
“Knowledge Management’s” Role In The International Marketplace

by JEFF HENDERSON

It never fails to happen. When it comes to repping small, understaffed and domestically focused U.S. manufacturers that are not conversant with foreign trade, there is an odd “sprint-and-wait” dance.

- First, the manufacturer “sprints” to send the e-mail presentation and hard copies to the foreign buyer.
- That’s followed by the “wait” while they come to grips with the fact they are unprepared to handle the export process.
- Inevitably this results in the rep firm having to explain to his foreign customer why he presented an unprepared manufacturer to them.

What this scenario points out is that there is a real need for research and an emphasis on extra-representational duties for the rep to better position this category of small manufacturer to take advantage of export opportunities that would otherwise be out of reach.

It was with great interest that I read about a Chinese environmental official who was reprimanding U.S. environmental technology companies for pitching their products to the Chinese government. This was not some

politically motivated barb; the official had a legitimate point. He was saying that, “As usual, you Americans come over here with world-class technology that can best help us with various environmental problems and, as usual, we are not going to be able to issue you a purchase order.”

The reason why is that these manufacturers were unaware that most large-ticket items exported into China need to have outside financing lined up by the manufacturers. Savvy foreign international competitors that are more highly dependent upon international sales know this going in. As a result, even with inferior technology, those competitors got the order because they were more export-ready.

Correcting Misconceptions

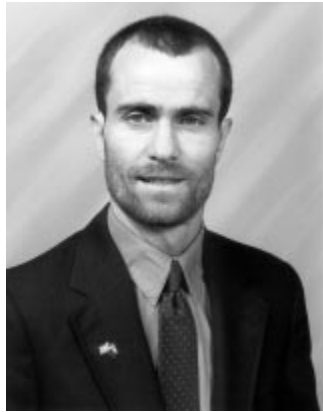
Believing that advanced technology will, by itself, channel international buying decisions in our favor is misconceived and outdated. Equally wrong and outdated is the emphasis on certain domestic duties that manufacturers want their international representatives to duplicate even

when customers reside in foreign countries. The bottom line is that if the export infrastructure is not in place, preconceived notions on exporting via international reps could lead to future difficulties.

Keeping the focus on these “duplicated” functions, consider what an international rep does for small principals that might have cutting-edge technology, but are limited in international experience and export infrastructure. They are required to create:

- Form letters for the principal.
- Create and/or electronically send marketing material.
- Multi-layered domestic federal governmental relationships.
- Multi-layered foreign governmental relationships.
- Multi-layered domestic and international banking relation-

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ships to help finance intricate sales opportunities.

- Multi-layered domestic and international banking relationships to help secure payment insurance.
- Multi-layered domestic and international banking relationships that lead to additional export referrals and opportunities.
- Arrange for U.S. government employees or contractors to act as virtual salespeople on the ground in foreign countries.
- Arrange for U.S. client companies to be linked with foreign buyers through Internet databases.
- Input information for client companies on specialized trade web sites.
- Arrange for obscure documents that will be needed for exports to be sent to principals.
- Arrange for client companies to act as hosts for foreign trade missions that come to the United States.
- Write articles on the client's

products and progress that trade magazines can publish.

- Create an infrastructure for systematic international sales opportunities from which the rep firm and principal can prosper.

Reps for domestic manufacturers usually do **not** perform these functions.

Because of the small size of many principals, reps can act much as an outsourced employee in filling in important gaps in export infrastructure. As a result, the principal can become more export-ready and able to start participating in systematic way in private and public sales opportunities in formally unforeseen segments of the foreign marketplace. Rep firms can continue to add content and a globally interlinked human infrastructure for principals that, if properly tended to, will soon allow for the type of opportunity that remained fuzzy and undefined even six months earlier.

These synergistic international

relationships are unfamiliar to the principal. As a result, educational and administrative points must be walked through and explained.

The Value of "Knowledge Management"

In want of an intellectual framework, reps desiring to take on this challenge can achieve their goal through "Knowledge Management (KM)." In Jeff Angus' *Rethinking Knowledge Management*, the author outlines "four foundations" that have applications for exporting products and services:

- Gathering — By reading through obscure books and articles and interacting with private and public databases, institutions and people involved in international trade.
- Organizing — By filtering and linking new information to the principal's global potential.
- Refining — By putting it into a context that the principal could eventually understand, accept, acknowledge and act on.
- Distributing — By alerting and sharing this new and evolving knowledge with the principal and the people and institutions that have complimentary and export-enhancing synergies and missions.

Research and the building of export infrastructure for small manufacturers are overlooked and undervalued in the expansion of overseas sales. These extra-representational, cross-cultural duties are a part of an international rep's overall business method that is clearly outside of what a domestic rep does. In fact, unless specialized employees possess these skills, it is clearly beyond the normal range of capabilities of employees.

How is Knowledge Management an important added value

that rep firms can offer to a small manufacturer? It not only relieves principals of having to create and nurture its own relationships on anything more than a spot basis, it also relieves principals of having to go through the integration of people, foreign policies, trade officials, academics, international financial institutions and formerly abstract ideas and concepts that, now suddenly tangible, can be fastened together into interlinking sales opportunities.

Working Together Brings Results

The real question is: How is all of this cross-linking of unknown knowledge and export-readiness information valuable to a small manufacturing company and its rep? The short answer is what Angus called "the value of effective reuse." The international rep company embeds its own expertise into the principal's operations so that together the principal and rep can "reuse," and prosper from, a feeder system for opportunities.

The principal and the rep working together eventually puts the principal in the position of being able to:

- Anticipate and better prepare for foreign market realities.
- Increase its competitiveness and comprehension in dealing with new sets of challenges from rival companies.
- Enter the loop of international marketing intelligence and horizontal referrals.
- Build deployable and reusable templates that will make the principal into more of an adept exporter.
- Promote the principal's forward-thinking capabilities in international trade on its web site

and advance the chances of being able to attract and professionally respond to additional inquiries.

Achieving all of the above is no small feat. Because the majority of principals are ambivalent about exporting their products, they are also unready to sell into overseas markets. This is not necessarily because they have a difficult time recognizing the potential. It has more to do with them not being trained to think globally or understand how all of the parts could come together in a unified, coherent operation. Foreign buyers do indeed look to buy U.S. products and services because of their advanced and patented technology. But since it is one of the idiosyncrasies of U.S. business culture that technology itself outstrips a principal's managerial skills and infrastructure to sell it into foreign markets, principals that cannot or will not engage foreign customers in a professional manner learn that foreign customers will not waste time with them.

This is a normal and fair expectation. While this might seem like far-horizon stuff to most manufacturers struggling just to crack the U.S. marketplace, the theory of export-readiness and the need for export infrastructure can convert into recognizable

assets and results. Moreover, it accomplishes the task of approximating the credibility of the principal's technology with the international business acumen to preposition itself to sell into overseas markets.

The significance of this can't be overstated. Trade facilitators and publicly owned financial institutions involved in international trade are approached by companies that can never seem to break out of their superficial approach to selling goods and services into overseas markets. The results of a principals' refusal to build export infrastructure and move beyond dabbling in the export business is negative. By word of mouth, these manufacturers are not taken seriously.

Reps Aid the Process

The rep can move this process forward. He can get a hard look for his clients and catalyze the desired effect. If these decision-makers conclude that the principal has constructed the necessary spadework and is no longer overly reliant on only its patented technology to sustain a meaningful export program, this will further validate the rep's principal.

Altruism plays only a small

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motivating role in reps wanting to lend assistance. The larger motivating factors are that these trade facilitation networks are aware that prepared principals are more likely to achieve success. United States manufacturers that invest as much effort into their export readiness as they did into their patents are more likely to avoid failure and the snafus that can cripple future efforts that would have otherwise been carried out.

No ordinary rep firms create, nor do they bequeath such a legacy of infrastructure to their principals. But given the lopsided trade imbalance hobbling the United States in the international marketplace, a rethinking of the relationship between the rep and the principal might result in a

“terraforming,” or rebuilding of the principal’s infrastructure. The desired result would be the propulsion of the manufacturers’ products and technology through the international marketplace.

But with the limited experience of small principals, domestic preconceptions will abound concerning what duties a rep firm should and should not perform. Paradigm shifts exist. Since the media, especially television, shortens space and time, to principals who have never been off the North American continent, Sri Lanka or Seoul might seem like the suburbs of Sacramento. What results is that extra-representational duties such as promotion, marketing and tutorial sessions will be thought of as normal instead of

unique subsets of specialized knowledge that should be implemented in foreign countries.

A buildout of export infrastructure for the international promotion, marketing and sales of products entails an additional allotment of the rep’s time, energy and knowledge. Without these efforts, the above-mentioned export components will be absent, and a manufacturer will remain dependent upon arbitrary contacts from foreign customers. When the rep makes KM operational and it is interwoven into various facilitators, the international promotional, marketing and sales process for the principal will have brought the real value of a reusable, export-ready apparatus into being. □