



## Introduction

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<http://www.exportpro.com/video.php?vidID=2>

*“The world is a book, and those who  
do not travel read only one page.”  
— Saint Augustine*

Going global, competing in the global arena, global business, international business - these are common terms in today's media. The world has become a global market place. We compete with everyone, for everything, everywhere.

As a consumer, you accept that products you seek could be manufactured by foreign companies. You buy 'local' products that are not always purely local. Your selection of goods and services has increased tremendously. You enjoy having access to a broader range of new technologies, products and fashions at more competitive prices than ever before.

Markets will continue to change rapidly. Today's international business realities mean that you have access to global market opportunities, but you also have increased competition from around the world. Our daily life is influenced by economic swings, large fluctuations in raw material prices, sanctions and political conflicts.

During the last 20 years, international business shifts have been influenced by developing markets and demographics, reductions in duty tariffs and volatility in equity and currency markets. One thing is certain - world trade is expanding at a much faster rate than the world economy and will grow to 30% of GDP by 2016, which is up from 15% in 1990.

## 2 EXPORT & IMPORT – WINNING IN THE GLOBAL MARKETPLACE

A 2001 Goldman Sachs report debuted **BRIC** (Brazil, Russia, India and China) as the future emerging markets. In 2016, the facts are significantly different.

**Brazil** is in a severe recession (2015/16), with 11% inflation, high interest rates and 10% unemployment. In less than 4 years the Brazilian Real lost more than 50% of its value against the US\$.

Sanctions against **Russia** (Ukraine) cost around US\$ 130 billion a year; 7% of its economy. The dramatic drop in oil prices from \$115/barrel (2014) to \$30 (2016) cut income by more than US\$ 100 billion a year, a large part of their export. The Ruble has tanked. More than US \$100 billion a year fled to safer havens outside Russia.

**India's** new business-friendly government is open for foreign business. GDP (2016) has increased by about 7.5%, (faster than China). Combined with declining inflation, this is positioning India to become the world's largest economy by 2050. About half of the 1.25 billion population is under the age of 25.

**China**, a key player in the world economy, has experienced a slowdown of its GDP growth from 9.5% (1991-2000) to just below 7 % (2016), which is still impressive. Because of rapidly increasing wages, China is moving production to lower cost countries and shifting from manufacturing to service industries and high tech production. They plan to be the largest powerhouse for High Tech by 2020 and the world leader by 2050.

Top 10 countries GDP, 2050		
Rank	Country	GDP (trillion \$ PPP)
1	India	85.97
2	China	80.02
3	USA	39.07
4	Indonesia	13.93
5	Brazil	11.58
6	Nigeria	9.51
7	Russia	7.77
8	Mexico	6.57
9	Japan	6.48
10	Egypt	6.02
PPP= Purchasing Power parity Source "The Wealth Reporter" 2012 (Citigroup)		

Welcome to the world of international business!

Trade is growing twice as quickly as GDP, with the major increases in the developing countries such as India, Indonesia, Colombia, Mexico and Nigeria. They are large consumers but also the future markets for infrastructure. These economies accounted for 80 % of world economic growth in 2010. By 2050, that growth is estimated to increase GDP 5 fold. In 2010, North America and Europe's GDP was 41% of global GDP and is expected to be 17% by 2050. Asia's developing countries will rise from 27% to 49%.

Even with a slowdown to 4-7% in emerging markets, it is still impressive compared with industrial countries' growth of 0-2%. The increase in GDP per capita in emerging markets results in a larger middle class and a larger consumer market. For example, those countries consume 55% of the world's oil, 65% of the world's copper and 75% of the world's steel.

The 2016 world population of 7.4 billion grows by about 80 million people per year (Germany's total population) and will reach about 9 billion by 2050. Most growth will occur in developing countries, with more than half of it coming from Africa.

People are relocating from rural to urban centers. Countries with aging populations will see reduced labour force and greater medical costs. Globally by 2050, one in five people will be over the age of 60. Twenty five percent of the European population will be over 65 years of age by 2035.

The labour force in emerging markets will increase by 1.5 billion people (2010 – 2050), while developed regions see a reduction of 100 million. In developing regions about 50% of the population is under the age of 25. Many of the workers have low wage levels. Today, China and India account for about 40% of world's the labour force.

Rank	Country	Population (million) 2050	Percentage of world total
1	India	1,528	17.2%
2	China	1,477	16.6%
3	USA	349	3.9%
4	Pakistan	345	3.9%
5	Indonesia	311	3.5%
6	Nigeria	244	2.7%
7	Brazil	244	2.7%
8	Bangladesh	212	2.4%
9	Ethiopia	169	1.9%
10	Dem. Republic of the Congo	160	1.8%
	World total (Source Un.org)	8,909	100.0%

## Adapting to Survive in International Business

Do you want to find out how to do international business in the most practical way? Are you looking for a hands-on, world-tested approach instead of theories?

Whether you are new to international business or an experienced exporter or importer, you can always learn something new! For those who are starting up, this book will guide you step by step. For those already working in the global arena, the book will expose you to new and different ideas, business concepts, opinions and tools to improve your business ventures overseas.

**Export & Import - Winning in the Global Marketplace** covers key aspects of international business, consumer goods and industrial sales as well as exporting and importing of products and services. Thanks to hundreds of examples based on my over 40 years of global experience, this book will help you determine if international business is right for you, provide answers to most of your questions and also show you how to conduct international business.

Good education always helps, but it does not take a MBA or Ph.D. to be successful in global trade. Experience in sales and marketing is an asset. Success does not require the perfect product or service or price. It is a question of attitude and understanding how to conduct business in each country.

***“Never stop learning! Knowledge is like a water tank with a steady leak in the bottom.”***  
**— Gerhard Gschwanther**

The best feedback about my books and teaching/workshops comes from my students, executives whom I have coached, and clients. They have given me comments about what they want to know and also what could be improved. They tell me how they want to use information that they find in this book: as a school text, as a handbook, as a resource to go back to at any time to find the answers they need. They want examples that are memorable and easy to understand, along with plenty of practical examples and the opportunity to practice on their own. I will weave in information so that you get a little bit each time without being overwhelmed, and share experience that will allow you to more easily absorb ideas as you go along.

Once you have read this book and completed the exercises, you will have gained:

- ◆ A clearer understanding of what it takes to succeed
- ◆ Plenty of new ideas based on real examples
- ◆ A more open mindset to 'going global'

Success in international business is based on:

- ◆ 85% - understanding other cultures and how to do business in foreign countries
- ◆ 10% - your company's dedicated staff, forward-looking management and well organized plans.
- ◆ 5% - your product or service

***"A prudent person profits from personal experience,  
a wise one from the experience of others."***

***— Joseph Collins***

## Learn from My Experience

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Over the past forty years, I have shared my experience with thousands of individuals around the world. Individuals who have attended my workshops and seminars include business executives and owners, politicians, government representatives and university students, as well as those who have read my other textbooks. I am always surprised by how much an open-minded person can pick up during a 24-hour seminar or that after only four days of intense workshops they are able to apply business concepts for expanding into new international markets. It also takes hard work to become successful, but it is not that complicated, as long as you are adaptable and use common sense.

International business is not a one-person show. It requires a dedicated team; you have to involve everybody in your company. If your management group is not committed to international business and supportive of expansion efforts, success will be difficult. Everyone has to believe in it and become active in promotion.

If you're away from the office and the receptionist doesn't understand the importance of a call from your new partner in Malaysia, s/he will not put in the effort to find the appropriate person in your company to take that call. If the design department in Canada isn't aware that quality standards are more stringent in Japan than in Brazil, your chances of success are poor.

You and your staff have to understand that doing business in China is based on building a relationship over weeks and months or even years of meetings in China and not on a one-hour conversation in a bar in Chicago. If the company accounting department doesn't know how to deal with overseas invoices so that you get payment from another country in foreign currency, you will not make the profits you aim for.

### **The key ingredient is your attitude**

There are a few key Success Principles:

1. Willingness to understand other countries' cultures and ways of doing business.
2. Being prepared to understand the market and act accordingly.
3. Readiness to listen to those who have already conducted international business in a variety of markets.
4. Flexibility, attitude and willingness to learn new concepts and adapt.
5. Teamwork
6. Long term commitment

Some of my students asked an executive of a large international corporation we visited, if their education would help to get them a job. He said yes, but he stated that for his company, 90% of getting a job was the right attitude of the applicant, followed by experience and education.

An extra benefit of using this book is, of course, that you will gain experience and the analytical skills to evaluate information and select the right business approach. If you cannot apply the **six success principles**, no product will make you successful on the international market.

It doesn't matter if your title is Export Manager, Senior Manager of Export or Vice President of Marketing; you need to build a strong team. You may be the coach but your production group and Research & Development departments have to be prepared to adapt production to foreign standards as well as dealing with different planning and product approval requirements. Sales and service materials must be available in a foreign language and presented in formats that suit each local market. The shipping department has to select the right packaging and shipping methods to minimize costs and get your shipments to the new markets quickly,

undamaged and without pilferage. - As you can see, every department in your company has a role to play. You will get more details in later chapters. Involve all of your staff, because they are an important part of your company's success internationally. Give them a copy of this book. Teach them how to apply the new approaches you will learn. Allow them to practice their new skills.

***“The primary asset of any business is its organisation.”  
— William Feather***

If you are a student or a newcomer to international business, you will learn common sense approaches from this book, but you'll have to practice either on your own or with real-life examples your instructor will provide to you.

International business is a challenge and a joy. It will never be boring. Every day you will learn a lot, you will gain understanding of other cultures, you will meet interesting people and despite the fatigue of traveling, you will benefit from exploring new countries, different foods and unique ways of entertaining. New opportunities will be waiting around every corner once you know what to do and how to do it. By 'going global', your company will grow, you'll make more money and you'll get to work in an environment with more excitement and action than you ever imagined. Entry into new markets will bring experiences unlike any regular day in the domestic market. Your first visitor from overseas and their first order will feel very special.

I have seen small companies grow from three employees to 15 in two years, with a corresponding increase in sales. Why? Because they expanded into new markets. I've seen the same percentage increase in larger companies as well.

Your international business can help you gain market share locally – improvements based on demands from the Global market-place can be applied to the domestic market. Your improved marketing skills will make your domestic marketing more professional. Your company's image will also benefit when you can boast of "distribution in over 30 countries."

### **Family has to get involved in the business**

What could the impact of international business be on your family? Family is part of the business, even if individual members are not directly involved. Your spouse or partner has to understand the necessity of your traveling and working odd hours. There will be travel to a foreign country on short notice. Visits by Japanese business people will require your attention 24 hour a day. They may not appreciate that you want to leave a business meeting to go home and say goodnight to your children late at night. My children grew up receiving gifts, clothing and toys from all over the world. They also got used to having foreign visitors join us at home for dinner or for a weekend fishing trip. Not only did the visitors enjoy being included,

my family enjoyed meeting people from other countries and cultures. My son is now over 45 years of age. He was born into international business. He has been working globally and has lived overseas in five countries since the age of 19. His introduction to international business as a young child certainly helped.

***“It is a thousand times better to have common sense without education than to have education without common sense.”***

***— Lewis E. Pierson***

You will learn from my practical hands-on experience gained during more than 40 years of conducting international business in more than 100 countries. Some of the examples you will read about are from my early days in charge of international business for two European companies. Perhaps they are not as applicable as they were years ago; however, some examples are fresh and more recent.

My intention is not give you all of the answers but to get you to think outside your domestic mindset. With so many examples, you will learn how to adapt and become more open-minded about different approaches to international business. You will begin to understand that each market, culture and customer group is different and that each requires a different approach. You’ll learn from the mistakes of others. After all of my years in international business, I am still learning and you always will too. There is no way someone can become an expert in this field. There are so many markets and the rules are constantly shifting. You have to keep learning and practicing your skills, so that you grow comfortable with the concepts. Some names and cases I use are real and some have been altered to protect the sources.

When you decide to tackle a new market after reading this book, you will know how to investigate that market, the local culture, the way business is done, how you should dress, if bribing is part of the business environment, whether the clients prefer to negotiate with a young or older person and what factors are important to potential foreign partners.

The world is changing at an accelerating rate. You cannot analyze past performance or today’s situation - that is history. You have to study the future and develop new products and services for tomorrow’s markets.

***“The only thing constant in life is change.”***

***— Francois de la Rochefoucauld***

There is a big difference between today and 1969 when I started doing international business. Back then, the markets did not change that much. Being away from the office for five weeks in Latin America or in Asia created a communication problem with the home base. There was no internet, fax or mobile phones. Usually, it took a long time to get a phone call through the international operators, often with a

terrible connection and at a high cost. However, because you stayed longer in a foreign location, you worked with the local people, learning to do business with them, experiencing their culture and spending time with them on your days off, sometimes picking up enough of their language to have conversations. You built up friendships and relationships because you received invitations to family and business events. In other words, you learned the most important part of international business - the local way.

Between 1970 and 1974, I did a lot of business with a company in Singapore. In 1990, that same company had a request for some specific products. We happened to have a supplier who could meet their needs. The client called because he still remembered me. That was likely the major reason we got the order. This proves the long term value of personal relationships.

Doing business in Russia today is completely different than when I started in 1969. However, the importance of building relationships in Asia has not changed. Japan used to copy others' products but now they are world leaders in technology. Now China, which is a low-cost labour location, has become well known for not complying with copyright and patent laws. In 1973, Chile had an inflation rate of 700% and tried to protect itself with high import duties and restrictions on foreign investment. Today, Chile is an open market and has become an attractive location for foreign investment. Import duties in India have gone from 300% to low double-digit figures, with more openness to foreign investments.

International business is not based on formulas and theories but on common sense and understanding people. We do business with people and not companies. If you understand the people you do business with and what they want, you will succeed.

### **My approach**

This book does not include terms like "strategic market research". I will tell you in plain language how to find the key pieces of information you need to succeed in foreign markets. Even if English is not your mother tongue, I have presented the material in simple terms, so that you can easily understand the contents. There are no fancy words or scientific formulas.

I am a firm believer that a book should not be full of abstract facts or theories but full of life, entertaining and enjoyable to read, with a mix of examples and the necessary facts. You may not remember all the facts but you will remember the examples and stories. By showing examples, I will highlight what happens in real life by taking you along on the journeys I experienced.

I promise to give you plenty of ideas. I will tell you about successes but also failures. I will teach you international business logic and give you check lists that can be used for many purposes. I will take you step-by-step in an easy to follow, understandable way, with lots of explanations. I will assist you to be a more successful exporter.

However, the final results will be up to you. As I have said before, if you do not have the right attitude or the willingness to adapt and work hard, you will not be successful. Remember, we don't do business with companies, we do business with people. You have to deliver what these people want, presented their way, with the features and benefits they tell you are desirable. If a personal relationship is more important to them than the product, then that is what you have to offer. If technical details are more important than data on return on investment, you have to supply that.

***“It is not the strongest of species that survive, nor the most intelligent, but the ones most responsive to change.”***  
— Charles Darwin

I have taught students at many overseas universities. During the first four days of the program of studies, I teach workshops on how to enter new markets. After those four days, I leave them for three weeks. During that time, they are required to work in teams to complete a professional export project for a new or existing product or service, for an actual company, in a real country. When I return for the next part of the course, the student groups have to make a public presentation of their proposal for entering that market. Often, they have not only done their homework and developed the export plan, they have also visited the country, test-sold the product, identified the right distribution channels, signed up their foreign partner and obtained the first order.

Not only are the students surprised at what they can produce in such a short period of time, the companies they are assisting are more so. All this has been accomplished after only four days' of my lectures in class and a lot of question and answer sessions. Don't believe that it's complicated to do international business. As one of my students stated: “You threw us in front of the train to see if we could solve the problem.” You have to learn how to “fly” on your own.

I will not be on hand to assist you, but I promise you that after completing this book, you will have gained a very good understanding of how to conduct business successfully in a foreign market. You will also find useful resources such as web sites. (See more in each chapter and at the end of this book).

I have been a teacher, mentor and coach for a long time. My students continue to share with me stories about their performance and their business experiences. They call or email to ask me questions. Some of these people I worked with as far back as 25 years ago. Their success stories are my reward. This book is based on their feedback and you can be confident that the solutions you read about have been tested by real-world business people.

## When You Read My Book, You Will:

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- ◆ Understand that it is not that complicated to do exporting and importing
- ◆ Understand that common sense is the key to your success
- ◆ Realize that it is challenging, profitable and rewarding to do international business.
- ◆ Know if you are ready to try international business, if you have not tried it before
- ◆ Pick up helpful ideas and sources (a valuable second opinion) to become even more successful if you are already involved in international business.
- ◆ Get practical answers to the most common questions about how you can carry out international business on your own
- ◆ Understand the pros and cons of different import and export solutions
- ◆ Have check lists for future use. (See summary in each chapter)

I would appreciate hearing your feedback on *Export & Import - Winning in the Global Marketplace*: what did you like, what can be improved, what else you would like to learn. I would appreciate you sharing your story/case. I might include these in future editions. Send me an e-mail at [book@exportpro.com](mailto:book@exportpro.com).

Visit my website: [www.exportpro.com](http://www.exportpro.com)

On an ongoing basis, I will update "Links on the Web," as well as the "Questions and Answers" sections. You will find the most recent update on books and numerous videos on international business, including introductions to each chapter of this book.

Good luck in your reading and much success in your business ventures.

— Leif Holmvall

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### Note for teachers and educators

A Teacher's Handbook with Power Point presentations, group work and exams is available for qualified educators. Contact us by email at [book@exportpro.com](mailto:book@exportpro.com). The package includes a CD/DVD with Power Point Presentation, Course outlines, and Group works.