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THE MAIN LIVERS OF A COMPANY EFFECTIVE STRATEGY TRADE TOOLS IMPLAMANTATION WITHIN FOREIGN TRADE ACTIVITY

ОСНОВНІ ВАЖЕЛІ ЕФЕКТИВНОЇ СТРАТЕГІЇ ПІДПРИЄМСТВА – ЗАСТОСУВАННЯ ТОРГОВЕЛЬНИХ ІНСТРУМЕНТІВ В РАМКАХ ЗОВНІШНЬОЕКОНОМІЧНОЇ ДІЯЛЬНОСТІ

Summary. By this currently issued article the ways for foreign market intrude and promotion were estimated. In focus the mission and target of a separate management decision were considered. It was a chance for any separate enterprise to be involved into international trade activity. Within a way of decision making could be deeply concerned about foreign trade activity strategy at a beginning. The main issue of the article is strategy development direction of the Company that provides any types industrial or trade activity targeting to foreign of overseas markets. The most problematic point of this article concerns the main strategy issues for an enterprise within first steps and further development its international trade activity. All type of publishing and posted information about main livers for foreign trade activity is fruitful and respected within analyzing and be implemented for a practical side of trade promotion activity to overseas. The main reason for the present publication is new ways for successful foreign trade activity for all kinds of enterprises within its upgrading, first steps, either promotion their activity overseas. All kind of proposed points can be a separate subject for discussion or practical implementation depended from the terms and conditions of the foreign market or special type of enterprise behaving within intruding into foreign market. For companies and individuals not fully acquainted with export operations (however familiar they are with business practices in general and domestic operations in particular), this article offers a basic introduction to the "tools of trade": export terminology survey, equipment, procedures, administrative backup, and essential sources of information. In the first step of your strategy decision you need to know that some office procedures apply to overseas trade in particular, such as the terminology used in business exchanges, the calculations necessary for making offers, and the system used to keep of quotation and transactions.

Keywords: export strategy, foreign trade activity, export product, export destination, overseas trade, overseas activity.

Анотація. В представленій статті оцінюється можливість певних способів започаткування та розвитку зовнішньоекономічної діяльності (ЗЕД). Розглядаються можливі управлінські рішення, що приймаються в межах місії та цілей діяльності підприємства. В будь-якому змісті для кожного з підприємств є можливість бути залученими до ЗЕД. Протягом прийняття відповідних рішень є особливо важливим зміст ЗЕД на початковому етапі. Основний предмет даної публікації стосується змісту розвитку стратегії та напрямку діяльності підприємства, яке провадить будь-яку промислову чи торговельну діяльність, які направлені на зовнішні ринки. Основним дискусійним предметом цієї публікації є зміст особливості стратегії підприємства при проведенні та наступного розвитку ЗЕД. Всі публікації та поширена інформація стосовно основних важелів ЗЕД підприємства є плідними, заслуговують шани та можуть бути втіленими протягом ЗЕД підприємства. Основна мета даної публікації є представлення нового підходу та шляхів щодо досягнення та успішного втілення результатів ЗЕД для будь-яких підприємств від перших їх кроків до просування їхньої діяльності на зовнішньому ринку. Всі запропоновані особливості можуть вважатися предметом для дискусії, чи їх практичного запровадження, і залежатимуть від умов зовнішнього ринку, або ж від відповідної активності при входженні у зовнішній ринок. Для підприємств чи підприємців, що повністю не знайомі з особливостями ЗЕД (хоча вони і усвідомлюють ділову активність, зокрема внутрішню ділову сферу), ця публікація пропонує основні питання, що відносяться до «інструментів торгівлі»: огляд термінології в ЗЕД, необхідне устаткування, процедури, адміністративні особливості і необхідні джерела інформації. На початках прийняття відповідних стратегічних рішень слід

усвідомлювати про певні зміни у підході до вирішення окремих питань в зовнішній торгівлі, що стосуються термінології, яка використовується в діловому обміні, комерційних калькуляціях при представленні ділових пропозицій, а також системи, що використовуються для котирувань та передач.

Ключові слова: стратегія експорту, зовнішньоекономічна діяльність, експорт товару, напрям експорту, зовнішня торгівля, зовнішньоторговельна діяльність.

Problem statement. In international business or as its can be named as foreign trade activity, even more than in domestic business, it is important that you make clear and concise business communication or exchange. Of course, you should not use idioms, slang, jokes, or obscure cultural references, since they are often difficult to translate and may be misunderstood. Many firms prefer to correspond on a "company to company" basis only and do not indicate a person's name in a letter. It is a best to address your letter to the company, and if you want to include a person's name, write "Attn": below the company name. To avoid confusion, it is also important to spell out the name of the month, since it is customary in most other countries to indicate the day first and then the month. (For example, a date of 7/12 would most often mean December 7 in other countries).

Answer all refers within a few days of receipt, even if your reply is negative, remembering that the overseas customer's patience does not expand accordingly. It is good business practice to be prompt. A courteous reply might keep the door open for future contact and business. Lack of courtesy has consistently been one of the biggest complaints by foreign business people dealing with.

It can be an enormous advantage if you are able to correspond with the overseas customers in their native language, however, use caution, even if you are quit fluent. Business terminology is often difficult to translate, and misunderstandings can be costly. Take advantage of the fact that English is used almost universally in business. If you decide to correspond in a foreign language, make it a practice to attach the English translation or at least a rough summery, to both incoming and outgoing material before filling it. The translation enables people who do not understand a foreign language to quickly understand the background of a transaction during routine reviews of files or documents. Professional outside translation is always available, but it is usually too expensive to be used on a regular basis. If a particular correspondence calls for a translation, always send with it the original English version. This permits the overseas customer to verify any questions that may arise about the translation, and also makes it clear that such translation are not your standard practice [1].

It is essential to know how to convert the measurements and weights used in your country into the more commonly used metric form. This easy enough for linear measurements, but can become tricky when you are involved with area (square) or cubic measurement metric conversion. Become practiced in this if

you are not naturally handy with math, and in any case, always visually recheck the calculation to be sure it meets requirements of reason and good sense. Mistakes can be costly.

It is especially important to know how to calculate the cubic measurements of any carton or article: measure in inches and then multiply length by width and then multiply that total by depth or height. Divide the total 1728 to get to cubic feet. For many applications, this number will need to be converted to cubic meters. The cube is very important when you need to calculate how many cartons will fit on a pallet, or how many boxes fit into a container, or what the air, sea, truck cost delivery rates will be. Such calculations are mostly based on metric measurements or volume rather than on weight.

When making export shipment, you will be dealing with three weights: net weight, which is the weight of the product without packing; tare weight, which usually refers to the weight of the container but also refers to the packing material without the product, and gross weight, which includes both the weight of the product and its packing [2].

Whether you bill your customer for samples or send free of charge, you must include an invoice for customs purpose with the samples. To make customs clearance easier and less expensive for your customer, the invoice should clearly state "Value for Customs Purposes Only – No Commercial Value". The price per item should reflect the net price. Deduct any discount you offer; do not show your regular price on the invoice; and on the bottom line, include a discount (50 percent discount, for example), as the customer will have to pay duty on the highest value shown – in this case, on your regular price before the discount. Air or surface parcel post, using the proper forms supplied by the post office as mentioned above, are the most cost effective methods of shipping samples and the most expedient for customs clearance. If shipped by air or ocean carriers, fees to clear a 5 USD sample may ran as high as 100 USD. For urgent overseas packages or letters, there are private courier companies that will pack up from and deliver to your office. These couriers include number if the available companies. Not all courier services have direct service to all countries, but all will have areas of special emphasis. Their qualification also will depend on whether you seek "next day", "second day", or "soonest" delivery. Business links and communications are important but can be accepted as a first steps in a whole process. It is also might be considered as a part for any budget of financing. Financing and financing planning have

to be taken as an integral part of export oriented strategy. So, within the strategy for foreign trade activity is made it has to be considered as additional payment cost in a company budget as an integral part of successful business activity.

Analysis of recent research and publications. Searching through main publishing via assessable resources has been identified that there are many explanation, research and publishing devoted to the point of foreign trade organization by a state or liberal attitude for trade spreading all over the world. For instance in a book named *International Trade: theory and Policy* we can hardly find any of the chapter concerns for activity of separate company by oversea activity providing [3].

Mostly the same attitude we can see in European scientist publishes. G. Gandolfo pays attention to theoretical background for international trade and both conventional and new approaches to trade theory and policy, treating all important research topics in international economics and clarifying their mathematical intricacies [4].

Our issue and attitudes are closer to the point presented by Brad McDonald. In his latest article he stipulates that if there is a point on which most economists agree, it is that trade among nations makes the world better off. Yet international trade can be one of the most contentious of political issues, both domestically and between governments. When a firm or an individual buys a good or a service produced more cheaply abroad, living standards in both countries increase. There are other reasons consumers and firms buy abroad that also make them better off—the product may better fit their needs than similar domestic offerings or it may not be available domestically. In any case, the foreign producer also benefits by making more sales than it could selling solely in its own market and by earning foreign exchange (currency) that can be used by itself or others in the country to purchase foreign-made products [5].

That is why taking into account lack of information for separate company foreign trade activity we deeply concern that for a Strategy of company activity is necessary to be foreseen special attitude for administrative skills, human resources and budgeting.

For any of an enterprise right budgeting is so important within a decision for international trade, human resources and administrative skills. These points have to be accounting as an important part of an enterprise strategy.

A separate budget, strictly and specifically for the company's export division or department, is needed, since it will contain items that are unfamiliar to the firm's regular domestic operation and since the cost of some of these items may be quit out of line with domestic costs. The budget should include income projection as well as an expense side. As with the overall budget, the income side may contain some

unfamiliar figures. In export pricing, this manual provides formats for marginal pricing and for pricing, considering duplicated domestic costs. It also introduces the factors to consider with respect to the constraints on gross margin that are placed on the exporter as a result of the type of overseas distribution system selected. The market entry conditions will play their part in determining to what degree the firm will have to "buy" its initial share.

On the expense side of the budget funds must be made available for necessary market research, which will save expenses that would otherwise be wanted on unproductive efforts. There will also be higher postage and communication costs, to say nothing of sample and sample shipping costs, production costs for overseas directed brochures and labels, translation costs, and other similar start up costs. Special allowances will have to be made for overseas travel and transportation, for publications, for legal costs for overseas agreements, perhaps for some consultant time, and for a myriad of similar details.

Above all, we need to consider the personnel. Specific human resources must be assigned or procured so that the export is not a second rate attempt. Avoid confusing the work of a serious export department, well on its way to becoming an important profit center, with the pickup export sales that merely happen to come along. Sometimes casual export sales, made without knowledgeable consideration of what they are doing to future market shares, opportunities, and intellectual property rights, can add substantially to the ultimate budget of a serious export program. It is much better to face up to both initial and permanent expenses in the beginning, so that all resources can be allocated in a fashion that assures a profitable export operation in the long run.

Bookkeeping is a field that people starting a new business often ignore. When first setting up your export venture, attempt to keep account of your sales on a transaction-by-transaction basis, the better to understand your time and operational costs from procurement of your product, to agent commission, to bank charges and interest. This is even a good idea for more sophisticated firms. With computers in all areas of accounting these days, good bookkeeping and transactional analyses should be no problem, because there are so many excellent software program for small business and exporters [6].

Because your export business might begin with each transaction so carefully observed and with so much paperwork attached, you might feel that normal cash and bookkeeping safeguards are not important. However, as more work is delegated and many transactions are taking place simultaneously, cash flow can quickly become substantial and open up a surprising number of avenues for wasted money and even dishonesty. There are many publishing on accounting and cash flow analyzing.

Another issue often postponed and overlooked is a proper filing system. A system that enables you to find the companies, countries, or individuals that you have contacted is essential for later follow-up. A good basic system is to start with a file for each country. As you have more correspondence, make separate files for each company and keep them in alphabetical order in a country file. Also set up a separate alphabetical system for your domestic supplier and contacts. When writing letters (e-mails), always make two copies, keeping one copy in the appropriate country or company file and the other in chronological order in a reader file. This is insurance against misfiling and allows easy and quick reference, since most companies will refer to the date of your letter when replying.

For exporters, the tickler file is as important as it is in a domestic business. Make extra copies of a letter or project that needs to be followed up by a certain time and insert it in the file that is marked with a certain day or month. File any mailing list you buy or develop yourself in the appropriate country file, with notation as to the most recent date what was offered, and so forth. If you export several industrial or consumer categories, it is essential to develop both industry specific and country-specific lists as well. In addition to files concerning export, your regular office files for paid bills, taxes, banking records, insurance, and office equipment should be in separate but logical order for easy references and access.

Upgrading administrative skills represents an ongoing challenge. Of course, it takes more than basic knowledge to run a business successfully. Knowing how to manage the business is crucial for a new owner. It is obvious business fail because of lack of sales but few realize how often they fail because of sales growing too fast, not to mention careless control of operating expenses lack of organization, poor bookkeeping, and poor cash management, all of which are deficiencies compounded by rapid growth. Because the entrepreneurial spirit is so often sales- or product-oriented, it is commonplace for a new business to fail because the competence level of the owner does not keep pace with increasing sales. A constant upgrading of administrative and financial skills-through reading seminars, adult education, and a willingness to seek and take good advice – are the only cures for this major cause of business failures, export or otherwise [7].

The purpose of this publication is to present a new approach and ways to achieve and successfully implement the results of foreign economic activity for any enterprises from their first steps to promoting their activities on the foreign market.

Summary of the main research material. In export, as in any other business, it is important to become part of a business community to exchange information, become aware of changes in trends, and

learn about new international trade developments either in casual meetings or specifically targeted seminars. In smaller communities, this would begin with the local Chamber of Commerce [8] or World trade business center in case foreign trade is foreseen via North or Latin America [9], economic development offices, trade associations, and country industrial or agricultural offices. Also read the financial section of available sites or daily posting to stay informed as to the value of the dollar relative to the currencies of your overseas customers and keep up to date on other international events that may have an economic impact your business and your export opportunities. As an example, even though you are paid in U.S. dollars, your customers will appreciate your awareness of any fluctuation in its value and about the effect this may have on their own sales efforts. Often overseas importers complain about the lack of understanding and consideration by their suppliers regarding their operational and marketing problems.

There are many publications available to keep you informed about the export business in general, as well as about certain aspects of exporting in particular. Gathering and evaluating current information is an essential part of any ongoing business, especially in exporting.

Many firms and individuals hesitate to get involved in export because they fear that unforeseen complications and difficulties, combined with their own lack of experience, will make success doubtful, if not possible. These hesitant firms are especially concerned about the possibility of encountering significant and unmanageable financial risks abroad. They also worry that they will be cheated in their contacts with foreign businesspeople. They conclude that it's simply easier to expand their share of our enormous domestic market [10].

Exporting is not nearly as difficult as it sounds, if you just get on with countries that have a well-developed commercial code, for instance, you will find that there are no more rogues abroad than at home. They might have a different version of prompt payment or other commercial customs, but there are good worldwide sources for obtaining information on your customer and his or her credit. Most firms doing open account business abroad with people they know or have properly investigated experience no greater losses than they do at home. Aside from commercial information, exporting is almost unique in terms of the vast amount of advice and assistance available from many different sources, often at a minimal cost.

There is a substantial list of cities, countries, and states with programs for supporting their own exporters. These agencies range from direct lending programs that support any business being directed through certain ports, to loan guarantee and insurance programs, to basic counseling [11; 12].

Local associations, trade organizations, chambers of commerce, trade associations, and world trade centers all offer programs and seminars with advice and information for the new-to-export firm or individual. They can also give you advice concerning private consultants. Unfortunately, business and trade Association tend to be concentrated in the larger cities. Recently, however country trade agencies, export supporters, universities, and colleges have begun developing assistance programs and courses aimed at exporters. These can offer excellent one-on-one counseling, plus student-intern-based research. Many internal regions of a country have similar programs under other names.

Once you have obtained a good working knowledge of your export possibilities from these relatively inexpensive sources, you might consider the professional services of a consultant. Depending on the specialty, the consultant can simply provide basic advice on export management, planning, and marketing, or become further involved with hands-on assistance in all phases of your export program. Don't overlook your avenues for financial advice. A good international trade finance consultant might point out financial support opportunities that would never occur to you.

There are many ways to enter the global market if your product is domestically, well established and you are ready to invest meaningful funds, personnel and time. One category of entry is domestic intermediary, which in themselves come in many forms. If your investigation turns up a minimal level of commitment and resources, you may decide to consider a domestic intermediary, at least initially or for the portion of the potential world areas. This is not to say that a marginal situation is the only justification for considering an intermediary. Even indirect exporting, with an export trading firm to provide hands-on management, is not effortless and will require some attention and planning on your part. One category of entry is domestic intermediary, which in themselves come in many forms [13].

The export trading or management companies are high on the list when it comes to choosing domestic intermediaries. The independent entrepreneur might be the one contacting you to handle your export affairs, or one of several other types of specialized independent or third party exporters. These companies statistically rather silent, but is a very important exporter nevertheless. Most independent exporters are known as Export Management Companies (EMCs) and Export Trading Companies (ETCs). The available data vary regarding exactly how many EMCs/ETCs there are and what percentage of local exports these independent exporters account for within the merchandise export figure. A common guess, however, is from 6 to 8 percent [14; 15].

Many people maintain that independent exporters could and should account for much more of our exports, as they do in many other countries, especially in Japan. In most countries where exporting is part of the lifeblood of commercial and national existence, the independent export manager or trading company is an important element in maintaining a trade balance. As our trade deficit has climbed and the need to encourage more companies to export aggressively has been recognized, export trading companies have become a viable alternative.

Independent exporters the advantage of selecting products that have appeal in certain countries for which they have an affinity. These exporters can sell several products that complement each other and thus save on container load shipments in a way that would not be possible with only one product. There are also occasions in which products have only seasonal appeal, which the exporter can replace with products for each season. These factors contribute to the opportunity for economy of scale that is a critical component of export success. Certainly EMCs/ETCs can be the key to a successful effort by a small business to profitably engage in global marketing.

All kinds of ways for promotion an enterprise foreign trade activity will be selected and obtained by management of an enterprise considering the costs and conditions. Also needs to estimate a possibility of passing operational or financial responsibility to any of the agents, representative companies or affiliated offices.

Summing up above mentioned could be said than an enterprise has to be as a part of international trade community as outside of a located country and to use all kind of possibility for promotion foreign trade activity overseas.

Conclusions. Within the decision due to foreign trade activity an enterprise has to arrange an own Strategy by implementation all kinds of trade tools. These tools have to be coordinated with any special sphere of overseers' activity. Enterprise strategy needs to estimate either personal providing an overseas trade activity or pass it on to supported agents as a separated or integrated company. For our understanding this decision needs to evaluate a current situation in foreign market and financial capability for financing the agent activity. But more important fact for tolls in foreign trade activity is human resources and administrative skills. These points are utmost important for process of control and influence on the agent. Nevertheless the main decision depends from the enterprise. In case the strategy foresees a passing all kinds of responsibility to the agent and this activity is profitable it is more acceptable than carrying all the risks by enterprise itself. That is why the enterprise strategy will be depended for this type of decision. That also can be discussable.

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