

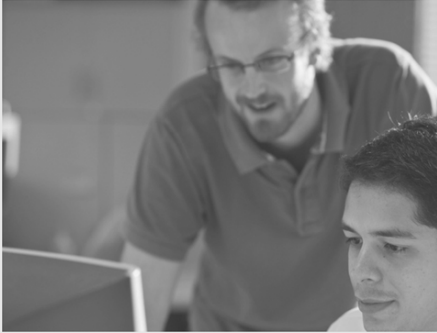
# Export for growth

## Your guide to getting started

### - Executive summary



## Foreword



As UK growth stagnates, many businesses are looking overseas to realise greater returns or lower their costs. Having an experienced guide to steer you through the process is invaluable.

Welcome to 'Export for Growth', a guide to exporting produced in partnership with UK Trade and Investment (UKTI) as part of the Government's campaign to increase the proportion of UK SMEs that export goods and services overseas.

At MHA we have been guiding local businesses through the process of growing both nationally and internationally for over 100 years and we are proud to support this campaign.

There is no doubt that the pace of change is quickening. The globalisation of commerce is, perhaps alongside or indeed partly due to the internet, the biggest driver of change in business practices in the last 50 years.

As this guide highlights there are fantastic opportunities to be seized by expanding your operations: faster

growth, bigger profits and greater return on investment are just three and there are plenty more.

With any opportunity comes risk and it is prudent to take advice from both the Government and from specialist advisers when either entering a new country, or exporting for the first time.

At MHA we have many clients which have soared as their overseas strategy clicks into gear. Unfortunately we've also picked up the pieces of overseas operations that ventured into inappropriate locations, failed to select the best local partners or fell foul of local tax laws or regulation.

With the correct support and advice, investing in high growth markets and capitalising on both the demand for western goods and the growth of

developing middle classes can be a hugely rewarding experience.

We recommend that you broadly align your export strategy to your appetite for risk. Planning where to expand is a complex decision. As you will see from the tables within the guide, traditional destinations such as the US, France and Ireland dominated exports in 2010.

However, as growth stalls in many mature markets, our clients are looking further afield. This may increase certain risks, although regulation, such as the UK Bribery Act, certainly encourages sensible business practice, and a well run company with a well planned entry strategy has little to fear.

When developing your strategy for international expansion, we believe that there are four key areas to focus on:

- Planning and research
- Method of entry
- Partnership
- Understanding of risk and compliance.

Many questions will come to mind when you start to do your planning and research. For instance: How to expand? Organically or through acquisition? Should you go it alone or select a local partner? How do I understand the local market, including the local supply chain? Who are the main competitors and what are the local political influences?

Hopefully, you will find plenty in the guide to help you with these questions and to assist you in the development of your plan. In particular, we would point you towards the section detailing the services offered by UKTI. Many of their trade advisors have unparalleled

experience of dealing with individual export markets and they can also plug you into a wealth of knowledge contained in our Embassies abroad.

MHA works very closely with UKTI and can thoroughly recommend their training and ongoing support programmes which complement our own strategic planning service that we can offer to clients.

Entry methods vary widely and all require thorough analysis. Organic growth provides the most control over operations and risk exposure, but frequently requires excessive investment in time and capital compared to other means. Local retailers and/or partners represent the easiest means of testing the market, but they also dilute margin and add stages to the supply chain.

Should you want to formalise your arrangements, you have three main options: a strategic alliance, a joint venture or a formal acquisition. All three routes have strengths and weaknesses and as ever we'd recommend seeking professional advice to ensure that financial and strategic objectives are closely aligned.

We have already talked about the excellent programmes that are run by UKTI and the advice and support they can give you. You will also need specialist advice both at home and overseas on issues such as managing your foreign exchange risk, protecting your intellectual property and making sure that you get paid. You will find a section in the guide setting out the various sources of help that are available.

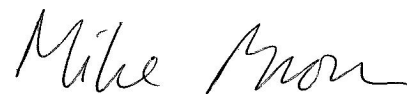
There are a myriad of tax and regulatory issues to be aware of in optimising your business structure, be they VAT, changes in Controlled

Foreign Company regulations, expat or non domicile issues, and Transfer Pricing. This is in addition to the local tax and regulatory regimes that will affect how you operate in your chosen market.

As a member of Morison International, a global association of leading professional service firms, we are able to provide access to other experts on international issues, from banking, to finance, to intellectual property in all major locations around the world.

Transacting overseas brings a different set of risks and opportunities compared to domestic operations. However, whether you are a serial investor, an experienced multinational or it is your first international experience, we understand the issues involved and can provide you with the advice and support you need.

We do hope that you find this guide to be useful. There are a range of possibilities that could transform your business that lie beyond these shores. We look forward to working with you to help you identify and implement those that are right for you.



**Mike Brown**  
**Chairman, MHA**

**MHA**

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