



# National Results Report

APRIL 2008

# EFIC GLOBAL READINESS INDEX



Australian Government  
Export Finance and Insurance Corporation

*Are you ready to take on the world?*

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## 1. Introduction

Australian businesses seeking to expand onto the global stage enjoy generally sound balance sheets and high-levels of profitability. Together with the strong dollar it seems to be the perfect opportunity for Australian companies to fuel their growth by investing offshore. Yet wavering levels of business confidence and tightening credit markets may act as a brake on otherwise sound growth plans.

There is widespread recognition of the imperative for the Australian economy to continue to globalise. Australian businesses seeking to grow overseas need a comprehensive understanding of the strategic drivers, decision-making processes, risks and barriers they could encounter when expanding their global operations.

Now, EFIC is delighted to launch our first-ever Global Readiness index, the first in an annual series of reports examining the opportunities and challenges on the path to participating in global supply chains. Almost 500 globally active Australian companies participated in the Global Readiness index survey and received a personalised benchmark report comparing their global growth plans with all respondents and against their own industry sector.

There's good news: offshore investments by Australian companies are now almost equal to foreign businesses' investments in Australia – a gap that is closing rapidly. But with some three quarters of survey respondents using retained earnings to finance their export business and offshore growth, and over half stating that access to additional funding would enable them to grow faster in current markets, there remains great opportunity for the Australian business community to make further and faster strides on the globalisation journey.

As Australia's export credit agency, EFIC is committed to working with Australian companies as they overcome these challenges to global success.



**Angus Armour**  
Managing Director

## 2. Key Findings

### Finance key to more Australian companies going global

*Inadequate knowledge of overseas markets and lack of finance are the two biggest obstacles Australian companies face when seeking to expand overseas, according to EFIC’s Global Readiness index (GRi).*

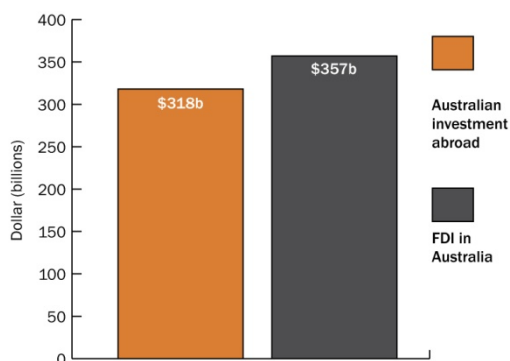
EFIC’s GRi survey asked 463 Australian businesses about three key aspects of overseas expansion – the drivers, the obstacles and the sources and availability of funding. Companies taking part in the survey were able to benchmark themselves against their peers on these three measures.

### Offshore investment and revenue now rival onshore export capacity

The GRi survey takes place against an interesting economic backdrop: while Australian businesses have been finding it hard this decade to increase exports – despite a booming world economy – they have had more success expanding their offshore operations.

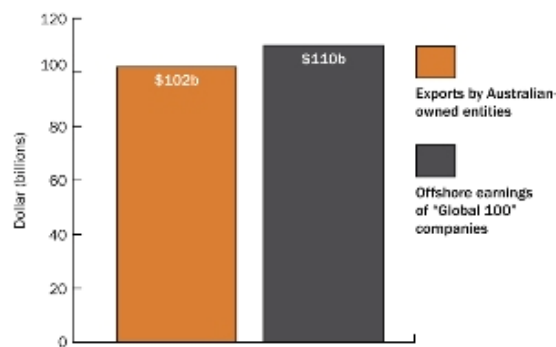
Australian export volumes grew by only 14 per cent in the seven years to end-2007, compared with 59 per cent in the previous seven years. Meanwhile, though, the pace of direct investment abroad by Australian businesses has been accelerating. So much so that Australian direct investment abroad now rivals foreign direct investment in Australia (Chart 1) – and sales by overseas branches, subsidiaries and joint ventures of Australian companies have now caught up with the value of Australian-owned goods and services exports (Chart 2)<sup>1</sup>.

**CHART 1: Australian Investment abroad v FDI in Australia**



**CHART 2: Goods/services exports v Offshore revenue, 2007**

Source: Source: ABS Cat No 5496.0.55.001; ABS Cat No 5368.0.55.006;; The Diplomat “Global 100”



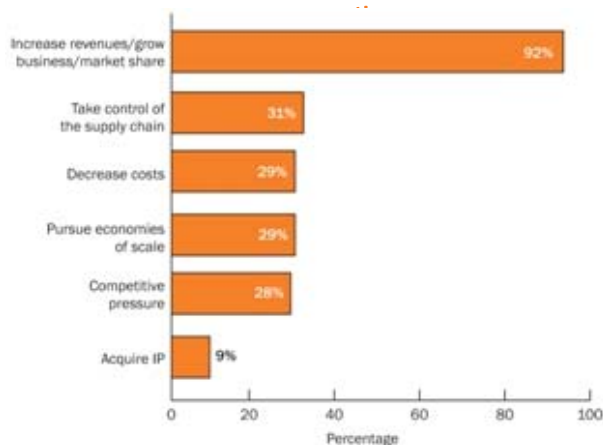
This move ‘beyond exporting’ is a truly transformational change in the way Australians conduct international business. In the past, when overseas trade and investment barriers were higher and the digital revolution hadn’t yet started, Australian companies of necessity had to look mainly to the national marketplace. Any overseas sales were made chiefly by exporting from Australian shores. But in today’s highly integrated world economy, companies increasingly target a world marketplace and are prepared to locate the different stages of their production and supply chains wherever the business benefit is greatest – and regardless of whether it is onshore or offshore. No longer is it the case that the Australian economy pays for its import needs mainly with exports; it is now just as likely to pay its way with earnings from offshore affiliates.

<sup>1</sup>According to estimates contained in ABS Cat No 5496.0.55.001, 47.1% of Australian goods exports and 50.3% of Australian service exports greater than \$1 million are attributable to Australian-owned entities. These proportions were applied to aggregate goods and services exports for 2006-07, to obtain an estimate of \$102 billion for exports by Australian-owned entities. Offshore earnings are “in-country” earnings.

### A connected world beckons

This international outlook and modus operandi shows up strongly among GRi survey respondents. The number one driver for offshore expansion is to 'increase revenues/expand market share'. Equal second was 'take control of the supply chain' and 'decrease costs'. These results (see full listing in Chart 3) strongly suggest that Australian businesses primarily regard offshore expansion as a strategic path to market and revenue growth rather than a defensive ploy to protect what they already have.

**CHART 3: Major contributing factor in decision to establish offshore**



### Can the barriers to international expansion be lowered?

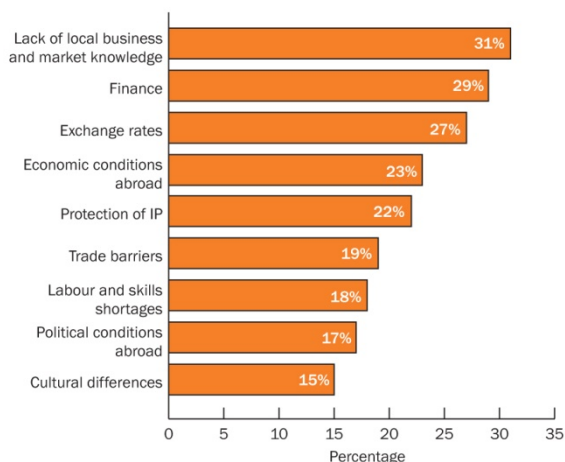
When it comes to barriers to international expansion, GRi survey respondents said that 'lack of local business and market knowledge' and 'finance' were their biggest concerns – 31 per cent the first, 29 per cent the second (see Chart 4). The importance of finance as a barrier was even more apparent among respondents currently planning their first steps offshore with fully 43 per cent nominating finance as the major barrier to their plans.

Can the barriers to international expansion be lowered so that Australian business can make even more sales than now? Or must these barriers be viewed as 'given', like the Himalayas?

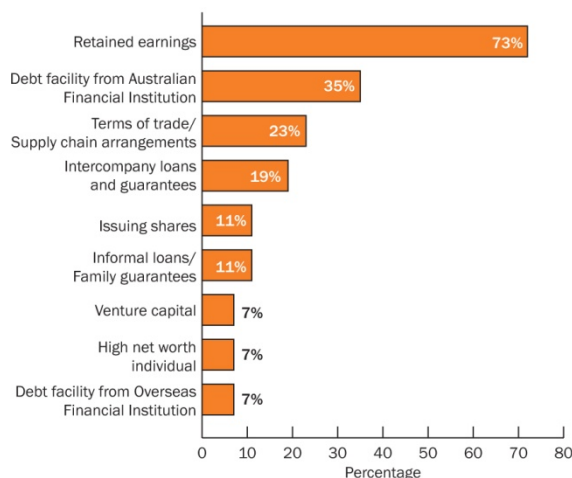
Fifty six per cent of respondents said that with better access to finance they would expand further and faster. But any business that has been denied finance would say that. This doesn't necessarily mean that banks and capital markets are wrong in denying funds to such an investment if its profit outlook is poor. However, another survey response suggests that banks and capital markets may indeed be failing to finance at least a fringe of worthwhile offshore investments.

This is the striking result that 73 per cent of respondents used retained earnings to finance their offshore expansion, yet only 35 per cent used a debt facility from an Australian financial institution, and only 7 per cent from a foreign institution (see Chart 5).

**CHART 4: Major barriers to international expansion**



**CHART 5: Sources of finance for exports and offshore facilities**



Again, while 72 per cent of respondents reported that their working capital needs were satisfactorily met, only 49 per cent reported satisfaction when it came to long-term infrastructure finance. Arguably, if a greater amount of debt funding had been available, offshore expansion would have been greater, swifter and more profitable.

## Accelerated offshore expansion for SME's requires innovative solutions for infrastructure finance

The GRi survey and the broader trade and investment statistics suggest that Australian business is increasingly going global – and doing so in a positive, growth-oriented way. Yet with improved access to finance for worthwhile transactions, their global expansion plans could accelerate even further.

Many Australian businesses are currently enjoying sound balance sheets and high levels of profitability. Well-positioned businesses with sound strategic plans are perhaps better placed than ever to move onto the global stage. The EFIC GRi survey results challenge both companies expanding offshore and the financial institutions that serve them – private and government alike – to work together to find more effective means to ensure that sound business plans for global expansion are rewarded with access to adequate and innovative financial solutions.

To access the full EFIC Global Readiness index report, visit [www.efic.gov.au/gri/report](http://www.efic.gov.au/gri/report).

The Diplomat magazine features findings from the report in its April 2008 Global 100 special edition.

### 3. Thank you to our partners

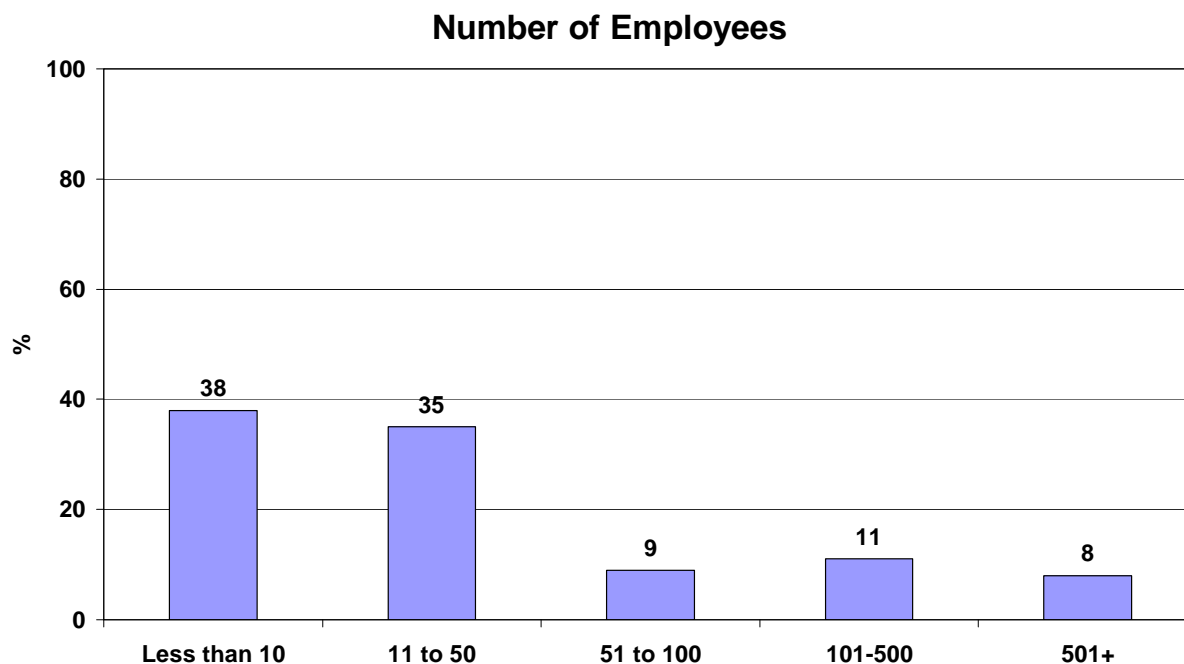
EFIC would like to acknowledge the support of the following organisations that have contributed to the success of the EFIC Global Readiness index:



## 4. Organisations Surveyed

### Number of employees

Around four in ten (38%) of the businesses surveyed had fewer than 10 employees. Another third (35%) had between 11 and 50 employees and just over a quarter (28%) had over 50 employees.



Number of employees	Less than 10	11-50	51-100	101-500	501+
Total (n=463)	38%	35%	9%	11%	8%

### Number of Employees By Revenue Band

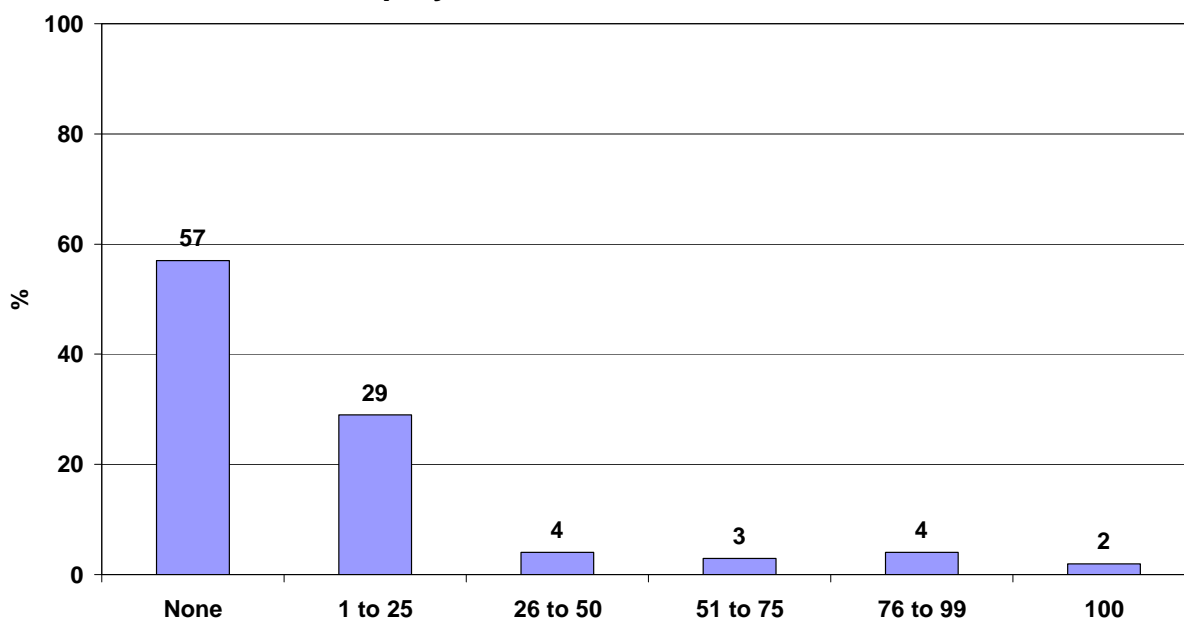
The smaller its revenue, the more likely a business is to have fewer employees.

Number of employees	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m-\$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
Less than 10	85%	26%	4%	2%	16%
11 to 50	15%	66%	24%	4%	44%
51-100	-	6%	32%	8%	13%
101-500	1%	1%	39%	25%	15%
501+	-	1%	1%	62%	11%

### Percentage of employees domiciled outside Australia

The majority of businesses (57%) have no employees domiciled outside Australia. About three in ten (29%) have between 1% and 25% of their employees living overseas, with the remainder having 26% or more living overseas.

**% of Employees Domiciled Outside Australia**



Employees Overseas	None	1-25%	26-50%	51-75%	76-99%	100%
Total (n=463)	57%	29%	4%	3%	4%	2%

### Percentage of Employees Domiciled Outside Australia By Revenue Band

The smaller its revenue, the less likely a business is to have employees living overseas.

Percentage employees based overseas	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m-\$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
None	75%	58%	49%	25%	50%
1- 25%	18%	32%	37%	36%	34%
26-50%	3%	2%	4%	19%	5%
51-75%	-	3%	4%	11%	5%
76-99%	4%	3%	4%	9%	4%
100%	1%	3%	4%	-	3%

## Industry Sectors Represented

### *Nationally and By State*

Manufacturing represented a third (33%) of all the businesses surveyed. The next highest was property and businesses services at 12%.

Victorian and WA respondents represented the highest proportion of Manufacturing businesses, while the NSW represented the highest proportion of Property & Businesses Services and Construction businesses.

Industry	National (n=463)	NSW (n=127)	VIC (n=112)	SA (n=100)	WA (n=58)	QLD (n=45)
Manufacturing	33%	29%	40%	26%	45%	31%
Property & Business Services	12%	17%	12%	10%	7%	9%
Wholesale Trade	9%	8%	12%	11%	9%	4%
Agriculture, Forestry & Fishing	8%	3%	8%	13%	9%	9%
Personal & Other Services	7%	6%	5%	10%	7%	4%
Health & Community Services	5%	5%	3%	6%	3%	16%
Construction	5%	11%	3%	1%	2%	7%
Communication Services	4%	6%	4%	3%	2%	4%
Education	4%	5%	4%	5%	-	4%
Government Admin & Defence	2%	2%	2%	3%	-	2%
Mining	3%	2%	1%	1%	7%	7%
Electricity, Gas & Water Supply	2%	1%	2%	3%	2%	-
Finance & Insurance	2%	2%	3%	1%	-	2%
Transport & Storage	2%	2%	1%	2%	2%	-
Cultural & Recreational Services	2%	1%	1%	2%	3%	-
Retail Trade	1%	1%	-	2%	3%	-
Accommodation, Cafes & Restaurants	0%	1%	-	1%	-	-

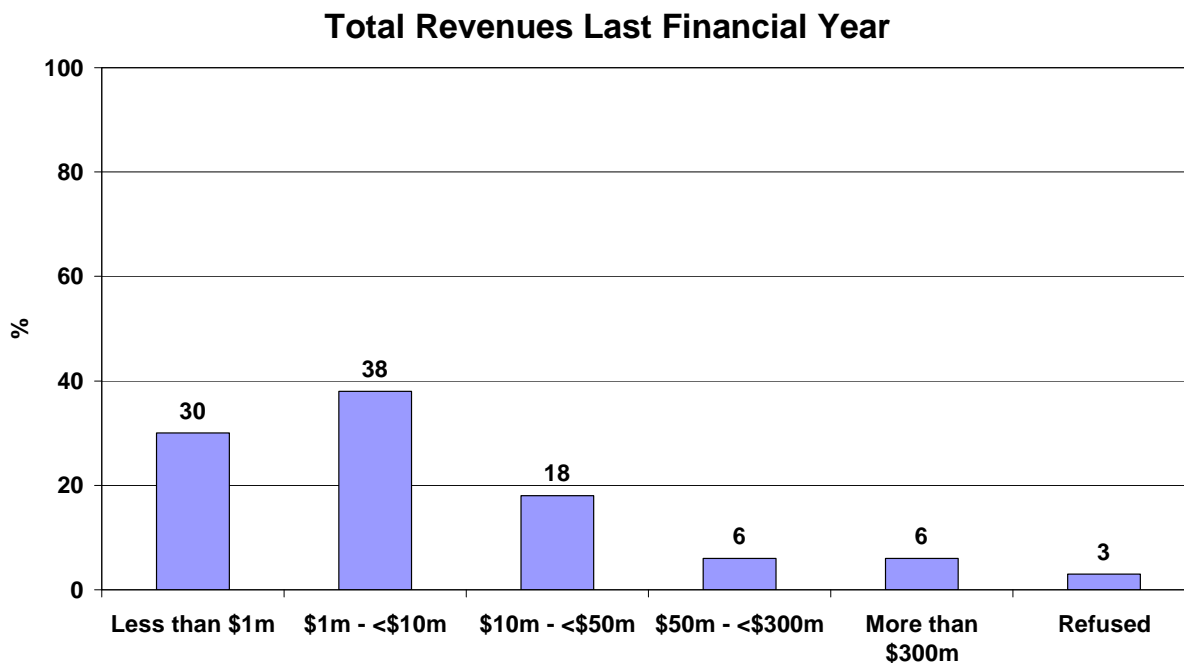
**Industry by Annual Revenue Band**

Almost half (46%) of all the businesses surveyed with annual revenues of \$1-10 million were in Manufacturing. This was similar for the \$10-50 million businesses (41%). Almost a third (30%) of the businesses with revenues over \$50 million were in Construction.

Industry	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m- \$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
Manufacturing	15%	46%	41%	23%	41%
Property & Business Services	16%	11%	9%	4%	9%
Wholesale Trade	14%	7%	9%	6%	7%
Agriculture, Forestry & Fishing	6%	8%	12%	6%	9%
Personal & Other Services	12%	3%	6%	2%	4%
Health & Community Services	12%	2%	4%	2%	3%
Construction	-	2%	4%	30%	7%
Communication Services	4%	6%	2%	-	4%
Education	6%	4%	2%	2%	3%
Government Admin & Defence	2%	2%	4%	2%	2%
Mining	4%	2%	1%	6%	3%
Electricity, Gas & Water Supply	-	2%	2%	8%	2%
Finance & Insurance	1%	2%	-	6%	2%
Transport & Storage	1%	3%	-	4%	2%
Cultural & Recreational Services	4%	1%	-	2%	1%
Retail Trade	1%	1%	4%	-	1%
Accommodation, Cafes & Restaurants	-	1%	-	-	0%

### Total Revenues Last Financial Year

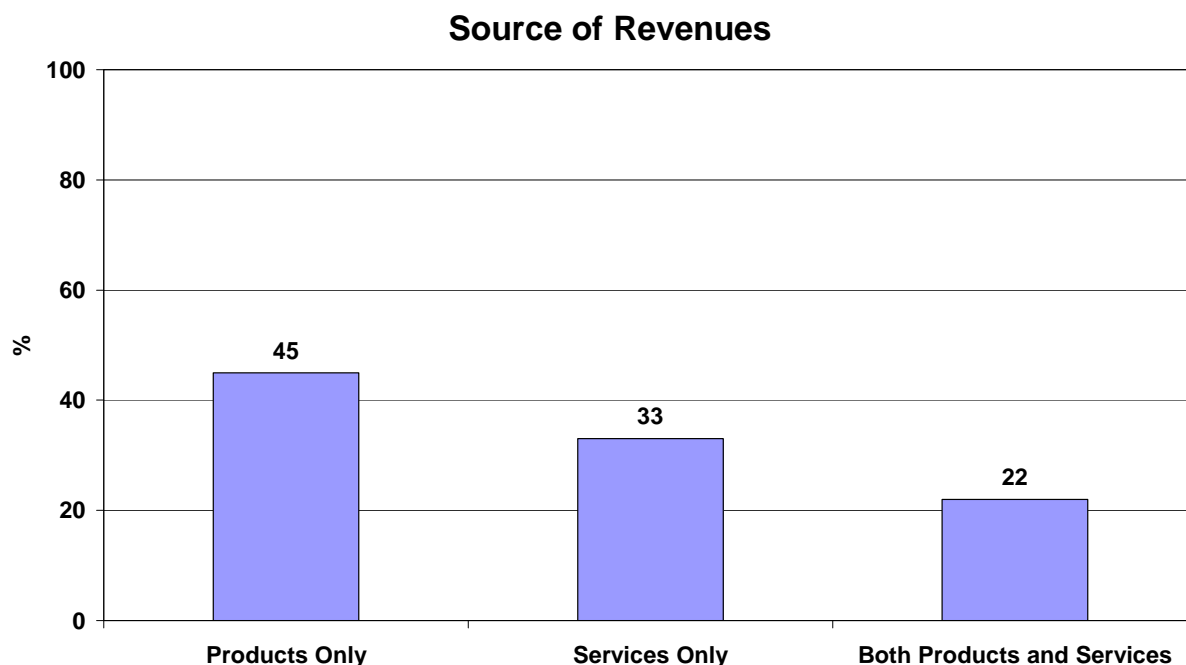
Three in ten businesses surveyed (30%) had revenues in the last financial year under \$1 million. Over a third (38%) had revenues between \$1million and \$10 million, while the remaining businesses had revenues of over \$10 million.



Total Revenues	Less than \$1m	\$1m - <\$10m	\$10m - <\$50m	\$50m - <\$300m	More than \$300m	Refused
Total (n=463)	30%	38%	18%	6%	6%	3%

### Source of Revenues

Almost half (45%) the businesses surveyed derived their revenues from products only, while a third (33%) derived their revenues from services only. The remaining 22% derived their revenues from both products and services.



Source of Revenues	Products Only	Services Only	Products and Services
Total (n=463)	45%	33%	22%

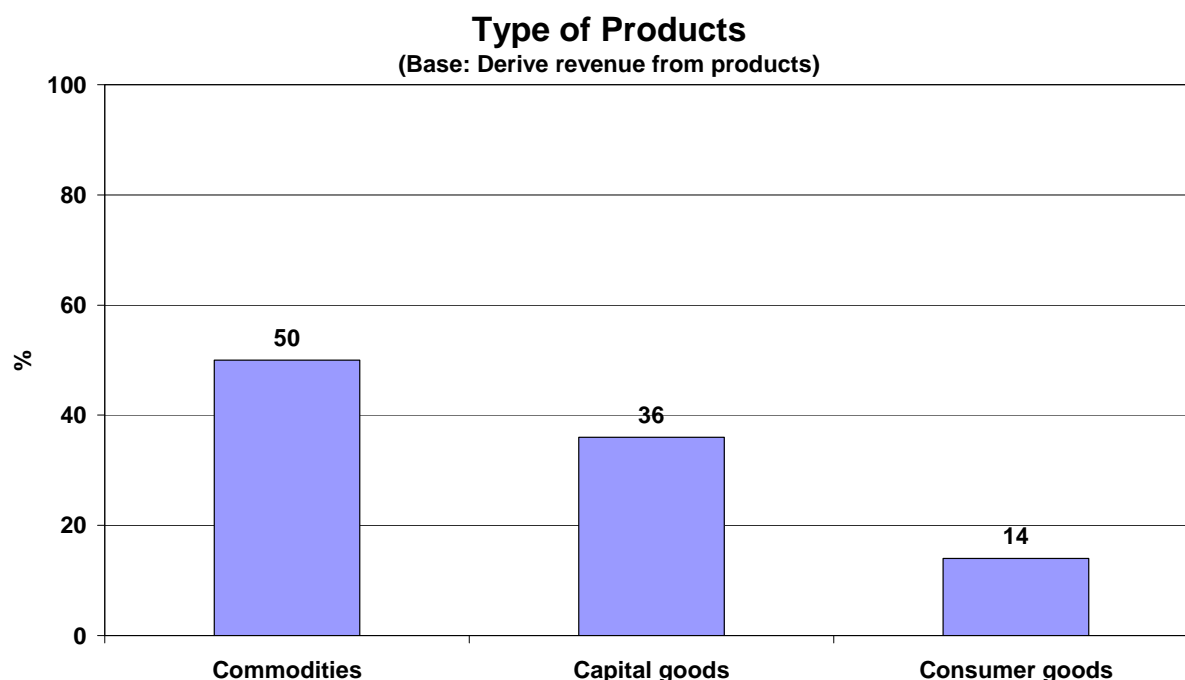
### Source of Revenues By Revenue Band

Businesses with revenues of \$1-50m were the most likely to derive their revenues from products while those with less than \$1 million in revenue, and those with more than \$50 million in revenue, were more service-oriented.

Source of Revenues	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m-\$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
Products Only	39%	51%	52%	32%	48%
Services Only	47%	23%	23%	42%	26%
Products and Services	13%	26%	24%	26%	25%

### Type of Products

Half (50%) the businesses who derived their revenues from products described their products as commodities, while just over a third (36%) said they were capital goods and 14% said they produced consumer goods.



Type of Products	Commodities	Capital Goods	Consumer Goods
Total (n=310)	50%	36%	14%

### Type of Products By Revenue Band

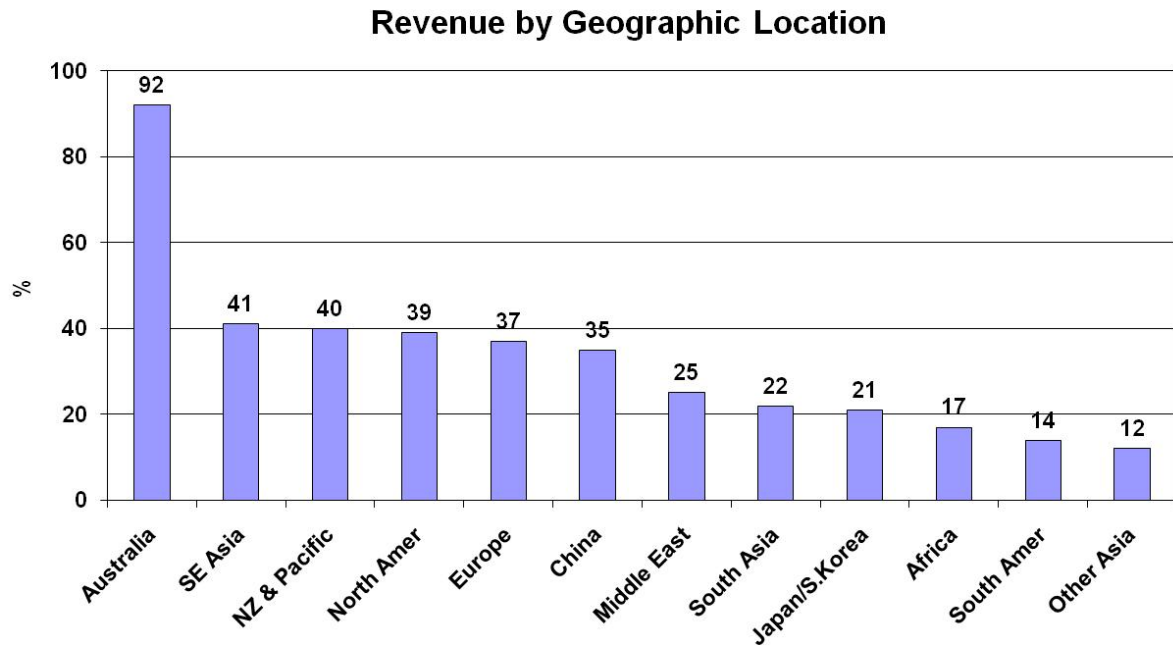
The smallest sized businesses (with revenues under \$1 million) were most likely to produce commodities, while the larger sized businesses were split more evenly between producing commodities and capital goods.

Type of Products	Under \$1m (n=72)	\$1m-\$10m (n=135)	\$10m-\$50m (n=63)	Over \$50m (n=31)	Over \$1m (n=229)
Commodities	72%	45%	40%	35%	42%
Capital Goods	17%	44%	44%	39%	44%
Consumer Goods	11%	10%	16%	26%	14%

Base: Derive revenue from products

### Revenue by Geographic Location

Nearly all (92%) the businesses surveyed derived revenue from Australia. About four in ten also derived revenue from South East Asia (41%), New Zealand and the Pacific (40%), North America (39%) and Europe (37%). 83% derived some revenue from overseas locations.



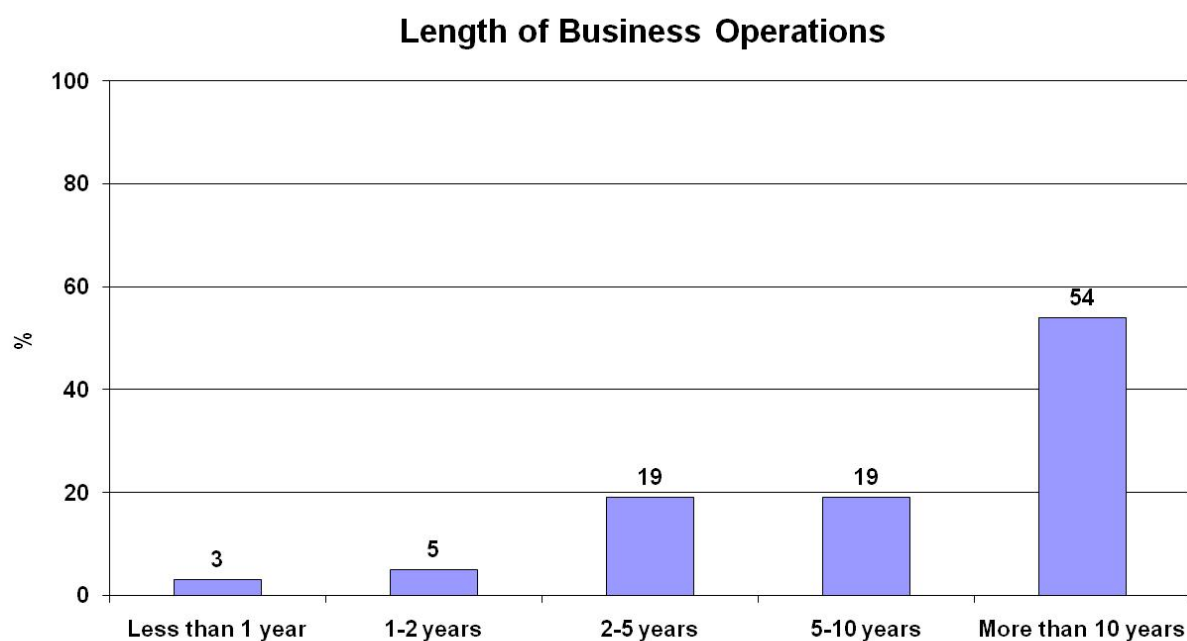
### Revenue by Geographic Location and Revenue Band

Sources of income for businesses with over \$10 million in revenue were the closest geographically – South East Asia, New Zealand/Pacific and China. Fewer of the smaller sized businesses (under \$1 million) derived revenue from overseas locations (71%).

Revenue by Geographic Location	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m- \$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
Australia	89%	89%	98%	98%	93%
South East Asia	20%	48%	50%	66%	51%
New Zealand & Pacific	19%	47%	54%	53%	50%
North America	28%	45%	44%	40%	44%
Europe	28%	42%	41%	40%	41%
China	28%	30%	45%	55%	38%
Middle East	9%	31%	24%	43%	31%
South Asia	14%	20%	23%	43%	25%
Japan / South Korea	12%	19%	27%	36%	24%
Africa	9%	16%	26%	30%	21%
South America	5%	14%	21%	23%	17%
Other Asia	3%	14%	12%	26%	15%
Any revenue from overseas	71%	90%	89%	87%	89%

### Length of Business Operations

The majority of the businesses surveyed (54%) have been in operation for more than 10 years.



Length of Business Operations	Less than 1 year	1-2 years	2-5 years	5-10 years	More than 10 years
Total (n=463)	3%	5%	19%	19%	54%

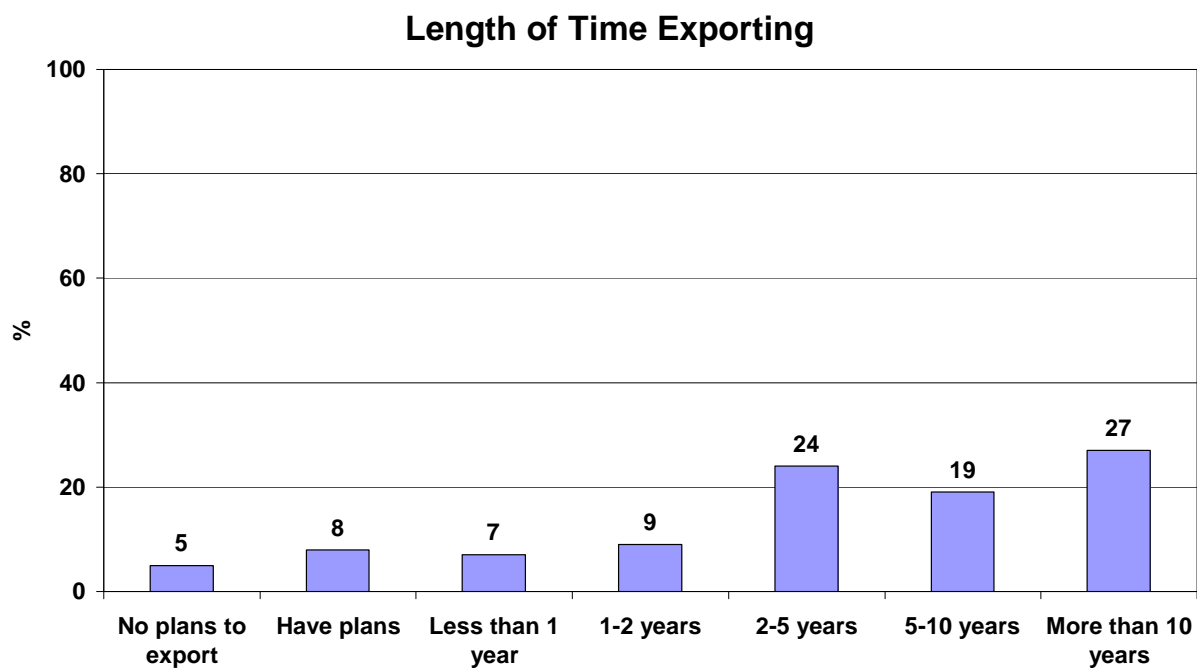
### Length of Business Operations By Revenue Band

The larger their revenue, the more likely the businesses surveyed have been in operation for a longer period.

Length of Business Operations	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m-\$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
Less than 1 year	7%	1%	-	-	0%
1-2 years	12%	3%	-	2%	2%
2-5 years	40%	14%	7%	-	10%
5-10 years	23%	24%	15%	2%	18%
More than 10 years	18%	58%	78%	96%	70%

### Length of Time Exporting

Seven in ten of the businesses surveyed (70%) have been exporting for more than 2 years. Only 5% of businesses surveyed have no current intentions to export.



Length of Time Exporting	No plans	Have plans	Less than 1 year	1-2 years	2-5 years	5-10 years	More than 10 years
Total (n=463)	5%	8%	7%	9%	24%	19%	27%

The following table shows that about half the businesses have been exporting for about as long as they have been in operation

#### Length of Time Exporting by Length of Business Operations

Length of Time Exporting	Operating less than 2 years (n=35)	Operating between 2-5 years (n=89)	Operating between 5-10 years (n=89)	Operating over 10 years (n=35)
No current intentions to export	9%	3%	3%	6%
Have plans to export	23%	13%	8%	5%
Exporting for less than 2 years	55%	32%	15%	5%
Exporting for 2-5 years	9%	48%	31%	15%
Exporting for 5-10 years	3%	2%	43%	18%
Exporting for more than 10 years	3%	-	-	50%

### **Length of Time Exporting by Revenue Band**

The larger their revenue, the more likely businesses are to have been exporting for longer.

<b>Length of Time Exporting</b>	<b>Under \$1m (n=137)</b>	<b>\$1m-\$10m (n=176)</b>	<b>\$10m- \$50m (n=82)</b>	<b>Over \$50m (n=53)</b>	<b>Over \$1m (n=311)</b>
No current intentions to export	7%	2%	4%	13%	5%
Have plans to export	16%	5%	6%	4%	5%
Less than 1 year	16%	5%	1%	2%	3%
1-2 years	20%	9%	-	-	5%
2-5 years	21%	33%	23%	6%	26%
5-10 years	14%	20%	29%	8%	20%
More than 10 years	7%	27%	37%	68%	36%

### **Timeframe for New Export Plans**

All the businesses who were not yet exporting but said they have plans to export (8% of the businesses surveyed, n=39), were asked within what time frame were they planning to commence exporting. Most said they would commence exporting in the next year or two.

Their responses were:

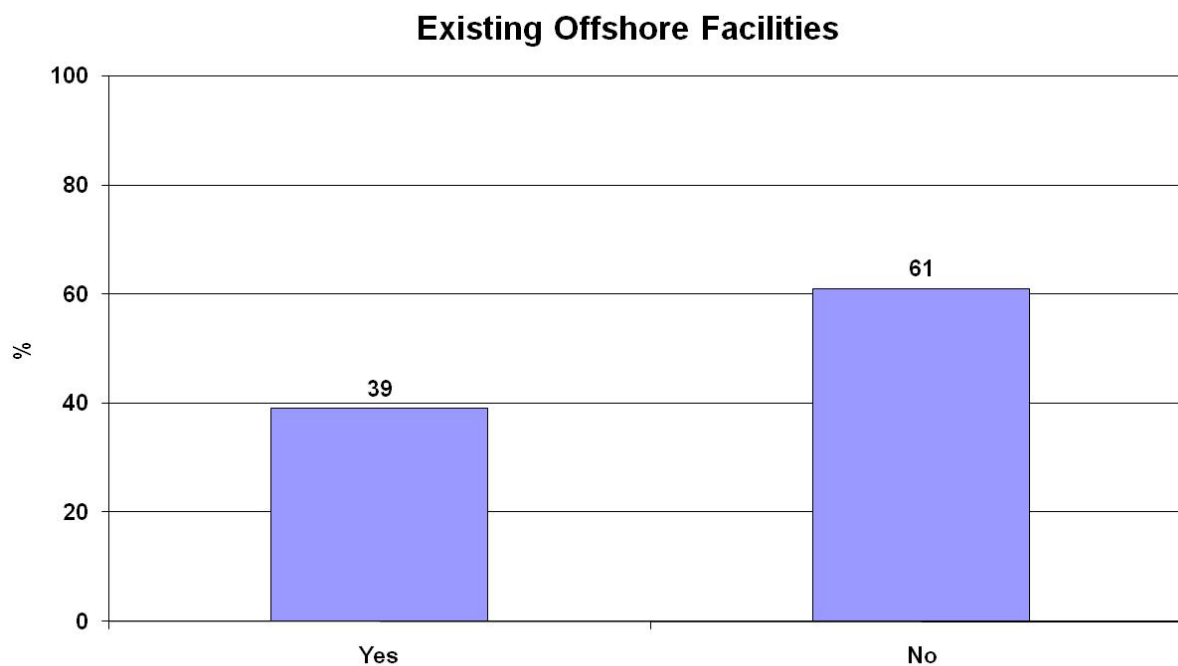
<b>Export Plans Timeframe</b>	<b>Within the next year</b>	<b>Within the next 2 years</b>	<b>Within the next 5 years</b>	<b>Unsure</b>
Total (n=39)	36%	36%	8%	21%

Base: Have plans to export

## 5. Offshore Facilities

### Existing Offshore Facilities

Four in ten (39%) of the businesses surveyed have existing offshore facilities.



Existing Offshore Facilities	Have offshore facilities	Don't have offshore facilities
Total (n=463)	39%	61%

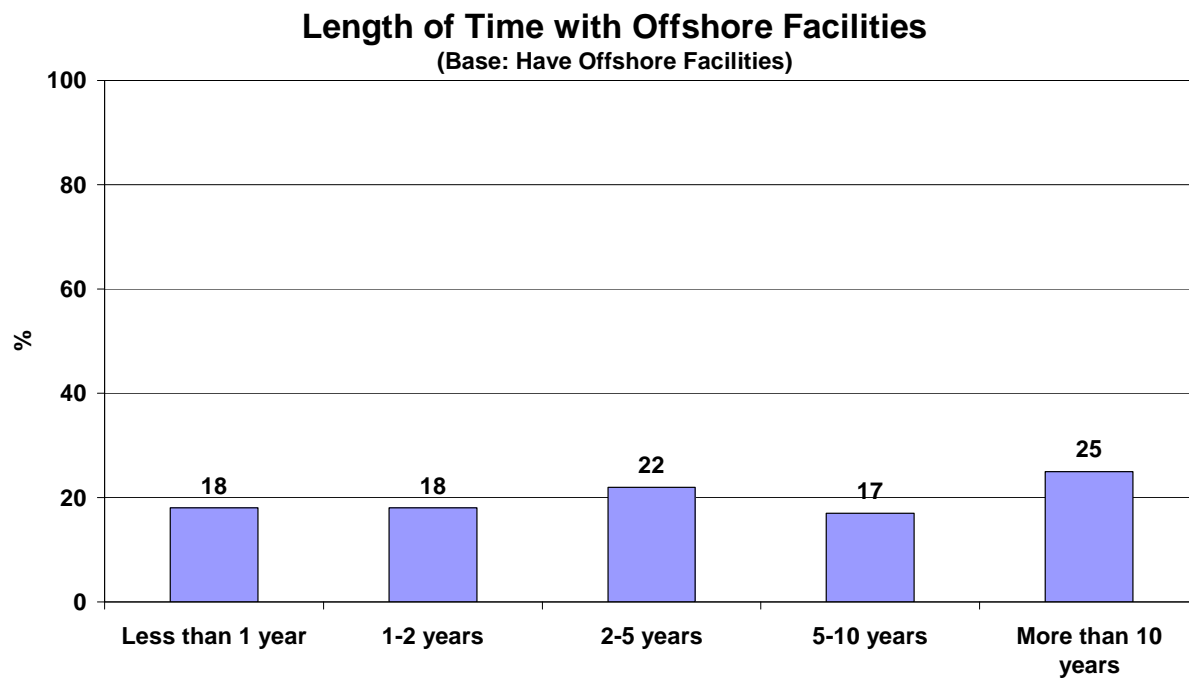
### Existing Offshore Facilities By Revenue Band

Three quarters (77%) of the businesses with over \$50m in revenue have existing offshore facilities.

Existing Offshore Facilities	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m-\$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
Have offshore facilities	20%	39%	45%	77%	47%
Don't have offshore facilities	80%	61%	55%	23%	53%

### Length of Time with Offshore Facilities

A quarter (25%) of the businesses surveyed have had offshore facilities for over 10 years.



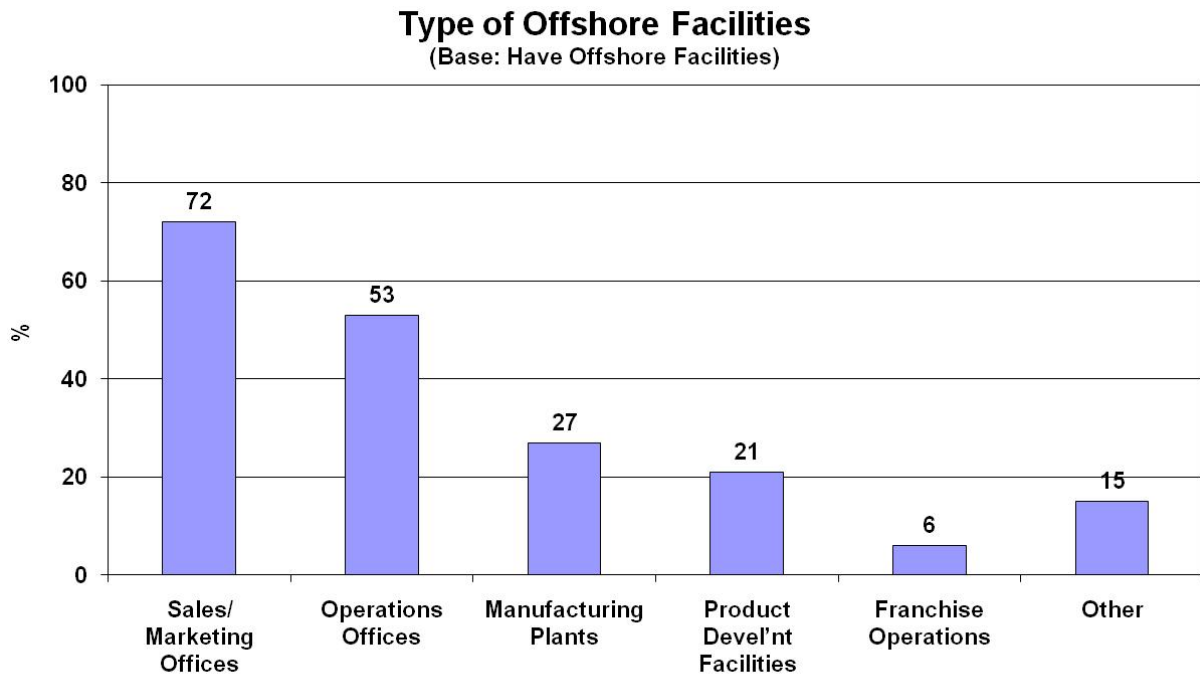
Length of Time with Offshore Facilities	Less than 1 year	1-2 years	2-5 years	5-10 years	More than 10 years
Total (n=179)	18%	18%	22%	17%	25%

Note: Filtered down to just those businesses with offshore facilities, the base sizes become too small to break down into the smaller segments.

### Type of Offshore Facilities

All the businesses with offshore facilities were asked what type of facility they had in each region. The following chart shows the type of facilities the businesses have across all regions.

The results show that nearly three-quarters (72%) of the businesses with offshore facilities have sales/marketing offices, 53% have operation offices, 27% have manufacturing plants, 21% have product development/design facilities, 6% have franchise operations and 15% have other facilities.



Type of Offshore Facility	Sales/Marketing Offices	Operations Offices	Manufacturing Plants	Product Development Facilities	Franchise Operations	Other
Total (n=179)	72%	53%	27%	21%	6%	15%

### Location of Offshore Facilities

The following tables shows that 16% of *all* the businesses surveyed, or 41% of all those who do have an offshore facility, have an offshore facility in North America.

Location of Offshore Facility	Based on all businesses Surveyed (n=463)	Based on those businesses that have Offshore Facilities (n=179)
North America	16%	41%
China	16%	40%
Europe	14%	37%
Southeast Asia	14%	36%
New Zealand & Pacific	9%	23%
Middle East	8%	21%
South Asia	7%	17%
Japan / South Korea	6%	15%
Africa	5%	12%
Other Asia	5%	12%
South America	3%	9%
No Offshore Facilities	61%	-

**Type of Facility by Location**

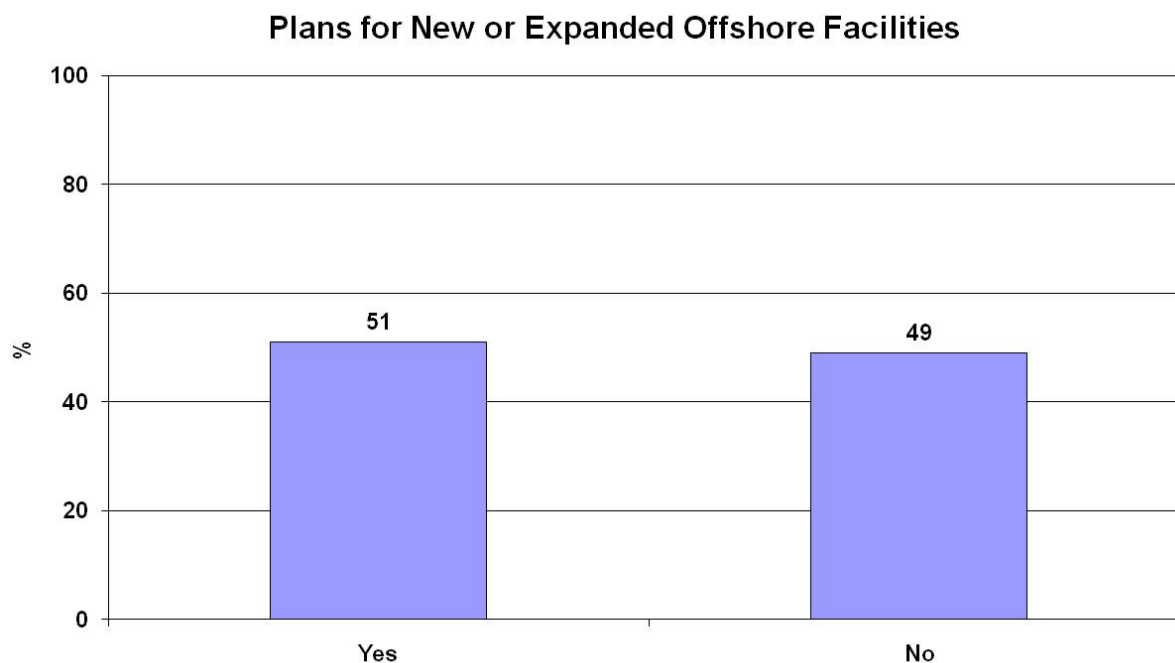
Nearly eight in ten businesses (78%) with offshore facilities in North America had sales/marketing offices there, the highest proportion of sales/marketing offices in all locations. The Southeast Asian offshore facilities had the highest proportion of operation offices (60%) while the location with the highest proportion of manufacturing plants was China (33%).

Type of Facility	NZ & Pacific (n=41)	SE Asia (n=65)	China (n=72)	Japan/ S Korea (n=26)	South Asia (n=31)	Other Asia (n=21)
Sales/ Marketing offices	59%	51%	67%	62%	58%	62%
Operations offices	51%	60%	38%	35%	48%	48%
Manufacturing plants	24%	23%	33%	19%	10%	19%
Product development/ Design facilities	22%	15%	13%	4%	19%	29%
Franchise operations	-	5%	4%	8%	6%	14%
Other facilities	15%	9%	4%	19%	10%	10%

Type of Facility	Europe (n=67)	North America (n=74)	South America (n=17)	Africa (n=21)	Middle East (n=21)
Sales/ Marketing offices	64%	78%	75%	67%	54%
Operations offices	39%	38%	25%	57%	38%
Manufacturing plants	12%	9%	13%	5%	14%
Product development/ Design facilities	13%	15%	6%	10%	11%
Franchise operations	7%	1%	19%	5%	5%
Other facilities	9%	7%	19%	10%	16%

### Plans for New or Expanded Offshore Facilities

Half the businesses surveyed (51%) are planning to establish new offshore facilities or expand existing ones.



Plans for New or Expanded Offshore Facilities	Have Plans	No plans
Total (n=463)	51%	49%

### Plans for New or Expanded Offshore Facilities By Revenue Band

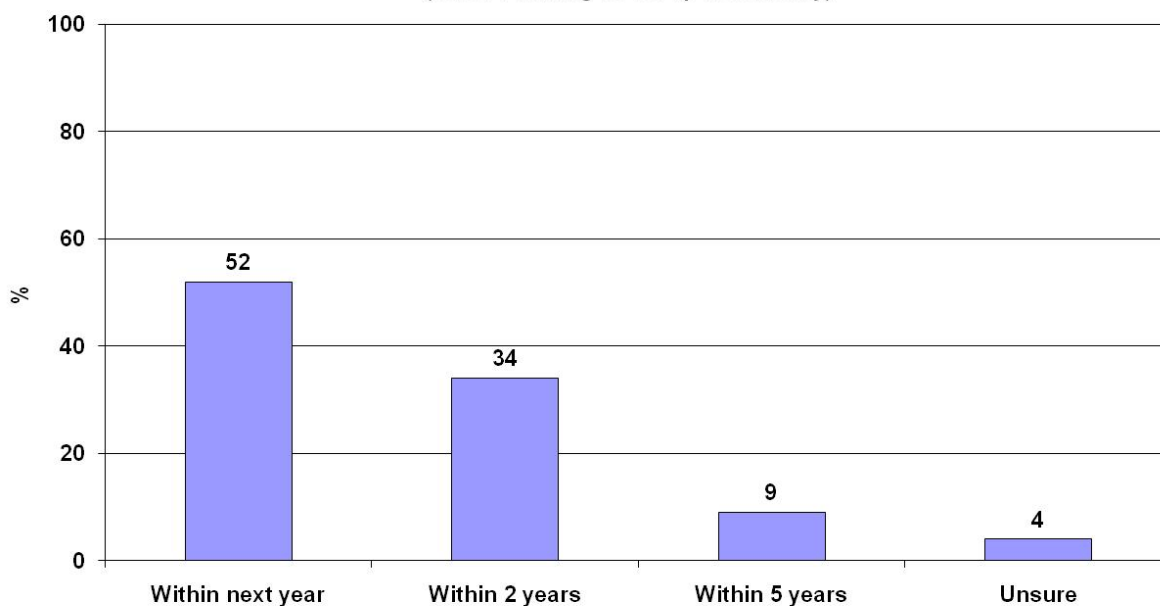
The larger the revenue of a business, the more likely for them to have plans to establish new or expand existing offshore facilities.

Plans for New or Expanded Offshore Facilities	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m-\$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
Have plans to establish new / expand existing offshore facilities	41%	51%	57%	64%	55%
Don't have plans	59%	49%	43%	36%	45%

### Timeframes for Establishment of New Offshore Facilities

Half of those businesses (52%) planning to establish new offshore facilities or expand existing ones say they are looking to set up within the next year.

**Timeframes for Establishment of New Offshore Facilities**  
(Base: Planning to set up new facility)

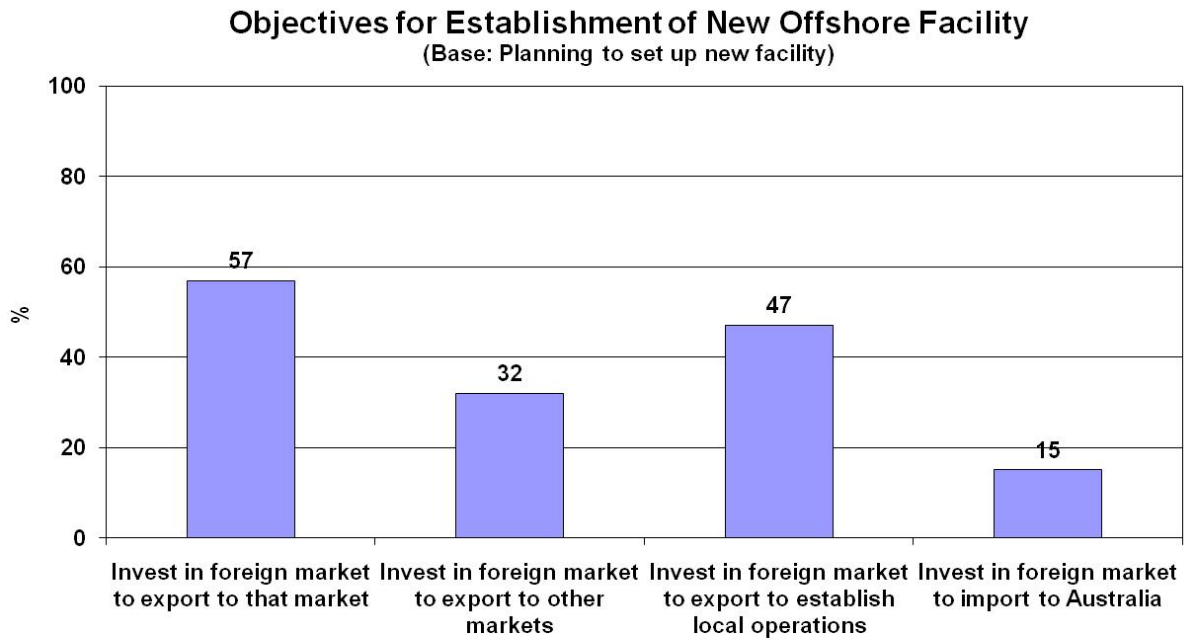


Timeframes for Establishment of New Offshore Facilities	Within next year	Within 2 years	Within 5 years	Unsure
Total (n=235)	52%	34%	9%	4%

Note: When filtered down to just those businesses planning to set up new facilities, the base sizes become too small to break down into the smaller segments.

### Objectives for Establishment of New Offshore Facility

The objective for over half the businesses (57%) investing in a foreign market is to facilitate exports to that market. Just under half (47%) are investing to establish local operations. A third (32%) are investing in a foreign market to facilitate exports to other markets and 15% are investing to facilitate imports back to Australia.



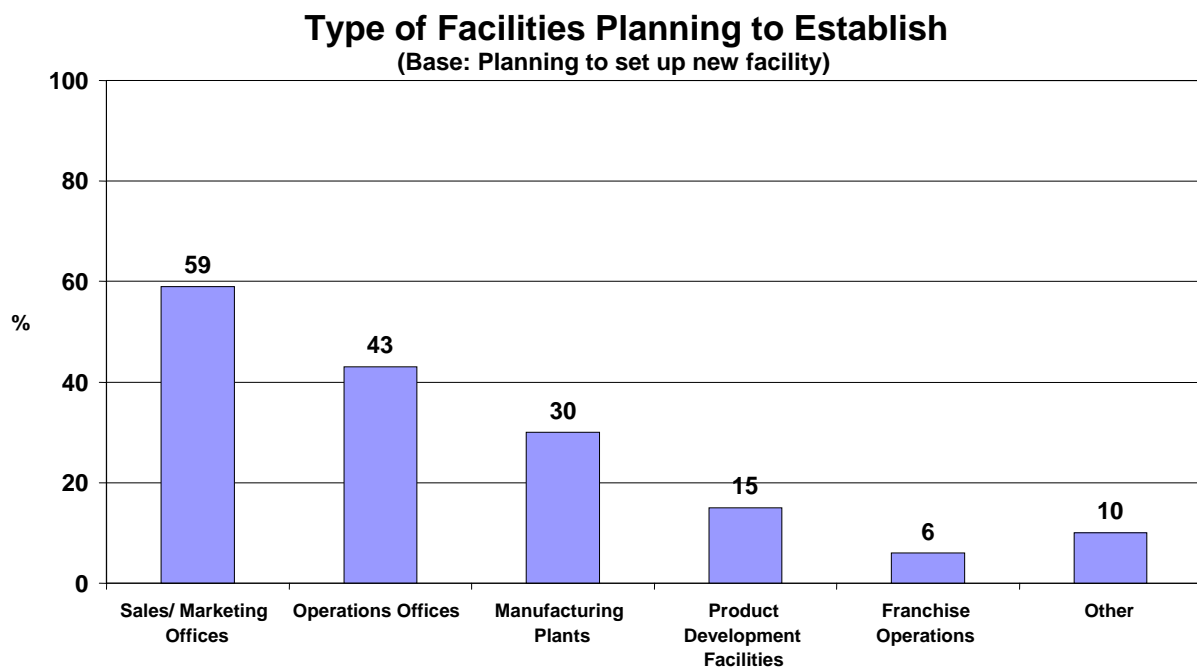
Objectives for Establishment of New Offshore Facility	Invest in foreign market to export to that market	Invest in foreign market to export to other markets	Invest in foreign market to export to establish local operations	Invest in foreign market to import to Australia
Total (n=235)	57%	32%	47%	15%

Note: When filtered down to just those businesses planning to set up new facilities, the base sizes become too small to break down into the smaller segments.

### Type of Facilities Planning to Establish

All the businesses planning to establish offshore facilities were asked what type of facility they were looking to establish in each region. The following chart shows the type of facilities the businesses are planning to establish across all regions.

The results show that over half (59%) of the businesses planning to establish offshore facilities are planning to set up sales/marketing offices. Under half (43%) are planning to set up operations offices, 30% manufacturing plants, 15% product development/design facilities, 6% franchise operations and 10% have plans for other facilities.



Type of Facilities Planning to Establish	Sales/ Marketing Offices	Operations Offices	Manufacturing Plants	Product Devel'nt Facilities	Franchise Operations	Other
Total (n=235)	59%	43%	30%	15%	6%	10%

### Location of Planned Offshore Facilities

The following tables shows that 18% of **all** the businesses surveyed, or 36% of all those planning to have new offshore facilities, are planning to set them up in Europe.

Location of Facility	Based on All Businesses Surveyed (n=463)	Based on Those Businesses that Have Offshore Facilities (n=235)
Europe	18%	36%
North America	15%	29%
China	14%	28%
Southeast Asia	11%	22%
Middle East	10%	20%
South Asia	8%	15%
New Zealand & Pacific	6%	11%
Japan / South Korea	6%	11%
Other Asia	5%	10%
Africa	3%	6%
South America	3%	6%
No New Planned Offshore Facilities	49%	-

**Type of Planned Offshore Facility by Location**

Those with plans for new offshore facilities in China and South East Asia are the most likely to be setting up new manufacturing plants.

Type of Facility	NZ & Pacific (n=27)	SE Asia (n=52)	China (n=66)	Japan/ S Korea (n=25)	South Asia (n=36)	Other Asia (n=23)
Sales/ Marketing offices	56%	48%	52%	62%	50%	48%
Operations offices	37%	38%	27%	19%	39%	30%
Manufacturing plants	15%	33%	33%	19%	17%	35%
Product development/ Design facilities	-	12%	9%	4%	17%	9%
Franchise operations	19%	4%	6%	8%	3%	-
Other facilities	11%	10%	11%	8%	8%	13%

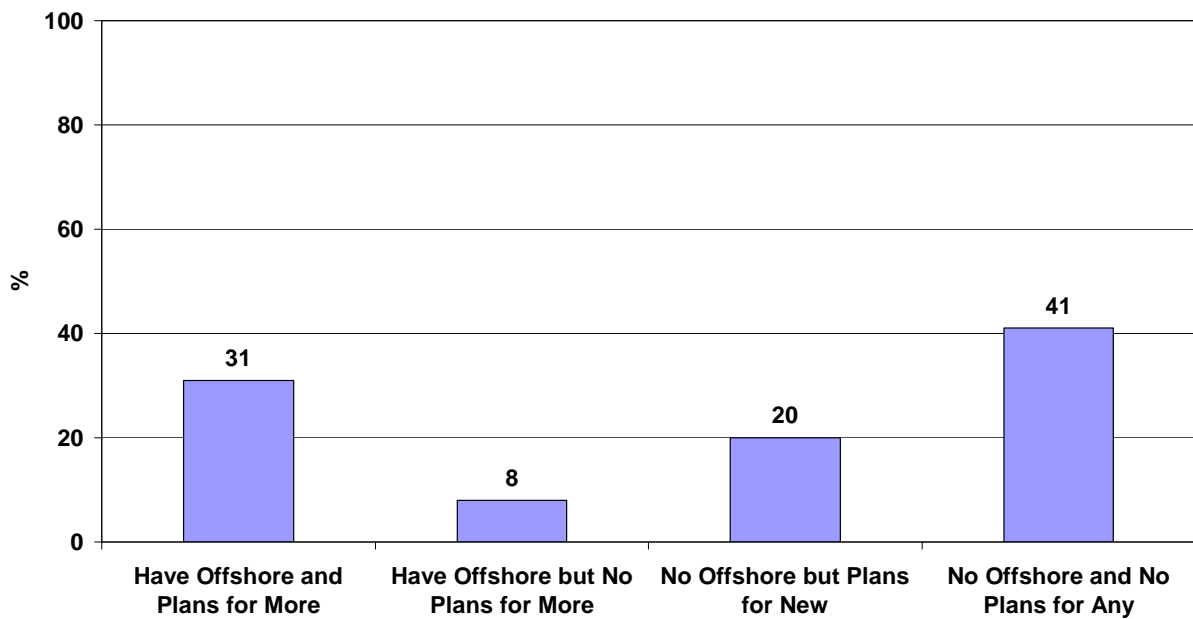
Type of Facility	Europe (n=85)	North America (n=69)	South America (n=14)	Africa (n=15)	Middle East (n=47)
Sales/ Marketing offices	69%	70%	71%	67%	62%
Operations offices	36%	33%	36%	73%	34%
Manufacturing plants	11%	13%	-	20%	26%
Product development/ Design facilities	5%	10%	29%	33%	11%
Franchise operations	6%	6%	7%	-	4%
Other facilities	9%	14%	14%	-	6%

### Summary of Offshore Facilities

The following chart summarises the surveyed businesses current and planned offshore facilities.

The chart shows that almost a third (31%) of all the businesses surveyed currently have offshore facilities and are also planning to establish new offshore facilities or expanding existing ones. One in twelve (8%) currently have offshore facilities but have no plans to establish new ones. A fifth (20%) have no current offshore facilities but do have plans to establish new ones and four in ten (41%) have no offshore facilities nor have any plans for any.

**Curent and Planned Offshore Facilities**



Current and Planned Offshore Facilities	Have Offshore & Plans	Have Offshore but No Plans	No Offshore but with Plans	No Offshore and No Plans
Total (n=463)	31%	8%	20%	41%

**Current and Planned Offshore Facilities By Revenue Band**

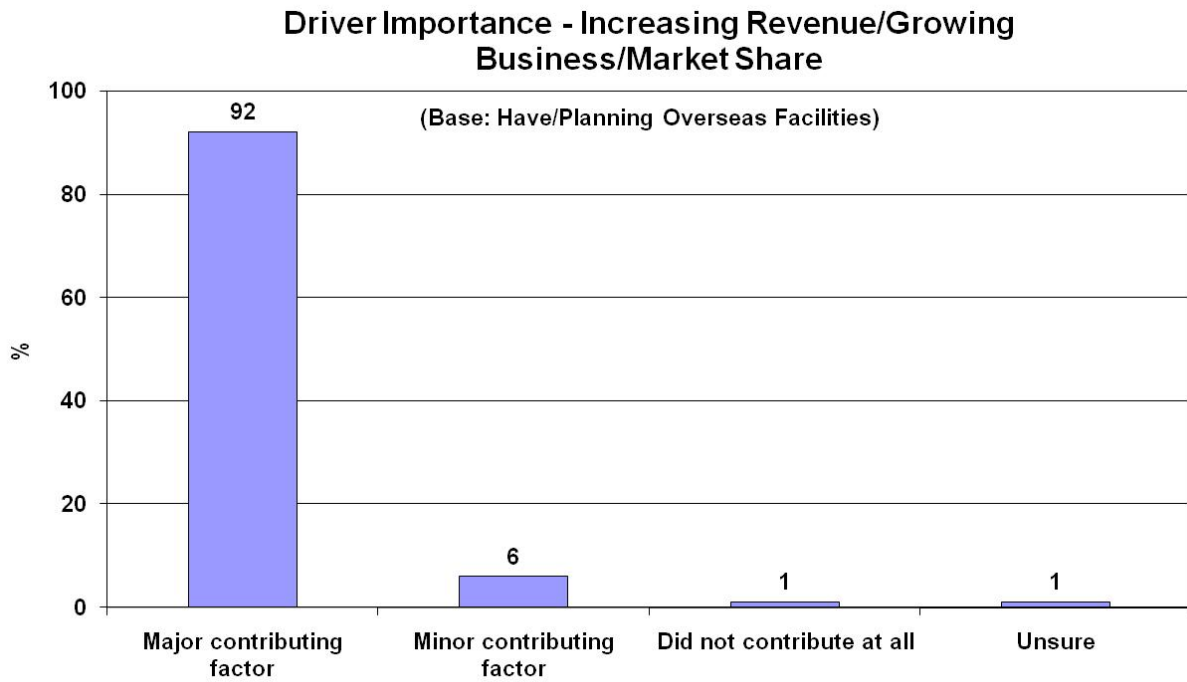
The smaller the revenue, the more likely respondents were not to have or not be planning offshore facilities.

<b>Current and Planned Offshore Facilities</b>	<b>Under \$1m (n=137)</b>	<b>\$1m-\$10m (n=176)</b>	<b>\$10m-\$50m (n=82)</b>	<b>Over \$50m (n=53)</b>	<b>Over \$1m (n=311)</b>
Have offshore facilities and Plans for More	14%	32%	39%	60%	39%
Have offshore facilities but No Plans for More	7%	7%	6%	17%	9%
Don't have offshore facilities but with Plans	27%	19%	18%	4%	16%
Don't have offshore facilities and No Plans	53%	41%	37%	19%	36%

## 6. Drivers of Overseas Expansion

### Drivers – Increase Revenues / Grow Business / Market Share

Nearly all (92%) businesses with overseas facilities (or with plans to establish new offshore facilities or expanding existing ones) said that increasing revenues/growing the business/increasing market share was a major contributing factor to their decision to establish offshore operations.



Increase Revenue/Grow Business/Market Share	Major Contributing Factor	Minor Contributing Factor	Did not Contribute at all	Unsure
Total (n=272)	92%	6%	1%	1%

**Increase Revenue/Grow Business/Market Share Driver Importance by Revenue Band**

There was little difference between revenue size here with nearly all saying increasing revenue was a *major* contributing factor.

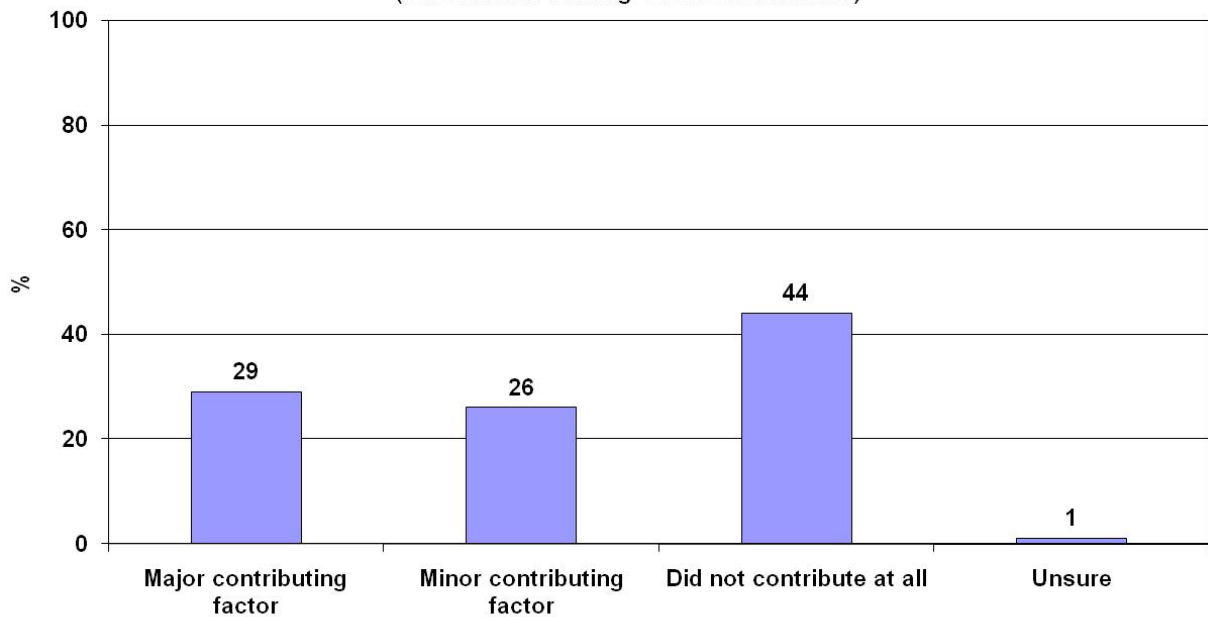
Increase Revenue/Grow Business/Market Share	Under \$1m (n=65)	\$1m-\$10m (n=103)	\$10m-\$50m (n=52)	Over \$50m (n=43)	Over \$1m (n=198)
Major contributing factor	92%	92%	96%	91%	93%
Minor contributing factor	6%	8%	2%	9%	7%
Did not contribute at all	2%	-	-	-	-
Unsure	-	-	2%	-	1%

**Drivers – Decrease Costs**

Just over half (55%) the businesses, with or planning overseas facilities, said that decreasing costs was a factor in their decision to establish offshore operations, while 29% said it was a major factor, 26% a minor factor. Almost half (44%) said it was not a factor at all.

**Driver Importance - Decrease Costs**

(Base: Have/Planning Overseas Facilities)



Decreasing Costs	Major Contributing Factor	Minor Contributing Factor	Did not Contribute at all	Unsure
Total (n=272)	29%	26%	44%	1%

### Decrease Costs Driver Importance by Revenue Band

Decreasing costs are most likely to be a *major* contributing factor for businesses with revenue between \$1m and \$50m.

Decreasing Costs	Under \$1m (n=65)	\$1m-\$10m (n=103)	\$10m-\$50m (n=52)	Over \$50m (n=43)	Over \$1m (n=198)
Major contributing factor	25%	33%	33%	16%	29%
Minor contributing factor	22%	23%	21%	42%	27%
Did not contribute at all	54%	43%	46%	40%	43%
Unsure	-	1%	-	2%	1%

### Drivers – Take Control of the Supply Chain

The majority (57%) of businesses, with or planning overseas facilities, said that taking control of the supply chain was a factor in their decision to establish offshore operations – 31% said it was a major factor, 26% a minor factor. Four in ten (41%) said it was not a factor at all.

#### Driver Importance - Taking Control of the Supply Chain

(Base: Have/Planning Overseas Facilities)



Taking Control of the Supply Chain	Major Contributing Factor	Minor Contributing Factor	Did not Contribute at all	Unsure
Total (n=272)	31%	26%	41%	2%

**Take Control of the Supply Chain Driver Importance by Revenue Band**

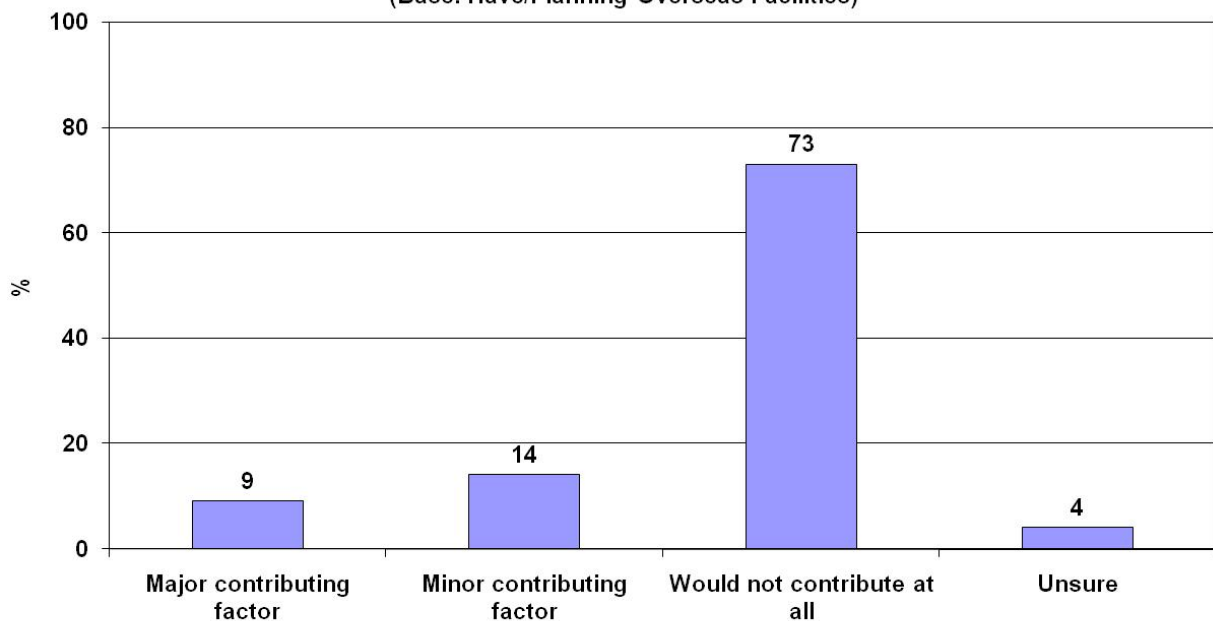
Businesses with revenue over \$10 million were more likely to say taking control of the supply chain was a major contributing factor.

Taking Control of the Supply Chain	Under \$1m (n=65)	\$1m-\$10m (n=103)	\$10m-\$50m (n=52)	Over \$50m (n=43)	Over \$1m (n=198)
Major contributing factor	28%	26%	40%	35%	32%
Minor contributing factor	26%	31%	15%	28%	26%
Did not contribute at all	45%	42%	40%	37%	40%
Unsure	2%	1%	4%	-	2%

**Drivers – Acquire IP**

A quarter (23%) of the businesses surveyed, with or planning overseas facilities, said that acquiring IP was a factor in their decision to establish offshore operations – 9% major / 14% minor. Three quarters (73%) said it was not a factor at all.

**Driver Importance - Acquiring IP**  
(Base: Have/Planning Overseas Facilities)



Acquiring IP	Major Contributing Factor	Minor Contributing Factor	Did not Contribute at all	Unsure
Total (n=272)	9%	14%	73%	4%

**Acquire IP Driver Importance by Revenue Band**

Acquiring IP was more of a factor for the businesses with revenue under \$1m than the larger businesses.

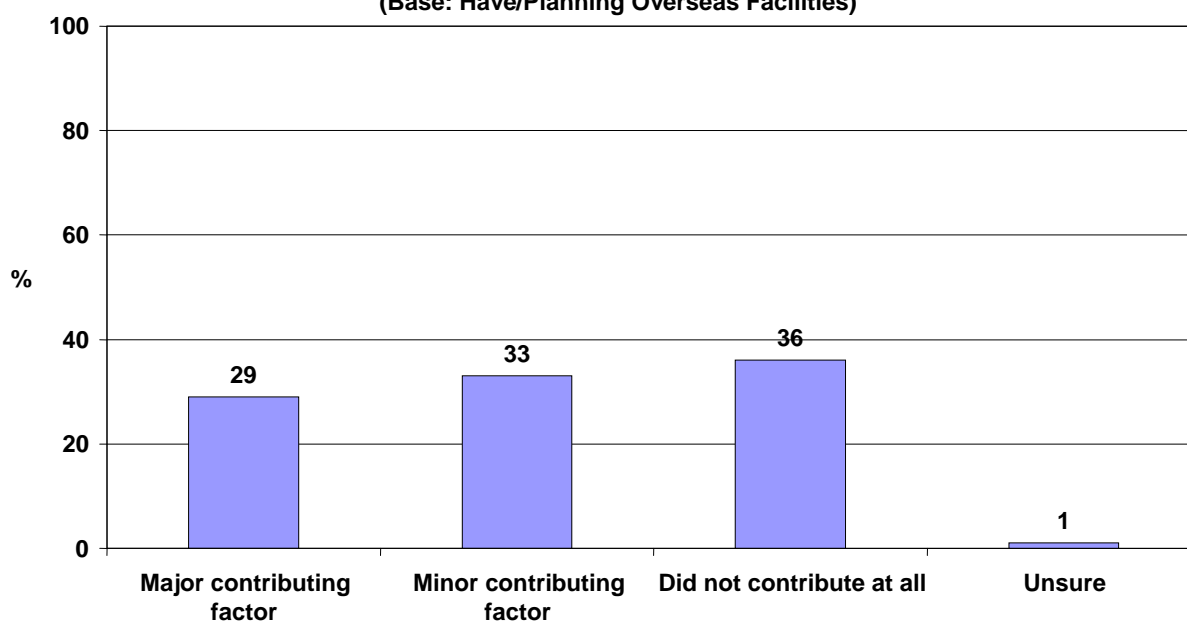
Acquiring IP	Under \$1m (n=65)	\$1m-\$10m (n=103)	\$10m-\$50m (n=52)	Over \$50m (n=43)	Over \$1m (n=198)
Major contributing factor	14%	8%	8%	7%	8%
Minor contributing factor	14%	16%	12%	14%	14%
Did not contribute at all	68%	77%	73%	74%	75%
Unsure	5%	-	8%	5%	3%

### Drivers – Pursue Economies of Scale

Six in ten (62%) businesses, with or planning overseas facilities, said that pursuing economies of scale was a factor in their decision to establish offshore operations – about half of them said it was a major contributing factor and half minor. Just over a third (36%) said it was not a factor at all.

### Driver Importance – Economies of Scale

(Base: Have/Planning Overseas Facilities)



Pursue Economies of Scale	Major Contributing Factor	Minor Contributing Factor	Did not Contribute at all	Unsure
Total (n=272)	29%	33%	36%	1%

### Pursue Economies of Scale Driver Importance by Revenue Band

Pursuing economies of scale was significantly more of a factor for the businesses with revenue under \$1m than the larger businesses.

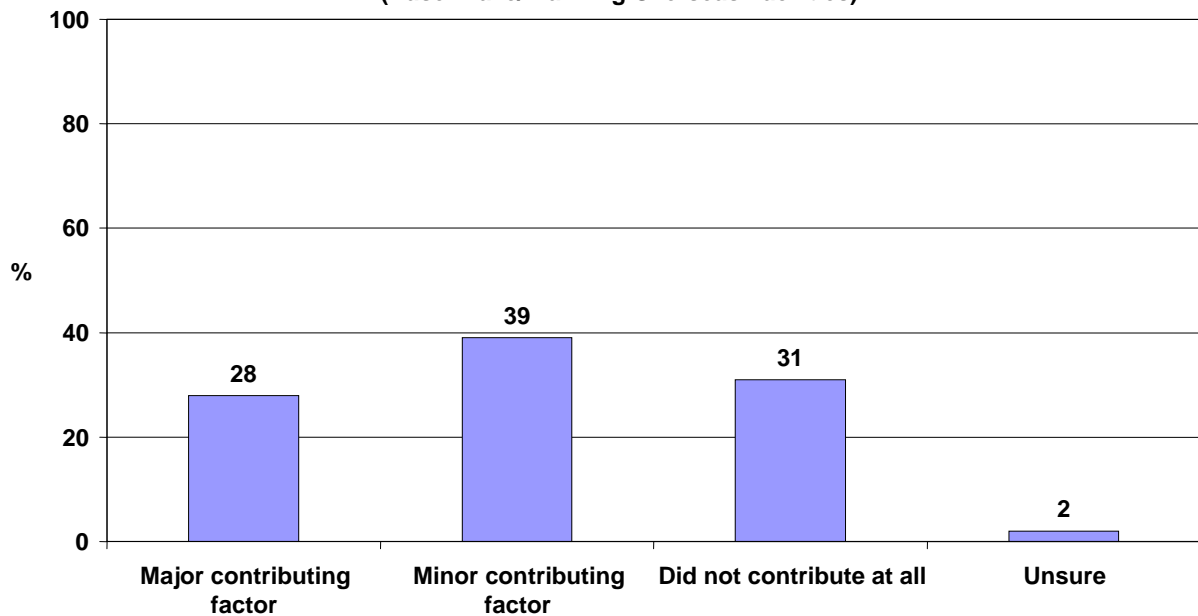
Pursue Economies of Scale	Under \$1m	\$1m-\$10m	\$10m-	Over \$50m	Over \$1m
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	(n=65)	(n=103)	\$50m (n=52)	(n=43)	(n=198)
Major contributing factor	43%	22%	29%	26%	25%
Minor contributing factor	22%	39%	38%	33%	37%
Did not contribute at all	32%	39%	33%	42%	38%
Unsure	3%	-	-	-	-

**Drivers – Competitive Pressure**

Two-thirds (67%) of the businesses surveyed, with or planning overseas facilities, said that competitive pressure was a factor in their decision to establish offshore operations – 28% major / 39% minor. Three in ten (31%) said it was not a factor at all.

**Driver Importance - Competitive Pressure**  
(Base: Have/Planning Overseas Facilities)



Competitive Pressure	Major Contributing Factor	Minor Contributing Factor	Did not Contribute at all	Unsure
Total (n=272)	28%	39%	31%	2%

**Competitive Pressure Driver Importance by Revenue Band**

Businesses with revenue between \$10 million and \$50 million were the most likely to name competitive pressures as a *major* contributing factor in their decision to establish offshore operations.

Competitive Pressure	Under \$1m (n=65)	\$1m-\$10m (n=103)	\$10m-\$50m (n=52)	Over \$50m (n=43)	Over \$1m (n=198)
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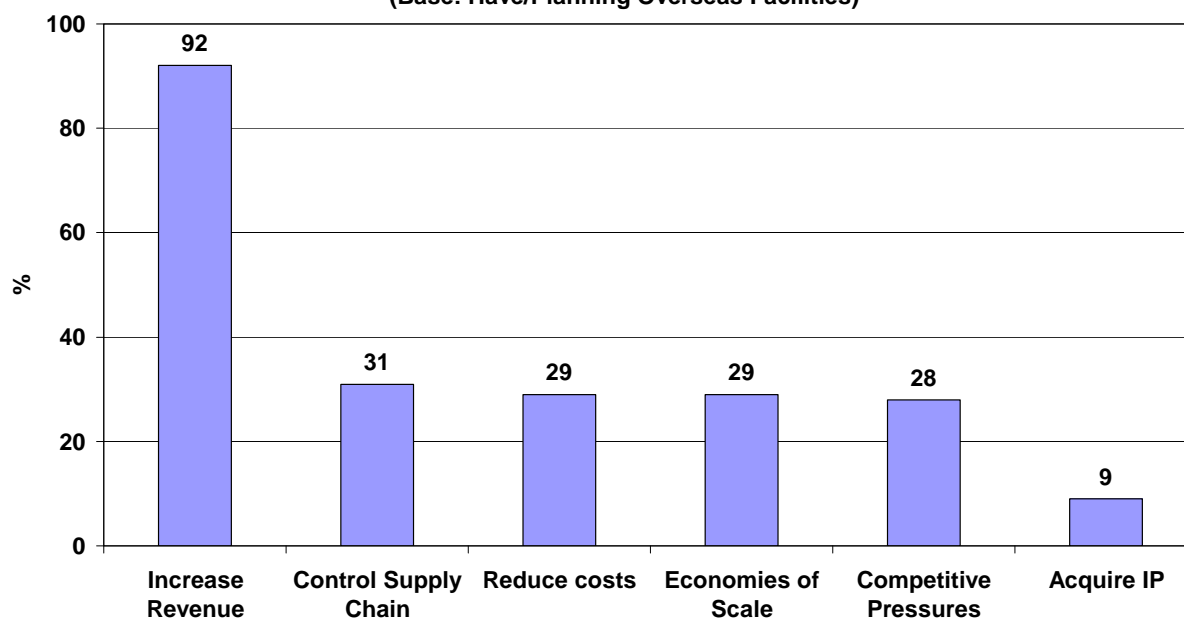
Major contributing factor	23%	22%	46%	26%	29%
Minor contributing factor	38%	47%	19%	49%	40%
Did not contribute at all	35%	31%	33%	26%	30%
Unsure	3%	-	2%	-	1%

### Drivers – Summary of Factors

While increasing revenue is the primary concern, about three in ten of the businesses, with or planning overseas facilities, named controlling the supply chain, reducing costs, pursuing economies of scale and competitive pressure as *major* contributing factors in their decision to establish offshore operations.

### Major Contributing Factors to Overseas Expansion

(Base: Have/Planning Overseas Facilities)

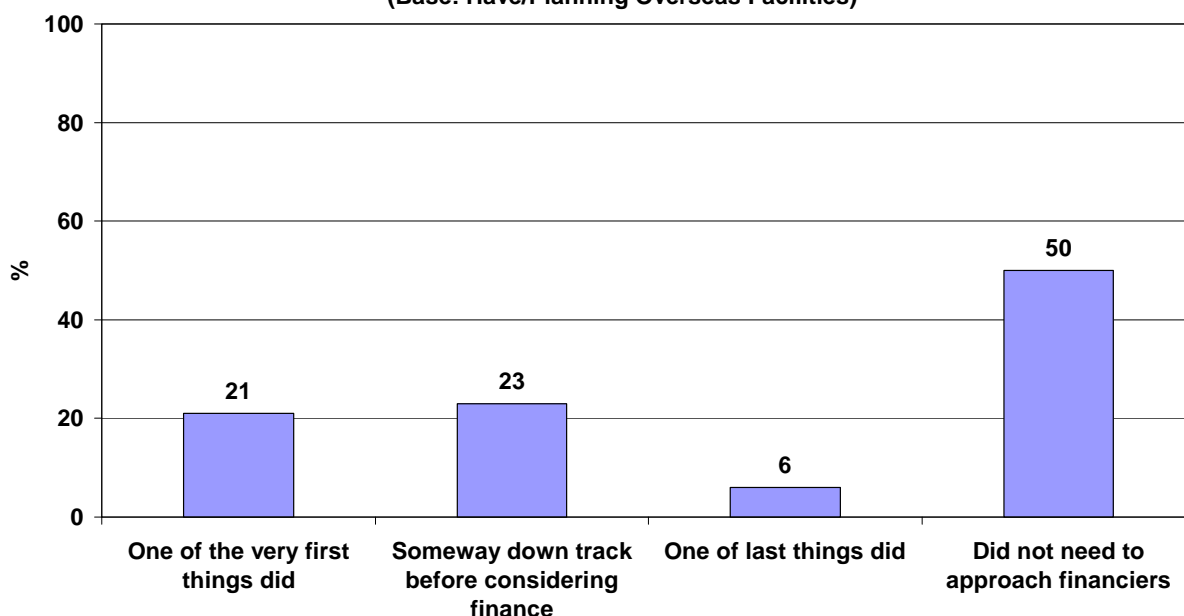


Major Contributing Factors to Overseas Expansion	Increase Revenue	Control Supply Chain	Reduce Costs	Economies of Scale	Competitive Pressures	Acquire IP
Total (n=272)	92%	31%	29%	29%	28%	9%

### When Start Approaching Financiers

Half (50%) the businesses surveyed, with or planning overseas facilities, said they did not need to approach financiers for their international expansion. A fifth (21%) said it was one of the very first things they did while about a quarter (23%) said they were somewhat down the track before considering finance. 6% said it was one of the last things they did.

**When Started Thinking About Approaching Financiers**  
(Base: Have/Planning Overseas Facilities)



When Approached Financiers	One of very first things did	Down track before considering finance	One of last things did	Did not need to approach financiers
Total (n=272)	21%	23%	6%	50%

### When Start Approach Financiers by Revenue Band

Businesses with revenue between \$1m and \$10m were the least likely to make approaching financiers one of the first things they did and more likely to be somewhat down the track before considering finance.

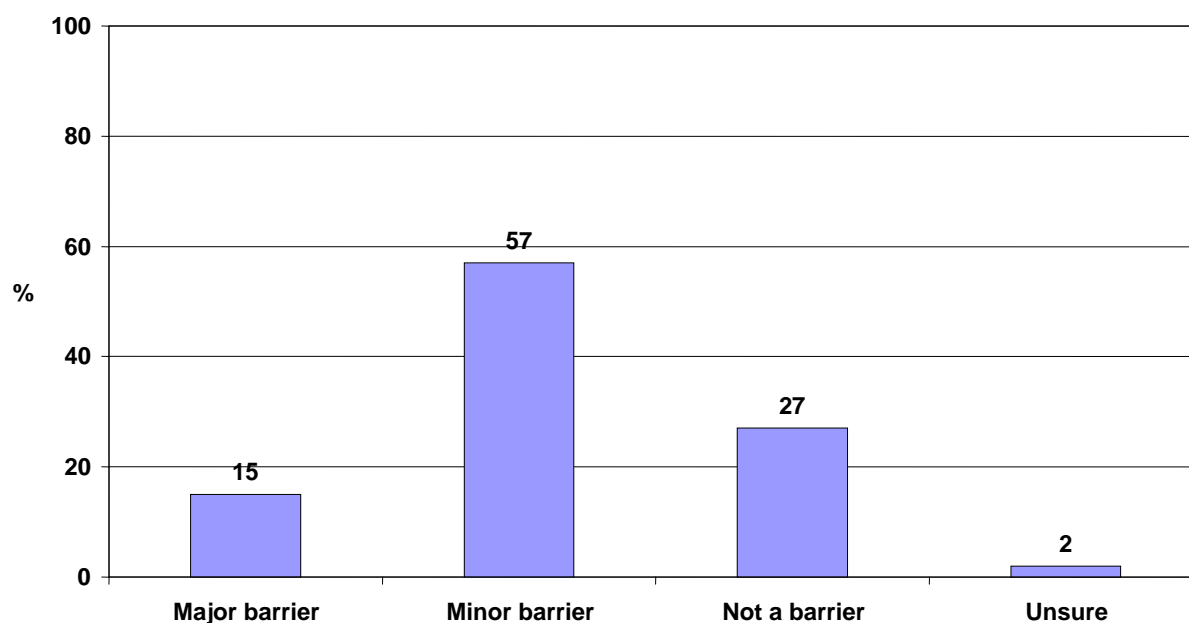
When Approached Financiers	Under \$1m (n=65)	\$1m-\$10m (n=103)	\$10m-\$50m (n=52)	Over \$50m (n=43)	Over \$1m (n=198)
One of very first things did	28%	15%	19%	26%	18%
Somewhat down track before considering finance	18%	29%	21%	19%	25%
One of last things did	6%	5%	6%	9%	6%
Did not need to approach financiers	48%	51%	54%	47%	51%

## 7. Barriers to Overseas Expansion

### Barriers - Cultural Differences

While few businesses (15%) saw cultural differences as a major barrier to international expansion, the majority (57%) saw it as *minor* barrier indicating that while it is not their main focus, it is an area they are conscious of.

#### Barrier Importance – Cultural Differences



Cultural Differences	Major Barrier	Minor Barrier	Not a Barrier	Unsure
Total (n=463)	15%	57%	27%	2%

#### Cultural Differences Barrier by Revenue Band

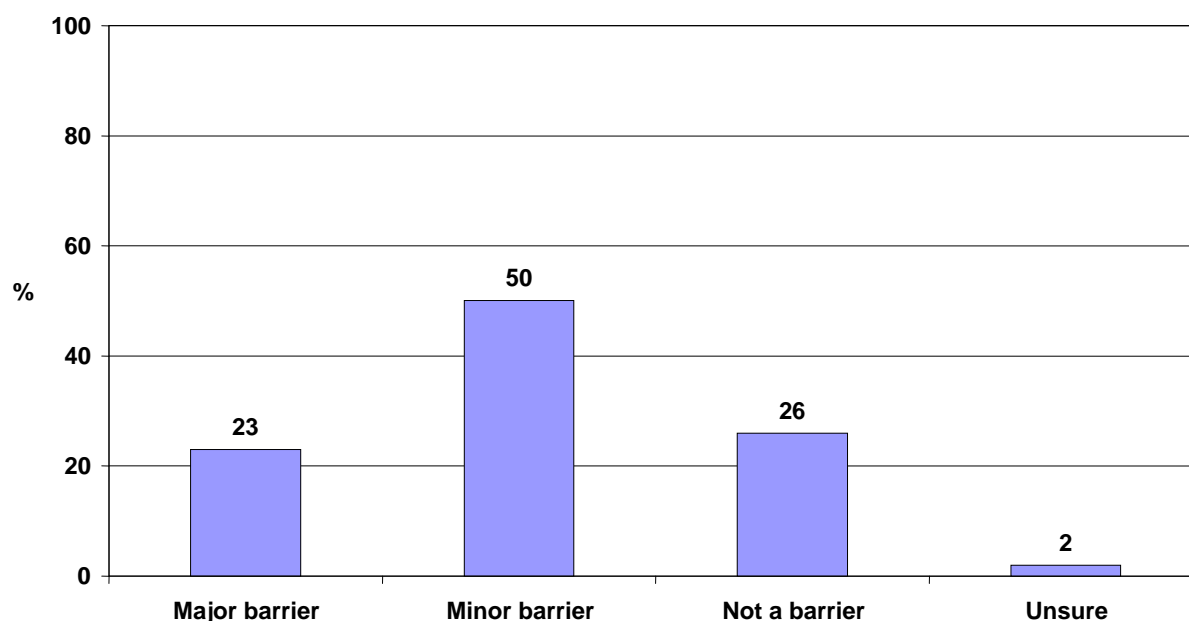
Businesses with revenue over \$10 million were significantly more likely to identify cultural differences as a *major* barrier than the smaller businesses.

Cultural Differences	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m-\$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
A major barrier	13%	11%	21%	21%	15%
A minor barrier	59%	60%	54%	58%	58%
Not a barrier	27%	28%	22%	19%	25%
Unsure	1%	1%	4%	2%	2%

### Barriers - Economic Conditions Abroad

Three quarters of the businesses surveyed (73%) saw economic conditions abroad as a barrier to international expansion, but mostly as *minor* barrier, not a major one. A quarter (26%) did not believe that economic conditions abroad were a barrier.

#### Barrier Importance - Economic Conditions Abroad



Economic Conditions Abroad	Major Barrier	Minor Barrier	Not a Barrier	Unsure
Total (n=463)	23%	50%	26%	2%

#### Economic Conditions Abroad Barrier Importance by Revenue Band

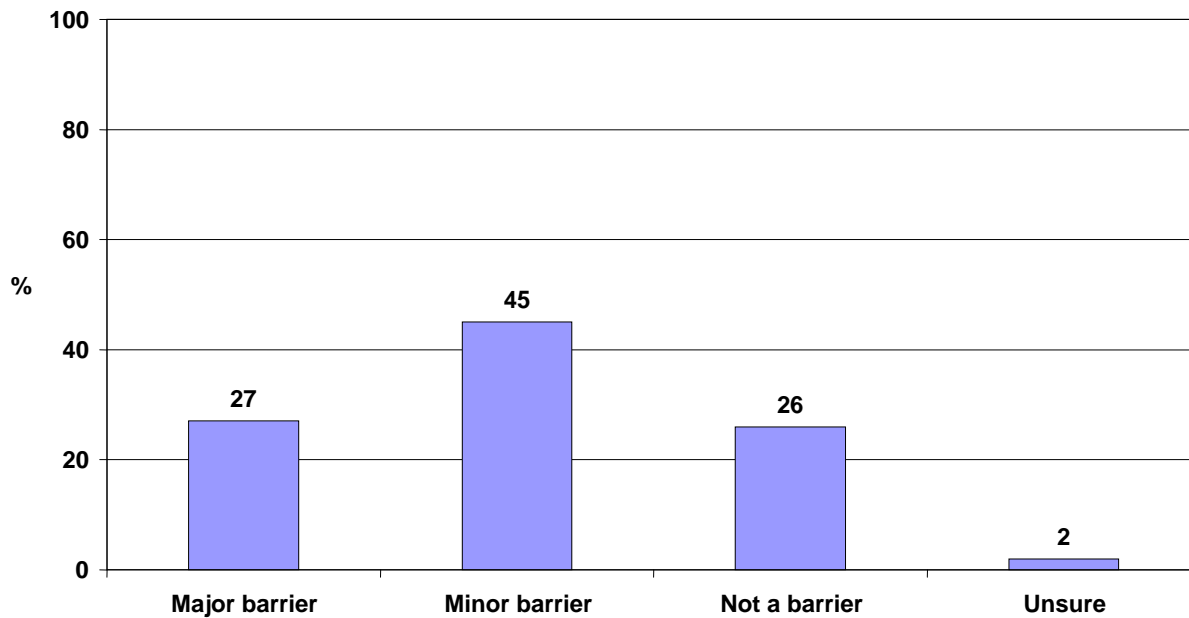
There was little difference here in attitudes towards economic conditions abroad being a barrier to international expansion.

Economic Conditions Abroad	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m-\$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
A major barrier	23%	20%	24%	21%	21%
A minor barrier	47%	54%	52%	47%	52%
Not a barrier	28%	25%	21%	28%	24%
Unsure	1%	1%	2%	4%	2%

### Barriers - Exchange Rates

Over a quarter of the businesses surveyed (27%) said exchange rates was a *major* barrier to international expansion. A quarter (26%) did not believe them to be a barrier.

#### Barrier Importance - Exchange Rates



Exchange Rates	Major Barrier	Minor Barrier	Not a Barrier	Unsure
Total (n=463)	27%	45%	26%	2%

#### Exchange Rates Barrier Importance by Revenue Band

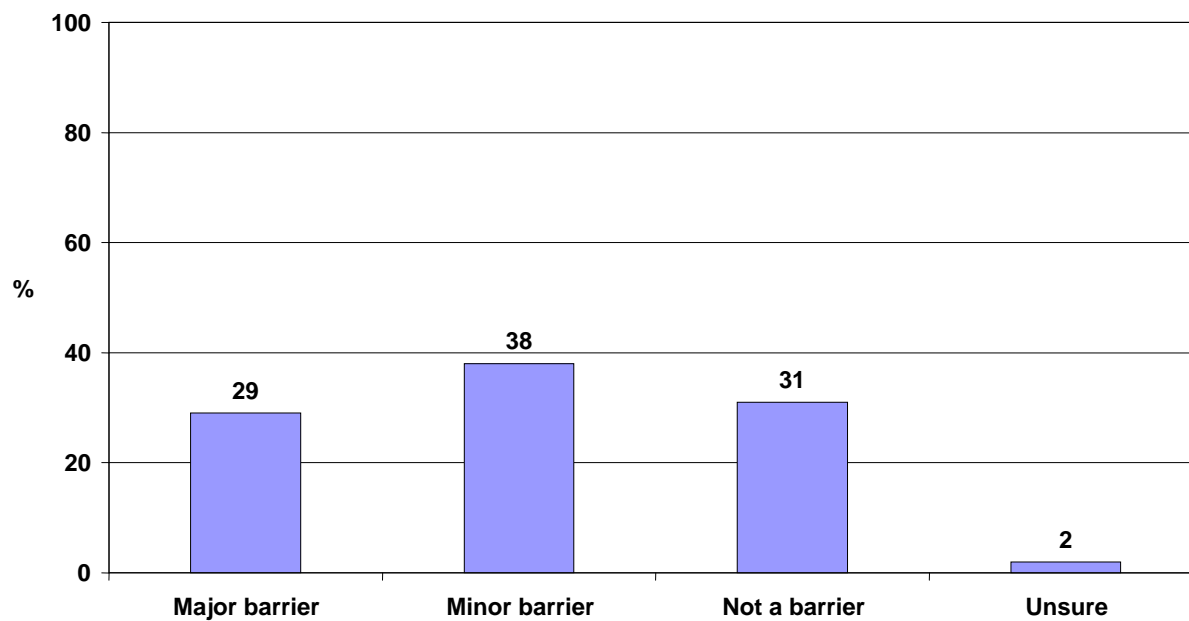
While, the largest businesses, with over \$50 million in revenue, were less likely to see exchange rates as a *major* barrier to international expansion, the majority (57%) did see exchange rates as a *minor* barrier.

Exchange Rates	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m-\$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
A major barrier	29%	27%	30%	13%	26%
A minor barrier	39%	48%	46%	57%	49%
Not a barrier	31%	24%	21%	26%	23%
Unsure	1%	1%	2%	4%	2%

### Barriers - Finance

Two-thirds of businesses (67%) said that finance was a barrier to international expansion – 29% major / 38% minor. A third (31%) said finance wasn't a barrier.

#### Barrier Importance - Finance



Finance	Major Barrier	Minor Barrier	Not a Barrier	Unsure
Total (n=463)	29%	38%	31%	2%

#### Finance Barrier Importance by Revenue Band

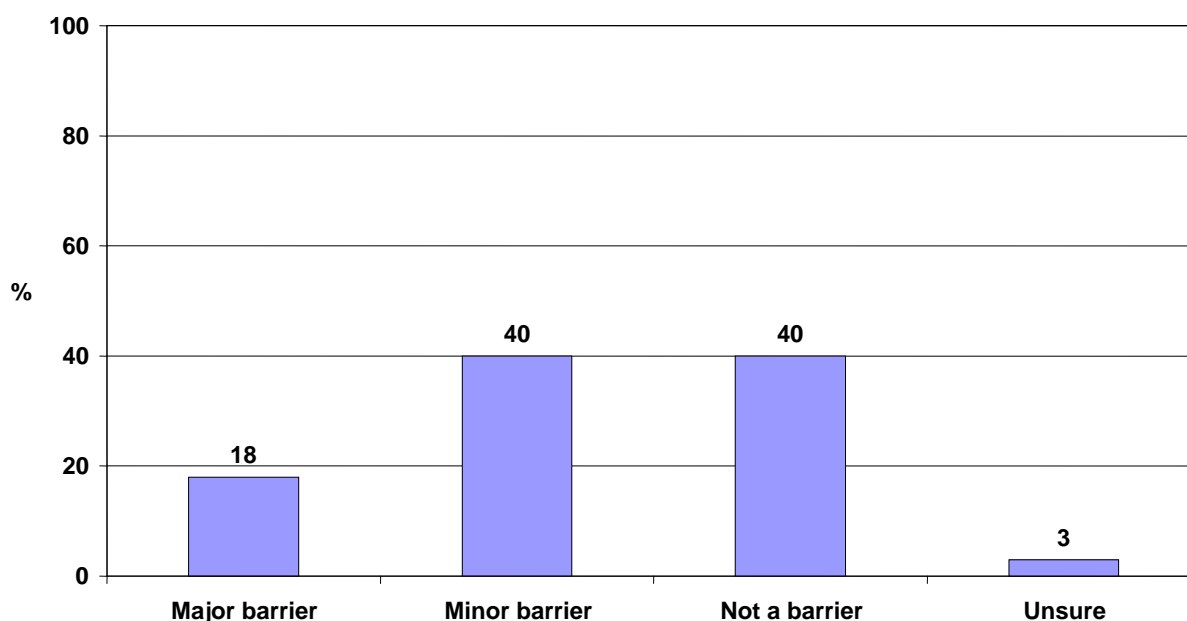
The smallest businesses, under \$1 million in revenue, were the most likely to say that finance was a *major* barrier to international expansion, while those with revenue over \$50 million were the least likely see finance as a barrier.

Finance	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m-\$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
A major barrier	42%	26%	24%	13%	23%
A minor barrier	33%	44%	34%	42%	41%
Not a barrier	23%	29%	39%	43%	34%
Unsure	1%	2%	2%	2%	2%

### Barriers - Labour and Skill Shortages

Four in ten (40%) businesses said that labour and skill shortages were *not* a barrier to international expansion, the highest level of any of the barriers surveyed. Two in ten businesses (18%) said labour and skill shortages were a *major* barrier to international expansion.

#### Barrier Importance - Labour and Skill Shortages



Labour and Skill Shortages	Major Barrier	Minor Barrier	Not a Barrier	Unsure
Total (n=463)	18%	40%	40%	3%

#### Labour and Skill Shortages Barrier Importance by Revenue Band

The larger the business, the most likely to believe that labour and skill shortages were a barrier to international expansion. Eight in ten (78%) of businesses with revenue over \$50m believe that labour and skill shortages were a barrier.

Labour and Skill Shortages	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m-\$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
A major barrier	14%	17%	20%	23%	19%
A minor barrier	36%	39%	40%	55%	42%
Not a barrier	45%	42%	38%	21%	37%
Unsure	4%	2%	2%	2%	2%

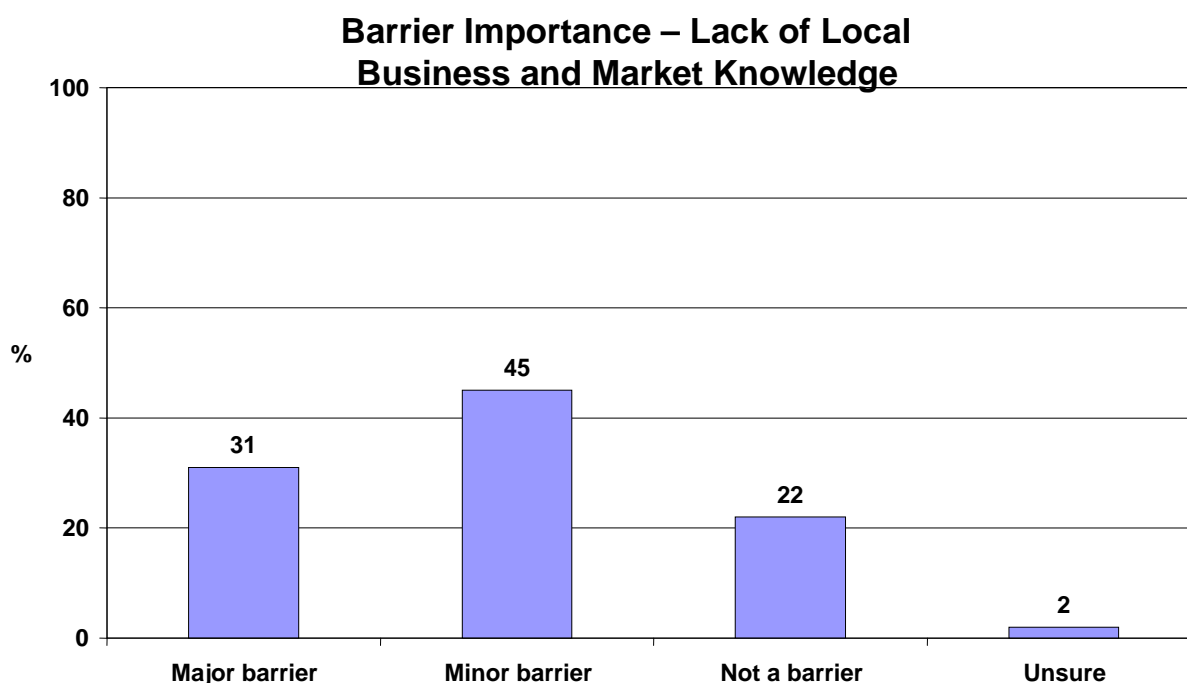
**Labour and Skill Shortages Barrier Importance by Number of Employees**

Businesses with over 100 employees were the most likely to say that labour and skill shortages were a barrier to their international expansion.

<b>Labour and Skill Shortages</b>	<b>Under 10 Employees (n=193)</b>	<b>11-100 Employees (n=221)</b>	<b>101+ Employees (n=36)</b>
A major barrier	15%	17%	25%
A minor barrier	34%	41%	49%
Not a barrier	47%	40%	24%
Unsure	3%	2%	2%

### Barriers - Lack of Local Business and Market Knowledge

Of the barriers surveyed, the *lack of local business and market knowledge* was the one most often mentioned as being a barrier to international expansion. Three in ten (31%) said it was a *major* barrier and only 22% said it was not a barrier.



Lack of Local Business and Market Knowledge	Major Barrier	Minor Barrier	Not a Barrier	Unsure
Total (n=463)	31%	45%	22%	2%

#### Lack of Local Business and Market Knowledge Barrier Importance by Revenue Band

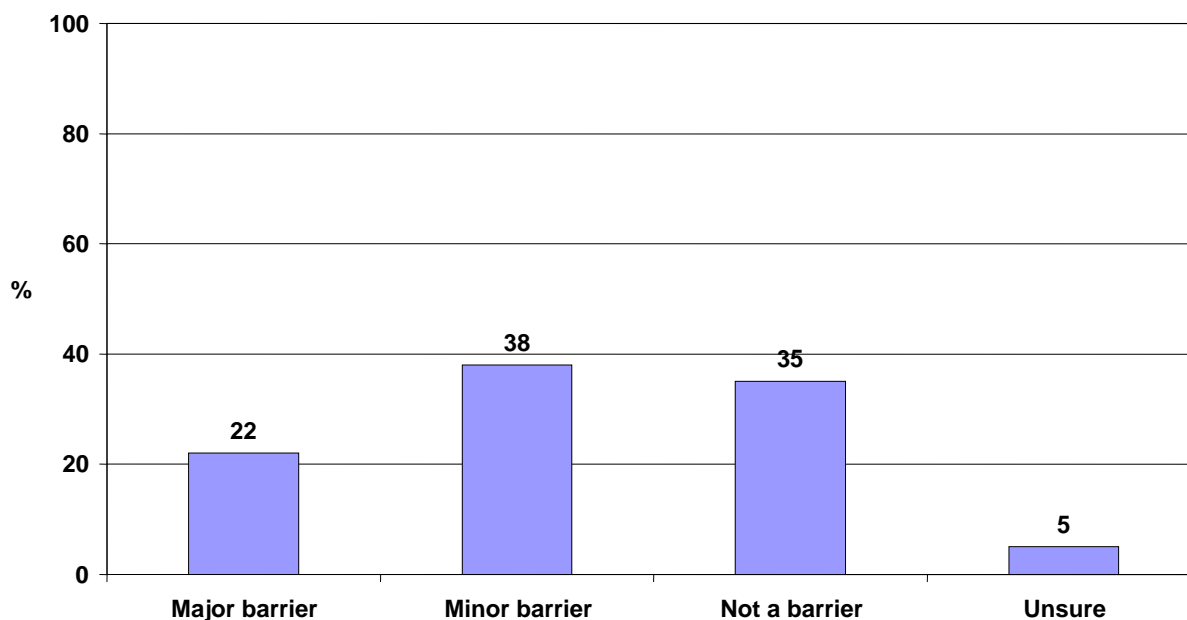
There was little difference between the different sized businesses in attitudes towards local knowledge being a barrier to international expansion.

Lack of Local Business and Market Knowledge	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m-\$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
A major barrier	31%	31%	34%	26%	31%
A minor barrier	47%	44%	43%	51%	45%
Not a barrier	20%	24%	20%	21%	23%
Unsure	1%	1%	4%	2%	2%

### Barriers - Protection of IP

Six in ten businesses (60%) said that protection of IP was a barrier to their international expansion. Over a third (35%) said it was not a barrier.

#### Barrier Importance - Protection of IP



Protection of IP	Major Barrier	Minor Barrier	Not a Barrier	Unsure
Total (n=463)	22%	38%	35%	5%

#### Protection of IP Barrier Importance by Revenue Band

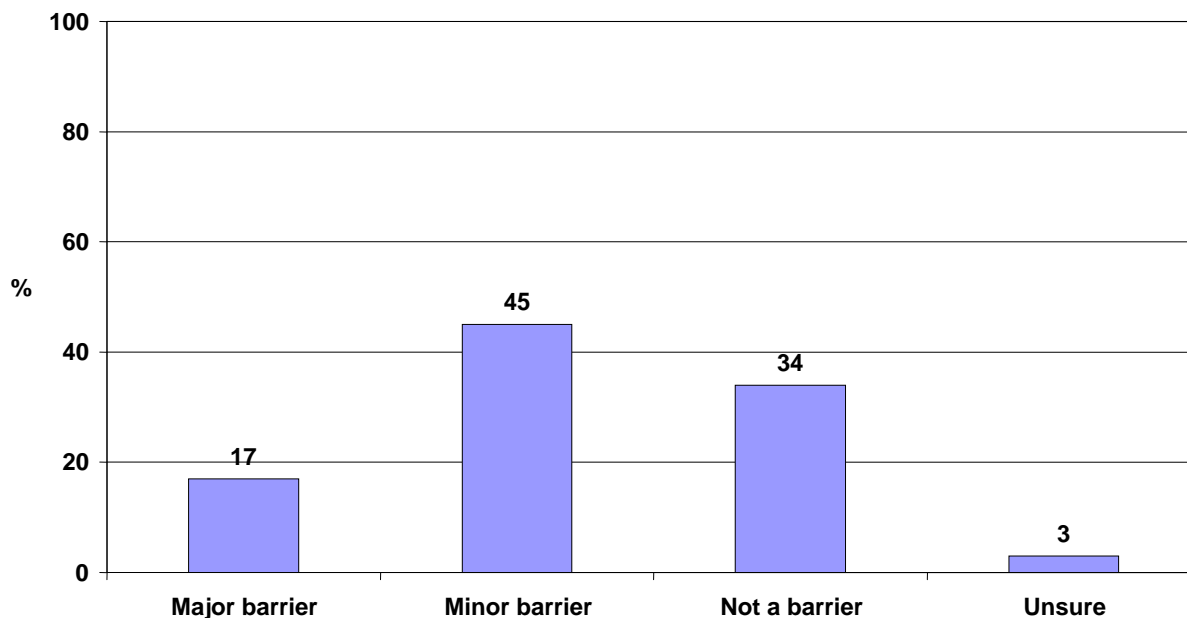
Businesses with revenue between \$1m and \$50m were the most likely to see the protection of IP as a *major* barrier to international expansion while few of the larger businesses (8%) saw IP as *major* barrier.

Protection of IP	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m-\$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
A major barrier	20%	26%	26%	8%	23%
A minor barrier	37%	33%	46%	47%	39%
Not a barrier	36%	38%	24%	40%	34%
Unsure	7%	3%	4%	6%	4%

### Barriers - Political Conditions Abroad

Six in ten businesses (62%) said that political conditions abroad were a barrier to their international expansion while a third (34%) said it was not a barrier.

#### Barrier Importance - Political Conditions Abroad



Political Conditions Abroad	Major Barrier	Minor Barrier	Not a Barrier	Unsure
Total (n=463)	17%	45%	34%	3%

#### Political Conditions Abroad Barrier Importance by Revenue Band

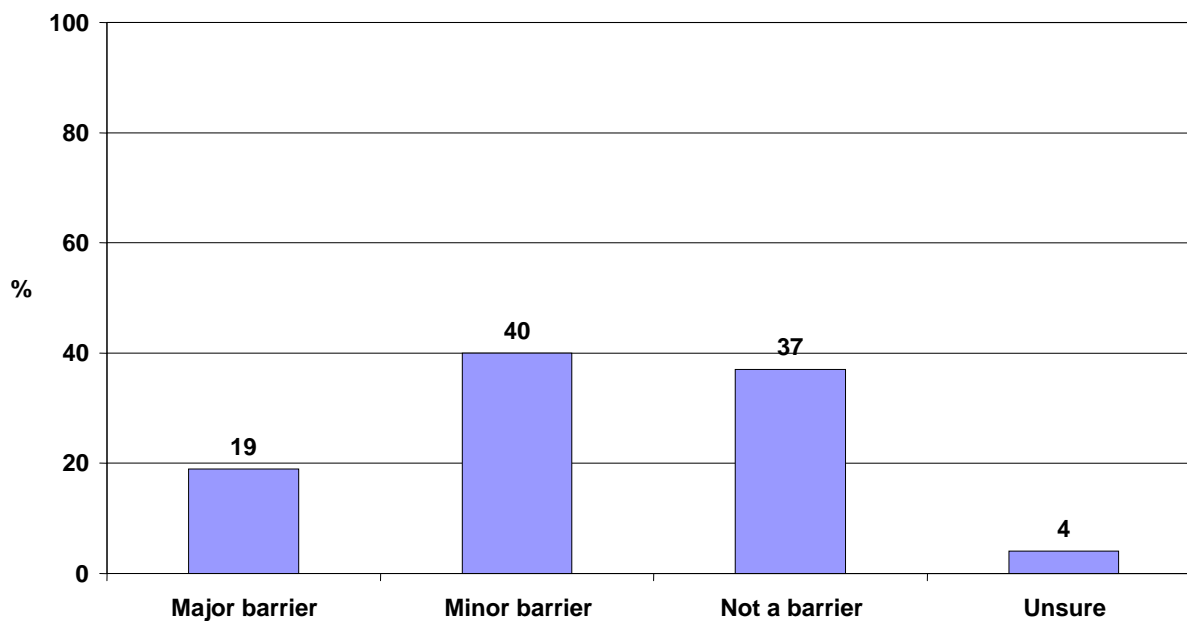
Eight in ten (78%) businesses with revenue over \$50 million said that political conditions abroad were a barrier to international expansion, significantly higher than the smaller sized businesses.

Political Conditions Abroad	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m-\$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
A major barrier	15%	18%	17%	25%	19%
A minor barrier	43%	43%	51%	53%	47%
Not a barrier	38%	38%	28%	19%	32%
Unsure	4%	1%	4%	4%	2%

### Barriers - Trade Barriers

Six in ten businesses (59%) said that trade barriers were a barrier to their international expansion while nearly four in ten (37%) said it was not a barrier.

#### Barrier Importance - Trade Barriers



Trade Barriers	Major Barrier	Minor Barrier	Not a Barrier	Unsure
Total (n=463)	19%	40%	37%	4%

#### Trade Barriers Importance by Revenue Band

Businesses with revenue between \$10 million and \$50 million were the most likely to name trade barriers as a barrier to international expansion while those with revenue between \$1 million and \$10 million were the least likely

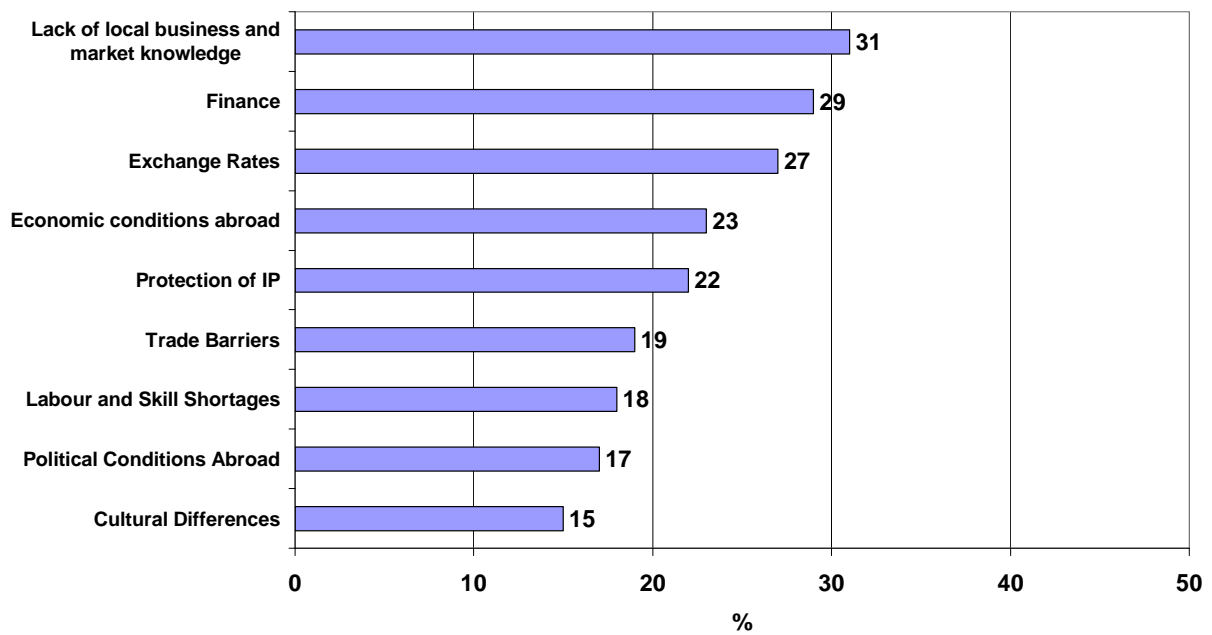
Trade Barriers	Under \$1m (n=137)	\$1m-\$10m (n=176)	\$10m-\$50m (n=82)	Over \$50m (n=53)	Over \$1m (n=311)
A major barrier	18%	19%	22%	17%	19%
A minor barrier	42%	36%	48%	45%	41%
Not a barrier	36%	43%	26%	34%	37%
Unsure	4%	2%	5%	4%	3%

## Summary of Barriers

### Major Barriers

The *major* barriers to international expansion are the **lack of local business and market knowledge** and **finance**. **Cultural differences** were the least often mentioned as a *major* barrier.

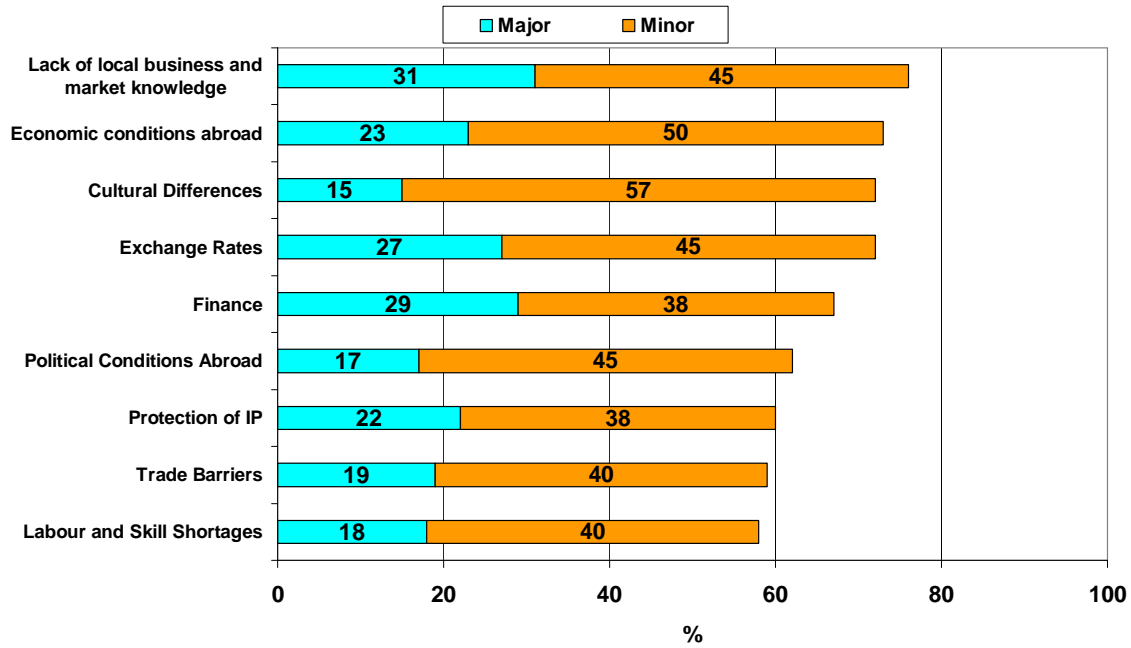
### Major Barriers to International Expansion



### Major and Minor Barriers

When *minor* barriers are added, each of these issues is considered to be a barrier of some sort to international expansion by the majority of respondents. While **lack of local business and market knowledge** remains the most mentioned barrier, **economic conditions abroad** and **cultural differences** are shown to be significant minor barriers.

## Major and Minor Barriers to International Expansion



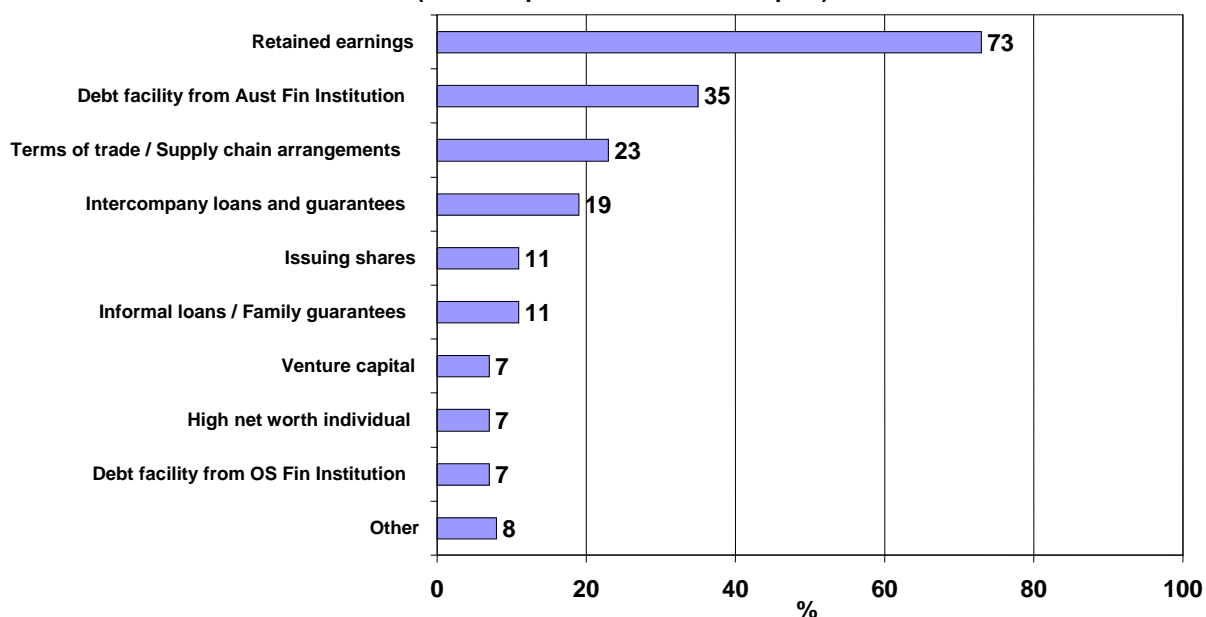
## 8. Finance

### Sources of Finance for Export Business and Offshore Facilities

About three quarters of the exporters surveyed (73%) use **retained earnings** to finance their export businesses and offshore facilities. About a third (35%) use a debt facility from an Australian financial institution.

### Sources of Finance for Export Business and Offshore Facilities

(Base: Exporters or Plans to Export)



Sources of Finance for Export Business and Offshore Facilities	Total (n=444)
Retained earnings	73%
Debt facility from Australian financial institution	35%
Terms of trade / Supply chain arrangements	23%
Intercompany loans and guarantees	19%
Informal loans and guarantees from family members/associates	11%
Issuing shares	11%
Debt facility from overseas financial institution	7%
High net worth individual	7%
Venture capital	7%
Other	8%

**Sources of Finance for Export Business and Offshore Facilities by Revenue Band**

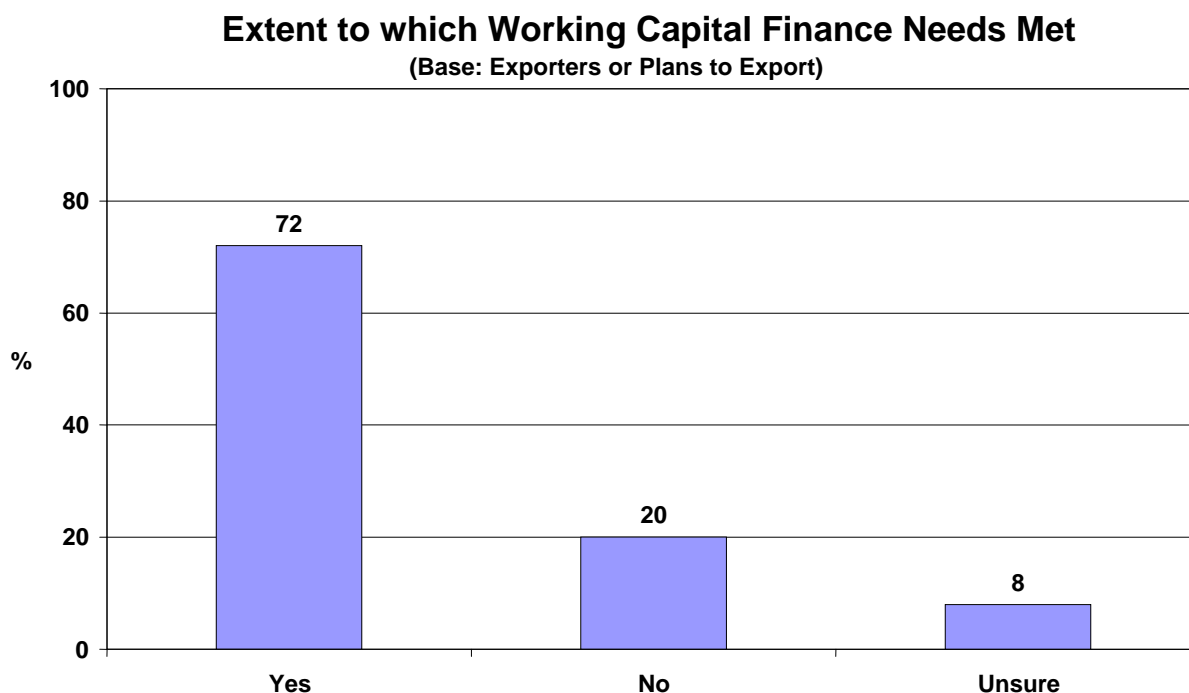
Businesses with revenue between \$10 million and \$50 million were the most likely to use retained earnings and debt facilities from Australian financial institutions. The largest businesses (over \$50 million) were the most likely to use intercompany loans and guarantees.

Sources of Finance for Export Business and Offshore Facilities	Under \$1m (n=128)	\$1m-\$10m (n=173)	\$10m-\$50m (n=81)	Over \$50m (n=49)	Over \$1m (n=303)
Retained earnings	64%	76%	85%	80%	79%
Debt facility from Australian financial institution	27%	34%	51%	45%	40%
Terms of trade / Supply chain arrangements	14%	28%	28%	24%	28%
Intercompany loans and guarantees	9%	16%	25%	47%	23%
Informal loans and guarantees from family members/associates	15%	14%	4%	2%	10%
Issuing shares	16%	9%	6%	16%	9%
Debt facility from overseas financial institution	2%	4%	2%	39%	9%
High net worth individual	14%	6%	5%	-	5%
Venture capital	12%	8%	1%	-	5%
Other	10%	7%	7%	6%	7%

Base: Exporters or with plans to export

### Extent to which Working Capital Needs Met

Seven in ten (72%) of the businesses surveyed said their working capital needs are being met while a fifth (20%) say they are not being met.



	Working Capital Needs Met	Working Capital Needs Not Met	Unsure
Total (n=444)	72%	20%	8%

### Extent to which Working Capital Finance Needs Met by Revenue Band

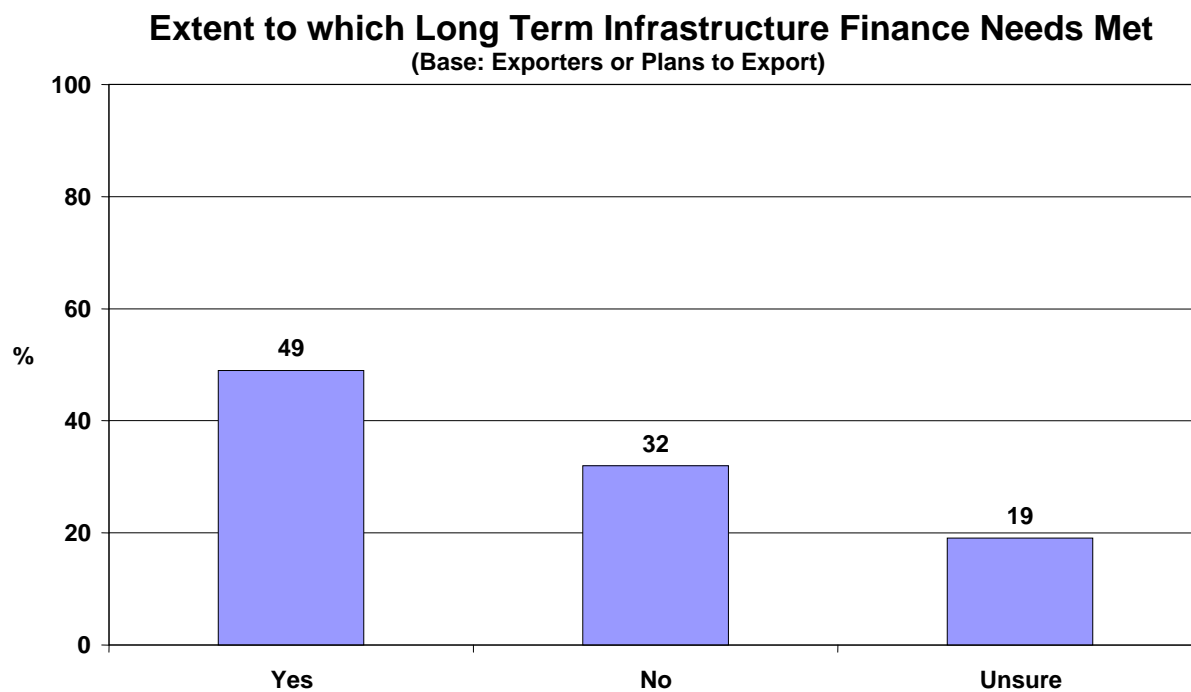
The smaller the businesses, the less likely their working capital finance needs are being met.

Extent to which Working Capital Finance Needs Met	Under \$1m (n=128)	\$1m-\$10m (n=173)	\$10m-\$50m (n=81)	Over \$50m (n=49)	Over \$1m (n=303)
Yes	59%	73%	80%	94%	78%
No	26%	24%	14%	4%	18%
Unsure	15%	3%	6%	2%	4%

Base: Exporters or with plans to export

### Extent to which Long Term Infrastructure Financing Needs Met

Half the businesses (49%) said their long term infrastructure finance needs were being met while a third (32%) said they were not being met.



	Long Term Infrastructure Financing Needs Met	Long Term Infrastructure Financing Needs Not Met	Unsure
Total (n=444)	49%	32%	19%

### Extent to which Long Term Infrastructure Financing Needs Met by Revenue Band

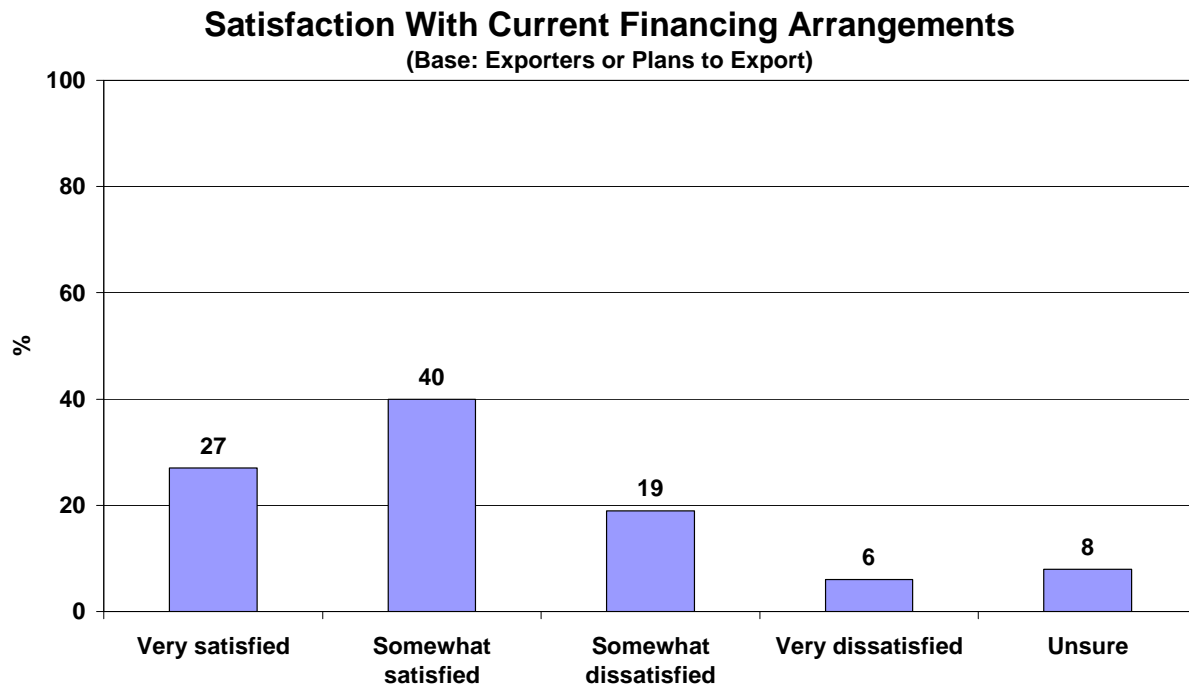
The smaller the business, the less likely they have their long term infrastructure financing needs met.

Extent to which Long Term Infrastructure Financing Needs Met	Under \$1m (n=128)	\$1m-\$10m (n=173)	\$10m-\$50m (n=81)	Over \$50m (n=49)	Over \$1m (n=303)
Yes	35%	44%	62%	82%	55%
No	38%	40%	23%	8%	30%
Unsure	27%	16%	15%	10%	15%

Base: Exporters or with plans to export

### Satisfaction with Current Financing Arrangements

Two-thirds of the businesses (67%) said they were satisfied with their current financing arrangements, with 27% very satisfied. A quarter of businesses (25%) said they were dissatisfied.



Satisfaction with current financing arrangements	Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Unsure
Total (n=444)	27%	40%	19%	6%	8%

### Satisfaction with Current Financing Arrangements by Revenue Band

The smaller the business, the less likely their satisfaction with their current financing arrangements.

Satisfaction with Current Financing Arrangements	Under \$1m (n=128)	\$1m-\$10m (n=173)	\$10m-\$50m (n=81)	Over \$50m (n=49)	Over \$1m (n=303)
Very satisfied	22%	23%	36%	43%	29%
Somewhat Satisfied	34%	48%	42%	33%	44%
Somewhat Dissatisfied	27%	20%	10%	10%	16%
Very Dissatisfied	6%	6%	6%	-	5%
Unsure	11%	3%	6%	14%	6%

Base: Exporters or with plans to export

### Reasons for Dissatisfaction with Current Financing Arrangements

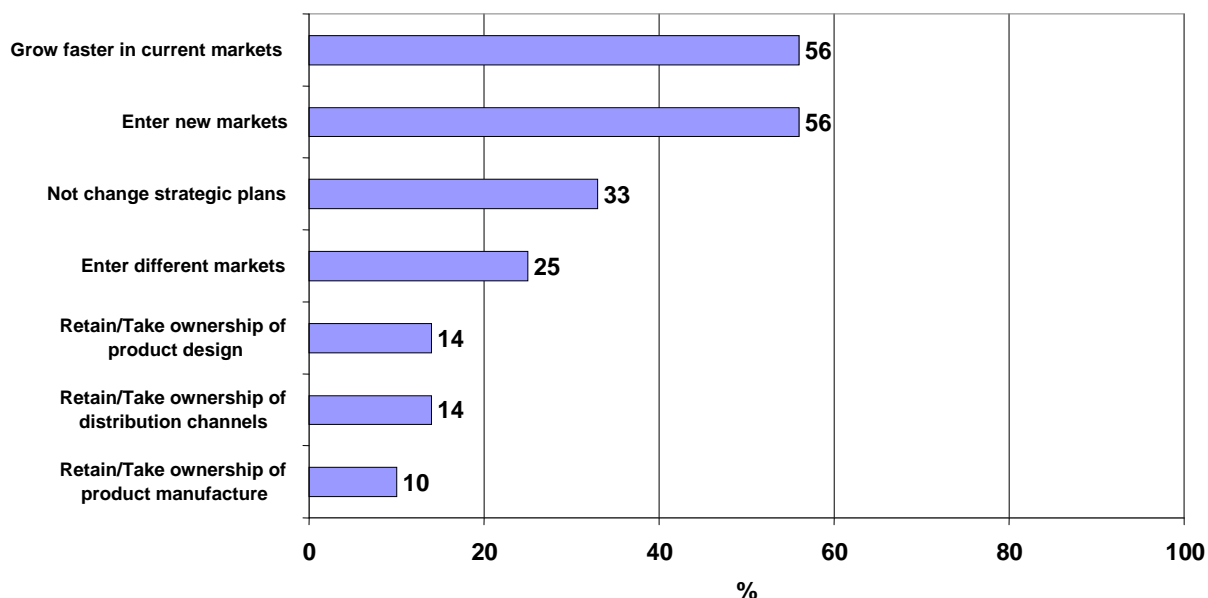
Those businesses who said they were dissatisfied with their current financing arrangements were asked why they were dissatisfied. The main reason of those dissatisfied with their current financing arrangements is the *availability of financing*.

Reasons for Dissatisfaction with Current Financing Arrangements	Total (n=108)
Availability of financing	69%
Flexibility in tailoring financial solutions to meet business needs	54%
Security (collateral) requirements	49%
Complexity of the procedures required to obtain finance	45%
Cost of financing	44%
Credit assessment criteria	25%

### Strategic Impact of Access to Additional Funding

The majority of the businesses surveyed said that additional funding would mean they would grow faster in their current markets (56%) and be able to enter new markets (56%). A third (33%) said it would not change their strategic plans.

**Strategic Impact of Access to Additional Funding**  
(Base: Exporters or Plans to Export)



Strategic Impact of Access to Additional Funding	Total (n=444)
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We would grow faster in our current markets	56%
We would enter new markets	56%
It would not change our strategic plans	33%
We would enter different markets	25%
We would retain/take ownership of the design/IP of our product	14%
We would retain/take ownership of the distribution channels	14%
We would retain/take ownership of the manufacture of our product	10%

**Strategic Impact of Access to Additional Funding by Revenue Band**

The businesses with revenue under \$10 million were the most likely to say that with additional funding at business rates they would grow faster in their current markets and be able to enter new markets. Two-thirds of the largest businesses (over \$50 million) said that additional funding would not change their strategic plans.

Impact of Additional Funding on Business Plans	Under \$1m (n=128)	\$1m-\$10m (n=173)	\$10m-\$50m (n=81)	Over \$50m (n=49)	Over \$1m (n=303)
We would grow faster in our current markets	62%	64%	51%	22%	54%
We would enter new markets	64%	60%	53%	35%	54%
It would not change our strategic plans	23%	28%	35%	65%	36%
We would enter different markets	22%	27%	25%	20%	25%
We would retain/take ownership of the design/IP of our product	17%	17%	11%	4%	14%
We would retain/take ownership of the distribution channels	20%	16%	9%	-	12%
We would retain/take ownership of the manufacture of our product	12%	11%	10%	4%	10%

Base: Exporters or with plans to export