



Best Practices and Potential Biases in Trade Missions:
Portuguese SMEs Mission Guidelines

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“Every test successfully met is rewarded by some growth in intuitive knowledge, strengthening of character, or initiation into a higher consciousness.”

Paul Brunton, The Notebooks of Paul Brunton

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As this Master experience comes to an end, I would like to take a look back and remind these past two years, which were unique to me in terms of learning, acknowledging new theories and practical tools, overcoming obstacles and reaching a higher level of awareness. The Master's thesis hereby presented is the culmination of my Business Administration degree in Católica Lisbon – School of Business and Economics, and intends to demonstrate how much I have come to learn in this program.

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Abstract

Best Practices and Potential Biases in Trade Missions: Portuguese SMEs Mission Guidelines

Jorge Diogo Rodrigues e Sousa

Standing in a period of economic uncertainty, Portugal had to look for measures to improve its financial health. Internationalization was regarded as an option, leading EPAs and, specifically, Trade Missions to gain notoriety. Since SMEs are crucial in the country's recovery and are seen as the companies which can receive greater benefits from participating in these Missions, we develop a list of potential biases and best practices regarding Trade Mission.

Through interviewing SMEs participants, EPAs, and Trade Fairs SMEs participants, we manage to identify some initiatives expected to contribute in making Portuguese Trade Missions more efficient.

Among the potential biases, most of them are related to internal attribution. As a result, firms need to: be explicit while interacting with the agencies; take measured risks on which country to invest and be aware of their capability to internationalize their operations; understand who their potential partners are and how to interact with them; and be as less dependent as possible from the organizers, hence, making deals on their own.

Regarding the best practices, the ones listed intend to give doable conducts on how an SME can prepare for a Trade Mission. We aim at making participants aware of others' importance and, we also consider initiatives that can help prepare for the Follow-up period. Accordingly, we hope to be able to correctly consider how an SME should proceed when and while enrolled at a Trade Mission.

Key words: Trade Missions; SMEs; Biases; Best Practices.

Resumo

Melhores Práticas e Potenciais Erros em Missões Comerciais: Guia Para PMEs Portuguesas

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Num período de incerteza económica, os Portugueses necessitaram de procurar meios capazes de melhorar a sua condição financeira. Internacionalização foi tida como uma opção, levando a que Agências de Promoção das Exportações e especificamente Missões Comerciais ganhassem notoriedade. Uma vez que as PMEs são consideradas as companhias que mais benefícios tiram em participar, sendo ainda cruciais na recuperação do país, desenvolvemos uma lista de potenciais erros cometidos durante uma Missão, assim como melhores práticas.

Entrevistando representantes de PMEs participantes, de agências e inclusive de PMEs participantes em Feiras Internacionais, conseguimos identificar algumas iniciativas que esperamos possam contribuir para tornar as Missões Empresariais Portuguesas mais eficientes.

Entre os potenciais erros, a maioria relaciona-se com atribuição interna. Assim, as companhias necessitam de: ser explícitas na sua interação com as agências; considerar riscos calculados quanto aos países nos quais pretendem investir e serem conscientes do facto de estarem ou não preparados para internacionalizar a sua operação; compreender quem são os seus potenciais parceiros, assim como interagir com eles; ser o mais independente possível dos organizadores, tratando assim dos seus próprios negócios.

Quanto às melhores práticas, as que foram listadas pretendem demonstrar condutas viáveis para uma PME se preparar para uma Missão Empresarial. Propomos tornar os participantes conscientes da importância que outros participantes têm e, consideramos iniciativas capazes de ajudar no Follow-up da Missão. Assim, esperamos ser capazes de corretamente demonstrar como deve uma PME proceder quando inscrita e durante uma Missão Comercial.

Palavras-chave: Missão Comercial; PMEs; Erros; Melhores Práticas.

Index

1. Introduction	7
1.1. Exporting from the Crisis	7
1.2. Problem Statement and Research Question	8
1.3. Structure of the Study	9
2. Literature review	11
2.1. Commercial Diplomacy and Globalization	11
2.2. Exportation Promotion Agencies and their Programs	12
2.2.1. Trade Missions	13
2.3. Small- and Medium sized Enterprises in Trade Missions	14
2.3.1. Defining SMEs	15
2.3.2. Managing an SME	16
2.3.2.1. Strategic approach	17
2.3.2.2. Importance of Trade Missions	19
2.3.2.3. Process biases	19
2.3.2.4. Best practices	20
3. Methodology	22
3.1. Data collection	22
3.2. Limitations and constraints	23
4. Results – SMEs in Trade Missions	24
4.1.1. Agencies' points-of-view	24
4.1.1.1. Participants' expectations	25
4.1.1.2. Event organization	26
4.1.1.3. Participators' experience	28
4.1.1.4. Errors and recommendations	28
4.2. SMEs participants	29
4.2.1. Reasons to participate	30
4.2.2. Preparing for the Trade Mission	31
4.2.3. In the event	32
4.2.4. Participation benefits and Follow-up	34
4.2.5. Company development	35
4.2.6. Trade Fair participants' points-of-view	36
4.3. Recommendations	37
4.3.1. SMEs' potential biases in Trade Missions	38
4.3.2. SMEs' best practices in a Trade Mission framework	40
5. Conclusion	44
5.1. Thesis limitations & suggested research	45
6. Works cited references	46
7. Appendices	50

Tables and Figures

Table 1: Exportation process and role of Trade Mission table	18
Table 2: Best practices hypothetical framework	21
Table 3: Best practices in the Plan stage	40
Table 4: Best practices in the Host stage	41
Table 5: Best practices in the Follow-up stage	42

1. Introduction

1.1. Exporting from the Crisis

The 2009 European Debt Crisis resulted in severe damage within countries as Greece, Cyprus, Spain, Ireland and Portugal. Following the initial shock, International Monetary Fund Director, Christine Lagarde, remarked there had been “*a clear crisis of confidence*”, warranting that “*measures needed to be taken to ensure that this vicious circle was broken*”¹.

Focusing on the Portuguese, despite initial forecasting prediction resilience, it suffered largely due to disruptions in the banking system and collapses in the real estate sector (for more information, see *Appendix I*). By 2010, the government was forced into negotiations with the Eurozone, leading to the presentation of an austerity pack loan, made by the European Financial Stabilization Mechanism (EFSM).

Nonetheless, not only austerity measures were needed to help the country improve its financial health. Internationalization was regarded as a primary rescue board. An increase in exportations was necessary, and Exportation Promotion Agencies (EPAs) and their programs gained an increasing importance.

The country has been ever since introducing significant changes, according to the Office for Strategy and Studies of the Portuguese Ministry of Economy Department², to help support and foster exportations growth and overseas investment. Having already established a Government entity in the past – AICEP³ Portugal Global – Trade and Investment, in 2007 – to help Portuguese companies achieve success in their export activities and internationalization process and also encourage foreign investment, by mid-2014, the Portuguese Government also formed the Financial Institution for Development⁴ (IFD). This institution intends to support Portuguese companies, promoting an incentive system for the qualification of Small and Medium sized Enterprises (SMEs) and their entrepreneurial assistance, contributing to their sustainable growth and supporting the country’s international competitiveness and presence.

¹ In SPIEGEL Interview with IMF Chief Christine Lagarde: 'There Has Been a Clear Crisis of Confidence'. 2011. <http://www.spiegel.de/>. Spiegel Online. September 04, 2011;

² Originally Gabinete de Estratégia e Estudos do Ministério da Economia;

³ Originally AICEP - Agência para o Investimento e Comércio Externo de Portugal;

⁴ Originally Instituição Financeira de Desenvolvimento.

Furthermore, considering the EFICE – Industrial Promotion Strategy for the Growth and Employment⁵ 2014-2020, we can state its objectives are largely linked to the promotion of the country overseas, boosting the external participation of Portuguese companies, mainly SMEs, creating means for the international networking promotion and reinforcing the importance of Commercial Diplomacy.

SMEs relevance for the country is therefore well noticed. One can deepen this by quoting the Statistics Portugal⁶ Studies on Structural Statistics of Enterprises press-release (2010), stating that SMEs are broadly recognized as the pillar of the Portuguese economy, largely responsible for the creation of employment in the country (for more information on these Portuguese companies, see *Appendix II*). Consequently, in a moment of need for Portugal, when an increase in exportations is intended, it is extremely important to focus on these companies.

Commercial Diplomacy plays then an important role for Portugal. It is “*the art, or the science, of helping a country’s enterprises trade abroad and to convince foreigners of the advantage of investing in the home country*” (Mercier, 2007, p. 25) It involves the need for EPAs – like AICEP, CCIP⁷, AERLIS⁸ and AIP-CCI⁹, agencies analyzed in this study – to provide several programs and services to help companies export and expand.

Some promotional activities held by these organizations may help SMEs become more effective exporters, particularly those in earlier stages of export involvement (Wilkinson and Brouthers, 2000). From the programs presented, Trade Fairs and Trade Missions are the most relevant. Within these, Trade Missions are considered the most appropriate for non- and new-exporters (Wilkinson and Brouthers, 2000) and, for that reason, we will focus on this type of specific exporting program throughout this paper.

1.2. Problem Statement and Research Question

The macroeconomic result of this approach by the Portuguese was positive. Portugal was the European country with the highest exportation growth rate (5,4%) between 2012-2013, much higher than the average result from the Eurozone (1,1%) and

⁵ Originally Estratégia de Fomento Industrial para o Crescimento e Emprego;

⁶ Originally Instituto Nacional de Estatística;

⁷ Originally CCIP - Câmara de Comércio e Indústria Portuguesa;

⁸ Originally AERLIS - Associação Empresarial da Região de Lisboa;

⁹ Originally AIP-CCI - Associação Industrial Portuguesa-Câmara de Comércio e Indústria.

European Union (0,8%), as presented by the Eurostat and the Portuguese Office for Strategy and Studies. Also, the Office for Strategy and Studies confirmed that in 2013, exportations represented 40,7% of the Gross National Product (GNP) and, in the same year, the country gained 14,719 million Euros in exporting for the European Union and 7,217 million Euros for other countries. By 2014, these values increased to 15,458 million Euros and 7,359 million Euros, respectively.

Moreover, there is a growing recognition of the role SMEs play in sustained global and regional economic recovery (Ayyagari *et. al*, 2007), which could stand as a reason to introduce practical recommendations as the ones we will intend to introduce.

Throughout the following pages, we will look deeper in comprehending the process and steps taken by Portuguese SMEs, introducing the following research question:

How should an SME proceed when and while enrolling at a Trade Mission?

- *Which process biases might these firms come across?*
- *Throughout the different stages, what initiatives should an SME take?*

This will help EPAs acknowledge existing bottlenecks in the entire Trade Mission process and will contribute for new participants to better prepare for these events. We will analyze potential biases in preparing for the Missions, as well as understand the best practices a firm might develop as a participant. Ultimately, the main objective of this paper is to serve as a guide for Portuguese SMEs, with recommendations to make their Trade Mission participation more effective.

1.3. Structure of the Study

To fully understand the topics here introduced, in the following chapter we will provide a literature review on “Commercial Diplomacy” and “Economic Globalization”, “Export Promotion Agencies”, “Trade Missions” and “SMEs”. Regarding the last two concepts, we will establish the existing literature that combines both. While doing so, we will move on to explain the managing processes inside an SME, identify potential procedural biases and present a hypothetical best practices framework.

With the help of this first chapter, we will obtain the needed information on the different issues discussed in the case-study chapter, with the structure of this part presented on the methodology section, in addition to its limitations.

The case-study chapter will serve as guideline to develop the study findings, which will lead to a presentation of potential biases and best practices' recommendations. To finalize, we will present a conclusion on the entire paper, as well as its limitations and suggest further studies.

2. Literature review

In this chapter, we will structure the existing literature on the most relevant concepts on this research. Reviewing these, we will stretch the necessary background to comprehend the analysis on SMEs Trade Missions participation.

This analysis will begin by formulating a connection between the need for Commercial Diplomacy and Globalization (section 2.1), as the second became a reality. Focusing on the first, we will then look on to the importance of EPAs and their programs (section 2.2), which include Trade Missions. This latest concept will be discussed regarding its importance for SMEs (section 2.3). In this same section and regarding these companies, we will address their constitution and the way they are managed. In addition, we will look at process biases that can potentially occur while enrolling at a Trade Mission and introduce a hypothetical best practices framework.

2.1. Commercial diplomacy and Economic Globalization

Haunted by the shadows of what would turn out to be a Global Economic Downturn, “Economic Globalization” became an even more important concept for companies and governments worldwide. If in the past, states and communities were more preoccupied with the effort to invent increasingly generous subsidies to attract investment (Eisinger, 1988), nowadays it has evolved into a more direct use of exportation programs, such as Trade Missions, to help companies engage in external international sourcing, which Sturgeon (2013) differs from simple arms-length trade.

Accordingly, Sturgeon reflects on Economic Globalization as being the “*inward and outward flow of goods, services, and investments across national borders, along with the functions – including functions related to innovation – that enterprises and organizations use to set up, support, and manage these flows*” (2013, p. 9), with the need for established rules and norms for the global community (Gereffi, 2005). This has evolved from the most simplistic concept of *internationalization of an Enterprise*, understood as a functional integration of geographical dispersed activities led by firms (Zorska, 2010), embracing different barriers.

Spence and Crick (2004) consider there is a number of obstacles discouraging managers from undertaking activities overseas, which have been classified as

motivational – perceived risk of doing business in foreign markets -, informational – lack of knowledge the firm possesses about foreign markets - and operational – implementing strategies. Consequently, the complexity of the international business environment and the comparative scarcity of resources (Wilkinson and Brouthers, 2000), has led to the necessity to have a network of public and private actors who manage commercial relations using diplomatic channels and processes (Lee, 2004).

Governments have therefore a role to play in decreasing the perceived barriers among non- and less-experienced exporters, as they aspire for existing exporters to increase their levels of international trade and thus help eliminate international trade deficits (Gray, 1997). This is directly linked to what we consider to be Commercial Diplomacy, which Mercier summarizes as being “*the work done by the government to promote both exports and inward investment*” (2007, p. 3). Nonetheless, as suggested by Wells and Wint (2000), others, as promotion agencies, are also pressured to draw in more inflows of foreign investment.

Accordingly, among the players contributing in this field, when internationalization was seen as a simple geographical spread of economic activities across national boundaries with low levels of functional integration (Dicken, 2011), these were narrowed down to diplomatic representations, as embassies and consulates. Regarded as the “Era of Globalization” (Mercier, 2007), nowadays, with the international trade process growing complex (Sturgeon, 2013), non-state actors are also gaining greater sway in economic policy debates (Saner and Yiu, 2003), mainly the Chamber of Commerce and Industry and Trade Associations, which cover EPAs.

2.2. Export Promotion Agencies and Programs

The number of EPAs has tripled over the last two decades (Lederman *et al.*, 2009). These were created to promote local businesses abroad – mainly for SMEs –, giving aid to the requisite for a quicker and cheaper way to expand (Gil *et al.*, 2008). Their objective is mainly to help exporters understand and find markets for their products (Lederman *et al.*, 2009).

These organizations have increasingly been welcomed or integrated into a governmental structure (Mercier, 2007), in an effort to boost exports (Kang, 2011) as their

programs have a positive effect on exportations, as seen by Wilkinson and Brouthers (2000). Lederman *et al.* (2009) in a broad way, divided their services into four categories:

- *Country image building (advertising, promotional events, but also advocacy);*
- *Export support services (exporter training, technical assistance, capacity building, including regulatory compliance, information on trade finance, logistics, customs, packaging, pricing);*
- *Marketing (trade fairs, exporter and importer missions, follow-up services offered by representatives abroad);*
- *Market research and publications (general, sector, and firm level information, such as market surveys, on-line information on export markets, publications encouraging firms to export, importer and exporter contact databases).*

Within these categories, mainly focusing on the third one – Marketing – Wilkinson and Brouthers (2000) considered Trade Fairs and Trade Missions as being practices to be among the most effective when the government is actively involved.

Regarding Trade Fairs - also known as Trade Shows - they consist on a mix of direct selling, usually with sales personnel at the booth, and exhibits usually designed to be eye-catching and supply a great deal of product information (Gopalakrishna *et al.*, 1995). Their function is to identify decision influencers and potential customers; provide product, service and company information; learning potential application problems; creating sales; handling current customers' problems. In addition, they can be valuable for building corporate image, gathering competitive intelligence, and enhancing sales force morale (Hutt and Speh, 1995).

2.2.1. Trade Missions

As for Trade Missions, they are a widely used form of Commercial Diplomacy, providing less experienced exporters with relevant objective and experiential knowledge about targeted markets (Spence and Crick, 2004). They contribute to the generation of incremental sales in foreign markets by enhancing the relationship-building process between business partners (Spence, 2003).

Regarding their roles, Seringhaus and Rosson consider that Trade Missions “*allow potential exporters to learn how business is conducted overseas, what services and*

products are available, the receptivity of potential buyers, the extent of the commitment and resources necessary to sell in overseas markets, and the answers to questions about foreign markets and the process of exporting” (1989, p. 176). Similarly, Hibbert (1985) considers that certain positive effects can be associated with Trade Missions:

- *Facilitating market research;*
- *Participants collectively devoting more effort to market investigation;*
- *Greater promotional impact on market;*
- *Carrying a certain news value and serving trade publicity;*
- *Gaining access to high-level business and government officials;*
- *Providing wider and deeper contact coverage;*
- *Raising general consciousness in the home country about foreign markets;*
- *Providing important educational experience for inexperienced exporters;*
- *Providing beneficial intra-group exchanges and contact for experienced exporters.*

From this list, we can see the importance networking plays on exportations, as Trade Missions provide a degree of comprehensiveness and pragmatic orientation that may be difficult to duplicate independently (Serिंगhaus, 1989). This issue is especially related to smaller enterprises, as firms with bigger size have the opportunity to raise financing at a lower cost, benefit from bulk purchasing, own marketing department plus own sales force, and a higher capacity for taking risks due to internal diversification (Wagner, 2001). Usually lacking the adequacy financial resources and information needed to pursue possibilities overseas on their own (Spence, 2003), exportation programs are therefore more focused on SMEs.

2.3. Small- and Medium sized Enterprises in Trade Missions

Some promotional activities may help SMEs become more effective exporters, particularly those in the earlier stages of export involvement. The uncertainties of the exporting enterprises, ignorance about foreign markets, the daunting nature of the exporting process, all militate against such firms becoming exporters (Wilkinson and Brouthers, 2000). Thus, we need to define SMEs, to understand why Trade Missions serve as an important tool for their international development.

2.3.1. Defining SMEs

With the increasing importance given to SMEs, scale-based enterprise promotion is often based on social and political considerations. Governments sometimes see small firms growth as part of a democratization process and increased social stability, or an instrument of regional development (Hallberg, 2001), which leads to the regulation of these enterprises by different characteristics, depending on the country: employees' number; total net assets; sales; investment level (Ayyagari *et. al*, 2007). For example, within the European Union (EU), the European Commission (2003) defines SMEs as followed:

“The category of micro, small and medium-sized enterprises is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro.”

The European Commission Responsible for Enterprise and Industry, Günter Verheugen (2005) acknowledged these enterprises as *“an essential source of jobs, creating spirit and innovation, crucial for fostering competitiveness and employment”*, considering that the abovementioned definition represents *“a major step towards an improved business environment for SMEs and aiming at promotion entrepreneurship, investments and growth”*¹⁰. We will consequently base ourselves on this definition, since it is the one used by the Portuguese.

Provided we will analyze specific SMEs, it is essential to analyze their characteristics on the environment where they are inserted. Differences in national institutions' support for internationalization may create differences in the behavior of exporting SMEs activities across countries (Descotes *et. al*, 2007).

Accordingly, Kostova (1997) developed a three-dimensional country institutional profile concept, considering a regulatory dimension – national governmental policies – a cognitive dimension – widely share social knowledge – and a normative dimension – value system – affecting domestic business activity. Concentrating this model into exporting SMEs, Descotes *et al.* developed specific considerations:

¹⁰ In European Commission. 2005. The new SME definition: User guide and model declaration. Enterprise and Industry Publications;

“We restrict the regulatory dimension of the institutional profile to laws, regulations, and governmental policies that provide support for exporting SMEs and facilitate or hamper SMEs’ efforts to acquire resources for sustaining internationalization (...) the cognitive dimension focuses on the knowledge and skills possessed by people in a country pertaining to establish and develop certain activities. In the specific domain of exporting, this is actually extended to the enterprises’ skills and knowledge related to selling abroad (...) the normative dimension captures the degree to which a country’s residents value and admire exporting activities” (2007, pp. 17–18).

2.3.2. Managing an SME

SMEs play an important role in most economies, should it be as suppliers, distributors, or consumers. These companies often supply materials for larger firms and distribute their finished products (Ndubisi and Matanda, 2010). Therefore, there is a need for management capacity building and a rigorous line of action so that success is achieved.

In 2000, at the Feira European Council, EU leaders agreed upon the European Charter for Small Enterprises, encouraging SMEs to take action in ten key areas:

- *Education and training for entrepreneurship;*
- *Cheaper and faster start-up;*
- *Better legislation and regulation;*
- *Availability of skills;*
- *Improving online access;*
- *Getting more out of the Single Market;*
- *Taxation and financial matters;*
- *Strengthening the technological capacity of small enterprises;*
- *Making use of successful e-business models and developing top-class small business support.*

Some aspects might be supported by external entities to the firm, nonetheless, this is not enough. An entire role of activities is needed in the enterprise, to prepare itself to receive that aid and decisions must be made.

2.3.2.1. Strategic approach

The strategy's objectives of an SME are among others to: grow the firm through their next development stages, ensure the long-term stability of business and develop innovative and creative projects that help achieve a high-value economy (Lebanon Ministry of Economy and Trade, 2014). Hence, there are six strategic thrusts Governments along with SMEs can follow: involving business leaders; facilitating the "right" funding; improving access to markets; enhancing capabilities and innovation capacity; developing a conducive business environment and national environment; ensuring coherence and effective coordination.

As analyzed by Bell *et al.* (2004), SMEs' strategy should be divided in a vast range of business strategy and internationalization areas: the firm's initial business strategy; growth objectives and international orientation; ownership and strategic direction; product/market strategies; operations strategies; business strategy and internationalization; product characteristics and market opportunities; reactive strategies; decision-maker's role; initial market selection and entry strategies; subsequent business strategy and internationalization; subsequent pace and internationalization patterns; subsequent market entry strategies.

A company also needs to decide on its innovation strategy. The Swedish Minister for Enterprise, Annie Lööf (2012), suggests "*innovation begins with the human being. Human beings have ideas and develop knowledge. Human beings use their knowledge, skills and experience in new solutions in their businesses, in their workplaces, in their spare time or as consumers*". The Balance Scorecard Institute (2000) describes this concept as possibly representing a breakthrough or an incremental improvement in existing products. Either way, as portrayed by the European Commission (2006), this need for innovation results from an increasing globalization of trade and depends, to a significant extent, on the quality of cooperation of a large number of organizations with complementary competences.

Decisions must be made on how to engage in this kind of strategies, leading to the use of frameworks, like the Ansoff matrix, developed by Igor Ansoff (1987), which is a strategic marketing tool, presenting four growing alternatives: market penetration; product/service extension; market extension; and diversification. Regarding the decision on how a firm intends to innovate, exporting gains more or less importance, and hence

Trade Missions’ usage.

Consequently and by means of participating in an exportation promotion program, a company needs to adapt to its condition. Accordingly, Seringhaus (1989) prepared an *Exportation Process and Role of Trade Mission* framework, describing this situation. The author distinguishes the export involvement processes, the key questions associated to each one, the decision focus and value added a firm has in participating on the Trade Mission (**Table 1**).

Export Involvement Process	Key Strategic/Tactical Questions	Decision Focus	Information Acquisition Through Trade Mission
Planning Exporting	What export market opportunities exist? What effort is needed to meet the challenge?	Export involvement; Market set selection; Market involvement; Preparation.	Experience of others; Role of mission as information source.
New Exporter	How should market be developed? What effort is needed to access effective demand?	Market entry; Evaluation of approach and opportunities.	Hands-on information on markets, products, competitors Personal contacts – agents, industry, Government; Experience exchange with other participants.
Expanding Exporter	How to systematically expand export opportunities? What effort is needed to expand markets and market share?	Expansion and method of commitment; Resource allocation.	Experience new market environments; Evaluation of distribution, sales in target markets.
Established Exporter	How to integrate exporting into overall operations? What effort is needed to reduce or control internal and external inhibitors?	Integration of exporting into overall business activity; Systematic opportunity scanning and pursuit.	Re-evaluation and reinforcement of opportunities; Ongoing learning and knowledge renewal through regular contact.

Table 1 Exportation Process and Role of Trade Mission Table, Seringhaus (1989)

2.3.3. Trade Mission importance

We can understand how relevant Trade Missions are for SMEs. As seen by Rajan and Raychaudhuri (2011), exporters are found to systematically outperform non-exporters. Enterprises capable of carrying on activities overseas achieve greater productivity and faster employment growth. This indicator is obviously important for Government authorities. Exporting programs exist to encourage domestic business explore foreign markets (Spence and Crick, 2004), while focusing on firms presenting fewer capability to overcome potential obstacles.

This is specifically the case of SMEs, which can use Trade Missions to gain experiential knowledge about various foreign markets, face-to-face interactions (to assess the complementarity and capability of business partners), overcome managers' initial fears – procedural, or just the result of lower market knowledge – and acquire relevant information for their business as they see fit (Spence and Crick, 2004).

Accordingly, Alvarez (2004), analyzed the public instruments presented by an EPA in Chile – ProChile – and came across instruments designed to enhance productivity and technological capability in small firms, increase international competitiveness, and financial instruments established to improve credit access for small firms. As seen by Mercier (2007), the general information and counselling provided to exporters and investors are normally free of charge. Nonetheless, when it comes to more personalized services, including Trade Missions participation, or special market analysis, some payments are associated to it.

Ayyagari *et al.* (2007) conceptualize on fostering a vibrant SME sector, capable of accessing external finance, open to a huge amount of new and innovative firms and unconstrained by rigid regulations. EPAs and, more specifically Trade Missions, serve that principle, giving these firms the means to achieve growing network, financial stability and know-how on foreign markets.

2.3.2.1. Process biases

Even if there has not been a direct study on the process biases affecting Trade Missions' participation, it is important to list potential issues a manager might come across. As described by Hammond *et al.* (2006), making decisions is the toughest and

riskiest job an executive has, and a bad decision can damage a business, sometimes irreparably.

Managers are as powerful as their networks, the diversity of their goals, interdependency with others, and their ability to influence those on which they depend (Hill, 1994). These are elements one can develop by participating in Trade Missions. Nonetheless, there are some process biases that exporting SMEs should be aware of.

Hammond *et. al* (2006) and Patient (2014) present some of the predispositions we consider might have an impact on exporting SMEs:

- *The Sunk Cost Trap*: managers might tend to make choices in a way that justifies past choices, even when those ones no longer seem valid. Enrolling at specific Trade Missions, with few knowledge of markets, might lead to an escalation of commitment. This can result in an anchoring bias, with managers sticking with the first information they received;
- *The Confirming Evidence Trap*: we tend to subconsciously decide what we want to do before figuring why we want to do it. Also, we tend to be more engaged in things we like. Focusing on Trade Missions, managers might tend to retain only the information that seems positive to them (self-serving bias), while ignoring important information gained from these experiences.

In the case-study chapter, we will try to confirm if these process biases really occur and, also, if there are others affecting the firms' participation.

2.3.2.2. Best practices

To make Trade Missions more effective, some authors and organizations have outlined their own best practice charts. To organize them, Brewer and Lann (2013) divided and selected the events regarding three stages: Plan; Host; and Follow-up.

USAID, in association with Nathan Associates Inc. (2004), also presented their own proposal for dividing the different moments in the Trade Mission process, regarding the level of export capability and related initiatives. These would consist in raising awareness; building export-readiness; selecting target markets; identifying sales opportunities; closing export deals.

The characteristics a company presents in each of these stages, as well as its internationalization behavior, will influence the firm’s objectives and the upcoming success (Spence, 2003).

Concerning the Plan stage, for participants in general, Foreign Affairs and International Trade Canada (2001) have suggested a long practices line. The importance of being well prepared is such that for this institution knowing the firm’s unique selling proposition, determining one’s value added, and understanding the targeted companies needs and wants is as important as the event itself. The same institution points consistency is key to success, as well as setting up the connection with the on-the-field contacts before the event.

Concerning the Host stage, the same organization points out the networking importance, presenting one’s message, enrolling at meetings, and focusing on the firm’s objectives.

Finally, regarding the Follow-up stage, Foreign Affairs and International Trade Canada points out how keeping promises and delivering the information asked while on the event are important. If the connection was established, a preparation on the firm should be immediately developed, and an email awareness campaign with important information on the company should be run. While acknowledging these, we have created ahead a framework, to help develop the best practices chart for SMEs (**Table 2**).

Stage	Initiatives	Suggestions
Plan	Raising awareness; Building export-readiness; Selecting target markets; Identifying sales opportunities.	Know your unique selling proposition; Determine your value added; Understand the needs and wants of the targeted companies; Be consistent; Set up the connection before the event begins.
Host	Selecting target markets; Identifying sales opportunities.	Enroll at networking activities; Have a clear message; Promote meetings with the target companies; Focus on your objectives.
Follow up	Closing export deals.	Deliver target companies promised information; Prepare presentation on the firm; Run an email awareness campaign.

Table 2 Best practices hypothetical framework

3. Methodology

To introduce the case-study analysis, it was first necessary to understand the structure it follows. The study hereby presented is a qualitative one, as it was intended to receive an in-depth report on SMEs participants in Trade Missions. This type of research does not generate numeric data, since it is used to understand people's beliefs, experiences, attitudes, behavior, and interactions (Pathak *et al.*, 2013).

In the previous chapter, it was suggested SMEs need to enroll at Trade Missions, as they are more exposed to the risks attached to the internationalization process. Accordingly, this led to the introduction of some recommendations on the work these enterprises need to undertake. The goal of the abovementioned research was to detect and classify the best practices SMEs should familiarize with, as well as potential biases that might occur within Trade Missions.

3.1. Data collection

The outcomes in this study resulted from four different SMEs participants testimony analysis. We also conducted open interviews with representatives of Portuguese EPAs (for more information, see *Appendix III*) to receive output on the Trade Mission process and, above all, understand which the suggestions given by the agencies to Trade Mission participants are. Moreover, two interviews with Trade Fair Participants were made (for more information, see *Appendix IV*), to analyze other exporting SMEs' points-of-view. The SMEs' interviews structure is semi-organized, with seven specific questions filling in as central to the research:

- 1) *What reasons led the firm to participate?*
- 2) *How did the enterprise apply to join and how did it organize itself?*
- 3) *What were the main difficulties when preparing for the Trade Mission?*
- 4) *During the event, how did others react to the firm's presence?*
- 5) *What were the benefits of participating?*
- 6) *What changes do you suggest the organization should implement?*
- 7) *After the event, how far has your relation with targeted companies and other participants gone?*

To assemble different types of participants, we selected interviewees with distinct experience levels in Trade Missions. Being a new or an experienced participant brings different awareness on the events, as each subsequent entry takes similar risks and thus helps exporters improve their skills and experience over time (Seringshaus, 1989).

The interviews were conducted face-to-face and recorded, authorized by the interviewees, to present the most accurate information possible. When the organizations did not arrange for a face-to-face meeting, the questions were sent via email, with previous consent.

The interviewees were Rita Araújo, from AICEP; João Oliveira e Silva, from CCIP; João Martins, from AERLIS; Paulo Caldas, from AIP-CCI; Ana Cunha, from Ninho da Carriça; Antero Urbano, from Silvas, S.A.; Liliana Frias, from Airfree; Rui de Carvalho, from Intergaup; Rui Pirote, from Ernesto Morgado; João Neves, from Ideias&Detalhes. For further information on these organizations, see *Appendix V*.

3.2. Limitations and constraints

This research was dependent on the contribution of SMEs Trade Missions' participants from Portugal, limiting the number of potential interviewees. Moreover, as only a qualitative research was used, generalizations might result from the recommendations taken from it.

SMEs list to contact was provided by the organizing agencies, followed by phone call introduction and email contact (for more information, see *Appendix VI*). Within each phone call, it was mentioned the study was conducted by an MSc thesis student and emphasized the specific need to interview a company's representative company who represented it in a Trade Mission. In spite of giving initial positive feedback, some companies did not schedule interviews, referring to lack of time, or they simply did not reply to our invitation to schedule an interview. Thus, the industry sector of each interviewed company was not taken in notice while contacting the firms not to limit other options, such as the level of experience.

The recommendations presented afterwards were directly influenced by the material collected and presented in the case-study, as well as additional literature that we considered would help framing these observations.

4. Results – SMEs in Trade Missions

The apparatus generated from a Trade Mission participation is well understood by all intervenients. However, throughout the process, and while analyzing the interviews, it became clear that there are some differences from the perspective of the organizations and the companies. Through these dissimilarities, some procedural biases are generated. Moreover, there seems to be an agreement from both sides, regarding important practices that companies should be aware of and which will help the firms to superiorly establish in the exporting scene.

4.1. Agencies' points-of-view

Trade Missions are one within a list of activities promoted by Export Promotion Agencies. Further on, these agencies develop Trade Fairs, Buyer-Seller Meetings, Promotion Events (introducing information; presenting market research on specific countries, sectors, firms) and, still, extend their activities to some Export Support Services.

In Portugal, the governmental agency responsible for Trade Missions is AICEP. It presents a dynamic approach focused on the client/investor, promoting a direct negotiation with companies and cooperating in all phases of business development¹¹. Moreover, CCIP, AERLIS and AIP-CCI are other examples - in their case private agencies - which also promote similar services.

The first one has been supporting business companies since 1834, promoting both the national and international development of its members, being a promoter of the link between SMEs and large companies¹². As for AERLIS, it is a business association established in the Lisbon Region, focused on helping local companies develop their activity. It develops consultancy within these firms, as well as training sessions¹³. Thirdly, AIP-CCI is an agency focused on enhancing knowledge, innovation, and different activities sustained growth so to promote national investment development. It is its belief that these drivers help to access new international markets¹⁴.

¹¹ In AICEP About Us webpage: ' Key facts about aicep Portugal Global'.
<http://www.portugalglobal.pt/EN/AboutUs/Pages/AboutUs.aspx>;

¹² In CCIP About Us webpage. <http://www.ccip.pt/en/about-us/about-us>;

¹³ IN AERLIS English website. http://www.aerlis.pt/images/aerlis/AERLIS_presentation.pdf;

¹⁴ In AIP-CCI website. <http://www.aip.pt/>

4.1.1.1. Participants' expectations

It is consensual among the agencies that Trade Missions are of extreme importance in SMEs planning to internationalize their activity. João Oliveira e Silva, from CCIP, acknowledged that these firms search out for agencies because they feel more fragile, with no support in the internationalization process. As a result, while involved in a Mission with other companies, firms start feeling more confident, regarding themselves as credible entities. AICEP's Rita Araújo stated that normally SMEs do not have the same resources as large companies, making it necessary to give them a higher level of support.

*“Firms seek us more than they did before and they are more demanding. Still, some companies continue making mistakes, but, in general, they are now much better prepared. As it is required to pay to participate in an AICEP Trade Mission, participants expect their time to be well expended – and **time is really important in a Mission** – and that their money is worth it”.* (Rita Araújo, AICEP)

João Martins, from AERLIS, pointed that for some companies, the contraction of the national market also involved the concentration of resources and efforts within the domestic market, making it even more essential to participate in EPAs events if a company intends to export.

“It is nowadays easier for an SME to think about internationalization. They have more demand and the number of Trade Missions is increasing every year. Even if not by means of Missions, there are more support requests for internationalization.” (João Oliveira e Silva, CCIP)

AIP-CCI member Paulo Caldas remarked that in 2014 there were 800 Missions organized by several agencies. He made aware that 90% of SMEs only export to one market, and that, in their case, the agency supports for 50% of a firm participation in a Trade Mission, as a way to help promoting Portuguese companies. He continued, explaining that a company, willing to export, needs to participate in more than one event if it intends **to establish contact with others**, as well as **to obtain in-deep information on their targeted markets**. These are two of the participants' main expectations, as firms need to be aware of market regulations and conditions and money supply. This was also referred by Paulo Caldas, who sees these as important issues for exporting firms. The AIP-CCI member also mentioned that another valid point for SMEs to participate in Trade Missions is that it gives **a chance to gain capability**. In other words, it helps Portuguese

companies to start adapting their products to different markets and promoting them in the most adequate way. For firms with fewer human and economic-financial resources these events can make it easier to prepare a proper internationalization strategy, as they also help increase a product added value, and find the specificities in which to bet on: differentiation can come from pricing or through the product itself. In a Trade Mission, participants ultimately expect **the effectiveness of the business to be valued**.

4.1.1.2. Event organization

In each of the stages within a Trade Mission – Plan, Host, and Follow-up – there are specific issues that need special attention by the organization. In the CCIP case, the agency starts by spreading over a national database information regarding the Mission. The agency presents a seminar to arouse interest and explain how the market works, and also, with the help of already established companies in that country (normally SMEs), deliver Q&A sessions so that new participants may question them. This way, CCIP understands to what extent it might be interesting to develop a Mission. Afterwards, companies register in the event and the CCIP, through the CIEP - International Confederation of Portuguese Entrepreneurs¹⁵, connected to a worldwide network of Portuguese Chambers of Commerce – develops the event.

As mentioned by AERLIS' João Martins, Missions are tendentially more oriented to SMEs, although large companies also participate. For this agency, direct and personalized support is needed to fulfil the Mission schedules and objectives.

AIP-CCI follows a similar approach, with Paulo Caldas explaining that for firms to “attack the market”, the agency starts by delivering a workshop to introduce the market with the already signed participants and also with exporting institutions, like AICEP, Embassies, and Chambers of Commerce. The companies fill in a form, which leads to a matching with potential in-market partners (these also fill in a form - upheld by local agency partners - showing their interest to participate). Ten firms participate in the Trade Mission. However, only two among them are large companies. Bilateral meetings are scheduled, being typically hold in hotel rooms or even in the local companies' facilities. SMEs have more difficulty in arranging these meetings, and thus agencies help them finding the best contacts available.

¹⁵ Originally Confederação Internacional de Empresários Portugueses

As it is a governmental agency, AICEP organizes Trade Missions involving Government members, like the Prime-Minister and even the President of the Portuguese Republic. Normally, the agency starts organizing an event by requesting AICEP' commercial divisions to identify a list of companies that have interests in the targeted country, which is then filtered down. Afterwards, an invitation is sent to the firms to fill in a registration form, with all the company information, either in the local language or in English, their objectives in the country, the companies they expect to meet, and if there is any kind of deal expected to occur during the Mission. Local partners then help to arrange the bilateral and sectorial meetings.

Later, in the Trade Mission, the tendency has been to organize a large Business Forum/Seminar, with a period of networking, which Rita Araújo points out as a moment in which companies trade business cards, but not where business is made. That comes afterwards in the bilateral meetings, which is leading Seminars to become smaller and more sectorial.

In the Follow-up stage, a week after the event, AICEP sends a questionnaire to the companies to see if everything went as planned, to collect some suggestions, and to see if there were some foreseen deals. In the following months, local AICEP divisions in Portugal carry on the Follow-up, to understand if and how business developed.

The success of an event is measured first by the number of registrations, as it is a good indicator showing if the market is attractive or not. CCIP, for example, evaluates that, as well as the meetings scheduling. There is always someone from the agency who goes on the Missions to have an in-field perception on the business environment and if everything is fulfilled.

Then, within the Follow-up stage, CCIP gives companies a guarantee that if in two year time no deal is established, the participation fee is returned. This has never happened, but it is, nonetheless, a method the agency uses to evaluate the success of the Mission.

AIP-CCI has a more simplistic way of measuring the success a firm had in a Trade Mission: is it exporting or not? If it is, the agency can see if the business was developed through a contact established in the event. Also, AIP-CCI measures the intensity exportations have, concerning every participant. In other words, it measures the turnover, regarding exportations before and two years after the fulfilment of the Mission.

4.1.1.3. Participants' experience

Going into a Trade Mission, being a new or an experienced participant makes the difference. AERLIS' João Martins considered that a first visit to a foreign market serves more as a reconnaissance mission, with the following ones being more commercially and strategically focused.

CCIP's João Oliveira e Silva saw more differences in the planning stage. The agency always tries to give tips to companies with no experience; however, there are some tricks they expect more experienced participants will use. For example, those more experienced know that business normally comes after the Mission, so they do not take samples, sending them afterwards to maintain or resume contact.

AIP-CCI's Paulo Caldas also referred that the agency tries to have positive results by combining different level of experience companies: the first-time-participant firm learns from those more experienced.

4.1.1.4. Errors and recommendations

Regarding the errors companies normally make, CCIP' João Oliveira e Silva identified the Planning and Follow-up as stages where companies are more careless. The CCIP member pointed out that, in some cases, companies do not prepare themselves for the market: **Language is an important issue and it can be an obstacle**. For example, going to Luxembourg, a firm should have its presentations in French, instead of in English. In the Follow-up stage, some companies just keep waiting for others to take the next step, not building on their contacts, and not being proactive.

Paulo Caldas mentioned that AIP-CCI participants suffer from the same errors, as some are not yet prepared to go international: companies may lack resources; they might have low capability to promote their products, to communicate, among others. Also, their persistency and resilience are not enough: companies need to show they have the know-how; that they are aware of the market, ready to move into it and not willing to give up. For the AIP-CCI member, companies need to understand that one needs to be ready to internationalize, to think about going abroad and that they need to have the motivation, a strategic and action plan, with an in-deep diagnosis of the market, with a SWOT analysis, products adapted regarding the place and aptitude to communicate and promote.

AICEP's Rita Araújo identified two types of companies: those in which the homework is done; those where it is not, lacking preparation. Companies that do not study the country and do not even know who they are meeting. Some participants do not take material, or they take it, but it is not the proper one (for example, catalogues in Portuguese). This is a problem also mentioned by AERLIS. Nonetheless, for the AICEP member, there are some improvements regarding that issue. The agency also promotes meetings before the Missions are hosted, where a briefing of the event is presented. Also, a Q&A session with a videoconference is made with local partners, but even then some participants do not show up. Rita Araújo mostly noted that Portugal and its firms need to have sales pitch, to know how to promote themselves.

4.2. SMEs participants

Companies participating in Trade Missions do not always go into an event with the same expectations. They are not committed equally and face different issues depending on the firm characteristics. The way they get integrated in the Mission environment can make a difference in establishing contacts and, afterwards, making deals. Benefits from the event differ from participant to participant and the more companies keep participating the less mistakes they seem to make.

Among the companies hereby introduced, Ninho da Carriça is the last to have participated in one: Algeria, November, 2014, with AIP-CCI. This firm from Figueira da Foz belongs to a group of small companies from the region. With twelve employees, its core business is organic fertilizers production. Also, from Figueira da Foz, Silvas, S.A., an SME with 93 workers, has, for a long time, been present in foreign countries. Nonetheless, this industrial engineering company only participated in one Trade Mission: Angola, April, 2010, with AICEP. Lisbon's based Airfree, an air purifier manufacturer focused on exporting, is a more-experienced participant, normally going in two or three Missions a year. This SME has about 30 employees, with offices in Portugal and Brazil. Among their participations, we will look more closely at the one developed in Turkey, October 2014, with AICEP, led by Portuguese Deputy Prime Minister, Paulo Portas. By enrolling at a Mission to Mexico, in June 2013, with AICEP, Intergaup was another SME participant. This architectural office with 30 years of existence employs 25 specialists and has a vast portfolio, mostly in the banking sector. It is an experienced firm, with offices

in Lisbon and Mozambique, having worked with large companies worldwide, especially Portuguese BPI and BBVA Bancomer, the biggest private bank in Mexico.

Also, we considered two other SMEs, which in spite of not having participated in Trade Missions, they did participate in Trade Fairs. Looking at how they prepared for their events, we found similarities with SMEs Trade Mission participants. These two companies were Ernesto Morgado from Figueira da Foz, an enterprise with 58 employees, whose core business is rice meal production, and Ideias & Detalhes from Mealhada, with about 50 workers, and focused on material processing such as stone, metal, glass and ceramics.

4.2.1. Reasons to participate

SMEs participants seem to have similar expectations when enrolling at the events, regardless of their size and sector. Antero Urbano, from Silvas, S.A. recalled that what led the company to do so, **was an increasing demand for their products and the affinity to the hosting country**. Among others, the company manufactures rice debarking machines and dryers, as well as cassava grinding machines, which at the time seemed good merchandises to export to Angola. Also, Silvas, S.A. had successful past experiences in Africa, mainly Mozambique, which made them target more markets in that continent, thus enlarging their horizons.

Regarding Ninho da Carriça, Ana Cunha went into the Algerian Mission by chance, as the firm was invited to participate during another event in Portugal, and also organized by AIP-CCI. At the time, the company thought the African market was a good one to start exporting organic fertilizers, making this Trade Mission its **first internationalization action**. Furthermore, Ninho da Carriça's Ana Cunha considered that without that invitation, the company would had never considered going abroad. It was something unexpected, and it led to an on the spot decision to participate.

Airfree, on the other hand, has long been a company focused on having a strong foreign presence. **Several workers are responsible for exploring and boosting the firm's presence in specific regions**, and analyze the need or not to participate in a particular Mission. One of these employees is Liliana Frias, who mentioned the firm's goals going into a Trade Mission as being to **visit a country where the company already had some interests, but still did not have a large partner**, serving as distributor for its

products. Airfree's internationalization process is crucial for the firm, since Portugal is seen by the firm as a market not attracted to the line of products it has.

As for Intergaup, Rui de Carvalho acknowledged that its participation was mainly because **the firm had already more than two years of experience in Mexico**. For the Intergaup member, this added value to the company involvement, since the event could lead it in gaining new clients from the banking sector, as they could be interested in the firm's portfolio in the country, regarding BBVA.

4.2.2. Preparing for the Trade Mission

There are two kinds of firms: those which use Trade Missions in a way to start preparing for their internationalization process; those which see these events as the next natural step to take on their planned internationalization process.

In Ninho da Carriça's case, there was some preparatory work made: **the company had to choose the material they would take to the Mission** and there was a **research made on the potential partners**. The company had to **prepare its business presentation, as well as translate it and every other material taken** to the local language, French. Nonetheless, they **did not go deep in deciding the goals the company had going into the event**.

Leading the company into the Mission, Ana Cunha explained how AIP-CCI made the registration process easy, with no setback, with the entry fee comprehending every expense regarding the event.

As for Silvas, S.A. the company had received invitations before, but kept declining them. Nonetheless, when AICEP contacted the company to participate in the Angolan Mission, it felt like a good opportunity:

*"We had a commercial director working with us, who went on **establishing a good relationship with the agency**. They went on giving us suggestion on how to prepare and at the time we had participated in some training about strategic development and commercial approach. We went on the Mission equipped with small brochures and USB flash drives with relevant company information. And we had the **know-how**."* (Antero Urbano, Silvas, S.A.)

Airfree's Liliana Frias explained how the firm is a registered member of AICEP, allowing it to receive the agency's Newsletter and being directly informed when a

Mission occurs. AICEP has staff assigned to help this kind of companies, guiding Airfree along the registration process, giving needed information and looking out for potential problems, as for example, necessary passport documentation.

Not identifying any major flaw on the organization act, Liliana Frias went on explaining how the company will normally have a representative on the Mission, the staff member responsible for exportations in that region, who will already be an expert on that area. This person is responsible for **preparing what needs to be mentioned in the meetings, what needs to be known of the potential distributors and also to determine the information, brochures and others intended to take with.**

“The news help a lot. Going into a Mission, we already know if a country X has economic difficulties, and why does it have them; or if a country Y had a good economic year, and the reasons for this. We try to look at all the information available.” (Liliana Frias, Airfree)

For Rui de Carvalho, Intergaup issues in the Mission started in its preparation. The list of contacts was poorly arranged, as no deal was established afterwards:

“The search for clients, made by AICEP, was not correct. It went on looking for the biggest banks in Mexico to meet us. From a size only point-of-view, this was not worthy, since we have a smaller international dimension. Also, we develop and implement concepts on firms’ image, so it was important to know which the banks mostly in need of an image rebranding were.” (Rui de Carvalho, Intergaup)

Nonetheless, Intergaup’s member admitted they also **did not do this search**, as in his mind, they did not have an easy access to Mexican data and were finally hoping AICEP would do it.

4.2.3. In the event

To be proactive can make the difference throughout the event. Despite not having any connection to most of the participants, Antero Urbano mentioned that among other firms, there was one which supplied the company and another applicant, also an industrial engineering firm, which had businesses both in Portugal and Angola and showed interest in Silvas, S.A.’s catalogue. However, this new found contact was not successful.

The Angolan Mission went on for ten days, with Antero Urbano visiting four of the most important state cities. The participants were always accompanied by AICEP and were welcome by the local Economy Minister, the Portuguese Consul in Angola and each Provincial Administrator. This facilitated future deals for Silvas, S.A. as it was given information on what was locally needed and how the firm could help. There were some meetings in the hotel with local entrepreneurs and other encounters with key Angolan enterprises in their facilities.

Concerning Ana Cunha and Ninho da Carriça, the Mission to Algeria had ten participants, only two large ones, all from different sectors. Ninho da Carriça's member considered that everything regarding the organization went as expected, with no problem among participants. Time was an issue, since it only lasted two days. AIP-CCI local partners helped the firms constantly, finding the best companies to meet them.

With everything scheduled, Ana Cunha **went on the Mission knowing who their potential partners were**. Nonetheless, this did not stop other entrepreneurs to show interest on the organic fertilizers manufacturer, which the Ninho da Carriça member saw as odd, since local businessmen would go on looking for all kind of deals, from Ana Cunha's business, to a juice company, or a chocolate industrialist.

Airfree's experience in this kind of events is much superior to the two abovementioned firms, as noticed by Liliana Frias' awareness on how this events are developed.

“The delegation will usually stay in the same hotel. We dine together, and normally we will also be with the Portuguese authority that led the Mission, as well as local authorities. For example, in Turkey we had dinner with the Portuguese Deputy Prime Minister and the Turkish Prime-Minister. There is a good group dynamic. Then, the meetings are one-to-one. We will all be at the same room, in different meeting tables. Local firms and entrepreneurs will select who they will meet, going around the room (...) we will usually have a good feedback from them, trading business cards and making the Follow-up by email and phone contact. Missions will normally take two days: one day to promote meetings, another for seminars, conferences, and other kind of events.” (Liliana Frias, Airfree)

Regarding Intergaup, during the event everything went well. Nonetheless, unluckily, the firm did not meet any local company interest in what they had to offer. Rui

de Carvalho, as the firm representative, met with some banks, which made it clear that if needed, they would contact Intergaup. Since the Mexican market seemed to be closed, they did not even do a follow-up.

“This is not a service we will obtain by being in permanent contact with potential clients. We are in the market, we have a website and the banks have our data. An image and functional reshuffle is not that often made. It comes and goes, and, sometimes, it even depends on what the firms’ competitors are doing. And then, we still need to persuade the banks to pick us.” (Rui de Carvalho, Intergaup)

4.2.4. Participation benefits and Follow-up

Not every Mission brings positive benefits to the companies. Antero Urbano considers that Silvas, S.A. participation did not carry economic results for the firm. The contacts made during the event did not lead to any deal and the company was not even able to maintain any of relations there promoted. The company would eventually make deals in Angola, but Antero Urbano feels those did not have anything to do with the Mission.

“We lacked maturity. I went into meetings with businessmen that needed our services, our knowledge, but did not capitalize. There are a lot of problems making deals with Angola, mainly because we had to compete against Chinese pricing: our machines require specific certification, need to be safe, which ultimately leads to higher costs.” (Antero Urbano, Silvas, S.A.)

Despite having yet to close any deal with an Algerian partner, Ana Cunha mentioned she was happy with the Mission, and continued on communicating with other participators, as well as local companies.

“We wanted to see if our product was well received in Algeria and meet companies which were interested in being our partners. I was pleased with the receptivity we had and noticed people wanted to speak with me. We did not have a specific goal in participating, Algeria appeared by chance, and we had only the month of October to prepare. We needed to adapt to the local culture: make packaging translations; prepare everything according to the language and legislation. Now, we still have some work to do on licensing and then we will see what to do concerning new opportunities.” (Ana Cunha, Ninho da Carriça)

In both cases, after the Missions, both AICEP and AIP-CCI maintained in touch with the firms, sending newsletters, in addition to other information and putting them in contact with commercial agency staff.

Airfree's Trade Missions participation brought deals to the firm, but as mentioned by Liliana Frias, it is always an uncertainty about what to expect from an event and it can take long before getting a contract signed. Nonetheless, **it is important to have a good feedback, even among those contacts whose deals were not possible.** For the Airfree's member, **Trade Missions are always important, not only to make deals, but also to increase one's own networking**, as these contacts can be important throughout other periods.

"We typically keep in touch. With the contacts made during the Missions we will go on trading mails, keeping ourselves informed on the country's situation. Regardless of making a deal or not, a follow-up is always made, so we maintain connected with the companies we met". (Liliana Frias, Airfree)

Intergaup's Rui de Carvalho did not recognize any benefit from the firm's Mission participation. The firm's member considered they could have been a bit more aggressive, as not even a follow-up was made. Nonetheless, the feeling was it would not be worth doing so, since the Mexican companies met at the event did not need the firm's services.

"It was not a bad experience, it was neutral. It is possible to join further Missions; however, we need to put more effort in our preparation." (Rui de Carvalho, Intergaup)

4.2.5. Company development

With every chance taken, good or bad, a firm gains experience. In Ninho da Carriça's case, despite not presenting any suggestion for the agencies, or new participants, Ana Cunha showed interest in participating in new Missions. The company took the first step in its internationalization process and is now trying to profit from the results of the Algerian Mission. As for Silvas, S.A., once again, organization was not an issue. Nonetheless, for Antero Urbano, although five years have passed since the firm's Trade Mission experience, it is still time to learn from past mistakes and assume the company responsibilities for them. In the Silvas, S.A. partner's opinion, having a heterogenic line of products, might have made it difficult even for AICEP to come across companies willing to do business with the firm.

“We could have done almost everything differently. Silvas, S.A. is good in many things, but we need to sharpen up our performance in advertising, marketing and being able to make commercial contacts.” (Antero Urbano, Silvas, S.A.)

Regarding Airfree, the firm will keep on using Trade Missions as an important tool for its international establishing and growth. Moreover, for Liliana Frias the main difficulties observed during the events are not linked to the organization, as **the agencies will normally have everything planned**, for example, not to be blamed when a potential partner does not show up, or when some specific information on a company is not available.

While still doing some residual work in Mexico, Intergaup’s partnership with BBVA led the company into the Spanish market. Nevertheless, the firm was not capable of maintaining any further deal in Mexico. While admitting that a new Trade Mission participation might occur, Rui de Carvalho considers some changes are required:

“The initial preparation contacts with AICEP were made by email. Everything was too tacit. Each part stood to its share of the work and there was no specific definition of what we intended, and I recognize it should have existed.” (Rui de Carvalho, Intergaup)

4.2.6 Trade Fair participants’ points-of-view

SMEs Trade Fair participants have similar goals going into their internationalization process as a SMEs Trade Mission participant. As pointed out by Ernesto Morgado’s Rui Pirote, the firm wants, in a sustained way, to continue growing in foreign markets. That is why Ernesto Morgado has chosen to link itself to AICEP. For this rice meal production firm, it is worth connecting to these agencies, since they prepare the companies for a **fast way to go abroad, acquiring valuable know-how and getting a reliable picture regarding the targeted markets**. For Rui Pirote, AICEP supports faster and safer deals, as **time is really important** for exporting SMEs.

In Ideas & Detalhes case, João Neves reminded on how he would take a series of diversified products on his first Fairs, since he did not know what the targeted markets were really looking for. He would also develop some contacts so that in the following Fairs he could arrange for some meetings.

“Normally the Fairs have three days. But, as I am aware that the events usually happen in the afternoon, I try scheduling extra meetings in the morning. That is what pays of the most in these events.” (João Neves, Ideias & Detalhes)

This material processing firm would go on Trade Fair trying to connect with foreign partners, looking only to **register in events occurring in countries the company was targeting**, a strategy also used by Ernesto Morgado, whose **participation is always dependent on the needed certification and legislation a country enforces**.

A problem observed by João Neves was that in some cases, agencies would give outdated databases, with out of date information of the local companies. Also, some events were badly advertised, leading to local entrepreneurs in that specific sector not knowing the events were occurring. Regarding the Follow-up, the Ideas & Detalhes partner considered there were a lot of promises made by local firms that would not lead anywhere. He noticed that after the Fairs, the firm received some invitations to enroll itself at Missions, which were rejected, as these were not to happen in targeted countries.

João Neves recommended SMEs should **only enroll at events in countries that were meaningful for the company**, since the participation costs represented a significant investment, a reason Rui Pirote also gave for Ernesto Morgado not having yet enrolled at a Trade Mission. In the Follow-up stage, Ideas & Detalhes’ João Neves suggested **firms should try and enroll at events in targeted countries with a six-month periodicity**.

4.3. Recommendations

From the previously presented data, we can now enumerate the problem biases we identified. Furthermore, we can develop a list of recommendations regarding one’s participation. By outlining the best practices one should follow, we intend to help SMEs take greater advantage of Trade Missions.

With regard to the documentation of biases, we based ourselves on the studies by Hammond *et al.* (2006) on “*hidden traps in decision-making*” and Patient (2014), as acknowledged in chapter 2.3.2.1., and also on the work developed by Pricer and Cruz (1996) on exporting SMEs, to provide correctable biases every firm can acknowledge.

As for the recommendations, we followed the framework presented in chapter 2.3.2.2., making it clear what the best practices are, concerning its stage. For each, we present initiatives and suggest their implementation.

We remind that the conclusions made are based on limited information, as exposed in chapter 3.2., which means we had to be cautious while introducing this output. Nevertheless, the data collected, having been recorded, is faithful to the interviewees' narration, making their testimony a stimulating tool on this subject.

4.3.1. SMEs' potential biases in Trade Missions

As suggested in chapter 2.3.2.1., we were capable of confirming the existence of both process biases there identified: the confirming evidence and sunk cost traps, as well as the anchoring and self-serving biases. Also, others were identified, like the defensiveness and projection biases, stereotyping and halo effect, fundamental and internal attribution.

The increasing need for other forms of investment, which the 2009 Crisis enlarged, led firms to look for EPAs. By expecting agencies' support would help outperform non-exporters, SMEs saw these events as a golden opportunity. However, registration is not synonymous to success, and not acknowledging it, is the first step for some biases to emerge. From the collected data, these are the biases we identified and can be avoided:

- Planning stage
- **Failure to obtain good advice on exportation and Trade Mission preparation:** connected to the confirming evidence trap (managers hope others will decide for them, and accept it with no second thoughts) and inspired in Pricer and Cruz (1996, p. 21); managers expect agencies to give advice on how to prepare for the events and assume they are the sole responsible for initially establishing contacts. However, agencies do not know the participating firms by heart and their operations, which can be heterogeneous and hence difficult to arrange for proper meetings. To be able to give good advice, an agency needs first to comprehend entirely what firms expect by participating and the products they are willing to export;
 - **Targeting a country and not visiting other host states:** linked to the sunk cost trap and the anchoring bias; managers normally decline invitations to participate in Trade Missions outside countries where they are operating. Although stability is always a good indicator in management, if a company intends to increase its exportations, there will not be a better change to know if there is an additional opportunity within a new country than by preparing and participating in a Trade Mission.

Planning stage	<ul style="list-style-type: none"> • Having the agenda prepared only by the agency: associated with the self-serving and defensiveness biases (perceiving the Mission in a way easier to prepare); companies will go on an event expecting that the organization already had everything scheduled. Nevertheless, managers should not stick only to it and try arranging extra connects with local entrepreneur, even if it means extending their stay in the country for a few days longer;
Planning and hosting stages	<ul style="list-style-type: none"> • Stereotyping/ Halo effect: in the first two stages of a Trade Mission; Stereotyping – judging someone on our perception of the group or category to which we think they belong – is an error usually made while targeting a country, and preparing the material. Regarding the Halo effect – drawing a general impression about an individual on the basis of a single characteristic – it is related to the way a manager perceives potential local partners and, from that single experience, generates high hopes, which sometimes does not lead anywhere.
Hosting and follow-up stages	<ul style="list-style-type: none"> • Not taking the next step: connected to the fundamental attribution error (tendency to underestimate the influence of external factors and overestimate internal ones when making a decision); during the meetings and when exchanging business cards, there might be a moment when the manager realizes he can bring something important to the potential partner, but the situation is not the appropriate to show it, may it be for lack of time, cultural reasons, or any others. It is important for the manager to quickly resume conversations and demonstrate he can bring added value to its partners. • Projecting yourself in potential partners: linked to the projection bias, managers might have the tendency to project their own doubts, preferences and motivations into the potential partners; this error might lead to the creation of false expectations and failure to achieve possible deals.
Follow-up stage	<ul style="list-style-type: none"> • Not showing it matters: related to internal attribution (behavior due to the individual); one of the most important thing in a Trade Mission is to listen; understand what entrepreneurs are looking for and adjust the products to their needs. Afterwards, if that target market continues to be a priority, a manager should not only implement some of the input received in the firm's supply, but also show it to potential partners. This also involves maintaining in touch by other means, such as sending newsletters, or visiting the country and meeting with the contacts periodically made.

4.3.2. SMEs’ best practices in a Trade Mission framework

The framework hereby presented intends to make it easier for SMEs to understand the recommendations we feel can be easily implemented and ultimately bring greater advantages to a Mission participation. This chart was created on the division made by Brewer and Lann (2013) and through each stage we intend to extant the analysis by enumerating initiatives and suggest their implementation.

Stage	Initiative	Suggestion
Plan	Be certain the SME is ready to export.	Strategically speaking, there are suitable frameworks one can fill in order to see in what stage of activity the company and its products are. To have a strategy and marketing specialist working with the firm will help to see if the firm’s next step should or should not be to export.
	Promote periodically training on internationalization.	To have a Commercial Department can facilitate ongoing events. Nonetheless, within SMEs having one might just not be possible, so it is better to mend this issue by having outside help to introduce exportations and internationalization to the staff, and how to behave in different environments and business meetings.
	Delegate in advance to a staff member	Based on Pricer and Cruz (1996, p. 106); Companies may not have much time to prepare for the event. In that case, managers should be able to delegate to an employee the demanding work of understanding host countries legislation, culture and mores. An important issue that should always be considered in this stage is the language, and should deserve special care.
	Get information on potential partners	Firms should be aware of all their chances going into the event. Networking can often establish a friendlier environment, making managers feel more confident. Also, deals can result from local partners, as well as contacts made through other participants. Asking agencies for a list of contacts is important

Stage	Initiative	Suggestion
Plan	Establish realistic and tangible objectives	A Mission should not be a secondary issue. It should not be seen as an opportunity that just came along. The first thing to do while preparing for the event is to clarify the objectives of the participation: is it the first experience abroad? Is the firm looking only to measure the product demand? Is it trying to establish contacts? Or already closing a deal?

Table 3 Best practices in the Plan stage

These recommendations related to the first stage intend to perceive if the Mission is really a priority for the firm, if it is ready to look for a deal even beyond the event itself (mainly when it comes to other participants) and what it aims to benefit from participating.

Stage	Initiative	Suggestion
Host	Be sure to know the legislation of the hosting country, regarding the firm's sector.	Having the sectorial know-how and knowing a product well is not enough. If, in the planning stage, managers need to adequate products to the demand, during the event they need to be aware that at any time, an uncomfortable question might appear. Therefore, it is better to have every scenario already figured out, which will make a manager feel more comfortable.
	Do not give away central information freely.	Cautions are always needed. Managers should remember that within each event there will be sectorial entrepreneurs looking to add value to their own firms' products. If a firm is trying to export, managers should not give away their know-how and their products features straight away.
	Learn from more experienced and larger companies.	Lack of maturity cannot serve as an excuse. SMEs managers can ask other participants for advice, as well as study the way they perform during the event. AIP-CCI, for example, joins SMEs with large companies, so the former can feel confident and secure.

Stage	Initiative	Suggestion
Host	Do not think of taking anything for granted.	Meetings will normally run smoothly and managers will get their expectations high. In some cases, representatives will even feel their product is just perfect for potential partners. Yet, the deal will not be closed until the two parts sign it. So, it is important to keep on establishing the firm as a future partner.
	Take note of every feedback received.	A Trade Mission should always serve as a place where a firm's product demand can be measured. Potential partners are potential clients, so their opinion is valid and should be useful on future product developments.

Table 4 Best practices in the Host stage

Throughout the Host stage, managers need to watch others and learn, taking the opportunity to add value to their products. Time is scarce and so, above all, it is good to leave a good impression and build up for future meetings.

Stage	Initiative	Suggestion
Follow Up	As product development is made, present it to potential partners.	As the firm's business keeps developing, it is good to run an email awareness campaign, preparing a newsletter with updated information on the products. To give away free material and make demonstrations might also be useful.
	Strengthen the relationship with the agencies.	Establishing a good relationship with the agencies and their partners, helps to reinforce a manager's network of contacts. Also, it will give the firm better chances of participating in further Missions. Therefore, it is important to stay in touch with the agency and give them feedback from time to time.
	Make periodical visits to the targeted country.	In order to reinforce a firm's presence in a targeted market, it is important to keep on scheduling meetings with already known entrepreneurs, and also trying to develop new contacts. SMEs can try to receive extra help from EPAs while doing so.

Stage	Initiative	Suggestion
Follow Up	Compare the firm's Mission success to other participants'.	Based on Pricer and Cruz (1996, p. 109); It is worthy to understand the differences on how the firm and other participants approached the event. This way, a manager can analyze his performance and try to make the next Mission even more valuable. It is then important to keep connected to the other firms.
	Reassess existing resources, in order to adapt/prepare for a potential deal.	Having met potential partners, a firm can evaluate if it is worth making an investment and hence adjusting its capacity to a possible deal. Still, by deciding to do it, a firm should also prepare its staff for this opportunity, sensitizing them for its importance.

Table 5 Best practices in the Follow-up stage

In the Follow-up, a manager should have the capability to cool expectations down and see if a possible deal is possible or not. Furthermore, within this phase, it is important to analyze the benefits taken from the Mission and thus not make the same mistakes in further events. Also, it is imperative to reinforce the firm's relationship with others.

5. Conclusion

We initiated this study introducing the increasing importance given to Trade Missions, regarding the 2009 Debt Crisis. SMEs were the ones which could benefit more from these events, as they have fewer resources than large companies, making it crucial to have outside help.

Moreover, Trade Missions' importance was documented in the second chapter, presenting various authors' input on the subject. Emphasis was given to SMEs participation, since they represent one of the most effective practices forms of promoting exportations, mainly when governmental authorities go together with them.

We considered SMEs were also the most exposed to and affected by potential biases, hence increasing the importance EPAs might have in reinforcing firms' action on the events, giving means to achieve a growing network, financial stability and know-how on foreign markets. By analyzing some of these companies, interviewing EPAs and also Trade Fair participants, we introduced a list of potential biases, and developed a best practices' chart. Both these frameworks were divided in to three stages: Plan, Host and Follow-up.

Among the potential biases identified, most of them were related to internal attribution, as it seems to us that these biases are the result of a behavior due to the individual (firm). Consequently, firms need to: be explicit while interacting with the agencies; take measured risks on which country to invest in and be self-aware if they are ready or not to internationalize their operations; understand who their potential partners are and how to interact with them; and be as less dependent as possible from the organizers, which means being capable of building on the input received and, hence, making deals on their own.

Regarding the best practices, they represent initiatives which can help surpassing potential biases. The ones listed intend to give doable conducts on how an SME can prepare for a Trade Mission, feeling more confident and being at ease with the event's environment. We planned to make participants aware of the importance others' participation represents and how they should be used as an example. Also we brought up initiatives that can help firms prepare for the period following the event, in a way that can make it more effective. This way, we hoped we were able to correctly consider how an SME should proceed when and while enrolled at a Trade Mission.

5.1. Thesis limitations and suggested research

All researches made will present its strengths, as well as its limitations. About this specific one, we took them in attention throughout the paper, reflecting upon them in this chapter.

Firstly, we chose to limit this study to SMEs participants, not analyzing to what extent large companies could also benefit from a list of potential biases and recommendations, a study that could also be made. Furthermore, we focused this research on Portuguese firms, which are influenced by specific external factors, different from other countries' firms. Even more, EPAs in Portugal are at a different stage than the ones in other nations, since the Portuguese have been largely influenced by the 2009 European Debt Crisis, which gave exportations – and hence Trade Missions – an increasing importance.

Secondly, the literature collected does not consider the economic phase a country and its firms are inserted in. Moreover, existing literature on Trade Missions' Process Biases is not much developed, making it necessary to develop one's own remarks on this subject based on Managing Organizations biases.

Thirdly, the way the recommendations were presented is established using some authors' input, which we developed specifically for this research. EPAs conduct questionnaires in order to collect participants' feedback and it would also be interesting to do a research on this information to present further recommendations.

Regarding the methodology chapter, its limitations were there described. We also introduced SMEs Trade Fairs participants' input as we came across interesting testimonials that we considered were also interesting to develop recommendations on Trade Mission participation. We hereby suggest that further studies could also be made regarding this aspect, since we expect these two kinds of export event participants to have similar approaches through the Plan and Follow-up stages.

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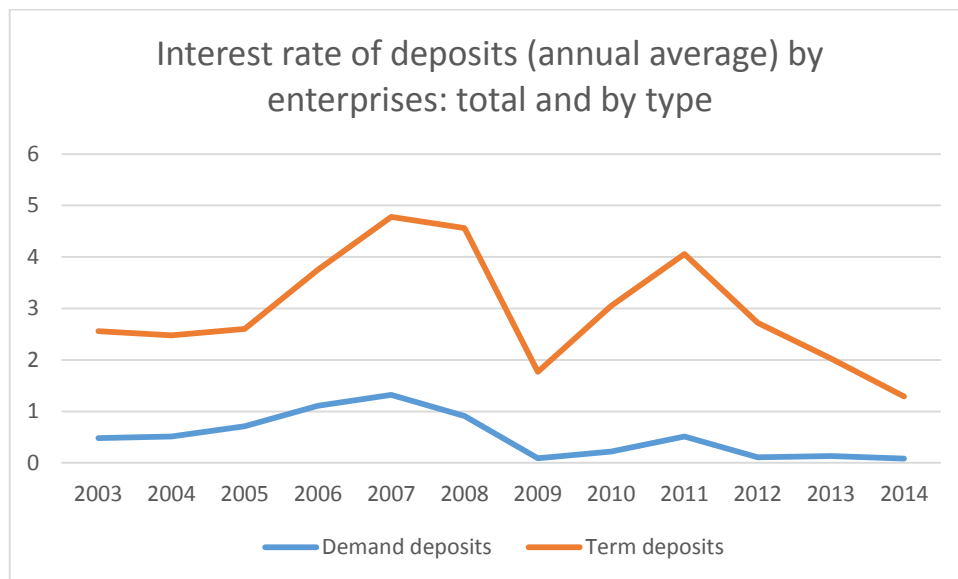
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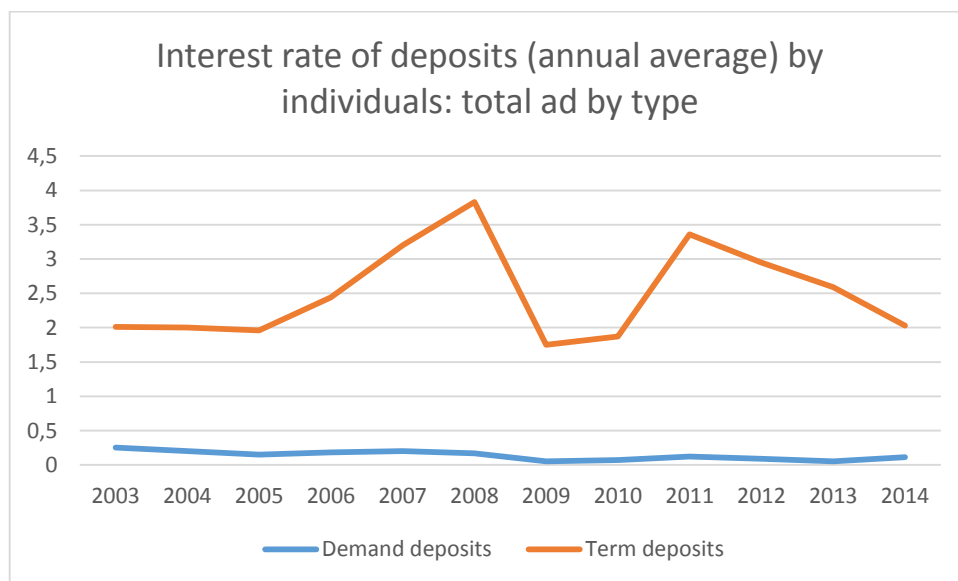
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7. Appendices

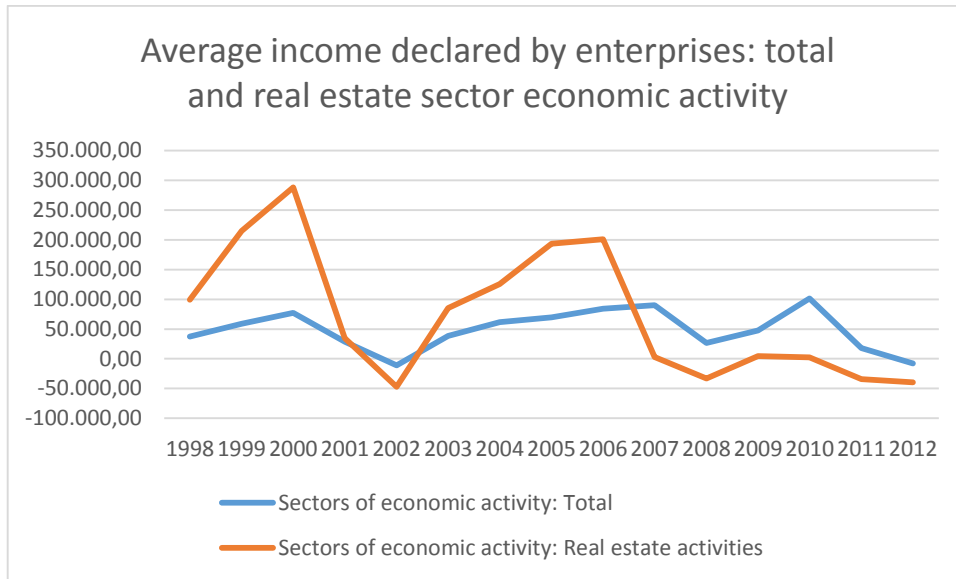
Appendix I – Portuguese Debt Crisis



Source: PORDATA

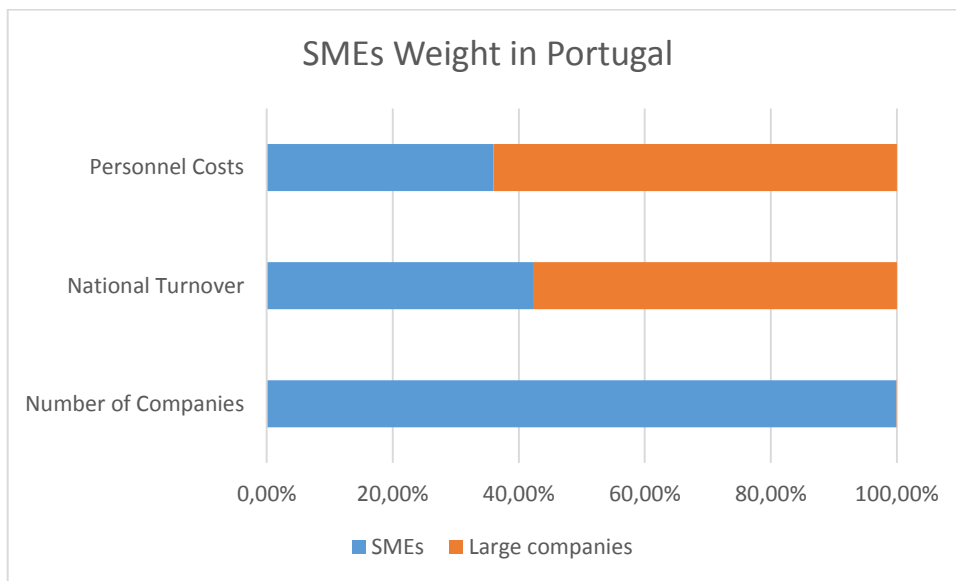


Source: PORDATA



Source: PORDATA

Appendix II – SMEs weight in Portuguese business



Source: PWC Portugal "Afinal, por onde vamos?" report, 2013

Appendix III – EPAs' interview

The following questions were used through the interviews developed with AICEP, AIP-CCI, AERLIS and CCIP:

- 1- How do agencies contribute to support SMEs?
- 2- What do these firms expect to gain when they contact the Agency?
- 3- More specifically, during a Trade Mission, what support is given while planning for the event?
- 4- And during the Trade Mission itself, which support is given?
- 5- How is the Follow-up with the companies made?
- 6- If you could identify some characteristics of the participants, what would they be?
- 7- What are the most common errors/bad practices made by participating SMEs?
- 8- What differences do you see while dealing with a new and a more experienced participant?
- 9- Bearing in mind the three different stages a Mission has (Plan, Host, Follow-up), what recommendations would you give to a new participant?
- 10- How have SMEs been affected by the European Debt Crisis? Do Trade Missions have now an increased importance?

Appendix IV – Trade Fair participants’ interview

The following questions were used through the interviews developed with Ideas & Detalhes and Ernesto Morgado:

- 1- What reasons led the firm to participate in a Trade Fair?
- 2- How did the enterprise apply to join in and how did it organize itself?
- 3- While in the event, how did others react to the firm presence?
- 4- What were the benefits taken from participating?
- 5- What changes do you suggest should be implemented by the organization?
- 6- After the event, how far has your relation with targeted companies and other participants gone?
- 7- Have you considered participating in a Trade Mission?
- 8- (if 7- was affirmative) Why have you not participated yet?
- 9- What recommendations would you give to an SME interested in participating in an EPA event?

Appendix V – Interviewed organizations’ summary

	Type	Interviewee	Staff	Sales 2014	External Sales (%)	Export starting year
AERLIS	Agency	João Martins				
AICEP	Agency	Rita Araújo				
AIP-CCI	Agency	Paulo Caldas				
Airfree	SME	Liliana Frias	30	(*)	(*)	2005
CCIP	Agency	João Oliveira e Silva				
Ernesto Morgado	SME	Rui Pirote	58	€13.463.710,57	7,17%	2012
Ideias & Detalhes	SME	João Neves	50	€1.830.000,00	(-)	2014
Intergaup	SME	Rui de Carvalho	25	€1.188.966,48	30%	2004
Ninho da Carriça	SME	Ana Cunha	12	€1.000.000,00	-	-
Silvas, S.A.	SME	Antero Urbano	93	€3.298.300,00	20,6%	1990

(*) – Information not provided by the company;

(-) – Information not available yet.

Appendix VI – Email contact

The hereby presented email was translated from its original in Portuguese:

Good afternoon,

I would like to interview a member of your company, as to its participation in Trade Missions in foreign countries, organized by AICEP, or any other agency.

I am finishing my Master's thesis, which primary goal is to **develop a list of best practices for SMEs within a Trade Mission**, as well as to **identify potential biases which these companies might face before, throughout, and after the events**.

I need to do a research based on interviews made to SMEs Trade Mission participants, and I am interested in interviewing someone from [company's name]. The interview would not take more than 30 minutes and, if it is not possible to schedule a meeting, I would also appreciate if someone would answer the questions by email.

Best regards,

Jorge Sousa