



TRADING PLACES

Networks are vital for the UK to export more goods, so said panellists at our breakfast event

What are the barriers preventing British companies taking advantage of overseas growth markets? What can be done?

Brian Turpin We've conducted some research, and one of the findings is the risk that companies perceive when doing business overseas and their concerns about payment. They also want to know when they will be paid. There's also risk about their limited knowledge regarding which markets should they enter, and how will they find out about the rules and regulations. Furthermore, there are issues to do with working capital and selling under extended terms. These all put a strain on businesses. We have a number of products that work to alleviate this, and can take away risk. We also work with UK Trade & Investment

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ANDY STOCKER

to offer training packages to new exporters.

Andy Stocker Dealing with foreign currency for the first time can be daunting. When businesses start looking to trade overseas initially they are nervous of currency fluctuations, which can diminish margins. We have experience with this and can develop appropriate solutions to help businesses that want to trade overseas to manage their exposure and protect margins.

Ashley Sowerby The biggest barrier is access to finance; there is very little equity available. However, once equity was in place we were able to export quite quickly. Language skills were also a barrier. We've recently expanded into Brussels, which is the first time we've operated outside an English speaking country.

Andrew Pickin Credit risk is very important. If a supplier is dealing with a company in the UK, then it's easy to run through checks. That's often not the case overseas, where you have to know who you're dealing with, and do proper due diligence. You have to find out the nature of the company and everything must be transparent.

Peter Hogarth The UK is still one of the biggest trading nations in the world, and for every problem there is an answer. The problems we're facing is that businesses seem to be frightened to export. There is also a lack of interest. We don't put enough emphasis on export as we should and that is harming the country's prosperity. Every business plan should have a line in it about international expansion. If Harry Ramsden can export fish and chips, then anyone can sell their goods overseas. Statistics indicate that 95 per cent of Estonian companies export their goods – our own research indicates the UK is down at 20 per cent. We've got to get more people interested in export.

Paul Jenkinson, Connect Midlands: Can we really export ourselves out of recession?

Pickin I'm no economist, but there are different ways of thinking about this. We have clients who have made exporting a success, and those that have been successful have gone out and made things happen. We deal with an engineering business that is growing into China and India. The team has been successful at speaking to people in the field. They've done well by grabbing contracts that weren't in the public domain – they're looking at work that's a lot more under the radar.

Stocker You have to look at the relative strength of sterling against other key currencies such as the euro. UK companies should be doing business out there. The exchange rate against the euro is down to 1.13, and it probably won't stay there forever. Companies selling into Europe should be taking advantage of it.

Sowerby We employ 30 people, but without our overseas trade that

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number would probably drop to ten.

Hogarth Well, we're jolly well going to have to. There are a few ways of looking at this because government spend is not going to increase; the government could encourage consumers to spend, but that's not working; we can invest more, and we need to be doing; and we can trade ourselves out of it. An economist told me that we're going to have to increase our level of trade to numbers not seen since the end of the Second World War, and there are opportunities there to do it.

Turpin There is no single answer, but export will play a big part. Growth in the UK was at 0.2 per cent in the last quarter, so it's obviously going to take a long time for any company to grow significantly if it only trades in this country. British goods are particularly popular overseas, and there should be some positive moves around that. The public and private sectors are working together to help companies trade abroad, but the nation as a whole has to grasp this.

Hogarth What people won't tell you is that the next big financial crisis will be a balance of payments crash. It will happen ten to 15 years down the line if we don't do something about it now. We haven't had a trade surplus since 1983, and we have a negative balance of £30bn a year. There is more government support around to help companies trade

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internationally. We should look to Germany, which has a huge trade surplus, yet goods don't cost any more than those from the UK.

David Thomas, Aon Trade Credit:
Does the panel believe there is enough current support for export credit insurance in the UK?

Sowerby This is something we don't do. The value of our software is in the intellectual property, and we don't carry much other risk.

Turpin We work a lot more with credit insurance companies, and on the whole it's a happy partnership. Risk is one of those issues we have to close off. Working capital is another area where banks come in and are able to provide risk cover.

Adam Harris, Vistage: **How does a company looking to break into a new market use its network to speak to the right people?**

Stocker One action to take is to go and speak to people who have already been there and done it. They will help others. We also have overseas staff, and have a network of people around the globe. Our people regularly come to the UK from offices in the Far East, for example, and they're constantly speaking to UK businesses about doing business in the Far East.

Sowerby A lot of our business comes from referrals. Our new Brussels



office is also using social networking sites such as LinkedIn to build a profile. We've had a 20 per cent response rate from this, which is better than making cold calls and is fantastic. It's all about understanding what the new territory is about.

Hogarth Networking is critical.

We're in the stage of developing a new website, which will engender peer-to-peer support.

Pickin Speaking to local professionals is a must, as is transparency.

Try to get all the issues down on the table when you're doing business.

Turpin I agree that everyone doing business abroad should use networks, and that includes banks, the public sector and private businesses. Speak to the people who have done it before – they'll be more helpful than you think.



IN ATTENDANCE

BRIAN TURPIN The Royal Bank of Scotland
ANDY STOCKER The Royal Bank of Scotland
ANDREW PICKIN Shoosmiths
ASHLEY SOWERBY Chevin Fleet Solutions
PETER HOGARTH UKTI East Midlands