

## **PROGRESS STEPS FOR INTERNATIONAL MARKET DEVELOPMENT**

IMD sets up every international business with the same care and concern that one would use to set up their own business. We follow one path and that is to do things correctly, right from the start, thinking always of what will be best for the client's term position. IMD has evolved this step-by-step progression to assure that we are all agreed as to what we are starting with, where we are going, and how we are going to get there.

IMD group believes that the small cost and time devoted to creating your international strategy will pay rich dividends from the very start of implementing the penetration plan. Starting your international venture with a plan that will not compromise your corporate goals will enable all decisions to be made confidently and within the clearly defined objectives to which we are all committed.

Our work evolves with the continuous client input through these 8 steps:

1. Objective Agreement & Confidentiality Agreements
2. Market Research and Preliminary Analysis
3. Opportunity Evaluation and Profit Potential Assessment
4. Competition Analysis, Strategy Evolution, and Contract Drafting
5. Penetration Plan by Consensus
6. Network Set-up, Locating, Negotiating, and Signing the Sales Network
7. Market Expansion, Training, and the Exchange of Technology
8. Sales Growth, Advertising, and Adjusting the Products to the Marketplace

Following an orderly and logical sequence of steps, each phase of an international venture can be analyzed, discussed, and evaluated before deciding to move ahead to the next phase or to stop the project at that point.

1. First we agree on the general scope of the project and execute confidentiality agreements for our mutual protections.
2. The Market Research and Preliminary Analysis determines the suitability of your products to foreign markets. It tests to evaluate if your products, ideas, patents, and

processes can be protected and sold profitably in the major foreign market segments.

In this phase, we ask questions about your business, its sales, profit margins, market structure, and the range, complexity, and uniqueness of your products to understand the key points of your success. We learn about your domestic markets, your sales methods, the penetration, your potentials, your current market share, and your goals. We also learn about your competition's strengths and weaknesses.

3. Then we begin to evaluate your Potential Opportunity by analysis of various world markets we divide into manageable segments. We determine what is currently being sold and your projected sales in those market areas by considering alternative penetration methods.
4. We establish the number, size, and strategy of your foreign competition. We investigate your domestic competition to see how, and in what ways, they have representation in foreign markets. We learn the buying habits and preferences of your potential customers. Finally, we report the findings and discuss the feasibility of your company entering the international arena based on estimates of potential profits for the various sales alternatives possible.

Together we evolve a strategy that makes sense for your company in light of return on investment, control of operations, and speed of penetration. The pros, cons, and costs of each method of market development are discussed at length. Finally, goals are reached, strategy determined, targets set, and a plan of action created.

Once we know where we are going, and how we are going to get there, we create the agreements necessary to fully contract with the sales network, allow management flexibility, yet protect your property and position in every circumstance. We draft documents which can be managed and which fit the business plan. Your attorney reviews

them according to international law.

Almost all potential problems are both anticipated and resolved by the documents draft according to EEC law. You will want as much control over foreign operations relating to your products as is possible, while your sales agent will want to retain as much authority and exclusivity as he can get. Should the relationships end, there must be clear provisions allowing both parties to work and carry on their livelihood without unreasonable restrictions.

5. During Penetration according to the plan agreed by consensus, IMD sets up the sales network specifically dedicated to your products. This requires interviewing several potential distributors or strategic alliance partners and selecting the best available in the territory. Then IMD trains the distributor and works with them driving the business to profitably by hands-on management of the daily operations.

Your company provides a space for an international trade desk where all things international will be centered. When we visit your office, we work from this space to answer the questions, administer the plans, and assemble the sales materials. It is during these times when staff you delegate to assist in mailings and administration is trained by IMD on the job.

6. Only when your contracts are strong, corporate goals clear, and penetration plan agreed do we travel overseas to evaluate potential foreign distributors. Prior to our travel, we pre-screen, pre-negotiate, and identify the best potential companies with which to develop strategic-alliances. We look at their actions in past business ventures with US and foreign companies, and get an understanding of their reputation within the industry.

As we visit each country, IMD evaluates potential distributors in their home markets, begins structured face-to-face negotiations, resolves and signs an agreement with the best one, places the initial stocking order, and moves on to the next country.

7. IMD transfers technology, trains the distributor's sales staff, and establishes the channels of communication. Reports and forms for monitoring the business are used for accuracy and uniformity of reporting.

8. As the sales network begins its sales, the products may have to be adjusted to fit local tastes and preferences. Communications are refined, papers are written to answer the frequently asked questions, and literature is simplified for use in different markets and languages. Product, territory, and sales administration styles of management take over from the research, set-up, start-up, penetration, and drive-to-profitability management of the IMD Group.

Once the business is set-up correctly, started-up properly, and running profitably, IMD begins to fade out as your own trained in-house staff takes over administering your profitable new international division.

There are many types of service companies doing international business. IMD is the only one we have seen in over 20 years doing this business that sets-up and starts-up multiple foreign businesses in this way.

Export Management Companies are well known for taking products at the dock and selling them abroad through the EMC's own sales group targeting export sales at 3 to 5 percent of the company's domestic sales. They find that less than 3% and they are cut off for non-performance and more than 5% and the company puts in their own people. The company often does not know where their products go or what the customers are saying about their products.

IMD is definitely not an export management company. We are a temporary international division of your company which comes complete with all the know-how and skills to do the job right, set-up the entire operation without supervision, train your staff to take over, and then move on. All our work is done on your business card so that the network never knows that they are being managed by professionals who have done this many times before.

IMD Group feels that this step progression is the correct way to get long-term profitable results for companies interested in their future. We are dedicated and committed to following these steps that are proven successful. We want to double the domestic sales by getting 5% of domestic sales in 20 countries.