

# Land of (too much?) opportunity

Many Australian companies have considered taking the plunge into North America, but the decision makers are often torn between the magnitude of the opportunity and the horror stories they have heard from those once bitten or frustrated by the time it takes to get a foothold.

It is such a big market — population 300 million, GDP US\$11 trillion — all we need is a small piece of the action, right?

But maybe it is too big, too complicated, testing and approvals too bureaucratic.

We hear the Americans are litigious by nature — are our business cultures compatible?

And then of course, there is that old chestnut “What will I wear?”. Don’t laugh; in some situations it can be a cardinal sin to over-dress for a meeting.

After making just about every mistake one can make developing business in the USA, I am still steadfast in my belief that America is the land of opportunity.

The trick is to not be intimidated by the challenge! Just make sure you are over-prepared in every facet of the process.

My company, Export Access, is dedicated to assisting Australian companies prepare and execute their export strategy.

Since we began trading, in July 2005, we have been engaged by companies keen to take their products to the U.S but don’t have specific experience in the market, or full-time, dedicated human resources to focus on this activity.

It is important that export strategy can be achieved without losing focus on day-to-day, or domestic management activities.

Our project model allows for the budget to be tailored such that the most substantial expenses can be deferred until a solid base of business can be established.

Furthermore our charges will often qualify as an International Market Delivery agent under Export Market Development Grant export grant guidelines.

Export Access is currently working for clients based on both the eastern seaboard and in South Australia. The type of products they market and we represent are diverse and unique.

Current projects we are working on include setting up a distribution channel for a manufactured product, looking for a pilot project in the water industry, and finding a USA beachhead location for a successful Australian franchise.



by Jim Raz

*Jim Raz speaking at the Breakfast in America function during International Business Week*

We are even working with a manufacture of “top of the range” houseboats. This example typifies the gap Export Access fills.

Houseboat Concepts is an SME owned and managed by Wendy and Scott Limbert. After an evaluation of the US market, they saw an opportunity to license their brand, design and IP to a local manufacturer.

Developing a business model, doing the research, making the contacts and qualifying them before entering into preliminary negotiations would have distracted them from current management obligations.

Export Access is acting as a surrogate export manager for them to ensure this process is managed effectively.

The Free Trade Agreement between Australia and the USA is significant but not in my view the magic key that will unlock trading relationships with the USA.

The FTA is both brave and relevant as it acknowledges the need for companies on both sides of the Pacific to manufacture product, or deliver service which is genuinely world class, best practice, delivered on time and as ordered.

In the past five years we have seen a “paradigm shift” in the way international business is conducted. Companies can no longer hide behind trade barriers to prevent international competitors playing in their patch.

Conversely, the opportunity also exists for Australian companies going to America. One must also consider, (as is the case for Americans coming here) the following critical factors, to name a few:

- fluctuations in the currency exchange rates, freight and logistical challenges,
- approval process, national, state and local,
- understanding the very real differences in our business cultures,
- effects of local trends and
- the impact of political and natural events

Often, a critical element to successful product penetration is to establish a foundation in a specific geographical market.

The time it takes to achieve this will vary greatly depending on the unique barriers to entry and specific rules which apply to that market segment.

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Local attitudes, traditions and status of locally based competitors can also affect timing. For this reason, following a formula, which establishes an intimate understanding of your targets and their circumstances before entering the selling phase will go a long way to ensure you develop the “winning value proposition” which is essential for success in the North American market.

It is easy to be seduced by the size of the opportunity in the USA without regard for the barriers which exist.

Dancing with the first partner who shows interest in you, particularly if the dance turns into an exclusive, national deal, could lead to disaster.

In many cases issues or barriers which seem insurmountable at first glance, with research and qualification can be broken down into bite size chunks and overcome.

Assuming your product and service is in fact internationally competitive, with sound planning, careful target selection and focussed execution of your strategy, the timeline and costs to achieve success can be cut dramatically.

*Footnote: Prior to starting Export Access, Jim Raz was a senior executive with Rib Loc Australia Pty Ltd responsible for business development in the USA.*