

HOW TO DEVELOP BUSINESS IN THE AGRO-FOOD SECTOR ?

*A practical management
training*

WHAT CAN YOU EXPECT

- The training
- Business development in agro-food
- Management capacity in rural areas
- Development and quality of the product
- Financial aspects
- Internationalization
- Business cases
- The virtual game

THE TRAINING



THE TRAINING

Objectives of the training

✓ ENTERPRISING COMPETENCES

Company and entrepreneur go through a transition

✓ IMPLICATIONS OF THE DEVELOPMENT OF YOUR BUSINESS ON

- Marketing and distribution
- Management of the company
- Product development and quality of the product
- Financial aspects of the development
- Internationalization

THE TRAINING

Objectives of the training

- ✓ CASES
- ✓ VIRTUAL



THE TRAINING

THE BUSINESS CASES

- ✓ The cases are based on the everyday experience of companies in the agro-food sector
- ✓ The cases illustrate that developing your business covers all aspects of management
- ✓ The approach is practical
- ✓ The cases can be done individually or in group
- ✓ A debriefing in group is to be advised

THE TRAINING

TRAINING METHOD

QUESTIONING

- ✓ Use of variety of questions to invite trainees to take part in the discussion and avoid only closed questions (yes/no answer)

FEEDBACK

- ✓ Where are we now and how can we make following (positive) step?
- ✓ Feedback is not on a person, but on behavior

REVIEW

- ✓ Looking back at the situation in a objective way
- ✓ Follow up of the process we are going through
- ✓ Is no evaluation on behavior

BUSINESS DEVELOPMENT IN AGRO-FOOD

CONFRONTATION WITH

- ✓ Environmental issues
Use of the (scarce) resources as efficient as possible
- ✓ Social Issues:
The whole social chain should be a winner
- ✓ Consumer issues
The demand-side of the market (the consumer side) takes the initiative
- ✓ Globalization
The world is more and more our market

BUSINESS DEVELOPMENT IN AGRO-FOOD

RECONCILIATION OF ECONOMIC

- ✓ Efficiency
- ✓ Marketing
- ✓ Social & environmental expectations



INTERNATIONALISATION

1. PREPARING YOUR FIRST STEPS IN EXPORT
2. YOUR EXPORT STRATEGY
3. RISK MANAGEMENT
4. MODE OF PAYMENT
5. FROM OFFER TO DELIVERY

INTERNATIONALISATION

PREPARING YOUR FIRST STEPS IN EXPORT

- SWOT-analysis in which you focus on all elements important for foreign trade
 - ✓ Knowledge and skills to deal commerce in other countries
 - ✓ Knowledge of the market and the consumers
 - ✓ Affection with the market
 - ✓ ...
- Barriers to overcome – there can be external and internal features hindering your approach of the foreign market

INTERNATIONALISATION

PREPARING YOUR FIRST STEPS IN EXPORT

- External barriers can be:
 - ✓ Import duties
 - ✓ Difficult distribution (network of motorways not sufficient, ...)
 - ✓ Legal restrictions on use of ingredients and labelling
 - ✓ Cultural differences
 - ✓ Payment attitudes (in some countries up front payment is limited,)
 - ✓ ...



INTERNATIONALISATION

PREPARING YOUR FIRST STEPS IN EXPORT

- Internal barriers can be:
 - ✓ Export competences are not present
 - ✓ Shortage of working capital
 - ✓ Not enough market information
 - ✓ Lack of time
 - ✓ Language problems
 - ✓ No foreign trade culture (no habit of travelling, ...)
 - ✓ ...

INTERNATIONALISATION

YOUR EXPORT STRATEGY

- How you will deal with the foreign market is a very important decision to make
 - ✓ Direct approach of the market – you approach the market with your own staff
 - ✓ Indirect approach of the market – you make use of third parties

INTERNATIONALISATION

YOUR EXPORT STRATEGY

- Direct approach of the market
- Advantages can be:
 - ✓ You have everything in your own hands
 - ✓ Export activities will certainly be in line with the company objectives
- Disadvantages can be:
 - ✓ Distance to the market
 - ✓ The cost to manage a market

INTERNATIONALISATION

YOUR EXPORT STRATEGY

- Advantages of indirect approach can be
 - ✓ Financial risk is small
 - ✓ The investments you have to do are minimal
 - ✓ You have a partner who knows the market well
 - ✓ The access to the market and the buyers will be
 - ✓ No practical barriers like negotiating in a foreign language, adapting yourself to local habits and culture
 - ✓ You combine your own strengths with those of your partner
 - ✓ ...

INTERNATIONALISATION

YOUR EXPORT STRATEGY

- Disadvantages of indirect approach can be
 - ✓ You depend on the foreign partner
 - ✓ Profits have to be shared
 - ✓ There may be limited flexibility (third party will e.g. want to maintain his commission, also in difficult price negotiations)
 - ✓ Product knowledge is limited
 - ✓ You don't have direct contact with the customer
 - ✓ Partner doesn't always give priority to your product (partners can be multi-card)

INTERNATIONALISATION

YOUR EXPORT STRATEGY

- Indirect export – the sales agent
 - ✓ Works on a commission basis
 - ✓ Is often multi-card (= has agency of different companies)
 - ✓ There is the European legal protection
 - Agents are protected in Europe
 - Even without contract, people will be considered as an agent (e.g. if they can show records of selling)
 - When appointing an agent, look for a contract

INTERNATIONALISATION

YOUR EXPORT STRATEGY

- Indirect export – the distributor/importer
 - ✓ A distributor buys and sells the goods
 - ✓ Once he has paid the invoice for the goods, they belong to him: he can e.g. sell at any price
 - ✓ As the distributor falls under the international law (and not the European law), it is less stricter than a sales agent
 - ✓ A contract is important

INTERNATIONALISATION

YOUR EXPORT STRATEGY

- Indirect export – the rep office
 - ✓ REP = Representative sales office
 - ✓ From the moment sales have become really important
 - ✓ The staff of the rep are employees
 - ✓ Does the cost to run a rep is justified by the turnover realized?

INTERNATIONALISATION

RISK MANAGEMENT

- Doing business in export may involve a number a risks. Up to the company to avoid them:
 - ✓ Political
 - ✓ Commercial
 - ✓ Transport
 - ✓ Exchange rate
 - ✓ Financial
 - ✓ Social
 - ✓ Legal
 - ✓ ...



INTERNATIONALISATION

MODE OF PAYMENT

- There are different ways of payment to work with. They all have their pro's and con's depending on the type of customer, the country, ...
 - ✓ Bank transfer
 - ✓ Cheque
 - ✓ Bill of exchange
 - ✓ Letter of credit
 - ✓ Documentary credit
 - ✓ Documentary collection
 - ✓ Pre-payment
 - ✓ ...

INTERNATIONALISATION

FROM OFFER TO DELIVERY

- It all starts with:
 - ✓ Prospection: organize your prospection so that you can handle everything as it should

 - ✓ Offer
 - Fixed offer: there is no room for negotiation
 - Non-binding: this is mostly the case, except when it is mentioned otherwise
 - Sampled: offer of prices is accompanied by samples

INTERNATIONALISATION

FROM OFFER TO DELIVERY

- Pricing should take into account all costs. Ask enough questions before offering products so that you know what has to be included in the price.

Also include costs such as

- ✓ Cost to adapt the product or the packaging
- ✓ Cost for administrative and legal requirements
- ✓ Commission
- ✓ Costs defined in the contract (travelling, expenses, ...)
- ✓ Cost for credit insurance
- ✓ ...

INTERNATIONALISATION

FROM OFFER TO DELIVERY

- Be aware that there are European and international sales agreements that manage the relation with sales partners.
 - ✓ The cooperation may be considered as a contract
 - ✓ The Vienna convention on sales agent agreement
 - ✓ Pro forma invoices are not possible everywhere and there are not always a good start as it doesn't show confidence
 - ✓ Make clear your general terms and conditions
 - ✓ Invoices should be made in time and payments have to be followed up
 - ✓ Goods should be accompanied by packing list
 - ✓ Incoterms: responsibility with regard to transport and insurance of goods