

In this issue we look at

- Barriers to export - cultural differences
- SYITF's impact in South East Asia
- North Yorkshire SMEs set for sales push
- Destination UK...how global accountants view the UK market for M&As

## Editor's welcome

We've got a wealth of interesting stories for you in our latest International Update. Research recently carried out by BHP suggests that over half of Sheffield City Region's Top 100 SMEs don't export – and we fear this may be a trend that extends throughout Yorkshire. So, what's stopping businesses from exporting? I've started a brand new column on barriers to export – I'll explore a different obstacle in every edition from now on.

Guest writer William Beckett tells us about SYITF's latest trade mission to Singapore and touches on the forum's exciting plans for the rest of the year.

Rick Warburton from Yorkshire Bank shares some research with us on attitudes to export in North Yorkshire. Promisingly, 43% of the businesses Yorkshire Bank surveyed in North Yorkshire said they are likely to start or increase their sales to overseas customers in the next twelve months.

Finally, we close with an interesting article by BHP Corporate Finance's John Longstaff on attitudes to UK businesses from around the world.



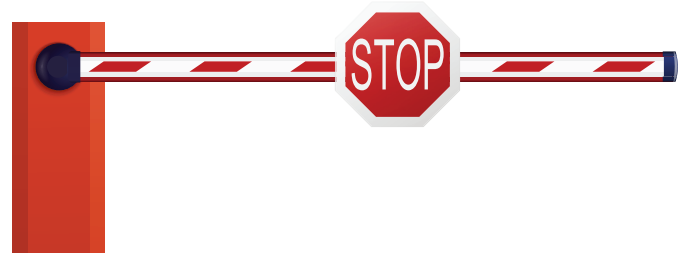
For further information  
please contact Lisa Leighton  
[lisa.leighton@bhp.co.uk](mailto:lisa.leighton@bhp.co.uk)

# Barriers to export - cultural differences

According to our clients, exporting gets easier the more often you do it. But like most things, the key to getting it right is to have a plan.

A basic cultural understanding can be gained through a little online research and talking to those who have already traded in the countries you are looking to export to. You need to know how trade is carried out in your target markets, paying attention to how they expect products to be delivered and paid for. A large part of generating sales in any market is about meeting expectations, so understanding expectations is the first step to getting it right.

BHP sponsors SYITF, the leading international Trade Forum in the region, which is all about companies sharing their experiences to help each other with export and international trade. Members are mainly from the Sheffield City Region, but also reach the wider area with members as far as West and North Yorkshire. SYITF organises focused events and tailored workshops, as well as taking trade missions overseas. SYITF collaborates with other international business support organisations such as UKTI, trade associations, chambers of commerce and local authorities, and their membership includes some of the leading exporting and award winning businesses in the region, representing small companies



through to multinationals from a variety of sectors. The peer to peer trusted environment and the support from within the membership is what makes the Forum successful. What better way to share to gain and share experience in the specific countries you are looking to target, meaning you can get a full understanding of how that country operates.

Interestingly, and perhaps even obviously, business owners continually note the value of learning a little of the local language to show that you are serious about working there. You don't have to be fluent in their language, but it shows respect and a desire to try.

Ultimately, cultural differences are something to be cherished, and should not be an obstacle to growing your business through international trade. Get out there and talk to people who have been there – you'll soon see how it can work for you.



For further information  
please contact Lisa Leighton  
[lisa.leighton@bhp.co.uk](mailto:lisa.leighton@bhp.co.uk)

# SYITF's impact in South East Asia



## UKTI has supported a second South Yorkshire International Trade Forum (SYITF) led trade mission to Singapore – this time to coincide with the Singapore Air Show.

Ten companies joined the mission in spring, which was useful for cross-sector businesses, as well as those in the aerospace sector. All of the companies on the mission were members of the Forum and benefited from the camaraderie and support from within the group.

Accompanying the mission were representatives from the Sheffield City Region (SCR) Inward Investment team, who were keen to learn about the export potential for SCR companies as well as exploring inward investment opportunities for the region. Aerospace had been identified as one of the key market sectors to target and the companies on the mission involved in this sector benefited from establishing contacts with new distributors and came away with many enquiries as well as actual orders.

However, it is the significance of the oil & gas sector in Singapore as the most important in Asia that offers the greatest potential for companies in our region.

Having mapped and identified over 200 companies in the oil & gas sector in Singapore following the first trade mission last year, the opportunities now present themselves for more companies in our region to take advantage of this information and target them for business. Representatives from both the SCR and SYITF visited the venue for the major OSEA oil & gas exhibition being held in December and held meetings with the organisers. Whilst premature in thinking the SCR could host a pavilion at the show this year, there is every intention of doing so in 2016.

It is clear there is an obvious connection between focusing export activities in key sectors in target markets and the potential of attracting inward investment. To this end the SCR and Forum will continue to work together to identify the best opportunities for achieving growth in exports and the benefits our region can offer inward investors.

The UKTI Yorkshire & Humberside continues to support the Forum with its clear focus on researched target markets and is

again supporting a further mission by the Forum to Singapore this December to coincide with OSEA. Although focusing on the oil & gas sector, like all of our missions to date, it will be useful for cross-sector businesses and four companies have already expressed their intention to go. As further evidence of the UKTI's recognition of the Forum's successful strategy, they have increased the grant support offered from six companies to ten! More detailed information will be circulated in the near future.

Later this month, Sheffield will welcome a visit by the British Chamber of Commerce in Singapore and also the Singapore Business Federation. This will present another ideal opportunity for us to promote our region and bring us closer together thereby increasing international trade between us.

The recent announcement by the Government that the Sheffield City Region has secured £320 million of investment is a fantastic boost to the region's economy and will create over 28,000 jobs and training for 40,000 people. It is the fifth most substantial Growth Deal that any City Region has received and is one of a very small handful of LEPs being given significant freedoms by the Government as to how the money is spent.

SYITF has played an important part in contributing to the Export Growth Plan for the SCR and fully expects appropriate funding to be directed towards achieving export growth targets. The Forum is ably supported by BHP in this regard and they recognise the importance of growth in exports to the region's wealth and prosperity. Their support is invaluable in helping to encourage the export activities of their clients and to work with the Forum in achieving this.

We now move on to the events we are holding in September and November, when Poland and South Africa will be the focus. The Poland event sees the Forum move out to Doncaster where the event will be held at the Doncaster/Sheffield Airport on 23 September.

For more information on forthcoming events, the trade mission to Singapore in December or becoming members, please contact Renate Halton MIEEx at [renate.halton@syitf.co.uk](mailto:renate.halton@syitf.co.uk)

**William Beckett**  
Chairman  
SYITF



# North Yorkshire SMEs set for overseas sales push

The amount of products and services sold overseas by small and medium-sized enterprises (SMEs) in North Yorkshire is set to increase in the next 12 months, according to new research from Yorkshire Bank.

The survey suggests that more North Yorkshire SMEs are bullish about their international growth and plan to start exporting or increase their overseas sales, buoyed by improving economic conditions at home.

Only 56% of North Yorkshire SMEs sold goods or services to overseas customers in the last 12 months. For those who do export, overseas sales account for 25% of their turnover at present. Over the next 12 months the expectation is that overseas sales will grow to 29%.

In the next 12 months, more than two fifths of the businesses in North Yorkshire surveyed (43%) said they are more likely to start or increase their sales to overseas customers.

The latest official annual export figures show total UK export sales (including goods and services) reached £501 billion in 2013. Goods exports totalled £304 billion, while services exports totalled £197 billion. The EU (£142 billion) and the US (£40.9 billion) remained the UK's biggest trading partners.

In the spring Budget in March the UK Government doubled the amount of credit available to support overseas sales to £3 billion. The Government wants more UK companies to be exporting as it aims to reach export values of £1 trillion by 2020.

Of the 44% of North Yorkshire businesses who don't export, apart from the 63% citing their products not being suitable for export, the threat of too much red tape (8%) and the lack of time required to expand (8%) are the biggest barriers to overseas expansion.

Across the UK manufacturing businesses are the most bullish about their exporting prospects in the next 12 months with two thirds of UK manufacturers expecting to start or increase overseas sales. This was closely followed by nearly half (48%) of IT and media companies expecting to improve sales internationally.

Rick Warburton, Yorkshire Bank's head of business and private banking for North Yorkshire said:

"North Yorkshire products and services are recognised globally for quality and innovation. Our businesses have a long and rich history of exporting to overseas markets. The eyes of the world were on us during the Tour de France which began in Yorkshire and gave us a fantastic opportunity to show people what we can do.

"We know that North Yorkshire businesses are feeling more confident in the UK economy and in their own ability to grow



with it. Using improving domestic conditions as a springboard, more businesses will look to develop new products and create jobs in a bid to make a bigger global impact."

Mark Robson, UKTI regional director for Yorkshire and the Humber, added:

"This research is the latest evidence that exporting is key to economic growth, and highlights the continued appetite to export amongst Britain's ambitious small and mid-sized business.

"Increasing support for small and mid-sized companies is a vital part of the Government's long-term economic plan to create jobs and reduce the deficit. That's why UKTI has written to all 8,900 mid-sized UK businesses to offer them tailored trade advice and an intensive programme of support to help them start exporting. Businesses excel with UKTI's support and we encourage any company who wants to export to get in touch."

Two Yorkshire exporting businesses which the Bank has supported in recent months include Leeds-based Surgical Innovations, and Dewsbury's Gee Graphite.

Surgical Innovations is a leading creator of innovative medical technology for use in minimally invasive surgery (keyhole surgery). A new £3m working capital facility provided earlier this year will be used to help the business grow its export levels. The majority of its sales are in Europe and the USA, which holds the largest medical device market in the world.

A six figure investment from Yorkshire Bank for Gee Graphite, will allow the Dewsbury precision engineering firm to invest in new machinery and pursue growth opportunities in the UK, Germany, France, Spain and North America.



**Rick Warburton**  
Yorkshire Bank  
rick.warburton@eu.nabgroup.com





# Destination UK...how global accountants view the UK market for M&As



Transactions with overseas businesses have been a key feature of recent M&A activity for our corporate finance team. During the past two years we have completed eight transactions involving companies from North America, mainland Europe and the Pacific Rim and we expect this trend to continue.

As a member of Kreston International, BHP is part of a network with representation in over 100 countries. We thought it would be interesting to get the take of our colleagues in India and USA, countries with a track record of M&A activity involving UK businesses, to highlight the key issues that companies encounter when contemplating acquisitions in the UK and overseas.



Doug Hubert,  
De NES Partners LLC

Doug Hubert from USA highlighted the following points as being key:

- the UK is viewed as an established and mature market but is not generally considered to be one that offers entry into a large and expanding market such as Asia
- the common language, a stable regulatory framework, low tax regime and efficient capital markets are viewed as advantageous for the UK
- attractive UK businesses are likely to offer genuine growth potential and a trading entry point into mainland Europe
- three key attributes USA businesses consider when contemplating an overseas acquisition are as follows
- complementary activity ideally offering entry into a new market

- strong management team with local market knowledge/expertise
- stable legal and regulatory market offering the ability to lower taxes and/or repatriation of earnings



Deepak Ladha,  
Ladderup Corporate  
Advisory Private Limited

Observations from an Indian perspective from Deepak Ladha provided a slightly different accent:

- the UK is considered a stable market and presents attractive opportunities for Indian acquirors
- Indian businesses typically prefer a longer engagement and establishing a dialogue/rapport before commencing a process would enhance the prospects of a successful outcome
- three key attributes Indian businesses consider when contemplating an overseas acquisition are as follows
- technology advantage/defendable intellectual property that could be introduced to the Indian market
- access to new markets and enhanced global footprint
- complementary business with genuine synergistic savings

The UK has an open economy which has embraced foreign ownership of its assets – you only have to look at the share registers of Premier League football clubs as evidence of this! The key messages from the discussions we had indicate that foreign interest in UK businesses is set to continue and companies that are well positioned in an expanding market, ideally with an existing presence in Europe, are likely to be highly attractive to overseas acquirors.



For further information  
please contact John Longstaff  
[john.longstaff@bhp.co.uk](mailto:john.longstaff@bhp.co.uk)

**Your business is our business**