

# Capacity building boost export

**Hasse Karlsson chairman at the International Association of Trade Training Organisations (IATTO) explains how International Trade Management plays a key role in SME growth worldwide...**

**A**s the world becomes a global marketplace, small and medium sized (SMEs) companies are growing increasingly dependent on their ability to conduct business internationally. The growth of small and medium-sized companies is an issue of common concern worldwide, and of strategic importance to small and developing countries whose economies are largely export-dependent.

Attracting and retaining high-quality personnel will head the agenda for some time. The skill that will be at a premium is the knowledge of how to conduct business internationally. We have chosen to call this professional competence International Trade Management.

International Trade Management is a combination of the knowledge and the network needed to do business abroad. New professional groups are emerging in SMEs. Export assistants, export trainees and export managers with a university background – the next generation of small business leaders.

## **International Trade Management vs. Business Management**

Traditional courses at universities and business schools focus primarily on business management, i.e. knowledge of how to manage business organised into different functions, e.g. marketing, finance, manufacturing, organisation and leadership. Knowledge of how to conduct international trade and how to create global networks of experts and customers is something quite different. This is what we call International Trade Management.

International Trade Management may be seen more as a form of professional knowledge – a tool – for the

art of creating contacts and doing business, while business management is more about managing the organisation. In common to both disciplines are the company's vision, objectives and strategies.

## **The International Trade Management Model**

International Trade Management is a combination of the knowledge and the network required to do business internationally. Quite simply, it is all about building up new knowledge and creating new networks, market by market. In the course of time, the network becomes the totally dominant source of competence. The important thing to know is: who can do what on every given occasion and where to obtain the latest information. The Internet and social media used as a source of information and a channel of personal communication with experts and customers abroad will take on a decisive role in this respect.

The knowledge may be divided into technical knowledge, i.e. knowledge of trends, markets, export strategies and international trade conditions and functional knowledge, i.e. how to go about process. Export sales training; communicate across culture, language and how to cope with change are examples of this type of knowledge.

This factual knowledge and the various skills, overall create a kind of stamp of international quality as to the ability to conduct international trade.

The international network comprises international colleagues, experts in international trade and customers. Network building is a precondition for international trade, and demands a high level of language skills, cultural understanding and social skills.



Successful network building will lead to new business, and is a prerequisite for good customer relationships.

### Business management – A Global Executive MBA for SMEs

To create the next generation of managers for SMEs there is a call for a part-time global leadership program focusing on international trade, and a blend of face-to-face seminars taking place in different countries and on-line seminars. Bring in the best professors from prestigious business schools together with business people on each market.

### Trade barriers for SME internationalisation

In spite of free trade agreements and the Single Market in Europe there are still barriers for SMEs to overcome to increase export:

- Lack of trade skills; one of the biggest obstacles is lack of personnel with the right trade skills. Many SMEs are situated in rural areas with an unknown name and brand while universities are situated in bigger cities. Therefore they have difficulties to attract talents. Very few providers are offering high quality trade training locally;
- Lack of international networks for trade; much of the trade training on offer today takes place within a single country and cannot offer an international network as part of the training programs. A global Alumni Network for life-long-learning, career- and business-development is needed;
- The knowledge-doing gap; According to an article in Harvard Business Review (February 2012), the

knowledge-doing gap between universities and SMEs is another obstacle. Knowledge must be turned into action to be applicable in an SME; International trade training must take place in parallel with working in a company, to bridge the gap between universities and SMEs;

- The provider must be a training body with access to lecturers and export coaches with a background in international business – not a university. The provider must be measured by how they can contribute to increased export not only increased knowledge;
- Need for a global qualification system; the export profession is not yet recognised as such. A global professional designation is needed to give an identity and recognition to this new professional group of export personnel that are emerging. The accreditation of trade training providers and a global certification of trade training programs will create transparency and give a quality stamp to a new profession.

There is also a need for a global qualification system for a Global Executive MBA for SMEs to overcome the existing barriers.

### Conclusion

According to the EIM Pantela “Opportunities for the internationalization of SMEs” report in May 2011 capacity building is the most important measure to increase export. The message is clear: government’s needs to put international trade training on the agenda to overcome barriers and increase export in SMEs. ■

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