

ATTEMPTING AN IN-DEPTH STUDY OF THE NATURE EXPORT MANAGEMENT TO BUILD A FRAMEWORK FOR APPLYING ANALYTICS ON FUNCTIONAL AREA OF EXPORTS

Anshul Mehta

In simple words, 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 requirements specified by the foreign buyers. The main objectives of ,export management are:

1. To secure export orders.
2. To ensure timely shipments of goods as per prescribed norms of quality and other specifications including terms and conditions agreed to between the exporter and the importer.

NATURE OF EXPORT MANAGEMENT

The nature of export management can be rightly understood in the context of functional area of exports and the managerial process involved in export management. A brief description of both these aspects is given in the next section.

Export function

The functional area of exports is concerned with the export of goods. Sale goods from one country to another. It involves two things viz., outflow of goods and inflow of foreign exchange. goods can be defined as things of value required for satisfying the needs and requirements of the people. If something has no value, it cannot enter international trade as there would be no buyers for it.

Classification of exports

The exports can be classified in to the following categories:

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

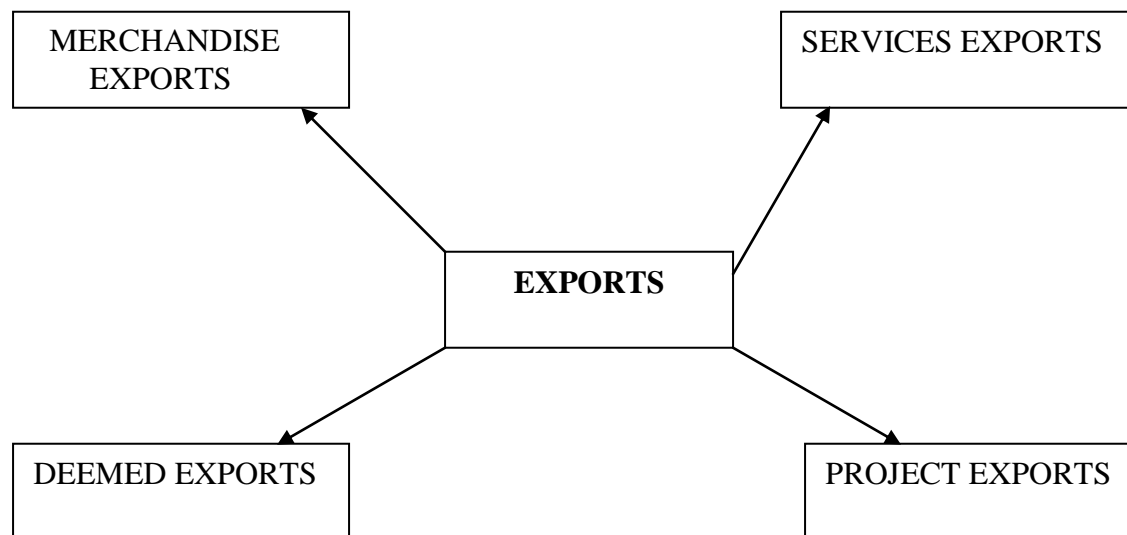


Fig.1.1. Classification of exports

1. Merchandise exports:= merchandise exports refer to the export of physical goods, for example, ready made garments, engineering goods, furniture, works of art etc.
2. Services exports:= services exports refer to the export of goods that do not exist in physical form, that is professional, technical or general services, for..example

architectural, entertainment, engineering, telecommunication, other professional and technical consultancy services etc.

3. Projects exports:= projects reports refer to establishment of a project by a business firm in another country.establishment of an industry factory, a power project constructions of fly overs,housing complex etc.
4. Deemed exports:=refer to those transactions in which the goods supplied do not leave the country and the payment for such goods are made in india,by the receipt of the of the goods. For example.
 - (a) Supply of goods against duty free licences.
 - (b) Supply of goods to projects financed by multilateral or bilateral agencies, minister of agencies ,govt of india.
 - (c) Supply of goods to the power, oil and gas sectors including refiners and so non.

Features of export management

Export management is characterised by various features. These are as follows:

- (1) Business of managing variety
- (2) Multi-disciplinary functional area
- (3) Deals with non routine activities
- (4) Uncertainty of environment
- (5) Extension of general management
- (6) Export manager- a key player

- (1) Business of managing variety

Every export transaction presents new challenges and is different from the other in many ways.as such , each export order becomes a project in itself. Even the basic elements of an export order

would be different from the other in respect of product design, quality and packaging specifications, delivery schedule, mode of payment etc.

(2) Multi-disciplinary functional area

Export management is a multi-disciplinary functional area in an export enterprise. Managing exports requires understanding of the techniques used in planning, marketing, risk management, exchange control, information systems etc.

(3) Deals with non-routine activities

As each export order is distinct in its nature and content, export management involves activities of a non-repetitive type. Execution of export order involves complex set of non-routine activities in relation to a specific export order.

(4) Uncertainty of environment

Business environment is characterized by uncertainties caused by the dynamics of market forces. Thus export management deals with uncertainties with regard to various activities involved in export business, such as availability of materials, supplies, clearance from government departments, availability of power and so on.

(5) Extension of general management

Export management is essentially an extension of general management. Its introduction implies addition of a new dimension to the decision making in the functional areas concerned with the execution of an export order. The problems in the execution of an export order cut across various departments of a business firm and export management helps to resolve them.

(6) Export –manager- a key player

Export management plays a key role in the conduct of export business. The traditional management structures with functional classification (purchases, marketing, finance, accounts etc.) cannot ensure effectiveness in export management through all stages in the export cycle.

The export manager is responsible for the successful execution of the order in terms of time, cost and technical performance. He must provide the leadership necessary to bind the people and groups from different departments working on the export order. He should have knowledge of the techniques applied in export planning, financial management, inventory management, communication, personnel management and industrial relations.

Process of export management

The managerial process involved in export management relates to the following three activities:

1. Planning
2. Scheduling
3. Controlling

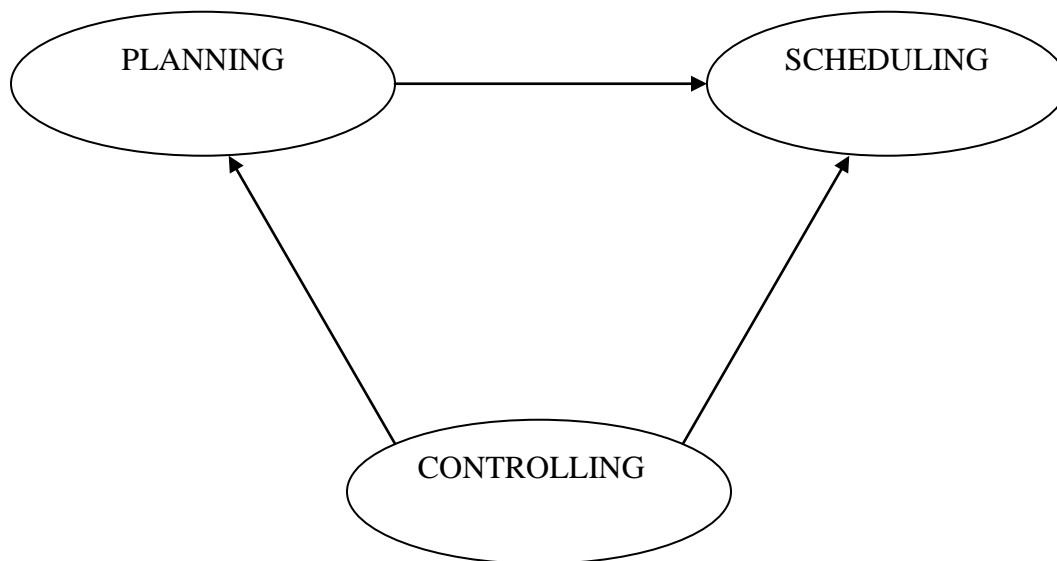


fig1.2 process of export managemet

1. Planning

Planning refers to taking various decisions involved in export business. Thus planning process would involve the following activities.

1. Understanding the international trading environment.
2. Understanding the trends in international trade in respect of the chosen product groups.
3. Selecting/developing the items for export.
4. Identifying the fastest moving items for export in the chosen product groups.
5. Deciding the various terms and conditions of business offer to the prospective buyers in the target export market.

2. Scheduling

Scheduling refers to deciding the logistics for execution of export order. This is primarily concerned with implementation and monitoring of export order. This involves in detail the various jobs, the nature of jobs, expected time frame for completion of the jobs, and fixing the responsibility for completion. These activities relate to developing the logistics for execution of export order, arranging funds, pre-shipment inspection, negotiation of documents with bank for realisation of payment.

3. Controlling

It is a very important function in export management as it seeks to ensure whether the activities planned have been completed on time or not and whether the various schedules drawn up for execution of the orders have been followed or not. A system of reporting should be developed and implemented in every export organisation to ensure proper control of various activities involved in execution of export orders.

Functions of export manager

The functions performed by export manager are as follows:

- (a) Procurement of export order
- (b) Planning for export orders execution
- (c) Directing for exports
- (d) Export order execution
- (e) Importer liasion
- (f) Export order evaluation
- (g) Reprogramming
- (h) Reporting on exports order execution

A brief description of these function is given below:

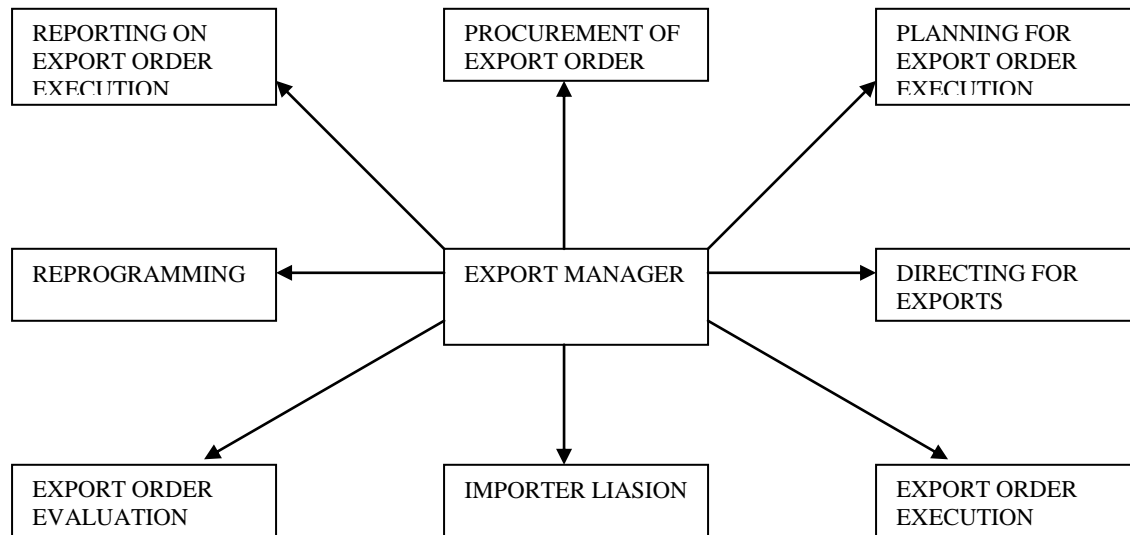


fig 1.3: function of export management

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 and the strategy for entry in to the target export market.

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.

2. Directing for exports

The export manager should issue executive instructions to all the members of the export team. This process is referred to as directing for exports. It is viewed as extension of export planning as it involves issuing directions to execute the export plans.

3. Export order execution

It is implementation of the assigned tasks by the functional managers 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.

4. Importer liaison

Export management is intended to meet the requirements of the importer to his satisfaction. For this purpose, it is important for all the members of the export team to understand his requirements as regards quality, labelling, packaging, packing and marking of the delivery of goods.

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.

7. Reprogramming

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 teams.

8. Reporting on export order execution

Reporting on the progress of the export order is a 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.

Export cycle

The export cycle is divided in to three phases:

(a) Planning for export

(b) Implementation and monitoring of an export order

(c) Post export follow up action

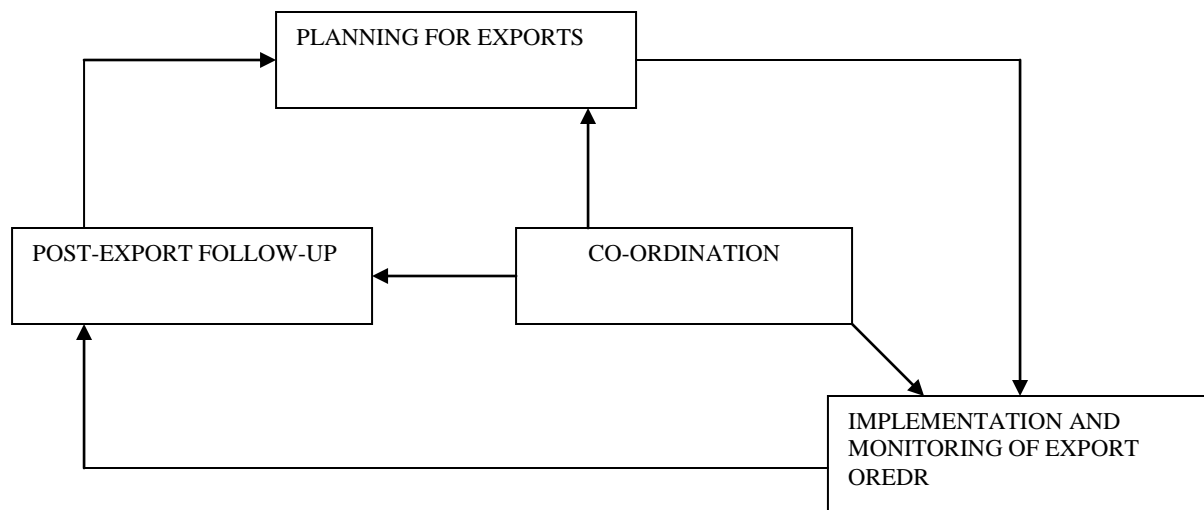


fig.1.4 export cycle

1. Planning for exports

Planning for exports involves the following activities namely:

1. Understanding the international trade environment.
2. Setting up an export firm.
3. Identification of export opportunities.
4. Procurement of export order, negotiation and confirmation.

2. Implementation and monitoring of export order

This involves the following activities:

1. Developing of logistics for execution of export order.
 2. Export financing arranging pre- shipment finance.
 3. Pre-shipment inspection.
 4. Pre-shipment documentation.
 4. Compliance with exchange control regulations.
 5. Labelling packaging, packing and marking.
- 5. Post export follow up action:**

This would involves the following steps,

1. Arranging post shipment finance.
2. Claiming incentives/facilities.
3. Maintaining liaison with the importer.
4. Settlement of disputes, if any.