

# Stay grounded when selling overseas

Exporting can prove lucrative but some basic rules need to be followed, writes **Sandra O'Connell**

**B**ernice Moran, a Virgin Atlantic pilot, is unlikely to forget the day she pitched her business idea to Richard Branson. On flight stopovers in Los Angeles, the Dubliner had discovered the popularity of "designer candy" created especially for celebrity events. A lifelong sweet lover, Moran saw an opportunity to create a boutique confectionery brand, the Be Sweet Company, selling upmarket treats.

Her boss, a renowned entrepreneur, was an obvious target for an early sales pitch. Moran met Branson and his top three directors in a London office on a summer's day when temperatures hit 38C.

"It was so hot, the chocolates all melted and my fake tan slid off my arms and made smears all over his white boardroom table," she said. "It was awful."

Still, Branson liked the idea enough to give Moran a deal. She went on to land retail deals with British Airways and Cathay Pacific.

Three years on, the Be Sweet Company sells its products in duty-free stores around the world, as well as in upmarket department stores such as Galeries Lafayette in Dubai.

About 95% of its sales are overseas, helped by the opening of a sales office in Hong Kong and the appointment of a sales agent in the Middle East. The building up of exports was not always a smooth process, however.

"The biggest mistake I made was that I started off by flying all around the world pitching for sales, just because I could," said Moran, who pilots 747 jets.

"The result was that I was winning sales before I was in a position to supply them properly. I learnt that you should do

your homework first and then build the relationships."

For example, she secured sales in the Middle East without realising the challenges those sales would pose. Her chocolates had to be made without alcohol or pork gelatine, the labelling and certification were different, and the products needed refrigerated transport.

"I was really lucky that I managed everything but I could easily have blown it," said Moran. Her experience is

not that unusual, according to the Irish Exporters Association (IEA), which advises first-time

exporters to take the process step by step.

"We're a small, open economy and exporting is something we do well," said Brian Colgan, head of the IEA's national export hub.

"That means there are lots of supports out there for first-time exporters."

The first piece of advice for small businesses is to crack the home market first, discovering and overcoming any teething issues close to home, before looking to sell overseas. When you have achieved that, prepare your move into exporting by researching target markets on the internet, said Colgan.

The nationwide network of local enterprise offices, which have strong links with Enterprise Ireland, are also a good source of information for prospective exporters. "Enterprise Ireland's exporting library has extensive reports which would be prohibitively expensive for

small businesses to pay for themselves," said Colgan. "It's a terrific resource."

Once you have established a



target market, the next decision is how best to approach it. The No 1 question asked of the IEA is whether it is better to sell directly to foreign customers or go through agents and distributors.

Though the answer varies depending on the business and sector, most first-time exporters will require help from a third party, said Colgan. A distributor will buy your product, mark it up in price and sell it on, while an agent will sell your product for you and take a commission.

Selling directly enables a company to cut out the middleman, but it may be necessary to establish a sales office in the chosen overseas market. A question then arises over whether to send existing staff overseas or hire locally, each

of which brings its own challenges.

Export development agencies such as Enterprise Ireland and Bord Bia can help companies navigate their way through such minefields.

Another way forward is to visit overseas trade shows, for which financial assistance is available from local enterprise offices. "It's the perfect way to size up the competition as well as pick up an enormous amount of market information," Colgan said. "You can build up your trade nous just by talking to people."

Overseas trade shows also provide an opportunity to compare your products with those of competitors in quality and price, as well as find possible agents or distributors. Before you commit to either, ask for references and consider taking out trade credit insurance, recommends the IEA.

Alan Hobbs, the head of

communications at Enterprise Ireland, cautioned that traditional delineation between

agents and distributors was blurring.

"In some cases, your distributor is your agent, so it really depends on the norms of your product or service category," he said.

"For example, historically, in the machinery sector they often had a local agent who then worked the local distributors. Nowadays, in this connected world, it is rarely the case that you would need a local agent in order to access local distribution channels."

Enterprise Ireland recommends that companies sell directly to one or two customers before they engage a sales and marketing partner, using those customers to guide them to the right partner. For Barry Gallagher, co-founder and operations director of Glendalough Distillery, having

feet on the ground in overseas markets has been invaluable.

The Wicklow-based drinks business was set up by five friends in 2011 and exports 90% of its whisky, gin and poitin, mainly to the US.

It has recruited two marketing assistants in New York, using the export orientation programme run by the Irish Business and Employers Confederation.

The programme offers subsidised placements for graduates in overseas markets and looks after visa requirements.

"For our brand, nothing beats having two young Irish guys visiting bar owners, organising tastings and telling the story of the brand," said Gallagher, who has seen sales growth of 30% at his company in the past year.

For other first-time exporters, Northern Ireland provides a good test market. "The language is the same

and yet you'll gain experience handling different currency and Vat regimes. It's also a good stepping stone into Great Britain," said Paddy Savage, operations manager at InterTradeIreland, the cross-border trade development organisation.

It has a number of programmes to boost cross-border sales, including trade accelerator vouchers, worth up to €1,200, and Elevate, worth up to €6,000 in consultancy services. Elevate is fully funded, which means that you do not have to match that amount to secure it.

"Either of these initiatives can be used for work that includes identifying the right agents or distributors in Northern Ireland," said Savage. "They are particularly useful for Irish small businesses now given the export competitiveness they gain from the weakness of the euro."

For Anne Behan, a fashion designer and founder of Aine Knitwear, nothing beats selling directly overseas from her home base in Clare. Behan set up the business in 2000 and today employs 10 people.

She won her first export contract in her first year's trading, and today earns 65% of her revenues overseas, with Japan accounting for more than one-third of sales. She has done it all from attending just one international trade show, Showcase, which is held in Ireland each year and brings in buyers from around the world.

"The value of doing things this way is that I get to own the relationship with my buyers," said Behan. "That's invaluable because, once you work with a customer over time, you can start to design products with them in mind. They can tell you what the trends are in their market, and what they need more of in order to sell more."

"An agent or distributor will typically just sell what they've



got. Selling direct to buyers, over the long term, means you have a one-to-one partnership. There's huge value in that."



## THE CHOCOLATES ALL MELTED AND MY FAKE TAN SLID OFF MY ARMS AND MADE SMEARS OVER HIS TABLE

BRYAN MEADE



Airline pilot Moran sold her sweet idea to Richard Branson and now 95% of her sales are overseas

