

Growing your business through exporting



Exporting is one way of increasing sales and can give you a blueprint for long term growth.

Benefits of exporting

New markets

As NZ is a small market, sending your goods off to foreign lands can open up opportunities that extend beyond our shores. For businesses that sell globally - the possibilities are endless. Plus it can make your business more valuable when the time comes to exit or sell.

Better positioning

Overseas clients can be a great credibility boost to your business. Once you have a track record as an exporter, you may find it easier to win new business both locally and overseas.

Spreading Risk

Expanding your business overseas can help open up new revenue streams and spread the risk beyond NZ. It can also provide a buffer against seasonal demand for your product.

Higher quality products/processes

Exporting can give you the scale required to be able to invest more into the products and processes within your business, so that you can optimise your assets to maximise profits and build a sustainable business model.

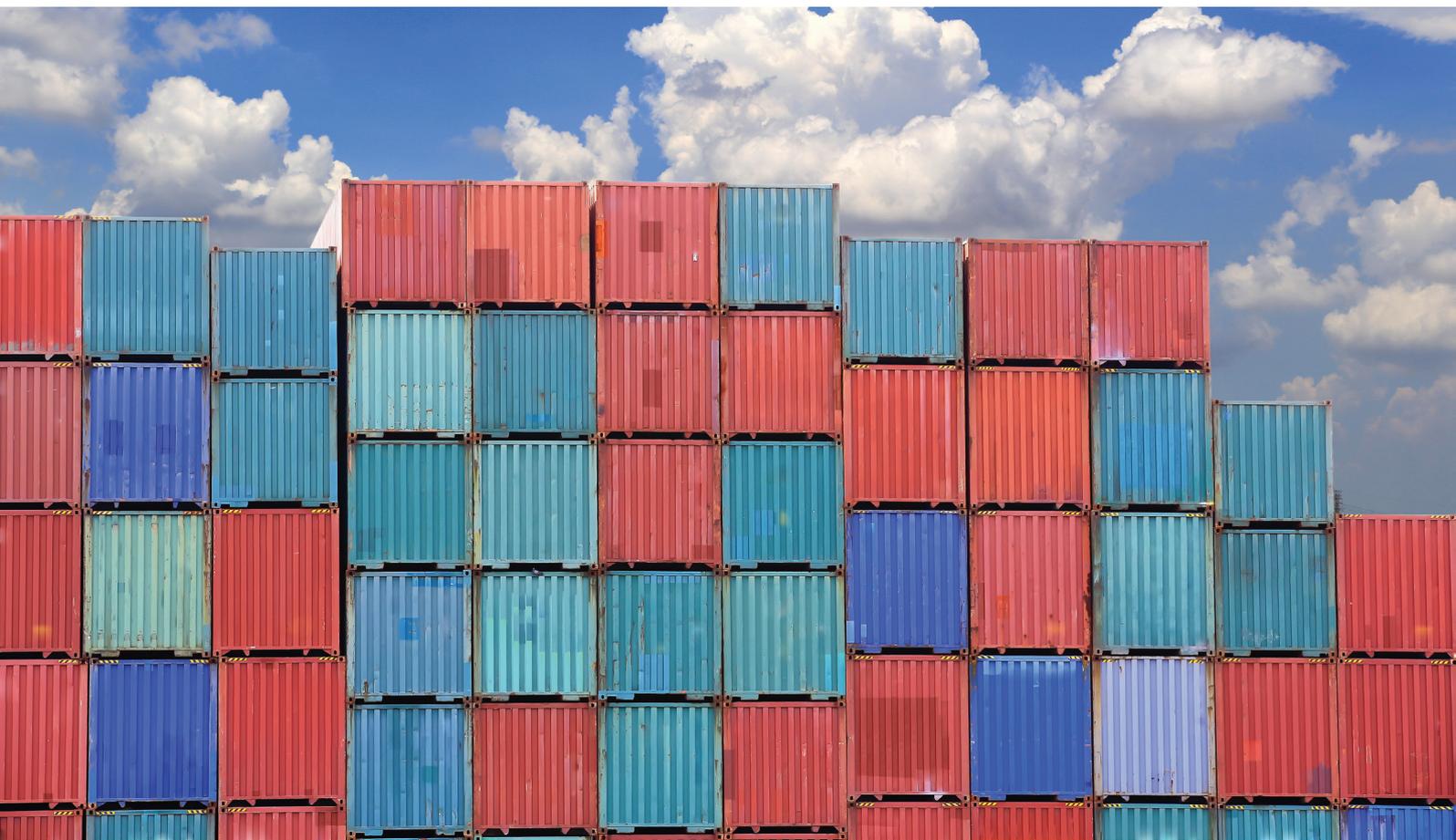
Increase your chances of success

When your customers are further away...

Just navigating out of the harbour can involve some serious logistics. Consider the distance your goods are travelling, the costs of shipping and delivery, and insure yourself in case things go wrong.

Any product or service offering requires a level of support that overseas customers can access at a time that is convenient for them. This may be through someone based in-market, or via a helpdesk. Your website also needs to be fully functional and easy to navigate.

Even if you're providing a virtual service via the cloud, such as software or online consulting, using the Internet removes logistical issues but you'll still need to support your clients from a distance.



Exporters need to consider these additional risks

- › Exchange rates will fluctuate and can erode your profit margin.
- › You may need to offer payment terms and need to consider the impact on your cash flow.
- › Will your buyer pay you and what happens if they don't?
- › Can an order be resold elsewhere if a sale falls over?

How do I manage exchange rate risk?

If you are not invoicing in NZ Dollars you probably have exchange rate risk. Talk to a BNZ FX specialist about the ways you can manage your risks.

Legal requirements, customs and tariffs

Make sure you thoroughly research the requirements of conducting business in a foreign country. Get some practical advice from exporters who regularly trade with your country of choice. Join your local Chamber of Commerce and Export New Zealand network to find exporters and other key contacts. Review the New Zealand Trade and Enterprise website for information about various export countries.

Likewise, get the information you need to meet customs and tariff obligations in NZ before you begin shipping goods. Visit New Zealand Customs to find out what you need to do.

BNZ can help with:

FX Online

With FX Online, you can buy and sell FX and lock in live exchange rates. You can also make international payments to over 200 countries in 29 currencies as well as view incoming payments. It's simple and convenient and provides real-time exchange rates.

FX Mobile

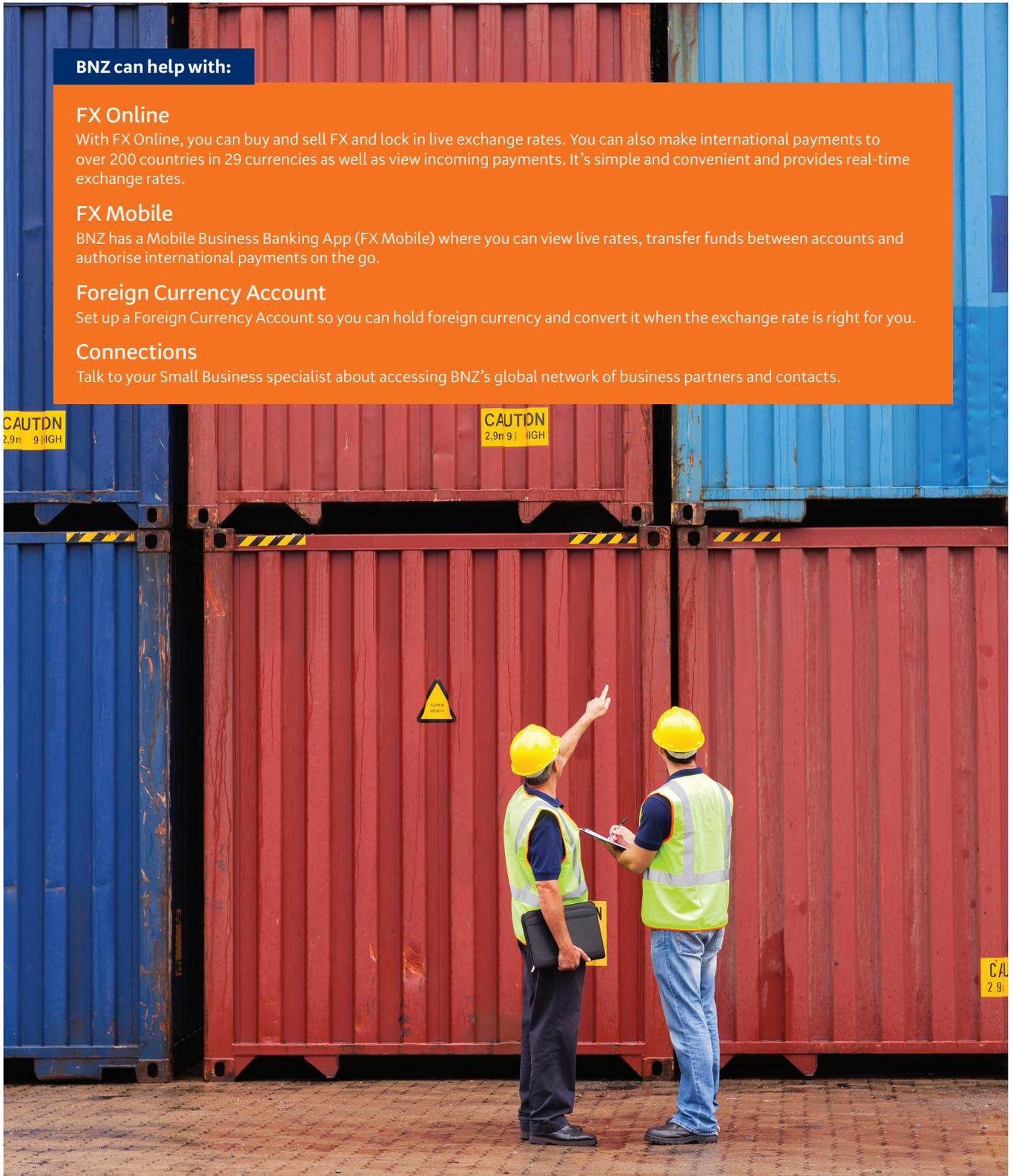
BNZ has a Mobile Business Banking App (FX Mobile) where you can view live rates, transfer funds between accounts and authorise international payments on the go.

Foreign Currency Account

Set up a Foreign Currency Account so you can hold foreign currency and convert it when the exchange rate is right for you.

Connections

Talk to your Small Business specialist about accessing BNZ's global network of business partners and contacts.



Reduce the Risk

Use existing channels

You may find it more practical to sell via an existing exporter. They will already have connections in your country of choice. You sell to them in NZ, they ship and take the risk.

You could also find an agent in your chosen country that will sell on your behalf. Instead of needing to find 100 customers that need managing, you sell to one agent/distributor that does this for you, they may take a commission but might be able to service the end customers themselves.

Trade agreements

It may be easier and more cost effective to export goods to countries that have free trade agreements with New Zealand. If a free trade agreement is in place, your exports could be even more cost effective as there will be fewer tariffs or customs duties that would need to be paid by the customer.

Tax and other obstacles

You can't charge GST on any exports, as GST is only a tax on goods and services consumed in New Zealand. Check what costs the country you are exporting to may add to your customers, so you are aware of the potential final cost and can ensure you are still competitive.

Finally

There are ways you can reduce the risks to your business to ensure exporting success. It really helps to:

- › Speak face-to-face with your customer in their country if you can.
- › Try to learn about any cultural differences that may impact your sales overseas. Having a trusted advisor on the ground that can help navigate local cultural and language barriers will go a long way.
- › Set realistic financial goals and a time-line for making a profit. Some markets take perseverance, so don't expect too much too quickly. Make sure you have an exit plan if you don't see a profit within a reasonable time frame.
- › Never overlook your NZ customers while you develop your export markets. Use your local business as a base for operations, but make sure you keep it on track.