



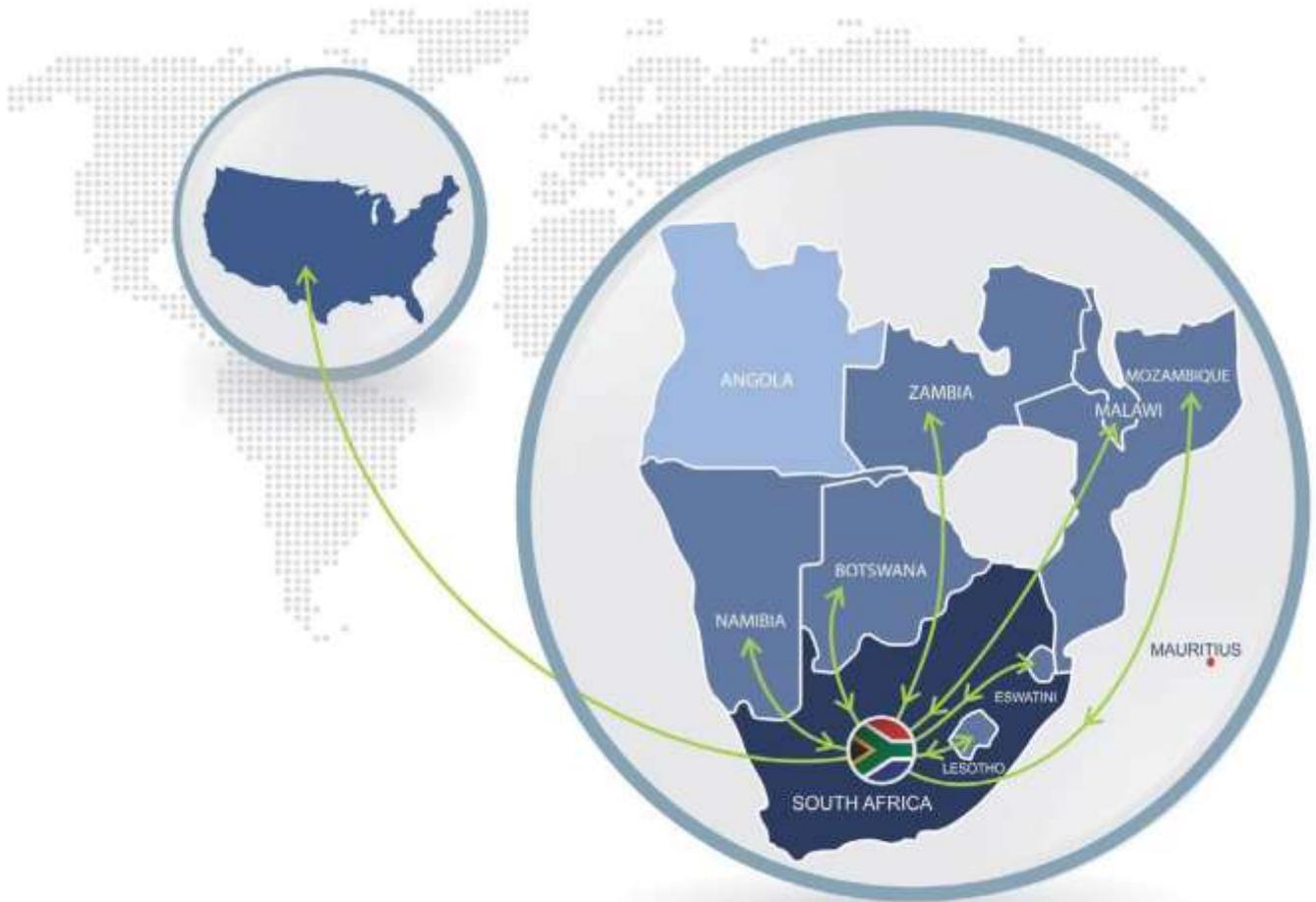
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SOUTHERN AFRICA
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HUB



Suppliers Development Guide for Exports

A Practical Toolkit for Exports to South Africa
and the United States



FEED THE FUTURE
The U.S. Government's Global Hunger & Food Security Initiative

ACKNOWLEDGMENTS

The Suppliers Development Guide for Exports: A Practical Toolkit for Exports to South Africa and United States is a collaborative effort between the USAID Southern Africa Trade and Investment Hub (USAID TradeHub) and partner Trade Promotion Service Providers. :

USAID TradeHub facilitated meetings to collect input and feedback from these partners, and this guide is a reflection of that input which the project has also validated. USAID TradeHub would like to formally thank our partners for your contributions as we collectively work toward sustainable systems that serve African nations in meaningful ways.

Disclaimers: All content are the expressed ideas and recommendations of the USAID TradeHub and its partners, and do not necessarily reflect the opinions of the U.S. Agency for International Development. Links to any outside resources, such as the SWOT and PESTAL templates, are not an endorsement by USAID or USAID TradeHub, but rather a reference point for suppliers to engage in the process.

HOW TO USE THIS TOOLKIT

SUPPLIER DEVELOPMENT FRAMEWORK

Purpose: The purpose of this toolkit is to provide market actors, such as Trade Promotion Service Providers (TPSP), with useful guidance that supports export firms as they look to enter new markets.

Background: The goal of the *Suppliers Development Guide for Exports: A Practical Toolkit for Exports to South Africa and United States* is to provide a roadmap to export firms aimed at increasing enterprise competitiveness, capability and capacity (including technology and skills transfer) with a particular focus on exports to the South African and U.S. markets. It assumes companies are at different stages with their capacity to export. For this reason, companies are organized into the following tiers:

Gazelles: These are **Tier 1** companies that are already exporting to South Africa and/or U.S. and seeking market diversification in the same markets.

Impalas: These are **Tier 2** export ready companies exporting to lower value/less sophisticated markets and are seeking markets in South Africa and the U.S.

Bushbucks: These are **Tier 3** potential exporters that need support to enter the South African market or to the U.S. market.

These tiers are referenced frequently throughout the toolkit and may be useful in addressing enterprise needs. It is also important to note that any capacity gained by enterprises who have expanded into the South Africa and U.S. markets may be applied to increase product diversification and expand into ANY market.

As a final note, this toolkit is of critical importance for Trade Promotion Service Providers as it identifies and gives explicit, actionable guidance for areas of enterprise development. The intent is to directly contribute to export readiness and competitiveness. Included are tools developed and utilized by the USAID TradeHub:

- Export Development Framework
- Enterprise Information Tool
- Business Plan Development Guidelines
- Investment Teaser Guidelines
- Deal Note Structure Template
- Supplier/Exporter Classification Criteria

Some tasks may be carried out concurrently using one or more of the featured tools. While suppliers may not have a need to use all the included tools, USAID TradeHub has compiled them for those suppliers who are in the early stages of their development and entry into export markets.

EXPORT DEVELOPMENT FRAMEWORK

This tool is intended for suppliers to use in determining whether they and/or the market they plan to enter is export-ready. Some of the suggested exercises will also help identify competitors, competitive advantages and resources needed to enter a new market.

A. PRE DEAL ASSESSMENT

Assesses the competitive and comparative advantages of a country in terms of products, and the broader competitiveness landscape.

STRATEGIC AREA	SUB-TASK	TOOLS	RESPONSIBILITY
Develop a comparative and competitive advantage analysis of the country in line with national development policy, trade framework opportunities, stimulus regimes or investment incentives.	Identify competitive products for the country and outline their comparative advantages	SWOT Analysis and PESTEL Analysis	TPSP

B. EXPORT READINESS

Assumes each country's market has unique features characterized by the country's ethics, culture and business practices.

STRATEGIC AREA	SUB-TASK	TOOLS	RESPONSIBILITY
Assessing Opportunities in Target Markets (South Africa and USA)	Identify a market for specified products, which may entail assessing which product categories have highest demand in a market. Carry out a competitor analysis (e.g., competing products in the market, product pricing, product differentiation or understand different market segments/niches).	Use partner TPSP's in destination markets	Supplier/Local TPSP Consultant may assist
	Conduct a market assessment, for example, assess buyers and their product's specific requirements (e.g., labelling, branding, certification, packaging, volumes).	<ul style="list-style-type: none"> Use TPSPs in destination market Guidelines to Buyers Requirements (to be developed) 	Supplier/TPSP Consultant may assist
	Assess relevant marketing channels in the target market (e.g., agents, distributors, trade events, advertising, online platforms).	Use TPSPs in destination market	Supplier/BMO/TPSP Consultant may assist
Assessing Supplier's capacity to respond to buyers' requirements (e.g. labeling, branding, certification, packaging, volumes)	Assess supplier's capacity to respond to buyer's requirements or their existing level of compliance	Enterprise assessment tool	Supplier/BMO/TPSP
	Recommend/support interventions to bridge gaps	Recommendations sheet	TPSP
	Facilitate development of export consortiums/outgrower models/sub-contracts/groupage arrangements for warehousing and distribution	Consortia agreements/outgrower models/sub-contracts	TPSP/Suppliers STTA may assist
	Supply Chain Modelling to manage lead times, which will help ensure consistency in timely supply of quality products. Distributors often carry this role, where engaged.	Supply Chain model (timing and sequencing from inputs to dispatch of finished product)	Suppliers/TPSP

Identify market linkages (buyer-seller) for matchmaking	Develop a buyer/seller database	Access or excel database	TPSP Target market agent may assist through an STTA
	Develop product marketing materials	Marketing materials (pamphlets and/or video clips)	TPSP/Supplier
	Introduce suppliers to potential buyers	<ul style="list-style-type: none"> Target market agent tools Online matchmaking platforms Physical meetings (clarify tool) 	TPSP/Supplier
	Facilitate participation in trade events (expos, virtual meetings and buyers' missions)	Event registration forms	TPSP/Supplier
Determine deal-making capacity (negotiating, sales contracts and pricing deals)	Facilitate capacity building on negotiations, sales contract development, product pricing.	Deal making notes, pricing strategy notes	TPSP

C. FINANCE AND INVESTMENT

Assumes financing requirements are informed by level of company and related market opportunities (for example, off-takes make financing proposals attractive).

STRATEGIC TASK	SUB-TASK	TOOLS	RESPONSIBILITY
Access finance	Assess financing requirements (debt, equity, trade finance)	Enterprise information Tool Business Plan	USAID TradeHub/ TPSP/Supplier
	Recommend appropriate finance instruments	No specific tool	USAID TradeHub/ TPSP
Development of investment value proposition with clear ROI	Develop or review business plan	Business Plan Development Guidelines	Supplier/TPSP Consultant on Transactional Advisory Services may assist
	Develop an investment teaser (for investment pitch)	Investment Teaser Guidelines	Supplier/TPSP Consultant on Transactional Advisory Services may assist
Market Linkages between capital seekers and providers	Develop a capital providers database Introductions between capital seekers and capital providers	Access or Excel Database	TPSP The USAID TradeHub provides support to reduce the cost of capital seekers finding suitable capital providers

D. SUPPLIER TECHNOLOGY NEEDS

STRATEGIC TASK	SUB-TASK	TOOLS	RESPONSIBILITY
Manufacturing technology adoption	Technology gap assessment	<ul style="list-style-type: none"> Enterprise information tool Business Plan 	TPSP with USAID TradeHub Support
	Technology recommendations	Deal Note Structure Template	TPSP/Supplier

E. ANY OTHER CAPACITY PLANS

STRATEGIC TASK	SUB-TASK	TOOLS	RESPONSIBILITY
Training on topical business support/ advisory such as budgeting functionality. This might include budget preparation and document production; maintenance and monitoring; analysis and forecasting	Conduct virtual trainings and seminars	Training materials and online tools	TPSP/Supplier
	Develop training or relevant business development manuals		USAID TradeHub support, where required
Training on using the internet for business development.	Training via webinars, online trade platforms, business development resources, and trade facilitation tools for businesses.	Training materials and online tools	TPSP USAID TradeHub support as may be required

F. POST DEAL LEARNING

STRATEGIC TASK	SUB-TASK	TOOL	RESPONSIBILITY
Learning and knowledge management	<ul style="list-style-type: none"> Case studies to demonstrate how these tools are developed and applied. Identify successes and challenges post each deal to improve on the next strategy development process. Map processes/deal flows and refine them through each deal for continuous improvement. 	No specific tools	TPSP/ Business Management Organization (BMO)

Accompanying Tools:

1. Enterprise Assessment Tool
2. Business Plan Development Guidelines
3. Investment Teaser Guidelines
4. Deal Note Structure
5. Supplier Classification Criteria

ENTERPRISE INFORMATION TOOL

This tool can be utilized at **B2B** events, workshops and first-time meetings with export firms.

I. Company Information:

Company Name			
Contact Person 1	Name		Position
	Email		
	Mobile #		Tel #
Contact Person 2	Name		Position
	Email		
	Mobile #		Tel #
Physical Address			
City	Province		Country
Do you have more than one business location? Where?			
Website Address		Fax #	
Year Established		Year operations began	
Is your company women owned?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
		Is your company women managed?	Yes <input type="checkbox"/>
			No <input type="checkbox"/>
If yes, what % women owned, % women managed		% Women Managers:	

Number of Employees	Full time	Male		Female		Total (Full Time)	
	Part time	Male		Female		Total (Part Time)	
	Skilled	Male		Female		Total skilled	
	Semi-skilled	Male		Female		Total semi-skilled	
	Unskilled	Male		Female		Total unskilled	
	Total number of male & female workers						

Industry Affiliations: (e.g. Grain Traders Association, Organic Products Association)	
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2. For Capital Seekers

What is the purpose for the application for finance? (Why are you applying, what is the funding needed for, debt/equity structure you anticipate and the amount required)

Description of the Business	
i. The nature/sector of your business (e.g. Manufacturing, Agriculture, Retail, Services...)	
ii. Your product or service offering	
iii. Proposed growth and future plans	
iv. Trade references:	
A. List your top 6 customers (name and country)	
1.	4.
2.	5.
3.	6.
B. List your top 6 suppliers (name and country)	
1.	2.
3.	4.
5.	6.

3. Exporters

Capacity Utilization					
Installed Production Capacity		Current Production Capacity		Capacity for Private Labelling	
What top three (3) products as well as volumes do you currently trade?					
Products	Volumes currently being produced per year		Destination market		
1.					
2.					
3.					

4. Please list four (4) export markets and commodities you are targeting to trade?

Targeted export markets	Products	Volumes available/capacity
1.		
2.		
3.		
4.		

5. Export requirements

In view of the market(s) you are targeting for exports, do you know the export requirements to export to these markets?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
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Are you currently able to meet those requirements? If no, please specify which requirements these are and explain	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Which product quality/safety and/or management certifications does your company have? (e.g. FSSC22000, WRAP)		

6. Export Readiness:

Which buyers are you targeting?			
Which current channels are you using in your export process? (e.g. direct sales, distributors, brokers etc?)	Direct sales <input type="checkbox"/>	Distributors <input type="checkbox"/>	Brokers <input type="checkbox"/>
	Other: (Please specify)		
Which USAID TradeHub facilitation role do you require? Are there any areas of support you require in order to grow your export and domestic trade business in grains and food commodities? (e.g. facilitating access to finance, buyer-seller linkages, market information sharing, grades and standards, procedures)			

7. Management experience

i. Position held in the business and shareholding/ownership %		
Name and Designation:	Gender	% Shareholding:
	Total %	
ii. Who are the business proprietors? (You can include this as a separate attachment)		
A. Resume/biography of each business owner and the key management members/employees		
B. Relevance of what their experience is and how it relates to the business?		

8. Financial Information

i. Financial Statements:		
a. Include as separate attachments your last 3 years signed financial statements (if available)	<input type="checkbox"/>	
b. Include up-to-date management accounts (if available)	<input type="checkbox"/>	
c. Include projected financial statements of the next 3 years (if available)	<input type="checkbox"/>	
d. Who are your bankers and how long have you banked with them?	Banker(s)	Years / Months

ii. Who else have you applied to for funding/support?

List all funding applications and the response you received from each application.

Institution:	Response:

iii. Summary of Profit and Loss (US\$, over the past 3 years):

	Year (-2)	Year (-1)	Year (0)
Revenue			
Total Expenses			
EBITDA			
Net Profit/Loss			
Exports			

Thank you for your cooperation!

BUSINESS PLAN DEVELOPMENT GUIDELINES

These guidelines can be used for business planning, appraisals or as a basic assessment. It provides prescriptive guidance on elements of a successful business plan.

1. Executive Summary
<p>The content of the executive summary can be divided into three parts and provide for: purpose of the business plan, highlights on the type of business, product lines, year of formation, ownership structure, primary market and financial requirements such as investment value and return on investment.</p>
2. Background of Business <i>(The one-line grand vision e.g. to be the leader of affordable southern African cargo transport)</i>
<p>Provides an overview of the business, how it started, how it developed over the years and where it is heading to. Outline main products, markets and clients, where the business is located, legal form, ownership and management as well as strategy and mission.</p>
3. Products and Services
<p>Describe in more detail the products and major inputs, where inputs are sourced, and a general production process.</p>
4. Markets, Clients and Competitors: <i>(The total available market, the market the business can actually serve, the part of the market you estimate you will reach, the market drivers/challenges (what's the increasing and growing demand); competitive landscape (fragmented market/market leaders), barriers to entry/defence, your competitive advantage – one-line items)</i>
<p>The purpose of this section is to convince investors and lenders that the business promoter has a thorough understanding of the market and that the product has a market.</p> <p>Provide therefore a description of main markets as well as both targeted and secured buyers in the market (if any). This is guided by answering questions such as who the clients are, what motivates their buying and what their expectations and requirements are. Secured off takes and their values where available should be referenced as this strengthens the proposal for capital mobilization.</p> <p>Demonstrate an understanding of competitors in the target market as well as product positioning, differentiation or additionality.</p> <p>Develop a sales forecast that will also advise the whole business financial planning.</p>
5. Business Operations and Organization
<p>Outline how the business is structured in terms of ownership, legal structure and operational structure (departments). Highlight the main processes and key leadership roles.</p>

6. Strategic Growth and Expansion plans

The section should cover information on how the company plans to increase exports into South Africa and or U.S.

7. Human Resources

Outline of the organizational structure and key management positions as well as other human resource requirements such as employment and skills requirements. An organisational structure is particularly helpful in demonstrating to lenders and investors those serious considerations have been made on the future of the business and that there will be sufficient project/business management capacity.

Ensure that technical skills and competencies of managers are highlighted.

8. Financial Planning

The financial statements presented in your business plan (historical and projected) are the principal tools that will be used to analyse the performance of your business. Your lender or investor will particularly want to know what you'll be doing with the money you get and how you plan to generate the necessary cash flow to pay it back. A decision on whether your business will be funded or not, and at which terms and conditions, will depend on how attractive and convincing the projected financial results of your business are.

The section should include:

- Financial history
- Income statement projections / budget
- Balance sheet projections
- Cash flow projections
- Important financial ratios
- Request of funds and other supporting information

9. Risk and Sensitivity Analysis

A business plan is based on a number of assumptions and even with careful planning there is a probability of reality deviations from those assumptions. The business plan must demonstrate that risk and environmental sensitivities have been factored into the business.

The question that a lender or investor will ask is: "What will happen if one or more of the parameters deviate significantly from original estimates? The business plan should be able to demonstrate how the financial situation be affected.

INVESTMENT TEASER GUIDELINES

These guidelines may be used when seeking funding from capital seekers. These are questions investors will ask and you should be prepared to answer.

1. Business Name

(Option to remain anonymous and present under the USAID TradeHub's name)

Provide a brief and to the point description on each of the points below.

Overview: <i>(Background of the business and description of the business & revenue model)</i>
Vision: <i>(The one-line grand vision e.g. to be the leader of affordable southern African cargo transport)</i>
Investment offering/opportunity. <i>(What the capital provider will be investing into/funding, Amount required/ invested, is it Debt, equity or both & % split, key highlight of the opportunity)</i>
Problem and Solution: <i>(What is the existing general problem which you see opportunity to; and the specific problem you are solving and why a solution is needed)</i>
The Product: <i>(Exactly what your product will solve – don't mention features or details)</i>
Founders and Key Management: <i>(Brief intro of past experience and successes specific to the project)</i>
Market: <i>(The total available market, the market the business can actually serve, the part of the market you estimate you will reach, the market drivers/challenges (what's the increasing and growing demand); competitive landscape (fragmented market/market leaders), barriers to entry/defence, your competitive advantage – one line items)</i>
Social Impact: <i>(Is there a developmental impact – income levels increased, job creation, skills transfer, import substitution, growth for women, etc.)</i>

Business' Product Revenue Streams <i>(revenue sources per product)</i>			
Financials: <i>(Highlights of historical and forecasts)</i>			
Summary of historical Profit and Loss (US\$, over the past 3 years):			
	Year (-2)	Year (-1)	Year (0)
Revenue			
Total Expenses			
EBITDA			
Net Profit/Loss			
Exports			
Summary of forecasted Profit and Loss (US\$, over the next 3 years):			
	Year (1)	Year (2)	Year (3)
Revenue			
Total Expenses			
EBITDA			
Net Profit/Loss			
Exports			
Deal Structure: <i>(Current investors and %-holdings, Total project size, Investment requirements (amount and % equity offered); How new equity will affect existing shareholders e.g. shareholder exits/dilution)</i>			
Use of Funds: <i>(List of items and the amounts to be purchased/invested into e.g. expansion capital to purchase new equipment, working capital needs, trade finance needs)</i>			
Funding Utilized to Date: <i>(Seed/Grant/Friends and Family/Bank loans etc.)</i>			
Expected Returns and Exit Scenarios: <i>(Estimated valuation and return on investment to investors / Debt repayment, IPO, M&A, Trade or third party buyout)</i>			
Disclaimer			

Thank you for your cooperation!

DEAL NOTE STRUCTURE TEMPLATE

This tool outlines areas of collaboration with a partner and establishes expectations for each party.

1. Company Partnership Agreement with USAID TradeHub (DAI)

2. Background and purpose of the partnership

3. Objectives of the partnership

4. Agreement of the partners

5. Table I: Activity Plan					
Activity Description	Lead Person	FY			
		Months			
		Month 1	Month 2	Month 3	Month 4

6. Monitoring Performance

7. Table 2 Performance Baseline and Results Data

USAID Trade-Hub	Results of USAID Trade-Hub Support	Backup Documents	Frequency of data collection	Baseline
1	Value and volume of exports/imports			
2	Value of sales			
3	Value of new investment			
4	Number of jobs created			
5	Improved profitability			
6	Applying improved technology or management practices			
7	Finance accessed			

8. Technical Implementation team contact information *(company representatives/key contacts)*

9. Conditions of Agreement/Legal and time frames

10. Signatures

SUPPLIER/EXPORTER CLASSIFICATION CRITERIA

Types of Exporters, Selection Criteria, and Services Offered

Firms	Criteria	Exporter Challenges	Services Offered	Examples of Firms Currently in the Pipeline	Anticipated Outcomes
Tier I Gazelles	<p>Key Characteristics:</p> <ul style="list-style-type: none"> • Already exporting to South Africa and in some cases the United States • Existing formal functional management structures I • Readiness to cost share • Scope to expand/supply-capacity • Light-touch support required to expand markets • Will not crowd out other market players • Some basic standards <p>Key Features: management skills, processing capacity, product certification</p>	<p>Limited knowledge of market opportunities for diversification purposes in South Africa</p> <p>Limited knowledge of and ability to comply with tailored buyer requirements</p> <p>Inability to access appropriate financial products and services because of supply side challenges</p> <p>Exporter Requirements to Grow: desire to expand and diversify export markets and access finance (debt and equity)</p>	<p>Objective 1 Services</p> <ul style="list-style-type: none"> • Facilitated assistance via TPSPs • Investment briefs for accessing capital for expansion <p>Opportunity identification Exporter capacity assessment</p> <p>Support to comply with buyer requirements (e.g., certification)</p> <ul style="list-style-type: none"> • Trade event support • Deal brokerage <p>Post-deal care (such as bespoke technical support)</p> <p>Objective 2 Services</p> <ul style="list-style-type: none"> • Facilitated assistance via transaction advisors and Financial Service Providers (FSPs) • Investment teasers, introduction to capital providers, due diligence support, investment facilitation 	<p>Include examples of companies in the TPSP portfolio that would fall within this category</p>	<p>Objective 1: Gazelle companies diversify and expand their markets into South Africa and the United States and increase their exports</p> <p>Objective 2: Gazelles access appropriate debt and equity finance</p>

I Such a company would have an experienced and capable management structure and team with the capacity to generate management accounts, negotiate export deals, and scale their production to meet export demands.

Firms	Criteria	Exporter Challenges	Services Offered	Examples of Firms Currently in the Pipeline	Anticipated Outcomes
Tier 2 Impalas	<p>Key Characteristics:</p> <ul style="list-style-type: none"> • Previous export experience in low-value markets • Need investments to reach higher-value markets • Potential to expand production and achieve scale • Business formality • Willingness and potential to expand into higher-value markets • Some management structures exist but need strengthening. 	<p>Limited knowledge of market opportunities in South Africa</p> <p>Limited knowledge of South Africa buyer compliance requirements</p> <p>Limited capacity to respond to South African buyer requirements (e.g. labeling, branding, certification, packaging, volumes, etc.)</p> <p>Inability to access appropriate financial products and services (both seeker and provider side challenges)</p> <p>Limited management capacity across several disciplines</p> <p>Requirements: desire to enter into the South African market and access to finance (debt and equity), access certification and technology support</p>	<p>Objective 1 Services</p> <ul style="list-style-type: none"> • Facilitated assistance via TPSPs • Opportunity identification • Exporter capacity assessment • Management capacity support <p>Support to comply with buyer requirements (e.g., certification)</p> <ul style="list-style-type: none"> • Trade event support • Hands-on deal brokerage support • Post-deal care (such as bespoke technical support) <p>Objective 2 Services</p> <ul style="list-style-type: none"> • Facilitated assistance via transaction advisors and FSPs • Investment teasers • Introduction to capital providers • Due diligence support • Investment facilitation 	<p>Include examples of companies in the TPSP portfolio that would fall within this category</p>	<p>Objective 1: Impala companies expand into South African market and increase their exports</p> <p>Objective 2: Impalas access appropriate debt and equity finance</p>

Firms	Criteria	Exporter Challenges	Services Offered	Examples of Firms Currently in the Pipeline	Anticipated Outcomes
Tier 3 Bushbucks	<p>Key Characteristics:</p> <ul style="list-style-type: none"> • Demonstrated national sales experience • Capacity to absorb technical assistance within lifetime of project • Potential and willingness to export to South Africa • Business owner management capacity • Some management structures exist but need strengthening • Potential for linkages as supplier to USAID TradeHub-supported Gazelle and Impala companies 	<p>Limited knowledge of market opportunities in South Africa</p> <p>Limited knowledge of South Africa buyer compliance requirements</p> <p>Limited capacity to respond to South African buyer requirements (e.g. labeling, branding, certification, packaging, volumes, etc.)</p> <p>Inability to access appropriate financial products and services (both seeker and provider side challenges)</p> <p>Limited management capacity across several disciplines</p> <p>Limited knowledge of export processes and procedures (e.g., incoterms, transport and logistics, export documentation, trade terms, etc.)</p> <p>Requirements: desire to enter into the South African market, seeking to access debt finance, certification, and technology support</p>	<p>Objective 1 Services</p> <ul style="list-style-type: none"> • Facilitated assistance via TPSPs • Opportunity identification • Exporter capacity assessment • Management capacity support <p>Support to comply with buyer requirements (e.g., certification)</p> <ul style="list-style-type: none"> • Trade event support • Deal brokerage • Post deal care (such as bespoke technical support) <p>Objective 2 Services</p> <ul style="list-style-type: none"> • Facilitated assistance via transaction advisors and FSPs • Technical management accounts support • Business plan support • Deal teaser support handholding • Introduction to capital providers • Due diligence support • Facilitation 	<p>Include examples of companies in the TPSP portfolio that would fall within this category</p>	<p>Objective 1: Bushbuck companies are export-ready</p> <p>Bushbuck companies start to export into South African market</p> <p>Objective 2: Bushbuck companies access appropriate finance</p>