

The international competition: on your mark, get set...

Here's the question: are you ready? Before they can become Olympians, athletes must first meet certain conditions before they are allowed to compete against their peers from around the world. It's not much different in the business world, except that senior management rather than the International Olympic Committee decides whether or not there will be a qualifying round.

Means consistent with your intentions

Does your company qualify for international competition? Going through the qualification round (or export diagnosis) demands strict discipline and objectivity, since it requires the potential exporter to take realistic stock of both its strengths and weaknesses. █

A quantitative and qualitative assessment will largely determine your options. Do you know and recognize your abilities, intentions, assumptions and apprehensions vis-à-vis a new adventure in a different and uncertain environment? At the end of the exercise, you should be able to answer the following question: Are the company's means and actions regarding the international project in line with management's intentions and claims?

The purpose of qualifying the company is to verify this equation but more importantly, to verify its readiness for international trade. Ultimately, the qualification process must provide ways for the company to raise its game in order to be able to effectively confront foreign competition by better meeting the needs and requests of its international clientele.

The qualification process cannot be reduced to a simple exercise of answering questions on a form. It is quite complex, demanding considerable effort both in terms of introspection and objectivity from the management team, particularly where the business vision is concerned, and the perception and conviction associated with going global. Does management really believe in international trade, or is it going this route reluctantly, out of sheer necessity (one step forward, one step back)? This question may seem existential, but it has a direct bearing on the project's success or failure.

Global vs. specific qualification

Whether you produce furniture, medications or software, or whether you work in professional or technical services, knowing your strengths and weaknesses will significantly improve the quality of your decisions and actions on the foreign markets.

In contrast to the general diagnosis, which examines all aspects related to the company's management and operations in order to assess its performance, the international qualification exercise focuses on the most pertinent aspects of the export project. For example, you will look back and try and learn from past exporting initiatives; you will assess the human resources the company plans to devote to international activities, the company's production and financial capacity (to absorb

the additional costs the export project involves, e.g. exploratory missions abroad, product certification or tropicalization costs, advertising and translation expenses) and management's ability (i.e. competency) to manage international financial aspects (e.g. set up a price structure based on foreign currency, manage a foreign exchange position, fund transfers, international cash flow, import and export letters of credit, credit insurance).

Qualification doesn't stop after one lap around the track

Although this exercise is not carried out just once, it is also not a weekly affair. In effect, international qualification has two levels. Beyond verifying the company's readiness, the purpose of the first level is to get a general sense of the company's ability to go global and the relevance of such a project. This first step is an essential prerequisite to deciding on the products to export and the markets to explore or avoid. Consequently, among the key areas to analyze are senior management's vision, the company's human resources, its production, products/services, marketing, sales, innovation (R&D) and finances.

The second qualification level includes the same areas but in more detail and begins once the product and market have been selected. This specific or applied qualification scrutinizes aspects pertaining to both the product and the market, for example, knowledge of the local language, culture and business practices, the company's prior experience in this market, senior management's fears and expectations with regard to the target country, and how much adaptation the product requires and can undergo (tropicalization) based on the projected demand.

Implications and avenues for the company

A good export diagnosis should provide the company with information as to the markets to consider, the ways to approach them and the competencies required to succeed. However, this exercise must be completed with a minimum of information about the target markets. What remains to determine, beyond the diagnosis, is whether the company can afford to make the financial and human efforts required to find, collect and analyze market information in order to translate it into an action plan. If the answer is no, the company should consider itself disqualified from the international competition.

In practical terms, an export diagnosis entails a general assessment of its strengths and weaknesses, and its ability to expand abroad, as well as a more detailed assessment as soon as it decides to embark on an uncharted path.

Once you know what your company can do, you can confidently move to the starting line and leap ahead when the starter says...*Go!*