

A STUDY ON EXPORT MANAGEMENT : CHALLENGES AND PROSPECTS.

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Abstract

Export management is the application of managerial process to the functional area of export. It is a form of management which is required to bring about coordination and integration of all those involved in an export business. Export management is today one of the most sought-after careers. For aspirants in the employment market, this stream of management has opened limitless opportunity in diverse spheres with the promise of rewards in the form of good remuneration, status and scope for professional and personal growth. Moreover, in this achievement-oriented profession where results count more than year of experience, bright and hardworking young people can rise to top positions fairly quickly. The rapid growth of international trade in the country has opened the doors to highly rewarding careers to persons trained in export import transactions. In view of the thrust given to exports by our government there has been increase in job opportunities for export executives.

Export performance has long been an issue of concern in the literature; however, there has been little research on managers' evaluations of their firms' performance in the presence of multiple export objectives. This study proposes a framework for understanding managerial assessments of export management. The framework clearly acknowledges that the importance of different export objectives may differ both within and between firms and export managers.

Key Words: Export Management.

Introduction

In simple terms, export management is the application of managerial process to the functional area of exports. It is a form of management which is required to bring about coordination and integration of all those involved in an export business. It is thus, concerned with securing export orders and achieving their successful completion in time as per the requirement specified by the foreign buyers. The main objectives of export management (i) secure export orders and (ii) to ensure timely shipment of goods as per prescribed norms of quality and other specifications including terms and conditions agreed to between the export and the importer. For an effective management, we need to know about classification of export.



Figure no: 1 The above flow diagram would detail about the managerial process of Export Management.



Classification of Export

The export can be classified into the following categories.

1. Merchandise Exports.
2. Services Exports.
3. Project Exports.
4. Deemed Exports.

The above key point would detail about the classification of Export in Export Management.

Merchandise Exports: Merchandise exports refer to the export of physical goods, for example, readymade garments, engineering goods, furniture, works of art etc.

Service Exports: Services exports refers to the export of goods that don't exist in physical form, that is, professional, technical or general services. Examples of the exports would include export of computer software's, architectural, entertainment or technical consultancy services etc.

Project export refers to establishment of a project by a business firm in another country. The term 'Project' as been defined as 'non-routine, non-repetitive and one-off undertaking, normally with discrete time, financial and technical performance goals.' It is viewed as scientifically evolved work plan devised to achieve a specific objective within a specific period of time.

Deemed Exports

'Deemed Exports' refer to those "transactions in which the goods are made in India, by the recipient of the goods." The essential condition is that such goods are manufactured in India. This category of export has been introduced by the Export Import Policy of the Government of India. Some of the examples of goods regarded as "Deemed Exports", as given in Export-Import Policy are;

1. Supply of goods against duty free licenses
2. Supply of goods to projects financed by multilateral or bilateral agencies/Funds notified by the Department of Economic Affairs, Ministry of Finance, Government of India.
3. Supply of goods to the power, oil and gas including refineries and so on.

Steps Involving In Exporting

Exporting is not a single step to enter in to it or function it. It is a core of procedure and regulations. Some are Understanding and preparing for exports, Researching and segmenting export markets, Compiling an export plan, Implementing the export plan, Export transportation and logistics, Export documentation and payments. This step and procedure are takeover by Export manager.

A: Understanding And Preparing For Exports

Considering exporting- If you are considering exporting, you should get yourself up to speed by understanding why you want to export, what the difference is between domestic marketing and export marketing, what the various environments are that you will encounter in international trade and the trade barriers you may face in the international marketplace.

Current business viability - If you are not managing to survive in your current business, then don't consider exporting.

Export readiness - Besides for having an existing base (i.e. a viable business) to build on, there are several other factors that contribute to your readiness to export.

Set a broad export mission statement and initial research budget for your firm - If you're ready to export, then you need to set a broad statement indicating that intention to export (which you may revise later), and you will also identify a small budget that will allow you to do the research and preparation necessary to plan and implement an export strategy.



Confirm management's commitment to exports - probably one of the main reasons why firms fail with their export endeavors is because management only pay lip service to the firms' export efforts. This is not enough! Get management to commit on paper to the firm's exports efforts and have them approve the budget you submitted for your export research (see step 4).

B: Researching And Segmenting Export Markets

Undertaking an initial export SWOT analysis of the firm - as it is important to understand what the export capabilities of the firm are, as this knowledge is used as an input to the export marketing research process (see the next step), it is necessary at this point in the export process to undertake an export SWOT analysis. But as you do not yet have the foreign market information at your disposal, this SWOT analysis will need to be reviewed again later in the export process as an introduction to the export plan.

Selecting and researching potential countries/markets abroad - It is a fact; you cannot export to all the countries in the world. Indeed, even established companies can only concentrate on two or three countries at most (and usually only those that are close to each other either geographically, culturally or in terms of language or some other factor). Smaller companies will barely be able to cope with one additional country (over and above the domestic market). The question is which country? At this point in the export process your firm must evaluate the many potential countries open to you and narrow the list down to no more than three to five countries with the greatest potential to look at more closely (a shortlist of countries). Once you established a shortlist of countries, the next step is to do some desk research and in-market research to identify the most suitable country (or perhaps two countries) from your shortlist. In the case of large countries such as the US, Germany, the UK, etc., you may also want to segment the country into more accessible segments (such as males under 30, or households with an income of \$50 000 or more per annum) that you can focus your marketing efforts on. The purpose of this research will be to understand the foreign environment you intend to enter and to identify potential foreign customers and their needs so that you can plan an export marketing strategy that will meet your potential customers' needs.

C: Compiling An Export Plan

Preparing your export plan : This is one of the most important steps in the export process and will incorporate a situational analysis (export SWOT), your export objectives and an export marketing strategy.

D: Implementing The Export Plan

Obtain financing/resources for your exports: You will almost certainly need to finance your export efforts in some way and you will have to give thought to how much you need and where you will find the money. You may also need to find the staff and facilities necessary to support your export activities (which, in turn, will cost money).

Managing your export risk: When you negotiate and eventually sign an export contract, you need to be aware that you are committing your firm to certain responsibilities (such as delivering on time and according to a certain standard) and that you are making certain assumptions about your business partner (that they will pay, for example). These responsibilities and assumptions represent a serious risk for your firm and you need to be aware of what these risks are and you need to take steps to manage these risks as best possible.

Promoting the firm and its products abroad : This involves letting the world know about your firm and what it offers and there are many promotional channels that you could use (such as advertising in trade magazines, e-mail marketing or participating in a trade fair). The channel you use will depend on what your promotional strategy is that you outlined in your export plan.

Negotiating and quoting in export markets : You need to approach your customers, convince them to buy from you, negotiate a deal and price that that find acceptable, and present them with a quote (usually in the form of a proforma invoice).



Revising your export costing and price : Following your negotiations, you will in all probability have to consider lowering your price or other sales terms. This may require you to revisit your costing exercise and pricing strategy.

Obtaining the export order : This is all about closing that sale and signing the contract!

Producing the goods - With the export order in hand, you now have to get down to producing the goods that you have promised to deliver. This will mean securing raw materials and components from your suppliers, and producing, packaging and labeling the goods for export.

E: Export Transportation And Logistics

Handling the export logistics: You have to get the product from your factory to your customer and you will need one or other form of transportation to do this.

F: Export Documentation and Payments

Handling export documentation and export payments: A lot of paper work will accompany each consignment. You need to ensure that your export documentation is in order so that you can effect export payment for your goods.

Providing follow-up support : Customers will want to be ensured that you will help them if something goes wrong with your product. To this end, you will need to consider what warranties and guarantees you will offer your customer, as well as what support you will provide them.

Getting paid : An important part of the export process.

G: Export Management

Reviewing the export process : To ensure a successful export department, you will want to review and improve your export process.

Export management: The process does not end here. It needs to start all over again with your next customer. This is the focus of export management and involves the way you organize your export department.

Select the topic from the list above that you are interested in. Under each topic, you will find a number of other issues that will help deal with your exports.

Export Manager

An export manager oversees the overall procedure of foreign sales and service outlets of the organization. He manages the export process of the firm, ensuring that the commodities meet the standards of the destination country. He also ensures that all legal requirements are looked into. An export manager can work in such industries as manufacturing and distribution, dental supply distribution, agriculture, automotive, manufacturing and heavy equipment.

What are the main functions and works of an export manager?

Once a decision is taken to establish export business, the first and the foremost task is to plan to secure an export order. After confirming the order to the buyer, the next step is to create an organization structure for it and create the required team of personnel for its execution. Export Manager is a key person. The success or otherwise of the export order depends, to a great extent, on how efficiently he handles the order.

He is required to maintain liaison with the importer, prepare plans for its implementation and issue necessary executive instructions to the export staff. He has also to evolve an information system so that there is a regular flow of information on the progress of the order. If the various tasks are not being done as per prescribed



schedules, he has to analyze the variances and take suitable corrective measures, if necessary, for the purposed and finally submit report on the progress of work to the top management. The functions performed by the export manager are as follows.

Functions of Export Manager

1. Procurement of Export Order

The first function of export manager is to plan for securing the export order. This requires deciding the exact item for export market. A study of the profile of the target customer group and the business practices of the target export markets is of paramount importance in the process of securing an export order.

2. Planning for Export Order Execution

Effective planning is essential for the success of execution of export order. The export planning should be viewed as planning for the successive phases of an export activity. The export manager and his team should understand the terms and conditions of the export order. The export manager should, then, proceed to develop a detailed schedule for the completion of all the tasks for the accomplishment of the overall targets. Budgets, work programs and implementation schedules are to be prepared as a part of planning for execution of the export order.

3. Directing for Exports

The export manager should issue executive instructions to all the members of the export team. The process is referred to as directing for exports. It is also viewed as an extension of export planning as it involves issuing directions to execute the export plans. These directives should be very precise, simple and unambiguous so that implementation is done without any difficulty. It is important since the efficiency with which these directions are given would determine the success or otherwise of the execution of export be allocated to those responsible for their execution.

4. Export Order Execution

It is implementation of the assigned tasks by the frictional manager and other members of the export team. The export tasks must be implemented within the time schedule, the budget and in accordance with the agreed design and specifications.

5. Importer Liaison

Export Management is intended to meet the requirements of the importer to his satisfaction. For the purpose, it is important for all the members of the export team to understand his requirements as regards quality, labeling, packaging, packing and markings on the export products as well as delivery goods.

This calls for maintaining liaison with the importer, being the prime responsibility of the export manager. The primary objective of importer liaison is, thus, to keep him informed of the progress in the execution of export order. This will enable the importer to appreciate that the exporters is very serious in the execution of his order and it would prove to be very beneficial for the exporter in building sound business relations with him. In case the exporter is faced with any difficulty beyond his control, it is very likely that the importer will appreciate his problems and may give him the required support in the form of extension of the time for delivery of goods or permitting him/her to make the partial shipment and so on.

6. Export Order Evaluation

Evaluation is a continuing process of assessing the progress of the export order in terms of its objectives. Ideally, evaluation consists in comparing existing conditions and current results with export plans and with the specifics of export direction. Any deviation represents a possible problem that should be highlighted, analyzed, and understood.

A system of appropriate controls should be established for the export order execution. The export manager must scrutinize carefully the qualitative assessment of his team and evaluation of how the export order is progressing.



7.Reprogramming

Based on export reports, the export manger should take suitable corrective measure to improve the level of performance of various functional divisions /outside agencies. For this propose, reprogramming may have to be done. The reprogramming involves changing the plans, schedules and budgets or redefining the channels of communication or clarifying the export directions to the members of export team.

8.Reporting on export Order Execution

Reporting on the progress of the export order is a logical consequence of export order evaluation and reprogramming. Every export manager should submit reports at regular intervals, of the progress of work to the top management. The report should reflect the targets, the actual performance and the variances, with reasons thereof. It should also highlight the problems/difficulties faced in the execution of the export order and the steps proposed to solve them.

9.Export Cycle

The various activities/stages involved in planning and execution of an export order are performed in a sequential manner. Therefore, the activities/stages are viewed as different links in the chain of cycle called Export Cycle. The export cycle is divided into three phase. (a) Planning for exports (b) Implementation and monitoring of an export order (c) Post export follow up action.

Fmea Related to Export

A failure modes and effects analysis (FMEA) is a procedure in product development and operations management for analysis of potential failure modes within a system for classification by the severity and likelihood of the failures. A Successful FMEA activity helps a team to identify potential failure modes based on past experience with similar products or processes, enabling the team to design those failures out of the system with the minimum of effort and resource expenditure, thereby reducing development time and costs. It is widely used in manufacturing industries in various phases of the product life cycle and is now increasingly finding use in the service industry. Failure modes are any errors or defects in a process, design, or item, especially those that affect the customer, and can be potential or actual. Effects analysis refers to studying the consequences of those failures.

Conclusion

This study contributes to Export management by demonstrating the classification, segmentation and implementation through which resources illustrated by managerial competencies respectively capabilities impact on export performance outcomes. Here we clearly discussed Merchandise Exports, Service Exports, Deemed Exports and steps involving in exporting. And also evidently detail the implementation in export plan. This resembles the main function of export manager. What are the qualifications and decision should take at the right time in order to survival in the export industry.