Proexport's Selling Methodology 2.0 Initiative

TPO Network World Conference and Awards 2014

Dubai, United Arab Emirates
3 - 5 November 2014
Agenda

- A scenario for opportunities
- Proexport has evolved its business model: PSM 2.0
- A case study: PSM 2.0 in the textile and apparel industry for the United States
- Goals
A scenario for opportunities

Textile and apparel industry in Colombia

More than 100 years of experience

12% of industrial GDP share

Almost 2.3% of the country's total export volume

Industry is made up of more than 30,000 companies

- Microenterprise (91%)
- SMEs (8%)

4 million families are working in this industry

- Employs more women than any other industries
- Skilled labor

16% employed population in manufacturing

Industry's value chain is one of the most important because labor-intensive

Source: Banco de la República de Colombia, DANE, MINCIT, ANDI – Cámara de la cadena algodón, fibras, textil y confecciones 2014
…New challenges looming on the horizon

**2002**
- ATPDEA in force

**2005**
- WTO's Agreement on textiles and clothing was ended (Multifibre Arrangement)
- Export quotas US were eliminated
- New players in the industry (China and India)

**2009**
- Global financial crisis
- ATPDEA ends
- Textiles and apparel exports continue downward trend as a result of the exchange rate
- ATPDEA ends

In just two years…
- Colombian Textile and Apparel exports grew
- 56%
...New challenges looming on the horizon

Colombia to U.S. - Textiles and Apparel exports
USD

- Global financial crisis
- ATPDEA ends

Source: US Department of Commerce
And ... new opportunities emerge ...

U.S.-Colombia Free Trade Agreement in force

Colombia's textile and apparel industry identified new opportunities in the US market

FTA evoked challenges among the Colombian SMEs so it became necessary for the government to ensure that these businesses were ready to meet with the FTA opportunities

Source: US Department of Commerce
Market share of Colombian companies in textile and apparel industry was decrease significantly because of the set of circumstances affecting the industry, in addition to the fact that companies were not competitive.
In parallel... Proexport has evolved its business model

Proexport provides differentiated and value-added information and support businesses focused to new commercial opportunities in external markets.

In line with our organization vision, “... we will continue adapting our services to the needs of our clients in Colombia and abroad”

Proexport Selling Methodology 2.0 – PSM 2.0

New and key components in the supply and demand analysis for identification of export potential, closing gaps process, and creation of effective strategies for entry into a market

Sustainable competitive advantages for Colombian companies
And… developed a new methodology: Proexport Selling Methodology 2.0 – PSM 2.0

Several independent modules that are linked to lead businesses into an internationalization path: value propositions that are attractive for the market

- New market intelligence system
- Identify export supply (export potential)
- Product/market validation
- Adapt export supply to close gaps
- Promotional Activities (business Matchmaking Forums, trade shows, workshops, agendas and other)

Value–added information, Identify and disclose opportunities

Export potential validation: advise and support

Exploratory missions

Adequacy programs

27 Information Centers
8 Regional offices
26 commercial offices – presence 30 countries
Proexport Selling Methodology 2.0 – PSM 2.0
A case study: PSM 2.0 in the textile and apparel industry for the United States

*Opportunities were identified in 2012 for products such as jeans, underwear, lingerie, swimwear, active wear, uniforms, and casual clothing*

Information by product and demand was evaluated for each state in the US as a result of a work by commercial office in Miami and business representative in Washington, Atlanta, Chicago, Los Angeles, Houston, San Francisco and New York.

*Information dissemination strategy 2012-2013: 6 business opportunities newspapers and more than 30 documents with regional information and sectors news (40% of strategy was directed at business owners in the textile and apparel industry)*

*Seminars: 2012 (13,500 participants in 29 cities) 2013 (14,300 participants in 37 cities)*

*12 buyers requirements reports*
*Specialized website: tlc-euuu.proexport.com.co*

Proexport’s Information Centers

*Identified need to improve in physical, technical and commercial terms*

*Industry did not have enough information about:*

- Global trends
- Business opportunities
- Production technologies
- Product development
- Certification
A case study: PSM 2.0 in the textile and apparel industry for the United States

*5 exploratory missions* were made in different events: *95 companies* participated from industry

- Children’s Club-Playtime Fair New York
- Business Matchmaking Forum Chicago
- Business Matchmaking Forum Miami
- Exploratory Mission New York
- Exploratory Mission Los Angeles

*Exportable Textiles and Apparel to the United States Adequacy Program*

132 companies

- Program is financially supported: 50% Proexport and 50% company
- Expert consultants advise
- Assessment
- Gap analysis
- Action plan to closed gaps

*Best practices: short adequacy program*
### Our goals…

<table>
<thead>
<tr>
<th>Impact / Gaps</th>
<th>Tags</th>
<th>Labels</th>
<th>Corporate Image</th>
<th>Price List</th>
<th>Collection Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of companies with gaps closed in each topic</td>
<td>82</td>
<td>78</td>
<td>72</td>
<td>68</td>
<td>74</td>
</tr>
<tr>
<td>No. of companies which have gaps to close in each topic</td>
<td>35</td>
<td>33</td>
<td>57</td>
<td>62</td>
<td>50</td>
</tr>
<tr>
<td>No. of companies which had already adjusted these gaps before joining the program</td>
<td>15</td>
<td>21</td>
<td>3</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>132</strong></td>
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<tr>
<td>% of companies with gaps closed in each topic</td>
<td>70%</td>
<td>70%</td>
<td>56%</td>
<td>52%</td>
<td>60%</td>
</tr>
<tr>
<td>% of companies which have gaps to close in each topic</td>
<td>30%</td>
<td>30%</td>
<td>44%</td>
<td>48%</td>
<td>40%</td>
</tr>
</tbody>
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37 companies Textiles and Apparel to the United States Adequacy Program reported 74 business opportunities with the U.S Market and 18 sealed business deal for **US$697,855**.

49% companies in the adequacy program have developed business opportunities in other markets and have reported sealed business deals for **US$3,334,760**.
PSM 2.0 initiative based on value-added information had a positive impact on the participating companies from other industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>No. of companies</th>
<th>Destination Country/Region</th>
<th>Gaps</th>
</tr>
</thead>
</table>
| Agribusiness | 376              | • United States  
                   • European Union  
                   • Canada  
                   • Caribbean Community | • Certifications  
                   • Export cost – Price list  
                   • Packaging  
                   • Tags  
                   • Corporate Image  
                   • Quality Standards |
| Manufacturing| 166              | • United States  
                   • European Union  
                   • Canada  
                   • Andean Community  
                   • Pacific Alliance  
                   • Northern Triangle | • Certifications  
                   • Export cost – Price list  
                   • Packaging  
                   • Tags  
                   • Corporate Image |
| Agriculture  | 108              | • United States  
                   • European Union  
                   • Canada  
                   • Caribbean Community | • Certifications  
                   • Export cost – Price list  
                   • Packaging  
                   • Tags  
                   • Corporate Image  
                   • Quality Standards |
| Services     | 67               | • United States  
                   • European Union  
                   • Andean Community | • Export cost – Price list  
                   • Corporate Image  
                   • Marketing Strategies |

28% companies on adequacy program in services, 22% manufacturing, 22% agribusiness and 22% agriculture closed gaps and attend promotional activities
Our goals...

Closing gaps of **more than 50%** of the companies participating in the program, bearing in mind that these companies had not exported previously.

PSM 2.0 initiative has not only improved value for the client, allowing companies to enter securely and successfully into the market but has had **effect on the commercial practices of the companies**.

Companies on the program have had the opportunity to attend important promotional activities and this has generated **new business opportunities and sealed business deals**.
In the last 4 years, this and other initiatives Proexport have generated a significant impact on the country:

- 3,696 Companies
- 25 Colombian departments
- 10,020 Buyers
- 125 Markets

Reported sealed business deals for US$6,587 million

*August 2010-June 2014