

BUSINESS SCOTLAND

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RIDING THE EUROZONE ROLLERCOASTER



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The Ultimate Business Network

INTERVIEW: STARS OF THE BREWING INDUSTRY, BREWDOG
ALSO INSIDE: ENERGY • TRAINING AND SKILLS

Ten reasons for going global

Carl Hasty, head of trading with Smart Currency Exchange, offers ten reasons why UK businesses should consider entering foreign markets

THE UK ECONOMY IS STAGNANT

The Office for Budget Responsibility (OBR) predicts the UK economy will grow by just 0.7 per cent in 2012 – and not much faster in the following years. Growth in 2011 was less than one per cent. We might not be in recession but things are pretty benign in the domestic economy. Now, surely then, is the time to look abroad for growth. While much of Europe may also be floundering, by broadening your net you are far more likely to find demand for your products. Moreover, some parts of the world – most notably the likes of China and India but also less talked about places such as Turkey, Singapore and Qatar – are experiencing solid growth.

A HEDGE AGAINST GLOBAL UNCERTAINTY

The world is an uncertain place right now. Nobody knows quite what will happen to the global economy as problems in the eurozone continue to fester. Another global recession? A 1930s style Depression? A return to growth? It really is anybody's guess. Against such a

backdrop it's surely prudent to have your eggs in

more than one basket. Depending on just one market for your business right now could prove costly.

BOOST EMPLOYEE ENGAGEMENT

Motivated, engaged employees are a must-have right now. There are a whole host of initiatives that businesses can introduce to improve employee engagement. Going global is one of them. The process of heading into international markets can often reinvigorate employees and boost their motivation. Get them involved – whether it be researching target markets or overseeing an e-commerce facility on your website. The prospect of international travel with work is also a huge positive for many people, enhancing their skills while boosting their career development.

WORLD-CLASS SUPPORT AVAILABLE.

UK Governments have gone to great lengths to back UK exporters in recent years. UK Trade and Investment (UKTI), the main support mechanism for exporters, has 2,400 staff and a presence in 96 countries. It can help in many areas –providing market intelligence offering advice on business regulations and legal issues in target markets, or overseas trade missions. Other, private business bodies – such as the British Chambers of Commerce network and the CBI – also offer great support for exporters, including trade missions, seminars and networking opportunities.

RESEARCHING FOREIGN MARKETS IS MUCH EASIER

In days gone by, researching international markets was a minefield. Time-consuming and costly, it often involved lots of foreign travel – much of it wasted and a drain on precious resources. The internet has changed that. While

there are cases when a trip abroad to a target market is essential, much of the ground and preparatory work can now be carried out via the web.

THE POUND IS STILL RELATIVELY WEAK

Many UK exporters have taken advantage of a weak pound in recent years, in particular gaining a trading advantage against countries operating within the over-valued euro. While the euro may now be weakening against the pound, there are many who believe sterling is still undervalued – representing an opportunity exporters need to grab now.

GEARING UP TO TRADE GLOBALLY

Speak to any experienced exporter and they will invariably tell you that the process of preparing to trade internationally has had a positive impact on their business. Systems have to be fine-tuned and marketing sharpened. The global market is no place for shoddily-run outfits. Going global can act as a catalyst for your business to step up a gear – with knock-on benefits for your domestic market.

THE WORLD IS A SMALLER PLACE

Communications technology is having a huge impact on international trading partnerships. While face-to-face might be required to close out a deal, technologies such as video conferencing and Skype mean it's now possible to maintain healthy relationships with clients on the other side of the world without having to travel abroad. With communications technology improving daily, foreign travel costs can be kept to a minimum.

YOUR COMPETITORS ARE DOING IT

And if they are not, they soon will be. More and more UK companies are looking at exporting as an option, mainly due to the benefits outlined above. Those that succeed in their endeavours are likely to be more competitive domestically as a result. By sticking to domestic markets, your business risks be left behind by the competition.

AND FINALLY...

Many businesses worry about foreign exchange when trading abroad. Will the volatile international exchange rates we have been seeing impact on profits? Will commissions on foreign exchange be costly? The good news is that foreign exchange is something you don't need to worry about - at Smart Currency Exchange we can provide a complete support package in this area. To protect against currency fluctuations, we adopt hedging techniques such as forward contracts to provide stability to those engaged in international trade. We also help exporters to maximise margins by offering significantly better-than-bank currency exchange rates. This support allows you to focus on your core objective – developing your business abroad.

