

# Defence & Security Exporting: a fresh approach for SMEs

*The vital contribution that UK Small and Medium-sized Enterprises (SMEs) make to our industrial landscape and reputation lies at the heart of the Government's strategy to reinvigorate and grow the UK economy following the Comprehensive Spending Review. Here, Howard Gibbs, Head of the Small Business Unit at UK Trade & Investment's Defence & Security Organisation, introduces a new support package to help UK SMEs break into the challenging but rewarding defence and security export markets.*

UK Trade & Investment's Defence & Security Organisation (UKTI DSO) is the lead Government source of mainstream advice, information and services in support of defence and security exports.

The UK is second only to the US in terms of global defence exports, averaging around 20 per cent (c£5 billion) of the market, and is healthily placed at fifth in the growing security sector, with export sales totalling £1.4 billion in 2009. UK SMEs play a vital role in sustaining and developing the UK's defence and security industrial base – a powerful contributor to the UK economy – by maintaining our reputation as world leaders in the field of niche and innovative technology and by providing our leading Prime Contractors with the capabilities and solutions necessary to underpin their equipment and services.

UKTI DSO's Small Business Unit (SBU) has been the focus of our support for SMEs since it was established in 2003. The Small Business Charter, launched the following year, gave participating companies the chance to secure key marketing advice and support and partake in a number of events and activities designed to enhance overseas sales opportunities. At its peak over 650 Charter companies reported defence and security export sales in excess of £750 million. However, we estimate that there are at least 8000 UK SMEs currently operating in the defence and security arenas and UKTI is more committed than ever to helping as many of them as possible succeed in the overseas market. The Charter scheme is no longer an appropriate vehicle to provide this support – we need a fresh approach.

Work is well advanced to create a new UKTI DSO business model for SMEs, at the heart of which will be an open, versatile UKTI DSO website area. The intention is that, when operational, this web facility should meet the immediate needs of around 95 per cent of SMEs who are considering export opportunities. The website will offer a wide range of Government and non-Government advice, information and support in three clear stages – for those new to exporting; for those preparing for market; and, for those

ready to actively seek overseas contracts, current and future marketing and business opportunities.

**New to Exporting:** This stage is aimed at the novice or inexperienced exporter and serves as a basic introduction to our services and the route to market – the journey – that the website offers. It also provides links to a number of Government and Trade Association websites offering support on a regional basis, schemes designed to train and educate in overseas marketing, an interactive company 'health check', and advice on how to sell to the UK Armed Forces.

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**Preparing for Market:** This stage is for those SMEs who want to examine the export options available to them and to understand the regulations and obstacles that may confront them. Here they will find links to many of the more specific services offered by UKTI DSO alongside a range of advice that includes legal matters (export licensing laws, trade embargoes, etc), business enterprise and financing schemes, advice on information security and IPR protection, and TAP – a funding scheme to aid attendance at overseas trade shows.

**Marketing and Business Opportunities:** Whereas stages 1 and 2 offer largely static, informative and instructional content this stage provides those

companies that are all set to go with dynamic, evolving news and information about current and forthcoming business opportunities, UK and global exhibitions, seminars and briefings, meet the buyer sessions, and so forth. This content will be regularly reviewed and updated and is aimed at the more experienced exporter and companies looking for specific opportunities and events. Companies that have reached this stage will be expected to return to the site to keep abreast of latest developments.

Even the most proactive, experienced and successful SMEs will need more specialised help and advice from time to time. Companies that have fully exhausted the range of web-based support on offer or are at an advanced stage of the exporting process are welcome to approach the SBU to gain access to personal advice, support or engagement with our own team of military and civilian experts in much the same way as our group of Charter members were able to.

However, if this new web-based business model is to meet its twin targets of supporting as many UK SMEs as possible while ensuring that our staff and other resources are employed to the maximum benefit of 'UK plc', it is imperative that the web is fully explored before UKTI DSO is approached for personal advice and support. This message will be reinforced once the web formally replaces the Charter scheme at the end of 2010. A formal Ministerial launch of the new web-based business model will be a feature of the forthcoming UKTI DSO Small Business Symposium, scheduled for March 2011.

## Further information

For more information about the new SME business model and the 2011 Small Business Symposium, please contact :

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