



HOW GERMANY BECAME AN EXPORT POWERHOUSE

GERMAN SMES' COMMON SENSE APPROACH TO EXPORTS



By Imtiaz Rastgar

Many people talk about Germany, the German Government and how they work to make German Economy so prosperous. They compare how Pakistani Government is not supporting its own businessmen.

There are, however, other ways of looking at Germany, and that is to see the character and the DNA of the German Businessmen. It is important to see this phenomena because the real strength of the German economy is in the ambition, passion, initiative, foresights, marketing skills and distribution skills of its average businessman, since SME's (family businesses) comprise almost 75% of the German economy.

German family businesses dominate the world, in products ranging from Board Markers to Aspirin, to Candles, Honey, Heavy machinery etc. When one looks around, there are many famous brands, like Grohe, Langanese, Adidas, virtually in every walk of life and meeting many kinds of demand.

One finds German Family businesses dominating the world stage for a long time and continuing their life in the face of competition from the likes of Japan, Korea, Singapore, Taiwan, and China; these companies continue to flourish and dominate the world scene.

LET US SEE HOW THEY DO IT.

1- Products manufactured by the German businessmen are created on a basis that they go beyond being a commodity. Usually, the products bring very high level of specialization and a certain attention to details and a certain amount of extra benefits for the customers from the point of quality, taste or ease of using it. This puts it a step higher than the rest of the crowd and then the product is continuously updated with the emerging

technologies around in the world - be it the product itself, or its packaging or its just opening the can, for example. To stay ahead of the competition, Germans pay great attention to all details of their products.

- 2- Continuously adding more Technology to the product is the hallmark of the German industry. Usually SMEs collaborate with their universities and try to link up with the knowledge professionals in their fields. Also in fields surrounding their core processes. For example, if there is a food product, the industry maybe working together with a research institute, agriculture university or with a design school for creating a right logo, or the right container. Technology is regularly upgraded through interaction with the surrounding knowledge platforms till most German companies are already way ahead in adopting Industry 4.0!
- 3- Global Marketing: Companies aim to fill their order book in a way that their marketing and sales push create an order book, based on some simple principles.

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3.1 The first one is to create inquiries which are around three times higher than their capacity to fulfill. The large number of inquiries places them in a seller's market position. In such a situation, they do not need to reduce prices. While German products are not the cheapest on

the market, exporters usually do not reduce prices. On account of quality and their excellent marketing and sales techniques, they are able to generate enough sales to be in a position where they do not need to reduce prices to make sales.

3.2 Marketing is King: Such success happens because German SMEs put in a lot of effort into their marketing department. A typical German company seeks to export to a minimum of 70 countries. Most of them end up marketing to all five continents or more through their good marketing techniques. This happens because German companies do not consider Germany alone as a market. Germans consider the world as their market.

3.3 Export strategies are created and maintained on a professional basis in all companies. There is a deep understanding in German society how the global exports work, and this is not just theory.

3.4 There are people coming out from German universities who know how to handle various aspects of the export trade. Business schools teach not only the theory of export, but also the practice of the export. While starting their careers, German business graduates have some hand-on skills on the processes and they are also ready to pack up their bags and travel around the world as salesman, sales executive, sales manager or global sales directors. As a result, they are being able to train their own staff as well as the staff of their distributors, worldwide.

3.5 Export Organisation: Quite often, marketing departments are well stocked with appropriately skilled people. Within the marketing department print media, IT, social media, print media are attended by different sections or adequately outsourced.

GERMANS ENJOY BUILDING THEIR COMPANIES AS WELL AS THEIR LIFE.

3.6 Usually the World is divided into four or five continents and with one executive looking after whole continents. The executive has help from an equally good assistant who looks after the territory from the desk while the executive is travelling.

3.7 Exports to each group of countries are attended by an export manager. He works hard to find good distributors in his territory. German companies have a knack of finding good and "hungry" distributors. Once they are found, a permanent relationship is built with them and the distributor is never short-changed; no direct sales are made in his territory, so as to ensure that the distributor also makes a reasonable profit.

3.8 Distributors are properly trained and very often training seminars are held both in Germany, or in the Gulf countries so that distributors are brought together where they also learn from each other. When they learn from each trainer from the companies into the product trainings and there are distribution techniques and there is support marketing for the distributors.

3.9 The distributor is treated as an important part of the family and always his interest is kept in mind and with patience he is nurtured into making a profitable entity who depends on German products for making sales and good livelihood in his own country. Even if there are direct inquiries coming from the same country, there is never a direct sales made and the distributors' interest is always looked after.

All this results in having a profitable operation and the profits coming in the operation usually will go back into developing the company further. Unlike Pakistan, where people blow their profits into plazas and building real estate German companies grow the strength of their manufacturing and marketing so as to be poised for future competition and they stay ahead of the competition because of this and they rule the world.

Interestingly social values in Germany have been cultivated in a way that the businessman is the hero and he is treated like Pakistanis treat their sons-in-law. The government and the society look after the businessmen to create the economy to create economical leadership for Germany this results in a situation where young people want to grow up and become a businessman.

Germans enjoy building their companies as well as their life. Most business people enjoy their life with the style which wealth gives them, but retain the personal discipline required to provide leadership, foresight and initiative to these enterprises.

There is a lot to learn from German SMEs. If Pakistan wants to emerge on the global scene, its businessmen will need to come out of their comfort zone.

