buyers or potential partners. Partners should be pre-qualified in a general way, such as seeking details about their reputation. Suggest that the client consult credit agency reports and do due diligence before committing to them. Once the seller has opened up a dialogue with the buyers, their knowledge of the market will expand rapidly and they will become self-sustaining. At this point the job is almost done, unless the client comes back requesting additional information about ways of doing business, seeking legal and accounting advice, and perhaps information about establishing a business office.

This work is time-consuming and exacting but holds the greatest prospects for successful outcomes, especially when the FTR has been commissioned by an interested seller to do the work. It is a high-cost, high-impact activity and should be one of the highest priorities in the Post's work programme.

Market reports by country or region

From time to time an FTR will be asked to provide a business or economic report on the host country or countries. This is typically information aggregated at a very high level with little detail. The embassy office often produces this type of material for trade missions or for groups participating in trade displays and the TSI produces it for dissemination in the home country.

Frequently, the requests come at short notice. Therefore, it is a good idea to have someone in the FTR office maintain an electronic market brief, updating the figures every month so there is one current, authoritative source of data (see box 14). This market brief may be used for official purposes, such as briefing the home-country government, or modified for speeches and articles. This type of report could include statements such as 'The main imports of country A are refined petroleum, coal, sugar, motor vehicles and other manufactures.'

A report at this level of abstraction is of no use to an exporter. What exporters really need is product-specific studies as outlined above. However, big-picture reports are useful to senior government ministers and officials and can be valuable as a way of correcting distorted and out-of-date perceptions that are held in the home country about the host country.

If a format has not already been provided by the TSI, the following headings might be useful. Have a separate page on each so that they can be easily slotted into various reports.

- Introduction, which should be a brief outline of the demographics of the country, including population, age breakdown, ethnic makeup and government;
- National income statistics and trends such as GDP, per capita income and purchasing power parity;
- Trade statistics and trends at high level, including total figures for imports and exports, as well as major categories;
- How the country is positioned internationally, for example, 15th largest importer;
- Trade between the home and host countries, including trends;
- Top largest exports and imports between the two countries;
- Names of most significant home-country companies participating in trade;*
- Names of companies the FTR office have worked with over last year;*
- Three examples of how FTR activities have contributed to export success;
- Current location and staffing of FTR offices;
- Overview of the main opportunities for exporters;
- Major development or infrastructure projects;
- Macro trends of significance to the home country;

- Trade relations issues;
- Appendix with import and export statistics;
- Appendix with economic indicators such as exchange rates and employment statistics.

* This information might remain confidential and for use only within home-country government circles.

Box 14: Timesaving information sheets

It is extremely useful to have information sheets prepared on topics that may not form part of the country brief, but will frequently be requested by a variety of organizations. Each market is likely to be a little different, but the following lists are a good start:

- FTR office and embassy address, contact names and numbers, e-mail address and hours of operation;
- Major government departments, their addresses and contact details;
- Major trade displays, dates and contact details for organizers;
- List of known significant visitors and events, such as government ministers and trade missions;
- Five to 10 reputable lawyers with contact details and a general range of their rates;
- Five to 10 accounting companies with contact details;
- Three to five public relations firms;
- Five competent marketing consultants;
- Five interpreters/translators and their contact details;
- List of useful websites with a brief description about what is on the sites;
- World Bank listing of local business regulations (<http://www.doingbusiness.org>);
- The rates for serviced office premises where visitors can access office and communications facilities;
- Approximate cost of establishing a local office;
- A template for an import agency agreement;
- Names of key journalists who might write about trade matters;
- Five to 10 reputable hotels with contact details and any special rates negotiated for clients;
- Information on local transport, including car rental companies, taxis, buses and trains;
- Doctors, dentists, hospitals and pharmacies;
- Shops that carry items such as clothing, maps, books and international newspapers;
- Public holidays, major events and festivals.

Assign someone in the FTR office to check once a month to ensure that contact deals are still valid. These sheets can be used as appendices to market reports or to answer queries from clients. They should be available on the internal computer systems and on the website as a way of reducing the demands on the office staff.

A region report (such as the southwestern United States, or California) is similar to a country report. It is typically done at a macro level, although the statistics should relate to the region. It is also useful to put the region into the national context. For example, the region's share of the country's merchandise export trade is 11%. A region report might be done for a trade mission that is visiting only that specific region. It may also focus on one sector. Statistics would need to be modified accordingly to focus on this particular trade.

Use much the same headings as for the country report. To put the regional figures into context consider reporting them together with the total national figures.

Many market reports are available online (see www.globaltrade.net for an example). Clients can usually locate these themselves and will be expecting something more from the FTR.

EXPORT CAPABILITY DEVELOPMENT SERVICES

Export capability development services are associated with export readiness, export counselling, and manipulating the export environment. These are services that are slightly more applied than the commercial intelligence services discussed in the previous section. Table 12 shows the export capability development services in which the FTR appears to have a clear competitive advantage over the TSI.

Table 12: FTRs and export capability development services

Export capability development services	Comparative advantage of the FTR in delivering: 5 = great advantage 1 = little advantage	Likelihood that FTR service generates export business
Complying with market access requirements	4	Medium
Preparing marketing plans	3	Medium-high
Export packaging and labelling	3	Medium
Contributing to the design of export strategies	3	Medium-high
Corporate social responsibility aspects	3	Low

Sources: The list of services and comparative advantage of the FTR in delivering the service was derived from: 'Strengthening Foreign Trade Representation. Methodology'. Unpublished paper produced by ITC, November 2011. Column 3: 'Likelihood that FTR service generates export business' is based on the author's own experience of outcomes.

The last column is a qualitative assessment of the likelihood that this activity will secure business outcomes such as signed export contracts, joint ventures or partnerships. It is difficult to predict whether one particular piece of work will lead to export success. However, the more closely involved the client is in the market, the more directly relevant the work of the FTR tends to become.

There is generally a greater likelihood of securing export business from these export capability development activities than from the commercial intelligence services previously discussed. Try to focus scarce resources on activities that have a higher chance of delivering export outcomes.

The FTR has just a marginal advantage in delivering services rated '3' to clients. The TSI might better handle some aspects of delivery, which will save time and resources.

MARKET ACCESS REQUIREMENTS

Because different markets have different rules and regulations, FTRs need to be current with the most significant ones. Local experts and importers can be a valuable source of up-to-date information on differences that could affect sellers.

Complying with labelling laws is an obvious requirement for many products, especially foodstuffs. It is wise to have available a copy of the local labelling laws to use as a handout or e-mail to clients. Complying with the laws relating to hazardous materials is also essential for exporter clients. They may need to seek specialized advice regarding hazardous materials and obtain certification from the appropriate organizations.

Because many products are subject to quarantine, it is important to learn how the home country's products are affected by quarantine or health regulations. Develop a factsheet with details of any pretreatment or certification requirements the home country's products require. The local customs or quarantine department is usually the definitive source for this information.

Having easy access to information on the topics below will save time when ad hoc requests come in. Much of the information can be appended to existing information concerning market advice or research.

- Transport documents;
- Export licensing;
- Dangerous or prohibited goods;

- Customs declarations;
- Pre-clearance of goods;
- Certificates of origin;
- Health and sanitary certificates;
- Quality control certificates;
- Commercial invoices;
- Packing lists;
- Customs invoices;
- Consular invoices;
- Certificates of insurance;
- Investment rules;
- Business visas;
- Work visas;
- Tourism visas;
- Local ownership rules;
- Rules concerning partnerships;
- Rules concerning practising various professions.

Local companies may request information about market access issues for the home country when they seek to export. Have the answers prepared as handouts, e-mail attachments or website references. Although clients could request this information from their own embassy, having it readily available will enhance your local reputation for efficiency. Other important information includes student and tourism visas, as well as home-country investment laws.

COMPANY EXPORT MARKETING PLANS

FTRs have a role to play in helping sellers prepare export marketing plans. However, these plans require an enormous investment in time and resources. Some parts of the plan may be provided or facilitated by the TSI, but a detailed export marketing plan requires input by an expert marketing consultant. It also requires a heavy involvement by the client if it is going to be meaningful. Good examples of export marketing plans are available on the Internet: www.austrade.gov.au/Export-strategy/default.aspx and www.publishyourarticles.org/knowledge-hub/export-management/what-is-export-marketing-plan.html.

Software is available to assist with developing and publishing an export marketing plan (see www.mplans.com/sample_marketing_plans.php).

Contribute to an export marketing plan but avoid committing to delivering a very detailed plan. If you do get involved, consider taking on the task as a tailored consultancy, described later in this chapter.

An effective export marketing plan involves:

- Understanding the company and its unique selling advantages;
- Analysing and understanding the export market, including the competition, the company's competitiveness and the local distribution systems;
- Creating an objective SWOT analysis of the company's strengths, weaknesses, opportunities and threats. Look for combinations of strengths and opportunities and the action required for success. Software helps with this analysis (see www.smartdraw.com/specials/ppc/swotanalysis.htm?id=139821&gclid=CKzW3pH70rACFSRKpgoduhAX3A);
- Modifying products or services for the export market, including labelling, language, documentation and publicity packaging;
- Determining what the company needs to improve to succeed, including areas such as budget, staff, appointing an agent and sales servicing;
- A market entry strategy (see table 5).

The main contribution an FTR can make to this type of export marketing is analysing and understanding the export market. It is important to understand that this is just one element of an export plan. Clients may also be directed to the website of ITC for access to the suite of data available for research purposes. One example is market analysis tools offered by ITC (see www.intracen.org/trade-support/market-analysis-tools/).

EXPORT PACKAGING AND LABELLING

The FTR should have information about labelling requirements available for clients. This should be part of any market research that is completed on behalf of clients where labelling laws are relevant.

Packaging for export is a more complex issue. It varies with different items such as food, pharmaceuticals, hazardous products and machinery, which all require very different treatment. However, agents and importers can give guidance on what is high-quality packaging and what is acceptable and not acceptable. Encourage sellers to emulate the best rather than opting for simply 'acceptable'. Poor packaging results in breakages, pilfering, contamination, insurance issues, payment issues, and, ultimately, dissatisfied customers. E-mail photos of examples of good packaging in the local market and the standards importers are demanding.

It can be difficult to keep current with all the changes in the regulations regarding preservation and packaging. However, it is important to be able to refer clients to the appropriate authority or advisor. Anti-counterfeiting measures or child resistant openers may be mandatory. There is also increasing demand by regulators for traceability of products from the farm to the consumer, which may require electronic tagging or bar coding. Food safety regulations may govern the use of some materials such as plastic or polyethylene. Any request for supply should stipulate what type of packaging required.

CONTRIBUTING TO COMPANY MARKET EXPORT STRATEGIES

An export strategy is a variation on an export plan. A strategy hints at something more global in scope, such as identifying which countries to focus on and where exports fit within a global development plan for the company. An export plan is likely more focused on penetrating one market, but the overall approach is very similar.

With an export strategy, the role of the FTR is probably limited to supplying general information about the market prospects. In a sense, you are competing with your colleagues in other countries to encourage a seller to choose your market. It is difficult in these circumstances to remain objective. But that is exactly what the FTR needs to do. If another market is a better fit for the company, it would be negligent to try and persuade them to focus on your market.

FTRs will generally be asked for information concerning compliance with market access requirements but the majority of the strategy should be produced by the company itself. The TSI can also play a role in coordinating input from a number of the FTR posts for comparative market assessments to be carried out.

CORPORATE SOCIAL RESPONSIBILITY CONSIDERATIONS

Your country's reputation is important. It takes a long time to build a positive image but it can be damaged relatively easily. The FTR can help build a culture of corporate social responsibility by taking a strong, positive stand on issues such as:

- Adhering to anti-bribery and corruption guidelines and regulations. Never recommend that clients pay a bribe and never pay a bribe or accept one;
- Adhering to anti-counterfeiting measures;
- Adhering to quality control. Ensure that standards are well known and lobby to have them enforced by the home country;
- Adhering to ethical standards and codes of conduct adopted by the government or by industry groups (see an example of a code of conduct for the Icelandic Foreign Service, http://www.mfa.is/media/PDF/Code_of_Conduct_of_the_Employees_of_the_Foreign_Service.PDF);
- Adhering to the implementation of labour standards and supporting measures such as the Business Social Compliance Initiative (see www.bsci-intl.org);
- Maintaining high personal standards both on and off the job. An FTR is a public figure and is never off the job. When representing the home country, you are always under observation;
- Representing the home country at public events and via local business clubs is a good way to reach and develop your contacts;

- Being willing to address various exporter and industry groups when on home leave;
- Being fair and impartial, especially in trade disputes. This can be challenging. There are always two sides with a trade dispute. It is best to leave resolution to mediators and professionals;
- Treating your staff well and in accordance with best local practice;
- Adhering to local laws even when you have diplomatic immunity.

In general, the FTR should be a role model and set a high standard for sellers from the home country. Benefits include respect from the local business community and improved attitudes towards the home country.

DELIVERING PROMOTIONAL SERVICES

Promotional services are hands-on activities that are central to the job. Table 13 shows the promotional services where the FTR appears to have a clear competitive advantage over the TSI.

The last column assesses the likelihood this activity will secure business outcomes such as signed export contracts, joint ventures, or partnerships. Focus scarce resources on activities that have a higher chance of delivering export outcomes.

Many activities fall into the category of 'collective marketing events'. It is often more effective to work with collective events than one-on-one with an exporter.

Table 13: FTRs and promotional services

Trade promotional services	Comparative advantage of the FTR in delivering: 5 = great advantage 1 = little advantage	Likelihood that FTR service generates export business
Tailored consultancy in the market	5	High
Preparing business agendas	5	Medium
Exporters' missions	5	Medium
Inviting buyers	5	High
Participating in trade fairs	5	High
Other promotional events (e.g. food tasting)	5	High
Buyers-sellers meetings, business rounds	5	Medium-high
Using foreign media	5	Low
Country branding	5	Low
Visits to potential investors	4	Medium
Inviting potential investors	4	Medium
Marketing campaigns	4	Low
Managing collective events via the Internet	3	Medium

Sources: The list of services and comparative advantage of the FTR in delivering the service was derived from: 'Strengthening Foreign Trade Representation. Methodology'. Unpublished paper produced by ITC, November 2011. Column 3: 'Likelihood that FTR service generates export business' is based on the author's own experience of outcomes.

TAILORED CONSULTANCIES

A tailored consultancy is designed to meet the specific needs of a client. This is different from a fixed category of service, such as ad hoc trade opportunities. Clients for tailored consultancies are usually sellers from the home country, but could include industry associations or government departments. These clients value this type of service above all others because it delivers what they really need.

Outcomes from tailored consultancies are high because they target real exporters with serious interest in the market. This type of activity should be a very high priority for the FTR. The outcomes are very high in proportion to effort, with success rates often above 80%.

There is a wide range of work that clients could demand from an FTR in a tailored consultancy:

- Interview 10 potential agents and deliver a prioritized list;
- Develop a complete programme for an industry association trade mission;
- Coordinate and supervise the translation of a contract;
- Arrange a programme of business visits;
- Stage a reception and organize the invitation list;
- Organize a food tasting in a major supermarket;
- Prepare a market assessment and report;
- Visit a remote site and provide a report on potential contacts and prospects;
- Liaise with a local agent to organize a client's participation in a trade display.

The list could go on because clients' demands are essentially open-ended. Many of them would like the FTR to work exclusively for them. How do you best organize your time to allow for work that has the potential to deliver real export impact? There are three main ways to accomplish this:

- **Charge for services.** The price you put on your time will be an effective prioritization tool and clients will only pay for services they really need;
- **Limit time.** Put a time limit on the number of hours or days that are devoted to any one task;
- **Exclude time-intensive services.** Refer the client to a marketing consultant or specialists such as accountants and lawyers.

Pay close attention to tailored consultancy work:

- **Fully understand what the client wants.** This requires good listening skills and a willingness to hold in-depth discussions to ensure that both parties understand each other.
- **Develop a simple contract,** which both parties sign, to clarify expectations. Do this whether or not there is a fee for the services. Something in writing helps to avoid possible recriminations.
- **Agree upon a realistic time frame.** Take account of other commitments such as trade displays. Create a buffer because unexpected issues will arise. It may be difficult to predict accurately how long various tasks will take, but with experience the Post office will get better at estimation.
- **Be clear about what you will not deliver.** For example, organizing a meeting with a government minister may not be easily achievable.
- **Keep the client informed.** Clients can be accommodating when they feel they are being kept in the loop. They can also be unforgiving when a project is delivered late, even for good reasons, and they were not informed about likely delays.
- **Follow up.** See what else the client needs, which could add to the consultancy or secure a follow-up assignment.
- If there is a fee for services, send out the invoice promptly.

BUSINESS AGENDAS

Business people travel extensively. Though it has become easier to establish contacts via the Internet, exporters highly value the help of an FTR when it comes to setting up a business agenda.

The FTR brings several unique assets to the task:

- **Impartiality.** Because FTRs do not benefit personally from an export deal, they are likely to represent the best interests of their clients;
- The official 'stamp' of your government or trade organization, which opens doors and commands respect, cannot be matched by a recently arrived traveller;
- Bilingual expertise and knowledge of cross-cultural issues and business norms in both countries;

- Local contacts, being in the local time zone and being able to make local phone calls;
- Local knowledge and the services of experts within the FTR office, especially long-serving local staff.

Setting up the programme

Ideally, the exporter will have requested a programme well before arrival, as business agendas are time-consuming to set up and can be subject to frequent change. Be well-briefed about the client's goals and prepare the programme accordingly.

Charging is an excellent way of ensuring that the service is valued. Clients are less likely to cancel the programme at short notice when they have paid for it. This is not a decision for the FTR alone; it is a major policy decision for the TSI.

Always put time aside to meet with the client in person, even if this part of the programme is very short and the client is then handed over to one of the marketing staff who have actually prepared the programme. Clients like to actually meet and speak with the senior FTR.

The rest of the programme will vary according to the needs of the visitor, but it might include meetings with:

- Importers;
- Chamber of commerce;
- Government representatives;
- Retailers;
- Potential agents or partners;
- Display organizers or publicity agents;
- Local lawyers or accountants;
- Anyone else who is relevant to the needs of the client.

When developing a programme, build in some time for appointments that get cancelled or re-scheduled. As much as possible, try to group appointments geographically to minimize travelling times. Ensure that the agenda looks professionally laid out. It can be delivered by e-mail. Perhaps offer advice on how to get around the city and ask if an interpreter is needed.

Should the FTR or staff accompany the visitor? Although it can be time consuming, there is much to learn from these excursions and clients welcome the gravitas brought by the presence of someone from the embassy. As a general rule, it is probably better to spend time on other activities, but there will be times when it is worthwhile accompanying the visitor.

Should the FTR or staff organize accommodation? Probably not. This task can be handled by the client or one of their staff over the Internet. There are also travel agents who specialize in this type of work. It is a time-consuming and unrewarding task and often subject to change by the client.

A SAMPLE BUSINESS VISIT PROGRAMME

The business visitor from the home country has asked for meetings with shipbuilders that use stainless steel pipe. The FTR's staff has prepared a business visit programme. Appointments with 10 shipbuilders and two ship's architect firms have been arranged. The architect firms have specified the use of fittings and equipment in its design of ships.

The FTR or staff should inform the visitor that there is considerable interest in alternative sources of stainless pipe in the Post country, especially if sizes can be custom-made.

Each appointment should be communicated to the visitor in an accessible format. Below is a sample programme for a business visitor to meet with a potential customer.

The FTR or staff should recommend that the visitor appoint an agent who deals with all shipyards. If the visitor agrees, offer to organize meetings with specific agents, following the visit to the shipyards and architects.

Table 14: Sample programme for a business visitor

Business visit programme for	Victor Moreno
From	Third Heavy Engineering Ltd, 27 Ocean Road, Pacific City
Other details	
Programme prepared by	Shari Ibaan, Senior Marketing Officer. Mobile: + 44 (03) 444 555 666
Date of appointment	10 August 2014
Time	9.30 am
Executive	Tim Smith, Head of Purchasing Office
Company	ABC Shipyards
Address of meeting	Head of Purchasing Division 1 Railway Road, Las Rosas Federal Capital
Tel.: Main	+ 44 (03) 1234 4563
Tel.: Mobile	+ 44 (03) 5677 89123
Tel.: Direct line of executive	+ 44 (03) 1234 4567
Fax:	+ 44 (03) 1234 4564
E-mail for Tim Smith	tim.smith@abcshipyards.com
Website	www.abcshipyards.com.fc
Meeting location and directions	This meeting will take place in Tim Smith's offices at 1 Railway Road. (Note that there are two Railway Roads, you need the one in the suburb Las Rosas.) You should take a taxi from your hotel at 8.30 a.m. Traffic will be heavy. Allow at least 45 minutes journey time. Ask the taxi driver to wait for you. (Cost per hour should be about US\$ 25, but it is difficult to get taxis in this zone.) You will need to depart the meeting by 10.45 a.m. in order to be on time for your next meeting.
Company synopsis	ABC Shipyards is one of the largest importers and distributors of steel pipes. They were established 10 years ago and now employ 20 people. They also represent Atlas steel (United States) and Vista Fastenings (Turkey).
Other	Tim Smith will introduce you to Yvonne Ivanova, Financial Controller

ADVANTAGES OF COLLECTIVE PROMOTION

WHY COLLECTIVE PROMOTION?

A collective marketing event is when a group of buyers and sellers are brought together. The classic collective marketing event is the local village market, from which massive events have evolved over the years. For example, the Frankfurt Book Fair dates back to the 15th century. Soon after Johannes Gutenberg invented movable type a few kilometres down the road from Frankfurt, the first book fair was held by local booksellers. Johannes Kepler sold his masterwork on the laws of planetary motion there in 1609.

There are many ways groups of buyers and sellers can be brought together, but the most popular events in international marketing are international trade fairs, smaller trade fairs and trade missions. FTRs might also become involved in organizing buying missions when a group of potential buyers are supported in a visit to the home country.

Table 15 sets out a taxonomy of the different kinds of collective events most commonly used by FTRs, together with some comments about the roles that might be played by the TSI and the FTR.

Why should an FTR get involved in collective promotional activity when there are professional trade fair organizers and marketing consultants who will do the job for sellers? Consider getting involved when there is going to be collective benefit to the home country that would otherwise not happen. The advantage of collective events is that a large segment of the business world comes together. In addition to buyers and sellers, these events attract agents, researchers, academics, end-users, wholesalers, retailers, government regulators, financiers and investors. This cannot be matched with individual visits and telephone calls. It is a very efficient way of reaching numerous relevant people in a short time.

Table 15: A taxonomy of collective trade events

Category	Type	Held where?	Target group	How organized?	TSI role	FTR role	Comments
Fairs/displays	International trade fairs. A major world event for that industry sector.	In third country; usually a developed country	Worldwide, buyers, sellers, policymakers and academics, for that industry sector	Permanent private, or government fair organizers	Coordinate national stand in conjunction with FTR in the third country	No role or might invite buyers in Post territory to visit some stands at the event except in situation where the event is in the FTR territory. Then heavy involvement. There may be pressure from the fair organizer to become the 'featured country'. There is a lot of work and cost involved with being the featured country – and little commercial payoff.	These are big and important events, but it is very difficult for an FTR in another country to capitalize on this. Buyers and sellers will attend anyway, without FTR involvement.
	Specialist trade fair or display (focused on one industry sector, e.g. telecommunications)	In country where FTR is posted	Local buyers and decision makers	By specialist fair organizers and may include associated meetings and seminars.	TSI coordinates a group of exporters in the home country to participate. Managing logistics of getting people and products to the event, plus follow-up.	FTR coordinates a national stand or provides incidental support, including identifying and inviting buyers, in-country logistical support, and follow-up. The same comment as above applies to being the 'featured country'.	This is probably the most effective type of display event for the FTR to support. The organizer brings the buyers to the event.
	Generalist trade fair	In the FTR's Post country	Local buyers and maybe the general public	Usually specialist fair organizers. The fair may be associated with local festival or holiday. It features multiple product and industry categories.	Coordinate group of exporters in home country to participate. The TSI manages the logistics of getting people and products to the event, plus follow-up.	The FTR coordinates a national stand or provides incidental support, including identifying and inviting buyers, in-country logistical support and follow-up.	This can be a way of increasing brand awareness or making direct sales to consumers, but it is not very effective in terms of identifying wholesalers or agents. It is not cost effective for the FTR.

Category	Type	Held where?	Target group	How organized?	TSI role	FTR role	Comments
	A solo display (one country only)	In the country where the FTR is posted	Local buyers and decision makers	Organized by TSI and FTR	TSI coordinates all aspects from the home end, including identifying and briefing of participants, setting objectives, etc.	The FTR is responsible for all activities in the host country, including providing the venue, constructing the stand, publicity, generating audience and follow-up, etc.	A solo display has the advantage that everything is under the control of the FTR and TSI. The display may feature one industry or products/services from multiple industries. It has the drawback that the FTR must generate the audience. It may be difficult to attract buyers to a one-country event.
	World expos	In a third country (not where FTR is posted)	The general public and international tourists	Organized by the government of the host country	The TSI may be drawn into coordinating a business display as part of the event.	The FTR is usually not involved unless the expo is in the host country. In this situation, there may be heavy involvement with coordination, visiting VIPs and missions.	World expos are good for building country brand image, but it is very difficult to reach serious buyers (agents, wholesalers) through these events and as a result is not cost effective for this purpose. But there is often irresistible political pressure to be present.
	Showroom display	In FTR's host country, in a small venue, hotel, commercial centre	Specialist buyers or regulators	The FTR organizes or subcontract the work to a local organizer. An individual company could organize the show. An industry association might subcontract the role.	The TSI may have a role in coordinating the exporters in the home country, including logistics and follow-up.	The FTR's role can extend from total project management to incidental advice and support. Often the FTR is required to identify and invite interested buyers.	It is difficult to get buyers to come to small specialist events like this. It can be a lot of work for just one or a few companies. It may not be very cost effective for FTR involvement.
Trade shows (can also be called a trade display)							

Category	Type	Held where?	Target group	How organized?	TSI role	FTR role	Comments
Trade shows (can also be called a trade display)	Catalogue display –this is really a variation on the showroom type of display	In FTR's host country, in a small venue, hotel, commercial centre or within a larger specialized fair	Specialist buyers or regulators	The FTR organizes or subcontract the work to a local organizer. An individual company could organize the show. An industry association might subcontract the role.	The TSI may have a role in coordinating the exporters and their catalogues in the home country, including logistics and follow-up. The TSI also needs to brief the FTR on the products and services.	The FTR often has total project management responsibility.	This is an inexpensive way of putting products before buyers, but FTR and staff will not have detailed product knowledge. It is also hard to attract a group of serious buyers to something like this, which they could do more effectively over the Internet.
	Product demonstrations or tastings, etc.	In FTR's Post territory, in a shopping mall or supermarket	Usually consumers and end users	The local importer-agent usually has the major role in conjunction with the venue management.	The TSI usually has no involvement.	Usually the FTR has minor role, but may lend support and prestige to the event. The FTR may also identify opportunities for this sort of promotion.	This is useful in increasing brand awareness and penetration in the market, but is not suited to locating agents or wholesalers.
Trade ships, trade trains, etc.	A travelling exhibition (ship, plane, train, bus, etc.) that visits many cities and holds individual short exhibitions	Usually held on the ship or vehicle, but may set-up in local venues	Nominally commercial buyers, agents, wholesalers but ends up being consumers	The FTR usually has a major role unless they can subcontract to a local organizer or a business chamber.	The TSI has major involvement in putting the exhibition together and coordinating with the sellers.	The FTR usually has a major organizing role.	This is not cost effective. It is time consuming and it is very difficult to organize buyers to come to multiple locations. In addition, ports may not be attractive places for a display. However, type of event is very attractive to politicians and frequently TSIs. Try to avoid becoming involved.

Category	Type	Held where?	Target group	How organized?	TSI role	FTR role	Comments
Missions	Seller trade missions or outward missions from the FTR home country	In FTR host country, although the mission may visit several countries	Could be aimed at government and regulators, or buyers.	The composition of the mission is organized by the TSI or industry chamber in the home country. The on-the-ground programme is organized by the FTR.	The TSI should have a mission manager who is responsible for all liaisons with mission members. An industry body representative might fulfil the same role for a mission from that industry body.	The FTR is usually responsible for the in-country programme including meetings, transport and often accommodation, dinners, seminars, etc. This may be different if a mission is led by a minister or VIP.	Trade missions can be useful for changing policies or attitudes. They can lead to direct sales or joint ventures, although frequently such outcomes take a lot longer to come to fruition.
	Buyer missions or inwards missions from the FTR host country to the home country	The buyer mission visits the home country and may travel to various sites within the home country.	Buyers and perhaps policy makers from the FTR host country	The mission of buyers is organized by the FTR, while the home programme is organized by the TSI.	The TSI looks after the in-country programme including meetings, transport, entertainment, and accommodation.	The FTR is responsible for identifying the buyers and officials and issuing the invitations. The FTR also needs to follow up.	Buyer missions are useful when it is difficult to transport the products or services or when there are few buyers. It can be useful in changing negative attitudes of buyers.
Seminars	Industry sector seminar or country specific seminar. It might also take the form of an industry conference.	Usually held in the FTR host country, though, if a conference it is usually held in the home country	Buyers and policymakers in the FTR host country	Organized by the TSI or by the industry association	The TSI or industry association organizes any special functions or meetings for the foreign visitors, who may come from several countries.	The FTR is responsible for identifying the buyers and officials, as well as issuing the invitations. The FTR also needs to follow up.	Seminars are a good way of building rapport between the industry sectors in both countries. They can be a useful forum for building policy solutions to impediments. They are not usually immediately focused on commercial deal making.

Category	Type	Held where?	Target group	How organized?	TSI role	FTR role	Comments
Webinars	A conference held on the Internet, usually with an expert in a sector being a draw-card	A webinar is held over the Internet. Participants can be involved from anywhere they have Internet access. However, there may be some social advantages in bringing groups together in the TSI and/or FTR office.	Buyers in the FTR host country	Organized by TSI, industry group or an individual company	The TSI sets up the meeting, plans the agenda and coordinates with the FTR.	The FTR needs to identify buyers or relevant participants in the Post country.	Webinars are relatively cheap, but take some time to set up and coordinate. Webinars are good for building rapport and brand building. They are not time consuming they do not involve travelling, which is important for busy executives. But webinars do not seem to have the same impact as person-to-person meetings.
Video-conferencing	A videoconference is held over the Internet. Often this tool is used for problem solving or discussing issues involving multiple parties.	Participants can be involved from anywhere they have Internet access. However, there may be some social advantages in bringing groups together in the TSI and/or FTR office.	Buyers in the FTR host country, industry association or government representatives.	Depending upon the issues involved, this may be organized by TSI or an industry group. On occasion it may be government to government.	The TSI sets up the meeting, plans the agenda and coordinates with the FTR.	The FTR needs to identify the appropriate participants from the Post end and liaise with them about participation.	This tool has the advantages of being cheap and does not involve international travel. Videoconferencing is useful for negotiating issues, planning and reviews. It can also be used as a selling tool or for training and problem solving, but is not usually a major marketing tool.
Buyers-sellers events	Buyers are brought together with sellers at an event, which may involve elements of a display, a conference and a seminar.	Usually held close to the sellers in the home country	Buyers or importer-agents and wholesalers	Organized by producer organizations the TSI, or individual promoters	There is usually significant support from the TSI, which serves as the liaison point for the foreign buyers. They would work in conjunction with the FTR and any producer organizations.	The FTR has major role in identifying potential buyers and persuading them to travel to the buyers-sellers event. The FTR is likely to be involved in any follow up.	These events can be an effective tactic where it may be hard to take the sellers or their products or services to the host country. However, it may be costly if buyer visits must be subsidized. It may also be difficult to attract the 'best' buyers.

Box 15: Participate in professionally organized events

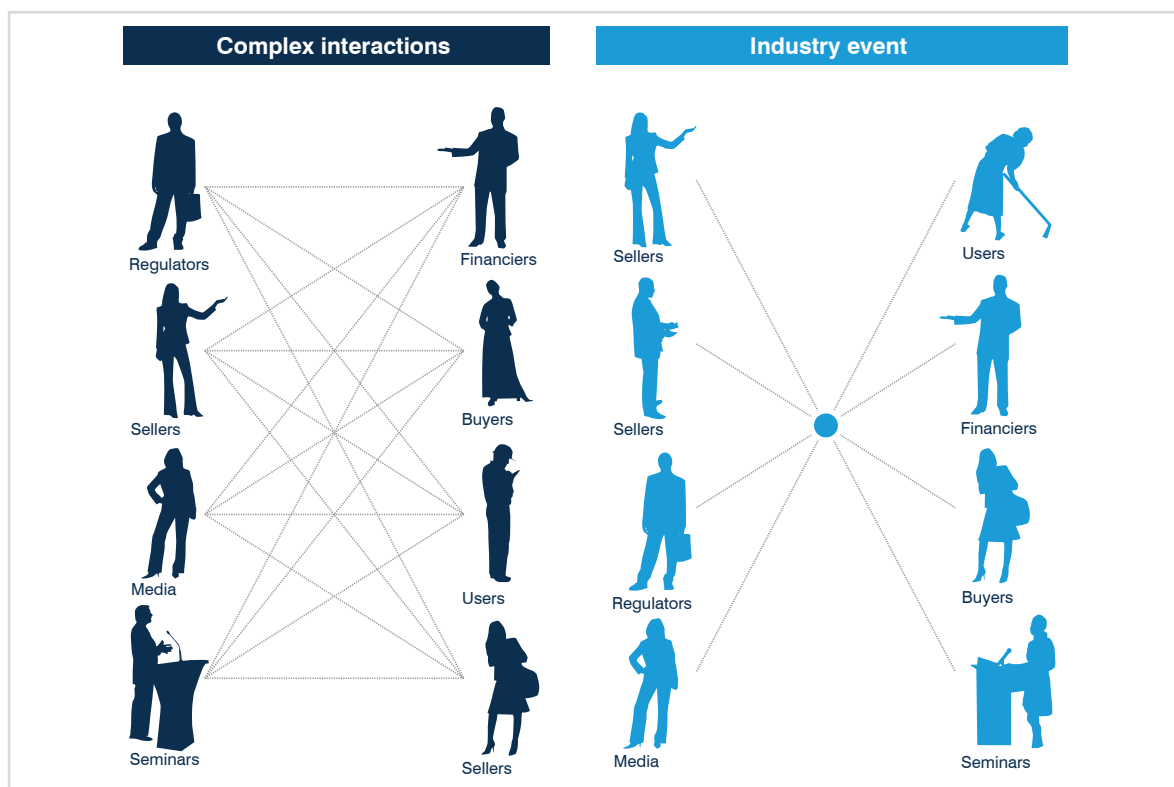
FTRs and their staff may be caught up in the excitement of organizing a major event such as a trade fair and basking in the credit. In most cases, there will already be a commercially-run event. The fair organizer will often be prepared to adjust it to suit the Post's needs. The enormous advantage is that the organizer generates the audience and manages the logistics. FTRs and their staff can focus on inviting well-qualified buyers. Doing it all alone is simply squandering resources.

If there is no such event, consider handing over your own specialized event (or even selling it) to a professional organizer, as soon as it demonstrates commercial viability. Your role is not that of a trade fair organizer.

Another advantage is that it is possible to see, touch, try and taste the products. In addition, issues such as regulation of the industry can be discussed or specialists can run seminars on their products.

Trade missions have some of the advantages of trade fairs but on a smaller, more targeted scale. A group of sellers is brought together with a group of buyers and, perhaps, government, academics and media. The difference is that the FTR can choose which buyers attend and, if needed, can bring them together if you have a seminar. The fair organizer does this for trade fairs, and buyers already have the dates in their calendar.

Figure 13: Industry events – an efficient way of reaching people



TRADE FAIRS AND NATIONAL STANDS

Trade fairs are an excellent choice to reach a large number of buyers and display a range of products that can be examined. It is more difficult to market services through displays. Commodity trade, where there are a small number of potential buyers, may be better supported through individual visits or by a trade mission, or by bringing the buyer to the home market. Consider the fit between the products and services that the home country is trying to sell and the market where you are based and choose events with the best match.

For an FTR to spend time coordinating a collective event, there needs to be a group of companies prepared to participate. This brings collective, national impact that individual companies could not have if they were to exhibit on their own. For a trade display you probably require around 10 companies to have collective impact with a national stand. If there are fewer than 10, companies could participate as individuals.

PRIORITIZING ACTIVITIES

Tens of thousands of trade fairs and displays take place each year around the world (see www.biztradeshows.com). Some have developed an international reputation as the major annual event for their industry. Germany hosts a number of them. It may be difficult for an FTR located in a country other than Germany to facilitate companies attending an event there, even host country buyers attend.

In a large host-country economy, hundreds of trade missions from the home country could descend on the FTR. All types of industry associations, regional governments and national governments from the home country will want to lead trade missions to demonstrate their effectiveness. Buyers-sellers events are really mini-trade displays. The FTR needs to bring in buyers, which is not a trivial task.

Following are some suggestions to prioritize activities. Look for events where the following circumstances come together:

- A group of at least five to 10 sellers from the home country is interested in the event;
- There is a reasonable fit with the objectives of the TSI and the Post objectives;
- The event has a good track record of attracting buyers and exhibitors;
- The FTR has the staff and financial resources to provide support;
- The FTR can add value by supporting a national presence rather than having exhibitors operate as individuals. This is not always straightforward as some exhibitors may feel they are better off with similar exhibitors in a specialized hall;
- There is sufficient time to manage the project properly;
- It does not clash with other tasks or with local holidays.

MEASURING OUTCOMES AND FOLLOWING UP

In an ideal world, there will be a process in which the sellers from your home country, before the event, will define what their objectives are from participating in a trade fair, or a trade mission, etc., and you will measure the actual outcomes after the event. You will then match the two up. Did the individuals achieve what they wanted? Did the event, as a whole, deliver tangible (or intangible) outcomes? What new things did you learn? And what would you do differently next time?

In practice, it is difficult to match objectives with outcomes. The sellers often have not thought through their objectives, and the results at the end of the display are often wishful thinking. Everyone is rushing back to a mountain of work that has accumulated while they have been away and there is little or no time for reflection.

It is very worthwhile to put processes into place that force the sellers to think about their objectives. It might be orders for US\$ 1 million worth of products, or to simply get feedback from buyers. These processes start to build a culture of professionalism. It is also worthwhile having support systems to encourage sellers to follow up on every promise and every lead. Great outcomes from collective events can be achieved simply by following up on all leads.

PARTICIPATING IN TRADE FAIRS AND DISPLAYS

There is a wide spectrum of trade fairs and displays, ranging from a food tasting in a local supermarket to the huge Hannover Messe Technology fair featuring more than 5,000 exhibitors attracting 228,000 visitors (see www.hannovermesse.de/home).

If possible, attend fairs before participating in them. Talk to agents and fair organizers and study their statistics on attendances. If they do not have detailed figures, be cautious about participating. Take note of the style of displays. Are the individual booths lavish or are they very simple with a table and chairs? Stands need to meet minimum standards.

Most large cities will have specialized industry fairs that attract many buyers. Do not focus only on attendance numbers. Most sellers are likely to be looking for agents or wholesalers. They will not be selling directly to the general public. Attendance by agents, distributors and wholesalers are the figures that count.

A display that specializes in one industry sector results in better outcomes. There are general trade displays that offer sporting equipment alongside foodstuffs and home cleaning products. Buyers will not go out of their way to see one or two companies, but they will attend the specialist fairs in their sectors. Look for specialized displays that match the sellers from the home country.



Some trade displays are lavish.



Some trade display stands are modest.

Maximizing impact and reducing workload

Organizing a group of companies to participate in a trade display should not be taken on lightly. There may be many relevant events in the Post territory, with small numbers of companies that wish to participate in each. They would all like the help of the FTR but it would be impossible to manage all the displays, and none warrant full-scale involvement.

There are many ways to add value to exhibitors without over-committing office resources. For example, negotiate with the display organizer to have companies from the home country grouped together under a common theme. Then focus on other more productive work, such as getting the right buyers to visit home-country stands.

Another possibility is to offer a package of services to individual companies from the home country, but let them organize their own stand in conjunction with the organizers. There is little evidence that more elaborate stands generate better outcomes. However, there is a lot of evidence to show that attention to issues such as pre-show marketing and after-show follow-up generate good results.

Organizing a reception for key buyers and VIPs brings with it the prestige of the embassy. Exporter clients could also be invited to attend as professional visitors. This way they can meet potential customers, attend associated seminars, and perhaps seek an opportunity offsite to demonstrate their goods or services without the cost and complexities of managing a booth.

Organizing participation in a trade display

Entire books have been written about organizing participation in trade displays. Good material is also available on the Internet. Some examples to study before managing a trade event include:

- Advice about planning for trade shows, including timelines, and strategies and details like lighting: www.trade-show-advisor.com/
- Advice on getting the best out of participating in trade shows, predominantly focused on the United States: <http://blog.asmartbear.com/tradeshow-tips-checklist.html>
- Checklist for clients participating in trade displays: www.welkam.co.jp/en/downloads/welkam_tradeshow_exhibition_checklist_en.pdf

The following issues are critical:

- Plan well ahead. Space in a significant trade fair needs to be booked at least a year in advance. This website offers information on creating detailed timelines: www.trade-show-advisor.com/trade-show-planning-timeline.html
- Have clear goals, write them down and include concrete target outcomes;
- Set up a project team. Somebody in the TSI needs to work on the event at the home base;
- Invite potential buyers. Send invitations well in advance;
- Help participants follow up on the leads from the event.

Checklists for participation

Refer to the websites cited in the previous paragraphs for examples of checklists. Checklists are essential tools for ensuring that vital steps are not missed. They are especially helpful when delegating management of the event to new or inexperienced staff. Checklists should be quite detailed. For example, under the general heading 'regulations', the following topics should be included:

- Customs procedures and tariffs;
- Quarantine;
- Censorship;
- Copyright;
- Insurance;
- Local labour laws;
- Technical standards;
- Construction regulations;

- Labelling requirements;
- Labour;
- Fair authority;
- Security;
- Truth in advertising;
- Health and safety;
- Royalties for copyright materials, such as music played during the event.

A series of checklists covering all aspects of the display are needed. The fair organizer may be able to provide pre-prepared checklists.

Exhibitors need to develop efficient procedures for capturing details of serious enquiries for follow up. They may be able to employ techniques such as the quick response code: <http://searchengineland.com/what-is-a-qr-code-and-why-do-you-need-one-27588>

Follow-up checklist

Without proper follow up, much of the benefit and many trade leads from a display will be lost. If exhibitors do not deliver on their promises, potential buyers will see them as unreliable, which will reflect negatively on the home country. Here are some issues to include on a checklist for follow up:

- Send notes of appreciation to staff, contractors, invitees and VIPs;
- Dispatch promised documentation or technical details;
- Provide quotes that were requested;
- Give feedback to staff about their performance;
- Collect visitors' comments and criticisms and provide feedback to staff or organizers;
- Finalize accounts;
- Fulfil orders;
- Contact all visitors who called at the stand and left details. Add these contact details to your database;
- Debrief the home-country team on outcomes;
- Supply photos and press material for the home-country team, participants and industry associations so that they can publish them on websites and newsletters.

Because participants will return home to a large amount of undone work they may let the follow-up from the display slip, often until the next trade display is scheduled. However, advise participants to treat the first day back in their office as the last day of the display. They will be more likely to take the time to follow up and get maximum benefit from the event.

Measuring the impact from a display is a complex process. Each exhibitor should have systems in place to capture their objectives and outcomes. Here are some typical objectives that exhibitors should compile well before the event:

- Appoint local representatives;
- Secure a licensing arrangement;
- Identify potential partners for joint ventures;*
- Identify new, high-quality buyers;*
- Meet with end-users;*
- Identify new sales outlets;*
- Make direct sales;*
- Obtain investment;*
- Support an existing agent;
- Reinforce a corporate image;
- Keep abreast of competitors;
- Increase market share;*
- Maintain contacts;*

Table 16: Sample checklist for project managing a trade display

Planning and preparation (Approximately 8-14 months prior)	Recruit participants (Approximately 6-8 months prior)	Client coordination Event set-up (Approximately 1-3 months prior)	Implement event (1 week prior – 1 week after)	Follow-up and review (Last day event – 1 month later)
Initial idea – check space available? Develop project brief Develop project plan Develop project budget Establish project team - At Post - In TSI - Suppliers/contractors Communicate project plan Contact event organizer - Book location and space - Confirm arrangements - Identify/negotiate major deadlines Identify/contract other suppliers Event organizers Stand designers Construction contractors Advertising, media, public relations Marketing Freight	Develop marketing materials - Why go in this display - Application for clients - Event marketing materials (brochures, website, etc.) Recruit participants Direct calling Web promotion Industry associations Blogs Exhibitor manual Complete information kit Forms for participants to submit information and requirements	Participant involvement - Exact name of company - Venue and opening times - Floor plan and their location - Promoter information - Stand design requirements - Freight and forwarding - Accommodation bookings - Personal transport - Publicity and public relations - Catalogue entries - Pre-show invitations Participant information Follow up with participants (check they will meet freight deadlines) Finalize participant information Review project budget Confirm stand design Finalize participant information Finalize marketing materials Pre-show publicity at Post Liaison with buyers at Post end Check additional requirements	Reconfirm project plan Exhibitor requirements Stand/booth requirements Exhibitor information Catalogue entry Contact information On-site project schedule Stand construction and logistics Meet key service people on-site Oversee construction Assist exhibitors pre-show and during stand dressing Reception/business lounge Brief reception staff Coordinate with FTR staff Rosters for staffing Check cleaning arrangements Check stocks of supplies Check visitor recording in place	Evaluation recording Forms filled in before departing show Or electronic evaluation and results recording Photos sent back Report on event - For exhibitors and allies - For TSI team and management

- Motivate staff;
- Increase public awareness;
- Access new target groups.

Objectives marked with an * should have a target number.

At the end of the display, try to visit the exhibitors to ask them how they scored against their objectives. Assign a rating of 1-10 against each objective or use absolute numbers for objectives such as sales. What might seem trivial outcomes for individuals, when considered together, often reveal that for the event as a whole, there were very significant outcomes.

Remember to ask exhibitors for feedback on your group's performance so they have an opportunity to provide direct feedback. Acknowledge any shortcomings and seek ways of minimizing them in the future.

Compare these outcomes with the goals set while organizing the display. People often overestimate potential results and are disappointed by the outcomes. However, many benefits from events are realized long after the visitors have gone home. Evidence shows that the actual sales orders taken at a display or promised at the display are not actually achieved within the first year. But there is also evidence that in subsequent years, results from the exhibition surpass those predicted at the end of the event. These outcomes should be used as guidance for future participation.

TRADE MISSIONS

Trade missions can provide access to government that may be difficult to secure under other circumstances. They are possibly more useful in emerging markets than in developed markets, unless they have a specific policy objective. There are two types, which need to be managed differently:

- A diplomatic trade mission led by a VIP such as a state governor, government minister, prime minister or member of a royal family;
- A business mission led by a business leader.

Box 16: Calculating the true cost of trade displays

The entire cost of staging an event is not simply the total of all budget items, such as venue, publicity and receptions. Staff time must also be factored in. Add in overheads, such as the cost of operating the FTR office, a proportion of the cost of the payroll staff in the TSI and of the people who maintain the computer systems. These calculations give a more accurate picture of the true cost of staging an event. Events are not inexpensive. Cost-benefit analyses should be measured against these budget lines.

When a government minister or other VIP is involved, their programme is handled by the local protocol department of the ministry of foreign affairs. The FTR manages the programme around the minister's schedule.

This guide focuses on trade missions from the home country (outward missions) but the FTR may also become involved in trade missions heading in the opposite direction (inward trade missions), from the host country to the home country. Typically, in the latter situation, most of the workload falls to the TSI and the FTR plays a liaison role.

Agreeing on objectives

Frequently, trade missions are created to support a VIP who wants to travel, or by the CEO of an industry association who is feeling pressure to 'do something' for the members. Therefore, it may not be easy to

formulate clear objectives for the mission. Without clear, articulated objectives, the mission will be difficult to organize, Post staff will be reluctant to become involved and there will be many dissatisfied participants. Insist on a written set of objectives well before the mission is organized. General objectives might include:

- Participate in joint meetings with officials responsible for industry policy;
- Meet with domestic manufacturers who import the products on offer;
- Attend a major trade display featuring equivalent products to those on offer;
- Meet with the local standards association to discuss their standards;
- Meet with the minister responsible for trade and investment;
- Stage a seminar on the technology or products on offer;
- Meet with importers, agents and buyers.

If possible, try to establish more specific objectives such:

- Identify at least three new joint-venture opportunities;
- Have your country's standards accepted by the local standards body;
- Secure orders for US\$ 10 million worth of new business over the next year;
- Establish formal links between the chambers of commerce in both countries;
- Change local business attitudes about the sophistication of the home country's products or services.

Managing the mission

Most of the organization of the mission needs to be done in the home country. A good working arrangement is essential with the project manager, from an industry association, from your own TSI or from some other government department. Ground rules need to be established about what is achievable. For example, the mission may want meetings with the head of state, but this is usually not possible unless an equivalent-level VIP leads the mission.

Establish a budget and indicate who will pay for everything from international airfares, ground transport, costs of a reception and marketing costs, to invitations. Frequently, the real cost of many of these elements is overlooked and it can be substantial. If a minister or VIP is involved, the government might absorb some of the costs, but this needs to be clarified at the beginning of the planning process. An example of a trade mission invitation that spells out exactly what is being offered. Click on the link to 'Trade mission to Qatar, United Arab Emirates and Saudi Arabia': <http://www.austarab.com.au/trade-missions>

Decide whether to produce a mission brochure. They are useful though costly and it is time consuming to collate all of the information. Here is an example of a brochure produced for an insurance services mission: http://michaelfugler.com/uploads/Trade_Mission_Agenda___Event_Info.pdf

Be clear about who is paying for the brochure, especially if it has to be translated into the local language, which is best done at the Post end. It is never simple to produce these types of brochures. People are slow to get their biographic material submitted, others drop out of the mission and some are added at the last minute. Announce firm deadlines and explain clearly that those who do not submit their photos or data on time will not be included in the brochure.

Try to avoid organizing international travel for participants. They have their own airline preferences, standards and club memberships. Arrange a time and place for everyone to meet at the destination.

One complication arises when a minister or other VIP has their programme organized by a third party, typically somebody from the department of foreign affairs. It is strongly recommended that just one person have ultimate responsibility for the mission programme and they should arrange daily telephone or Skype calls to keep everybody briefed on developments. A change in the minister's programme will have consequences for the rest of the mission's activities.

Hosting a mission involves logistical issues. Try to invite approximately 10 people. More than 20 is unwieldy in business meetings; less than five and some of the impact is lost. When transporting 10 or more people, plus three or four from the embassy and interpreters, a large number of cars or a small bus is needed. Business delegations generally like to travel in cars, but they can get separated in traffic and arrive well after the VIP has been greeted and entered the building. A small bus will keep the delegation together, but this could result in

an 'A' team travelling with the ambassador in the front cars and a 'B' team travelling behind in the bus. This will be a source of friction. The only way around this issue is for the whole delegation to travel in the bus, but this is not always possible for protocol reasons.

Some practical considerations for managing the mission include:

- It is important to have a clearly designated team leader to speak on behalf of the members;
- Set ground rules right at the start. For example, no substitutes are allowed if a mission member cannot make a meeting;
- Explain that there are no refunds after a certain date;
- Expect members to adhere to high standards of personal behaviour during the programme as well as during free time;
- Define dress code as professional;
- Ask everyone to be on time. For example, assemble in the hotel foyer 15 minutes before departure;
- Have a debriefing session at the end of each day to discuss progress and take on board suggestions;
- Ask everyone to agree to adhere to the official programme rather than just choosing sessions of interest.
- Develop a policy on spouse involvement. Usually, an entire separate programme has to be organized and integrated into the official programme. If you have any say in the matter, and you probably will not if a VIP's spouse is included, avoid having spouses involved with the mission.

Measuring outcomes and follow-up

Before everyone leaves the country, arrange a formal meeting to try and capture outcomes. Some information, such as sales figures, may be confidential, but members might agree to share details on the condition that they are not identified. Some results are easy to document, such as meetings with the equivalent chamber of commerce or with government officials, but the outcomes from those meeting might take some time to materialize.

It is extremely important that all promises made to supply more information or to issue reciprocal invitations are followed up swiftly at the conclusion of the mission. Photographs may also need to be sent to the home-country TSI or media. Mission participants may also want photographs for their websites and newsletters. Photographs should be taken by a professional.

A report should be produced to capture the outcomes for a wider audience and to use as a foundation for further trade development.

BRINGING BUYERS TO THE HOME COUNTRY

The traditional role of an FTR is to connect buyers and sellers in the host country. The seller either visits the market or corresponds with the buyer. With greatly improved communications tools such as the Internet and international video conference calls, this is becoming much easier. However, an alternative is to take the buyer to the home market. Bringing the buyer to the home market is practical under the following conditions:

- The products or services are difficult to send internationally. Examples include a coal mine, a specialist school, inbound tourism services or locations for the movie industry.
- The capacity, capability or quality of goods or services of the supplying country are not well known or the country has a negative and inaccurate brand image.
- The sellers have a good product or service but may not be contemplating exporting.
- There is an existing event showcasing a range of products of interest. Examples include a trade fair, an agricultural field demonstration, a fashion week or a software event.
- There are few buyers in the host country. This could apply when there are only a few large buyers of commodity products or infrastructure projects, especially if the buyer wants to see the infrastructure in operation.
- There is an issue about the buyer's confidence in the supplier regarding quality, ability to supply quantities or standards.
- When sellers are reluctant to visit the host market because of reputation or lack of awareness, a visit by buyers can enlighten sellers about the market potential.

- Potential investors, while not precisely buyers, are also a significant target group to bring to the home country.
- Travel or business journalists and TV crews invited to the home country may produce favourable, influential material for their home audience. This is also discussed in the section on Country branding later in this chapter.

Buyer events

There are various ways that buyers can be brought to the sellers. Not all of them involve action by the FTR. Sometimes an industry association might take the initiative; sometimes an individual company may wish to invite a potential buyer or somebody in a position who can influence a decision. Situations where a buyer might be invited or brought to the home country include:

- A single buyer visit and a programme of meetings;
- A buyer mission with a group of buyers and a programme of meetings;
- Events such as a trade display or special demonstration in the home country;
- A conference or technical seminar, usually in conjunction with a business programme;
- A special attraction such as the Olympic Games or an international exposition linked to business meetings.

Similar types of visits may be organized for opinion makers such as journalists, economists, think-tank specialists or academics, in an effort to enlist their services in promoting a positive image of the country.

Box 17: Buyers-sellers events

Any event where buyers and sellers come together is a buyers-sellers event. ITC uses this term to describe activities it undertakes with meetings, which focus on encouraging sales between developing countries, supporting women entrepreneurs or other policy objectives. A number of these meetings have been organized for products such as food, pharmaceuticals and jewellery. They usually have a regional focus, such as Latin America. The format of these meetings can vary, but typically they feature elements of a trade display combined with technical seminars (see www.intracen.org/trade-support/promoting-regional-trade/).

The initiative for these buyers-sellers meetings is most likely to come from the TSI or TPO in conjunction with ITC. An FTR may have little involvement in the initiation stages, although like most collective marketing events, the FTR and the TSI should ensure that there is a good fit between the proposed activity and the business plan for the Post. The role of the FTR will be to help identify the right buyers.

The role of the FTR

Buyers of products or services seek out suppliers who can deliver what they want at attractive prices. They travel or use the Internet without any intervention by an FTR. An appropriate role for the FTR, in the circumstances outlined above, ranges from supplying information about suppliers, to coordinating buying missions from the host country, and all the permutations in between. If there is already a well-established trade fair in the home country, it can be very effective to bring a carefully selected group of buyers to the event or to encourage their attendance.

FTRs need to be strategic. Invest in industry sectors where the home country is strong or has a competitive advantage. There must be a demand or latent demand in the host country so that buyers' visits make sense economically and strategically. In addition, there needs to be support at the home end, either from the TSI or from a producer group or industry association. Usually, this is not too difficult to secure, if the FTR offers to deliver a group of serious buyers right to their door.

The role of the FTR might include some, or all, of the following:

- Identifying the opportunity.
- Identifying and qualifying appropriate buyers. Be careful that you are not organizing a vacation for them.
- Planning a programme for the buyers in conjunction with the home-based organization.
- Approaching the buyers with a formal invitation.

- Negotiating a programme between the buyer and the support organization in the home country.
- Briefing the buyers prior to departure about what they might expect and what will be expected of them. For example, if the visit has been sponsored by the West-Side Coffee Growers Cooperative, the company may not appreciate the buyer leaving for a day to visit the East-Side Coffee Growers Cooperative if the latter has not contributed to the costs of the visit.
- Accompanying the buyer on the visit can result in positive spin-offs, but is expensive in terms of FTR time. Consider whether home-office staff could handle activities in the home country.
- Following up with the buyer after the visit to ensure no loss of momentum.

Often, it is sufficient to offer the on-the-ground programme, but sometimes the invitation might include airfares, accommodation or meals. The more you offer, the more complex the process becomes. An all-expenses-paid trip might be looked upon as a bribe, especially if government officials are involved. This is difficult territory and there are often no clear-cut answers about what is appropriate.

Buyers might need to be approached several times to determine whether they are willing to accept just the on-the-ground programme. The more attractive it is, the more likely they will take up an offer without the added incentive of airfares or other perks. It is usually appropriate to pay for airfares and expenses for a visiting expert or speaker at a seminar. Consider whether the buyer might be approached in this way. Consider inviting the buyer to be a guest speaker at an industry seminar or meeting.

When supporting a group of buyers or a buyers' mission, competition and confidentiality issues could arise between the various participants (the buyers and the home-country sellers). This needs to be handled sensitively, for example by ensuring time is set aside for private one-on-one sessions between buyers and sellers.

Some buyers can be unreasonably demanding and make life very difficult for those organizing a programme. Weigh up whether the likely benefits with this sort of guest outweigh the cost in terms of overworked staff and support people. High-end buyers for high-end outlets do not necessarily buy many products. Better outcomes could be realized from the low-end volume buyer.

Setting priorities

A strategic plan that is agreed upon with the TSI is critical for setting priorities. Your time and energy should be directed into activities that give the greatest payoffs for the lowest inputs. Payoffs should be measured against the objectives of the strategic plan. Here are questions to ask when deciding whether or not to support buyers to visit the home country:

- Is there a match with the Post strategic plan? Is it in one of the priority sectors?
- What is the cost of the exercise likely to be in terms of office time and resources?
- What outcomes are likely?
- Could better results be obtained with less effort, for example by organizing a trade display?
- Will this buyer event have long-lasting benefits?
- Can the workload be minimized by delegating some or all of the organizing to an industry chamber, the TSI, a travel agent or the buyers themselves?

Managing buyers-sellers events

When the buyers-sellers event is staged in the home country, the TSI should take on the role of organizing the on-the-ground programme. This might involve:

- Setting objectives and planning;
- Managing the budget;
- Liaising with the FTR about the buyers;
- Arranging travel and accommodation for the buyers;
- Developing profiles on each of the domestic sellers, including information about their products or services and the company's size, location and capacity;
- Setting up the venue to show or demonstrate the products or services;

- Developing and implementing a programme of meetings between the buyers and sellers, typically on a one-to-one basis;
- Organizing site visits to producers to determine how their products are grown, processed or used;
- Offering seminars to showcase the industry;
- Generating publicity to ensure that politicians are aware of the activities of the TSI and FTR and to attract the attention of other interested sellers.

The FTR's role is to identify the right group of buyers to invite to the buyers-sellers event. Some questions to consider:

- Is the buyer already purchasing this type of product or service or has a serious interest in doing so?
- Has the buyer already demonstrated success in business?
- Is the buyer locked into an arrangement with a competitor supplier?
- Does the buyer have a positive credit rating report?
- Does the buyer have a good reputation in the business community?
- Is the buyer prepared to travel at the time your buyers-sellers event is scheduled?

It is important to work directly with the key decision maker in the organization. Receiving a positive response from a key buyer group and finding that the CEO or chief purchasing officer has delegated the trip to a junior person does not bode well for the success of the event. Decide upon the exact offer you can make before approaching anyone. Be clear about what the offer includes and does not include. For example, does it include first class, business or economy airfare or are airfares not part of the package at all? All offers need to be clarified with the TSI well in advance.

You may also want to consider the buyer's personality before sending an invitation. Although FTRs sometimes have to work with difficult people, try to focus on more positive individuals who are easy to get along with.

Alternative ways to support buyer events

If the event is going to take place with or without the involvement of the FTR, it is best not to get involved. This type of situation can arise when an industry association or private entrepreneur wants to stage an event and have their own set of contacts and buyers they wish to invite. It is likely they will look to the FTR to do as much of the work and accept as much of the costs as possible. Right from the beginning, the FTR should define what can and cannot be done. Incidental assistance can include:

- Sending out invitations to the buyers on the Post's official letterhead;
- Offering a briefing session on what the buyers can expect;
- Providing a meeting room in the embassy or FTR offices for a briefing session;
- Preparing profiles on each of the buyers for transmission to the home-country sellers;
- Organizing meetings with the sellers, usually with the help of the TSI, that are tailor-made to accommodate each buyer's interests;
- Saying goodbye to a group of buyers at the airport.

When the TSI is the organizer, the FTR has little choice but to become heavily involved in the process, although it might be possible for some of the work to be passed back to TSI.

Measuring outcomes

Write down clear objectives for the event. Without articulating clear objectives, it is easy to come away from the event thinking it was successful because things went smoothly with no obvious logistical problems. If no sales were made, no agency agreements signed or secured, or no agreements made to do future business, the event was likely unsuccessful.

All collective events are often only as good as the follow-up. Responsibility for following up rests mainly with the sellers, but the FTR can help by making contact with the buyers when they return and conducting a debriefing session. Debriefing should be fed back to the organizers in the home country, and in some cases, to the sellers. Following up is a process that may continue over years; it can take this long for some deals to come to fruition.

Box 18: Managing invitations

It is vital to have an idea of what will be in the programme, the primary selling point, before approaching the intended buyer. Once an invitation has been issued it is difficult to withdraw it. But until an invitation is issued and people see the programme, they will be reluctant to commit. Do your homework thoroughly before issuing an invitation. Talk to the buyers in an exploratory way to gauge interest and expectations. It may require more than one visit and a personal meeting with the FTR.

It may also be possible to delegate the function of organizing the buyers' group to an industry association. However, there is no guarantee the individuals they select will meet your criteria. They might be the friends of the CEO or those who are owed a favour.

An official invitation with the crest of the embassy carries prestige and encourages a favourable response. It is important to set a deadline. For example: 'Please respond by 12 July. Due to logistics issues, the invitation cannot be extended past this time.'

Add up outcomes and match them against the original objectives. If the results fall short of expectations, remember that we often overestimate the likely outcomes in the short term, but often underestimate them over the long term.

One good metric for deciding how to prioritize work, including buyer missions, is to measure outcomes from similar activities in previous years. If your efforts have achieved high impact, it is probably worth repeating. Follow-up when the buyers return is essential to determine if the mission delivered what was promised and if there were any shortcomings. A similar debriefing from the TSI is also needed.

Finally, ensure all the accounts are in and all bills are paid – hopefully within the budget allocated.

OTHER PROMOTIONAL EVENTS

A range of other promotional events is listed in table 15 earlier in this chapter. They include showroom displays, catalogue displays, product demonstrations and seminars. FTRs can use these events to promote goods or services. Seminars, for example, can be used to promote or explain goods that will be sold direct to consumers or from one business to another, typically as inputs for the second business. Seminars are also of value to service exporters.

These events share most of the management features of trade displays. However, in many cases the FTR and staff may be working with local agents and function as the sole representatives of exporters.

Just as with trade displays, it is important to identify the right target audience. It is not much use organizing a store display to find a distributor. The target audience for a store display or food tasting is the final consumer. The FTR needs to take care of logistics and to assess and follow up as required.

Consider how far the FTR role extends into market expansion – that is, helping an established exporter, (presumably with an appointed agent or distributor), to expand his penetration of the market. This can be a legitimate strategy, but it also takes time away from other activities such as launching new exporters into the market.

Managing a store promotion or food tasting

Store promotions can include a range of events, from huge department store promotions to a simple display in a retail store, or a food tasting in a supermarket. Store promotions typically aim to:

- Convince a store to stock more of an established product or to expand the sales of a particular product;
- Introduce new products into a market;
- Educate consumers about a product;
- Enhance the prestige of products by being associated with a prestigious store.

An in-store promotion can be confined to a certain section of a store or it can extend through the entire store or a chain of stores. The store sees it as a way to attract customers while the FTR may see it as a valuable promotional tool. It can achieve all these aims, but it is not a cost-effective way to identify new agents.

Stores use promotional events to draw people into the store and to increase overall sales, not merely to increase the sales of the products being promoted. A store promotion may be of marginal value in relation to the substantial costs involved. Promotions people in the store sell the concept to FTRs as a special favour, but the store probably derives the greatest benefit. In-store promotions can run for several weeks and may include:

- Special display of merchandise;
- Elaborate store decoration;
- Supporting media advertising;
- Special ceremonies;
- Receptions;
- Appearances of prominent people;
- Demonstrations;
- Entertainment;
- Contests;
- Cultural events.

Food tastings may be much smaller events and involve only one segment of a large store. The objectives might actually be more about obtaining consumer feedback than in educating the populace and making additional sales.

Catalogue and showroom displays

Catalogue displays are an inexpensive way for exporters to find out how much interest there is in their products. The drawback is that the exporter has to rely on FTR staff to show the catalogues. The FTR will not be expert in the products and will be unable to answer many of the questions that arise. The FTR also has to generate an audience. It can be difficult to get busy executives to come to look at catalogues that they can find on the Internet. Generating a quality audience is difficult and time consuming. Although it is inexpensive for the clients, the outcomes are often minimal.

Showroom displays are miniature trade displays, typically managed by the FTR office. Everything necessary to organize a trade display applies to organizing a showroom display. Because there is no external promoter, the FTR must generate the audience and attendees. This is costly and time consuming and it can be difficult to draw a quality audience. It is usually not as cost effective as participating in a well-known local specialist trade fair.

Seminars

Seminars are usually held in a large room or auditorium. Their purpose could include:

- Informing the audience about new products;
- Demonstrating the capability of the home country in a particular industry sector;
- Establish credibility;
- Using a prominent speaker as a draw to build contacts.

A seminar tends to have an educational value, which can be attractive to people who find it hard to justify attending an event such as a trade fair. An audience still must be generated, which is never easy. Sometimes it is difficult to find high-quality speakers. Consider rehearsing with the speakers. Ensure that all presentation materials are of a high standard and check to make sure the audiovisual equipment works. Have back-ups.

A public seminar by a trade mission can be a good way of reaching a wider, interested audience. The seminar can be relatively inexpensive and easy to organize, with the exception of generating the audience. Try to piggyback on some other event, such as a trade fair.

It is often possible to participate as speaker in seminars organized by host-country organizations, such as a textile and garment association or supermarkets association. This is a powerful way to promote the home country generally or in specific sectors. It is also cost effective because the promoter has done most of the work in organizing the event and generating the specialist audience.

Today it is possible to achieve much of what a seminar can offer with online conferencing.

MANAGING COLLECTIVE EVENTS VIA THE INTERNET

There are many ways to use the Internet to manage collective events, most of which are available to the FTR. One example is the 'webinar', or web-seminar. A webinar allows FTRs or sellers to give a presentation over the Internet (see www.ehow.com/how_2073536_run-webinar.html).

Participants can view charts, graphs and photographs and can anywhere in the world. If they can access the Internet, they can access the meeting.

Other online conferencing software runs video conferencing with features that enable users to:

- Manage meetings with up to 2,500 people;
- Integrate audio and video conferencing;
- Dial-out to invite colleagues to the live meeting;
- Schedule meetings from Microsoft Outlook or from the software;
- Receive instant feedback with real-time voting and run live question and answer sessions to capture feedback;
- Prepare handouts to distribute before or after the live meeting;
- Capture leads immediately using the software;
- Follow up on leads semi-automatically.

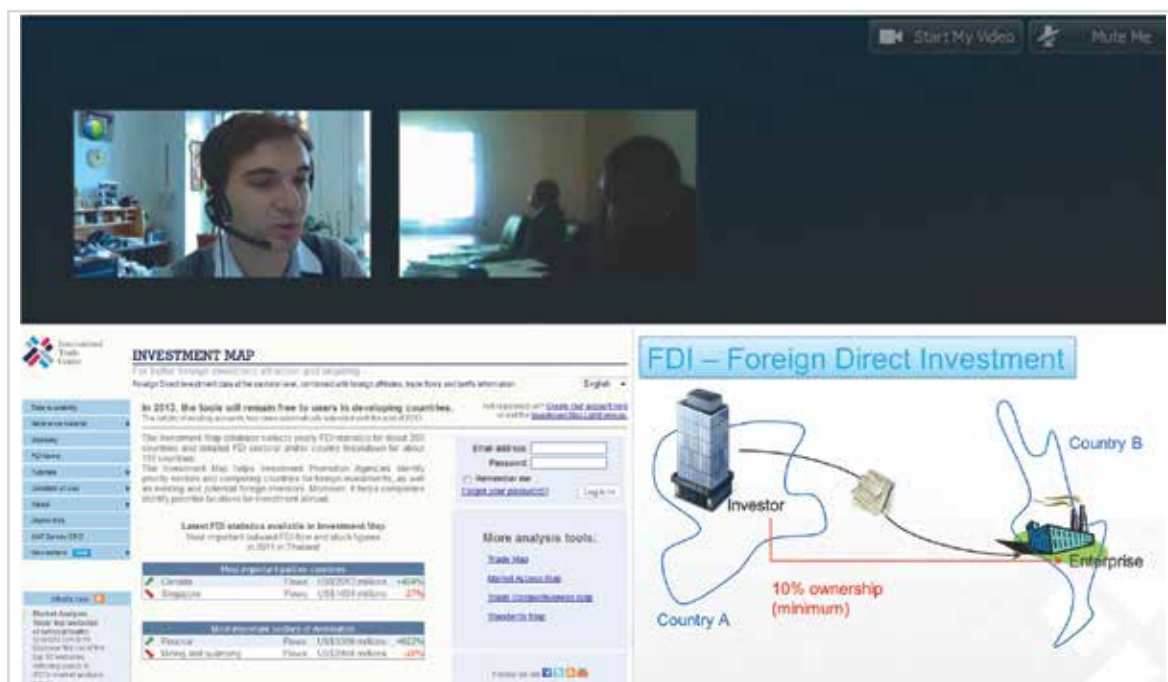
Virtual meetings can be held for exporter briefings, consultations with head office, planning sessions, training and brainstorming (see <http://thenextweb.com/lifehacks/2012/06/04/how-to-moderate-a-brainstorming-session/>). Virtual meetings can also be organized between buyers and sellers or to hold a virtual trade display.

A variety of software is available to help you manage a webinar: www.gotomeeting.com/fec/webinar; www.btconferencing.com/products-and-services/web-conferencing/.

The advantage of virtual conferences is that it does not require expensive and time-consuming international travel and brings together participants from different areas. A downside is that although the conferencing tools are now very good, there are challenges with keeping everybody connected. They also lack the intimacy that a face-to-face meeting brings.

Virtual conferences can be restricted to invited participants or widely advertised. Participants are typically required to register so their details can be captured. Some software for managing online conferences includes built-in systems for follow-up and appraisal. Participants automatically receive an assessment form to fill in online. Additional details about companies may be captured as participants register.

If the office of the FTR does not have the capability to run Internet conferences, facilities are available in large cities. They usually offer technical support. Numerous websites exist to help users run more effective online conferences (see: www.ehow.com/video-conferencing/). One good tip is to conduct a practice run before holding the conference with clients.



A webinar is a seminar online. This example takes place between ITC and Namibia's Investment Centre.

WORKING WITH FOREIGN MEDIA

Foreign media can be useful to an FTR, but it is difficult to interest news agencies in stories about business deals. The exception is the specialized industry journals, which are always looking for relevant material. It is advisable to offer them an article and photographs that are ready for publication.

Handling negative press about the home country or its products must be done carefully. It can be helpful to have access to experienced public relations agents to deal with this. Depending on the severity and subject of a negative story, the ambassador or others within the embassy may wish to get involved.

Trying to place positive stories in the media takes a lot of effort and reaps little reward. However, media can help extend the reach of a trade mission, especially if the trade mission has a purpose that goes beyond signing export contracts. An example would be a shift in the country's trade policy.

Local media outlets are usually more interested in what their country can sell to the home country than the other way around. When interviewed by a journalist, be prepared for this type of questioning.

There are other ways to work with local media to your advantage. For example, contact a think tank that is already interested in the home country or a specific topic. Fashion photographers might find the home country an interesting place to develop a catalogue. Food writers may want to write about unique food products. Specialist writers can also be invited to trade shows. Writers may not always write the story the FTR is looking for, but it could result in publicity.

COUNTRY BRANDING

Foreigners are more likely to buy from, and invest in, a country that has a positive image. Country branding or nation branding is a strategy that aims to measure and manage the reputation of countries. One concept of measuring global perceptions of countries across several dimensions, including culture, governance, people, exports, tourism, investment and immigration, is the Anholt Nation Brands Index (see www.simonanholt.com/Research/research-introduction.aspx). There are other similar indices. For a discussion of the issues surrounding export promotion and national branding, consult ITC *International Trade Forum* magazine: www.intracen.org/Is-There-a-Case-for-National-Branding/.

Building a positive image

FTRs may have a role in helping to build a positive image of the home country. This is a long-term exercise and is frequently offset by international events. It may be better to use other market entry strategies. For example, some companies set up local manufacturing facilities and appear to locals as a home-grown company, thus bypassing national image issues. In addition, when dealing with a commodity like sugar, there may be only one or two major buyers in the host country. It is their opinions that really count and they are not as likely to be swayed by national image as by their experience of working with exporters. The consumer is most likely unaware of the origin of the sugar they are consuming.

Well-produced television programmes featuring the best of what a country has to offer can be very helpful in changing attitudes, because they reach so many people. But it is not easy to persuade television networks to air what may be considered propaganda. Sometimes travel journalists are invited to a country and will publish a positive article. This is a relatively cost-effective way of improving a national brand.

Turning around a negative image

Changing a national brand is very difficult. Turning around a country's negative image is not simply a matter of handing out media releases. As Simon Anholt of the Anholt Nation Brands Index points out, the country itself needs to change. An enormous amount of money can be spent on advertising, but the national image can be damaged instantly by a small incident.

A national branding strategy will most likely be driven by home-based organizations. The TSI may not be managing the strategy, as national branding has elements that extend beyond trade. FTR involvement may be limited to identifying an appropriate advertising or public relations organization and managing it. In the course of normal promotion activities, such as giving speeches or presentations, FTRs can emphasize the positive and dispel incorrect negative images with facts.

SECTOR BRANDING

A branding strategy is often developed for a specific sector in which the country has strengths. For example, ITC helped Sri Lanka develop a branding and marketing strategy for sapphires (see www.intracen.org/WorkArea/DownloadAsset.aspx?id=52045). Typically, the strategy is developed almost wholly within the home country by an industry association together with a TPO or specialist TSI. The strategy may be supplemented by survey work in Post countries.

The FTR may become involved in supporting these strategies when they overlap with the Post activities such as participating in trade displays, advertising campaigns, seminars or other promotional activities. The Sri Lankan sapphire strategy included creating a consortium of leading jewellery makers in the country that developed a showcase collection. The collection was promoted through:

- Special events in selected markets for trade buyers and the media;
- Trade shows such the Ceylon Sapphire Pavilion in Japan, Germany, Switzerland and the United States;
- A Ceylon Sapphire Collection catalogue and website;
- Editorial coverage in trade and consumer magazines;
- Point-of-sale material for retailers.

FTR involvement in this type of sector strategy is liable to be limited to in-country events for the first two events and possibly the last one. To be effective, these campaigns must run over a number of years rather than being an isolated exercise. It is difficult for industry and governments to sustain the momentum of these strategies over many years with constantly changing economic and political circumstances.

Sector-specific branding strategies can emphasize and build on local strengths such as:

- Garments produced without using child labour;
- Quality-certified producers, especially for organic foods and pharmaceuticals;
- Ecologically sustainable materials;
- A geographic or regional origin that may have value in the market;
- Products produced by women entrepreneurs.

Sector-specific strategies can increase brand and country recognition as well as build a reputation for quality. This in turn can increase sales and prices for a large number of potential exporters. It is worthwhile devoting Post resources to such projects, although it is often difficult to predict precisely the outcomes. Outcomes will be most obvious over a period of years when trends can be identified.

MARKETING CAMPAIGNS

Marketing campaigns usually combine different techniques to persuade consumers to change their attitude towards a country, buy more of a product or try a product for the first time. An FTR can become involved in marketing campaigns at:

- National level, which generally involves improving or building a country brand or national image;
- National commercial level, which involves changing attitudes towards products from your country;
- Product level, which involves selling a particular product.

A national image campaign

A national campaign may be coordinated out of the ambassador's office and frequently has goals that go beyond the commercial level. It could aim to improve the popular acceptance of defence pacts or change attitudes towards the arts. Most country branding campaigns (see earlier in this chapter) have a strong commercial dimension and the FTR is likely to be involved.

Because it is difficult to measure the benefits of these campaigns, it is generally not done. Some qualitative assessments are typically made at a high level. For example: 'The country received invaluable positive publicity.' However, from the perspective of the FTR, national marketing campaigns are expensive in terms of time and resources and will not result in many, if any, signed commercial deals. Without carefully designed 'before and after' surveys of particular target groups, the claims of success are meaningless.

For a national marketing campaign, the FTR office may become involved in organizing:

- National days, which might feature food and entertainment from the home country;
- Department store promotions, which may feature the home country for a month as a partner country;
- Large trade fairs as a guest nation;
- Major arts festivals as a guest nation;
- Media campaigns, including television and radio, newspapers, Internet and perhaps a visiting journalist programme;
- Visits by major trade missions led by a senior minister, prime minister or VIP;
- Major tourism promotions involving television, advertising, competitions or travel packages;
- Sister-city exchange programmes (see box 10);
- High-profile awards by the home country to prominent people in the host country;
- Exchange programmes for students and technologists;
- Events involving companies from the home country that have a presence in the host country. These could include a dinner, reception, display or sports event.

A national products campaign

A national commercial marketing campaign includes many of the same elements as the national campaign, although the objectives are probably more narrowly focused. The FTR might be drawn into a national campaign to redress out-of-date attitudes towards the health status of products from the home country, for example foot-and-mouth disease or mad-cow disease in meat. Or the FTR might wish to demonstrate to government and buyers in the host country that the home country has a highly developed computer software industry.

The FTR office may be heavily involved in major campaigns to try and change attitudes. They can be expensive and demanding in terms of time. Ideally, an expert can manage the whole campaign. The FTR is likely to need to call on local public relations and advertising specialists to assist in delivering the programme. A large, commercially-focused marketing campaign might include:

- A visit by a specialized trade mission;
- Technical seminars;

- A major presence in a national trade fair;
- A media campaign;
- Invitations to journalists to visit and report on the home country;
- Support for a buyer mission from the host country;
- Formal discussions about a free trade agreement or the reduction of trade barriers;
- Technical training scholarships.

In some instances, already-scheduled activities can be included as part of the overall campaign, for example participating in a trade fair. An event such as a trade mission can be refocused to align with the national marketing campaign. In this way, the FTR can deliver against the demand for a campaign, while meeting the office's commercial objectives.

These campaigns can change attitudes in both countries and build strong commercial links and partnerships that endure and grow. Sometimes they transform the trade environment in such a way that consumers who were once reluctant to buy products from the home country now seek them out.

This change in attitude could be measured by surveying the attitudes of business people, consumers, students or government officials before the campaign, a week after the campaign and again a year later. Targeting surveys to specific age groups could also be useful, for example, women between the ages of 25 and 45 or males over 40. This information can be useful when designing subsequent campaigns. It is also a tangible deliverable.

A marketing campaign for a specific product

The FTR may be asked to help develop and manage a campaign for a specific product or to or to expand sales. While this is something the FTR office could do, it is better to designate this task to local marketing professionals. An FTR can spend a lot of time on a marketing campaign for a single company and have very little to show for the work.

If the company is already established in the market with an agent, the agent should manage the campaign. If the company is not established in the country, a marketing campaign is rarely the best way to locate distributors, agents or partners. A tailored consultancy is probably the best way to seek out such partners.

Nevertheless, the FTR is likely to be drawn into such campaigns and there are several ways to handle it:

- Manage the whole campaign, which is very resource-intensive;
- Hire a professional company on behalf of the client and provide general oversight and supervision;
- Provide incidental support by assisting with mailing lists or officially opening a store promotion.

There is a low return for effort with such specific marketing campaigns. If the work is done for one company, the benefits flow only to that company. The results are higher when a group of clients is supported and resources are combined for a joint marketing promotion. However, a group marketing campaign quickly becomes similar to the national commercial marketing campaign, although more tightly focused.

It is relatively easy to measure some outcomes from such events by examining a change in attitudes by key groups, new contracts signed or under negotiation and media coverage.

INVESTMENT PROMOTION

When promoting investment into the home country, a large proportion of time will be spent identifying potential investors. Ideally some priority sectors or regions will have been identified by home-based organizations to help focus efforts. They will be guided by principles outlined by UNCTAD (see http://unctad.org/en/PublicationsLibrary/webdiaepcb2012d6_en.pdf). Without this guidance, set parameters based on the FTR's knowledge of sectors open for investment, or approaches from individuals or companies seeking investments. Narrow the field of research to effectively target potential investors.

If a potential investor does not fit the target groups, use experience and knowledge to determine whether this investment is possible and welcomed in the home country.

A range of techniques can be used to identify investors in the target groups, including:

- Conduct desk research. Look for companies that already have foreign investments or those that are managed by expatriates. They may be more open to foreign investment opportunities;
- Study company websites;
- Attend conferences and seminars, as a presenter or participant, to find a more targeted audience;
- Use VIPs or credible individuals from the home country or successful host country investors to encourage people to attend a seminar;
- Establish links with accountants and investment banks so they will refer clients. This requires establishing a measure of trust because they will want to retain the potential investor as their client;
- Work with host country agencies. Often these agencies want to attract foreign investment from the home country. If you are helpful, they might return the favour. Demonstrate that confidentiality of information is assured about investors' intentions;
- Arrange visits by government VIPs, which provide an opportunity to meet with top-level people in their companies and discuss investments;
- Use the FTR website as a passive tool to attract investors. The website should emphasize how the FTR office can add value to a potential investor's planning. It can also contain the economic information investors seek. Do not exaggerate, but put the best spin on the economic data;
- Conduct a basic credit agency check on the organization.

Meeting potential investors

After identifying potential investors, arrange a meeting. Sometimes investors will approach the Post office, but there is fierce competition for investment. Your voice needs to be clearer and more assertive than the others.

Securing a meeting with the right person can be a challenge. Research potential investors, their businesses and the home-market potential. Preparation is key – the home market needs to be sold as an attractive investment. They will invest only when they can anticipate a good return.

Do your homework. Know about home-country investment laws and the business environment before arranging a visit. Present viable investment opportunities. Collect case studies about successful investors. Be prepared to talk about rates of growth and GDP per capita and recent developments in the target industry. Have something to offer. A good understanding of the company is critical if you are to be taken seriously.

People with money to invest are busy and in demand. They may already be trading with the home country and investment might be a natural progression. This makes the job easier. In most countries a meeting is requested by letter or e-mail on official letterhead. The letter should describe why the company might be interested in the investment proposal. Cold calls are more difficult and less successful, but if it must be done, keep the visit short and to the point. Be sure to learn whether there is any interest in investing and in visiting the home country.

Another way to secure an appointment is to be introduced by a local government agency or investment bank or accounting firm.

A meeting is also an opportunity to ask questions. What is the company's strategy? What type of opportunities would be attractive to them? Which sectors are they interested in? Would they be willing to invest up to US\$ 50 million?

Bring materials, such as fact sheets and useful information about the target industries. Coffee table books with photographs can leave a favourable impression, but factual materials have impact. Be confident about adding value to any investment investigation and make the home country appear as a very attractive place to invest. All countries have deficiencies. Do not despair if your home country seems to have more deficiencies than most. Look for sectors or opportunities that will be attractive despite challenges and emphasize favourable investment factors. Examples include low labour costs, high growth rates, low taxes, strong government support and rich natural resources.

After the first meeting, return with researched opportunities that fit company criteria. This is an opportunity to test whether they are serious. If there is no response after a week, it is likely an indication of lack of interest.

When is an invitation appropriate?

Once a potential investor has demonstrated significant interest, arrange to visit the home country. Ensure any investor is serious and not an international tourist. Many countries facilitate or underwrite visits by targeted potential investors. There should be Post rules for managing these visits, but typically the TSI or investment organization manages the visit within the home country.

Visits may include meetings with the government bodies responsible for foreign investment and, depending on the visitors and the project, meetings with government ministers. Securing head-office support is not always easy. Your project will be competing with others. Having organized, well-presented facts will help.

Issuing invitations

In many cases, when private-sector investment is involved, the organization in the home country seeking investment will issue the invitations and organize a programme. It may be sufficient to offer a programme for the visitor. This bypasses the need for the FTR to organize complicated travel arrangements. When issuing invitations for potential investors to visit the home country, consider the following:

- Have a clear idea about what investments appeal to the visitor. This may involve several conversations to narrow the scope.
- Keep conversations at a high level initially, but ensure that information about foreign investment laws has been shared.
- Contact the TSI to see if there are realistic investment opportunities.
- Thoroughly brief the TSI about the investor's interests and capacity.
- Inform the TSI about dietary requirements or special interests, such as sightseeing.
- To avoid misunderstandings, the invitation needs to be clear about what is covered. Clarify whether first class, business class or economy air travel is provided and is tied to a particular airline, whether domestic transport is part of the package, and if accommodation is provided. Describe the standard of the hotel and indicate which meals are not included.
- Avoid an all-expenses-paid invitation. Some visitors will order expensive meals and gifts, and make expensive phone calls. Remember that an investor stands to gain from finding a good investment prospect.

Follow-up

Schedule a meeting with investors when they return from the home country. Ensure that any promises made by either side are fulfilled. This contact cements the relationship with the potential investor. More time or more information may be required, which the FTR may be able to supply.

If the company is interested in investing, it may be seeking funding. This is an opportunity to introduce the company to banks in the home country, as well as assist with obtaining working visas. The company may also need legal help.

Keep officials in the home country informed about your involvement and results.

FACILITATION SERVICES

Trade facilitation services make international trade possible. Trade facilitation is the simplification and harmonization of international trade procedures, including import and export procedures. The facilitation services discussed in this section are those where the FTR has a clear comparative advantage in delivery.

The table assesses the likelihood of securing real export business from these types of activities in the medium term (one to three years). All of these services are forms of facilitation; they help smooth the business of trade or they establish the environment in which trade can take place. These services will not generate export deals directly. As a result, the ratings in the third column are rather low. However, in the long term, these services can bring large benefits.

Table 17: FTRs and facilitation services

Facilitation service	Comparative advantage of the FTR in delivering: 5 = great advantage 1 = little advantage	Likelihood that FTR service generates export business
Participating in trade negotiations	4	Low
Lobbying in the market (FTR)	5	Medium
Solving trade disputes	5	Medium
Following up on trade agreements	4	Medium
Translation – interpretation	4	Low
Office facilities	4	Low

Sources: The list of services and comparative advantage of the FTR in delivering the service was derived from: 'Strengthening Foreign Trade Representation. Methodology'. Unpublished paper produced by ITC, November 2011. Column 3: 'Likelihood that FTR service generates export business' is based on the author's own experience of outcomes.

TRADE NEGOTIATIONS

Trade negotiations in the broadest sense are any type of negotiation between buyers and sellers. FTRs can become involved in three main types of negotiations:

- Negotiations between companies about trade issues, including price, quality, standards, packaging, delivery, rejection of shipments and payments;
- Multilateral trade negotiations between multiple countries;
- Bilateral trade negotiations, typically between the home country and the host country.

Negotiations between companies

The FTR may be drawn into private negotiations between buyers and sellers, especially when the sellers need to learn about what local buyers expect or require information about market norms. Try to avoid being drawn into private negotiations so as not to be blamed for things that might go wrong later. Offer advice and information but do not become directly involved as a negotiator. Sellers should make the decisions and take responsibility for them.

There are many sources available on the Internet to help business people with negotiations (see appendix VI for more details):

- www.globalnegotiator.com
- <http://leadershipcrossroads.com/negintbiz.htm>
- www.colorado.edu/conflict/pea
- www.pon.harvard.edu/tag/international-business-negotiation/

Multilateral trade negotiations

The term 'trade negotiations' now tends to be applied to negotiations between multiple governments about the laws that govern trade. These include issues such as:

- Tariffs;
- Non-tariff barriers;
- Excise duties;
- Export subsidies;
- Preferential trading arrangements;
- Other taxes affecting imports;
- Quarantine and phytosanitary regulations;
- Import quotas;
- Import licensing;
- Export licensing;
- Safety and health regulations.

Global multilateral trade negotiations held under the auspices of WTO and its predecessor, the General Agreement on Tariffs and Trade (GATT), aim to reduce formal and informal barriers to trade. These negotiations are usually handled centrally by a formal team and representatives to WTO. The Doha Round of negotiations, which began in November 2001, was the last large-scale formal round and has not yet been resolved.

The Business and Trade Policy programme of ITC aims to ensure that when governments are developing trade policies they consider the concerns and ideas of the private sector. However, this does not usually involve the FTR (see www.intracen.org/trade-support/impacting-trade-policy/).

FTRs attached to the embassy are likely to be involved in government negotiations. If the FTR is a representative of the private industry associations, the role may be more subtle. The FTR is involved peripherally by supplying information about trade barriers in the host country; talking to local trade policy experts and negotiators about negotiating positions and issues; and perhaps, under instruction from head office, by testing out whether an offer by the home country would be attractive to the host country.

The WTO multilateral negotiations have a long history and a language of their own. This is the realm of specialists rather than of FTRs, who have direct marketing responsibilities and are not versed in the intricacies of WTO. There are other multilateral negotiations concerned with local free trade agreements.

If the FTR is assigned by head office to test a proposal with the host country, here are a few issues to keep in mind:

- A full briefing by head office is critical and should include the history of negotiations between the countries;
- A very clear understanding of expectations is needed;
- Never go further than the brief allows;
- If given licence to explore possibilities for a particular measure, ensure that you clearly understand your home country's position.

The FTR has an advantage in the realm of local knowledge. In trade negotiations there are likely to be companies that will ultimately benefit, but there will also be losers that will be opposed. The local government must be sensitive to the politics of change. With local knowledge, the FTR might bring perspective into the discussions for the home-country negotiating team. The FTR may also be aware of what the host country would like from the home country. This can be the basis of the negotiations.

There is abundant literature indicating that reducing trade barriers brings benefits, whether or not other countries reciprocate. But the basis of most trade negotiations is that countries like to try to keep a rough parity between what they expect to gain in terms of increased markets and what they will lose in terms of increased access allowed to the home market. Negotiators are always looking for 'negotiating coin' – concessions that they can offer to other countries that will not be too politically painful to implement. The FTR is well placed to suggest what might be used as negotiating coin with a specific country.

Bilateral trade negotiations

The FTR will almost certainly become involved in bilateral trade negotiations. Negotiations between the home country and the host country might involve issues such as contaminated shipment of goods leading to a ban on sale of products from the home country. It might concern import licensing that reduces the market for the home country's products. For WTO members, any trade liberalization must be done on a 'most-favoured nation' basis. That is, all WTO members enjoy equal treatment. If the home country is a competitive supplier, this should not be an issue.

The FTR might be called in to negotiate with local ministry officials about the quality or standards of goods from the home country. This could involve providing proof that the requisite standards and phytosanitary treatments have been applied or that standards match the local standards so that goods do not have to be retested. There are many issues that might require a government-to-government agreement.

Free trade agreements

Free trade agreements are negotiated multilaterally and bilaterally. FTRs will almost certainly be involved in bilateral negotiations. The TSI or the ministry responsible for the free trade agreement will do the majority of the work. Meetings between officials and industry association representatives fine-tune the details. FTRs are likely to be involved to explain local sensitivities and suggest possibilities for trade-offs. Much of the detailed work is likely to be handled by home country trade policy experts.

LOBBYING IN THE MARKET

Lobbying is a form of support or persuasion used to influence buyers. It can take many forms. At its simplest it could be writing a letter describing the strengths of a seller, for example, that they are well-known in the home country, have been in business for 35 years, employ 10,000 people and so on. Be confident about the facts. There can be profoundly damaging consequences for the FTR and the home country if the facts are incorrect.

Unscrupulous home-country companies routinely seek FTR endorsement because it enhances their bid. Do not give support carelessly. Once trust is lost, it is almost impossible to regain.

For large projects, large-scale lobbying might be needed. This involves high-level meetings with ministers or other officials, or a trade mission for sellers to demonstrate or talk about their products, expertise and experience. It may also involve dinners, receptions and lunches where the critical players are brought together. The FTR role is to bring the parties together and act as a conduit for the flow of information to higher levels. In this instance, the prestige of the FTR office is important.

Lobbying can be of a pre-emptive nature. As an example, one FTR realized that the host country was planning future ports for coal and iron ore with a maximum capacity for ships of 95,000 tons. At the same time, international trade was moving towards much larger ships with greater capacity and greater economies of scale. The planning ministry was informed, took corrective action, and ensured access for future imports from the home country.

Lobbying is ultimately about showcasing the home country and sellers in the best possible light. It is not about distorting the truth. It is about ensuring that the real decision makers are well-informed about products and services.

Sometimes an offer for a supply or construction contract comes with a financial or aid package, which complicates the assessment process. If other countries are offering inducements, ensure that the home-country TSI and sellers are informed about the package.

TRADE DISPUTES

National and international law

Every country has its own legal system with two major components: private law and public or administrative law. Private laws form the framework within which individuals and corporate entities define their relationships and settle their differences. Public or administrative laws are those that the state imposes on individuals and corporate entities to regulate the relationships between them, and between them and the state.

In commercial transactions between exporters and importers, private law governs the performance and conclusion of an export contract or agreement. Public or administrative law regulates foreign trade.

The United Nations Commission on International Trade Law (UNCITRAL) has developed a series of conventions and model laws designed to harmonize domestic laws that are applied to international trade. UNCITRAL's function is to modernize and harmonize international business rules. UNCITRAL's 60 member states reflect a range of geographic regions and different legal systems (see www.uncitral.org/uncitral/en/index.html).

A convention is an instrument that is binding under international law on states and other entities with treaty-making capacity that choose to become a party to that instrument. The following conventions have been negotiated under UNCITRAL:

- The Convention on the Limitation Period in the International Sale of Goods (1974);
- The United Nations Convention on the Carriage of Goods by Sea (1978);
- The United Nations Convention on Contracts for the International Sale of Goods (1980);
- The United Nations Convention on International Bills of Exchange and International Promissory Notes (1988);

- The United Nations Convention on the Liability of Operators of Transport Terminals in International Trade (1991);
- The United Nations Convention on Independent Guarantees and Stand-by Letters of Credit (1995);
- The United Nations Convention on the Assignment of Receivables in International Trade (2001);
- The United Nations Convention on the Use of Electronic Communications in International Contracts (2005);
- The United Nations Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea (2008).

In addition, eight sets of 'model laws' have been drafted for individual countries to adopt and implement. A model law is created as a suggested pattern for lawmakers in national governments to consider adopting as part of domestic legislation.

International rules without the force of law

There is a body of rules in international relations that do not have the force of law but are nevertheless important. Some rules have been universally applied and accepted. For example, the uniform rules made under the auspices of the International Chamber of Commerce (ICC) in Paris are not mandatory, but have been almost universally accepted. Examples include ICC's International Commercial Terms (INCOTERMS) and the Uniform Customs. The Uniform Customs and Practice for Documentary Credits (UCP) used by banks around the world was originally negotiated by the ICC (see <http://www.iccbooks.com/Product/ProductInfo.aspx?id=456>).

International law governing international trade is a complex area. Lawyers specialize in this field of law or one of its many sub-branches. FTRs should leave the legal issues to professionals wherever possible.

Legal issues and the Internet

The growth of the Internet has largely outstripped the capacity of lawmakers to control and regulate it. In fact, many argue that it is beyond the reach of governments and cannot be regulated. However, there are a range of issues that users and regulators are wrestling with at the domestic level including:

- Children's access;
- Electronic commerce;
- Hacking;
- Cybercrime and cyberterrorism;
- Electronic signatures;
- Music and book piracy;
- Encryption;
- Spam mail
- Verification;
- Privacy of personal information;
- Trademark, patent and copyright protection;
- Database protection;
- International taxation, jurisdiction and compliance;
- Unfair contract terms and consumer protection;
- Enforcement of legal rights.

These issues affect every country and overlap borders, making the internationalization of law a necessity (see www.hcch.net/upload/wop/e-comm_craig.pdf). Governments and international organizations are debating how to deal with these issues, but with the speed of the evolution of the Internet and its services, it is an ongoing battle that will continue for some time.

FTRs may need to deal with issues involving the Internet that arise for companies from the home country as well as those that arise domestically. There may be some local remedies for some problems such as piracy, but many may have no simple solutions.

It is important to keep the TSI informed of any problems. It may be possible to include some redress in bilateral trade agreements. It may also be worthwhile drawing the issue to the attention of the local trade department as their exporters may be facing the same problem in the home country and elsewhere. It may be possible to work out a pragmatic solution that will work until multilateral agreements catch up with the real world.

Trade disputes

There are many ways for a dispute to arise. However careful parties to an international trade transaction try to live up to their commitments, trade disputes, disagreements and claims and counter claims are bound to occur.

Many disputes are a result of simple misunderstandings and others are driven by the changes in market forces – for example, a drastic decline in world prices since the contract was signed. Some are dishonest practice or fraud.

Complaints may originate with:

- A local importer against an exporter from the home country;
- A local exporter against an importer in the home country;
- A home-country exporter against a local importer;
- A home-country importer against a local exporter;
- A private or a government entity in either country over a matter of infringement of industrial or property rights;
- An agency in either country over such matters as inspection, testing or surveying goods; counterfeit goods; collecting bad debts; distress sales; possible legal action; lack of action with agreements; and issues relating to the Internet.

One of the ways to manage disputes is to help companies avoid them in the first place. Suggest that companies have agreed on appropriate dispute resolution procedures before doing business. When a dispute arises, there is an agreed, clear path forward for the parties to the dispute that does not involve the FTR. This should be an important exporter-education role for the TSI.

Trade disputes are counterproductive. They sap the time and energy of all parties involved and can be costly and damaging. Anything that can be done to minimize disputes is likely to be a good investment. There are some actions that the TSI and FTR can take to minimize trade disputes. Most only address complaints made by local importers about your exporters. But these are a significant source of disputes.

TSI or FTR exporter training or education campaigns should emphasize the following:

- Maintain communications with the importer. If a shipment is missed, the exporter should let the importer know immediately and look for a solution in cooperation with the importer.
- Deliver according to any samples supplied and with any standards set. If the sample is high quality and the actual shipment is low quality, a dispute will almost certainly ensue.
- Pack the goods well. Look for best practice in packaging and emulate it. Many disputes arise because of damage attributable to poor quality packaging. These can be avoided.
- Assume good faith on the part of the importer and give the company the benefit of any doubt. Often disputes arise through misunderstandings and cultural differences.
- An exporter should enter into any sale with a view to building a long-term business relationship with the importer. Ultimately, building business is what both parties desire.
- If there are changes in the marketplace that affect the importer's ability to pay or to continue importing, look for creative solutions to retain the business and the connection over the long term. For example, it may be possible to extend the terms of credit. When conditions improve, the home-country exporter will have a very supportive agent.
- Take time when appointing agents or representatives. Having an importer with high ethical standards can reduce the level of disputes dramatically.

Arbitration

The resolution of disputes arising from international commercial contracts is widely conducted under various major international institutions and rule-making bodies. The most significant include:

- International Chamber of Commerce (ICC);
- International Centre for Dispute Resolution (ICDR);
- The international branch of the American Arbitration Association (AAA);
- London Court of International Arbitration (LCIA);
- Australian Centre for International Arbitration (ACIA);
- Hong Kong International Arbitration Centre (HKIAC);
- Singapore International Arbitration Centre (SIAC).

There are also private organizations such as JAMS International. Specialist alternative dispute resolution (ADR) bodies also exist, such as the World Intellectual Property Organization (WIPO), which has an arbitration and mediation centre and a panel of international neutral parties specializing in intellectual property and technology related disputes (see www.wipo.int/amc/en/).

Countries that have adopted the New York Convention (1958) have agreed to recognize and enforce international arbitration awards. In practice, this means that under the provisions of the New York Convention, arbitration awards are generally easier to enforce in other nations than court judgments. An international award originating in a country that is a party to the New York Convention may be enforced in any other country that is also a signatory, as if the award were actually rendered by the domestic courts of that second country.

There has been a move towards using arbitration as a way of settling disputes rather than resorting to domestic legal systems. One of the problems of securing a judgment in one country has been to get it enforced in another country where the 'at fault' company may be domiciled.

Conciliation

An increasingly popular way of settling disputes is conciliation. Under the model rules for conciliation proposed by UNCITRAL, the parties appoint up to three conciliators. They hear from both parties and attempt to arrive at an agreement, which the parties sign.

Advantages of conciliation include speed, lower cost and perceived fairness. National or international legal proceedings are long and expensive and generally work on the premise that one party is at fault, resulting in a winner and a loser. Under conciliation, both parties usually have to give some ground.

Legal proceedings

When all else fails, the parties can resort to the formal legal system. Typically, they will have stipulated in their contract the form of law to be applied in the event of a dispute arising. For example, it could be the law of New York. Under these circumstances, the parties to the case and the witnesses must travel to New York.

Once a judgment is made, it has to be enforced, which is not always straightforward. For example, the parties might be from Argentina and Japan. If the judgment in New York is made in favour of the Argentinian company, it may have to resort to the Japanese legal system to have the judgment enforced. This is costly and complex, which is why arbitration and conciliation have become increasingly popular.

A major drawback to legal proceedings is the bad feelings generated on both sides. It could mean there will be no further business between the parties, although this is not always the case.

Avoid becoming involved in commercial disputes

The FTR should avoid becoming involved in any form of legal dispute. There may already be a dispute settlement written into the contract, which will not involve the Post office. Specialist knowledge of international law is required. Legal disputes are time consuming – time that is not being allocated to new export deals.

However, there will be times when the FTR is drawn into disputes. In every case, the role of the FTR is that of a neutral intermediary. Limit assistance to informal and conciliatory efforts and to clarify misunderstandings. If it is unavoidable to become involved, the following guidelines may help:

- Before even taking up the Post, ascertain whether any treaty prevails between your home country and the host country that governs trade disputes;
- Find out whether the host country is a signatory to the various conventions, especially the New York Convention (1958) governing arbitration, and whether the home country has ratified these conventions;
- If a complaint is received, pass the details to the other party in a neutral way and feed the response back to the initiator of the complaint;
- If clarification does not resolve the complaint and it has turned into a dispute, suggest conciliation to the parties;
- If conciliation is unacceptable to either party, find out whether arbitration is required under the contract. If not, suggest an appropriate arbitration procedure to the parties;
- Do not recommend legal action in national courts except as a last resort.

Disputes involving governments

Occasionally, exporters may encounter perceived unfair treatment by government officials in the host country. This could be in relation to import controls, quarantine standards, unreasonable delays in processing, or any number of issues. These difficulties may be resolved by arbitration or the legal system. In these circumstances, the FTR does have an important role and is best placed to resolve.

As with most complaints, clarify the facts as much as possible. If the complaint seems legitimate and the terms of a trade agreement is being violated or if there is some other form of apparent unfair treatment, then escalate the issue. It is worth checking with FTRs from other countries to see if the issue is more widespread and what their governments are doing, or thinking of doing. This would be useful intelligence.

There are several ways to proceed. An issue involving the government should initially be raised through formal diplomatic channels with the approval of the ambassador and the TSI. This is likely to be done with a visit to the appropriate ministry, leaving either an aide-memoire or a *note verbale*. (A *note verbale* is a diplomatic communication prepared in the third person and unsigned. It is less formal than a note, but more formal than an aide-memoire.) The ministry would be expected to respond. Further action would depend on the nature of the response. If the response is regarded as unsatisfactory, it may be possible to escalate the dispute to WTO.

In many cases, minor issues can be resolved by simply raising the matter informally with the appropriate officials. When WTO is dealing with the issue, the role of the FTR tends to become simply a reporting one – confirming the facts and staying in touch with officials. Never become emotionally involved in disputes of this nature. They are usually only solved through creative compromise and logic.

FOLLOWING UP ON TRADE AGREEMENTS

As well as being involved in negotiating free trade agreements, the FTR has an important role in following up after the agreement is signed. It is possible that most of the areas where free access is permissible are those where the home-country exporters are not competitive or there is no production. Focus on issues that are of great interest to home-country exporters.

Marketing to take advantage of improved access

Presumably during the course of negotiations, the home-country chief negotiators will have ensured there are issues that potentially stand to benefit exporters. Your role should be to focus on the sectors that could offer benefits to these exporters. Do not spend time on products that have little or no potential.

This is the time to conduct product-specific market research and estimate the beneficial impact of the free trade agreement on the sector. It may also be the time to engage in a marketing campaign. This could

involve organizing a trade mission, participating in trade displays, conducting tailored research for particular companies or carrying out research to identify quality importers and partners. Initially, focus on an entire sector. Then focus on a few companies with real potential and work one-on-one with them.

ITC has a section devoted to bringing the voice of business to trade negotiations policymaking (see www.intracen.org/policy/business-voice-in-policy-making/). Exporter clients who wish to have more influence in the policymaking process can be referred to this site.

Monitoring progress

The FTR may also need to monitor progress in implementing the free trade agreement. Perhaps new laws have to be drafted and passed. Officials may need to be educated about new regulations that benefit home-country companies. As the local representative of the home country, the FTR is best placed to observe what has been completed and what still needs to occur. There will probably be regular conferences to discuss progress, and the TSI will require input from the FTR.

TRANSLATION AND INTERPRETATION

Translation refers to translating documents from one language into another. Interpreting is both translating speech and to some extent making judgments about the context to ensure the true meaning and tone is conveyed.

A lot of the work of the Post office can involve translating documents into the home-country language. Another large component of work will be connected with providing or organizing interpreting services for visitors from the home country. The office should maintain a list of translators and interpreters available at short notice to service clients.

In some circumstances, FTRs may wish to draw upon their own skills or those of staff for translation or interpreting, but any task that takes staff out of the office for long periods is a big drain on the Post resources. Usually these services can be contracted out to locals and home-country exporters should pay for the service.

Quality control

Beware of low-cost, low-quality interpreters and translators. Better-qualified providers may specialize in particular industries and know the terminology. Some are skilled in conference work, which requires the special skill of simultaneous interpreting. If there is a local accreditation agency, pay particular attention to its procedures and quality ratings. If such a service is not available, test the interpreters and translators with the help of staff. Be cautious before recommending translators or interpreters.

Be particularly careful in selecting interpreters for formal events such as seminars or ministers' visits. Interpreters may need coaching in the terminology of the meeting, in abbreviations that are commonly used in the industry or in other types of negotiations.

Take time to train people how to use an interpreter to best advantage. Speak in relatively short sound bites that are complete thoughts, so the interpreter can think of the best way to frame it. Some critical matters require precise interpreting without additions by the interpreter to make the language sound better. Nuances can easily get lost in interpreting.

CHARGING FOR SERVICES

FTRs are bombarded with requests that come with no notice at busy times. It is difficult to determine where to focus efforts. Is it more important to be out drumming up trade leads by the hundreds and sending these back to multiple sellers, or should time be spent with a potential investor who appears to be very serious about investing US\$ 1 billion in the home country? Without clear guidelines or rationing mechanisms the FTR can be in a difficult position.

A number of agencies started to charge for services, partly to increase their capacity and reduce dependence on the national budget. It also has been proven a very effective way of prioritizing the services they provide.

Charging for services is an excellent way of rationing work. When services are advertised as free of charge, the demand can be endless. When faced with a charge that reflects the true cost of completing the work, clients become more focused.

Charging increases the pressure on FTRs to deliver quality services. This is a self-regulating form of quality control. If clients are not happy with what they are getting, they will object. It also indicates whether the services on offer are valued. If no one is prepared to pay, then it is time to question whether the services are worth providing.

Charging for services is also a way to increase capacity. Typically FTRs are constrained by a budget, but if they can charge for their services, they can do more. Some activities, such as hosting a trade mission or coordinating a trade display, can be expensive. These costs can be brought down by passing them on to the beneficiaries.

A decision about charging for services is a major policy issue for TSIs. It cannot be initiated by an FTR in the field and could require changes to domestic law. Charging for services needs to be introduced across all FTR posts with consequent coordination issues. For example, will services be more expensive in a high-cost market? Time consuming and costly accounting procedures must also be introduced to manage invoicing and payments.

Some argue that small companies that cannot afford to pay should still be assisted to export. This argument deserves close scrutiny. Committing to any business requires resources. Companies with few resources are probably not going to be successful exporters. Would anyone subsidize this company in the home market to sell to another city in the home market? If not, then why subsidize it by offering free assistance to export? The export market is going to be more complex, difficult and resource demanding than the home market.

A company that is likely to be a successful exporter should be able to afford to pay the FTR for directly relevant services. There is no need to apologize for charging.

Article 42 of the Vienna Convention of 1961 concerning diplomatic recognition states: 'A diplomatic agent shall not in the receiving state practice for personal profit and profession or commercial activity'. This means FTRs must be careful how they apply charges. The essential point appears to be whether charging may be interpreted as being for personal profit. Some FTR organizations that charge for services ensure that all invoicing is done in the home country. This reduces possible claims about the FTR running a business for profit.

There must be good communications with the supervising TSI. Establish well-thought through systems and be consistent in charging across the organization. If there is inconsistency, the FTR will spend a large proportion of time justifying why other Posts are delivering the same service for free or for half the cost. The costs need to be made public and clients should be told about charges up front. Ideally, a simple contract is available for the delivery of services that includes the price. There are a number of ways to approach charging:

- Try to recover full costs for services, including all overheads;
- Recover full costs for some selected activities, such as receptions for a trade mission, constructing trade displays or organizing receptions requested by a company or other entity;
- Look for ways to make a profit to fund other activities;
- Recover direct costs for services arranged for clients, such as translation services;
- Offer some free services when it is relatively easy to deliver or it might be reasonable to expect the service to be free. These might include a briefing by the FTR, market research the Post has already completed or sharing trade opportunities that have not been requested.

Some FTR agencies have adopted a system with three levels of fees:

- Fully subsidized: no charges for things readily available, or for short briefing discussions with the FTR;
- Partly subsidized: some of the costs involved are recovered;

- Not subsidized: full cost recovery, including the cost of office rental, translation services, or travel at the specific request of a company. Usually, companies expect to pay the real cost for things that they have specifically requested.

Companies from the home country may resist charging for services. They will argue that the government FTR is funded by the taxes they pay in the home country, and they should not be charged twice. This is a misleading argument. While all taxpayers contribute to the operating costs of an FTR, only a small fraction of the community derives the benefit. FTRs funded by industry groups may encounter similar resistance to charging, on the grounds that the client has already paid membership dues.

COLLECTING THE FEES

The role of the TSI is to develop the charging principles and to ensure client organizations and companies understand them. The TSI should collect the fees. If there is an inconsistent approach across all Posts, clients will complain. It may be possible to levy charges directly from the Post. The advantage is direct contact between the provider and the consumer of the service. There is immediacy in that any dissatisfaction with the quality of the service is known instantly.

The true cost of collecting fees can be very high. There are straightforward staff costs and their overheads, as well as costs associated with disputes about charges. There will also be bad debts when clients do not pay. Unless systems are in place to enforce debt collection, the FTR can develop a reputation for not requiring payment. Finally, there is the opportunity cost. If staff members were not spending time collecting fees and chasing up bad debts, they could do something more productive.

When the TSI is responsible for collecting the payment, there needs to be a contractual arrangement in place so that both parties know exactly what is expected in terms of deliverables, the time frame for delivery and the fee. This is not easy to set up, nor is it easy to estimate the amount of time required to get results. For example, it may not be possible to find quality buyers because the market could be saturated or held by a monopoly.

Assuming a standard contract can be implemented, very good communications with the home office are needed. Once the work is completed, the fee collection unit needs to be informed so it can issue invoices, receive payments and maintain the accounts.

Finally, there needs to be a process to credit the FTR office with the funds. Often the supervising TSI prefers to retain such funds for general operating expenses.

Box 19: Charging for services: TSI results

A study of eight different TSIs that charge for some of the services they deliver found the following:

- There was a positive impact on the quality of the services being delivered. Any service charged for must be mastered. Amateurism is not an option;
- The culture of both the TSIs and the clients needs to change;
- The organization needs to develop the capacity to deliver high-quality, value-added products and services, on time and within budget;
- Clients must make decisions about what services they really need and be prepared to pay for them;
- The need for extensive consultation and training across the TSI and FTR networks should not be underestimated;
- Clients are increasingly demanding customized services with specific cost estimates;
- Consistency of pricing and quality is extremely important;
- Good marketing is crucial to generating demand for services, but also to make the charges clear to the clients and to minimize complaints.

Box 20: Charging for services: issues to address

- Charging for services may require changes to the law governing the operation of the FTR.
- It is difficult to charge a standard fee when the true costs vary market by market.
- Who gets to keep the revenue? If it does not go back to the Post there is no incentive for the Post to do the work, unless revenue generation is one of the Post's goals.
- For some activities, work is also done in the home country, for example with trade missions or buyers-sellers events. Who should keep the money? A fair system seems to be to return the revenue in proportion to those groups that contributed to the service in the first place. This is still complicated because accounts, human resources and computer operations in the TSI are all part of the overheads and therefore contribute indirectly to the outcomes.
- Are issues such as rent for premises included in calculating overheads? It is a real cost.
- A balance needs to be struck between detailed, accurate costings and simplicity. One simple system is to fix an hourly rate for professional time and charge by the number of hours committed to the task. This is simple and unambiguous. More complex costings become difficult for clients and staff to understand.
- Clients can use the Internet just as well as the Post staff and unless there are language issues, the FTR needs to deliver more than simple Internet research.
- Experience has shown that it is very difficult for an FTR to truly become financially self-sustaining by charging for services. There are some activities where it may be impossible to recover costs. These include:
 - Work done for the supervising TSI;
 - Work done for other government agencies from the home country;
 - Economic reporting that is of general benefit rather than for the benefit of one company;
 - Work done for a trade mission led by a minister or VIP where the accompanying delegation may have come at the invitation of the minister or VIP;
 - Entertaining by the FTR to extend the range of contacts but not attributable to any one company.



Vision

Inspire

Teach

SUCCESS

**Lead by
example**

Teamwork

Motivation

Advise

CHAPTER 5

MANAGING THE POST

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MANAGING THE POST

This chapter focuses on managing the Post, from before leaving for assignment, setting up and running an office, managing and recruiting staff, practical advice about outreach, using social media, and record keeping to entertaining.

TYPES OF FTR OFFICES

The main variations of FTR offices are:

- Within an embassy;
- A stand-alone office;
- A local consultant;
- A single individual;
- Use the services of an embassy.

TSI STAFF WITHIN AN EMBASSY

When the TSI is not part of a foreign affairs ministry, FTR may be attached to the embassy. This is a very common occurrence. The relationship between the trade representative and the ambassador must be clearly defined to avoid any confusion over roles and responsibilities. From the trade promotion perspective, an embassy-based trade representative should have an unambiguous line of reporting to the TSI head office.

In practice this is never straightforward. There are always dual reporting lines to the TSI and the ambassador. The FTR is always operating in a slightly ambiguous working environment.

Ideally, the TSI will assign the trade representative's work programme. This work programme should take priority over other assignments. It is impossible to deliver against the strategic goals set by the TSI if the FTR is also being tasked for other purposes by an ambassador or anyone else.

TSI STAFF IN A STAND-ALONE OFFICE

In this situation, the TSI leases an office capable of accommodating an FTR and other staff. The office is a stand-alone unit with its own budget. The office may or may not be located within a premier business location.

A stand-alone trade office usually has two staff and maybe a lot more, depending on how busy the office is, the importance of the market, and the demands made on the office by exporters.

A LOCALLY-BASED CONSULTANT

Because of budgetary constraints, few TSIs can establish offices in every market of interest to their exporters. Peripheral and non-priority markets of interest to a limited number of exporters can be covered by using the services of a local consultant for specific projects and tasks. Either a head office or a regional trade representative may manage the budget. A consultant may cost a fraction of what it would cost to open an office.

A HOME-BASED CONSULTANT WITH TRAVEL

An experienced individual with a clearly defined work programme can work alone. The FTR might be home-based, but make frequent visits to the market. Alternatively, the individual could be based within the market for periods of time, perhaps working out of an apartment or a hotel. In this situation there is no physical trade

office. The trade representative would rely on the Internet to stay in contact with head office and exporters. For example, an individual based in London could be responsible for developing trade in one or more of the countries in Eastern Europe.

EMBASSY STAFF

In this situation, the trade function would be the responsibility of embassy diplomatic staff reporting to a ministry of foreign affairs. However, the foreign affairs diplomatic staff should be guided by the TSI in exercising their trade function. The TSI should assign the work programmes.

GETTING STARTED

POLICY BRIEFINGS

Many competent FTRs have failed to deliver what their headquarters demanded because they were not well briefed on the TSI's objectives.

Best practice before being posted is to have a thorough policy briefing from the TSI on plans and objectives for the coming years, the way the Post operates, current hot issues and any previous relevant history. Are any ministers planning visits? What trade missions are being planned? Has the TSI determined a set of objectives for the FTR? In an ideal world, this will be done; but in practice, it may not.

Because the FTR may be expected to become involved or take a leading role in trade negotiations with the host country, an understanding of previous trade negotiations and positioning in multilateral negotiations is invaluable.

ACCREDITATION

Before operating as an FTR, you need to have your passport, visas and accreditation, which means being recognized as an official FTR by the host country. This may involve diplomatic passports or in some cases, work permits.

Accompanying family members will also need documentation. Usually these documents are negotiated well in advance through the local embassy of the Post country. If you are going to be based in one country with responsibilities for third countries, it is important to know whether accreditation is needed in these third countries.

POST COUNTRY EMBASSY MEETINGS

Visit the embassy of the Post country and introduce yourself. The ambassador and the trade representative can be a source of a great deal of useful information, including contacts and current issues. They may even become your local contacts when they return to their home country.

EMPLOYMENT CONTRACT

It is important to have a detailed, formal contract that spells roles and responsibilities. The contract should also cover conditions of employment, including issues such as arrangements for family members and what happens if you get sick or resign while in a foreign country. If the TSI has not prepared a contract, then take the initiative and draft one yourself.

Because exchange rates can vary dramatically, it would be wise to agree on the currency in which you will be paid and what happens to payments under circumstances of rapid inflation or exchange rate fluctuations.

REPORTING LINES

As discussed in chapter 3, in many cases an FTR has several ‘masters’. Within the embassy, you may report to the ambassador. Externally, you may report to the TSI or to other ministries including foreign affairs, or specialist ministries such as investment or tourism. If the employer is a chamber of commerce or industry association, the FTR reports to that organization. In the event of conflicting instructions, it is easier to agree about the procedure to be followed before a conflict arises than during the conflict.

FINANCIAL AND BUDGETARY BRIEFINGS

A manager who does not know what the accounting team is doing is very vulnerable to fraud. Consult with the people in charge of accounting and budgets for the TSI and be well-briefed on financial arrangements and current expenditure. It can be very difficult to arrive half way through the financial year and find there are no funds left. In all probability specialists do the accounting, but it is sensible to ensure proper audits are undertaken of both procedures and expenditure.

BRIEFINGS BY KEY PLAYERS

Various organizations and individuals in the home country are likely to have an interest in your posting. Investment, tourism, education, manufacturing, innovation and immigration offices will have overlapping interests. They will all have knowledge and issues. Briefings by specialist agencies for investment and tourism are important. Where other TSIs are operating in the same host country, it is wise to be briefed by them and look for ways to cooperate and work effectively together.

Businesspeople are importing and exporting with the host country and business associations will have relationships, or might like to develop relationships, with the host country. Spend time meeting with them and be briefed on their needs and expectations. They will discuss your performance with your ‘masters’ in your home country. Best practice is to hold about five meetings per day and more if the businesspeople are located close to each other.

Of course you should communicate with the current FTR in the host country (if there is one) and discuss all the issues raised in boxes 21 and 22.

TRAINING IN TSI PROCEDURES

If you do not have a background in the TSI or in your employer’s organization, in-depth training is needed in ways of operating, standards, methodologies and communication styles. Training is needed in areas such as ethical standards, attitudes towards bribery and corruption, operational health and safety standards, local employment rules and standards, procedures for approving expenditure, and reporting against budget. You need to be given authority to operate bank accounts and be clear on the actual level of delegations that you hold. Can you commit the whole budget or do you have to get secondary approval for amounts exceeding a certain level? Can you approve increases in pay for local staff or decide on the numbers employed?

BUILD KNOWLEDGE

An FTR is expected to be an expert on the Post country. Learn as much as possible about the country, including its history, government, economy, trade, industry, major companies, people, languages, customs and major cities. Much of this can be done on the Internet. The local embassy might also have briefing material and your embassy will likely have reports. You need similar knowledge about your own country because you will regularly be asked comparative questions, such as ‘How many cars per capita do you have in your country?’ or ‘What percentage of your exports are manufactures?’

LANGUAGE TRAINING

Many FTRs manage to get by with English in the Post country, but if you can speak the local language, you will certainly be more effective. Devoting time to language training well before taking up a posting will be time well spent. It is difficult to make time for language lessons once you are in the Post. Focus on speaking, reading and writing, in that order.

An alternative is for the TSI to recruit FTRs who are already fluent in the desired languages. Experience has demonstrated that the essential characteristics required of an FTR include knowledge, judgement, social skills, organizational skills, analytical skills and business acumen. Fluency in the local language or languages is not sufficient.

SECURITY BRIEFING

Be well briefed on security issues. This includes security of communications and data systems, property and personal security. It is also important to understand appropriate and inappropriate use of the 'diplomatic bag' for secure communications with the home office.

PERSONAL ISSUES

There are a host of personal issues to deal with when relocating to another country, including what to do with your home, pets, car and furniture. Bills need to be paid, accounts need to be closed down, utilities need to be cancelled and mail forwarded. You may need to apply for an international drivers licence to drive in the Post country before obtaining a local drivers licence. Practical issues include packing, vaccinations, medical and dental check-ups, and obtaining copies of school records.

The following site from the U.S. State Department has some good checklists for preparing to go overseas. Much of the content is applicable to a person taking a foreign posting: <http://www.state.gov/m/fsi/tc/c49333.htm>

If you are travelling with children you may need to research schools prior to arrival. It may even be possible to organize a Skype interview between your child and the school. Moving countries can be quite traumatic for children and anything to smooth the transition will make your working life easier. An example is timing the family's arrival so that the children commence at the start of a new school year.

SPOUSE BRIEFINGS AND PREPARATION

A spouse must give up career, lifestyle, friends, family and networks without the offsetting benefit of professional progression. Investigate spousal working rights in the host country. If you are studying the language of the new Post, your spouse and children also need language training.

MOVING LOGISTICS

Finally, there are all the issues associated with the logistics of moving: packing, insuring household goods, storing furniture and large items, arranging freight, selling vehicles, and settling arrangements for real estate.

THE FIRST SIX MONTHS

Upon arrival at your new Post, you might be the first FTR from your country and it may be your role to establish an office. Or, you could be taking the place of an FTR. Both situations have their challenges. However, having to open an office, find appropriate office space, recruit staff, furnish the office, and establish systems and bank accounts involves a huge amount of additional work compared with the more straightforward situation of following a predecessor.

The main differences are outlined in table 18. Opening a Post is a huge job. Frequently, an over-zealous home office wants to celebrate the opening of a new FTR office with a major event such as a trade mission. Sufficient time is required to establish the office so that such an event runs smoothly. Try and secure at least six months breathing space to get set up.

With a good handover, which is an overlapping handover, it should be possible for the outgoing FTR to introduce the incoming FTR to a wide range of contacts. This can be very beneficial because even though the relationships have been personal, with an appropriate introduction they can often continue.

Table 18: New office or existing office?

Project	With existing office many projects are already done
Own housing	X
Unpacking goods	X
Establishing household	X
Schooling for children	X
Purchasing vehicle	X
Establishing personal bank accounts	X
Establishing office bank accounts	✓
Office accommodation	✓
Recruiting staff	✓
Furnishing office	✓
Establishing systems	✓
Creating website	✓
Developing country reports	✓
Compiling lists of specialists: lawyers, market consultants, interpreters, etc.	✓
Building networks with government	X
Building networks with trade facilitators: chambers of commerce, banks, clearing agents, transport companies, industry associations, etc.	X
Building links with importers, agents, partners	X
Building links with expatriates from your own country	X
Building community links: schools, clubs, recreation	X
Ongoing programmes: trade fairs, trade missions	✓

Sources: Series of ITC workshops for comparative advantage and author's estimates for the likelihood of the service generating business.

✓ = Yes: this task is completed.

X = No: this is something the newcomer has to do.

GETTING GOOD ADVICE

Seek out good local advice. Fellow FTRs are excellent sources. They are competitors, but you all share very common experiences and there is a great willingness to help. During the first weeks in the new country, set aside significant time for a programme of visits to other FTRs, local industry chambers, banks, accountants and legal firms. Arrange formal visits to relevant ministries. Visit companies that are already doing business with your home country and investment groups. These meetings can often be set up before arriving by contacting the counterparts in the home country. There is a brief window to arrange visits as a new arrival, but after three months this can no longer be used as a reason.

Box 21: Questions to ask

- Where is a good place to locate the office? What areas should be avoided?
- Where is a good place to live?
- Can you recommend schools?
- Do you have a recommendation for a doctor, dentist, plumber, electrician, real estate agent, hospital, car dealer, handyperson, accounting company, legal company, advertising company, computer technicians or serviced offices?
- Do you know a good company for trade display construction and management?
- Which are the most beneficial trade fairs to attend?
- Who are the key officials and what are the most important industry associations? (Get names and telephone numbers if possible.)
- Is there a local meeting of FTRs? Who is the contact person? (Make sure to call on them.)
- What challenges have you faced in this Post?
- Are there meetings for FTR spouses?
- Can spouses work locally?
- What is the best way to employ local staff?
- Are there local labour laws that you need to be aware of?
- What is the local personal and general security situation?
- Ask about other cities and their relative importance in business terms.
- Ask about how official entertainment is carried out. Can they recommend some good catering companies?
- Ask about recreation and internal tourism possibilities for your family and relevant clubs.
- Ask for recommendations for a range of good restaurants, from expensive to affordable.
- Ask about the suitable hotels. What facilities do they offer for small exhibitions or meetings and what are their arrangements for business visitors?

GETTING YOURSELF KNOWN

A programme of calls has multiple benefits. It introduces you to a large number of useful contacts very quickly. You can benefit from a huge amount of local experience without having to learn from your own mistakes. You are likely to get on people's invitation list for events where you can rapidly widen your list of contacts.

Being well-known locally and having good networks to tap into will increase your capacity for getting things done and making good decisions. While the Internet and online networks such as LinkedIn offer quick access to a lot of information, personal contact through a visit or over lunch is much more effective. Knowing the right person can break through bottlenecks in business transactions. Pay considerable attention to building and maintaining your networks. Some of this will happen automatically through the course of daily activities, but building effective networks requires a steady programme of structured calls on people. (See chapter 3.)

HANDOVER

A formal handover is important if you are replacing an existing FTR. The handover might extend over a week or more. Ideally, your predecessor will introduce you to business contacts and will be a major source of advice for you. In practice, your predecessor will be busy moving out of the country and will not have much time for a handover. However, there needs to be a formal handover and sign-off on issues such as the Post finances, business plans, equipment, contracts, ongoing activities and staffing. Ensure you are given all the keys and relevant passwords. Know where the archives are stored and how to access them. This is an appropriate time to change passwords as well as locks and keys.

Box 22: Checklist for a handover

- Sign-off on finances;
- Sign-off on assets and equipment (and handover of keys and passwords);
- Briefing on activities in progress;
- Introductions to key contacts in host country;
- List of key contacts in home country (prior to posting);
- Briefing on who is significant in host country;
- Briefing on relationships between FTR office and embassy or other organizations;
- Briefing on staffing issues and administration;
- Advice on personal and family needs;
- Advice on local cultural and business practices.

MANAGING WORK WHILE SETTLING IN

A good general principle is to give priority to settling your domestic situation, including accommodation, transportation and schooling. If your domestic arrangements are chaotic, it is impossible to give proper attention to your work.

You may have no choice in the location of your office. You could be locked into a joint location with the rest of the embassy. However, frequently embassies are not located in the commercial centres. Ideally your commercial office would be in an area which is close to the business heart of the city, close to transport and hotels, be easily accessible from home and be close to appropriate schools. You will have to make trade-offs because it is rare to find a perfectly located office that meets all of these criteria. In addition, being close to the embassy or consulate can bring benefits in terms of access and referrals.

However, if you are setting up an office, seek professional help. Consult with real estate agents, legal firms, accountants, banks and the local chamber of commerce.

While setting up an office, you could take advantage of serviced offices that rent space by the day or by the hour. They can also provide meeting rooms and reception, and secretarial services.

Most FTRs find that their top priority is good local secretarial assistance. An efficient and effective bilingual personal assistant can be a source of advice and an extra pair of hands in the FTR's daily work. A personal assistant can more than double your effectiveness in the initial stages.

If you are operating a small office with fewer than three people, it may be advantageous to outsource some office functions. These could include:

- Accounting, employing a book-keeper/accountant to issue invoices, pay accounts and maintain the accounts books.
- Human resources, including interviewing and recruiting staff, managing employment contracts, dismissals, and setting up staff review meetings. Specialists in this field know local labour rules and standards and can save the FTR from many mistakes. Recruiting and employing staff yourself can cost a considerable amount of time and money.
- Consider leasing rather than purchasing a vehicle. Leasing makes it easier to dispose of the vehicle and the leasing company handles most of the paperwork.

UNDERSTAND THE FINANCES

Whether you are establishing an office from the ground up or are moving into an existing arrangement, you must have a good understanding of the financial arrangements. Ask for the latest financial reports; check them carefully; and ask a lot of questions. Cross-check with other sources if possible to see that the figures match.

Are the funds adequate to do what you have to do? Has expenditure been properly approved? Are the appropriate systems in place to manage the funds and prevent fraud? Do not sign off on the books until you have satisfied yourself that all is in order. Any oversights in this area will have future repercussions.

If setting up a new office, establish best practice with financial arrangements from the outset and have a good understanding of cash flows and reporting responsibilities.

REGISTERING THE OFFICE

Setting up a new office normally requires a suite of government approvals, especially where the office itself is a branch of a foreign government. The registration procedures can be time consuming and complex. You may need to seek professional help from legal experts and outsource the registration procedures to them.

UNDERSTANDING HOW THINGS ARE DONE

Expect some culture shock when confronted with different mindsets and priorities. Essentially, you have to adapt. You may think that the local ways of doing things are inefficient or strange, but learning how to operate smoothly and graciously in the new environment is an essential part of an FTR's role.

The same type of cultural differences will surface in your family life. Your spouse and children will also be dealing with unfamiliar behaviour. On the positive side, these experiences will be useful when advising business people from your own country.

LOCAL STAFF

Hopefully, you will have the resources to employ local staff. Some will be devoted to managing office affairs and others to assisting you with marketing and business development. In an ideal world you will be able to match your TSI's objectives with your staff profile. For example, if the objective is to expand the textiles sector, a local person with knowledge of this sector could be very helpful.

If you inherit existing staff, give them the benefit of any doubts you might have. Frequently, new management sweeps in, changes everything around, fires many of the staff and then is left with the problem of recruiting and training new staff, thereby losing months of productivity. Do not underestimate the value of the knowledge about systems and businesses that existing staff have acquired.

When recruiting new local staff, emphasize personal characteristics. Do they get on well with others, are they hard working, can they learn quickly and can they take initiative? Knowledge of specialist industries can be useful, but not if it comes at the cost of a disruptive personality or inflexibility.

OFFICE STYLE

The issue of office 'style' is important. It is the way staff interact with each other and with clients, their timeliness, their dress, the appearance of the office, the quality of their work and their communication skills. Leadership and setting a consistent example are critical here, but you should also take time to work the staff through the kind of behaviour and work ethic that you expect. Your expectations should be spelled out in a code of conduct. By negotiating a code of conduct with staff, they will share ownership.

OFFICE SYSTEMS

A new office requires establishing new systems for records, managing staff and overseeing finances. Introduce best practice and high standards from day one. It is difficult to change systems once they are up and running. In an existing office, review systems and be careful about changing them unless they are clearly dysfunctional. There is a cost in terms of confusion and lost productivity in changing systems. While changing systems might give the illusion of progress, it is not delivering the commercial outcomes for which you are being judged.

WORKING WITH THE EMBASSY

You are likely to be thrust into close contact with colleagues from the home-country embassy. Frequently, you will need to work together on projects and you may need to call on the assistance of other specialist staff. It is critical to get to know the people in the embassy. Make a scheduled visit to meet the individuals in the first few weeks to introduce yourself to all the key players, including local staff, drivers and administrative staff. As well as developing your network, you may learn useful information about your Post country. A personal visit is an effective way to break down internal barriers to communications.

PRIORITIES AND MILESTONES

Ideally, before assuming the new Post, you will have developed a strategic plan, which includes objectives and milestones. This may include practical issues such as signing a new lease, recruiting staff, equipping the office and having computer systems up and running. You may also have set performance indicators that must be met, such as managing participation in the national food exhibition. A flexible, strategic plan will keep you focused and help you meet your targets.

PROMOTING YOURSELF AND THE OFFICE

Once the existing or new office is functioning smoothly, it is time to promote yourself and the office. Stage an event to mark your arrival or the opening of a new office. Invite all the people you called on in the first few weeks. Invite the media, but ensure that you have some sort of story for them, for example, plans for two-way trade or support for a free trade agreement. Catering does not have to be extravagant for this type of event.

This is the time for your TSI to launch a trade mission or participation in a major trade display. This raises awareness at home. Without business people from home showing an interest in your new market, you will not be able to deliver outcomes.

HIRING NEW EMPLOYEES

An appointment letter should be used when hiring new employees. It informs new full-time or temporary staff about the terms and conditions of their employment including:

- Start date;
- Pay and other entitlements;
- Hours of work;
- The position to which they are being appointed.

Suggested steps for preparing and using a letter of appointment

Step 1: Write the letter

Check what local entitlements apply to the position so you can fill in the relevant sections in the template, including:

- Pay;
- Bonuses and other entitlements such as health insurance (what is local normal practice?);
- Hours of work;
- Overtime rates;
- Leave entitlements;
- Notice period for termination of employment.

Check with local authorities or accounting firms to find out what are the normal entitlements. Check with other FTR colleagues to get an idea of what the going rates are. If the embassy is already functioning, you might have to match salary scales paid there.

Step 2: Consider whether you need legal advice

In some countries it might be advisable to seek legal advice. For example, it may be difficult and costly to terminate an employee in some countries. It may be necessary or appropriate to have an employee sign a detailed written contract of employment as well as a letter of appointment.

Step 3: Meet the candidate and provide the letter of appointment

Meeting face to face with your future employee to provide the letter and talk about the contents is a good opportunity for you to explain the terms and conditions of employment and for the candidate to ask questions. It is also an opportunity for you to describe your expectations.

Step 4: Give the candidate time to consider the letter of appointment

Give the candidate time to consider the contents of the letter of appointment, and give a deadline to accept the offer. Provide contact details in case there are questions.

Step 5: Keep a copy of the signed letter of appointment and provide the employee with a copy

Once you have received the signed letter of appointment, return a copy to the new employee. This ensures you both have a record of what has been agreed.

See a sample letter of appointment in appendix I.

TIME MANAGEMENT

Probably the hardest thing FTRs need to manage is time. Demands come from a wide range of organizations, individuals and companies, frequently with little or no warning and short timeframes for delivery. As noted earlier in this chapter and in this guide, FTRs operate with several bosses.

KEEPING A BALANCE

It is important to keep a balance in your life. Acknowledge that there are only 24 hours in the day and you could probably work 36 hours every day and still not satisfy all of the competing demands. Setting some personal boundaries around your time is important for reasons of personal health and well-being and that of your family. Set aside time for family, recreation and exercise.

You are likely to spend from 10 to 12 hours per day on work-related activity and some time on weekends. A reasonable goal might be to spend a maximum of 8 hours per workday on formal office work, an average of 2 hours on representational activity, and maybe one hour catching up on e-mail or phone calls from home in the evening. Try to keep weekends free of work as much as possible, although visitors and representational activity may interfere with this goal.

Spending 16 hours a day and 7 days a week on work-related activity is dangerous for your personal health and your family's well-being.

An FTR's working day includes numerous activities that are not directly servicing the exporters from your country. As an FTR and the person in charge of the office, time needs to be set aside in the working week to deal with the following issues:

- Reporting/recording time;
- Systems development and maintenance;
- Administration: budget, staff, payments, purchases, property, telecommunications and computer-network systems;
- Miscellaneous calls on your time from ambassadors, visitors and inspectors;
- Training for you and for staff;
- Time for thinking about strategies and performance;
- Network and knowledge building.

In reality, about 50% of your average working day is actually spent directly working for exporters and clients. Marketing staff should be spending closer to 80% of their time on client-related work.

There are a number of things that you can do to limit working hours. The most important task is to try to eliminate some tasks and set priorities.

TIME-SAVING TECHNIQUES

Apart from simply prioritizing all the many tasks, there are many ways to manage workloads more effectively by reducing and eliminating your involvement. There used to be an admonition over the desks of IBM employees: 'Think, maybe there is some way to avoid this work.' This was a challenge to staff to be innovative and clever about the work they were doing. Remember this concept. Following are some time-saving techniques:

- Have answers already prepared to the most common requests. Have them available and readily accessible by everyone in the office so that routine enquiries can be handled very fast.
- Put time into building a website that offers commonly requested information. Refer people to the website and advertise it so that you do not receive these enquiries at all.
- Set and implement policies such as, 'We do not organize travel or accommodation.' Instead, offer an information sheet that lists reliable travel agents and hotels. This save is an enormous amount of frustrating and unproductive work.
- The above suggestion falls into the general class of tasks that can, and should be, outsourced. Other tasks that fall into this category include: credit agency reports; translation; interpretation; trade display construction and logistics (you may want to retain an overall coordination and vision role); legal, accounting, and public relations advice; and detailed advice about establishing a business in the country. You need to have researched reliable people or organizations that can take on these tasks. Outsourcing can save both you and your staff from an enormous amount of time.
- Do not accept all invitations to representation (business entertainment) events or embassy national days. Be selective and accept only those where you could expand your list of commercial contacts.
- Establish systems for automatic or semi-automatic handling of routine trade 'offers' (from exporters) and 'demands' (from importers).
- Have a basic country report available. This should be developed as a series of pages, held electronically and regularly updated so that it can be combined in many ways to deliver on requests for up-to-date briefs on the market.
- Can you charge for services either at an hourly rate or a fixed rate for certain tasks? This simple expedient can transform the way you work. Clients will place a value on your time by paying more for the highly valued, more useful activities.
- Can you use interns? Part-time workers or contractors?
- Can you use consultants? (Have some in your contact lists.)
- Can you work with the large accounting companies?
- Can you pass work back to the TSI, especially work associated with organizing trade missions and trade displays? Can the TSI send staff to help manage particular activities?
- Can you influence TSI policies and their promises so that clients do not arrive with unrealistic expectations?
- Can you employ additional staff for short-term needs or over the longer term?

WORKING IN PARTNERSHIP

Partnering with others to achieve common goals is a win-win situation. Potential partners include chambers, industry groups, State governments, other embassies, other government departments, universities, business schools, tourism bodies and trade fair promoters. There is often a belief that by sharing your information you are giving away valuable property, you will not be credited appropriately, or your competition will benefit.

However, by cooperating you can often gain much more, such as access to other information and sharing the work among more people. In this way, all partners share in the credits. Working in partnership can be a very useful way of extending your reach, increasing contacts and enhancing the office's reputation. Focus on growing the whole 'cake', not on whether your slice is one-eighth or one-quarter.

TIPS FOR PRIORITIZING

As discussed, the potential demands on your time and resources are almost limitless and Post resources – budget and staff – are limited. If you have managed to divert some of the requests and tasks and you can realistically only spend 10 to 12 hours per working day on work-related activity, then it is time to prioritize.

Cost-benefit analysis

Do a rough cost-benefit analysis. What are the costs and likely benefits in terms of meeting the Post's strategic objectives? Prioritize those tasks that result in a high level of benefits, i.e. outcomes. Choose the tasks that are low cost. An FTR should try to do everything that is low cost and delivers high outcomes.

Use a political filter

An FTR's world does not always abide by economic logic. It is also important to look at tasks from a political perspective. Ask yourself, 'What's the worst that will happen if I don't do this?' The answer to this question may range from, 'Nothing important' to 'I will lose my job'. At this stage, you will have run all your tasks through two significant mental filters.

The first is a cost-benefit filter and the second is a political filter. The political filter gives weight to issues such as requests from ministers, industry associations, the TSI, or for issues that attract media attention. If you do not respond to such requests, you may be regarded as 'unhelpful' and the reputation of your Post will suffer, even though the direct positive impact on exporters may be very small or nil.

There will be tasks that you must do, even though they use considerable resources and result in low or nil outcomes. A monthly report to head office is an example. There are some tasks that you should do because they will result in good outcomes, even though they may use considerable resources. (High cost, high outcomes.)

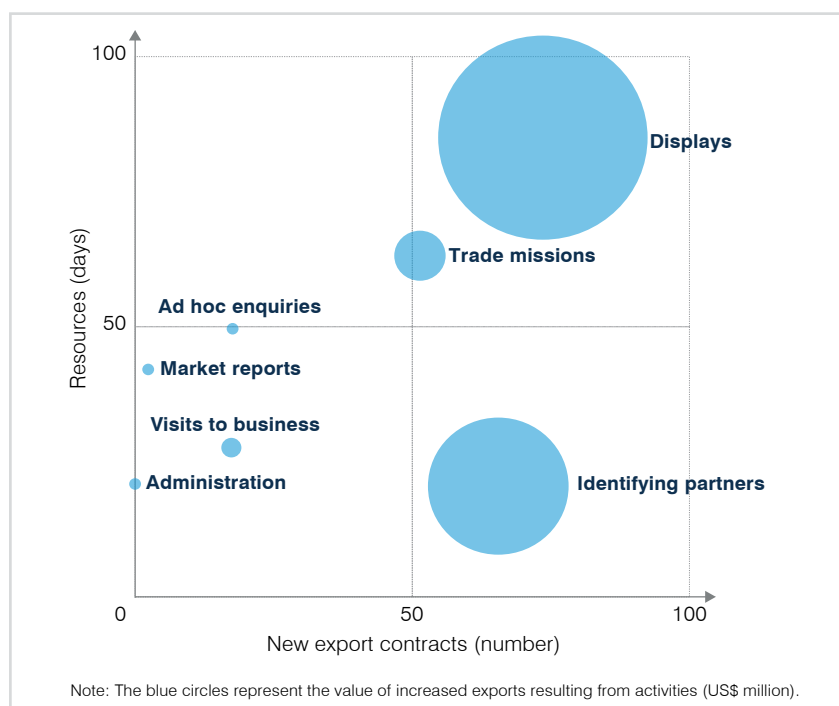
There will also be some tasks that you identify as high cost, liable to give low outcomes and not problematic if they are not done. An example is a market study for a particular industry sector where interested sellers have not yet been identified. Avoid these tasks.

Figure 14 indicates types of outcomes in terms of value of increased exports that could result from various activities. The figure compares outcomes with the effort put into the exercise by a two-person office in terms of days. The numbers are hypothetical but you should do the exercise for your own circumstances. For example, although a trade display is resource intensive, it can deliver good outcomes. Partner identification also tends to deliver good outcomes with a lower intensity of resources.

Conversely, considerable time can be spent on market reports that deliver poor outcomes because they arrive on the desk of a supplier who is probably already fully committed. Administrative work does not deliver any positive outcomes directly, although it can absorb a large proportion of time.

The various tasks an FTR deals with are usually open ended. There is no limit to the amount of work that could be done. Typically, a busy executive may be dealing with up to six separate issues each hour. Using the techniques outlined above, you should be able to accomplish all the 'must-do' work and manage most of the demands placed upon you. This leaves time for other critical functions of managing an office, many of which do not have direct impact upon exporters, but have a massive impact on the overall success of the Post.

Figure 14: Potential outcomes from FTR activities



MANAGING TIME DIFFERENCES

It is always 12 minutes to midnight somewhere in the world. Managing communications with headquarters or with exporters in the home country can turn into a complex clock-watching exercise. The TSI should take leadership and promote some protocols for its own staff and for exporters. It is not reasonable for an FTR to be handling phone calls at 2 a.m., even if that time is working hours in the home country. However, there may be room for compromise. Make yourself available early in the morning or up until 22.00 for important calls.

Another solution is to have a bilingual message answering service on the office phone to communicate office hours and explain the time difference to callers from the home country. Staff need to be conscientious about following up on messages. If you switch or forward your mobile phone to messaging at night, it transfers the responsibility to communicate onto the FTR. This is usually not an issue for important calls, but can become a burden for trivial enquiries.

An additional complexity arises in Islamic countries where the weekend is either Thursday and Friday or, more frequently, Friday and Saturday. If the home country operates with the working week of Monday to Friday it is possible to end up with just three common working days in the week. It can also mean that the FTR works Saturday and Sunday as local hours and takes phone calls and messages on the Friday and Saturday from the home country, effectively having no break.

In this instance, the TSI needs to take leadership and educate people at home about appropriate times to communicate with and visit the Post. Communicate the Post opening hours and public holidays on the website and have a messaging system on the office phone.

When you operate in different time zones or a different working week, people will call or visit at inopportune times. When you have taken all the possible steps to avoid such calls, politely take the call, and explain the circumstances and when they might reasonably expect a response. Being available 24 hours a day reinforces bad habits on the part of callers.

SCHEDULING MISCELLANEOUS TASKS

A range of other tasks must be scheduled into the annual calendar. Unless they are written into your programme and ticked off when completed, these tasks are liable to slip. This will create complications if the office is ever hit by a crisis. The following activities fall into the category of 'must do', perhaps once or twice a year:

- Fire drills and procedures;
- Natural disaster drills and procedures, such as earthquake, tsunami and other catastrophes;
- Offsite storage of records and correspondence is critical;
- Security drills and training procedures;
- First aid training and procedures;
- Audit of accounts and property;
- Information and personal security audit;
- Occupational health and safety check;
- Staff and FTR training;
- Post assessment and review;
- Staff terms and conditions, rules, codes of conduct and salary adjustments;
- Staff assessment and feedback;
- Risk management to assess potential risks such as fraud, loss of key staff, etc.;
- Office and staff insurance;
- Annual strategic plan.

Depending on the size and number of staff in the FTR office, the above activities do not have to be done in meticulous detail. Build into the annual plan the equivalent of about 14 working days for the above activities. This timeframe could be reduced once the office has well-established procedures.

WORKING WITH NATIONAL CALENDARS

It can be embarrassing to arrive with your visiting trade minister for a formal meeting with the host government only to be told that another minister from the home country visited just yesterday. This is particularly awkward if you did not know the other minister was in the city. Your trade minister will not appreciate this situation.

The best way to avoid this situation is to have of national calendars of events. It could be a simple calendar of national holidays and events, supplemented by known activities on your work programme, such as trade displays, missions, seminars and VIP visits. At the next level of complexity, a calendar of events could be coordinated through the ambassador's office, which tries to capture the activities of all the groups associated with the embassy.

Increasingly, there are links between similar ministries in different countries and a continuing flow of visits, meetings and exchanges. Such visits might have trade implications, for example with economic ministries or the ministry of agriculture, industry or tourism. Be aware of these activities and brief the appropriate officials or accompany them to meetings.

If there are other FTRs in the host country (for example, sector-specific representatives or state government representatives) be aware of their programme of activities, both to avoid overlap and to look for opportunities to cooperate.

The difficulty with event calendars is that invariably they are under-resourced. It is common to assume that calendars can be maintained on computers and be self-updated by the interested parties. In practice, one or two staff are needed to maintain and update these registers as well as to follow up the agencies that are supposed to supply the information. The information requires multilevel coding as follows:

- The organizer, for example a government;
- The industry sector;
- The activity, including important details such as if a trade mission is supported financially by the home country TSI, the number of people involved, the issues at stake, etc.;
- The dates and programme for the visit. Perhaps it involves multiple cities and dates are never straightforward or confirmed. Request indicative dates 12 months ahead, then a series of dates as the programme is developed and refined;

- The leader, especially if it is a minister or VIP. There can be security issues and some information about the programme might be restricted to a few individuals;
- The home country coordinator's name, address, e-mail, office phone and mobile phone. Coordinators frequently change during the course of a project, which means the details must be constantly updated;
- The host country coordinator's name, address, e-mail, office phone and mobile phone;
- Involvement by other organizations. For example, international organizations may have a host country counterpart.

If the above level of detail is not available and constantly updated, the calendar does not deliver the needed information and it rapidly becomes outdated. To coordinate such a calendar across multiple agencies and organizations is not a trivial task. It requires constant high-level commitment and significant staff resources. This is not a task for FTRs, but might be considered by TSIs.

You will probably have to compromise and settle for a calendar that is less than perfect. Someone in the Post office should be responsible for maintaining the office calendar, which everybody can access online. All information regarding future programmes and activities should be entered in this calendar and given appropriate tags, e.g. trade mission or seminar, so that the items are searchable. This calendar could be shared with other FTRs in the host country and with other sections of the embassy.

BUDGETS

FTR offices have not been able to fund all their activities by charging for services. Where charging is used, it must be supplemented by funds from other sources. For a full discussion on charging for services, see chapter 4.

It is expensive to run a viable international office. Typically, there is an allocation of funds according to an annual budget. The budget needs to cover:

- Salaries and living allowances for the FTR and family;
- Salaries and living allowances for home-based assisting staff;
- Salaries and obligatory allowances for local staff, such as bonuses or health insurance;
- Overtime and relief staff costs;
- Rent for office facilities and other property, for example, housing;
- Equipment such as furnishings, vehicles and computer equipment;
- Running costs, such as electricity, water, gas, stationery, vehicles, rates and taxes, cleaning, fire protection and consultants;
- Maintenance, for example subscriptions as well as computer, office and home maintenance;
- Travel and subsistence budget to visit exporters, other cities and home travel;
- Project costs, such as trade missions and displays, buyer missions, publicity, consultants and publications;
- Incidental and other expenditure, for example, recruitment costs for staff, storage, disposal costs, training costs and petty cash advances;
- Provision for unforeseen tasks.

If the FTR operation is handled in some other way, for example by a 'fly-in fly-out' representative who operates out of a hotel room or out of a serviced office for the time they are in the country, the cost structure will be different. For an on-the-ground FTR office, provision needs to be made in the budget for all of the above. Funds are typically transferred through the banking system and made available to the FTR through an official bank account to which the FTR is a signatory.

Some discipline will be imposed on the budget. For example, funds set aside for salaries and property may not be used for project work. The allocation of funds according to budget lines is an important control. Setting and planning the budget is an important discipline. It is never possible to budget for unknowns, but you should attempt to get very close to actual expenditure with your estimates.

MANAGING FUNDS

Funds need to be managed in accordance with the TSI's accounting standards. Often the sums involved are significant and there is potential for fraud without proper procedures and crosschecking. The FTR needs to employ professional consulting advice to ensure the internal expenditure and revenue streams are properly set up.

A basic principle is that there should be clear lines of responsibility and clearly defined spending limits for different individuals. Another sound principle is to have more than one signatory for any significant expenditure. This acts both as a double check of amounts and limits the possibility of fraud in situations where only one person might be in charge of both spending and reporting. Ideally, the person who spends the funds should not approve the expenditure. The roles should be separated.

When money is spent it should be recorded as being spent against the various line items in the budget. These can be broken down into fine detail if required, but it is likely that a very fine and detailed breakdown is unnecessary, as long as the broad lines of expenditure are known. Tracking expenditure by budget lines is also extremely helpful in setting the budget for the following year.

A good principle to follow is to allocate funds to the various staff who have project responsibilities in accordance with the amount in the budget. It then becomes their responsibility to complete the project within the allocated budget. The alternative is that they 'charge-up' whatever they think is required, which frequently exceeds the allocated budget.

IMPREST ACCOUNT

Most FTRs operate with some form of imprest account at their local bank. Imprest accounts work as follows:

- The TSI, or whatever organization is funding the FTR deposits a sum of money into the FTR's local bank account. It is typically converted into the local currency for operational purposes. The FTR then draws on the funds in the imprest account to pay local official bills. Receipts for all these local expenses are kept and coded with a general ledger code (see below).
- When the funds in the imprest account are getting low, the TSI tops the account up to the original level. The TSI knows how much to top up because it has the official, coded receipts to prove all the previous expenses were properly incurred.

For example, the imprest account might have a value of US\$ 100,000. Expenses for the month may total US\$ 75,000. The receipts for this expenditure are coded with general ledger codes and the receipts are sent to the TSI. This is probably done electronically and much of the expenditure and receipts will be on credit cards. The TSI will have receipts for US\$ 75,000 of expenditure and will know exactly what this was spent on. The TSI then tops up the imprest account with US\$ 75,000 so that the balance is once again US\$ 100,000.

Operating accounts this way gives a reasonably strong control over the funds. No one in the FTR office can spend more than US\$ 100,000 at one time. Expenditure can be reconciled regularly, most likely monthly. Or, the funds can be replenished more frequently if there is a busy period with numerous expenses. The downside is that the Post can run out of funds if there is no automatic top-up.

REPORTING AND AUDIT

Institute regular financial reporting on a monthly basis. At the end of each month, the amounts spent or revenue earned are added up against each budget line. This enables a comparison of actual expenditure with the budgeted amount or the proportion of the budget to that point of the year.

A monthly report may be part of a wider reporting responsibility of the office, which could include all of the marketing activities. It enables the FTR and the TSI to see at a glance how the Post is performing against their budget. Are they on-track or do they look like they will run out of funds?

With computers and the appropriate software, it should be possible to have real-time tracking of the financial situation, enabling management to track the actual financial situation at any time, not just at the end of the month.

At least once a year, a formal audit should be conducted by an outside audit firm that examines the books and signs off on them as being an accurate record of expenditure and income, spent in accordance with the official rules.

This may also be a good time to conduct an audit of equipment to ensure that the inventory that is supposed to be on the books is still in the office. It is also an opportunity to write off, sell or dispose of obsolete equipment.

FINANCIAL RECORDS

Presumably the TSI will have its own accounting systems established with a chart of accounts that the FTR will be obliged to follow. It will probably look something like the following at the highest level:

Table 19: Chart of accounts – high-level view

Balance sheet accounts	Income statement accounts
▪ Assets ▪ Liabilities ▪ Net assets (or fund balance)	▪ Operating revenues ▪ Operating expenses ▪ Non-operating revenues and gains ▪ Non-operating expenses and losses

Under these high-level headings will be a chart of accounts, which is a listing of the accounts the TSI has identified and made available for recording purposes in its general ledger. A chart of accounts may be quite large and complex. A TSI with various foreign posts may have over a thousand accounts.

Each account in the chart of accounts is typically assigned a name and a unique number by which it can be identified. Account numbers are often five or more digits in length with each digit representing an item.

A gap between account numbers allows for adding accounts in the future. The following is an example of a partial listing of a sample chart of accounts.

Table 20: Sample chart of accounts

Account numbers 10000 – 16999	Current assets
10100	Cash – regular checking
10200	Cash – payroll checking
10600	Petty cash fund
12100	Accounts receivable
12500	Allowance for doubtful accounts
13100	Inventory
14100	Supplies
15300	Prepaid insurance
Account numbers 17000 – 18999	Property, plant and equipment
17000	Land
17100	Buildings
17300	Equipment
17800	Vehicles
18100	Accumulated depreciation – buildings
18300	Accumulated depreciation – equipment

LEDGER NUMBERS

Using ledger numbers or using a coding system for accounts, such as outlined in table 21 enables the FTR or the TSI to group payments by type of expenditure.

This type of coding has four main uses:

- Knowing actual costs helps you to set a budget for the following years;
- Comparing actual costs from year to year, or from display to display, or comparing with other FTR posts, can give a good indication of where expenses are unreasonably high or suspiciously low;
- It is also useful for rough calculations about returns from expenditure in terms of outcome;
- The coding may be required for taxation purposes. Some expenses may be taxable, while others might be exempt.

The table below is an example only. The actual codes used should be tailored according to the needs of the TSI and the manager. At the end of the year simply adding all the expenses coded with numbers from 6000 to 6200 would result in a very good estimate of the cost of running four trade displays. It is also possible to see at a glance how much was spent on temporary hire of staff (code number 6010).

There is a cost associated with tracking and coding all of this expenditure. Keep the codings to a minimum level of detail. Only demand detail in the coding if it will be used. For example, it is probably useful to know that hiring temporary staff for four trade displays cost US\$ 50,000 over a year. But there is not much point in knowing that US\$ 40,000 was spent on female staff and US\$ 10,000 on male staff.

Table 21: Sample ledger numbers for trade displays

General ledger codes for FTR Post (section for trade displays)	Description
6000	Rent for space in trade fairs
6008	Rent for pot plants at trade displays
6009	Hire of equipment for trade displays (generators, TV screens, etc.)
6010	Temporary staff hire for trade displays
6020	Freight associated with trade displays
6030	Design of trade displays
6040	Photos and graphics for trade displays
6041	Furniture and fittings for trade displays
6042	Power, water, gas, for trade displays
6045	Communications costs for trade displays (Internet, telephone, fax, TV)
6050	Publicity costs associated with trade displays
6070	Hospitality costs associated with trade displays
6080	Other costs associated with trade displays
6081-6200	Reserved for future trade-fair-related expenses

COST CENTRES

There are many ways a TSI might want to examine its financial data. It may wish to compare different patterns of expenditure between FTR posts. To do this, you will need to have some other overlapping coding system such as a cost centre number for each Post.

EXCHANGE RATES

An FTR usually operates in a country with a different currency to the home country, which results in complexities associated with the movement of exchange rates. For example, if the budget has been set in home country

currency US\$ 1 million for the year and the exchange rate with the host country changes by 8%, the budget needs to be altered. With a movement of 8% it would mean the FTR is short by US\$ 80,000 to pay the expenses of the Post if the movement was positive against your home currency. Conversely, if the exchange rate went the other way, it would result in a surplus of US\$ 80,000 over what had been budgeted.

These exchange rate movements require careful management:

- Record the exchange rate at the time of actual payment to keep track of how many units of home currency were spent at that time;
- Institute a policy to adjust the budget and funds allocated to the FTR. This might be that an adjustment takes place every six months or when the exchange rate moves by more than 2% from the last adjustment.

In terms of salaries, an FTR and staff can either suffer deprivation or enjoy a windfall depending on how the exchange rates move. Setting the salary in local currency can offset this. A basic principle should be one of fairness. The FTR and staff should not be unfairly penalized, nor should they unfairly benefit from exchange rate movements.

Policies should be implemented to compensate when the exchange rates fluctuate by more than an agreed amount. It is not feasible to make adjustments every time the currency moves – it could happen hundreds of times a day. The policy should be set out and agreed to in the terms and conditions of employment for the FTR and staff.

INFLATION

Inflation, either in the home or host country, can play havoc with budgets and principles of fairness. In operation, the issues are similar to exchange rate movements. For example, relatively high inflation in the home country might be associated with increases in salaries for the FTR and staff. These increases in salaries can act as a windfall gain for the FTR and staff because they would not be matched by increased prices in the host country.

FTR staff rarely complain about this sort of movement. However, they do complain when high inflation in the country results in a more expensive cost of living. If the salaries are determined in home country currency, the salaries of the FTR and staff will no longer buy the same amount of goods and services in the host country.

The fairest way to deal with these situations of high relative inflation in one country is to have a policy, such as discussed above, for exchange rate movements. A threshold should be agreed to at the time of FTR's appointment in the terms and conditions for employment.

COST RECOVERY

There are many situations where the FTR might be required to make payments out of the FTR budget, but the amount can be claimed back from others who benefited or made the request for the expenditure. Note that this is not the same as charging for services. Some examples might be:

- Payment for a trade minister's accommodation and meals at a hotel. Perhaps these expenses can be claimed back from the minister's department or the TSI;
- Payments made for the purchase of tender documents at the request of a company;
- Payments made for translating documents or promotional material at the request of a company;
- Payments for the purchase and freight of retail samples.

There are many other situations where the FTR might be required to make payments. These expenses need special tracking and must be offset in the accounts when the costs are recovered from the beneficiaries, which could be months after the payment is made.

Try to have the TSI follow up on these debts. Debt collection is time intensive and not cost free, especially when clients are slow or reluctant to pay. There could be instances where clients simply do not pay. The TSI then has to decide how to treat such clients. Organization-wide, there needs to be a mechanism to keep track of bad debtors to ensure that debts are not compounded by taking on fresh expenses at another FTR Post. Seek legal advice. There may be legal implications for maintaining companies on a 'bad debtors list'.

OUTSOURCING ACCOUNTING

If the FTR is a small office of just a few people, it may be more efficient to outsource basic accounting to a specialist accounting company. With a larger office, it may make sense to have an in-house accountant/bookkeeper to manage the accounts.

Professional help should also be sought when setting up the chart of accounts, establishing general ledger codes and in implementing systems. In most cases, this expertise will be found within the TSI, which sets uniform codings across the organization.

INFORMATION SYSTEMS

BASIC NEEDS

Technology is evolving very rapidly. FTRs need to match the technological advances being made elsewhere in the business world. A FTR office needs:

- A networked computer system in the office;
- An e-mail system linked in with the rest of the systems, but especially linked to a contact system;
- An accounting system as part of your networked computing;
- Access to the Internet and Wi-Fi connections in the office;
- Photos and images capability;
- Back up for all electronic systems;
- Mobile phones that synchronize with work computers, e-mail systems and contact systems;
- Laptops that are synchronized with work computers;
- Printers and fax machines that are connected by Wi-Fi to the computer network;
- Scanners that are connected to the internal network;
- A website and perhaps a blog for the Post;
- Perhaps access to social media sites such as Facebook or LinkedIn and a video conferencing facility and a meeting room set up for this purpose.

PLATFORMS AND SOFTWARE

About 80% of businesses worldwide use the Microsoft Windows platform. However, there are other systems available such as Apple, Linux or Google. Building on one of these platforms the office will need:

- E-mail;
- Word processing;
- Spreadsheet capability;
- Graphics, such as PowerPoint;
- Photos and images;
- Perhaps project management software and an accounting package;
- Security and malware detectors;
- Archive and storage.

Enterprise solutions are rapidly moving to cloud computing. It is likely that over the coming years, most applications and storage will move to the cloud. This means that data and software are not stored on a disc in a computer, but are held in vast data storage facilities now being created around the world that have built-in duplication to provide security and back up in case of catastrophe.

GET EXPERT HELP AND TRAINING

You probably need expert help in designing, equipping and maintaining your office network. This may be outsourced (perhaps on a contractual basis); you may employ somebody with the requisite skills; or the TSI may supply the skilled staff to set up and maintain the systems.

Staff will likely need training to make the best use of the technology. It is sensible to build in training on an annual basis because of the speed of development and change. Staff must also be drilled in security procedures such as use of passwords, the need to guard them and the need to change them frequently.

SEPARATING WORK FROM PERSONAL ACTIVITY

Because of the overlap between work and private life, it is frequently difficult to separate personal e-mails and phone calls from work-related activities. It is necessary to establish firm policies. A hard-line policy, such as no personal calls on the office mobile phone, raises definitional issues. For example, when a staff member calls their spouse to say they are working late at the office, is it work or is it personal? This also discourages staff from working outside normal office hours. If it is not policed at all, the risk is that the office will be paying the entire personal phone and communications costs for all employees.

A compromise is to agree to pay a proportion of private calls or to pick up the cost of Wi-Fi services to their homes. Basically, the principle is fairness, where the employees are not subsidizing office expenses combined with generosity, which might encourage them to continue working while out of the office. For example, time zone differences may be such that the only time staff can talk with clients from the home country is in the evening.

Because staff need to travel and perhaps work from home, laptop computers are essential. Common practice is for staff to be supplied with appropriate equipment and software. Because of security considerations, there must be clear and enforced policies about what materials can be uploaded to the computers and use by other family members.

THE OFFICE WEBSITE

A well-designed website is indispensable for FTR posts. It can serve as a major source of information and directly answer a high proportion of routine questions. It can also serve as a communication tool for informing clients of changes in the marketplace or new opportunities.

Most websites are both designed and maintained by the TSIs, which reflect the large investment of time and money required to keep them functioning. There is also the issue of designing sites so that they are useful not only to exporters from your own country, but also to importers from elsewhere. Hence, in many cases, multiple language versions are needed. This massively increases the costs of maintaining the sites.

If the website is going to be developed and maintained separately by the TSI, the FTR needs to seriously consider what material should be on the site. A website should do several things:

- It should save the FTR time by answering questions that can easily be anticipated. This includes issues such as office opening hours, the office address, a list of public holidays, contact details for main staff, visa requirements to enter the country and where to go to get visas, links to economic data about the home country and about the Post country.
- The website can also be a powerful recruiting tool for promotional events through the simple listing of all the events over the coming 18 months. It should also have information about what types of companies should participate in these events and why. The website can also provide facilities for companies to register and automatically receive additional information.
- It can also be a notice board for significant information and can connect through to an 'offers and requests' system for exporters and importers seeking to sell and buy.

A website will only be used if it offers something useful and up to date. If the site is allowed to deteriorate, use will drop very rapidly and people will not visit it a second time.

If the TSI has not developed a website, the task may fall to the Post. This is difficult. The site should be kept as simple as possible. There are serious costs in time for somebody to maintain the site. It needs to be assigned to someone and written into their contract. Real time needs to go into maintaining the website. Here are some basic elements that could be showcased on the website:

- The set of updated materials for market briefs and reports (see chapter 4);
- A programme of events the Post will be supporting over the next two years;
- Contact details and how to locate the office;
- A statement of services the office does and does not provide;
- A newsletter or blog;
- A list of recent 'offers and requests' for products or services.

THE OFFICE INTRANET

An Intranet is an internal version of the Internet. The Intranet is usually confined to communications and the sharing of information within an organization. An Intranet will most likely be designed and made available by the TSI because it will typically want to share information across the entire international network, such as new conditions of service, internal advertisements for vacant positions, handbooks and sets of policy instructions.

Even within a small office some form of Intranet can be valuable, but if it is being designed centrally it is not sensible to duplicate the work. It is possible to have simple systems that just operate within the office. Because FTRs often have to travel, including back to the home country, ensure the Intranet can be accessed remotely.

SECURITY AND BACK UP

All information systems are vulnerable to sabotage, hacking, theft and catastrophe, such as fire or flood. All FTR systems need to have high-quality security and firewalls installed. Staff need to be regularly trained in security measures and off-site back ups must be maintained so that in the event of a catastrophe, the office can recover very quickly. There is a cost, especially in time, to implement security measures and it is ongoing. But the cost of not having measures in place can also be very high.

Apart from the technical measures to secure data, local procedures need to be implemented to ensure various levels of data security to protect data from those who should not have access. Those technical measures within embassies are likely to have several levels of security and clearance for people to have access.

In a commercial office, commercial secrets need to be maintained securely. In addition there may be government secrets or information, such as the itinerary of a visiting minister, which must be kept confidential. Basic screening procedures of staff, strong passwords, rigid enforcement of the sanctity of individual passwords, regular changing of passwords, education of staff about security procedures, encryption of data, and protocols about taking computers and data home, are all part of a comprehensive security package that needs to be implemented.

USING SOCIAL MEDIA

There are many definitions of social media, but the unifying theme is interconnectivity and the ability for individuals to exchange ideas with others or to form groups with a common interest. A single idea can be multiplied at an exponential rate by referrals. At the same time, rather than being passive consumers of information or ideas, individuals can contribute user-generated content. Social media uses the Internet as basic infrastructure. Various software applications have been developed to allow rapid, interactive communication via the Internet. The take-up in usage has been exponential.

This chapter explores how FTRs could use social media, its potential and limitations.

Social media really only began to take off in terms of use around 2009. Here is a link to an animated map showing how the popularity of different systems has changed since then. Although this map was created in December 2012, it indicates the rapid spread of social media around the world. See <http://vincos.it/world-map-of-social-networks/>

Types of social media that might be relevant to FTRs include:

- Blogs;
- Collaborative projects such as Wikipedia and other Wikis;
- Microblogs such as Twitter;
- Content communities such as YouTube;
- Social networking sites such as Facebook, and LinkedIn, Google+;
- Photo sharing sites such as Flickr, Picasa;
- Events sites such as Eventful.

WHAT CAN BE DONE WITH SOCIAL MEDIA?

Social media enables users to:

- Reach a lot of people rapidly;
- Target a message to those who are followers or interested in a particular topic;
- Attract interest and then channel the interested parties to a corporate website;
- Form common interest groups and exchange views, information, photographs, videos and other content;
- Monitor and measure word use to track the popularity of a topic.

Social media uses ‘push’ and ‘pull’ marketing strategies. Push marketing entails using various activities to deliver a message to an ideal client. The marketer is in control of what the message is, how it is seen, when and where.

Pull marketing involves activities that encourage your prospect to seek you out and find out whether you have something of value to offer. Pull marketing activities build relationships and can include blogging, podcasting, article marketing and networking (both online and offline). Pull marketing uses the law of attraction, incorporating all the components of your personal brand to attract and retain users.

The following is a simplified summary of three of the major applications in terms of their value for push and pull marketing.

Table 22: Major social media applications and their strengths

Name	Use for	Push or pull?
Facebook	This is a place for people to exchange information, photos and form groups with like interests.	Good for pulling people into your network.
Twitter	Twitter is an instant way to disseminate information and is strongly used by journalists	Good for pushing information out to a lot of people. Fast.
LinkedIn	Used by business people. Groups can be formed by invitation only.	Good for pulling people into your network.

The concept of ‘push-pull marketing’ is oversimplified because Twitter, for example, is a prime example where both strategies can exist in tandem. Many well-known brands are using both a push and pull strategy to engage their followers and at the same time, reach a small, targeted group of people. The lines are becoming blurred with social media because there is always both personal selling and information.

Pull marketing is about developing relationships that attract your ‘ideal’ client. It shows the value you offer to these prospects so that they are naturally attracted to your offering.

SHOULD YOU USE SOCIAL MEDIA?

Before launching into a series of recommendations for using social media, it is useful to examine the world in which the FTR operates. An estimated 80% of FTRs are located in developed markets because that is where the markets are. Communication with buyers is primarily in markets with a sophisticated communications infrastructure.

The type of work that actually delivers export contracts typically involves working with very small numbers of carefully screened buyers and sellers – frequently one seller and around six potential distributors. The FTR rarely communicates with a mass market at home. A TSI or TPO may play this role, but an FTR will have a much smaller and more targeted group of interest – the companies interested in selling into the FTR's host country.

FTRs frequently play multiple roles, which means there are differences in the usefulness of social media. For example, social media may well be a valuable tool for country branding but might not be especially useful in resolving trade disputes. FTRs have limited time to scan social media and to generate content.

Table 23 lists those activities where FTRs could have a strategic advantage in delivery. They have been classified by the relative number of clients or contacts that might be involved in the particular activity, either in the home or host country. The numbers are indicative of magnitude; they are not absolute numbers. The activities have been classified by whether a push or pull social strategy might be appropriate.

Table 23 demonstrates the following:

- Most FTR activities involve relatively small number of people or entities. Some of the activities may be repeated over a year, but with different clients and different target audiences;
- There is a divide between the host market and the home market where frequently the FTR may wish to reach a large number of people in one country, but not necessarily in the other;
- There are about nine different activities where the target number of people might be in excess of 1,000. Six of these would mainly be focused on people in the host country;
- These nine activities could benefit from the use of social media.

Social media could potentially be used for any activity. The major limitations are the imagination and for FTRs, time constraints. In theory, it should be possible to put together groups of exporters and groups of importers and apply filters so that both sides only see relevant communications.

The FTR should be able to maintain a blog, which keeps all contacts up to date on the activities of the FTR office, reminds them about upcoming events and also plays an educative role.

Twitter or Google+ could also be used to communicate with clients involved in a trade display or mission as well as for inviting selected buyers to visit the FTR stand at a display. Wherever there is a possibility of forming a group of clients, customers or allies who share some common interests there is scope to make social media work. For example, a group of professionals in New York involved in international trade use Meetup to organize meetings and connect with each other. See: <http://www.meetup.com/ImportExport/events/48666142/>

There is obvious scope for using social media networks to keep an expatriate business community or chamber informed and involved with the work of the FTR office. If an FTR has wider consular duties, social media could be used to inform the expatriate community of important events, changes in the home country, legislation and other issues that might affect them. There could also be scope for getting rapid feedback and reporting from events organized by the FTR. Most social media provides rapid feedback.

Perhaps a regular economic report could be replaced by a frequent FTR blog. Reporting on outcomes and achievements could be moved to a blog or Facebook. Using social media is unlikely to be a singular activity. It is likely to be integrated across all of the FTR's and TSI's activities and linked in with regular communications, as well as customer relationship management and accounts systems.

Table 23: FTR activities and social media

FTR activities	Target numbers in host market for each unique activity	Target numbers in home market for each unique activity	Type of social media needed
Inviting potential investors	1	0	Pull
Office facilities	1	10	Pull
Solution to trade disputes	1	1	Pull
Visits to potential investors	1	3	Pull
Creditworthiness reports/credit rating	2	1	Pull
Corporate social responsibility aspects	5	1 000	Pull-push
Export packaging and labelling	5	20	Pull-push
Market characteristics	5	500	Push
Market reports by country/region	5	200	Push
Translation – interpretation	5	1	Pull
Buyers-sellers meetings; business rounds	10	50	Push
Complying with market access requirements	10	10	Push
Contributing to design of export strategies	10	1	Pull-push
Following up on trade agreements	10	10	Push
Inviting buyers	10	50	Push
Lobbying in the market (FTR)	10	1	Push
Market trends	10	500	Push
Participating in trade negotiations	10	10	Pull
Preparing marketing plans	10	1	Pull-push
Product-specific market briefs; sector studies	10	1	Pull
Tailored consultancy in the market	10	1	Pull
Foreign importers/foreign partners	20	1	Pull
Market identification/market potential	20	100	Push
Preparing business agendas	25	1	Pull
Alerts/selective dissemination	50	1 000	Push
Business opportunities/trade leads	100	1 000	Pull-push
Competitive intelligence	100	500	Pull-push
Exporters' missions	100	20	Pull
Information on tenders and projects	100	100	Pull-push
Managing collective events via the Internet	100	100	Pull
Other promotional events (e.g. food tasting)	1 000	1	Push
Trade fair information	1 000	100	Push-pull
Trade fair participation	1 000	50	Push
Use of foreign media	10 000	0	Push
Marketing campaigns	100 000	1	Push
Country branding	1 000 000	1	Push

Social media is also being used as a research tool via 'listening' techniques. Many different tools exist to count the number of times a keyword or phrase is quoted. Table 24 indicates how well certain ideas or bits of information have been picked up and the level of user interest.

Many free tools exist to help to monitor and track social media activity to ensure it is reaching your targets. These tools supply statistics, including the number of visitors to a website and the number of referrals. By subscribing and becoming a 'listener' to various applications, FTRs may find they can glean a lot of useful information. See: <http://thenextweb.com/socialmedia/2011/02/18/social-media-tools/>

Table 24: Tools for scanning social media

LinkedIn, Facebook, Twitter and YouTube, among several others	http://socialmention.com/
All social media/web (non-specific)	http://topsy.com/
Facebook and Twitter	http://www.kurrently.com/
All social media/web; user creates own profile	http://pipes.yahoo.com/pipes/
All social media/web (non-specific)	http://www.howsociable.com/
Searches blogs, web and Twitter	http://www.icerocket.com
Searches forums	http://boardreader.com/
All social media/web; user creates own profile	http://www.google.com/alerts

PRACTICAL ISSUES

To be a supplier of content and push your message out, it is important to find or establish an appropriate existing target groups. Target group members must have some common interests to distinguish them as a group, which enables the FTR to supply relevant content.

Content should provide new and interesting information. If followers return to a blog and find two-week old material, they may not return a second time. Once a group of followers is lost, it is very difficult to lure them back again. If there is an insufficient flow of new and fascinating things for a particular group, an e-mail mailing list could be just as effective as social media and more likely to be read.

Developing quality content consumes a significant amount of office time. There is a very real cost to maintaining a social media presence, which requires significant resources and nurturing. Ensure that the material posted on a blog is not confidential or liable to compromise the Post or your government. Social media is not secure and can be subject to hacking.

The next seller could be a franchise, a consultant, an investor or a company looking for a distributor. This makes it difficult for FTRs to cultivate the right sort of buyers – especially as a group with social media. Often the best potential buyers are not actively seeking a product. They may only appreciate its potential when the service or product is actively brought to their attention. Such buyers are most unlikely to join a social media group connected to the FTR on the off chance that once in 10 years there may be a relevant product.

When an FTR has an active enquiry from a buyer, it is not normally for a product or service that has been anticipated. The FTR and the TSI need to scour their databases looking for export-ready companies that produce this product or service. If there is great depth of exporting companies across all industries, this may be a simple exercise. However, often there are no active exporters and the TSI is left with the option of trying to persuade a domestic producer to start exporting on the basis of this one enquiry. Because this class of enquiry could not be anticipated, it is impossible to develop a relevant social media group of sellers.

Given the difficulties of working across all industry sectors, it is unlikely that social media will work for either buyers or sellers on a general basis. However, if the FTR has a focused industry strategy, for example with the tourism industry and 30 outbound tourism package organizers, social media could be extremely effective and efficient.

It may be possible to establish groups with a broader level of interest, such as allies and industry chambers. These contacts play the role of intelligent interpreters of information posted on your blog, YouTube or other social media outlets. They can selectively refer issues of interest to their own specialized membership. Social media depends on having a target group and relevant content for followers.

A more efficient use of social media is to direct people to the TSI maintained corporate sites, including a website, YouTube channel and any other corporately maintained sites. All FTR content could be posted on these sites. This has the advantage that specialized and trained staff can maintain the systems, rotate the content and keep the information constantly refreshed. Much of the material of interest to FTR clients is likely to be developed by the TSI. FTRs can still place Post-specific materials on the corporate website, which functions as a unique, localized site for the Post.

Even if content is produced in foreign languages, it is possible to maintain content on a corporate site or at least to use the same content manager across the TSI network. A considerable amount of work will be involved for the FTR in translating corporate materials and any other content the Post wishes to communicate.

An important website design issue is the location of the likely audiences. Not all countries have fast Internet connections and reliable telecommunications. Some countries have moved directly to mobile phones as the preferred networking device. Web pages should be designed to be mobile-device friendly. For some developer tools to create mobile friendly web pages, see: <http://support.google.com/webmasters/bin/answer.py?hl=en&answer=72462>

Some basic tips to work with the mobile web include:

- Keep web pages short;
- Navigation should be clear and concise;
- Avoid graphics that do not add to the navigation or readability;
- Test pages to see how they download in smart phones and other tablet devices.

PUBLISHING A BLOG

If you decide a blog might be a useful way of developing contacts and followers, there are issues to consider. Blogging can be highly personal. Look for a blog site that suits your needs. For a review of blogging services, see: <http://blog-services-review.toptenreviews.com>

When looking for a blog service, pick one that offers the exposure you want and complements your level of expertise. Some blog tools are tied into personal pages, whereas others are integrated with social networking. Some blog services are intended for professional use and include the ability to customize templates, monitor visitors and track referrals.

Publishing a blog is not a cost-free exercise; it can absorb considerable amounts of time. Perhaps your time would be better spent on other activities, such as tailored research.

RISK MANAGEMENT

There are a number of risks with social media. For example, hackers could gain access to your systems. But more damaging is the risk of inadvertently publishing information that should have remained confidential, for example about a company.

From an organizational perspective, there is a risk that an individual may inadvertently publish some material that is incorrect, contrary to government policy, offensive to the host government, or embarrassing to the home government. For FTRs, as representatives of their country, there is really no such thing as a personal view about significant or sensitive issues. Standards and rules about using social media and staff training are imperative.

There is a personal security risk if too much personal information is revealed. For example, you may announce via social media an upcoming visit to a remote part of the country for two weeks. This information is valuable to someone who wants to break into your home.

In some situations, posting photographs of family members, family events and other personal information can compromise your personal security. To avoid this, it is advised to turn off features such as 4Square, which allow location tracking.

SOCIAL MEDIA POLICIES

An FTR represents the home country. Any information from the FTR office is regarded as coming from a high-level representative of the home country. FTRs need to be very careful about what they communicate, whether it is via social media or any other public space.

The FTR and staff with access to social media as a contributor must complete a strict training programme and need to be aware of all policies. Centralizing all government policy communications and referring all enquiries to that central point is advisable.

An important basic policy is to detach all personal accounts from work e-mail addresses. For example, if staff have signed up with Facebook using a work e-mail address, their Facebook notifications will be delivered to the work address. This may result in personal communications and photos being stored on workplace computers. Examples of social media policies the FTR network should consider include:

- Who has authority to add content or issue statements;
- National security issues and leaking of information;
- Security of commercial information given to the FTR in confidence;
- Avoiding placing personal information that might compromise somebody's personal security;
- Drawing lines between using internal and external social media;
- The need for temperate language, avoiding racial stereotyping and ensuring gender balance;
- Accuracy in translation if local languages are used;
- Will others be allowed to add comments and their own material?
- Managing content that may be posted by others, including inaccurate or offensive material;
- Requirement to monitor effectiveness of the social media;
- Requirement for those involved with social media to undergo training;
- Awareness of current issues;
- Awareness of what material can and cannot be posted on social media;
- Requirements for changing passwords and other network security measures;
- A policy on the currency of content and removing old information;
- Separating personal and work-related social media, which is difficult when friends are also business colleagues;
- Behaving with respect and courtesy;
- A zero-tolerance policy on harassment;
- Taking reasonable steps to avoid conflicts of interest.

A good database of social media policies for over 200 different organizations can be found here: <http://socialmediagovernance.com/policies.php>. Perhaps some policies for the FTR office could be modelled after best practice.

It is one thing to have policies, but it is quite a different issue for the policies to be understood and enforced. Understanding will require some training. Enforcement requires supervision and retraining, or other steps such as denying access to individuals when guidelines are breached.

Measuring the real outcomes

Like all FTR activities, it is not enough to complete the activity. Using social media should be a step in the process of delivering outcomes that are part of the Post's goals and objectives. You need to measure the relationship between the use of social media and the Post's key performance indicators. It is useful to know that the FTR had a large number of followers on social media. It is useful to know that a high proportion of them referred some of the content to third parties. But this is incidental to actually securing more signed export deals. If the social media effort is not delivering an increase in signed export business deals, then its cost effectiveness must be closely examined.

When measuring the cost effectiveness of social media, take into account the value of time that might have been saved in communications by using social media. This would be real savings. There are many good tools available for tracking the basic statistics of social media, see: <http://thenextweb.com/socialmedia/2011/02/18/social-media-tools/>. These tools are just a starting point in assessing effectiveness. They give figures such as number of visits and number of referrals, but making the connection between these statistics and export deals signed is difficult.

One way of assessing effectiveness is to ask the companies that actually have signed export deals over a reasonable period of time, perhaps one year, whether social media played a role in the sale. However, the people you ask may not be the same people who initiated the sale and probably do not know what the other party to the transaction was doing.

There is a lot of soul searching going on among FTRs as they struggle to make the connections between investing in social media and achieving signed export deals.

CUSTOMER RELATIONSHIP MANAGEMENT SYSTEMS

Most TSIs operate some form of a customer relationship management (CRM) system. CRMs use technology to organize and synchronize all the interactions among customers and clients including requests for information, trade missions and displays, buyers and sellers of specific products and services, trade facilitators such as banks and customs agents, and charging clients for services.

CRM is usually envisaged as an organization-wide business strategy tool, which would also include measuring and valuing customer relationships.

If the TSI operates a CRM system, the FTR will likely be required to use and maintain it. However, if there is no system in place, the following information will be useful.

WHO ARE THE 'CUSTOMERS'?

An FTR operates in a different world to individual exporter companies that generally deal with one industry sector and can design a CRM system to target customers in the sector. An FTR's CRM has to manage across every industry sector, including the thousands of service categories, as well as various branches of government and a wide range of export facilitators. Table 25 illustrates the multiple categories of customers, clients and allies.

Table 25 groups a selection of headings at the highest levels. Within a category such as agriculture, there needs to be a more detailed level for classifying companies. Here is an example from the U.S. Harmonized Tariff Schedule.

Ten-digit classification: 0801190040 Shelled coconuts, not desiccated
--

Thousands of product and service classifications are potentially required to provide a meaningful description for a buyer or a seller. Some TSI systems have this sort of detail. Without a significant level of detail, the information is useless. For instance, in the above example, if you need to locate a seller of desiccated coconut and your CRM system describes a client as selling 'coconut products', your search is counterproductive if they really just sell coconut wood furniture. As illustrated in table 25, the FTR may be covering more than one country which multiplies the entries. The single most important message from the table is that developing a CRM system for an FTR Post is a labour-intensive exercise.

Table 25: Potential categories for a CRM system

Main category	Sub-categories	Sub-sub categories	Home country	Post country 1	Post country 2
Exporters	Merchandise	Agriculture	✓	✗	✗
		Minerals	✓	✗	✗
		Manufactures	✓	✗	✗
	Services	Tourism	✓	✗	✗
		Financial	✓	✗	✗
		Technology	✓	✗	✗
Importers	Merchandise	Agriculture	✗	✓	✓
		Minerals	✗	✓	✓
		Manufactures	✗	✓	✓
	Services	Tourism	✗	✓	✓
		Financial	✗	✓	✓
		Technology	✗	✓	✓
Facilitators	Government	TSI	✓	✓	✓
		Commerce	✓	✓	✓
		Health	✓	✓	✓
	Financial	Banks	✓	✓	✓
		Insurance	✓	✓	✓
		Superannuation	✓	✓	✓
	Logistics	Freight forwarders	✓	✓	✓
		Transport	✓	✓	✓
	Industry associations	Various sectors	✓	✓	✓
	Export trainers	Government	✓	✗	✗
		Private	✓	✗	✗
Non-trade	Embassies	Own embassy	✗	✓	✓
		Other embassies	✗	✓	✓
	Investment	Investment promoters	✓	✓	✓
		Potential investors	✓	✓	✓
	Media	Press	✓	✓	✓
		TV	✓	✓	✓

Notes: A ✓ indicates that data are required on this sector. A ✗ indicates that data are not required on this sector.

IMPLEMENTING AN EFFECTIVE CRM SYSTEM

The first step to implementing an effective system is identifying and clarifying business goals. A thorough understanding of business goals, needs and problems is needed before suitable CRM systems can be identified. This is not always straightforward for an FTR working with multiple agendas. In an ideal situation, the second step involves integrating the CRM system into the accounting and communication systems, such as phones, e-mails and website.

Another important step is routine training of employees in how to use the system. One of the main reasons CRM systems fail is lack of proper research on employee capabilities and needs.

The relative cost is very high to build the system and enter the data for the first time. However, the costs are significant to maintain the system, keep records up to date and keep abreast technology. These costs are recurrent every year.

For more information about CRM systems as a business strategy, see: <http://www.crm-systems.org.uk/index.php>

Before developing a CRM system ensure there are ongoing resources to maintain it. Frequently this is overlooked or ignored until the data become so out of date that it is useless, which can happen within two years. Quality control and measures must be in place to purge out-of-date material because staff will cease using a system if they know that the data are unreliable.

Another challenge is the constantly changing customer base. With every new client potentially interested in a different product or service, the information collected for other clients is often irrelevant. This means researching a new group of customers. Facilitator groups and government entries are more stable, but there is a constant turnover of people and positions, phone numbers and e-mail addresses.

CRM ALTERNATIVES

Given the complexities of setting up and maintaining a CRM, it is important to assess its cost-effectiveness. An efficient and well-maintained CRM can produce lists of companies and contacts rapidly and accurately. But a poorly maintained system simply means that every entry must be checked for accuracy. There are alternatives available online, for example:

- <http://my.kompass.com/>
- http://dir.yahoo.com/Business_and_Economy/Directories/Companies/?skw=Company+trade+directories

These directories are typically updated annually, which means some records may be outdated, but companies and their websites are identified.

There are many CRM systems designed for small businesses. One system that integrates with Microsoft Outlook and its contacts system is CRM for Outlook, C5 Insight: <http://blogs.c5insight.com/Home/tabid/40/entryid/218/CRM-and-Outlook-6-Reasons-to-Use-CRM-for-Outlook.aspx>. With this system, the FTR office's basic contacts system provides the backbone of the CRM system and can be tailored to suit your needs. For example, it is possible to generate an e-mail to a group of clients.

An underpinning premise of CRMs is that your organization should hold client–customer data in one place so that it can be accessed by all who need it. When the data have to be updated, it only has to be updated in one place. An integrated system such as the Outlook contacts system with a CRM offers many advantages.

There are many other small systems available, including working with a spreadsheet. However, a spreadsheet is not a database system.

When designing a CRM system do the following:

- Think long and hard about what the systems are going to do;
- Talk to some experts about design;
- Weigh up the costs and potential return on the investment.

SECURITY

As the CRM will be a repository of information about companies and their business dealings, it is extremely important to ensure the information is kept secure and confidential. There may be privacy laws in both the host and home country. Typically the home country stipulates what can be done with records. Whatever the situation, the reputation of the Post relies on maintaining absolute confidentiality with these records.

Presumably, if the TSI is the driving force behind the CRM it will use professional help to develop and maintain data security. However, systems need to be in place at the Post end to protect against hackers and viruses. Security audits should be conducted fairly regularly – at least once a year.

ISO CERTIFICATION FOR FTR OFFICES

The International Organization for Standardization (ISO) is a network of the national standards organizations of 164 countries. These national standards bodies make up the ISO membership and represent ISO in their country. ISO has a central Secretariat in Geneva that coordinates the system overall. See: <http://www.iso.org/iso/home.htm>

ISO develops international standards. Since the organization was founded in 1947, it has published more than 19,000 international standards covering almost all aspects of technology and business. It also publishes management standards for service organizations such as TSIs or FTRs.

WHAT IS A STANDARD?

A standard is a document that provides requirements, specifications, guidelines or characteristics that can be used consistently to ensure materials, products, processes and services are fit for purpose.

Initially developed for the engineering and construction industries, international standards give state-of-the-art specifications for products, services and good practice, which help to make industry more efficient and effective. Because they have been developed through global consensus, they also help break down barriers to international trade.

WHAT IS ISO CERTIFICATION?

A company or an organization may decide to seek certification for many reasons. For example, certification may be a contractual or regulatory requirement or necessary to meet customer preferences. It could be part of a risk management programme. Certification also helps to motivate staff by setting clear goals for the management system.

For an FTR office, certification to ISO standards could be a way to ensure that all management processes have been developed and documented. It is possible for a branch operation to be certified, even if the main parent body, for example the TSI, is not yet certified.

If ISO certification is going to be pursued it is usually done by the TSI across the international network. There are obvious economies of scale in pursuing an organization-wide approach. An individual FTR office is unlikely to have the resources or authority to initiate the full ISO certification process.

The ISO 9000 series of standards is of most interest to FTRs because it focuses on quality management systems. There are other series of standards; for example ISO 31000 concerns risk management and ISO 22000 covers food safety management systems. ISO 9001 is used to establish a quality management system that provides confidence in an organization's ability to provide products that fulfil customer needs and expectations. (Note that 'products' refer to services and software as well as processed materials.) It is the standard against which a quality management system can be certified by an external body.

There are five sections in the standard that specify activities that need to be considered when implementing the system. All of these sections can be applied to FTR office systems and outputs:

- Overall requirements for the quality management system and documentation;
- Management responsibility;
- Resource management;
- Product realization;
- Measurement, analysis and improvement.

ISO develops international standards but it is not involved in certifying standards. Certification is performed by external bodies, which are largely private. When a company or organization is certified to an ISO standard, it will receive a certificate from the certification body.

Although ISO does not perform certification, its Committee on Conformity Assessment (CASCO) has produced a number of standards that relate to the certification process. The voluntary criteria contained in

these publications are an international consensus on good practice relating to certification. Companies and organizations usually operate their certification activities according to these international standards. More information can be found by accessing the full list of CASCO Standards. See: http://www.iso.org/iso/home/store/catalogue_tc/catalogue_tc_browse.htm?commid=54998&published=on&includesc=true

BENEFITS

In 2010, ISO launched a major survey of existing and potential users of ISO 9001 and ISO 9004 in 122 countries. The objective was to better understand user needs, identify opportunities for improvement and guide the long-term strategic direction of quality management. Survey findings showed improved customer satisfaction to be the primary reason for seeking ISO 9001 certification and the most important benefit from implementing the standard.

Of a total of 11,722 respondents, 4,222 cited customer satisfaction as the key influencing factor behind certification, ahead of 3,689 indicating market needs. In terms of benefits, 5,886 viewed customer satisfaction as the primary benefit, with the value of standard business processes in second place.

A survey of Asian organizations also showed positive results, http://www.iso.org/iso/home/news_index/news_archive/news.htm?refid=Ref1580

Customers tend to regard ISO certification as a positive factor. For an FTR trying to convince exporters from the home country to pursue ISO certification, it is certainly an advantage to have been through the process. It sets an example and provides insider knowledge about the process.

DOWNSIDES

Implementing an ISO certification process involves considerable time and resources and, depending on how advanced existing systems are, it could take between three months and three years. There is likely to be a delay of an additional three months after the quality management systems are in place as the auditor waits to see that the systems work in practice. The time it takes to be certified also depends on the level of resources that can be dedicated to the process. For a good overview of frequently asked questions about implementation, see: <http://www.praxiom.com/faq1.htm>

An Australian study of more than 300 organizations found the greatest difficulty associated with implementing ISO 9001 is balancing other priorities with the demands of implementation.

The time it takes to complete the certification process is time not being spent with exporters or in generating outcomes. However, if as a result of ISO certification the office has smoothly functioning systems and high-quality service, then it will certainly be operating more efficiently. To some extent the need for documentation is a function of the size of the office. A one- or two-person office can probably operate quite effectively with very few documented processes. But as the office expands and takes on more varied work, there is an increased need for documented processes and quality control. ISO certification has been implemented in businesses with as few as one person.

It is not clear that the FTR clients will be greatly impressed or have more confidence in the office if it is ISO certified. However, they will be impressed if the quality of service is high as a result of the certification.

Once the office is certified, the process does not stop. It is ongoing to ensure that the systems are adhered to. After a few years, there will be a renewal or re-certification process.

A consideration is what language to use for the certification. If an FTR is operating in a foreign country with a different language to the home country, it is probably better to become certified using the local language so that staff may adhere to the standard. However, this may create compatibility issues with the TSI.

Not everyone is convinced that ISO 9001 certification is worth the effort. The large industry of consultants and others who derive their living from ISO certifications are positive, but there are alternative views. See: <http://www.qualitydigest.com/inside/twitter-ed/where-have-all-certifications-gone.html>

BECOMING CERTIFIED

Work with a well-recognized ISO registrar. It is important to find out whether your registrar has been formally accredited by a recognized accreditation body. It is also important to ensure that the auditors used by the registrar are properly trained and certified. The process involves many steps.

For a good overview of what is required to develop a quality management system and carrying it through to ISO certification, see page 4 of this report. It begins with full engagement of top management and describes seven major steps in the certification process: http://www.iso.org/iso/iso_9000_selection_and_use-2009.pdf

TRAINING

This guide focuses on the FTR Post and its needs. Most formal training will be coordinated by the TSI and be conducted in the home country. This section provides a brief overview of the type of training an FTR should have. Most of the training takes place on the job and is the result of practical experience, but much knowledge can be taught.

Because FTRs are scattered around the world and needs differ from country to country, TSIs and foreign services use various forms of e-learning to reach people. FTRs are assumed to have some knowledge before being selected as a candidate. This includes:

- A high standard of basic education;
- Computer skills, including spreadsheet, word processing, PowerPoint, e-mail, social media;
- Language skills, preferably fluency in the language of the host country;
- Experience in managing people;
- Social skills;
- Communication skills; and
- A commitment to ongoing, life-long learning.

Training needs vary considerably. For example, some countries recruit young people directly from universities, which means they do not have experience managing people.

The International Forum on Diplomatic Training meets annually, bringing together deans and directors of diplomatic academies and institutes of international relations. Summaries of the meetings, which cover training techniques and modern diplomacy, can be found on its website: <http://forum.diplomacy.edu/>. This is a useful source for people designing training programmes. The Forum recognizes that diplomatic learning is lifelong learning and is not something that can be delivered in a 12-month training programme.

Ideally, FTRs will already have some experience in the world of business before being recruited. In addition, they should have undergone an intensive training programme. However, many are given little training before being sent to a foreign country.

DIPLOMATS

In some cases, FTRs operate full consular offices as well as fulfilling the role of trade facilitation. In these cases, they need to have a thorough understanding of the role of a foreign affairs diplomat because they will be the senior representatives of their country. They may have to issue visas and provide other services to visitors from their home country or for locals wishing to visit or interact with the home country.

The column headed 'foreign affairs diplomats' in table 26 assumes that training needs apply to all staff with a foreign affairs, diplomatic/consular role. They may have additional roles. If they have to operate as an FTR they will also need the skills and knowledge described as essential in the column headed 'FTR'.

FTRs

An FTR who does not have additional foreign affairs, diplomatic/consular responsibilities, will need all the essential skills highlighted in blue in the column headed 'FTR', in table 26. In addition, FTRs should have some knowledge of the topics highlighted in green. Most of this training should be delivered in the home country, probably through the TSI before the FTR departs for the Post.

Coordinators of FTR networks need a special set of skills. Typically, they will be the liaison point for exporters who wish to participate in trade displays, trade missions, or meet with visiting buyers. They may also be the first point of call for an FTR who needs to identify a supplier of a particular product. They need very detailed knowledge about the TSI's policies and systems and they probably have to serve as an export planning and counselling service.

Coordinators benefit from some experience in the field, either managing their own Post as an FTR or as a short-term assignment to an FTR Post. Nothing replaces experience.

Coordinators are likely to have budgetary and management oversight of the network of FTRs so they need financial and other knowledge. They will need all the essential skills highlighted in blue in the columns headed 'FTR coordinators' in table 26.

Coordinators will probably also have responsibility for coordinating the training programmes for FTR staff. In some cases, this training might be delivered online via e-learning. In other cases, it might be possible to organize lectures from experienced practitioners, business people or other experts from the TSI.

LOCAL STAFF

There is often a tendency to ignore the training needs of local staff. However, the more professional and skilled your staff, the easier the job becomes. They need to understand TSI policies and charging regimes. They will benefit from training in report writing and in project management because in many cases they will be managing events such as trade displays and trade missions.

Table 26 indicates that local staff should have training in the sections highlighted in dark blue. It is also highly desirable that they have some knowledge of the topics highlighted in green.

Local staff primarily learn on the job. This experience builds over time because often they are on the job for much longer than the home-based FTR staff. An ongoing programme of training and development for local staff is important. They especially benefit from visiting the FTR's home country so that they have direct knowledge about the country they are working for and trying to promote.

Training local staff is likely to be the main training activity carried out at the Post and is the FTR's responsibility. Seek professional help either from the training section in the TSI or locally from experts or consultants. Group learning techniques, such as small workshops, can also be valuable. Take advantage of any e-learning materials produced by the TSI.

The FTR requires in-depth knowledge across virtually every subject listed in table 26.

Table 26: Training topics for FTRs and staff

Training topics for FTR and related staff				
Topic	Foreign affairs diplomats	FTR	FTR coordinators	Local staff
Policy framework				
Vienna conventions of 1961 and 1963	■	■	■	■
Geneva conventions concerning war and treatment of people	■	■	■	■
Bilateral diplomacy	■	■	■	■
Multilateral diplomacy	■	■	■	■
Privileges and immunities	■	■	■	■
United Nations Convention against Corruption	■	■	■	■
United Nations operations	■	■	■	■
GATT	■	■	■	■
WTO	■	■	■	■
Doha Round	■	■	■	■
International law	■	■	■	■
Knowledge about countries				
Trade patterns of own country	■	■	■	■
Trade patterns of host country	■	■	■	■
Own country's trade policies and positions	■	■	■	■
National trade strategy or TSI trade strategies	■	■	■	■
Host country's trade policies and positions	■	■	■	■
Country branding	■	■	■	■
Trade barriers (technical, phytosanitary, tariff, bureaucratic, etc.)	■	■	■	■
Economics of host country	■	■	■	■
Largest companies in host country	■	■	■	■
History of host country	■	■	■	■
Culture of host country	■	■	■	■
Literature of host country	■	■	■	■
Politics of host country	■	■	■	■
Geography of host country	■	■	■	■
Specialist knowledge about other government departments (education, defence, treasury, immigration, etc.)	■	■	■	■
Practical knowledge				
Visas, consular work, immigration	■	■	■	■
Import/export documentation	■	■	■	■
Export finance	■	■	■	■
Quality assurance	■	■	■	■
Event management (including displays and missions)	■	■	■	■

Training topics for FTR and related staff				
Topic	Foreign affairs diplomats	FTR	FTR coordinators	Local staff
Project management	■	■	■	■
Understanding and interpreting the tariff	■	■	■	■
Shipping and freight between home country and host country	■	■	■	■
Incoterms	■	■	■	■
Agency and contract law and practice	■	■	■	■
Protection of intellectual property	■	■	■	■
Franchising	■	■	■	■
Facilitation skills				
International marketing and strategy	■	■	■	■
Trade promotion techniques	■	■	■	■
Investment promotion techniques	■	■	■	■
Technology transfer and promotion	■	■	■	■
Promoting service exports	■	■	■	■
Tourism promotion	■	■	■	■
Interviewing skills	■	■	■	■
Listening skills	■	■	■	■
Selling skills	■	■	■	■
Presentation and public speaking skills	■	■	■	■
Managing the media (press, TV, radio)	■	■	■	■
Client service policies (including charging and service delivery standards)	■	■	■	■
Report writing skills	■	■	■	■
Business planning	■	■	■	■
Export planning	■	■	■	■
Use of CRM	■	■	■	■
Computer skills, trouble shooting	■	■	■	■
Giving quality client service	■	■	■	■
Information security	■	■	■	■
Interpersonal skills				
People management skills (especially across different cultures)	■	■	■	■
Language training	■	■	■	■
Personal security	■	■	■	■
Culture shock	■	■	■	■
Spouse training	■	■	■	■
Etiquette in host country	■	■	■	■
Managing representation and catering	■	■	■	■

Training topics for FTR and related staff				
Topic	Foreign affairs diplomats	FTR	FTR coordinators	Local staff
Office management				
Financial management and budgeting	■	■	■	■
Property management	■	■	■	■
Office management	■	■	■	■
Filing conventions and systems	■	■	■	■
TSI policies regarding human resources (leave, attendance, allowances, salaries, housing, travel and bonuses, etc.)	■	■	■	■
TSI systems and policies relating to exporters	■	■	■	■
Staff management and performance reviews	■	■	■	■

Key to colour codes: ■ Essential knowledge
 ■ Useful to have
 ■ Probably do not need training

PROVIDING OFFICE FACILITIES

Exporters and other visitors from the home country highly value access to an office. Some FTRs have made office facilities available either for free or for a highly subsidized rate. The FTR office can become a 'home away from home' for visiting exporters, government officials, industry representatives and others. Anyone from the home country who needs a place to write, phone, send e-mail, get some local advice, read the home newspapers, talk to people in their own language or access trade directories, finds the idea of an office facility very attractive.

When a government delegation or working group visits, they are likely to require office space and will expect the relevant embassy section to provide it. These services should be budgeted for when possible. However, such visits are typically impossible to foresee, which means the support might have to be provided within the given budget.

One of the benefits of providing an office facility to exporters is that the FTR has the opportunity to work closely with them. Exporters will readily seek and follow the expert advice from the FTR and staff. Usually, they will also acknowledge the assistance provided because it is obvious, immediate and accessible.

Exporters often request office facilities. Their reasoning is that taxpayer's monies are paying for the FTR's office and they are taxpayers, therefore they have a right to use the office. From the exporter's perspective, a free office is a valuable asset. It takes a lot of pressure off the individual operating in a foreign environment. They have immediate access to the FTR and staff to ask questions and get advice, and they have people around them who speak their language as well as the local language.

When the FTR provides office facilities, it is frequently difficult to know where to draw the line. Obviously, a desk is provided plus access to bathroom facilities. To be of practical benefit, there needs to also be a telephone connection and access to Wi-Fi. Think carefully about the following:

- Is there access to the staff kitchen facilities?
- Will you provide a tea and coffee service for their visitors? Who cleans up?
- Will you act as a post office and allow the exporter to use the address of the FTR for mail?
- Do you make stationery available as well as computer and printer access?
- Do the visitors have unlimited access to the FTR and marketing staff or do they need to make an appointment?
- Can they ask the FTR's secretary to produce letters and mail them?
- Can they use the office for meetings? What if the meetings seem to be social rather than business meetings?
- How do you charge for using the facilities? Is everything free? What if they ask you to send out numerous invitations to a reception? Who pays for the mailing costs?

Services on offer must be clearly communicated, otherwise the FTR could be perceived as being unhelpful. A particular problem is that some visitors could be in the country for as long as a month. The longer they stay and the more familiar they become with the office and staff, the more entitlement they tend to claim. It can be very difficult to move people out of the office, especially if the service has been promoted.

If you charge for using the office, the price should reflect all the overheads, including staff time. The best comparison is to look at what the commercial serviced office companies are charging. They are specialists at offering this type of service and have a very accurate idea about true costs.

Another issue is determining who qualifies to use the office and who does not. For example, is a buyer from the home country eligible to use the office? What about a university professor from the home country who is trying to set up exchange programmes? (A very worthwhile endeavour, but is it business?) What about the board of a wholly foreign-owned company that has a manufacturing plant in your country that wants to use the office for an offshore board meeting?

It is often very difficult to know where to draw the line. It is even difficult to draw up guidelines or rules about who is eligible and who is not, because you cannot think of all the possible scenarios. In big cities, office space is very expensive. Any free office space and facilities are a sizeable subsidy.

If the FTR is operating from within an embassy, the ongoing presence of business people can be a challenge for security systems. There are several types of security risks involved. The physical risk of terrorism or violence may not be much of a worry in most circumstances. However, there will be extra pressure on screening facilities at the embassy. The risk of commercially confidential information being sighted or overheard is more problematic. It requires stepping up the security on all commercial information held in the office and raising staff awareness. If the visitor picks up some information about a competitor at home or elsewhere, it can seriously damage the FTR's reputation. The office may also be the subject of legal action for damages.

OFFICE ALTERNATIVES

Given the readily available alternatives and the complex issues associated with providing free or heavily subsidized office space, there are many sound reasons why it might be better to not to provide office facilities.

Most hotels offer good telephone and Wi-Fi connections. Most business hotels also have a business centre where messages can be forwarded, translators employed, messages printed out, business cards organized and meetings set up. In addition, they have catering facilities for hospitality purposes.

Most business can be conducted via the Internet, so with a reliable Wi-Fi connection and a smart phone, an exporter is very well equipped. Most can carry a small portable printer, laptop computer and camera or smart phone that doubles as a scanner. This enables them to carry the office with them and operate from a hotel room or Internet café.

Another alternative is the serviced or virtual office, which rents office space by the hour, day or week. Some offer packages. A well-run serviced office will provide services such as an individual telephone number that is answered by a receptionist in your name. Calls can immediately be directed to you in your office or to your mobile phone. Even if you have returned to your home country, a call can be re-directed so that the caller probably does not notice they have been transferred to another country.

The serviced office will also provide services such as interpreters and translators, tea, coffee, meeting rooms with videoconference facilities and a reception area. Such facilities are a very good business proposition. For a good article on serviced offices, see: <http://www.thejakartapost.com/news/2012/07/17/redefining-office.html>

KEEPING RECORDS

As the cost of information storage continues to drop dramatically and as cloud storage and computing continues to expand, there is still a requirement for recordkeeping. An FTR office needs to comply with the laws of the host country as well as meet the requirements of the home country. The laws will spell out what records are required to be maintained and may even dictate for how long.

Records are maintained to provide evidence of agreements, commitments, activities or payments that have taken place. If all goes well, these records may never be needed. But, frequently records are accessed as evidence or simply to clarify or provide information. Records of building leases and employment contracts are obvious sorts of records that need to be maintained. But the office may also be required by law to maintain financial records, especially if the office in the host country is subject to local taxation regulations.

There is the inevitable trade-off between the cost of storing and retrieving information and the value of being able to prove a point. In some cases, the point may have to be proved in a court of law, which means having the appropriate documents when needed can be extremely important. Technology changes, which could mean older electronic documents become unreadable. Updating the electronic format of records every five years should be sufficient.

Every organization will have different requirements. The TSI or home government is likely to have a policy about recordkeeping, but table 27 provides a good indication of what records should be kept and for how long.

Table 27: What records should be kept and for how long?

Type of records	Number of years to preserve
Property records and leases	Indefinitely
Employment contracts and staff issues	Up to 20 years or indefinitely. (Some contracts may spell out pension conditions which do not take effect until the person retires and may be applicable until they die or their heirs die.)
Government-to-government agreements	Indefinitely
Records of trade negotiations	Indefinitely
Day-to-day financial records: payments, purchases, supplies, sales, etc.	Up to seven years depending upon whether there is a law stipulating when such records are no longer valid
Formal contracts for the delivery of FTR services	At least seven years
Policies and instructions from the controlling TSI	Indefinitely, but they need to be constantly kept up to date
Correspondence (requests and responses) relating to trade enquiries	Up to seven years. (Your advice may be challenged as having been incorrect.)
Services that have been provided for a fee	At least seven years
Trade display records	At least five years
Trade mission records	At least five years
Country and economic reports	Two-to-three years. (They become outdated very rapidly.)
Database of contacts	This should be maintained indefinitely, but it requires constant work to maintain it with current information. It can never become a static record.
Monthly reports/annual reports	For up to five years
Routine administrative correspondence	For up to five years
Credit agency reports	One to two years. (They become outdated very quickly.)
Company catalogues and reports	One to two years. (They become outdated very quickly.)

HOW TO KEEP RECORDS

Most correspondence today is via the Internet so it is relatively easy to maintain extensive records of all e-mail exchanges going back years. Other records may have been scanned and stored electronically. However, when staff leave or go on vacation, their replacements need to be able to seamlessly take over all their projects. The client should not notice the difference. All communications should be labelled, tagged and filed in such a way that others can take over when required.

All electronic storage is subject to the following constraints:

- Changing technology can render earlier versions unreadable unless they are systematically updated into newer formats.

- Security of information from theft necessitates that data be encrypted and stored in several secure places, including offsite. Staff also need to be trained in security methodology and be aware of their responsibilities.
- Catastrophe, including fire, flood, earthquake, robbery, espionage, hacking, computer viruses, malware and electronic warfare, means there must be adequate back ups and offsite storage of data.
- Because of changing and forgotten passwords, systems need to be in place to enable access to electronic records long after the people who wrote the material have left the Post. It is important to know which records are kept where.
- A major change is imminent in the indexing and classifying of documents. Traditionally, much effort has gone into filing and indexing documents so that they can be retrieved relatively easily. However, modern electronic search techniques are rendering these classification systems obsolete. Whatever approach is followed, ensure that documents or records can be located and retrieved relatively quickly.

Some documents, such as property leases or government agreements, may be paper records, which require adequate physical protection from fire and theft, but also from mould and rodent damage. These documents should be kept in a strongroom, safe or a security filing cabinet. It is also advisable to scan them and store the electronic copies offsite.

For some records that need to be kept indefinitely, it may be preferable for the TSI or the official government archive organization to store and maintain them.

DESTROYING OBSOLETE DOCUMENTS

It is a significant job to sort through old file records and select documents that should be destroyed. This task is always given a low priority and is often not done until the problem of record storage becomes overwhelming. Then it is often not done well and all the old documents may be simply destroyed without regard to the need to maintain some records indefinitely.

This issue can be partly overcome by clearly segregating the relatively small number of documents that need to be kept for long periods. Then it is easy to remove them and destroy the rest.

Destroying documents is not a simple matter. It is not advisable to place correspondence into the normal rubbish collection. There are a number of companies that specialize in the destruction of classified documents, by turning the paper into pulp. This can be done in the office with a shredder, but use a double shredder for confidential materials.

CLASSIFYING AND ACCESSING RECORDS

Some correspondence needs to be kept as confidential. Companies are reluctant to share their business plans with FTRs unless they are confident that the information will not be divulged to their competitors or buyers. Likewise, the trade negotiation position of your government must be kept confidential. Personnel records should also be kept confidential.

For these reasons, it is useful to place a security rating on all correspondence coming into and going out of the office. Like all systems, there is a cost and a downside to placing constraints on the flow of information. The consequences of confidential information being 'leaked' from the FTR office can be very grave. Make sensible compromises based on the balance of risk. Following is a suggested system for levels of classification:

- **Unclassified:** all staff can have access and if unauthorized people access the documents no great harm can result;
- **Staff in confidence:** for personnel records, which should remain confidential to the individuals and management only;
- **Classified 1:** all staff can access the documents, but some negative consequences might be likely if unauthorized people access the documents;
- **Classified 2:** only staff who need to know have access to the information and negative consequences are likely if the information is leaked;

- **Classified 3:** only staff with a security clearance have access and there could be damage to the reputation of the Post, or other losses if the information is leaked;
- **Classified 4:** a high level of classification for information, which rates as a State secret, such as positions with trade negotiations.

The more levels of classification used, the greater the problems for storage and operational efficiency. To be effective, all staff need training in the procedures. The best security is well trained and loyal staff. Practical problems will arise, for example, where one document is highly classified but all the rest on that project are unclassified. Do you classify the whole file or do you withdraw that one piece of correspondence? It is probably more efficient to withdraw the one piece of correspondence and replace it with a reference that a classified document exists.

Ensure that personal e-mails are kept separate from work e-mails. When a person leaves the Post, all personal e-mail should be deleted while work e-mail needs to be maintained so that replacement staff can access the e-mail trail. Table 28 outlines a system of document and record classification.

It is costly to maintain various levels of classification. The default option for staff is to classify, but documents are often over-classified. Classifying documents is about risk management.

Table 28: Classification of documents and records

Type of records	Security classification
Property records and leases	Unclassified
Employment contracts and staff issues	Staff – in confidence
Government-to-government agreements	Unclassified (for most purposes as the agreements are normally public documents)
Records of trade negotiations	Classified 4
Day to day financial records: payments, purchases, supplies, sales	Unclassified or classified 1
Formal contracts for the delivery of FTR services	Classified 1
Policies and instructions from the controlling TSI	Unclassified (or perhaps classified 1 in some circumstances)
Correspondence (requests and responses) relating to trade enquiries	Classified 1
Services that have been provided for a fee	Classified 1
Trade display records	Classified 1
Trade mission records	Classified 1
Country and economic reports	Unclassified
Database of contacts	Classified 1
Monthly reports/annual reports	Classified 1
Routine administrative correspondence	Unclassified or Classified 1
Credit agency reports	Classified 1
Company catalogues and reports	Generally unclassified but sometimes Classified 1

MONTHLY AND ANNUAL REPORTS

The rationale for reporting is covered in some detail in chapter 6 and in this section we will just focus on the mechanics of reporting.

Typically, FDR are required to produce reports at least monthly and also annually. Where they are attached to an embassy there may well be another monthly and annual report required.

Automate the recording of outcomes via spreadsheets and electronic means wherever possible. Data in one report should transfer directly into a higher-level report. For example, a monthly report from an FTR office should slot directly into a higher-level report that groups input from all FTR offices.

An example of a simple monthly report that could easily become part of a higher-level report can be found in appendix IV. The figures included in the table are merely indicative and the table should be shaped to suit your needs.

Note that only real outcomes, those that are consistent with the business objectives for the Post, are included. This is not a record of activities. For example, the fact that staff at the Post spent the last six weeks preparing for a major trade display is not recorded here. That is an activity.

The same template can be used for every month with the end column (the totals) being updated every month. Each month, and at the end of the year, the end two columns can be used directly as input into a higher-level report by the TSI.

Keep the number of activities in column one to a minimum. Aggregate at a reasonably high level for this report. For example, do not record the results for each trade display individually. That is too detailed and is not an overview.

You can subsume all other activities (such as market reports, ad-hoc trade enquiries and market opportunities forwarded to clients) into the one heading. If significant outcomes are generated from any one of these activities, list it separately.

It is sufficient in a report like this to record expenditure to the nearest thousand dollars. It is a guide for FTRs to gauge how they are performing against their budget allocation (and likewise for the TSI). Expenditure is liable to be lumpy, with large payments in certain months for events such as trade displays. You can adjust the pro rata figures to take account of known budget commitments later in the year, but overall, a simple division of the annual budget by 12 gives a reasonable guide.

On one page you can have a picture of how the FTR office is performing throughout the year. All the relevant data is captured in the last few columns. All the descriptive information required, such as success stories has been captured in the second page of the report each month.

MANAGING TRADE ENQUIRIES

Trade enquiries from clients are regarded as the lifeblood of the FTR office. Quality trade enquiries that are likely to lead to long-term business are important. Of the many services carried out by FTRs, those most likely to result in trade enquiries include:

- Tailored counselling, especially involving market research and identifying buyers and sellers;
- Preparing business agendas;
- Advice on managing trade disputes;
- Translation and interpretation assistance.

All of the other FTR tasks will be at the initiative of the FTR and TSI and will require complex and iterative communications with the TSI or allies or clients. For example, with activities such as trade missions, trade displays, trade negotiations, dissemination of trade opportunities, sector-market reports and country economic reports, the initiative comes from the FTR or the TSI and does not involve direct, client-initiated trade enquiries. However, these activities could result in a number of trade enquiries.

Depending upon local circumstances, the volume of trade enquiries can overwhelm an office. Systems need to be put in place to manage these basic work requests.

In appendix II are examples of a spreadsheet to record data about clients and their requests that should be captured. A simple version of a trade enquiry form is given in appendix III. It is a form that can be either used by FTR office staff when accepting requests over the phone or via e-mail. It can also be used in the field

Box 23: Principles relating to trade enquiries

- Try not to enter the same data multiple times. Client contact details should be entered once into a central database. Capture data electronically or in spreadsheet so that it can be readily incorporated into an electronic form.
- Beware of turning your trade enquiry record system into a de facto customer relationship management system (CRM) without putting in the necessary planning.
- Get the enquiry right the first time it is entered into the database. Follow up and clarify the initial request. Not having a clear understanding what the client really wants can result in a huge amount of wasted effort and an unhappy client.
- Simplify and codify as much as possible. An example is to use the internationally accepted harmonized tariff to define products. Do not accept vague or open-ended requests. Narrow the demand down to something tangible the FTR office can actually deliver, such as a list of three interested importers.
- Do not record more information than is useful. For example, it might be interesting to know how many offices the client maintains, but you will probably never use that information.
- Avoid multiple systems and forms. One form and one system that handles work requests for importers and exporters, and for inwards and outward investors for products and for services, would be useful.
- Explore the possibilities of using iPads or tablet computers to record data in the field in a spreadsheet format. If possible scan much of the data from business cards or use electronic business cards to transfer contact details. This can save time and improve accuracy.
- Estimate the amount of work needed to fulfil the request and the likely trade benefit. For example, is this a small one-off sale that is unlikely to lead to future business or is it a strategic entry to the market that could result in long-term and expanding business? Clearly the latter is a better way for FTRs to be spending their time.

when calling on buyers and sellers or during a trade exhibition for recording trade enquiries. The sample form was drafted as an Excel spreadsheet, which lends itself to automatic manipulation of the data and direct incorporation into the FTR's database. A form like this can also be set up on a portable electronic device such as an iPad or tablet computer. With Wi-Fi and cloud connectivity the data can be instantly incorporated into the FTR database and perhaps also into the TSI systems.

It then becomes very easy to count various quantitative statistics that are often demanded by TSIs, such as the number of enquiries relating to service exports or the percent of enquiries received by e-mail. These data should be rapidly entered into the office database and any further details relating to office action on the request should be handled electronically and directly using the office computer systems.

A simple enquiry numbering system is usually sufficient for tracking enquiries. It can consist of the date and the year of the initial enquiry, plus a consecutive number. Making the numbering system more complex, for example by including product codes or the name of the action officer into the number, will create difficulties and rarely allows easier access to data. After an enquiry is received, the following steps should be completed:

- Somebody should be designated to enter the data into the office database;
- Somebody should be clearly designated to act on the request;
- The person designated as the 'action officer' needs to check immediately that there is sufficient information in the request and clarify unclear issues;
- It is also useful at this stage for the action officer to do a simple estimate of the time needed to answer the enquiry. It can also be instructive to do a rough estimate of the potential outcomes. These estimates can be simple as outlined in table 29.

A reasonably accurate time estimate is needed to complete tasks and manage workflows, especially if charging by the hour for services rendered. This is challenging, as FTRs often deal with unforeseen circumstances.

Potential outcomes are another matter. They are very subjective. A client with a single surplus machine to sell is unlikely to have ongoing business. A client clearly with a strategic objective in developing a market has potential for ongoing and successful business. The size of the initial sale is of less significance than the potential for ongoing and expanding business.

Table 29: Time required to complete tasks and potential outcomes

		Estimate of the hours of work required to complete the task			
		Low 1-3 hours	Medium 3-8 hours	High 8-32 hours	Very high >32 hours
Estimation of the likelihood of ongoing business outcomes within the next two years	Low				
	Medium				
	High				
	Very high				

It is difficult to estimate outcomes, but ranking can usually be done. From the FTR's perspective, a request that can be dealt with quickly and has high potential for ongoing business is ideal. An FTR has to deal with all requests and has little discretion to pick and choose. However, look carefully at requests that will involve many hours of work and are unlikely to deliver ongoing business within a time frame of several years.

The standard office systems should be used to track the processes and manage the work request, and ensure that follow-up work is logged and recorded. Results should also be logged and recorded.

One obvious client service measure is to follow up after the job is complete and ask for feedback. Were they satisfied with the service, were they kept informed of progress and what were the results?

ENTERTAINMENT

Official entertainment is considered as providing meals or drinks with some form of business purpose. It may also include activities such as invitations to sporting events, golfing days or cultural events. The justification for spending money from the office budget on these activities is that there is a legitimate business purpose. For FTRs, entertainment is part of network building.

There are other reasons for official entertainment. For example, reciprocating hospitality. In some circumstances, for example with a reception for a trade mission, this may simply be the most efficient way to introduce a number of exporters to buyers and other interested parties, such as bankers or officials. This website discusses diplomatic protocol and offers guidelines for official diplomatic entertainment: <http://www.state.gov/documents/organization/99260.pdf>

Building networks is important. It may be possible to interview a knowledgeable person over lunch and obtain a lot of useful information for a client. You may also be able to influence them to think favourably of your country or your exporters or a particular client over lunch simply because the atmosphere is relaxed and more conducive to cooperation.

A drinks or cocktail party can also be an inexpensive way of reciprocating hospitality to numerous people or for meeting contacts relatively quickly.

There are limitations to what can be achieved through entertainment. FTRs work with a limited budget, but some will have a budget for official entertainment. Some FTRs may be expected to fund entertainment themselves, but this is unreasonable unless salaries have been adjusted accordingly. It is not good practice to bundle entertainment allowances into the basic salary as FTRs are likely to cut back on official entertainment to maximize their own income. It is best to keep the two separate.

Entertainment can be extremely lavish or modest. Lavish entertainment is wasteful. With expensive dining, there is a fine line between offering hospitality and bribery. It could place your guest in a compromising situation. It is best to avoid this.

Keep in mind time limitations. Networking and entertaining are not outcomes. There must be a balance struck between building networks and the time and cost of entertainment.

HOW TO ENTERTAIN

There are many books devoted to the subject of entertaining. The following website offers useful information. <http://www.ediplomat.com/nd/protocol/entertaining.htm>

However, it is possible to make some simple strategic choices about the way to offer entertainment.

The list below is far from exhaustive but it gives an idea of the variety of forms of hospitality that can be offered and some of the benefits and downsides.

Table 30: Types of entertainment and pros and cons

Type of entertainment	Pros and cons
Breakfast at a restaurant	Informal, can be quick, personal, can be effective one-on-one discussion, inexpensive
Morning coffee at café	Informal, can be quick, personal, can be effective one-on-one discussion, inexpensive
One-on-one lunch at restaurant	More formal, usually not quick, eats into your productive work time, but very effective at building rapport, high cost per person
Group lunch at restaurant	More formal, not quick, eats into your productive work time, effective at building rapport between groups, high cost per person
Drinks party at office	Moderately formal, you can entertain a lot of people relatively quickly, modestly effective in building relationships but insufficient time to discuss anything in depth or build much rapport, requires a lot of catering logistics, low cost per person
Drinks party at your home	Moderately formal, you can entertain a lot of people relatively quickly, modestly effective in building relationships but insufficient time to discuss anything in depth or build much rapport, people appreciate your personal involvement, requires considerable work on the part of you and your family, low cost per person
Drinks party at ambassador's residence	Formal, requires ambassador's cooperation, involvement and support, works well for such things as receptions for visiting trade missions or visits by ministers, often successful in having high-level local people attend, modestly effective in generating rapport, high cost – but the ambassador may have access to other entertainment funds
Drinks party at hotel or similar venue	Moderately formal, you can entertain a lot of people relatively quickly, modestly effective in building relationships but insufficient time to discuss anything in depth or build much rapport, somebody else handles all the catering logistics, modest cost per person.
Drinks party in special venue such as on a yacht or at art gallery (see example of Paris City Hall: http://www.paris.fr/english/business/organise-a-business-event-duplique/rub_9940_stand_98270_port_24815)	Informal, you can entertain a lot of people, significant commitment in time, effective in building relationships and building rapport, generally somebody else handles the catering logistics, often successful in having high-level people attend for something novel, modest to high cost per person
Dinner party at home	Informal to formal, effective in building rapport, generally you have sufficient time to discuss issues in detail, requires a lot of work for you and your family, expensive in terms of cost per person
Dinner party in restaurant	Informal to formal, effective in building rapport, generally you have sufficient time to discuss issues in detail, somebody else handles all the catering logistics, expensive in terms of cost per person
Invitation to a special event (such as sports, art gallery or theatre)	Formal to informal, very effective in building rapport, generally you have sufficient time to discuss issues in detail, normally this will also involve drinks or dinner so probably somebody else handles the catering logistics, expensive in terms of cost per person

ACCOUNTABILITY AND MEASURING VALUE

Most TSIs will request some form of accountability for entertainment. They will demand to know who has been entertained and why, as well as what benefit came out of the meeting. Often this is difficult to do because much entertainment is network building and the advantages of the network will only become apparent later.

The Queensland (Australia) government demands a scoping assessment before an official event is approved. The scoping should clearly identify the clients, the purpose of the function, the desired outcomes, the budget, any limitations that exist or may have been imposed on planning, as well as staffing requirements and duties. This information should be recorded in writing, formally endorsed by the client and retained for easy reference throughout the planning of the event.

Closely aligned with clarifying the purpose of the function is determining the desired outcomes. Outcomes are the positive effects you wish to create as a result of the function. For example, an outcome might be to encourage investment in the State, increase tourism or to raise awareness of a new initiative. These outcomes will be key considerations that both shape the function and determine whether it has been successful. See the complete reference and other conditions at: <http://www.qld.gov.au/about/events-awards-honours/honours/assets/protocol-handbook.pdf>

The reason governments and other organizations are strict about official entertainment is that funds are often misused. From the TSI perspective a high degree of accountability from FTRs should be demanded. Receipts should be produced and there should be some measures implemented to track the people being entertained.

In practice, judging outcomes of entertainment is very difficult. Do not put too much effort into the exercise. An FTR's effectiveness will relate in some measure to the effectiveness of their networks. These networks will rely to some extent on reciprocal and mutual hospitality.

A successful FTR will be delivering real outcomes in terms of new export contracts and new investments. To some extent these outcomes will be related to entertainment. It is probably best to focus on whether the FTR is achieving these real outcomes and let the FTR decide how to allocate entertainment allowances or funds. Particular events, such as trade displays or missions, should have their own budget for receptions, lunches or other significant hospitality costs.



Poor

Fair

Good

Excellent

CHAPTER 6

PERFORMANCE MANAGEMENT

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PERFORMANCE MANAGEMENT

An FTR should have a strategic plan that charts the broad direction for Post activities. It should reflect the country's national plan objectives for export and investment development. A strategic plan for a Post could include:

- Building upon the free trade agreement to expand the number of product categories being exported;
- Expanding exports of vegetables from canned and dried to fresh and frozen;
- Increasing the number of tourists from a selected country by 15% per annum for the next five years.

To deliver on the strategic plan, create a one-year or multi-year action or business plan, which could have the following objectives:

- Bring three trade missions to a country over the next year focusing on three product categories covered under the free trade agreement, e.g. textiles, call centres and fresh vegetables;
- Assist 12 exporters from the home country to appoint agents and sign export contracts in categories covered under the free trade agreement;
- Participate in the fresh food trade display with the objective of appointing five new agents for fresh or frozen vegetables;
- Send a buyers' mission of outbound tourism organizers to the home country to participate in a tourism showcase in the home market with the objective of doubling the number of outbound package tours to the home country.

Each of these objectives seeks to deliver the goals of the strategic plan. Each has a clear target, which makes it easy to determine whether or not it has been achieved.

KEY PERFORMANCE INDICATORS

As part of the strategic plan, key performance indicators (KPIs) naturally emerge. These become the principal way of monitoring the Post's performance. Indicators, using the above example, could include:

- The number of new agency agreements signed for categories covered under the free trade agreement;
- The number of new agency agreements signed for fresh and frozen vegetables;
- The value of export deals signed with Post assistance for fresh and frozen vegetables;
- The increase in the number of outbound tourists to the home country.

The plan might include additional KPIs, do not get bogged down in detail. KPIs are real measures of changes in the exports from the home country to host country. They are not measures of activity such as the number of trade enquiries handled or the number of exhibitors entered in trade displays. They are certainly not measures of the number of guests who attended dinner or cocktail parties. KPIs have a direct link to both the action plan and the strategic plan, which should be tied into the national plan.

MONITORING WORK AND OUTCOMES

Most monitoring efforts should focus on capturing results under the KPIs. All the rest of the Post's activity is subsumed in these measures. Ideally, systems will be in place to capture the important monitored data, such as reports from trade displays and contacts with trade mission members and local agents.

In practice, most FTRs comply with the reporting requirements of both their ambassadors and TSIs, and perhaps with investment agencies as well. These reports may differ from the KPIs, but monitoring and reporting should be brought back to these key measures. If they are achieved, then the Post's mission is being met.

The other key measures to be monitored are the budget, expenditures and income. These need to be checked to ensure the Post will not run out of funds and to monitor the costs of achieving the KPIs.

In addition to monitoring high-level outcomes, it is useful to monitor the less productive work, including tasks that may be forced upon the Post. With some discipline, activities such as the number of routine enquiries handled can be recorded in a spreadsheet or some form of electronic calendar and counted and recorded at the end of the month or end of the year.

Monitoring is a valuable tool for assessing how the Post's resources are spent. It is also useful to analyse how time is being spent. For a discussion of time recording systems, see: www.mindtools.com/pages/article/newTMM_24.htm

Monitoring time is not a trivial exercise. The most effective approach is to take a few days throughout the year at random and ask staff to record their activities in 15-minute intervals for one day. This can be done with no more than about 10 categories such as administration, displays, missions, reporting and market contacts. Why 15 minutes? FTR staff members frequently deal with multiple activities over an hour. Providing for four time slots in an hour will give a better perspective than doing the exercise at hourly intervals. If it is done infrequently, better cooperation and more accurate figures will be obtained. The results can be averaged giving a rough quantitative snapshot of how resources are being spent. Trying to obtain more accurate reporting will be very time consuming and staff may resist.

Most lawyers and many other professionals work on a system of billable hours, so they have to keep track of the hours spent on the work of one client. Such a system has many critics and it is not clear that it can work in an FTR office where much of the time is spent in what might be broadly termed 'the public good'.

Several computer-based systems for time recording exist. See:

- www.filepro.com.au/legal-software/features/time-management-recording/
- <http://coretime.ie/features-and-benefits>
- www.techsupportalert.com/best-free-project-time-keeping-utility.htm

CAPTURING DATA

With the right systems in place it is possible to capture data on various activities, such as the number of events, number of clients and number of reports written, as well as outcomes captured by the KPIs. Most of these capture systems can be computer-based and should probably be tallied monthly. Why capture the activity? Despite the best intentions of TSIs, it is very difficult to wean them off activity measures. These have the appearance of being hard quantitative measures even though they are not necessarily measuring the appropriate activities.

Simple quantitative measures, such as the number of events, allow a better understanding of conversion rates for certain activities into KPIs. This is probably more useful when done across an organization, but is also helpful to the individual FTR Post manager. However, a single, large trade display might account for 20 times the resources that smaller events might consume, so averages need to be treated with due caution.

A monthly report can help ensure that relevant outcomes and measures of activity are captured and efforts are on track to achieve annual targets.

USING REPORTS

Critical thought should go into examining why reports are being produced and how they are used.

It is easy for managers to call for more reports and assume that reading reports is 'management'. Unless the reports are actually used, efforts to collect and collate the data are wasted. Worse still, there is the opportunity cost. What could FTRs be doing for exporters if they were not engaged in producing these reports? The TSI needs to be aware that generating reports is not a cost-free exercise.

WHEN TO REPORT

It is likely that there will be demand for an annual report. This is used to justify the Post's existence and value. It is also used to compare actual expenditure with budgeted expenditure. Both these measures (outputs and expenditure against budget) can be used to gauge management efficiency.

Preparing a monthly report is a good discipline. It should concentrate on facts such as export contracts signed where the Post had relevant input, and pro-rata budget expenditure. It is not the right vehicle for an economic essay on the country or for announcing significant government policy. Such issues should be treated through a web page or newsletter. Minimize the resources going into collating results and reporting and spend time instead on working directly with exporters.

Look at results every three months to see if corrective action is needed; for example, if it looks like the budget will run out, or results from a trade mission have been poor because follow-up actions have not been taken. Keep a sense of perspective. Outcomes and expenditures fluctuate depending on the timing of major activities. If basic planning is correct, fluctuations of 5%-10% in pro-rata targets should not be a concern, especially early in the year.

The results of trade displays and trade missions often do not appear for many months. It is not uncommon for negotiations to extend over a period of a year before contracts are signed and goods or services are delivered and paid for. As a result, a one-month reporting time frame is too short to demonstrate outcomes from activities.

Even annual reports cannot demonstrate the outcomes from all the activities in a financial year. Many positive outcomes measured in a year will be the result of activities and effort in previous years. A balanced measure of outcomes should look at longer-term – the trend in outcomes over a period of years. Hopefully, the trend will be upward, though outcomes from trade facilitation are notoriously 'lumpy'. Frequently, one large export deal might total more than all the other new export contracts signed over a whole year or over several years.

Chief executives need organization-wide perspectives. Individual Post reports, therefore, are collated into a regional or divisional report which are consolidated into TSI reports for chief executives.

Senior executives and politicians like to have anecdotes and success stories about their networks. In FTR reporting, success stories are essential. The formula is along the lines of: 'A buyer and seller came together as a result of the efforts of the FTR office and they are now doing successful business together.' Be sure to include numbers, such as how much business they are conducting. If there is an unusual angle, so much the better. It is useful for the FTR to have three such success stories to tell whenever they are asked about the operations of the office by the media, by the TSI or by politicians.

In summary, a reasonable level of reporting should include:

- Monthly for recording the basic facts (results and expenditures);
- Yearly for a perspective of general performance;
- Comparison over two to three years to gauge overall progress;
- Success stories, whether or not these are captured in monthly reports.

PERFORMANCE MEASUREMENT AND EVALUATION

WHY MEASURE PERFORMANCE?

A fundamental issue is how to allocate limited resources to achieve the maximum desirable outcomes. A widely quoted principle, usually attributed to American statistician William Edwards Deming is: 'If you can't measure it, you can't manage it.' Deming was a great advocate for statistical sampling techniques to measure business systems. However, he was aware that there are important management actions that are very difficult or impossible to measure. If you spend US\$ 20,000 training 10 people in a special skill, what is the benefit? 'You'll never know,' answered Deming. 'You'll never be able to measure it.' Why did you do it? Because you believed it would pay off.

However, there are many things that can be measured. FTRs should be measuring and evaluating their performance for three main reasons:

- To determine how the office can work more efficiently;
- To demonstrate the effectiveness of an FTR Post compared with other FTR posts;
- To answer the question that is put to TSIs: 'What have you achieved with the money we gave you?' (A government or organizational demand.)

BASIC PRINCIPLES

Before launching into a massive exercise of performance measurement and evaluation, it is appropriate to appreciate some basic principles that are often overlooked. The first obvious principle is that more work can be done with more staff.

When staff members join an office, they require extra administration. However, the administration burden can be shared and some tasks, such as financial management, can be assigned to specialists. A solo operator might spend 30% of his or her time on administration, but with four people in the office, the average administration time might drop to 25%. One should expect proportionately greater outcomes from a larger office. As the office staff numbers become even larger, diminishing returns are encountered as administration becomes more complex.

It is unrealistic to expect a one-person office to do a 'little bit of everything'. For example, it is unrealistic to expect one person to maintain a customer relationship management (CRM) system. But with the addition of staff, this role might be assigned to one specialist and increased efficiencies might be expected because of this support service. An office with a small number of staff should not be compared directly with a much larger office in terms of outcomes.

A second principle, in international trade and investment, is that outcomes are 'lumpy'. They are not distributed according to a normal bell-curve distribution. For example, when working with a group of 20 exporters, one may sign an export or an investment contract worth US\$ 400 million; others may sign contracts worth around US\$ 50,000 and some may sign none. Two points are important: averages are often meaningless; and success (or otherwise) needs to be measured over a reasonably long period, perhaps three years, to get the bigger picture.

A special issue with 'lumpy' outcomes is that a large outcome in any one year may be the result of a lot of work over past years when another FTR may have been present. Another facet of this 'lumpiness' is that some export or investment deals may be so large that a single deal could justify the operation of the office over many years in terms of value of increased exports compared with the cost of operating the office.

Another principle is the 'observer effect'. The act of measuring something affects the outcome. Staff will respond to forms of measurement to give favourable outcomes. For example, if a measure is the number of clients visiting the FTR office, the office may count a group of three from the company that visits the office to make an appointment, count them again when they come for the actual appointment, and still later count them again when they come to collect some reports. This would add up to nine visitors to the office. In terms of real service it should probably only be counted as one exporter company being serviced by the FTR.

The more a person's career is linked to a measure, the greater the potential for his/her behaviour to be distorted.

A related principle to the observer effect is that the more the effort put into measuring and refining measurements, the less time FTR staff will have to do their real work. There is a real cost associated with measurement and evaluation.

If there are no measures, an FTR office will not be able to report on outcomes. If all measures are quantitative – such as the number of client visits to the FTR office – this will bring its own set of issues, as described above. If all measures are qualitative – such as client perceptions of the FTR – this creates another set of issues. Often clients have unrealistic expectations of what an FTR should be doing. Some clients may expect the FTR to act as their personal employee or consultant, ignoring that the FTR has other clients and time demands.

MEASURING FTR PERFORMANCE

How should the performance of an FTR office be measured? What is the office supposed to do? The answers are often open-ended because the terms of reference are unclear. Different people will have various ideas about what an FTR office is supposed to do. It can be as vague as 'promote the trade interests of our

country', or 'provide assistance to exporters from our country'. As discussed earlier in this guide, the tasks of an FTR office are generally to:

- Increase exports;
- Diversify exports;
- Increase inward investment into the home country;
- Increase jobs;
- Expand exports of technologically sophisticated goods and services;
- Increase economic and political stability.

APPROPRIATE OFFICE MEASURES

The outcomes described above are where measurement efforts should be concentrated. However, it is very difficult to measure factors such as increasing jobs and economic and political stability. These tasks are best left to economists and historians. At best, an FTR can make passing reference to these benefits. They can be inferred although they are difficult to quantify.

Many FTR agencies have made realistic attempts to quantify their impact on outcomes such as increasing and diversifying exports, increasing inward investment and expanding exports of technologically sophisticated goods and services.

Table 31 summarizes approaches to measuring FTR outputs. Generally, the easy options do not directly measure the desired outcomes. They are at best indirect indicators, and easily distorted by staff.

Measurement of export impact presents several challenges. First, growth in exports might be due to inflation, changes in exchange rates, price movements or pre-existing business arrangements. Second, growth in exports might be due to the activities of companies or multinationals without any reference to the FTR. Third, national statistics can lag the real world situation by one year or more, and some figures may not be published for reasons of confidentiality. Thus, official trade statistics are not a good guide to FTR performance.

Table 31: Measures of FTR performance

What is being measured	Measure is mostly	Applied to	Through	Issues
Usage	Quantitative	Number of enquiries Number of events such as displays, missions, seminars Revenue earned Number of business deals signed	Records of FTR staff, or same data recorded on CRM	Easy to collect, but not actually the desired outcomes
Efficiency	Quantitative	Ratios such as number of events per person	Records, as above, and calculations	Easy to do, but not based on the really desired outcomes
User satisfaction	Subjective	Experience with whole Post or with individuals	User feedback (ad hoc) or with surveys	Time consuming, may not be answered by right person, subjective, can distort behaviour
Recognition	Subjective	Recognition of the whole post and its activity	Surveys by TSI, with business circles or industry associations, media, etc.	Not difficult, subjective, respondents may not be qualified to answer; best publicist may not be getting best outcomes
Export impact	Quantitative	Sales resulting from support Total investment generated	Measures such as national statistics and surveys applied later	Very difficult, and hard to quantify the importance of FTR support; national statistics are not reasonable measures of the contribution of FTRs
Employment or other social benefits (such as diversification)	Inferred	Macroeconomic statistics	Research: employment and export linkages Or number of export sectors assisted	Very difficult and results for one industry not necessarily applicable to other industries

A second way to assess outputs is to ask the companies themselves. This is clearly better, but is not error free. For example, the people answering the questionnaires may not have the figures at their fingertips. They may be asked for estimates for sales in the year ahead as a result of participating in a trade display, and they will not know the answer. They might overestimate (a common error) or they might underestimate. At least one TSI found that companies tended to overestimate sales in the first 12 months, but underestimate on average the sales over the first two years. Frequently, companies will report total estimated sales under negotiation and the period may extend for several years into the future, not just the reporting year.

Another problem with asking companies for their estimate of the contributions made by FTRs is that sales managers normally need to inflate their own roles in generating sales to their own management and downplay the roles of others, such as FTRs. Also, with a change in personnel in a company, the new sales staff may be unaware of the history of the export business and the crucial role played by the FTR in the initial stages. Finally, some companies will be unwilling to share their results with the FTR.

Asking companies for their estimates is not straightforward, nor error free. However, it can be done. Having a form signed by a company representative, which states that the FTR contributed in a positive way to export sales, is a powerful tool for the FTR. Similar measures can be used for investment.

If you have such forms, then measures such as diversification of exports and expansion of technologically sophisticated goods and services can be derived from them.



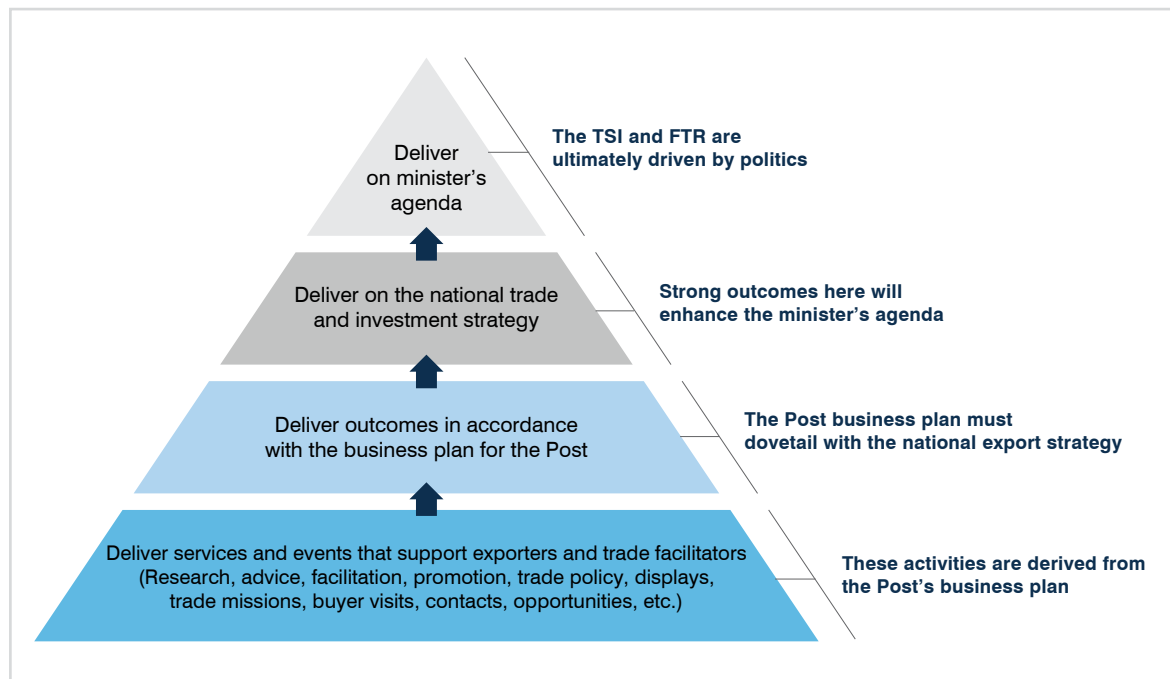
Getting down to business.

An FTR needs to deliver, what ultimately supports the person at the top of the reporting chain. Frequently, this is a trade minister who needs to convince voters that he or she is doing a good job. The same applies where an industry body is managing the FTR. The head of such a body needs to demonstrate to its membership that the FTR is making a positive difference.

Having powerful statistics from the FTR, underpinned by numbers from the exporters and investors themselves, goes a long way to delivering what a trade minister, an industry CEO or a TSI needs. They need to be able to demonstrate that their activities are having a beneficial effect on the nation through trade.

There is a direct relationship that runs from the needs of the minister or CEO through to the FTR's day-to-day activities. These activities need to feed into the objectives set at higher levels. This underscores the importance of having clear terms of reference and a clear business or action plan.

Figure 15: What outcomes really matter?



To re-emphasize the points made regarding measurement of outcomes:

- They are not error-free. The numbers, however they are collected, are not very accurate. They should be regarded as 'indicative';
- Results will be lumpy and averages are not very meaningful;
- Results over a longer period, such as three years, give a better picture of FTR effectiveness;
- A huge level of resources should not be devoted to trying to improve the accuracy. There is a real cost with any measurement, and the improvement in accuracy will probably not repay the increased effort;
- Some benefits are not being measured but can be inferred, such as increased employment, or political and economic stabilization.

The most relevant measures of FTR performance concern real **outcomes**. However, there is a place for some measures of activity. TSIs collate figures such as the number of trade displays supported, the number of trade missions mounted and the number of exporters assisted via these activities. These numbers are easy to record and relatively unambiguous and help to answer the question, 'What are you doing with our funding?'

It is possible to be busy with poorly chosen trade displays and trade missions and find that no new contracts have been signed as a result. Activities such as a trade mission are not outcomes; they are a means to generate outcomes.

Statistics that are frequently requested include the number of trade enquiries handled and the number of trade opportunities generated. These are of marginal value because they are relatively easy to manipulate. It is easy to visit general traders and ask them if they would like to receive quotes for all the products they import. Because they have nothing to lose they will say, 'yes'. Thus, 50 'trade opportunities' might be generated without any thought about competitiveness or ability to supply. There is often no relation between the number of trade enquiries and the resulting value of business.

TSIs should avoid requesting statistics on the number of trade inquiries or opportunities. A demand for such statistics can drive behaviour in an undesirable direction. If statistics on numbers of inquiries are requested, the resources going into the measurement exercise should be minimized and the results should be treated with caution.

A more meaningful measure is the amount of revenue raised through servicing trade inquiries. Thus, the exporters themselves place an actual value upon the assistance. However, this can only be used when the TSI has a charging policy – did the exporter/client receive value for money?

ISSUES WITH DATA COLLECTION

Client data should be recorded for many purposes. Some will be participants in events such as trade displays. Some will simply be on a mailing list. Collect information that will be actually used. There are many interesting questions and pieces of data that may be requested from clients, but there are significant collection and maintenance costs associated with every piece of additional data. Minimize the data recorded.

- To define data that will be actually used, consider what must be reported and what is needed for communications, such as e-mail addresses;
- Avoid double entry of data. Ask clients to enter data directly into your database system, perhaps via a website;
- Avoid multiple databases with the same client information repeated multiple times. Expert help may be needed. The objective is to have essential data in one place.

Financial activity and individual company records need to be linked. Linking the accounts with the activity and client databases will not be straightforward, but may be part of a CRM system developed by your TSI. If a CRM does not exist, by asking the above questions a spreadsheet can be designed that should be simple to maintain and will deliver the needed information.

Spreadsheet examples can be found in appendix II, which can be expanded and modified. There is a great temptation by researchers to press for increasingly complex levels of detail. Even when there is no pressure, you will quickly encounter ever-expanding needs for more data. Something as simple as a key contact person at a company can rapidly turn into separate entries for the CEO, the general manager, the marketing manager, the export manager and the export manager for the Post country region. For all of them you will need contact details including name, title, e-mail address and phone number.

If data need to be sorted by industry sectors, use product classification, such as the Harmonized Tariff Schedule. What starts as a simple spreadsheet can soon become something that requires a full-time staff member to keep it up to date. On the positive side, you will be able to filter the data and answer questions about outcomes (see table 32).

Table 32: Questions about outcomes

Question	Data needed	Data record needed
What percentage of your clients are small or medium-sized enterprises?	Information about company size	Company data
How many clients are based in a certain state or province?	Address details; headquarter details	
How many of your clients are from the priority sector X (for example, information technology)?	Record of specific industry sectors	
How many of your clients are from industry sector Y (for example, food, manufacturing, services, automotive, construction, pharmaceuticals)?	Record/classification of industry sectors	
How many trade enquiries did you handle over the last year?	Record of activity and type of activity	Activity records
How many clients participated in your trade displays?		
How many clients participated in your trade missions?		
How many clients did you work with over the last year?	Record of activity	
How many export contracts resulted from your work?	Feedback from clients	Client survey records
What was the total value of export sales resulting from your work?		
How much new investment resulted from your efforts?		
How much did you spend on trade displays over past year?	Record of expenditure by activity	Office financial records
How much revenue did you raise from clients in the last month?	Record of revenue collected by client	

TSIs need to remember that as with all forms of reporting, recording data is not cost-free. It should be kept as simple as possible to free up staff to actually do the job rather than report on it.

Sometimes it is impossible to escape manual entry of data and later, some form of double entry into a spreadsheet or database. A sample work request form that ITC has found to be useful can be found in appendix III. If a table like this can be set up on a tablet computer or similar device, you may avoid double entries with the likelihood of errors in entry. For small offices it may be possible to link your address book on your smart phone to simple spreadsheets or databases.

CONDUCTING STAFF REVIEWS

It is useful to have measures for tracking individual performance. One way is to have a role statement or job description for the person concerned that sets out what she or he is expected to do and is reviewed once or twice a year. There are numerous ways to approach staff reviews. Here are the possibilities:

- No personal review;
- Review based on achievements (contribution to Post outcomes);
- Review based on activity (contribution to Post activities);
- Review based on personal characteristics (teamwork, client feedback, etc.);
- Review based on competencies (ability to manage a trade mission, language competencies, etc.);
- Feedback from co-workers (180-degree feedback or 360-degree feedback where feedback is given by managers and subordinates);
- Various combinations of the above.

Staff performance assessment involves two major issues. First, if the assessment system is known beforehand, which it should be, it will influence behaviour and outcomes. Second, people respond better to praise and encouragement than they do to negative comments.

It may seem desirable for an employee to change his or her behaviour to deliver favourable outcomes. However, many tasks require people to work cooperatively as a team. Some individuals may perform extremely valuable roles but be virtually invisible. Their contribution may be claimed by a more visible or outspoken member of the team with a review that focuses on outcomes.

Is it better not to have reviews and manage staff with appropriate feedback? There are good reasons to set aside some formal time each year to talk to staff members about contributions and aspirations. However, if staff members are to be assessed, they should have a performance agreement at the start of each year that sets out expectations. Their contributions should be assessed against their role statement. It is unfair to introduce new criteria at the review stage.

A review is an opportunity to discuss employee aspirations. Where do they see themselves in five years? Do they expect to be promoted? Do they expect to retire? Are there unrecognized accomplishments? Do they want to take over management of the CRM? Would they rather manage trade displays than answer trade enquiries? Perhaps they are caring for a family member with a disability, which creates demands on their flexibility. Normally, these disclosures do not arise in the normal flow of work. Reviews provide a valuable opportunity to work with staff to help them attain their goals.

If an employee's goal is to move on after a few years, the manager should support the employee. It is unrealistic to expect all staff members to stay for life. There are benefits in having fresh insights from new staff. There can be benefits from having ex-staff out in the business community who are favourably disposed towards the FTR office.

An example of an annual staff performance review can be found in appendix V. This is a qualitative assessment by co-workers and clients. If there are fewer than five co-workers, this assessment should probably not be used. If there are too few co-workers, it is obvious who made the comments, so there is a tendency to give high ratings in the expectation that those ratings will be reciprocated.

It is possible, especially with e-mail, to get rapid feedback from clients. However, clients could regard the request as an imposition and feel obliged to give positive feedback because they may want to use the service again even if it was mediocre. Thus, their assessments may not be truly objective.

If hard target numbers are used, then a factor such as the 'number of participants in a display' is fairer than 'value of additional sales resulting from the trade display'. The latter is not under the control of the staff member. Unless there is a track record from previous displays, it may be impossible to make accurate sales predictions. Results from trade promotions are typically lumpy, with the occasional high sale, but many small sales.

The net result is that all the ratings need to be treated with caution and not weighted too heavily. The exception would be strongly negative feedback. If co-worker and client feedback is very negative then something is amiss and needs management attention.

Given the inaccuracies associated with goal setting, the complexities of accurate success measures, and the fact that many results take more than a year, annual reviews should be more of an exchange of views than a chance to rate a staff member as a poor or outstanding performer.

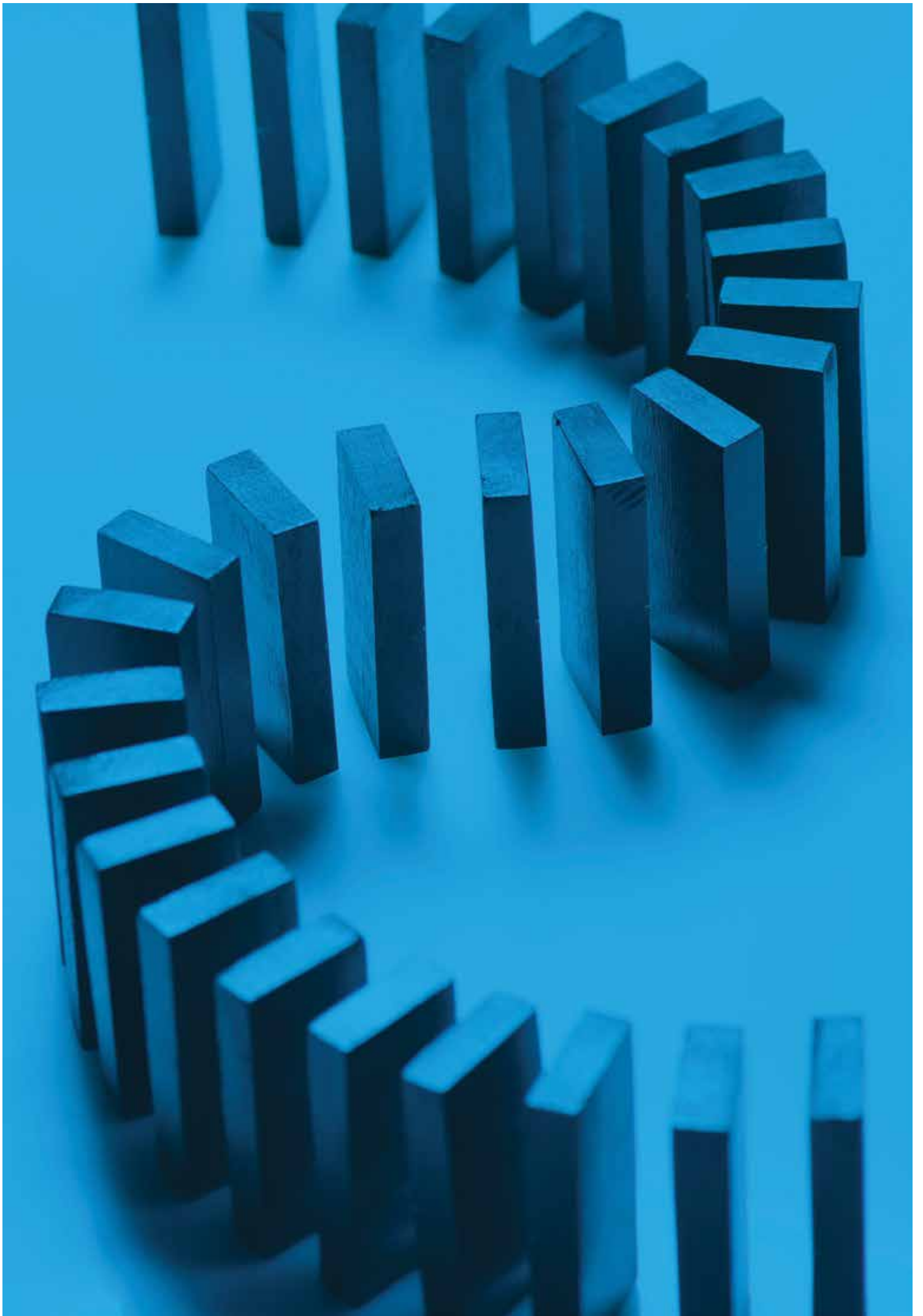
Keep reviews simple.

Here is an example of how to measure 'skills enhancement'. One might expect the person being reviewed to claim proficiency in Excel spreadsheets after attending a semester-long evening programme. Or they might claim that they had boosted their skills with managing trade displays by successfully managing two over the past year. These would be positive developments and easily observable.

The heading for 'other contributions' is a self-assessment and might include such things as organizing the office social club, taking on the role of fire warden or first-aid officer, or coming in on weekends to maintain the computer systems. All of these contribute significantly to the smooth running of the office but may not get a mention in a normal review based just on outcomes.

In summary, appendix V does not purport to be the last word in assessment-form design. Use your own criteria. Avoid the temptation to over-engineer such a review. Keeping it simple is more likely to work for you and your staff. The most important part of an annual review is making the time to talk one-to-one with your staff.

People respond better to praise and encouragement than they do to criticism. This appears to be true across all cultures. Look for the things employees are doing well and praise them. Accentuate the positive. Where there are obvious deficiencies, such as a person's inability to write well or a language deficiency, sensitively draw their attention to the deficiency and explore ways that they might improve.



APPENDICES

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APPENDIX I LETTER OF APPOINTMENT

<Print on your business letterhead>

<Date>

Private and confidential

<Insert employee's full name>

<Insert employee's residential address>

Dear <insert name>

Letter of appointment

I am pleased to offer you employment as <insert position title> with us at <insert name of FTR office> on the terms and conditions set out in this letter.

1. Position <insert position title>

1.1 Your start date will be <insert start date>.

1.2 Your employment will be <full-time/part-time>.

1.3 The duties of this position are set out in the attached position description. You will be required to perform these duties, and any other duties assigned to you in accordance with your experience.

1.4 You will be required to perform your duties at <location>, or elsewhere as reasonably directed.

2. Probation

This clause is optional. Delete all this clause if no probation period will apply.

2.1 A probation period will apply for the first <insert number> months of your employment. During this time we will assess your progress and performance in the position.

A reasonable probation time will depend on issues such as local practice and individual circumstances.

2.2 During the probation period you or the <FTR> may end your employment by providing notice in accordance with the table in clause 8.1 below.

3. Terms and conditions of employment

3.1 The terms and conditions of your employment will be those set out in <this letter or the attached schedule>.

If you have a more detailed set of rules about when leave can be taken, public holidays, performance standards etc. then you can include them in an attachment.

4. Ordinary hours of work

4.1 Your ordinary hours of work will be <insert number of hours> per week, plus any reasonable additional hours that are necessary to fulfil your duties or as otherwise required by the <FTR>.

- 4.2 Your ordinary hours of work may be averaged over a [<insert number of weeks if you decide to adopt this provision>](#) week period.

5. Pay

- 5.1 You will be paid [<weekly/fortnightly/monthly>](#) at the rate of [<add currency XXX>](#) per [<hour/week/month/year>](#).
- 5.2 You will also receive [<insert bonus/health fund/any other special payments>](#) at the rate of [<\\$XX>](#) per annum [<subject to any conditions such as achieving set goals>](#).
- 5.3 Your remuneration will be reviewed annually and may be increased at the [<FTR's>](#) discretion.

6. Leave

- 6.1 You are entitled to [<XX>](#) days leave per annum [<\(vacation, sickness leave, personal leave, carers leave, compassionate leave, parental leave, community service leave and long service leave\)>](#).

7. Your obligations to the [<FTR>](#)

- 7.1 You will be required to:
- Perform all duties to the best of your ability at all times;
 - Use your best endeavours to promote and protect the interests of the [<FTR>](#); and
 - Follow all reasonable and lawful directions given to you by the [<FTR>](#), including complying with policies and procedures as amended from time to time. These policies and procedures are not incorporated into your contract of employment.

8. Termination of employment

- 8.1 The [<FTR>](#) may terminate your employment at any time by providing you with notice in writing in accordance with this table:

Length of continuous service with <FTR>	Period of notice
Not more than 1 year	1 week
More than 1 year but less than 3 years	2 weeks
More than 3 years but less than 5 years	3 weeks
More than 5 years	4 weeks

You need to amend this table so it is in line with your own organization's policies.

- 8.2 If you wish to terminate your employment you are required to provide the [<FTR>](#) with prior notice in accordance with the table above.

9. Confidentiality

Depending on your organization's policies, you may wish to seek independent legal advice about the protection of intellectual property.

- 9.1 By accepting this letter of offer, you acknowledge and agree that you will not, during the course of your employment or thereafter, except with the consent of the [<FTR>](#), as required by law or in the performance of your duties, use or disclose confidential information relating to the business of the [<FTR>](#), including but not limited to client lists, trade secrets, client details and pricing structures.

10. Entire agreement

- 10.1 The terms and conditions referred to in this letter constitute all of the terms and conditions of your employment and replace any prior understanding or agreement between you and the <FTR>.
- 10.2 The terms and conditions referred to in this letter may only be varied by a written agreement signed by both you and the <FTR>.

If you have any questions about the terms and conditions of employment, please don't hesitate to contact <me/insert contact person> on <insert phone number>.

To accept this offer of employment, please return a signed and dated copy of this letter to me by <insert date>.

Yours sincerely,

<Insert name>

<Insert position>

I, <insert name of employee>, have read and understood this letter and accept the offer of employment from <FTR> on the terms and conditions set out in the letter.

Signed:

Date: / /

Print name:

PLEASE KEEP A COPY OF THIS LETTER FOR YOUR RECORDS

APPENDIX II SPREADSHEET FOR CLIENT DATA AND OUTCOMES

Sample spreadsheet for collecting client data, page 1													
Post name		Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12	Column 13	Column 14
Entity name	Type of entity	Company registered number	Type of business*	Address field 1	Address field 2	Address field 3	Address field 4	Address field 5	Post code	Company size: annual total sales	Company size: number of employees	Website	Head office phone
	Company		Mining							<US\$ 0.1 million	<5		
	Government		Services							US\$ 0.1 million-0.5 million	5-10		
	Industry association		Information technology							US\$ 0.5 million-1.0 million	10-15		
	Partnership		Fresh food							US\$ 1.0 million-5.0 million	15-20		
	University		Coffee							US\$ 5.0 million-10 million	20-50		
	Research body		Organic rice							US\$ 10 million-25 million	50-100		
	Individual									US\$ 25 million-50 million	100-200		
	Other									US\$ 50 million-100 million	200-500		
										>US\$ 100 million	> 500		

Entries shown in the blue area at bottom are a sample selection from drop down menus.

[illegible]

Entries shown in the blue area at bottom are a sample selection from drop down menus

APPENDIX III SAMPLE FORM TO REQUEST FTR SERVICES

Request file number: (office fills this in)			
		Date:	Time:
Request came via: ☐ E-mail ☐ Phone ☐ In writing ☐ In person ☐ Other			
From: (organizational information)			
Name of company/organization/individual:			
Government reference numbers (if used):			
Name and title of contact person:			
Mail address line 1:			
Mail address line 2:			
Mail address line 2:			
Telephone:			
Mobile number:			
E-mail address:			
Skype name/address:			
Website:			
What you do make or are good at? ☐ Products ☐ Services ☐ Investment		Detailed description. Include website links if available. For products include Harmonized Tariff number if known. For investment include sectors of interest. 	
What do you want from the foreign trade representative's office?			
☐ Tailored consulting ☐ Identifying suppliers (for importers) ☐ Buyers or contacts in market ☐ Help with market promotion ☐ Market research ☐ Something else? Please describe or use this space to provide more details about the above			
☐ Preparing business agendas ☐ Advice with trade disputes ☐ Translation or interpreting ☐ Something else? Please describe or use this space to provide further details on the above			
Request received by: (trade representative's office fills this in) 			
Request entered into database by: (trade representative's office fills this in) 			
			Date:

APPENDIX IV MONTHLY REPORT

Monthly report from <Name of FTR Post>
Date submitted: <Date>

Trade promotion by activity	Key performance indicators	Target outcome for year	Outcomes for each month												Cumulative totals year to date	
			Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Number of contracts	Value of contracts
Displays	Number of new export contracts	20														
	Value of new contracts	US\$ 8 million														
Trade missions	Number of new export contracts	15														
	Value of new contracts	US\$ 5 million														
Buyers visits	Number of new export contracts	6														
	Value of new contracts	US\$ 2 million														
Trade enquiries	Number of export contracts	50														
	Value of new contracts	US\$ 0.5 million														
Tailored research	Number of new export contracts	12														
	Value of new contracts	US\$ 5 million														
Other activity	Number of new export contracts	4														
	Value of new contracts	US\$ 1 million														
Total																
Investment promotion	Value of new investment	US\$ 20 million													Total investment	
		US\$ 600 000													Year to date expenditure	
Budget	Pro-rata budget (US\$ '000)		50	100	150	200	250	300	350	400	450	500	550	600		
	Actual expenditure year to date (US\$ '000)															

Monthly report from <Name of FTR Post> (cont'd)

Narrative comments	
Success stories: Include here any success stories (200 words maximum) that might be used for general promotional purposes. (Three to five per year is a reasonable target.)	Photos: Include any photos (with captions) that might be used for publicity purposes. (Probably send as an attachment.) Things the CEO should know: Include here only things of high-level significance that should be brought to the attention of the CEO. (For example, the local TSI is planning on doubling their FTR network over the next two years.) What the FTR has been doing for the past month: A short (200 words maximum) description of main activities. (For example: The Post has been occupied with preparing for the Buildex trade display next month, and managing the fresh food trade mission of 14 exporters 12-16 July, as well as the normal workload.)

APPENDIX V STAFF REVIEW FORM

Annual staff review for: <Insert Year>

Name: <Insert staff member's name>

Date of review: <Insert date>

	Targets	Achieved	Targets	Achieved	Own comments	Manager rating (1-10)*
Activity	Number of participants	Number of participants	Sales (US\$ '000)	Sales (US\$ '000)		
Trade display A	20	26	500	1 200		
Trade Mission C	15	14	500	200		
Trade enquiries	50	65	50	100		

* Ratings are based on:

1 = Figure achieved was substantially less than the target.

10 = Target was exceeded by substantial margin.

Other categories	Measure	Rating (1-10) where 1 = unsatisfactory, 10 = outstanding	Own comments
Support for rest of team	Rating by co-workers		
Client service quality	Rating by co-workers and clients with follow-up		
Skills enhancement	Demonstrated new skills (self rating)		
Other contributions	No measure, simply recorded and acknowledged		

Manager's comment and signature:

Staff member's comment and signature:

APPENDIX VI USEFUL WEBSITES

Topic	Web links
Chapter 2	
Distributor agreement Issues to consider in drafting a distributor agreement. Some good information on drafting distributor agreements, plus a link to a draft agreement.	http://www.expertlaw.com/library/marketing/distributor_mistakes.html http://www.internationalbusinesslawadvisor.com/2010/05/articles/international-investments/how-to-structure-an-international-distribution-agreement/
Export readiness Useful for companies to question themselves about export readiness. An export readiness assessment produced by USAID. A comprehensive list of nine questions to ask companies about their export readiness. To get specific feedback a company must be United States-based. A very detailed questionnaire about export readiness. An export readiness assessment tool. An export readiness assessment and also a gateway to a wide range of information about exporting.	http://www.exporthelp.org/modules/3_export_readiness/cl_exportreadiness.html http://egateg.usaid.gov/sites/default/files/Determining Export Readiness.pdf http://business.usa.gov/external-site?ccontent=http://export.gov/begin/assessment.asp http://choosewashingtonstate.com/wp-content/uploads/2013/06/Is-your-company-ready-to-export.pdf http://www.fas.usda.gov/agexport/exporttest.asp http://globaledge.msu.edu/Reference-Desk/Export-Tutorials
Franchise agreement A sample of an international franchise agreement.	http://agreements.realdealdocs.com/Franchise-Agreement/INTERNATIONAL-FRANCHISE-AGREEMENT-960746/
Industry planning Case study of export strategy for mangoes from Senegal to Europe. Case study of export marketing strategies over a long period by New Zealand kiwi fruit growers.	http://www.intracen.org/projects/ntf-ii/senegal/ http://dspace.lincoln.ac.nz/dspace/bitstream/10182/862/1/aeru_rr_311.pdf
Investment United Nations Conference on Trade and Development (UNCTAD) annual World Investment Report. Contains statistics on trade flows and updates on general policy recommendations for managing investment flows. A useful reference. Reference to the World Bank activities in supporting investment projects (especially infrastructure).	http://www.unctad-docs.org/files/UNCTAD-WIR2012-Full-en.pdf http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,contentMDK:20120732~menuPK:268725~pagePK:41367~piPK:51533~theSitePK:40941,00.html
Market analysis ITC market analysis tools.	http://legacy.intracen.org/marketanalysis/default.aspx
Market entry strategies Various ways of entering markets with some of the pros and cons involved (from Austrade). A draft agency agreement.	http://www.austrade.gov.au/Market-entry-strategies/default.aspx http://www.lawlive.com.au/exclusive-agency-agreement-template/
National export strategies ITC services for developing national export strategies.	http://www.intracen.org/trade-support/national-export-strategy-design/overview/
SWOT analysis SWOT analysis software.	http://www.smartdraw.com/specials/ppc/swotanalysis.htm?id=139821&gclid=CKzW3pH70rACFSRKpgoduhAX3A
Chapter 3	
Business networks An example of business networks for Bangladesh	http://www.epb.gov.bd/bodytext.php?page=65
Development agencies List of development agencies	http://www.devdir.org

Free trade agreements List of free trade agreements	http://rtais.wto.org/UI/PublicAllRTAList.aspx
Networking Validation of Dunbar's number in Twitter conversations.	http://arxiv.org/abs/1105.5170
Networking site A professional networking site. Popular in Europe. A professional networking site. A photo and video sharing website. Picasa is an image organizer and image viewer for organizing and editing digital photos, plus an integrated photo-sharing website.	http://www.xing.com http://www.linkedin.com http://www.flickr.com http://picasa.google.com
Prioritizing clients Canadian consular services. Includes a list of services provided and a list of services not provided. Clear and effective.	http://www.voyage.gc.ca/about_a-propos/role-eng.asp
TPO effectiveness A study by the World Bank on the effectiveness of export promotion agencies.	https://openknowledge.worldbank.org/bitstream/handle/10986/4315/WPS5125.pdf?sequence=1
Chapter 4	
Arbitration Australian Centre for International Commercial Arbitration. Private arbitration company.	http://www.acica.org.au/ http://www.jamsinternational.com/about/partners
Arbitration with intellectual property World Intellectual Property Organization, Arbitration and Mediation Centre.	http://www.wipo.int/amc/en/
Bribery convention Information about bribery and the various laws prohibiting the practice.	http://www.hg.org/bribery.html
Business negotiations Useful information about business negotiations	http://leadershipcrossroads.com/negintbiz.htm
Business regulations World Bank publication link for business regulations in 185 different economies. Useful guide and comparison with other countries, although users need to check locally as regulations frequently change.	http://www.doingbusiness.org
Business voice in trade negotiations A link to the ITC section concerned with bringing a business voice to trade negotiations.	http://www.intracen.org/policy/business-voice-in-policy-making/
Buyers-sellers meetings A good site for all aspects of managing a conference. A British site, but much of the content is applicable to any sort of buyers- sellers meeting.	http://www.holdaconference.co.uk/
Code of conduct Homepage for the Business Social Compliance Initiative (BSCI). This is a leading business-driven initiative for companies committed to improving working conditions in the global supply chain. A code of conduct for the Icelandic Foreign Service that serves as a useful model.	http://www.bsci-intl.org http://www.mfa.is/media/PDF/Code_of_Conduct_of_the_Employees_of_the_Foreign_Service.PDF
Corruption convention Details about the OECD Convention on Combating Bribery.	http://www.oecd.org/document/21/0,3746,en_2649_34859_2017813_1_1_1_1,00.html
Corruption indicators Home website for the global coalition against corruption. Publishes an index of levels of corruption in different countries.	http://transparency.org/whoweare
Country information A gateway to numerous of e-marketplaces. These are specialized resources that mainly focus on specific products or sectors. A very good resource for researchers and FTRs.	http://export.gov/mrktresearch/index.asp
Credit agency A well-regarded credit reporting agency on the financial standing of companies. A well-regarded credit reporting agency on the financial standing of companies.	http://dnb.com.au/Credit_Reporting/index.aspx http://www.coface.com/CofacePortal/COM_en_EN/pages/home/www/i/rating_services

e-market places A gateway into the world of e-marketplaces. An article about information markets and the power of collective thinking.	http://www.emarketservices.com//start/Free-Handbook/index.html - FromBanner http://www.worldwideopen.org/uploads/groups_bull/files/30/decision.2.0.pdf
Export marketing plans How to prepare an export plan (by Austrade). Suggestions about preparing an export plan. How to prepare an export marketing plan. Software to help in preparing exports marketing plans.	http://www.austrade.gov.au/Export-strategy/default.aspx http://importexport.about.com/od/GettingStarted/a/Develop-An-Export-Marketing-Plan.htm http://www.publishyourarticles.org/knowledge-hub/export-management/what-is-export-marketing-plan.html http://www.mplans.com/sample_marketing_plans.php
International business rules Guide to the United Nations Commission on International Trade Law (UNCITRAL).	http://www.uncitral.org/pdf/english/texts/general/06-50941_Ebook.pdf
International conventions Website of UNCITRAL. The United Nations Commission on International Trade Law. Has useful links to the various agreements.	http://www.uncitral.org/uncitral/en/index.html
Internet legal issues Useful paper for understanding legal issues and the use of the Internet.	http://www.hcch.net/upload/wop/e-comm_craig.pdf
Investment promotion The UNCTAD Investment Policy Framework for Sustainable Development. Describes the 'new generation' of sustainable investment policies.	http://unctad.org/en/PublicationsLibrary/webdiaepcb2012d6_en.pdf
Market reports A site for international trade leads.	http://www.globaltrade.net/
National branding Collection of information on nation branding. ITC discussion of national branding and export promotion. Information about the ITC programme of buyers-sellers meetings. A link to Simon Anholt's web page that has information about the country brand index he has developed. Interesting methodology and findings. A good reference on country branding.	http://nation-branding.info/ http://www.intracen.org/Is-There-a-Case-for-National-Branding/ http://www.intracen.org/trade-support/promoting-regional-trade/ http://www.simonanholt.com/Research/research-introduction.aspx
Negotiating A reference to a website with access to reports on numerous countries with details about business etiquette and negotiating norms. Also has information about international contracts (in English, French, Spanish and German) and other business information. A link to the Harvard Law School. International Business Negotiation site. Many resources about business negotiations here with a United States bias. A useful article which points out some of the factors common to all international business negotiations. Short but worth reading.	http://www.globalnegotiator.com http://www.pon.harvard.edu/tag/international-business-negotiation/ http://www.colorado.edu/conflict/peace/example/sala7533.htm
Online brainstorming How to run a brainstorming session.	http://thenextweb.com/lifehacks/2012/06/04/how-to-moderate-a-brainstorming-session/
Online conferences A quick guide to conferencing featuring BT conferencing. Some web conferencing tools by BT conferencing. A website for reviewing various video conferencing techniques.	http://www.btconferencing.com/downloads-library/brochures/en-au/a-quick-guide-to-conferencing.pdf http://www.btconferencing.com/?ln=en-AU http://www.ehow.com/video-conferencing/
Online events Using technology to present events.	http://www.youtube.com/watch?feature=player_embedded&v=f48ANrWdlx8

Sector branding A summary of the development of an ITC-supported initiative for a sapphire branding strategy for Sri Lanka.	http://www.intracen.org/WorkArea/DownloadAsset.aspx?id=52045
Trade fairs Website for Hannover Messe: a major centre for international trade fairs. Has lots of useful information about trade fairs.	http://www.hannovermesse.de/en/information-for/exhibitors/why-exhibit/visitor-structure
Trade missions A Canadian site giving some general advice about trade missions.	http://www.tradecommissioner.gc.ca/eng/trade-mission-roles.jsp
Trade mission brochure An example of a trade mission brochure for a services mission.	http://michaelfugler.com/uploads/Trade_Mission_Agenda_Event_Info.pdf
Trade policy development ITC website with information about its programme for involving business in developing national trade policies.	http://www.intracen.org/trade-support/impacting-trade-policy/
Trade show checklist A good checklist for clients participating in trade displays.	http://www.welkam.co.jp/en/downloads/welkam_tradeshow_exhibition_checklist_en.pdf
Trade show planning A list of about 20,000 trade fairs and events with a profile of the event and information about organizers, venue, etc. Detailed advice about planning for trade shows including time lines, strategy and wide-ranging advice. Trade show booth etiquette.	http://www.biztradeshows.com/ http://www.trade-show-advisor.com/ http://www.cliseetiquette.com/2012/05/29/tradeshow-booth-etiquette-practices/
Trade show tips Some lively advice, borne from experience, about getting the best out of participation in trade shows - with a United States bias.	http://blog.asmartbear.com/tradeshow-tips-checklist.html
Trade agreements Organization of American States, Foreign Trade Information System.	http://www.sice.oas.org/
Video conferencing How to select a video conferencing system. YouTube. A free web conferencing system. YouTube.	http://www.youtube.com/watch?v=xbZHxaKmSHY&feature=related http://www.youtube.com/watch?v=371NacxujKw&feature=related
Virtual trade shows A virtual trade show facility.	http://www.marketplace365.com/Marketing/Default.aspx
Webinars How to run a webinar. A comparison of some webinar software. Powerful software for running webinars with up to 1,000 participants.	http://www.ehow.com/how_2073536_run-webinar.html http://www.dailymotion.com/video/x8arwk_how-to-run-a-webinar-for-free_news http://www.gotomeeting.com/fec/webinar
Chapter 5	
Accounting Good site for understanding accounting, from basic principles to sophisticated practice. United States based, but has testimonials from Australia, China, Finland, India, Nigeria, the Philippines and the United Kingdom.	http://www.accountingcoach.com/
Capturing enquiries Quick Response (QR) codes.	http://searchengineland.com/what-is-a-qr-code-and-why-do-you-need-one-27588
Commercial company databases A commercial listing of 3 million companies worldwide. Free to research or basic registration. List of sources for industry directories available on the web.	http://my.kompass.com/ http://dir.yahoo.com/Business_and_Economy/Directories/Companies/?skw=Company+trade+directories

CRM design A good summary of issues to consider when contemplating a customer or client relationship management system.	http://www.crm-systems.org.uk/index.php
CRM systems Review of the two main versions of Microsoft's CRM systems.	http://blogs.c5insight.com/Home/tabid/40/entryid/218/CRM-and-Outlook-6-Reasons-to-Use-CRM-for-Outlook.aspx
Cultural differences A website devoted to culture around the world. Some useful information by countries. A website devoted to culture around the world. Some useful information by countries. A five dimensional rating of cultural attitudes allowing a comparison between countries. Useful insights.	http://www.worldbusinessculture.com http://www.cyborlink.com http://geert-hofstede.com/countries.html
Foreign postings Some issues from the perspective of a private company about foreign postings. Some useful things to think about.	http://www.expatriatefinder.com/articles/types-of-expatriate-assignment-ref3.html
ISO certification Home page for the International Organization for Standardization (ISO). A good starting point for information about the accreditation process. Discussion of a study of ISO certified manufacturers in Asia that claims to demonstrate that effective ISO 9001 implementation and accredited certification brings clear economic benefits to the manufacturing sectors of these Asian developing countries. (They did not survey non-certified suppliers.) A useful site with frequently asked questions about ISO certification, including cost, timeframe, etc. ISO Committee on conformity assessment. Has a list of publications relating to the certification process and the bodies that can undertake certification. A description of the ISO 9000 family of standards, including an explanation of ISO 9001. An alternate view on ISO certification.	http://www.iso.org/iso/home.htm http://www.iso.org/iso/home/news_index/news_archive/news.htm?refid=Ref1580 http://www.praxiom.com/faq1.htm http://www.iso.org/iso/home/store/catalogue_tc/catalogue_tc_browse.htm?commid=54998&published=on&includesc=true http://www.iso.org/iso/iso_9000_selection_and_use-2009.pdf http://www.qualitydigest.com/inside/twitter-ed/where-have-all-certifications-gone.html
Official entertainment A useful site about hosting various sorts of functions from dinner parties to drinks parties. Useful advice about formal entertaining for diplomats. Directed at United States officers, but useful nevertheless to a wider audience. Government department in South Australia, guidelines for official entertainment. Provides a useful checklist of the considerations that need to be taken into account with such entertainment. A set of conditions for corporate expenditure by a Swedish institute. A protocol handbook for the Queensland (Australia) State Government that sets out procedures for scoping an official event where entertainment is offered and grounds for establishing outcomes. Hiring the facilities of the Paris City Hall for special events such as receptions and fashion shows.	http://www.debretts.com/etiquette/home-life/entertaining/entertaining-at-home/buffets.aspx http://www.ediplomat.com/nd/protocol/entertaining.htm http://www.decd.sa.gov.au/docs/documents/1/EntertainmentPolicy.doc http://internwebben.ki.se/sites/default/files/rules_and_recommendations_for_official_entertainment.pdf http://www.qld.gov.au/about/events-awards-honours/honours/assets/protocol-handbook.pdf http://www.paris.fr/english/business/organise-a-business-event-duplique/rub_9940_stand_98270_port_24815
Organizing meetings online Meetup is social media site for organizing meetings of special interest groups.	http://www.meetup.com
Posting checklist U.S. Department of State site for diplomats being posted abroad. Good advice and some good checklists. A very detailed list of things that need to be done when moving internationally, from changing banks to dealing with culture shock.	http://www.state.gov/m/psi/tc/c49333.htm http://www.internationalmovers.com/international_guide/moving_abroad_with_kids.html

Risk management An Australian brochure on risk management and mitigation for small-to medium sized businesses. Covers many useful topics with helpful suggestions about how to reduce risk.	http://www.cpaaustralia.com.au/cps/rde/xbcr/cpa-site/risk-management-guide-for-small-and-medium-sized-business.pdf
Serviced offices An example of a company that offers serviced offices worldwide. An example of a company that offers serviced offices worldwide. A case study from Indonesia of a young IT businesswoman using virtual offices rather than fixed office space. A company offering serviced offices across Europe.	http://www.regus.com/ http://www.servcorp.com.au/virtual-offices/ http://www.thejakartapost.com/news/2012/07/17/redefining-office.html http://www.openaeuropeancompany.com/business-services/serviced-offices.html
Social media Facebook is a social media site for connecting individuals and group. It includes the ability to exchange photos and videos. Google+ is a social networking media site. It is designed to integrate with other Google applications. Twitter is an online social networking service and microblogging service that enables its users to send and read text-based messages of up to 140 characters, known as 'tweets'. YouTube is a video-sharing website created in 2005 where users can upload, view and share videos. A review of nine blogging services. A list with commentary on 50 social websites for business. Well worth checking. Scan for usage of specified terms. Choose all or select specific social media platforms including LinkedIn, Facebook, Twitter, and YouTube amongst several others. Scan for usage of specified terms. All social media/web (non- specific). Scan for usage of specified terms. All social media/web. User creates own profile. Scan for usage of specified terms. All social media/web (non- specific). Scan for usage of specified terms. Searches blogs, web, and Twitter. Scan for usage of specified terms. Searches forums. A database of social media policies for over 200 organizations. A review of free social media tracking tools. A list of developer tools for ensuring mobile-phone friendly web pages.	http://www.facebook.com http://www.google.com/+learnmore/ http://twitter.com http://www.youtube.com http://blog-services-review.toptenreviews.com http://www.focus.com/fyi/50-social-sites-every-business-needs-presence/ http://socialmention.com/# http://topsy.com/ http://pipes.yahoo.com/pipes/ http://www.howsociable.com/ http://www.icerocket.com http://boardreader.com/ http://socialmediagovernance.com/policies.php http://thenextweb.com/socialmedia/2011/02/18/social-media-tools/ http://support.google.com/webmasters/bin/answer.py?hl=en&answer=72462
Social networks A world map of social networks over time	http://vincos.it/world-map-of-social-networks/
Time management Software for time management which links with calendar, contacts, etc. on the PC. A web-based software for time management. Reviews of some free software packages for tracking time spent on projects.	http://www.filepro.com.au/legal-software/features/time-management-recording/ http://coretime.ie/features-and-benefits http://www.techsupportalert.com/best-free-project-time-keeping-utility.htm
Training for diplomats Home page for International Forum on Diplomatic Training, an annual meeting of the Deans and Directors of Diplomatic Training Institutes. Useful discussions about modern training techniques and subject matter for diplomats.	http://forum.diplomacy.edu/



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