

Pitt County Development Commission

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Economic Indicators

Local Indicators

Pitt County Unemployment Rate
May 2009: 10%

National Indicators

Unemployment Rate Apr. 2009:
8.9% [USDOL]

Manufacturing Productivity
1st Qtr. 2009: 3.4% Decrease
[USDOL]

New Orders for Manufactured
Goods May 2009: 1.9%
Increase [USDOC]

Shipments of Durable Goods
May 2009: .2% Decrease
[USDOC]

Inventories of Manufactured
Goods May 2009: .8% Decrease
[USDOC]

CPI Apr. 2009: .1% Decrease
[USDOL]

GDP 4th Qtr. 2008:
3.8% Decrease [USDOC]

Conference Board Consumer
Confidence Index May 2009:
54.9 [The Conference Board]

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Accountability Report

The new Star Trek movie reminded me of the now famous quote "to boldly go where no man has gone before". So isn't it about time that your business "boldly goes where no one [at least your competitor] has gone before"? I don't necessarily mean go to another intergalactic system, but how about as far as Canada or maybe even Mexico to sell your product?

The US covers a wide geographic region with a large population and therefore many US companies have not felt the need to tap into lucrative foreign markets. But did you know that according to the US Census Bureau, companies with fewer than 100 employees accounted for about 88 percent of all exporters, while almost 96 percent of the total exporters were small or medium-sized companies. Also surprisingly,

Business Development

International Trade: Four Common Misconceptions

International trade may appear to be a complex undertaking requiring extensive resources, a large and expensive marketing and export department, a significant volume of the product to be marketed, and fluency in the language of the targeted countries. But it's not! Here are four common misconceptions about exporting:

Your company has to be big

While large companies do the most volume of international trade, smaller companies are also taking advantage of the opportunities available in foreign markets. In fact, according to the US Department of Commerce's Exporter Data Base, 89 percent of successfully exporting American firms have fewer than 100 employees. Product quality, price, and service rather than size determine a firm's success in the export market.

You must have a big export department

The necessary size of company's export department depends upon how a products are marketed. A direct exporter sells to a foreign company and is responsible for the transport of the product to the overseas destination. These types of exporters tend to be companies that consistently move large volumes of product overseas. The export department consists of several specialists for marketing, finance, transportation, and insurance. On the other hand, if the company ships sporadically and in small quantities, then the transportation and marketing responsibilities can be handled by one employee.

You must have substantial volume

The fact that many smaller companies are actively

most exporters--to the tune of 91 percent--shipped goods to fewer than 10 countries. The top export destinations, in order of preference, were Canada, the UK, Mexico, Japan, and Germany.

So with encouraging facts and figures like these, why isn't your company participating in international trade? If your company would like more information about the programs or issues noted in this newsletter please give me a call at 252.758.1989.

Also, if your company needs an issue researched or retention/expansion assistance, please give me a call at 758-1989.



involved in international trade is a testament that substantial volume is not a market entry requirement. The foreign buyer, like his American counterpart, seldom looks for a "spot" purchase. Instead he looks for a quality product at a fair price with continued availability. If a US company merely wants to market its sporadic surplus capacity, then entry into the foreign trade market will probably be disappointing. On the other hand, if the company is willing to devote even 10 percent of production capacity to foreign markets and the servicing of these accounts, then it can expect to build substantial and permanent trade. The servicing of initial accounts is extremely important. Thus, the volume of product marketed is not as important as the consistent product supply. A company that is not committed to exporting often makes this mistake. Do not take your foreign representatives for granted; the lack of service and attention to foreign accounts can cripple your efforts to export.

You must be fluent in foreign languages

Occasionally management will cite the lack of in-house foreign language capability as an impediment to entry into international trade. Foreign language skills are helpful when negotiating export agreements but not essential. When correspondence and documents in English will not suffice, exporters can outsource translations. Language skills facilitate cultural and social relationships. However, success depends more upon the sound management of the business relationship rather than language abilities. [Source: Southern US Trade Association]



Business Development

International Trade: 12 Common Mistakes to Avoid

1. Failure to obtain qualified export counseling and to develop a master international strategy and marketing plan before stating an export business.
2. Insufficient commitment by top management to overcome the initial difficulties and financial requirements of exporting.
3. Insufficient care in selecting overseas sales representative and distributors
4. Reliance on orders from around the world rather than concentrating on one or two geographical areas and establishing a basis for profitable operations and orderly growth.
5. Neglect of export business when the domestic market booms.
6. Failure to treat international distributors and customers on an equal basis with domestic counterparts.
7. Assumption that a given market technique and product will be successful in all countries.
8. Unwillingness to modify products to meet regulations or cultural preferences of other countries.
9. Failure to print service, sales, and warranty messages in foreign languages.
10. Failure to consider use of an export management company
11. Failure to consider licensing or joint venture agreements.
12. Failure to provide readily available servicing for the product. [Source: Southern US Trade Association]

Business Development

Export Plan Outline

Executive Summary

Introduction: Identify reasons why your company should export.

Export Policy Commitment Statement

Situation/Background Analysis

- Product
- Operations
- Personnel and Export Organization
- Resources of the Firm
- Industry Structure, Competition, and Demand

Marketing Component

- Identification, evaluation, and selection of target markets
- Product selection and pricing
- Distribution method
- Terms and conditions
- International organization and procedures
- Sales goals: profit and loss forecasts

Action Steps

- Countries where firm has special advantages
- Primary target countries
- Secondary target countries
- Indirect marketing efforts

Export Budget

- Financial statements: Projected sales and expenses
- Long-term financial forecasts
- Export taxes

Implementation Schedule

- Follow-up
- Periodic operational/management review: Measurement of results against a plan

Addendum: Background Data on Target Countries and Markets

- Basic market statistics: historical and projected
- Background facts
- Competitive environment

[Source: Southern US Trade Association]

Area News

Your Confidentiality Policy: Does it Violate the NLRA? Two years ago, the DC Circuit Court of Appeals affirmed a decision of the National Labor Relations Board finding that a confidentiality policy in a company's employee handbook of a non-unionized employer violated the National Labor Relations Act. In light of this decision, employers should review their confidentiality and communication policies in handbooks and/or employment agreements to determine if they need to be revised. [Source: CAI]

ICE Targets Employers: Time to Audit your I-9's. The Department of Homeland Security announced April 30 that the Immigration and Customs Enforcement [ICE] will focus their efforts on employers as well as illegal workers. They promise criminal prosecution for employers who are knowingly hiring illegal immigrants as a cheap source of labor or other reasons. ICE made more than 1100 criminal arrests FY 2008 including business owners, CEO's, managers, supervisors and HR staff. [Source: CAI]

Other Resources

Federal Government

www.export.gov
www.ita.doc.gov
www.buyusa.gov
www.sba.gov
www.exim.gov

State Government

www.nccommerce.com/en/BusinessServices/InternationalBusiness/

International Chamber of Commerce

www.iccwbo.org

Local Happenings

SBTDC

252.737.1385

How to Conduct Market Research
June 11, 2009 5:30-7:30PM

Other Meetings

HR Manager's Meeting
June 2, 2009 7:30AM

2009 Existing Industry Advisory Committee Members

Dr. Richard Ericson, PCDC Board Member

Shane Ernst, Community Representative

Ed Gallagher, PCDC Board Member

Kathy Howard, NCER Partnership

Bonner Latham, PCDC Board Member

Dr. William Rasberry, PCDC Board Member

Theresa Sprague, DSM

Carolyn Wilburn, SBTDC