WHO ARE THE SMMs WITH THE GREATEST EXPORT GROWTH POTENTIAL:
Part 2-- What Makes SMM Exporters Successful


Understanding What Makes SMM Exporters Successful Allows Us to Identify SMMs with the Greatest Export Growth Potential

Successful exporters have two key characteristics:

• They have a differentiated product
• They have committed resources to proactively and aggressively pursue exporting

1. Differentiated Products and Services As stated above, U.S. SMM exporters are unlikely to compete successfully solely on price. Thus, they must articulate a value proposition that differentiates their products and services. The company may offer a unique or innovative product, superior performance or quality, or specialized capabilities. Or the company may differentiate itself based on services, for example, lead time, customization or technical support. Customers in foreign markets will buy from a local supplier (or from foreign competitors) if a U.S. exporter cannot articulate a value proposition that distinguishes its products and/or services. Chart 4 illustrates sources of differentiation for successful exporters.

2. Proactive Leadership Committed To Exports MEP’s research collaborations with the U.S. Commercial Service and other organizations concluded that successful SMM exporters have a proactive approach to global sales. This means that they commit the necessary time and resources to aggressively pursue international opportunities, and they have an explicit export game plan or strategy.

Resource Commitment Successful exporters are much more likely to dedicate staff to their international business, are willing to wait for profitability, are prepared to invest in new products and capabilities for the international market, and are prepared to travel abroad extensively.

Aggressiveness An internal USCS/MEP survey indicated that successful exporters were 76% more likely than moderate exporters to say they want to “aggressively” grow export sales. On the other end of the spectrum, reactive exporters export only in response to foreign inquiries; they may serve a few customers in a few countries, but are not actively soliciting export sales.

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ii MEP and U.S. Commercial Service internal studies defined “successful” exporters as firms where: 1) international sales were at least 10% (2006 study) or at least 20% (2009 study) and ; 2) international sales were growing at a minimum of 10% per year. The category of “moderate” exporters includes all other exporters that do not meet the criteria for “successful”.
Planning Successful exporters are much more likely to have an export game plan, as shown in Chart 5. 71% of successful exporters have identified specific target countries for expansion, whereas only 42% of moderates have done so. Similarly, successful exporters are twice as likely to have established international revenue targets.\(^{29}\)

Research from other sources corroborates these conclusions that successful SMM exporters take a strategic approach\(^{30}\) and have a “bias-for-action” or “entrepreneurial orientation” related to exporting.\(^{31}\) In addition, export assistance practitioners agree that SMMs cannot achieve export success by pursuing global sales sporadically and
ignoring international whenever the domestic market gets busy. Successful exporters may have been reactive initially, but pursuing success required a change in mindset from opportunistic to proactive.


25 ibid


27 Ibid

28 Ibid

29 Ibid

30 RSM McGladrey, Manufacturing & Distribution Monitor, Fall 2011 Report