

**Client**  
**Invest Northern Ireland**  
**Project**  
**Sales and Marketing Research Project**  
**Division**  
**Consultancy**

Final Report – September 2013

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# 1 EXECUTIVE SUMMARY

## 1.1 Introduction

RSM McClure Watters was appointed by Invest NI in November 2012 to complete research investigating and assessing the supply of skills needed for exporting at present, forecast the future requirement for these skills, highlight gaps in existing and predicted skills supply and provision, and make recommendations to address any issues identified.

## 1.2 Terms of Reference

The Terms of Reference outlined the following requirements for the research:

- To determine the future requirement for Professional Sales<sup>1</sup>, Strategic Export Marketing<sup>2</sup> and the International Business Communication<sup>3</sup> skills needed to support the vision for Northern Ireland of export led economic growth;
- To identify what actions are needed to ensure that the supply of these skills is sufficient to support this vision; and
- To identify any other actions required to enable Northern Ireland companies to make most effective use of the supply of these skills.

*(Source: Invest NI Sales and Marketing Research Project Terms of Reference 2012).*

## 1.3 Methodology

The methodology for the research involved a review of policy context for skills development in professional sales, marketing, and international business communication, as well as policy and strategy context for export development.

Secondary research included a review of relevant literature concerning the needs of companies with regard to exporting skills, market-specific needs, and international studies of best practice.

The supply of qualifications for sales, marketing and international business communication skills was examined through analysis of student enrolment figures for the past three years, concerning relevant courses from Secondary Education through to Further Education and Higher Education. The future demand for these skills and

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<sup>1</sup> Learned ability to take a structured approach to developing and implementing an effective sales strategy within an organisation. Capacity to deploy the key elements of a structured approach to executing sales.

<sup>2</sup> Learned ability which enables the effective identification of marketing opportunities and the development and implementation of strategies in response to these opportunities, with a particular emphasis on export markets.

<sup>3</sup> Capacity to communicate effectively in a business context with people from different countries and cultures.

qualifications was assessed using the Working Futures<sup>4</sup> model, which set out estimates for the demand for sales, marketing and international business communication resources up to 2020. Analysis was undertaken to compare and contrast the supply of skills with the likely demand, in order to expose potential shortfalls in the supply of skills which might restrict the potential for export-led economic growth in Northern Ireland.

A series of focus groups and interviews were carried out with students, careers advisors, and parents in order to ascertain the perception of professional careers in sales and marketing. Consultations were carried out with strategic stakeholders, including public bodies, training organisations and business representatives to explore issues with regard to the export capabilities of Northern Ireland companies, and to determine the skills which companies would need to support export-led economic growth.

Surveys were conducted with companies at various stages of international export maturity, including companies which had not considered exporting, companies which planned to export in the future, and companies which were experienced exporters. These surveys aimed to assess the current and future demand for professional sales, marketing and business communication skills and qualifications. A survey of recruitment consultants examined the levels of remuneration for careers in professional sales and marketing, and sought to define the difficulties associated with accessing sales, marketing and business communication resources in Northern Ireland.

Recommendations were developed based on the research findings and set out the key actions for development for professional sales, marketing and international business communication skills and resources which will support the strategic objective for export-led growth of the Northern Ireland economy.

## 1.4 Conclusions

### 1.4.1 Literature review

The literature review demonstrated that companies exporting or preparing to export experience different skills issues depending on their size, experience of exporting and the market they are exporting to.

Research noted that exporting companies found it difficult to export to non-English speaking markets beyond the EU without language and cultural awareness skills relating to their target export markets<sup>5</sup>. This was also cited as a particular problem<sup>6</sup> for

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<sup>4</sup> The Working Futures Model has been developed by the Warwick Institute for Employment Research (IER) and Cambridge Economics (CE). The Working Futures model projects the demand for skills as measured by occupations and qualifications.

<sup>5</sup> British Chamber of Commerce (BCC): Exporting is good for Britain (2012).

<sup>6</sup> Economics Paper no 13: International Trade and Investment- The Economic Rationale for Government Support, BIS (2011).

companies trying to export to China and Russia, given that the pool of experienced managers with language and culture awareness experience in these markets is very small<sup>7</sup>. Companies exporting to the EU found that that language and culture were not significant barriers to doing business. However, research has found that non exporting companies perceive their lack of foreign language skills and cultural awareness as being much more of a barrier to exporting that they really are<sup>8</sup>.

It was found<sup>9</sup> that the main difficulty faced by exporters was the need to build and maintain relationships in the target market. This was found to be difficult for both experienced exporters as well as inexperienced firms.

For both exporters and non-exporters, the research<sup>10</sup> demonstrates that smaller companies are more likely to encounter knowledge-related barriers (such as a lack of knowledge on specific markets or the business networks essential to doing business in that market). It was found that internal knowledge transfer was one of the key ways in which sales and marketing managers develop. Large companies with sales and marketing teams therefore have access to a larger pool of knowledge than smaller companies. The lack of resource in smaller companies means that knowledge sharing is more difficult or doesn't happen at all. Also, in smaller companies the knowledge gained from exporting is often based with one person and if he/she leaves the firm the knowledge goes with them.

OECD's research<sup>11</sup> highlights that SME's frequently report a lack of firm resources and access to international contacts as significant barriers to exporting. This finding is supported by BIS research which found that 60% of exporters surveyed<sup>12</sup> reported managerial time and resources as a significant barrier to expansion of exporting activity into new markets.

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<sup>7</sup> Institute of Directors /UK Trade & Investment Doing Business Overseas survey, August 2010, cited in Economics Paper no 13: International Trade and Investment- The Economic Rationale for Government Support, Department for Business, Innovation, and Skills (BIS) (2011)

<sup>8</sup> Export barriers: What are they and who do they matter to? University of Nottingham (2007) – Companies which did not export viewed the lack of an office in the foreign market as a major barrier, whereas this was not the case for experienced exporters.

<sup>9</sup> Export barriers: What are they and who do they matter to?, University of Nottingham (2007)

<sup>10</sup> Economics Paper No.5: Internationalisation of Innovative High Growth SME's, BIS (2010)

<sup>11</sup> Top Barriers and Drivers to SME Internationalisation, Report by the OECD Working Party on SMEs and Entrepreneurship, OECD (2009)

<sup>12</sup> UKTI 2008 Internationalisation survey, which had 900 responses from a random sample of UK exporting firms. 96% were SME's.

The European Commission research study<sup>13</sup> and the Forfás report<sup>14</sup> both advocate the importance of language to exporting successfully. They highlight the need for companies to develop language management measures in line with their exporting plans. Example of language management measures used by successful export companies include:

- Use of local agents to solve language problems;
- Creation of websites with special cultural and/or linguistic adaptations;
- Use of linguistic audits;
- Use of professional translators/interpreters;
- Translation of promotional, sales and/or technical materials;
- Language training and cultural briefing schemes;
- Online language learning; employee selection and recruitment policy;
- Encouraging cross-border staff mobility;
- 'Buddying' with foreign colleagues and cross-border secondment schemes;
- Forging links with local universities;
- Taking on foreign students on placement;
- Native-speaker recruitment;
- E-commerce involving multilingual operations; and;
- Product or packaging adaptation in line with local tastes and customs.

#### 1.4.2 Business Survey Findings

The RSM McClure Watters exporting surveys found that companies in Northern Ireland experienced the following barriers when either trying to export for the first time or expanding their exporting activities into new markets:

- Non-exporting firms<sup>15</sup>:
  - The cost of up-skilling their workforce (45.8%);
  - The cost of recruiting staff with the relevant skills (44.4%); and
  - Lack of supply of individuals with relevant skills (23.6%).
- Firms preparing to export<sup>16</sup>:
  - Difficulty in establishing a dialogue with prospective customers/partners (50%);
  - Obtaining information on an export market (46%);
  - Staff not trained (32%);
  - Language / cultural differences (29%); and
  - Resource / staff constraints (29%).

<sup>13</sup> Report on Language Management Strategies and Best Practice in European SMEs; the PIMLICO Report, EU Commission Directorate General for Education and Culture (2011)

<sup>14</sup> Expert Group on Future Skills Needs Report on Skills for Enterprise to Trade Internationally, Forfás (2012)

<sup>15</sup> See Non-Exporters Survey in Section 5.3 Firms Not Exporting.

<sup>16</sup> See Preparing to Export Survey in Section 5.2 Firms Preparing to Export.

- Experienced exporting firms<sup>17</sup>:
  - Difficulty in establishing a dialogue with prospective customers/partners (28.1%);
  - Resource / staff constraints (27%);
  - Language / cultural differences (25.8%);
  - Obtaining information on an export market (24.7%); and
  - Staff not trained (7.9%).

Respondents highlighted significant gaps with existing staff with regard to marketing (strategic planning, tactical planning, PR, digital marketing) and to a lesser extent with sales (planning and identifying sales prospects). Qualitative evidence from the surveys also showed that non exporting firms were unclear on their exact difficulties and respondents spoke about needing access to experienced exporters to help guide them through the process.

The feedback also demonstrated a low level of awareness by non-exporters of the programmes available to help them export. Less than 15% of companies were aware of available supports including Going Dutch, First Stop Shop and Trade Accelerator Vouchers.

Existing exporters highlighted the need for a programme that would facilitate the completion of cost effective research on market opportunities in export markets. Respondents spoke often about the explorers programme as an example of the type of support that would be most beneficial.

### **1.4.3 Recruitment Consultants**

Fifty per-cent of recruitment consultants surveyed had difficulty finding staff with experience in preparing operational plans with regard to:

- Market Entry and Market Growth;
- Channel Development and Sales Strategy;
- Promotion, digital/on line actions for each export market;
- Digital Marketing; and
- Delivering on these plans.

The recruitment consultants surveyed stated that they had difficulty finding candidates proficient in German, Mandarin and Russian.

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<sup>17</sup> See Exporters Survey in Section 5.1.

#### 1.4.4 Pupils/ Parents and Careers Advisors

Focus groups with students<sup>18</sup> demonstrated that they were unaware of career opportunities and potential career paths within sales and marketing. They and their parents had negative perceptions of careers in sales and marketing. Their perceptions were based on the roles being focused on cold calling and on salaries being commission based and below norm levels for professional jobs. A review of salaries advertised by recruitment consultants for 130 sales and marketing positions in 2012, shows that starting and senior salaries were above the average for NI professional occupations.

Our research found that there are qualification pathways for those following a career in marketing, but that none exist for those involved in sales. The need for sales qualifications was iterated by several stakeholders, including training organisations and professional bodies such as the Chartered Institute of Marketing and the Sales Institute of Ireland.

#### 1.4.5 Education Provision

Language development at secondary level and FE level has decreased over the past three years, whereas those undertaking languages at HE level has increased. The FE sector provides language training at Belfast Metropolitan College in Polish, Russian, Mandarin, Japanese, Portuguese, Spanish, French and German. The HE sector provides language training in Spanish, French German and Portuguese.

The analysis of FE and HE sales and marketing education provision has shown that there are 10 marketing courses ranging from QCF<sup>19</sup> level 4 to post-graduate level (QCF levels 7 and 8). There are however fewer accredited sales courses leading to qualifications, with 4 sales courses available from the Chartered Institute of Marketing delivered through Belfast Metropolitan College leading to up to QCF level 7 qualifications<sup>20</sup>.

#### 1.4.6 Supply of Workforce Development Programmes

There are a range of workforce development programmes, involving one to day courses, mentoring, seminars and workshops in sales, business development, marketing, and export skills.

Funding is available from DEL and Invest NI to support some of the costs involved with these programmes. Invest NI also offers to offset part of the costs of employing an export manager through the Key Worker Grant

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<sup>18</sup> See Section 7 Consultations and Focus Groups.

<sup>19</sup> Qualifications and Credit Framework.

<sup>20</sup> These are detailed in Appendix 7 CIM Courses.

There are specific programmes geared to helping businesses focus on exporting to specific markets such as Going Dutch, Going South Africa and GoCanada, however no programmes specifically tailored for BRIC and Middle-East markets are currently available.

Companies can also avail of workshops, mentoring and consultancy services through council funded programmes geared at supporting local SMEs prepare to export or increase exports to specific markets.

The analysis of existing sales/marketing support programmes available from bodies including local government, Invest NI and DEL<sup>21</sup> demonstrates that companies are not availing of all the training and development support available. Supply-side information<sup>22</sup> demonstrated that there was a lack of uptake in programmes aimed at upskilling existing sales and marketing professionals.

Companies reported that their awareness of many of the existing supports aimed at helping companies to export or up-skill was particularly low,<sup>23</sup> particularly with specific supports such as Going Dutch<sup>24</sup>. The availability of support for trade missions and trade exhibitions was more widely known, but in both cases almost half of the companies which responded were unaware that this support was available. The awareness of programmes aimed at supporting skills development in sales and marketing was also particularly low.<sup>25</sup>

Analysis of the support provided through BITP<sup>26</sup> shows that companies are not using this assistance to develop in house staff in sales, marketing, language or cultural awareness.

There are a number of programmes available to provide graduates with language and cultural skills and experience, however only a small number of graduates use these programmes. They also are not focused on helping companies export.

For pre-employment development programmes, the number of graduates being developed annually as a % of the NI annual graduate population is small. If the number of students and graduates completing the programmes is combined, approximately 250 per year will avail of these programmes; less than 3% of the total graduating population (approximately 12,000 graduated with an undergraduate degree in 2011/12.<sup>27</sup>)

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<sup>21</sup> See Section 7 Consultations and Focus Groups.

<sup>22</sup> See Section 7 Consultations and Focus Groups and Section 10.2.

<sup>23</sup> See Section 5.3.4.3

<sup>24</sup> Only 12.5% of respondents had heard of the Going Dutch Programme

<sup>25</sup> 42% of respondents had heard of the Acumen programme, and less than 20 had heard of Elevate.

<sup>26</sup> Now developed into the Skills Growth Programme and the Skills Accelerator Grant

<sup>27</sup> Source: DETI/NISRA higher education statistics 2012

#### 1.4.7 Gap Analysis

An analysis of current trends in exporting<sup>28</sup>, along with the responses to the surveys<sup>29</sup> shows that the most important languages (excluding English) needed by companies exporting or expecting to export are: Arabic, Spanish, Russian, Hindi, Malay, Mandarin, Cantonese, Korean, Kurdish and Portuguese.

The supply of language skills in Arabic, Hindi, Malay, Korean and Kurdish and associated cultural awareness skills is lacking in Northern Ireland, at second level education and FE<sup>30</sup> through to HE<sup>31</sup> level<sup>32</sup>.

Analysis of the data within the Working Futures model<sup>33</sup> demonstrates that under a medium demand scenario<sup>34</sup> without additional intervention there would be a likely demand for up to 270 graduates to fill entry-level export sales and marketing positions per year. The demand for experienced resources (i.e. middle management and director) was demonstrated as being between 170 and 250 people needed per year without intervention.

The demand scenarios<sup>35</sup> considered in the Working Futures projections demonstrated that between 100 and 410 entry-level graduate resources would be required to satisfy annual demand. For experienced mid-level and senior managers, between 90 and 390 resources are likely to be required per annum.

Comparing the supply of higher education graduates (approximately 380 per year) with the demand from the quantitative Working Futures section (approximately 270<sup>36</sup> per year), approximately 70% of students graduating in subjects related to sales, marketing and languages/cultural awareness would need to enter exporting occupations to satisfy this demand. This is particularly unrealistic, although if the supply of further education graduates<sup>37</sup> was to be considered as well, the proportions needed to satisfy the expected demand would be much lower.

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<sup>28</sup> See Section 9.3.

<sup>29</sup> See Section 5.

<sup>30</sup> FE through BMC provides Polish, Russian, Mandarin, Japanese, Portuguese, Spanish, French and German.

<sup>31</sup> HE provides Spanish, French, German and Portuguese.

<sup>32</sup> See Sections 8.4, 8.5, and 0.

<sup>33</sup> See Section 9.4.2.

<sup>34</sup> See Section 9.4.5.

<sup>35</sup> The level of demand is likely to be influenced by the extent of public sector intervention and macroeconomic factors. Three scenarios for variance in macroeconomic conditions were presented in Section 9.4.5. An example of one factor considered is the potential for a lower corporate tax environment in Northern Ireland as a result of devolution. Under a lower corporate tax scenario, it was projected that an increase in demand of 4.9% could be expected. The baseline figures for the “business as usual” scenario were calculated using the 2010 Working Futures data for expected economic growth, inflation, interest rates and demographics.

<sup>36</sup> Under a “business as usual” scenario without additional intervention.

<sup>37</sup> See Section 0.

## 1.5 Recommendations

**Recommendation 1: We recommend that the existing group<sup>38</sup> continues to operate in order to oversee the implementation of the recommendations and in particular to provide the link to industry/ business which is so important to the success of the recommended initiatives.**

Industry/ business leadership and ownership of the need to invest in sales/ marketing training and development is essential to developing the capability within companies to generate the export performance needed from companies to contribute to economic growth.

**Recommendation 2: Raise the Profile/ Attractiveness of a Career in Sales and Marketing.**

We recommend that industry is encouraged to work with Sector Skills Councils, FE, HE and Schools to develop a plan of action as to how sales and marketing careers are promoted within their sectors, as an attractive career option to students. Consideration could be given to young apprentice type events in schools and work placements to increase awareness of sales and marketing career opportunities<sup>39</sup>.

We recommend that DEL Careers Service with other stakeholders such as the Chartered Institute of Marketing and Sales Institute of Ireland should showcase careers to young people to demonstrate the opportunities that exist. Measures should be undertaken to raise the awareness of:

- Remuneration;
- Career pathways;
- Associated skills and qualifications;
- Potential employers;
- Travel opportunities; and
- Employment Prospects.

Industry role models should be encouraged to visit schools and to promote the sales and marketing careers that exist for students.

**Recommendation 3: Sales and Marketing- Skills Audit for Invest NI clients**

We recommend that a sales/ marketing skills audit tool is developed and used by Invest NI Client Executives with client companies to support the identification of training/ development needs against export marketing and sales competencies<sup>40</sup>. Invest NI should focus this resource on those clients within the priority sectors that have the potential to export or export further. This tool should include an assessment

<sup>38</sup> The existing group was headed by Noel Brady and included representatives from the Institute of Sales, Chartered Institute of Marketing; the Training Sector and the Business Sector.

<sup>39</sup> Recommended by careers teachers as the most effective way in engaging with young people.

<sup>40</sup> Reference CIM sales/ marketing skills diagnostics as an example of what a tool could look like.

of the opportunity for digital marketing<sup>41</sup> for each company, and the resultant skills required.

The assessment tool should set out the competencies required to deliver on both operational and strategic sales/ marketing roles needed to support exporting. The tool should be used by relevant managers or in house training managers to complete these assessments. The assessment tool would indicate strengths and areas for development. Results from the tool could be used to identify which of the other Invest NI and DEL supports are most relevant for the companies.

#### **Recommendation 4: Graduate Sales and Marketing – Export Development Programme for Priority Sectors**

We recommend that a government funded Graduate Sales and Marketing programme to help companies export, is devised which will provide the training to graduates in export sales and marketing and subvent the cost to companies moving into new markets. Numbers supported through the programme should be up to 270 per annum.

The evidence has demonstrated that companies seeking to move into new export markets have a need for cost effective resources to conduct market research and business development. However, the existing pool of graduate resource lacks experience in export markets which the companies see as essential.

There is a need for the public sector to support the development of the existing pool of graduate resources to equip them with the skills needed to complete research, develop plans and create opportunities for companies in export markets.

Graduate training and development should have an emphasis on the following areas:

- Creating strategic sales and marketing plans;
- Preparing operational plans with regard to:
  - *Market Entry and Market Growth;*
  - *Channel Development and Sales Strategy;*
  - *Promotion, digital/on line actions for each export market;*
  - *Digital Marketing;*
- Delivering on operational plans;
- Creating strategic sales plans;
- Sales and pipeline forecasting;
- Customer Relationship Management;
- Closing sales skills.

Language and cultural awareness training should be provided as relevant to the export markets. Government funding should be used to subvent the cost of the programme (training and graduate salary) to the companies involved. The focus should be on the

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<sup>41</sup> Surveys highlighted digital marketing as a key area for development, regardless of which export market.

priority sectors by the NI Executive to ensure that the maximum benefit/ impact can be derived from the support.

**Recommendation 5: Building the Sales and Marketing Function in companies operating in priority sectors.**

**5a: Build awareness at Owner Manager/ Board level of how to assess Sales/ Marketing competence**

We recommend that Invest NI build awareness at Board/ Owner Manager level in client companies of the skills/ competencies required regarding professional sales and marketing.

**5b: Develop existing Sales and Marketing Managers**

We recommend that Invest NI encourage existing clients to assess the need to develop their sales and marketing staff and to provide accredited sales/ marketing programmes in order to build the competence of existing employees in these areas.

**5c: Internationalisation of Existing Managers in Priority Sectors**

We recommend that an Internationalisation Programme is devised for sales/ marketing managers already employed and who are working in export markets or who plan to work in export markets (particularly BRIC and Middle East). This programme should be for at least 50- 100<sup>42</sup> managers per annum.

An Internationalisation Programme should be devised to equip managers with the skills and expertise needed to devise and implement both strategic and tactical sales and marketing plans in export markets whilst developing their knowledge and experience of the language/culture. The programme should be a mix of:

- Workshops to work through individual company export projects;
- Training in language and culture;
- Mentoring by an experienced exporter in the market place to support the development of networks/ identification of business partner; and
- Time spent in the market to identify and meet local partners/ potential customers.

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<sup>42</sup> We recognise that Working Futures predicts that between 170-250 managers are needed per annum; however we have assumed that 75% of these are felt to be competent, in line with survey results and we recognise it will be difficult for companies to release these staff for this development which will reduce numbers coming forward for development.

**Recommendation 6: Match ‘Associates’<sup>43</sup> from Non EU/ Non English Export Markets with NI Export Companies**

We recommend that a pool of experienced sector specific exporters based in the export markets<sup>44</sup> is identified to work as associates to NI companies<sup>45</sup> (that are unable to release a manager to go on the internationalisation programme) seeking to enter or expand in the non EU/ non English speaking export markets.

This service should only be available to companies intending to export to BRIC, Asia or the Middle East for the first time. The resource is needed to help companies understand the culture and develop the relationships and networks they need to break into these markets.

Invest NI should provide a matching service for NI companies and use existing Export Assistance to help with part payment of the costs.

**Recommendation 7: Encourage and Support the Introduction of Language Management/Communication Strategies for Exporting Companies**

We recommend that Invest NI encourage client companies to include Language Management/ Communication strategies in their company training plans, using the measures detailed in the PIMLICO study<sup>46</sup>.

The Invest NI Skills Accelerator Grant and Skills Growth Programmes provide the funding mechanism to support companies who wish to invest in language and cultural awareness development of their employees.

**Recommendation 8: Increase the supply of students studying Foreign Language Skills**

We recommend that schools implement the recommendations as set out in the DE strategy ‘Languages for the Future’ and increase the number of students leaving school able to speak 2 or more languages. The focus should be on the following languages: Arabic, Spanish, Russian, Hindi, Malay, Mandarin, Cantonese, Korean, Kurdish and Portuguese.

With the exception of Spanish, the supply of these language skills is lower than the projected demand<sup>47</sup> for Northern Ireland. There is a need to build the pipeline of resource from second level education through to Higher Education level<sup>48</sup>.

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<sup>43</sup> Associates here means experienced exporters working in foreign markets willing to work on a contract basis to deliver a number of outputs for the NI companies- such support to devise an export strategy; identification of business networks/ partners relevant to the strategy; identification of 5-10 potential customers.

<sup>44</sup> BRIC, Middle East and Asia.

<sup>45</sup> Excludes those companies with managers on the Internationalisation Programme

<sup>46</sup> Report on Language Management Strategies and Best Practice in European SMEs: The PIMLICO report EU Commission 2011.

**Recommendation 9: Improve Awareness of Existing Support Mechanisms for Workforce Development**

Invest NI, DEL and Councils should promote the range of programmes available to support the upskilling of employees in sales, marketing, language and culture. This should be actioned on a market basis, with case studies prepared setting out the process managers should undertake when planning to enter a new market and how part of that process involves assessing the training/ development needs of their staff and providing the support needed to ensure they are competent in the sales and marketing roles required.

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<sup>47</sup> Markets where these languages are prominent were amongst the most frequently cited by companies as target markets for expansion over the next three years. See Section 9.3.2 Entry level and language skills demand.

<sup>48</sup> See Sections 8.4 Secondary Education as relevant to careers in Sales/ Marketing and 8.5 Apprenticeships, 0 Further Education Colleges and 8.7

Higher Education Institutions.

## 2 BACKGROUND

### 2.1 Introduction

This section sets out the background to this research, as well as the terms of reference and the methodology used to meet these. The structure of the remainder of this report is detailed in Section 2.5.

### 2.2 Background

RSM McClure Watters was appointed by Invest NI in November 2012 to complete research investigating and assessing the supply of skills needed for exporting at present, forecast the future requirement for these skills, highlight gaps in existing and predicted skills supply and provision, and make recommendations to address any issues identified.

The impetus for this research has derived from an intention, articulated in strategies and policies in Northern Ireland, to increase export led economic growth. A key element of achieving this is for Northern Ireland companies to have in place the right skills mix to sell their products and services. The skills required span the continuum from those needed to sell professionally in local markets, to those required for business to market and sell their products and services internationally. The Economic Strategy clearly articulates what is required in this regard:

“We must also work to develop sales and marketing professionals, alongside foreign language skills, if Northern Ireland companies are to compete successfully in global markets.”

*(Source: Invest NI Sales and Marketing Research Project Terms of Reference 2012).*

### 2.3 Terms of Reference

The terms of reference for this research were as follows:

#### **Research Objectives**

The three research objectives of this project are:

- To determine the future requirement for professional sales, strategic export marketing and the international business communication skills needed to support the vision for Northern Ireland of export led economic growth;
- To identify what actions are needed to ensure that the supply of these skills is sufficient to support this vision; and
- To identify any other actions required to enable Northern Ireland companies to make most effective use of the supply of these skills.

## Specific requirements

Specific requirements are:

- Assess the future requirement, both quantitative and qualitative, for professional sales, strategic export marketing, and international business communication skills;
- Quantify the existing and likely future demand, to the extent that is meaningful, for professional sales, strategic export marketing, and language/cultural awareness skills from companies operating in Northern Ireland;
- Determine the relative breakdown of professional sales, strategic export marketing, and language/cultural awareness skills by level of qualification / experience based on enterprise needs and international best practice / experience;
- Identify qualitative changes in the nature of the future requirement for these skills;
- Explore attitudes towards careers in sales and marketing from the perspective of potential new entrants into these areas and other influencers such as parents, teachers and careers advisers;
- Explore attitudes towards the need for investment in, and development of, sales and marketing skills from the perspective of Northern Ireland companies seeking to enter or expand in new markets. Examine the need or desire to gain external recognition for the sales profession;
- Identify, and where possible quantify, to an extent that is meaningful, the current provision of professional sales, strategic export marketing, and language/cultural awareness skills that is available in Northern Ireland. Consider the extent to which industry is aware of current provision;
- Assess the adequacy of:
  - the current flow through the range of programmes already available including pre-employment and workforce development; and
  - the pool of professional sales, strategic export marketing, and language/cultural awareness skills in the existing workforce to satisfy the likely demand profile in the sector.
- Explore the potential of complementary supply mechanisms; and
- Put forward recommendations for ensuring that the future professional sales, strategic export marketing, and language/cultural awareness skills needs of the economy can be satisfied.

*(Source: Invest NI Sales and Marketing Research Project Terms of Reference 2012).*

## 2.4 Methodology

A specific seven stage approach was developed to meet the requirements set by the terms of reference. These stages were:

- Stage 1: Project Planning;
- Stage 2: Secondary Research;
- Stage 3: Interviews with DEL; DE, Invest NI and FE Colleges;
- Stage 4: Surveys;
- Stage 5: Additional Stakeholder Interviews;
- Stage 6: Modelling/Forecasting of Future Requirements; and
- Stage 7: Reporting and Dissemination of Findings.

## 2.5 Structure of this Report

The remainder of this report is structured as follows:

- Section 3: Policy and Economic Context: Drivers for this Research;
- Section 4: Literature Review;
- Section 5: Company Surveys: Primary Data;
- Section 6: Recruitment Consultant Surveys: Primary Data;
- Section 7: Consultations and Focus Groups;
- Section 8: Supply-Side Information;
- Section 9: Demand-Side Information;
- Section 10: Analysis of Skills Supply and Demand; and
- Section 11: Conclusions and Recommendations.

Due to the size of the appendices listed these are contained within the Appendices Report, which is a standalone document:

- Appendix 1: Questionnaires
- Appendix 2: Preparing to Export
- Appendix 3: Exports Survey
- Appendix 4: Non-Exporters Survey
- Appendix 5: Focus Groups
- Appendix 6: Support Programmes
- Appendix 7: Chartered Institute of Marketing (CIM) Courses
- Appendix 8: Working Futures Data.

### 3 POLICY AND ECONOMIC CONTEXT: DRIVERS FOR THIS RESEARCH

#### 3.1 Introduction

The policy and economic context within Northern Ireland demonstrates the need for research into sales and marketing.

**Table 3.1: Context and Policies in Northern Ireland**

Strategy	Link to the Research
<b>Programme for Government 2011-15</b>	Priority 1 of the PfG, 'Growing a Sustainable Economy and Investing in the Future' has its chief purpose to achieve "long term economic growth by improving competitiveness and building a larger and more export-driven private sector". To do this, the PfG states that the labour market must be rebuilt in the wake of the global economic downturn and the economy rebalanced to improve the wealth and living standards of individuals. Key to this is upskilling the workforce.
<b>Northern Ireland Economic Strategy Action Plan 2012</b>	One of the four overarching economic goals in the Strategy is to "increase the level of exports and external sales". This will involve working with employers in the priority sectors <sup>49</sup> to address current and future skills issues.  Specific targets relating to exporting include: <ul style="list-style-type: none"> <li>• Increasing the value of manufacturing exports by 20% and the value of exports to the emerging economies by 60% by 2014/15;</li> <li>• Developing an agri-food strategy and action plan to drive export led growth in the agri-food sector; and</li> <li>• Promote 60 new start-ups exporting outside the UK and a further 440 selling to GB (2014/15).</li> </ul>
<b>Invest NI Corporate Plan 2011-15</b>	The Invest NI Corporate Plan has a particular focus to increase the value of manufacturing exports by 20% and the value of exports to emerging economies by 60%.  With respect to the strategic focus, the plan states "We will develop and deliver a scaling strategy

<sup>49</sup> The priority sectors, in the Northern Ireland Programme for Government, are: Telecommunications and ICT, Life and Health Sciences, Agri-food, Advanced Material, Advanced Engineering.

Strategy	Link to the Research
	<p>which focuses on encouraging high growth businesses to increase exports and innovation in order to improve productivity, and develop strong, highly skilled management teams which can lead to business success.”</p> <p>Invest NI states 6 economic drivers which will be priorities for rebalancing and rebuilding the Northern Ireland economy. These are:</p> <ul style="list-style-type: none"> <li>• Stimulating innovation and creativity</li> <li>• Improving employability and the relevance and use of skills</li> <li>• Competing in the global economy</li> <li>• Encouraging business growth</li> <li>• Developing our economic infrastructure</li> <li>• Promoting employment and employability</li> </ul> <p>On the driver of “Competing Globally”, Invest NI highlights that “A key focus will remain on Brazil, Russia, India and China (BRICs) and we will continue to monitor and strategically target opportunities which emerge from Columbia, Indonesia, Vietnam, Egypt, Turkey and South Africa (CIVETs) as well as the cash-rich countries of the Middle East. We have extended our global footprint, strengthening our presence in the United States, Canada, UAE, Russia, Latin America, South Africa and Saudi Arabia and will continue to do so in areas or countries of opportunity.”</p>
<p><b>Success Through Skills – Transforming Futures – Northern Ireland Skills Strategy 2011</b></p>	<p>‘Success through Skills – Transforming Futures’ is the Skills Strategy for Northern Ireland. According to the strategy, the skills of the people joining the workforce from education will only meet approximately half of the demand for skills in 2020. One of these challenges therefore is the need to up-skill and re-skill those already in the workforce in Northern Ireland. As over 75% of the 2020 workforce have already completed their compulsory school education, the up-skilling of the existing workforce must be viewed as an important element of the changing workforce structure and, as such, is identified as an important theme in the skills strategy.</p> <p>This strategy includes a number of long term strategic goals (up to 2020) to “ensure there are sufficient skills available over the next decade to</p>

Strategy	Link to the Research
	<p>address the productivity gap with the rest of the UK”. The specific targets are as follows:</p> <ul style="list-style-type: none"> <li>• Strategic goal 1: Increase the proportion of those people in employment with Level 2 skills and above to 84-90% by 2020, from a baseline of 71.2% in 2008;</li> <li>• Strategic goal 2: Increase the proportion of those people in employment with Level 3 skills and above to 68-76% by 2020, from a baseline of 55.43% in 2008 and</li> <li>• Strategic goal 3: Increase the proportion of those people in employment with Level 4-8 skills and above to 44-52% by 2020, from a baseline of 32.9%4 in 2008.</li> </ul>
<p><b>Languages for the Future: Northern Ireland Languages Strategy, Department of Education Northern Ireland 2012</b></p>	<p>This strategy was launched in 2012 as a reaction to the growing concerns in Northern Ireland that there was a decline in the level of learning of languages.</p> <p>The strategy recommends that schools encourage the availability of at least two languages in addition to English, and that “that the teaching of languages at primary level be strongly encouraged.” For further and higher education, the strategy highlights “that FE and HE institutions be encouraged to offer extended training in language competence to all students...” and that “the universities should seek to strengthen their enrolment on languages degrees.”</p> <p>For businesses, the strategy recommends that “employers be encouraged to provide language training opportunities, to recognise that languages are a skill priority and be given incentives to reward language competence.”</p>
<p><b>Graduating to Success – Higher Education Strategy for Northern Ireland 2011</b></p>	<p>The Higher Education Strategy sets out the direction of higher education in Northern Ireland to 2020. The strategy has an emphasis in being more responsive to the needs of the economy, improving the quality of education, improving access to education, and being more flexible in terms of delivery and funding.</p> <p>Also included within the strategy is the commitment to leverage the potential of further education colleges to facilitate the upskilling and reskilling of</p>

Strategy	Link to the Research
	<p>the workforce.</p> <p>Additionally, knowledge transfer and innovation is highlighted as an area for development, and iterates a commitment to increase knowledge transfer activity and improve links with small and medium enterprises (SME's).</p> <p>Recommendations also included that the higher education institutions should seek to expand their international activity by:</p> <ul style="list-style-type: none"> <li>• Attracting more students from abroad;</li> <li>• Encouraging more 'home' students to avail of international mobility opportunities; and</li> <li>• Further developing their portfolio of overseas institutional partnerships.</li> </ul>
<p><b>Preparing for a Lower Corporation Tax Environment – The Impact of a Lower Corporation Tax in Northern Ireland on the demand for Skills, Employability and R&amp;D Capacity, 2012</b></p>	<p>This report gives evidence that, going forward to 2020, the proportion of people in employment with higher education qualifications will be significantly higher than at present. Similarly, the report also demonstrates that the proportion of those in employment with “low” or no qualifications will significantly decline.</p>

### 3.2 Summary

The Northern Ireland Economic Strategy sets out a commitment to achieve long term economic growth by improving competitiveness and building a larger and more export driven private sector.

The Northern Ireland Economic Strategy sets out the priority sectors (Health and Life Sciences, ICT, Agri-food, Advanced Materials, Advanced Engineering, Technical Capabilities, Telecoms and Sustainable Energy) as being central to achieving export goals.

The target is set to increase by 20% the amount of export attributed to NI firms by 2015. To do this and deliver the Economic Strategy, there is a recognition that firms need to invest in the skills of their employees. The Skills Strategy- Success through Skills is clear that as 75% of our 2020 workforce are already in employment, there needs to be a strong focus on upskilling our existing employees. In addition, the Higher Education Strategy recognises the need to increase the internationalisation of our young people, by encouraging them to avail of learning opportunities abroad and through the Language Strategy, increased opportunities to learn foreign languages through schools, colleges and businesses. Research into the any reduction in

corporation tax, highlights the need for more highly qualified employees to meet the needs of businesses.

Overall to deliver on the exporting targets set for the economy will require a focus on upskilling those in employment and the development of future talent in schools and colleges to support internationalisation efforts in the future.

## 4 LITERATURE REVIEW

### 4.1 Introduction

This section includes a review of recent academic research into the skill needs of companies already exporting or planning to export, as listed below:

- Export barriers: What are they and who do they matter to? University of Nottingham (2007);
- Top Barriers and Drivers to SME Internationalisation, Report by the OECD Working Party on SMEs and Entrepreneurship, OECD (2009);
- Economics Paper No. 5: Internationalisation of Innovative High Growth SME's, BIS<sup>50</sup> (2010);
- Economics Paper no 13: International Trade and Investment- The Economic Rationale for Government Support, BIS (2011);
- Labour Market Intelligence on Languages and Intercultural Skills in Higher Education, University Council of Modern Languages (2011);
- Report on Language Management Strategies and Best Practice in European SMEs; the PIMLICO Report, EU Commission DG EAC (2011);
- Marketing: Labour Market Report 2011/12, CFA (2012);
- British Chamber of Commerce (BCC): Exporting is good for Britain Factsheets (2012);
- Expert Group on Future Skills Needs Report on Skills for Enterprise to Trade Internationally, Forfás (2012); and
- Roads to Success: SME Exports, House of Lords Select Committee on Small and Medium Enterprises (2013).

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<sup>50</sup> Department for Business, Innovation and Skills (UK)

## 4.2 Literature Review

### 4.2.1 Export barriers: What are they and who do they matter to? University of Nottingham (2007)

This 2007 study sought to provide evidence on the barriers exporting firms face and how they vary with export experience and other firm-level characteristics.

The study was completed using data collected by OMB Research between May and July 2005 from a survey specifically commissioned by UK Trade and Investment (UKTI) to investigate export impediments. The survey was of 460 firms, of which 26 had not exported internationally.

The study provided evidence on the barriers faced by both firms wishing to export and established exporters. The report examined the extent to which companies had faced barriers, including those related to market information, and cultural issues.

The report highlighted the difference in perception of the barriers between established exporters and non-exporting firms was highlighted. Analysis of the results<sup>51</sup> of the survey in terms of the correlation between the likelihood of a barrier being perceived and the exporting experience of the firm highlighted the following:

- Non-exporting firms were more likely to cite barriers related to:
  - Obtaining basic market information;
  - Identifying the first contact in the market;
  - Conducting initial dialogue;
  - Marketing costs; and
  - No office abroad.
- Experienced exporters were more likely to cite barriers related to:
  - Exchange rates and foreign currency;
  - Logistic problems; and
  - Building relations in the market;

Barriers cited commonly by both exporting firms and non-exporting firms included:

- Language barriers (36.5% of all firms cited this as a barrier);
- Cultural differences (32.4%);
- A bias or preference on the part of overseas customers for doing business with firms established in their own country (45.2%); and
- Dealing with legal, financial and tax regulations and standards overseas (42.2%).

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<sup>51</sup> The results include an in-depth analysis with a Probit model, with multiple output tables, full details can be found within the appendices of the “Export barriers: What are they and who do they matter to?” report.

#### 4.2.2 Top Barriers and Drivers to SME Internationalisation, Report by the OECD Working Party on SMEs and Entrepreneurship, OECD (2009)

This study was carried out in 2007-2008 by the OECD<sup>52</sup> Working Party on SMEs and Entrepreneurship and it considers findings from surveys conducted in support of 15 other research papers on SME internationalisation between 2006 and 2008.

The aim was to complete an in-depth analysis of the most significant barriers to SME internationalisation. The top barriers as ranked in order of importance by SME's were:

1. Shortage of working capital to finance exports;
2. Difficulty Identifying foreign business opportunities;
3. Limited information on markets;
4. Inability to contact potential overseas customers; and
5. Lack of managerial time, skills and knowledge.

The responses to the economic policymakers' survey described internationalisation barriers differently however, ranking the top barriers as follows:

1. Inadequate quantity of and/or untrained personnel for internationalisation;
2. Shortage of working capital to finance exports;
3. Limited information to locate/analyse markets;
4. Identifying foreign business opportunities; and
5. Lack of managerial time to deal with internationalisation.

Key differences were that policy makers were more likely to cite a lack of experienced resource as a barrier, and SME's were more likely to rate finance as a barrier. In both cases, however, a lack of managerial time and knowledge was cited as an important barrier to internationalisation.

Their results suggest that "limited firm resources and international contacts as well as lack of managerial knowledge" are critical constraints to SME internationalisation. The survey responses demonstrated that language was perceived as a barrier to SME internationalisation, as an aspect of contacting overseas partners and identifying foreign business opportunities. This was described as more prominent within smaller and less experienced firms however no additional detail was included.

The report concludes that managerial knowledge amongst SME's in Europe is a significant barrier to efforts to internationalise, and recommends that steps should be taken by the public sector to intervene and address this.

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<sup>52</sup> Organisation for Economic Co-operation and Development.

#### 4.2.3 Economics Paper No. 5: Internationalisation of Innovative High Growth SME's, BIS (2010)

This paper reviewed literature, statistical data, and survey results<sup>53</sup> regarding the international activity of innovative and high growth SMEs in the UK, and identified the barriers they encountered in seeking to expand into new overseas markets.

The research found that many high technology firms are now 'born global', because of the highly specialised nature of their business which means their market is global right from the time they begin trading. Most firms export by selling directly or via agents or distributors. However, "Born Globals" and high growth firms are more likely to use a range of methods of internationalisation such as contractual arrangements<sup>54</sup> with international partners.

Survey results found that barriers to exporting were:

- Gaining access to networks and contacts in an overseas market. This includes establishing a dialogue and building a relationship with actors in the market; and
- Navigating unfamiliar business environments, including differences in language and culture.

From survey responses, BIS found that networks and serendipity influence the choice of overseas market of many firms.

The 2008 Internationalisation survey<sup>53</sup> found that 84% of respondents placed a "high" or "very high" weighting on the "ease of negotiation in language/culture" when selecting markets to export to. Intellectual property issues and product adaptation were the only factors with a higher weighting.

Along with financial barriers, it was found that more than 60% of the 900 exporting firms surveyed perceived management time and resources as barriers to expanding exporting activity.

Additionally, the report highlights that smaller companies (with less than 50 employees) "may be limited as to the extent to which they can obtain information<sup>55</sup> internally since they will be constrained by the number of people within their organisation." In particular, this was highlighted as a potential disadvantage for sales activity, as the "knowledge and information capacity" would be constrained by the limited size of sales teams<sup>56</sup>. It was found that companies often find internal sources of information to be the most useful, for example from sales teams. Thus, a small company is likely to have access to a more limited pool of knowledge than a large company.

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<sup>53</sup> UKTI 2008 Internationalisation survey, which had 900 respondents from a random sample of UK exporting firms. 96% were SME's.

<sup>54</sup> Including franchising, licensing, joint ventures and other contractual arrangements

<sup>55</sup> Such as market information and basic procedural information for exporting

<sup>56</sup> Citing: Jones, M.V., Crick, D. (2004) Internationalising High-technology based UK firms' Information-Gathering Activities. *Journal of Small Business and Enterprise Development* 11(1): 89-94

#### 4.2.4 Economics Paper no 13: International Trade and Investment- The Economic Rationale for Government Support, BIS (2011)

This paper was developed by the UKTI Economics and Evaluation Team to investigate the economic rationale for government support in international trade and investment.

The paper used several surveys<sup>57</sup> alongside previous BIS research<sup>58</sup> to explore the trends in UK exporting activity.

Their findings showed that the barriers to UK firms exporting were:

- “[A lack of...] social networks, associated with historical cultural ties and common language, [...] present significant barriers to entering new markets for firms of all sizes. Networks are especially important for firms selling innovative products and services, as communication about these is more complex than for homogenous goods”;
- “Management attitudes and limited internationalisation capabilities can be a stronger influence on the decision to export than structural factors, including productivity and R&D”;
- “Quantitative evidence suggests that financial performance does not significantly influence firms’ decision to export”<sup>59</sup>;
- “[There is] a limited pool of UK business people with knowledge, and expertise relating to overseas markets [...] hinders the ability of UK exporters to respond quickly to new opportunities in these markets. At the same time, it will limit the capability of consultants and other external service providers to offer good quality help to businesses who need it. Hence it is generally necessary for firms to build up these skills internally, [...] through the purchase of commercial training [...] or through hiring new staff”<sup>60</sup>; and
- “While there is likely to be a substantial pool of UK business people with knowledge, expertise and contacts in long established UK export markets, available both to exporters seeking a new recruit, or to consultancies seeking to provide export related services, the pool of such expertise is likely to be much thinner for some of the fast growing emerging markets.”

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<sup>57</sup> Including the 2007/8 Annual Small Business Survey (ASBS) (including 7,783 responses from UK SME's), The Community Innovation Survey (CIS) in 2006 (including over 20,000 responses from UK firms with 10 or more employees), Ernst & Young European Investment Monitor 2010, Harris, R., Li, C. (2010) Relationship between Innovation Exporting and the Use of E-Commerce. Report submitted to UKTI June 2010

<sup>58</sup> See BIS Economics paper No. 5, Section 4.2.3

<sup>59</sup> Citing: Greenaway, D., Guariglia, A., Kneller, R. (2007) Financial Factors and Exporting Decisions. *Journal of International Economics* 73: 377-395

<sup>60</sup> Harris and Li (2005) highlight the distinction between capabilities which can be purchased and those which must be built up internally, partly through experience. Cost-effective acquisition of external expertise in any case requires sufficient complementary capabilities to be an intelligent customer, while taking on a new staff member can represent a significant fixed cost, assuming that there is sufficient supply of labour on the market with the right expertise for this to be a feasible option.

The paper concluded that, if not addressed by appropriate policy action, these factors are likely to have a material adverse impact on the ability of UK businesses to exploit overseas opportunities, hindering the UK from realising more of its export potential.

#### **4.2.5 Labour Market Intelligence on Languages and Intercultural Skills in Higher Education, University Council of Modern Languages (2011)**

This study was carried out by the University Council of Modern Languages<sup>61</sup> and aimed to quantify the job market in the United Kingdom for graduates with language skills in order to establish a value for language learning in higher education.

Qualitative data was obtained through survey responses from four recruitment agencies in the UK, interviews with businesses and recruitment agencies, analysis of over 1000 job postings on popular recruitment websites in the UK, and was supplemented by secondary data from sources such as HESA<sup>62</sup>, CBI<sup>63,64,65</sup>, and UKCES<sup>66</sup>, concerning the supply and demand of language skills in the UK. Primary data was collected from November 2010 to February 2011, and secondary data from 2004 to 2011 was considered.

The report states that the employer demand for German and French was greatest amongst the job postings analysed. This is as a result of Germany and France being key export markets.

Additionally, Spanish, Russian, Japanese and Mandarin were in demand, and responses from recruitment agencies showed that demand was increasing for Russian, Mandarin, Cantonese and Arabic.

The report states that Northern Ireland<sup>67</sup> had the fewest job postings which demanded language skills compared to the rest of the UK (excluding Wales).

Interviews with businesses and recruitment agencies cited within the report state that building relationships is strengthened by cultural awareness and language skills.

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<sup>61</sup> The University Council for Modern Languages (UCML) is the overarching national organisation which represents the interests of modern languages, linguistics and cultural and area studies in higher education throughout the UK

<sup>62</sup> HESA (2009). Destinations of Leavers from Higher Education Institutions: Longitudinal Survey of the 2004/05 cohort, Key Findings Report.

<sup>63</sup> CBI (2011). Building for Growth: business priorities for education and skills: Education and Skills Survey 2011.

<sup>64</sup> CBI (2010). Ready to grow: business priorities for education and skills: Education and Skills Survey 2010.

<sup>65</sup> CBI (2009). Emerging stronger: the value of education and skills in turbulent times – Education and Skills Survey 2009.

<sup>66</sup> UK Commission for Employment and Skills (2009). National Employer Skills Survey for England 2009.

<sup>67</sup> The report did not specify the extent to which primary related to Northern Ireland.

The analysis showed that export sales roles most commonly demanded language skills, and job postings for these occupations were approximately three times more likely to demand language skills compared to UK sales posts. Additionally, marketing was cited as a role which commonly requested applicants with language abilities (Approximately 5% of the total 2,015 postings across 12 sectors required both marketing skills and language skills).

#### **4.2.6 Report on Language Management Strategies and Best Practice in European SMEs; the PIMLICO Report, EU Commission DG EAC<sup>68</sup> (2011)**

This study was undertaken to evaluate the results of the PIMLICO<sup>69</sup> survey which was commissioned by the European Commission Directorate-General for Education and Culture (DG EAC), as part of the European Commission's initiative to promote greater use of foreign languages by SME's.

Forty SME's who were located across 27 EU member states and who had a language management strategy<sup>70</sup> were interviewed over a six-month period during 2010. These were chosen from a sample of 160 companies,<sup>71</sup> based on interviews and desk research conducted prior to the study.

Each had been qualitatively determined<sup>72</sup> to be a model of good language management practice by the EU Commission DG EAC, and had achieved significant trade growth which they attributed to their LMS. They were questioned on how their LMS had contributed to increased trade in order to define a "best practice" approach.

The report describes a language management strategy as any combination of the following measures:

- Use of local agents to solve language problems;
- Creation of websites with special cultural and/or linguistic adaptations;
- Use of linguistic audits;
- Use of professional translators/interpreters;
- Translation of promotional, sales and/or technical materials;
- Language training and cultural briefing schemes;
- Online language learning; employee selection and recruitment policy;
- Encouraging cross-border staff mobility;
- 'Buddying' with foreign colleagues and cross-border secondment schemes;
- Forging links with local universities;
- Taking on foreign students on placement;

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<sup>68</sup> Directorate-General for Education and Culture

<sup>69</sup> Promoting, Implementing, Mapping Language and Intercultural Communication Strategies.

<sup>70</sup> A Language Management Strategy is defined within the report as 'The planned adoption of a range of techniques to facilitate effective communication with clients and suppliers abroad' (ELAN, 2006).

<sup>71</sup> These companies comprised of a sample of 5, 7 or 10 companies from each EU member state (depending on the size of the population of the state.) Companies with a language management strategy were sampled.

<sup>72</sup> The selection criteria were not defined explicitly in the report.

- Native-speaker recruitment;
- E-commerce involving multilingual operations; and;
- Product or packaging adaptation in line with local tastes and customs.

Findings showed that companies drew on many types of language measures listed above to form their individual language management strategies.

Of the forty EU case studies, four were UK companies (two in Scotland, one in Wales and one in Northern Ireland) and the company sizes ranged from 1-250 employees. Approximately half of the companies were in the manufacturing sector. The remaining sectors included legal services, research and development, wholesale, construction, and education.

The study highlighted the economic impact of a language management strategy on a company's export performance as assessed by a senior manager in each of the companies interviewed. For example, 41% of the thirty-four exemplar companies reported seeing their sales turnover increased by over 25% as a direct result of implementing measures in their LMS. 94% asserted that they had experienced at least a 5% increase in turnover as a result of the implementation of their language management strategy.

The top ten performing SME's each implemented all or most of the following LMS measures:

- Language training for staff;
- Intercultural training for staff;
- Recruiting staff with language skills;
- Recruiting native speakers;
- Recruiting local agents for language issues;
- Employing professional translators/interpreters;
- Buddying/secondment schemes;
- Cooperation with universities;
- Multilingual websites (3+ languages); and
- Cultural adaptation of website.

The report states that language and cultural awareness are inextricably linked, and all of the case studies included within the report had included cultural management measures (such as the adaptation of websites to cater for specific cultures) as well as language measures.

#### 4.2.7 Marketing: Labour Market Report 2011/12, CFA<sup>73</sup> (2012)

This report analysed labour market information across the UK, primarily relying upon published data from the Chartered Institute of Marketing, the Office of National Statistics, and other published labour market information<sup>74,75</sup>. The report also made use of a survey conducted during 2008, which analysed 308 responses from professionals in the marketing profession across the UK. The report was intended to provide a snapshot of the labour market for marketing resources in the UK, and to assess the marketing skills needed in the future. The report is not specific to exporting, but exporting is cited as a component.

The marketing workforce includes occupations such as marketing directors and managers, advertising and PR professionals, graphic designers, conference and exhibition managers and organisers and market research interviewers. Skills and qualifications required for a career in marketing primarily include ICT, financial understanding and creativity<sup>76</sup>. With rapid changes in ICT and social media, companies are now spending greater amounts on online marketing than ever before<sup>77</sup>.

In particular, the skills which were described as being key drivers of digital marketing were:

- Digital marketing: use of communications technology for campaigns (such as social media, internet, mobiles);
- Use of technology (communications, database) for better market research;
- Using communications technology and databases as a way of building on-going relationships with customers and understanding segments of the market better; and
- Better technology benefitting traditional marketing (e.g. graphic design programs, printing techniques)

In addition, communication skills such as the ability to develop a communications strategy and the ability to manage PR and social media were described as being complimentary to ICT skills.

Export marketing is defined as a distinct occupation in its own right, but that it draws upon techniques from other aspects of marketing including:

- Market research;
- Promotional marketing;
- Public relations;

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<sup>73</sup> The Skills Council for Administration – Business Skills @ Work.

<sup>74</sup> Northern Ireland Skills Monitoring Survey (NISMS) 2008.

<sup>75</sup> National Employers Skills Survey in England (NESS) 2009.

<sup>76</sup> Source: TBR (for MSSSB) 2008, Skills Needs and Training Supply for Marketing – A Gap Analysis, consultation with marketing professionals in two skills workshops, online surveys (number unspecified) and telephone interviews (number unspecified).

<sup>77</sup> Source: What hasn't happened yet: the shape of digital to come? Chartered Institute of Marketing, 2010.

- Direct marketing;
- Design; and
- Advertising.

The 2006 survey<sup>78</sup> found that approximately 16.5% of people employed in professional marketing had attained a QCF level 6 qualification (bachelor's degree) and a further 12.4% had attained professional qualifications through bodies such as the Chartered Institute of Marketing (CIM) Over 50% of the workforce had attained QCF level 3 or below. The report did not go into further detail concerning the spread and relevance of qualifications.

An online survey of 3,300 UK marketing professionals in 2011 noted that the average annual salaries for marketing in the UK ranged from £21,462 for a graduate trainee to £77,799 for a marketing director<sup>79</sup>. Marketing managers earned an average of £37,305. Marketers in Northern Ireland earned the third highest average salary (£41,417) of all the UK regions, though no explanation was given for this. The majority of marketing workers were in senior roles, such as managers or directors and those employed in the marketing industry are more likely to work full-time than the average UK employee.

Firms<sup>80</sup> reported skill shortages in recruiting across marketing areas.

Skills gaps of existing staff most commonly mentioned included knowledge of best practice (for general marketing, creativity, innovation and flexibility), knowledge of new media and commercial understanding.

#### **4.2.8 British Chamber of Commerce (BCC): Exporting is good for Britain Factsheets (2012)**

The British Chamber of Commerce (BCC) commissioned an international trade business survey in January 2012. It gathered responses from 8,073 member businesses across the UK and of these, 2,580 were exporters and 5,493 were non-exporters.

61% of non-exporters that are likely to consider trading internationally consider a lack of language skills as a barrier to doing so. The report states that “differences in language and culture are seen as important barriers to entering fast-growing markets like the BRICs, Asia and the Middle East,” however these are not perceived to be as significant a barrier when exporting to EU markets.

<sup>78</sup> TBR (for MSSSB) 2008, Skills Needs and Training Supply for Marketing – A Gap Analysis.

<sup>79</sup> Source: Marketing Week/ Ball and Hoolahan (2012), Salary Survey 2012.

<sup>80</sup> Data is not broken down for Northern Ireland, based on data collected in 2008: TBR (for MSSSB) 2008, Skills Needs and Training Supply for Marketing – A Gap Analysis.

However, of those business owners that claim some language knowledge, few are fluent enough to conduct deals in international markets. French is the most commonly spoken language, with 73% of business owners claiming some knowledge. However, only 4% are able to converse fluently enough in French to conduct business deals.

This number dropped significantly for those languages spoken in the fastest growing markets.

The survey found that 73% of large companies export to BRIC countries, versus only 32% of micro companies. Almost half of respondents noted that BRIC countries would represent the greatest opportunities for growth, though larger companies were more likely to hold this view, with approximately two thirds of large company respondents sharing this view.

The BCC states that the National Curriculum should be revised so that studying a foreign language is compulsory until AS level. Businesses should also be helped to train staff in new languages, by the government offering additional financial incentives such as tax credits for small and medium-sized businesses that make a significant investment in language training.

#### **4.2.9 Expert Group on Future Skills Needs - Report on Skills for Enterprise to Trade Internationally, Forfás (2012)**

This study highlights the type of skills necessary as set out in 'The Government's Strategy and Action Plan for Irish Trade, Tourism and Investment to 2015'. The study included primary qualitative research undertaken with 42 companies of differing sizes and differing levels of export market development. Also included were consultations with 15 key stakeholders in the public and private sector, 6 case studies of successful internationally trading firms, and a benchmarking examination of international practice concerning export supports<sup>81</sup>.

Forfás noted that skills development was needed within the sectors; ICT, Life Science, Engineering, Cleantech and Sustainable Building, International Business Services, Food & Drink, International Education Services, Tourism and the Cultural Sector in the following areas:

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<sup>81</sup> Countries examined included Denmark, the UK, Singapore, Germany, the Netherlands and Finland.

**Table 4.1: Areas for Skills Development**

Key area	Specific Area
<b>Global and International Management Skills</b>	Strategic export business planning
	Export sales planning
	Market research
	Entrepreneurship
<b>International Marketing</b>	Market research
	Foreign language proficiency
	Cultural awareness
	Use of E-commerce and social media applications
<b>International Sales</b>	Business to business sales
	Business to government sales
	Technical sales
	<i>Foreign language proficiency</i>
<b>Fulfilment (distribution/installation);</b>	Project Management
	Supply chain management
	Documentation and transport logistics
<b>Customer Service/Support</b>	Foreign language proficiency
	Cultural awareness
	Communication skills
<b>Design and Development</b>	Awareness of international design standards and codes
	Ability to review and assess design standards and codes
	Meet customer requirements by taking on board 'real time' feedback

Source: Expert Group on Future Skills Needs Report on Skills for Enterprise to Trade Internationally, Forfás (2012)

These skills were highlighted as being required for indigenous Irish businesses to take advantage of opportunities in markets such as UK, US, and the Eurozone, and further to develop new markets in China, Brazil, Russia, India and South Africa and the Middle East.

Specifically, the report isolates **international sales skills** and **international marketing skills** as prime areas for development.

- International marketing - the report asserts that interviews with companies and stakeholders demonstrated that Irish SME's are weak in terms of market research, and it states that international marketing activity should be undertaken by staff with language and cultural awareness skills related to the markets they are dealing with.
- International sales skills - the report suggests that a change in mind-set is necessary regarding the esteem of the profession, and demonstrates through an analysis of the provision across Ireland that there is little provision of professional international sales courses. The benchmarking exercise demonstrated that the Netherlands<sup>82</sup> and Germany<sup>83</sup> had superior training provision to Ireland, and that Ireland performed poorly overall, though the analysis was primarily qualitative.

The following recommendations were made to help the aim of achieving a future supply of graduate and workforce skills which would drive Irish businesses to trade more with existing and potential markets.

**Table 4.2: Forfás Recommendations**

Recommendation
<b>Recommendation 1: Develop Global / International Management Skills in Managers and Graduates</b>
<b>Recommendation 2: Enhance International Marketing Capability</b>
<b>Recommendation 3: Build-up a team of International Sales Professionals</b>
<b>Recommendation 4: Build-up Project Management, Logistical and Procurement Skills</b>
<b>Recommendation 5: Enhance International Customer Service / Support Skills</b>
<b>Recommendation 6: Build-up International Design &amp; Development Skills Capability</b>
<b>Recommendation 7: Build-up a Multi-lingual Workforce for an increasingly globalised marketplace</b>

<sup>82</sup> The Dutch 'Internationaal Ondernemen' website was cited as a particularly useful tool for companies to assess their readiness to export, and the Prepare2start programme was described as being successful in introducing companies to markets they otherwise would not have entered. There is an accredited post-graduate programme "Export Market Management," which is accredited by the Dutch government.

<sup>83</sup> The report states that *the DE international Website provides information on foreign markets for certain sectors including food, education and training biotechnology, renewable energies, and construction. It provides a contact person for that market for further advice.*

Recommendation
<b>Recommendation 8: Develop Soft Skills and competence for successful international customer working</b>
<b>Recommendation 9: Address Opportunities for Employment in International Business</b>

Source: *Expert Group on Future Skills Needs Report on Skills for Enterprise to Trade Internationally, Forfás (2012)*

#### **4.2.10 Roads to Success: SME Exports, House of Lords Select Committee on Small and Medium Enterprises (2013)**

The Select Committee was appointed in 2012 to consider the UK Government's role in promoting export-led growth in SME's, and to make recommendations. The committee published a call for evidence, and reviewed written submissions as well as undertaking consultative exercises with stakeholders, including a selection of SME's and public bodies such as Invest NI and UKTI. The committee additionally reviewed the findings of a number of surveys including the British Chamber of Commerce (BCC) 2012 International Trade Survey<sup>84</sup> and the International Trade Survey commissioned in 2012 by the Institute of Export, which involved approximately 2,000 respondents.

The report found that the perception for companies which are less inclined to export is that language and cultural issues are seen as more significant barriers than for those companies which are more determined to export.

Additionally, the committee iterated that SME's are unlikely to possess the breadth of languages available to larger firms, and that language and culture barriers will be more prominent for smaller businesses. The report concludes on languages that SME's should recognise their needs regarding language learning, and also recommends the uptake of Language Management Strategies<sup>85</sup> to alleviate the impact of language and cultural barriers and stimulate international trade activity amongst SME's.

Concerning exporting skills, the Select Committee found that there was a distinct lack of training and development related to managerial skills and knowledge regarding international exporting. The BCC International Trade Survey was cited as an example, where one in five companies iterated a belief that a lack of managerial capacity or knowledge prevented them from exporting.

The report specifically recommends that professional sales skills should be an area of focus for international export training and development courses.

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<sup>85</sup> An LMS is a high-level plan for the on-going training, development and application of foreign languages in business practices. The PIMLICO report (See Section 4.2.6) on language management strategies defines them as "The planned adoption of a range of techniques to facilitate effective communication with clients and suppliers abroad' (ELAN, 2006)."

The report concludes on the need for an improved skill-base amongst SME's with a quote from Aston Business School, that "commercial and managerial experience helps firms *become* exporters once overcoming the export hurdle it is *education*, both general and specific, that has a substantially positive effect."

#### **4.2.11 UK Commission for Employment and Skills- Employer Ownership of Skills: Building the Momentum 2013**

In this report, the UK Commission for Employment and Skills highlights the importance of building employer ownership into designing any upskilling programme. It is based on the learnings from 37 pilot projects set up in 2011 to encourage employers to take the lead in improving skills and employment in their sectors, and from this are the principles that need to be followed to promote employer ownership. These are as follows:

- *'Employer ownership and responsibility drives jobs and growth.* Creating the conditions that encourage the best employers to step up and work with their employees, trade unions, colleges and training providers to take end to end responsibility for workforce development in their industry will drive ambition, quality and better utilisation of skills.
- *Customer focused and outcome driven ensures that businesses and people are at the heart of how the skills system operates.* Designing services with a relentless focus on customers will create a responsive system that uses outcomes as the measure of success - more and better jobs for people and jobs better done for business.
- *Alignment of strategy and investment leverages more and better outcomes.* Routing the public contribution through the employer will create a single market for skills where supply responds to genuine demand and public investment leverages greater private investment.
- *Simple and transparent systems engage customers.* Developing accessible and simple structures will give customers confidence to engage with the skills system and transparent public investment enables employers and employees to value government's contribution to developing people.
- *Collaboration delivers relevant skills for jobs and growth.* Incentivising greater collaboration between employers, unions, colleges/ training providers and business networks will deliver higher quality vocational learning. Through such collaboration we are better able to reach and engage with small and medium enterprises. Colleges become key stakeholders within local economies, and teaching and learning is a core driver of local growth and prosperity'.

The report makes it clear that it is essential to ensure there is employer ownership of any skills issue and of the proposed solutions if they are to be successful. This is clearly an issue with regard to tackling sales and marketing skills/ resources gap.

## 4.3 Summary

### 4.3.1 The Needs of Non-Exporters

The British Chamber of Commerce's survey<sup>86</sup> (2012) results demonstrate the perception that non-exporters hold is that language and cultural awareness skills are a barrier to international trade. Additionally, the research<sup>87</sup> highlights the need for management and marketing skills for non-exporters. OECD cited "identifying foreign business opportunities" as a significant barrier to exporting for companies, as well as a "lack of managerial skills, time and knowledge." The University of Nottingham report demonstrated how inexperienced exporters were likely to underestimate the impact of issues such as relationship-building. Language and cultural barriers were also shown to be significant in dissuading companies from commencing international exporting activity.

### 4.3.2 The Needs of Exporters

The experiences of companies which export to the EU demonstrated that language and cultural factors are less significant obstacles to trade than perceived by non-exporters. BIS highlighted that culture was however a significant barrier to expansion into rapid-growth markets such as BRIC and the Middle East. For these markets, BIS cited concern that the UK did not have sufficient experienced resources with the necessary foreign language skills and culture awareness to support the market opportunities in these countries

The University of Nottingham<sup>88</sup> found that experienced exporters were less likely to encounter issues with establishing initial contact in new markets and conducting market research, however it was highlighted that building and maintaining relationships presented a problem to even the most experienced exporters. Language and cultural factors were shown to be contributory factors to this.

### 4.3.3 The Need for Language Management Strategies and Sales, Marketing and Management Training

These barriers could be ameliorated by the effective provision of language skills, or a language management strategy (LMS), as demonstrated by the strong export-led growth performance of SME's in the EU Commissions PIMLICO<sup>89</sup> study, where success was partially attributed to the successful implementation of LMS's. Language management strategies should incorporate the following measures:

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<sup>86</sup> Exporting is Good for Britain, The International Trade Business Survey, British Chamber of Commerce, Q1 2012.

<sup>87</sup> Top Barriers and Drivers to SME Internationalisation, Report by the OECD Working Party on SMEs and Entrepreneurship, OECD (2009).

<sup>88</sup> Export barriers: What are they and who do they matter to?, University of Nottingham (2007).

<sup>89</sup> Report on Language Management Strategies and Best Practice in European SMEs; the PIMLICO Report, EU Commission DG EAC (2011).

- Use of local agents to solve language problems;
- Creation of websites with special cultural and/or linguistic adaptations;
- Use of linguistic audits;
- Use of professional translators/interpreters;
- Translation of promotional, sales and/or technical materials;
- Language training and cultural briefing schemes;
- Online language learning; employee selection and recruitment policy;
- Encouraging cross-border staff mobility;
- ‘Buddying’ with foreign colleagues and cross-border secondment schemes;
- Forging links with local universities;
- Taking on foreign students on placement;
- Native-speaker recruitment;
- E-commerce involving multilingual operations; and
- Product or packaging adaptation in line with local tastes and customs.

Research conducted by Forfás<sup>90</sup> also recommended for Irish companies that language and cultural awareness skills should be included in businesses’ strategies.

Forfás also recommended that the need for skills in international management (such as export sales planning, market research and strategic export business planning) for managers and graduates should be addressed at a national level through upskilling and provision of third level education. BIS asserted that limited skills and knowledge concerning sales and marketing to international markets amongst UK businesses had made it “necessary to build up these skills internally.”

#### **4.3.4 Employer Ownership of the problem and proposed solutions**

Research has shown that getting employer ownership of the problem and ensuring that government funding is directed through the employer will be key to success. In addition there needs to be recognition of the need for greater collaboration between employers, unions, colleges/ training providers and business networks will deliver the solutions needed.

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<sup>90</sup> Expert Group on Future Skills Needs Report on Skills for Enterprise to Trade Internationally, Forfás (2012).

## 5 COMPANY SURVEYS

### 5.1 Firms Exporting

#### 5.1.1 Introduction

This section details the findings of the survey of exporting companies in Northern Ireland. The survey was designed to capture data from these companies relating to a range of issues for exporting including employee demographics, export barriers, skill and expertise needs and steps taken to address these needs. There was a focus on Professional Sales<sup>91</sup>, Strategic Export Marketing<sup>92</sup>, and International Business Communication<sup>93</sup> skills needs.

#### 5.1.2 Methodology

A questionnaire was designed with input from representatives from the Sales Institute of Ireland and the Chartered Institute of Marketing.

The surveys were distributed in January 2013 via e-mail to companies who had attended Invest NI and/or InterTradeIreland 'Preparing to Export' workshops. Furthermore, there were a number of follow-up telephone consultations conducted in order to maximise the response rates.

The survey was designed to gather information relating to:

- Background: Company Details regarding Export Markets already involved in e.g. ROI, rest of UK etc.;
- Employee demographics (i.e. number of professional sales / strategic export marketing professionals and their qualifications, previous experience in export markets (which and how long) and remuneration data for these jobs);
- Stage of Development regarding Non English Speaking Export Markets/ plans for development (if any);
- Barriers to exporting to these countries;
- Any approaches taken to acquiring skills/expertise regarding exporting to non-English speaking countries;
- Existing/ future demand for staff with professional sales, strategic export marketing and foreign language(s) / cultural awareness skills;
- Any Barriers to accessing employees with these skills (Availability / Cost/ etc.); and

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<sup>91</sup> Learned ability to take a structured approach to developing and implementing an effective sales strategy within an organisation. Capacity to deploy the key elements of a structured approach to executing sales. (Source: Invest NI Sales and Marketing Research Project Terms of Reference 2012).

<sup>92</sup> Learned ability which enables the effective identification of marketing opportunities and the development and implementation of strategies in response to these opportunities, with a particular emphasis on export markets. (Source: Invest NI Sales and Marketing Research Project Terms of Reference 2012).

<sup>93</sup> Capacity to communicate effectively in a business context with people from different countries and cultures. (Source: Invest NI Sales and Marketing Research Project Terms of Reference 2012).

- Training and Development annually in sales / marketing/ export / language training – annual investment, preferred provider / method of delivery.

Ninety-eight responses were received for exporting companies. Additional responses by question are contained in Appendix 3 Exports Survey.

### 5.1.3 Profile of Respondents

The sector spread of respondent companies is detailed in Table 5.1.

**Table 5.1: Sector Profile of Exporting Company Survey Respondents**

Sector	Frequency	Percentage
Information and Communication	7	7.1%
Construction	6	6.1%
Agriculture, Forestry and Fishing	5	5.1%
Professional, Scientific and Technical	5	5.1%
Mining and Quarrying	2	2%
Electricity, Gas, Steam and Air Conditioning	2	2%
Water Supply, Sewerage, Waste Management and Remediation	1	1%
Accommodation and Food Services	1	1%
Financial and Insurance activities	1	1%
Human Health and Social Work Activities	1	1%
Arts, Entertainment and Recreation	1	1%
Other, including; <ul style="list-style-type: none"> <li>• Supported employment;</li> <li>• Home design;</li> <li>• Security Services; and</li> <li>• Cleaning contractors</li> </ul>	5	5.1%
<b>Manufacturing</b>		
Machinery and Equipment	13	13.3%
Food, Drink and Tobacco	11	11.2%
Computing, Electronic and Optical	10	10.2%

Sector	Frequency	Percentage
Transport Equipment	7	7.1%
Rubber and Plastics	6	6.1%
Chemicals and Pharmaceutical	3	3%
Other, including: <ul style="list-style-type: none"> <li>• Packaging;</li> <li>• Missiles and defence;</li> <li>• Metal fabrication; and</li> <li>• Manufacture of wood and glass products</li> </ul>	9	9.2%

The majority (60.2%) of respondents were from the manufacturing sector.

58.2% of the companies (n=57/98) had been trading for 25 years or more and 14.3% (n=14) had been trading for 10 years or less. The remainder (27.5%, n=27) had been trading for between 11 and 24 years.

Companies with 50-249 employees had the highest number of responses.

**Table 5.2: Size of Company (n=98)**

Number of Employees	Total (%)	Total (n=98)
<10	8.2%	8
10-49	28.6%	28
50-249	40.8%	40
250-499	13.3%	13
500-999	5.1%	5
1000+	4.1%	4
<b>Total</b>	<b>100%</b>	<b>98</b>

Table 5.2 details the breakdown of responses by company size. It can be seen that the majority of respondents were medium sized enterprises.

## 5.1.4 Findings

### 5.1.4.1 Current Exporting Activity

Most firms that were exporting outside the UK (68.8%) cited the motivation for doing so was to achieve additional growth (n=66/96). Additionally, 47.9% (n=46/96) cited the motivation for trading outside the UK was to reduce dependency on a small number of markets.

After the UK, the ROI is Northern Ireland's largest exporting destination. Most (97.3%, n=72/74) firms currently exporting cited ROI as a current market. Other current and proposed future markets of significance include: the US (80.4%), France (71.7%) and Germany (66.7%). Fewer firms were involved in exporting to rapidly emerging markets such as BRIC at the time of the survey, but these markets were prominent after EU countries<sup>94</sup>. Countries in South-East Asia<sup>95</sup> and the Middle-East<sup>96</sup> were also regularly cited export destinations, with 29.2% (n=26/89) stating they would be preparing to export to these destinations within the next 3 years.

Table 5.3 and Table 5.4 display the highest rated current and future export markets of interest to respondents.

**Table 5.3: Current Export Markets of Interest**

Export Market	Rating
Republic of Ireland	97.3%
Hong Kong	95%
Russia	87.5%
South Korea	86.7%
India	85.7%
Singapore	84.6%

<sup>94</sup> Brazil = 15, Russia = 21 India = 18 China = 15 (n=89)

<sup>95</sup> Thailand, Singapore, Malaysia

<sup>96</sup> Saudi Arabia, UAE, Kurdistan

**Table 5.4: Potential Future Export Markets of Interest**

Export Market	Rating
Libya	38.5%
Brazil	36.4%
Germany	33.3%
France	32.6%
Canada	30%
United Arab Emirates	29.4%

For companies trading in markets outside of the UK, 51.7% (n=46/89) has been motivated to export based on opportunities identified through independent research.

#### 5.1.4.2 Barriers to Exporting

The survey highlighted the barriers to export as follows:

- Sales / Marketing Barriers<sup>97</sup>
  - 'Setting competitive prices' (29.2%, n=26);
  - Transport costs' (25.8%, n=23);
  - 'Obtaining information on an export market' (24.7%, n=22); 'and
  - 'Currency / exchange rates' (23.6%, n=21).
- Language / Cultural Barriers<sup>97</sup>
  - 'Preference by overseas customers to work with firms from their own country' (30.3%, n=27);
  - 'Difficulty in establishing a dialogue with prospective customers or partners' (28.1%, n=25);
  - 'Language / cultural differences' (25.8%, n=23); and
  - 'Legislation / standards' (18%, n=16).
- Resource / Staffing Constraints<sup>97</sup>
  - 'Resource / staff constraints' (27%, n=24); and
  - 'Finance' (14.6%, n=13).
  - 'Staff not trained' (7.9%, n=7);

<sup>97</sup> N.B. Multiple response question – responses will not add to 100% (n=89) 89 respondents listed their barriers.

The most common barrier identified by respondents (30.3%) was a preference by overseas customers to buy locally. As the results demonstrate, the barriers encountered by exporting companies are primarily language and cultural issues and deficiencies in capacity and resources to compete overseas.

Companies highlighted their preference for employing experienced export managers. This was particularly emphasised for companies exporting to markets outside the EU and non-English speaking countries.

Detailed responses with regard to perceived barriers to exporting are contained within Appendix 3.

Two thirds (n=64/98) of respondents had a dedicated sales and marketing plan. Of the 33 companies that did not have a sales/marketing plan, 57.1% (n=20/35) felt that they did not need one. Of those that stated they did not have a dedicated sales/marketing plan, 3 (8.6%) stated they did not possess the in-house expertise required to develop a plan, 10 (28.6%) stated they could not find the time required to develop one while the remaining 4 (11.45%) companies stated they could not afford the cost of utilising external help and expertise in order to develop a dedicated plan.

#### 5.1.4.3 Current Professional Sales Expertise

68.7% (n=57/83) of respondents employed professional sales staff. The staff were evenly spread across entry level, mid management and senior management positions (an average of 2.80, 3.07 and 2.04 staff per company respectively).

Table 5.5 presents the average and total number of sales staff employed within respondent organisations across the three levels:

**Table 5.5: Average and Total Number of Sales Staff at each level**

Level of Sales Staff	Average Number of Sales Staff in Respondent Companies	Total Number of Sales Staff in Respondent Companies
Entry Level – covers: Sales Executive, Sales Assistant, Sales/Marketing Officer etc.	2.8	123
Middle Management – covers: Sales Manager, Sales/Marketing Manager etc.	3.07	138
Senior Management/Director – covers: Sales Director, Sales/Marketing Director etc.	2.04	96

Table 5.6 details the responses companies provided when asked about the competency of their sales staff:

**Table 5.6: Competency of Sales Staff (n=77)**

Competency Area	Incompetent / Slightly Incompetent	Moderately Competent / Quite Competent	Very competent / Extremely Competent	Do not know
Able to develop a sales strategy for each market (n=77)	3.9% (n=3)	46.8% (n=36)	40% (n=30)	10.4% (n=8)
Able to identify sales prospects in markets in line with targets set in plan (n=77)	1.3% (n=1)	39% (n=30)	52% (n=40)	7.8% (n=6)
Able to develop relationships with prospective clients (n=77)	1.3% (n=1)	22.1% (n=17)	68.9% (n=53)	7.8% (n=6)
Able to sell your company's services / products (n=77)	2.6% (n=2)	18.2% (n=14)	71.5% (n=55)	7.8% (n=6)
Able to close the sale (n=77)	1.3% (n=1)	29.9% (n=23)	61.1% (n=47)	7.8% (n=6)
Able to provide follow up customer service (n=77)	2.6% (n=2)	28.6% (n=22)	59.9% (n=46)	9.1% (n=7)

Salient points to note from Table 5.6 include that respondents generally highlighted that their staff are **competent / very competent** in the following areas:

- Ability to sell the company's products and services;
- Ability to develop relationships with prospective clients; and
- Ability to close the sale.

However it is also pertinent to note that the areas where respondents indicated lower levels of competence were:

- Ability to develop a sales strategy for each market; and
- Ability to identify sales prospects in markets in line with targets set in plan.

The respondents indicated that most of the sales staff within their respective organisations were recruited based on previous experience (39% n=30)<sup>98</sup> or that they already had the pre-existing relevant qualifications and experience (35.1%). It was stated by 17 (22.1%) respondents that staff had no relevant qualifications but were trained internally. Only 1 response (1.3%) stated that staff were recruited based solely on qualifications.

Just over a third (n=28/77) stated that they currently had a need for additional sales/marketing staff. Of these, 92.9% (n=26/28) stated they required experienced sales staff, while only 46.4% (n=13/28) of firms claimed they currently required additional staff at entry level.

When asked how difficult it was to recruit qualified and experienced sales staff, companies were provided with a range of options for entry level, mid management and senior level positions, with a score of 1 representing 'Not Difficult at all' to 5 representing 'Extremely Difficult'. Of those that responded (n=54) the average difficulty rating for recruiting entry level, mid management and senior level was 2.23, 2.59 and 2.71 respectively.

**Table 5.7: Typical Level of Qualification of Sales Staff<sup>99</sup> (n=54)**

Level	Postgraduate Degree	Bachelor's Degree	Diploma	Other Training
<b>Entry Level – covers: Sales Executive, Sales Assistant, Sales/Marketing Officer etc.</b>	2.5%	37.5%	15%	45%
<b>Middle Management – covers: Sales Manager, Sales/Marketing Manager etc.</b>	11.1%	44.4%	8.9%	35.6%
<b>Senior Management/Director – covers: Sales Director, Sales/Marketing Director etc.</b>	28.9%	33.3%	4.4%	33.3%

Table 5.7 shows the qualification levels amongst sales staff. It can be seen that other training is prominent, particularly amongst entry-level sales staff.

<sup>98</sup> N.B. Multiple response question – responses may not add to 100%

<sup>99</sup> 2 of the 35 organisations that stated they employed marketing staff skipped this question

Other training covered internal training such as in-house mentoring, in-house training courses or external courses that did not result in qualifications.

At senior level, postgraduate degrees are significantly more frequent than at mid-level or entry level. Additional comments provided during telephone interviews highlighted the qualifications were not directly related to sales, but it that business and marketing degrees were common, particularly amongst mid-level staff.

#### 5.1.4.4 Professional Marketing Expertise

Only 40.2% (n=35/87) of respondent firms stated they currently employed professional marketing staff within the organisation. Of the firms that did have professional marketing staff, the average number of entry level, mid management and senior management positions was 2.79, 1.67 and 0.79 respectively, thus demonstrating a strong tendency for professional marketing staff to be employed at entry level and middle management positions.

Table 5.8 below presents the average and total number of marketing staff employed within respondent organisations across the three levels.

**Table 5.8: Average and Total Number of Marketing Staff at each level<sup>100</sup>**

Level of Marketing Staff	Average Number of Marketing Staff in Respondent Companies	Total Number of Marketing Staff in Respondent Companies
Entry Level – covers: Marketing Officer, Marketing Assistant, Researcher etc. <b>(n=33)</b>	2.79	92
Middle Management –covers: Marketing Manager, Brand Manager etc. <b>(n=33)</b>	1.67	55
Senior Management/Director: Marketing Director, Brand Director, Sales/Marketing Director, Export Director etc. <b>(n=33)</b>	0.79	26

All professional marketing staff were qualified to degree level with a high proportion, (97.6%), of middle management and senior management/directors qualified to post graduate level. In addition, almost a quarter (23.4%) had some other professional qualification (e.g. Chartered Institute of Marketing).

Respondents were asked to state the level of difficulty they had in recruiting qualified and experienced marketing staff. Companies found little difficulty in recruiting staff at entry level (36.4%) whereas 91.8% experienced some difficulty in recruiting senior-level marketing staff.

<sup>100</sup> 2 of the 35 organisations that stated they employed marketing staff skipped this question

Responses demonstrated that 41.6% of companies found it moderately to extremely difficult to recruit middle management,<sup>101</sup> and 47% found it moderately to extremely difficult to recruit senior management and director level staff.

Table 5.9 details the responses companies provided when asked about the competency of their marketing staff. Responses to this question were low and the findings must be treated with caution.

**Table 5.9: Competency of Marketing Staff (n=31)**

Competency Area	Incompetent / Slightly Incompetent	Moderately Competent / Quite Competent	Very competent / Extremely Competent	Do not know
Conduct Market Research to a Professional Standard (n=31)	6.5% (n=2)	32.3% (n=10)	58% (n=18)	3.2% (n=1)
Commercially interpret statistics and prepare financial information related to market analysis (n=31)	9.7% (n=3)	29.1% (n=9)	58% (n=18)	3.2% (n=1)
Develop a sales forecast including sales channel market analysis (n=31)	9.7% (n=3)	25.8% (n=8)	61.3% (n=19)	3.2% (n=1)
Develop Marketing Strategies in response to market opportunities identified through research (n=31)	6.5% (n=2)	41.9% (n=13)	48.4% (n=15)	3.2% (n=1)
Prepare tactical plans for - Market Entry and Market Growth (n=31)	19.3% (n=6)	25.8% (n=8)	51.6% (n=16)	3.2% (n=1)
Prepare tactical plans for - Channel Development and Sales Strategy (n=31)	16.1% (n=5)	32.3% (n=10)	48.4% (n=15)	3.2% (n=1)
Prepare tactical plans for - Promotional Activity (n=31)	6.5% (n=2)	35.5% (n=11)	51.6% (n=16)	6.5% (n=2)
Prepare tactical plans for -	3.2% (n=1)	41.9% (n=13)	45.2% (n=14)	9.7% (n=3)

<sup>101</sup> Excluding responses which stated that they did not know how difficult it had been to recruit staff (27.3% at mid-level and 48.5% at senior level)

Competency Area	Incompetent / Slightly Incompetent	Moderately Competent / Quite Competent	Very competent / Extremely Competent	Do not know
Digital Marketing (n=31)				
Prepare tactical plans for - Promotion, digital/on line actions for each export market (n=31)	3.2% (n=1)	41.9% (n=13)	45.2% (n=14)	9.7% (n=3)
Deliver on the tactical plans developed (n=31)	6.5% (n=2)	35.5% (n=11)	51.6% (n=16)	6.5% (n=2)

Salient points to note from Table 5.9 include that respondents generally highlighted that their staff are **competent / very competent** in the following areas:

- Develop a sales forecast including sales channel market analysis;
- Conduct market research to a professional standard; and
- Commercially interpret statistics and prepare financial information related to market analysis.

It is also pertinent to note that the areas where respondents indicated lower levels of competence were:

- Prepare tactical plans for – Market Entry and Growth;
- Prepare tactical plans for - Channel Development and Sales Strategy;
- Prepare tactical plans for - Promotion, digital/on line actions for each export market;
- Prepare tactical plans for - Digital Marketing; and
- Develop Marketing Strategies in response to market opportunities identified through research.

The respondents indicated that the most frequent means of recruiting marketing staff was based on both relevant qualifications and experience (n=17<sup>102</sup>). Responses demonstrated that 15 companies recruited marketing staff primarily based on experience, and 13 companies recruited marketing staff based primarily on qualifications. Only four companies stated that marketing staff were recruited without relevant qualifications.

<sup>102</sup> N.B. Respondents were permitted to choose more than one response.

A sizeable proportion of the respondents stated that they 'did not know' whether they had experienced any difficulties with regard to recruiting qualified or experienced marketing staff, at entry (21.2%, n=7), middle management (27.3%, n=9), or senior management / director levels (48.5%, n=16).

16% (n=4) of respondents indicated that it was 'not difficult at all' to recruit qualified / experienced marketing staff at entry level; 16% (n=4) of respondents indicated that it was 'quite difficult' to recruit at middle management; and 16% (n=4) indicated that it was 'extremely difficult' at senior management / director level.

**Table 5.10: Typical Level of Qualification of Marketing Staff<sup>103</sup> (n=33)**

Level	Postgraduate Degree	Bachelor's Degree	Diploma	Other Training
<b>Entry Level – covers: Marketing Officer, Marketing Assistant, Researcher etc.</b>	33.3%	52.4%	9.5%	4.8%
<b>Middle Management – covers: Marketing Manager, Brand Manager etc.</b>	50%	40.9%	0%	9.1%
<b>Senior Management/Director: Marketing Director, Brand Director, Sales/Marketing Director, Export Director etc.</b>	47.6%	38.1%	0%	14.3%

Table 5.10 demonstrates that the majority of marketing staff at all levels possess a bachelor's or postgraduate degree. Senior marketing staff were most likely to have completed other training from bodies such as the Chartered Institute of Marketing.

#### 5.1.4.5 International Business Communication

The majority of respondents (66.2%, n=51/77) stated that they did not require staff proficient in languages other than English, with the vast majority of these (96.1%) stating the reason being their primary export markets were English speaking.

When asked if their staff had International cultural awareness skills related to business,<sup>104</sup> 45 (58.4%) stated that they did while 32 (41.6%) stated that they did not.

Twenty companies (44%) stated that their staff had these skills due to their recruitment based on the having the relevant experience, with 11 (24.4%) stating that they had received training through the company.

<sup>103</sup> Two of the 35 organisations that stated they employed marketing staff skipped this question

<sup>104</sup> I.e. knowledge of appropriate business etiquette and protocol for the market.

Of the 45 who stated their staff did have the necessary cultural skills, the majority (64.4%) stated they did not train staff in cultural awareness skills and 82.2% stated they had no need for more staff with these skills. Of those that did state they have a need for staff with cultural awareness skills most needed experienced staff, rather than someone that needed training.

### 5.1.5 Conclusions

Northern Ireland companies demonstrated that EU markets are prominent amongst exporters<sup>105</sup>, and many exporters were considering further expansion into EU markets. BRIC and Middle East countries were also regarded as potential export markets within the next three years. The most prominent of these were:

- Libya (38.5%);
- Brazil (36.4%); and
- United Arab Emirates (29.4%).

Many companies felt that language and cultural awareness skills were unnecessary, as their future sales concerned English speaking countries and the EU, where they felt that language and culture were not barriers to trade. Some companies, however, who were involved in exports to Middle East and BRIC countries, felt that cultural awareness was essential regardless of the languages involved. It was also stated that a basic understanding of language, when combined with cultural understanding, engendered trust amongst foreign customers and business partners.

The need for resources with sales and marketing experience in export markets was articulated, particularly for markets beyond EU and English speaking countries.

Concerning their sales teams, exporters demonstrated that the areas where sales staff were least competent were:

- The ability to develop a sales strategy for each market; and
- The ability to identify sales prospects in markets in line with targets set in plan.

Concerning marketing teams, the following areas were demonstrated to be in need of development:

- Prepare tactical plans for – Market Entry and Growth;
- Prepare tactical plans for - Channel Development and Sales Strategy;
- Prepare tactical plans for - Promotion, digital/on line actions for each export market;
- Prepare tactical plans for - Digital Marketing;
- Develop Marketing Strategies in response to market opportunities identified through research.

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<sup>105</sup> >95% of companies had undertaken exporting activity beyond the UK to the EU (Including Ireland)

## 5.2 Firms Preparing to Export

### 5.2.1 Introduction

This section details the findings of the survey of companies in Northern Ireland preparing to enter export markets. The survey was designed to capture data from these companies relating to a range of issues in preparation for exporting including employee demographics, perceived export barriers, skill and expertise needs and steps taken to address these needs.

### 5.2.2 Methodology

The surveys were distributed in January 2013 via e-mail to companies who had attended Invest NI and/or InterTradeIreland 'Preparing to Export' workshops. Furthermore, there were a number of follow-up telephone consultations conducted in order to maximise the response rates.

The survey was designed to gather information relating to:

- Background: Company Details regarding Export Markets already potentially involved in e.g. ROI, rest of UK etc.;
- Employee demographics (i.e. number of professional sales / strategic export marketing professionals and their qualifications, previous experience in export markets (which and how long) and remuneration data for these jobs);
- Stage of Development regarding Non English Speaking Export Markets/ plans for development (if any);
- Barriers to exporting to these countries;
- Any approaches taken to acquiring skills/expertise regarding exporting to non-English speaking countries;
- Existing/ future demand for staff with professional sales, strategic export marketing and foreign language(s) /cultural awareness skills;
- Any Barriers to accessing employees with these skills (Availability / Cost / etc.); and
- Training and Development annually in sales/ marketing/ export / language training – annual investment, preferred provider / method of delivery.

Thirty responses were received from companies preparing to export. This is a small sample and therefore cannot be regarded as a robust and representative sample of the total number of companies preparing to export in Northern Ireland.

## 5.2.3 Profile of Respondents

### 5.2.3.1 Sector

The sector spread of respondent companies is detailed in Table 5.11:

**Table 5.11: Sector Profile of Preparing to Export Survey Respondents**

Sector	Frequency	Percentage
Information and Communication	4	13.3%
Construction	4	13.3%
Water Supply, Sewerage, Waste Management and Remediation	2	6.7%
Wholesale and Retail Trade	2	6.7%
Professional, Scientific, Technical	1	3.3%
Agriculture, Forestry and Fishing	1	3.3%
Human Health and Social Work	1	3.3%
Other, including; <ul style="list-style-type: none"> <li>• Recycling</li> </ul>	2	6.7%
<b>Manufacturing</b>		
Food, Drink and Tobacco	5	16.7%
Machinery and Equipment	2	6.7%
Computing, Electronic and Optical	1	3.3%
Rubber and Plastics	1	3.3%
Other, including; <ul style="list-style-type: none"> <li>• Musical Instruments;</li> <li>• Metal Fabrication;</li> <li>• Packaging</li> </ul>	4	13.3%

The majority of the respondent firms (39%) were within the manufacturing sector – including, ‘other’ manufacturing (13.3%), and ‘food, drink and tobacco’ manufacturing (16.7%).

### 5.2.3.2 Size

Of the companies surveyed, two fifths of the firms were small firms, with between 10 – 49 employees, and 43% of the firms had been established for 25 years or more. Table 5.12 outlines the company responses by size of firm.

**Table 5.12: Size Profile of Preparing to Export Survey Respondents (n=30)**

Number of Employees	Total (%)	Total (n)
<10	27%	8
10-49	40%	12
50-249	30%	9
250-499	3%	1
500-999	0%	0
1000+	0%	0
<b>Total</b>	<b>100%</b>	<b>30</b>

Detailed responses by the company size and sector are contained within Appendix 2.

Within the sample, 90% (n=27) of companies had someone within the firm at a senior level who was responsible for exporting.

It was also frequently cited through additional comments that the directors or owners of the company were directly responsible for exporting.

Fifty-seven per cent (n=17) of the respondent companies reported that their respective firms did not currently possess a written sales or marketing plan. The two main reasons were: 'we are currently forming one as part of our preparation to export' (71%, n=12), and 'we do not have in-house expertise to develop one' (24%, n=4).

Of the 13 companies that had a written sales / marketing plan, 77% (n=10) reported that exporting formed a specific element of their respective plans, and 46% (n=6) cited that the plan covered sales development on a market-by-market basis.

### 5.2.4 Findings

The following section outlines the survey findings for those companies who are preparing to export.

#### 5.2.4.1 Future Exporting Activity

With regard to the specific motivations of exporting, the two main reasons were that undertaking export activities allowed the firms to: 'reduce dependency on a small number of markets' (73%, n=22), and 'utilise existing capacity' (43%, n=13).

The respondents were asked to outline the countries within which the companies were currently preparing to export to. Their responses highlight that firms preparing to export place a strong emphasis upon exporting to English speaking countries; and/or the firms also place a strong focus upon exporting to countries within the EU. The following is indicative of the most popular destinations, and how frequently they were cited:

- Republic of Ireland (75%, n=21);
- France (36%, n=10);
- Germany (29%, n=8);
- Denmark(21%, n=6);
- South Africa (21%, n=6);
- USA (21%, n=6);
- Canada (18%, n=5);
- Sweden (18%, n=5); and
- Australia (18%, n=5).
- Singapore (14%, n=4);
- Russia (11%, n=3);
- Brazil (7%, n=2);
- India (7%, n=2); and
- China (4%, n=1).

When asked for rationale behind choosing these markets, the most common reason was 'due to independent research conducted by the company' (44%, n=12), followed by 'competitors have entered the market' (37%, n=10).

Detailed responses with regard to future exporting activity are contained within Appendix 3.

#### 5.2.4.2 Barriers to Exporting

The respondent firms<sup>106</sup> indicated that the principal barriers to exporting were:

- Sales / Marketing Barriers
  - 'Transport costs' (50%, n=14);
  - 'Obtaining information on an export market' (46%, n=13);
  - 'Setting competitive prices' (32%, n=13); and
  - 'Currency / exchange rates' (25%, n=7).
- Language / Cultural Barriers
  - 'Difficulty in establishing a dialogue with prospective customers or partners' (50%, n=14);
  - 'Language / cultural differences' (29%, n=8); and
  - 'Legislation / standards' (25%, n=7).
- Resource / Staffing Constraints
  - 'Staff not trained' (32%, n=13);
  - 'Resource / staff constraints' (29%, n=8); and
  - 'Finance' (25%, n=7).

Detailed responses with regard to perceived barriers to exporting are contained within Appendix 3.

#### 5.2.4.3 Access to Marketing Expertise

The companies were asked to outline the number of staff working on marketing functions employed at entry, middle management, and senior levels. Approximately half of companies had no marketing staff at any level. 48% (n=12) of firms employed professional marketing staff at entry level; 52% (n=13) of firms employed professional marketing staff at middle management level; and 52% (n=13) of firms employed professional marketing staff at senior management / director level.<sup>107</sup>

However, it should be noted that the average time spent on marketing activities for entry level staff was 12% (n=12), 14% (n=13) for middle management, and 17% (n=13) of senior management / directors time. Therefore staff are not spending significant amounts of time on marketing activities.

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<sup>106</sup> N.B. Multiple response question – responses will not add to 100% (n=89) 89 respondents listed their barriers.

<sup>107</sup> Professional marketing staff includes staff that have a learned ability to identify market opportunities and to develop / implement strategies to deliver on these opportunities.

**Table 5.13: Number of marketing staff at each level (n= 25)<sup>108</sup>**

Level	Number						
	0	1	2	3	4	5	6+
Entry Level – covers: Marketing Officer, Marketing Assistant, Researcher, etc. (n=25)	13	10	1	-	1	-	-
Middle Management covers Marketing Manager, Brand Manager etc. (n=25)	12	8	2	3	-	-	-
Senior Management/Director – Marketing Director; Brand Director; Sales/ Marketing Director; Export director etc. (n=25)	12	13	-	-	-	-	-

With regards to the level of expertise of the staff undertaking marketing activities, the respondents indicated that 66% of entry level staff were employed with at least a degree level qualification (i.e. undergraduate / postgraduate qualification in marketing); compared to 46% of middle management and 44% of senior management / director level.

The respondent companies were asked to assess the competency of their staff in relation to a number of areas pertaining to marketing expertise, which is illustrated in Table 5.14.

**Table 5.14: Competency of marketing staff (n=25)**

Competency Area	Incompetent / Slightly Incompetent	Moderately Competent / Quite Competent	Very competent / Extremely Competent	Do not know
Conduct Market Research to a Professional Standard (n=25)	32% (n=8)	36% (n=9)	28% (n=7)	4% (n=1)
Commercially interpret statistics and prepare financial Information related to market analysis (n=25)	32% (n=8)	40% (n=10)	20% (n=5)	8% (n=2)
Develop a sales forecast including sales channel market analysis (n=25)	32% (n=8)	36% (n=9)	24% (n=6)	8% (n=2)

<sup>108</sup> Five respondents failed to provide an answer for this question.

Competency Area	Incompetent / Slightly Incompetent	Moderately Competent / Quite Competent	Very competent / Extremely Competent	Do not know
Develop Marketing Strategies in response to market opportunities identified through research (n=25)	24% (n=6)	44% (n=11)	28% (n=7)	4% (n=1)
Prepare tactical plans for - Market Entry and Market Growth (n=25)	32% (n=8)	36% (n=9)	24% (n=6)	8% (n=2)
Prepare tactical plans for - Channel Development and Sales Strategy (n=25)	40% (n=10)	28% (n=7)	24% (n=6)	8% (n=2)
Prepare tactical plans for - Promotional Activity (n=25)	32% (n=8)	32% (n=8)	28% (n=7)	8% (n=2)
Prepare tactical plans for - Digital Marketing (n=25)	48% (n=12)	28% (n=7)	20% (n=5)	4% (n=1)
Prepare tactical plans for - Promotion, digital/on line actions for each export market (n=25)	36% (n=12)	20% (n=5)	24% (n=6)	8% (n=2)
Deliver on the tactical plans developed (n=25)	28% (n=7)	36% (n=9)	28% (n=7)	8% (n=2)

It is pertinent to note that the many of the respondents highlighted that their staff are **incompetent / slightly incompetent** in the following areas:

- Prepare tactical plans for - Channel Development and Sales Strategy;
- Prepare tactical plans for - Promotional Activity;
- Prepare tactical plans for – Digital Marketing; and
- Prepare tactical plans for – Promotion, digital / on line actions for each export market.

Fewer than 30% of responses highlighted that marketing staff were very or extremely competent in each area.

The respondents indicated that most of the staff within their respective firms had gained their relevant skills through training provided by the company (28%) or had relevant qualifications and experience (20%).

Furthermore, 58% (n=11) of the companies surveyed indicated that they intend to employ marketing staff in the future.<sup>109</sup>

The majority of the respondents responded that they 'did not know' whether they had experienced any difficulties with regard to recruiting qualified or experienced marketing staff, at entry (48%, n=12), middle management (48%, n=12), or senior management / director levels (72%, n=18). Additional comments in telephone interviews demonstrated that companies had a range of reasons for responding this way including;

- It had been some time since they had tried to recruit; and
- They weren't the people involved directly in previous recruitments.

However, 16% (n=4) of respondents indicated that it was 'not difficult at all' to recruit qualified / experienced marketing staff at entry level; 16% (n=4) of respondents indicated that it was 'quite difficult' to recruit at middle management; and 16% (n=4) indicated that it was 'extremely difficult' at senior management / director level. Again it is important to note that these response numbers are low and it is therefore difficult to draw reliance upon trends suggested.

#### **5.2.4.4 Access to Sales Expertise**

The majority of companies (17/25)<sup>110</sup> reported that they currently employ professional sales staff; 6 companies stated that they are intending to employ professional sales staff in the future and 2 firms indicated that they have no intention of recruiting professional sales staff in the future.

The 6 that plan to employ professional sales staff then stated that they would ensure that these staff have the appropriate skills by:

- Recruiting experienced individuals;
- Using a recruitment specialist; and
- Using international contacts and research.

Companies were then asked how many sales staff they had at entry level, middle management level and senior level. The responses are shown in Table 5.15.

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<sup>109</sup> This demand is explored in the following section.

<sup>110</sup> Five respondents failed to provide an answer for this question

**Table 5.15: Number of sales staff at each level (n= 23) <sup>111</sup>**

Level	Number						
	0	1	2	3	4	5	6+
Entry Level – Sales Executive, Sales Assistant, Sales/ Marketing Officer etc. (n=22)	12	2	3	-	1	3	1 <sup>112</sup>
Middle Management Level- Sales Manager, Sales/ Marketing Manager (n=22)	13	3	2	3	-	-	1 <sup>113</sup>
Senior Management/Director Level- Sales Director/ Sales/ Marketing Director (n=23)	9	8	5	-	1	-	-

The most common means through which entry level staff had achieved competency in their role was through training received within the company (n=9 of 20 responses). This was also the case for middle management positions (n=6, of 11 responses) and senior management (n=7 of 19 responses).

When asked how difficult it was to recruit staff with the appropriate experience and qualifications, most respondents did not know and quoted a range of reasons for responding this way including;

- It had been some time since they had tried to recruit; and
- They were not involved directly in previous recruitment.

Companies were then asked to assess the competency of their staff in relation to a number of areas. The responses are shown in Table 5.16.

**Table 5.16: Competency of sales staff (n=21)<sup>114</sup>**

Competency Area	Incompetent / Slightly Incompetent	Moderately Competent / Quite Competent	Very competent / Extremely Competent	Do not know
Able to develop a sales strategy for each market (n=21)	5% (n=1)	48% (n=10)	33% (n=7)	14% (n=3)

<sup>111</sup> Seven respondents failed to provide an answer for this question; eight respondents failed to provide an answer for the entry level / middle management element of the question.

<sup>112</sup> This respondent stated that they had 40 staff at this level.

<sup>113</sup> This respondent stated they had 7 staff at this level.

<sup>114</sup> Nine respondents failed to provide an answer to this question.

Competency Area	Incompetent / Slightly Incompetent	Moderately Competent / Quite Competent	Very competent / Extremely Competent	Do not know
Able to identify sales prospects in markets in line with targets set in plan (n=21)	5% (n=1)	43% (n=9)	38% (n=8)	14% (n=3)
Able to develop relationships with prospective clients (n=21)	5% (n=1)	33% (n=7)	48% (n=10)	14% (n=3)
Able to sell your company's services / products (n=21)	5% (n=1)	33% (n=7)	48% (n=10)	14% (n=3)
Able to close the sale (n=21)	5% (n=1)	38% (n=8)	43% (n=9)	14% (n=3)
Able to provide follow up customer service (n=21)	5% (n=1)	29% (n=6)	52% (n=11)	14% (n=3)

The areas in which companies felt their sales staff were least competent included:

- Ability to develop a sales strategy for each market; and
- Ability to identify sales prospects in markets in line with targets set in plan.

Most staff gained their relevant skills prior to recruitment and were recruited based on their experience (not qualifications) (38%, n=8/21) or had relevant qualifications (38%, n=8/21).<sup>115</sup>

#### 5.2.4.5 Demand and Training for Sales and Marketing Resources and Skills

On average, companies had 0.64 marketing staff at entry-level, 0.84 at middle-management level, and 0.52 at a senior level. Entry-level staff spent the largest proportion of their time on export marketing duties; however the proportions were low for all levels, with 10.2% of entry-level time being spent on exporting and less than 10% for middle managers and senior managers.

For professional sales staff, companies had an average of 3.05, 1.05 and 0.96 staff respectively for entry-level, middle-management and senior level.

<sup>115</sup> Nine respondents failed to provide an answer to this question

65% (n=15/23) companies stated that they had a current need for sales/marketing/export staff. 80% of these indicated that they specifically needed staff that had previous experience. 78% (n=18/23) then stated that they expected their need for sales/marketing/export would increase within the next two to three years. No companies stated that their need would decrease.<sup>116</sup> It should be noted that these responses may reflect bias for an optimistic outlook.

Those that stated they saw their need increasing (n=18), were then asked to specify how many staff they thought they would need. Thus within the next two to three years, 18 companies expect to need 199 individuals (an average of 11 per company) with sales and marketing skills for exporting. This would reflect expectations of significant growth for the companies which responded, which may be an optimistic estimate.

60% of companies said they trained the existing sales and marketing staff (n=14/23). 9% (n=2/23) said they did not train existing staff. This training is provided at cost of, on average, £2,000 per annum (based on 13 responses).

Most (n=12 of 13 respondents) of this training has been delivered by private providers.

#### **5.2.4.6 International Business Communication**

74% (n=17/23)<sup>117</sup> of companies preparing to export stated they did not have a need for staff with proficiency in other languages. When asked why this was, most (94%, n=16/17) stated that it was due to the countries they were going to export to facilitated English communication. 94% (n=16 of 17 responses) then stated they would were not planning on recruiting any staff that were proficient in other languages.

When asked if their staff had International cultural awareness skills related to business,<sup>118</sup> 10 stated that they did and 12 stated that they did not. 5 stated that their staff did have these skills due to their qualifications, with 2 stating that they were recruited based on their experience.

Of this 22, the majority (86%) stated they did not train staff in cultural awareness skills and 64% stated they had no need for staff with these skills. Of those that did state they have a need for staff with cultural awareness skills (36%), most needed experienced staff.

#### **5.2.5 Conclusions**

The survey findings indicate that the companies place a strong emphasis upon English speaking countries, as well as countries within the EU, when planning their respective export activities.

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<sup>116</sup> Seven respondents failed to provide an answer to this question

<sup>117</sup> Seven respondents failed to provide an answer to this question.

<sup>118</sup> I.e. knowledge of appropriate business etiquette and protocol for the market.

The main barriers to exporting, as highlighted by the respondents, were sales / marketing skills and resources.

The marketing skills which were shown to be lacking within companies preparing to export were:

- Preparation of tactical plans for - Channel Development and Sales Strategy;
- Preparation of tactical plans for - Promotional Activity;
- Preparation of tactical plans for - Digital Marketing; and
- Preparation of tactical plans for - Promotion, digital / on line actions for each export market.

Additionally, the areas in which companies felt their sales staff were least competent included:

- Ability to develop a sales strategy for each market; and
- Ability to identify sales prospects in markets in line with targets set in plan.

Respondents highlighted their strong preference for employing experienced resources rather than bringing in resource that needed to be trained.

## 5.3 Firms Not Exporting

### 5.3.1 Introduction

This section details the findings of the survey of companies in Northern Ireland not currently exporting to international markets. The survey was designed to capture data from these companies relating to a range of factors including the extent to which exporting has been considered within the organisation, likelihood of exporting in the future and barriers to exporting.

### 5.3.2 Methodology

The surveys were distributed in January 2013 via e-mail to companies who had attended Invest NI and / or InterTradeIreland 'Preparing to Export' workshops. Furthermore, there were a number of follow-up telephone consultations conducted in order to maximise the response rates. Additionally, 22 Economic Development Officers from various councils were contacted to identify if they had a list of companies that did not export. Six agreed to distribute the questionnaire.

The survey was designed to gather information relating to:

- Current state of company development (sales / profits / employment);
- Extent to which exporting/ exporting to non-English speaking countries has been considered within the company;
- Plans to consider exporting in the future (% likelihood in next 3 years);
- Barriers to exporting (finance, skills, resource, information etc.);
- Awareness of supports in Northern Ireland aimed at overcoming export barriers;

- Skills and expertise of existing staff regarding Exporting;
- Awareness of current provision of professional sales / marketing exporting and foreign language/cultural awareness skills/ resources that are available in Northern Ireland;
- Ability to access these resources; and
- Existing and future demand for professional sales, strategic export marketing and language/cultural awareness skills.

### 5.3.3 Profile of Respondents

The online survey link was initially emailed to approximately 800 companies. From this, 71 responses were received. Many companies felt that their business was incompatible with exporting, with time and financial constraints commonly cited, and declined participation in the survey. Of the 71 companies that responded, most (42%) were in business for 21-25 years, followed by more than 25 years (31%) and 1-5 years (20%).

#### 5.3.3.1 Sector

Table 5.17 demonstrates the sectors that the 71 respondent companies were in:

**Table 5.17: Sector Profile of non-Exporting Survey Respondents**

Sector	Total (%)	Total (n)
Manufacturing	34.7%	25
Professional, scientific and technical activities	22.2%	16
Wholesale and retail trade: Repair of Motor Vehicles and Motorcycles	12.5%	9
Agriculture, Forestry and Fishing	8.3%	6
Construction	6%	4
Administrative and Support Service Activities	6%	4
Financial and Insurance Activities	4.2%	3
Accommodation and Food Service Activities	3%	2
Information and Communication	1%	1
Real Estate Activities	1%	1
<b>Total</b>	<b>100%</b>	<b>71</b>

It is visible that the largest proportion of survey responses (34.7%) were from organisations under the umbrella manufacturing sector. This is consistent with the previous surveys where manufacturing was also the predominant industry sector of respondents.

### 5.3.3.2 Size

The following table details the size of companies responding to the non-exporters survey:

**Table 5.18: Size Profile of non-Exporting Survey Respondents**

Number of Employees	Total (%)	Total (n)
<10	61%	43
10-49	21%	15
50-249	13%	9
250-499	4%	3
500-999	1%	1
1000+	0%	0
<b>Total</b>	<b>100%</b>	<b>71</b>

The majority of companies (61%) were micro (less than 10 employees) while only one company with more than 500 employees responded to this survey. 82% (n=58) of the respondents had 49 or fewer employees overall.

Non-exporting companies were asked if they have ever considered or would they consider exporting in the future. 41% (n=29) stated that they have or would consider exporting, 44% (n=31) stated they would not and 15% (11) stated that it would depend on external factors.

Those that stated they would or have considered exporting or that it depends were then asked which markets they would consider exporting to. Detailed responses by question are contained in Appendix 4 and the main findings are in the following section 0.

### 5.3.4 Findings

#### 5.3.4.1 Barriers to exporting

Non-exporting respondents identified a range of skills and resource barriers to exporting:

- 45.8% cited the cost of up-skilling their workforce ; and
- 44.4% cited the cost of recruiting staff with the relevant skills.

Skills requirements include the acquisition of staff with foreign language skills, skills in marketing and skills to co-ordinate the added logistical requirements.

A range of resource barriers were also identified by several organisations, these included:

- Lack of means to acquire the appropriate market information and data to inform a move into the market; and
- A lack of marketing planning for outside Northern Ireland and the cost of the extra marketing requirement.

Other organisations simply identified current economic, operational and strategic barriers preventing them from accessing export markets, these included;

- The current economic climate;
- The additional transport and logistical costs and impracticalities;
- Dealing with the impracticalities of compliance with additional EU and international laws;
- Risk involved due to the current size of the organisation; and
- Current insurance pricing cycles.

#### 5.3.4.2 Supports which would facilitate exporting

Companies requested a range of supports, the main requests were:

- Country-specific research at a low cost;
- Marketing support;
- Product research regarding what could be successfully exported;
- A programme similar to “Explorers”;
- A graduate scheme to provide capacity for international sales development;
- Access to foreign contacts;
- Financial incentives to cover costs of marketing visits; and
- Training grants for existing staff.

In particular, the need for a graduate programme with relation to export market support was highlighted by the majority of respondents. It should be highlighted, however, that many companies articulated that they would not be entirely aware of their needs until

they engaged in exporting activity, and many of the suggestions for beneficial supports were described as speculative.

### 5.3.4.3 Awareness of existing supports

There was a lack of awareness of existing supports aimed at facilitating exporting. For example, in terms of the development of exporting skills, less than half of respondents had heard of the Acumen<sup>119</sup> or Elevate<sup>120</sup> programmes. Of those with awareness of the programmes, knowledge of the detail of the programmes was also very low.

Trade missions and trade exhibitions were the only supports available that achieved a 50%+ awareness rate among respondents with 52.8% and 59.7% of companies stating they were aware of these supports respectively.

The supports with the lowest rates of awareness among respondent organisations are detailed in **Error! Reference source not found.**

**Table 5.19 : Awareness of programmes (n=71)**

Programme	Aware		Not Aware		Total	
	N	%	N	%	N	%
<b>Sales and marketing skill supports</b>						
Acumen (sales & marketing)	30	42%	41	58%	71	100%
<b>Other supports</b>						
Challenge (strategic planning)	3	4%	68	96%	71	100%
Elevate (sales development)	14	20%	57	80%	71	100%
First Stop Shop & Trade Accelerator Vouchers	8	11%	63	89%	71	100%
Business Information Service	30	42%	41	58%	71	100%
Consultancy Services	29	41%	42	59%	71	100%
Export Workshops	31	44%	40	56%	71	100%
Trade Missions	38	54%	33	46%	71	100%

<sup>119</sup> Acumen is a sales and marketing support programme delivered by InterTradeIreland aiming to help SMEs target cross-border markets.

<sup>120</sup> Elevate is a sales development programme delivered by InterTradeIreland providing financial assistance for small businesses to identify new cross-border markets and business.

Programme	Aware		Not Aware		Total	
	N	%	N	%	N	%
Trade Exhibitions	43	61%	28	39%	71	100%
In-Market Support	13	18%	58	82%	71	100%
Trade Advisory Service	26	37%	45	63%	71	100%
Northern Ireland Trade Development Centres	19	27%	52	73%	71	100%
Going Dutch	9	13%	62	87%	71	100%

#### 5.3.4.4 Potential export markets

Of the 41% that stated they have or would consider exporting, and the 15% that said it would depend, the most commonly selected markets were Great Britain (n=36) and the Republic of Ireland (n=36). 41.5% (n=17) of respondents expressed an interest in exporting to European countries. Germany and France were also mentioned in additional comments. 17.1% (n=7) expressed an interest in exporting to the Middle East, with 12.2% (n=5) expressing an interest in exporting to Russia. 7.3% (n=3) mentioned that China and Brazil would be potential export markets, and 4.9% (n=2) mentioned India as a potential market.

#### 5.3.5 Conclusions

The main barriers faced by the non-exporters related to lack of experienced resources, lack of skills within the workforce or lack of skills available in the local markets. Companies mentioned that they needed access to low cost research which would provide information on business opportunities in specific export markets.

To overcome these barriers, the most common responses included: the introduction of a graduate programme aimed at providing low-cost market research and establishing networks in destination markets; access to foreign networks; and financial assistance with training in relation to sales and marketing internationally.

In general, non-exporting companies were unaware of the specific skills deficits that existed within their company with relation to exporting, and many of their suggestions were described as being speculative.

## 6 RECRUITMENT CONSULTANT SURVEY

### 6.1 Introduction

This section details the findings from the survey of recruitment consultants in Northern Ireland. The survey was designed to capture data relating to sales and marketing positions including salary information.

Responses were received from six recruitment agencies involved in sales and marketing positions over the last year in Northern Ireland. The six agencies who responded had placed 130 sales and marketing staff during 2012. With the exception of one<sup>121</sup>, each had placed between eight and 36 people in sales and marketing positions during 2012. The responses are summarised below.

### 6.2 Placements

The breakdown of the 130 sales and marketing positions is set out in Table 6.1. It shows that the majority (66%) of the specified positions were at middle management level. Twenty per cent were at senior management level, 13% were at graduate level, and 1% were at school leaver level.

**Table 6.1: 2011/12 Placements in Sales and Marketing in Northern Ireland**

Level	Number of placements	Example of responsibilities of role
School Leaver	1	Basic market research; social networking activities; responding to customer service enquiries. (e.g.- Research assistant, Direct sales assistant, Customer advisor)
Graduate Entry-level	12	Market and product research, communicate sales information with current and prospective clients. (e.g. – Sales officer, Research officer, Direct sales executive, Market specialist)
Middle Management	61	Conduct Market Research to a professional standard; prepare tactical plans; deliver on tactical plans; project management; develop sales forecasts. (e.g. – Sales manager, Customer services manager, Brand manager, PR manager)
Senior Level	19	Develop sales and marketing strategies. Manage implementation of strategies in response to opportunities identified by research. (e.g. – Sales Director, Marketing Director)

<sup>121</sup> One of the recruitment agencies had not placed anyone in sales or marketing roles in 2012, but had in previous years.

Level	Number of placements	Example of responsibilities of role
Specified	93	
Unspecified	37	
<b>Total</b>	<b>130</b>	

Recruitment consultants were asked to rate the difficulty they experienced in filling vacancies for sales and marketing at entry-level, mid-level and senior level. Responses showed that recruitment consultants found the senior positions more difficult to fill. On average, mid-level positions were rated 20.5% more difficult to fill than entry-level positions. Senior level positions were rated 50% more difficult to fill than mid-level positions and 80% more difficult than entry-level positions.

Sales and marketing roles were equally difficult to fill at mid-level and senior level, but it was found that entry-level sales positions were slightly (15%) more difficult to fill than entry-level marketing positions.

Table 6.2 shows the difficulty rating for each level.

**Table 6.2: Difficulty placing staff (n=6)**

Level	Average Difficulty Rating (out of 6)
Marketing Officer level	2.33
Sales Officer/ Representative Level	2.67
Middle Mgt level – Sales	3.00
Middle Mgt level Marketing	3.00
Director Level Sales	4.50
Director Level Marketing	4.50

### 6.3 Salary Information

The average salary stated for entry level positions was £19,500<sup>122</sup>, with possible bonuses ranging from £1,000 to £5,000. For middle management, the average figure was £32,400<sup>123</sup>, with possible bonuses ranging from £5,000 to £20,000. Finally, at senior level, the average salary was £52,400<sup>124</sup>; however the range of bonus figures was not specified.

The range of salaries varied significantly, with £12,000 being the lowest salary quoted for entry-level positions, to £100,000 for senior/director level positions. The following table demonstrates the range of salaries for each level specified by the survey respondents.

**Table 6.3: 2012 Sales and Marketing Salaries by Level**

Level	Lowest Salary	Highest Salary	Range	Mean
Entry-level	£12,000	£26,000	£14,000	£19,500
Middle Management	£25,000	£45,000	£20,000	£32,400
Senior Level	£35,000	£100,000	£65,000	£52,400

Middle management positions often included a company car and other benefits such as sponsored charity work and contributions towards training and development. Senior positions were frequently described as being accompanied with a “full package” of benefits including a company car. Bonuses were described in additional comments as ranging from 5% to 20% of salary for entry level and mid-level positions, and often described as “uncapped” for senior positions.

**Table 6.4: 2011/2012 Salary Comparison**

Level	NI Average sales and marketing Salary	NI Professional Occupations <sup>125</sup> (SOC2010 code 2)	NI average salary
Entry-level	£19,500	£14,900 <sup>126</sup>	£21,116 <sup>127</sup>
Middle Management	£32,400	£33,904 <sup>128</sup>	£23,894 <sup>129</sup>

<sup>122</sup> Based on the average salary from four respondents who placed 13 entry-level staff during 2012.

<sup>123</sup> Based on the average salary from five respondents who placed 61 middle management staff during 2012.

<sup>124</sup> Based on the average salary from 5 respondents who placed 19 senior staff during 2012.

<sup>125</sup> Source: 2012 Annual Survey of Hours and Earnings (ASHE) Table 3 (NI).2a.

<sup>126</sup> Based on the 10<sup>th</sup> percentile in the ASHE 2012 for SOC2010 code 2 – Professional Occupations

<sup>127</sup> GradIreland Graduate Salary & Graduate Recruitment Trends Survey 2012.

Level	NI Average sales and marketing Salary	NI Professional Occupations <sup>125</sup> (SOC2010 code 2)	NI average salary
Senior Level	£52,400	£49,920 <sup>130</sup>	

Demonstrates that entry-level salaries for sales and marketing can be seen to be slightly less (approximately 10%) than the average salary for all graduates in Northern Ireland as a whole.

Compared to the average entry-level salary in Professional Occupations in Northern Ireland, entry-level sales and marketing salaries are significantly higher (23.6%). Middle management sales and marketing salaries in Northern Ireland are slightly less (4.6%) than the average for Professional Occupations. Conversely, at a senior level, sales and marketing salaries slightly exceed (4.7%) the average for Professional Occupations in Northern Ireland.

## 6.4 Skills

Table 6.5 shows that half of the recruitment consultants have difficulty finding staff with experience in:

- Preparing tactical plans for - Market Entry and Market Growth;
- Preparing tactical plans for - Channel Development and Sales Strategy;
- Delivering on the tactical plans developed;
- Preparing tactical plans for - Promotion, digital/on line actions for each export market; and
- Preparing tactical plans for - Digital Marketing.

**Table 6.5: Difficulty recruiting staff (n=6)**

Skill Area	Yes (n)	No (n)
Conduct Market Research to a Professional Standard <sup>131</sup>	1	4
Commercially interpret statistics and prepare financial Information related to market analysis	2	4
Develop a sales forecast including sales channel	2	4

<sup>128</sup> Based on the mean in the Northern Ireland Annual Survey of Hours and Earnings 2012 for SOC2010 code 2 – Professional Occupations.

<sup>129</sup> Northern Ireland Annual Survey of Hours and Earnings 2012, DETI, Average salary for Northern Ireland. Note: Does not relate to Middle Management average salary.

<sup>130</sup> Based on the 90<sup>th</sup> percentile in the ASHE 2012 for SOC2010 code 2 – Professional Occupations.

<sup>131</sup> Note 1 respondent stated this question was not applicable.

Skill Area	Yes (n)	No (n)
market analysis		
Develop Marketing Strategies in response to market opportunities identified through research	1	5
Prepare tactical plans for - Market Entry and Market Growth	3	3
Prepare tactical plans for - Channel Development and Sales Strategy	3	3
Prepare tactical plans for - Promotional Activity	2	4
Prepare tactical plans for - Digital Marketing	3	3
Prepare tactical plans for - Promotion, digital/on line actions for each export market	3	3
Deliver on the tactical plans developed	3	3

All (n=6) respondents stated that it was difficult to recruit local staff with foreign language skills. The languages specified as being required were:

- German (n=4);
- Mandarin (n=3);
- Russian (n=3);
- Brazilian Portuguese (n=2);
- Spanish (n=2);
- Cantonese (n=2);
- Italian (n=1); and
- Dutch (n=1).

## 6.5 Additional Comments

Responses to the survey also highlighted qualitatively that there was a surplus of marketing graduates in Northern Ireland, and that they were often placed in positions which did not make use of their qualifications.

Respondents asserted that local companies are not fully aware of the cost of “good quality” sales staff.

Similarly, it was suggested that companies are unaware of the need to make positions with an exporting component more competitive in terms of salaries and bonus structures, due to the nature of increased travel and longer working hours.

Concerning experience of foreign markets, it was stated that there had been difficulties in finding local candidates with experience of exporting to South America, the Middle-East, and China.

## 6.6 Summary

This section has demonstrated that, whilst the range of salaries for sales and marketing positions in Northern Ireland varies significantly, the average salaries are at a similar level as other professional occupations in NI<sup>132</sup>. At entry level and senior level, marketing positions on average have larger salaries than other professional occupations. Additionally, bonuses tend to contribute an additional 5-20% to these salaries, and mid-level and senior level positions are frequently supplemented with benefits such as company pensions and cars.

Recruitment articulated difficulties with finding candidates for experienced positions in sales and marketing more than for entry-level positions. Recruitment agencies cited the following abilities as being the most difficult to identify amongst candidates:

- Prepare tactical plans for - Market Entry and Market Growth;
- Prepare tactical plans for - Channel Development and Sales Strategy;
- Prepare tactical plans for - Promotional Activity;
- Prepare tactical plans for - Digital Marketing;
- Prepare tactical plans for - Promotion, digital/on line actions for each export market; and
- Deliver on the tactical plans developed.

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<sup>132</sup> For entry level, salaries were £19,500 for Sales and Marketing and £14,900 for Professional Occupations. At Mid-level, these were £34,400 for Sales and Marketing and £33,904 for Professional Occupations. At Senior Level Sales and Marketing salaries were £52,400 per annum and £49,920 for Professional Occupations. (Source: Recruitment Consultant survey, Northern Ireland Annual Survey of Hours and Earnings 2011).

The preparation and delivery of tactical sales and marketing plans can therefore be seen to be the most prominent area of difficulty for recruitment consultants, highlighting a skill deficiency within the pool of candidates.

Additionally, it was unanimously stated that finding candidates with foreign language proficiency in addition to sales or marketing skills was a particular difficulty. German, Mandarin and Russian were the languages required most often according to the respondents

It was also demonstrated that there was a lack of local candidates with experience in markets in the Middle-East, Far-East and South America.

## 7 CONSULTATIONS AND FOCUS GROUPS

### 7.1 Introduction

This section presents the information gathered from consultations with key stakeholders, and focus groups with young people at second level schools. The findings from short questionnaires with parents and careers advisors which supplemented these focus groups are also presented.

### 7.2 Interviews with Professional Bodies

The organisations which were consulted included the Chartered Institute of Marketing, the Sales Institute of Ireland and the Institute of Export.

All three institutes highlighted that 'marketing' means many things to different people. Some see it as communication/ promotion rather than the whole range of strategic management functions including branding, market segmentation and sophisticated market research.

They also noted that the majority of small and micro companies lacked any professional marketing resources. Often the owner manager or the manager tasked with marketing did not have any marketing qualifications.

The Sales Institute of Ireland felt there was adequate coverage of marketing qualifications at Higher Education level, but that companies were not training their staff to the extent needed to ensure they had the necessary competence to deliver on their roles. The main reason for this was felt to be the economic downturn, and pressure on cash flow for firms meant it was difficult for them to afford the training.

The Sales Institute described how companies need to be educated in the importance of a strategic approach to marketing and planning for the long-term. The focus at present is felt to be on the immediate future or over the next 12 months. It was stated that companies need to plan which export markets they wish to enter and then ensure they have the necessary resources in place to support these markets.

The Institute of Export (IoE) described how the importance of cultural awareness is not fully understood amongst companies, particularly SME's. A lack of cultural understanding can complicate and terminate international trade deals, and it was felt that training and development of sales and marketing teams should have a focus on cultural education for each export market. The IoE advocated thorough research of the business culture in each export market before initial contact to ensure that the understanding of all aspects of business culture, such as attire, rights, and traditions.

The range of professional marketing qualifications offered by CIM is presented in Appendix 7. The IoE have courses, aimed at developing skills for exporting, managed by qualified trainers; however there is currently no active branch in Northern Ireland. The IoE are currently aiming to expand this provision into Northern Ireland<sup>133</sup>.

The Sales Institute noted that there were skills gaps in companies at a strategic level for both sales and marketing. The ability to create strategic sales, marketing and pricing plans was described as absent within many companies. At a less strategic level, gaps were described in Customer Relationship Management, customer-focused ICT for sales and marketing, sales and pipeline forecasting, and “sales closing”.

### 7.3 Business Representatives

Business representatives including the Northern Ireland Chamber of Commerce (CoC), the Confederation of British Industry (CBI) and Client Executives within Invest Northern Ireland were consulted in order to assess the skills needs of companies and investigate measures to alleviate any gaps in provision.

#### 7.3.1 Invest NI

Invest NI Client Executives noted a lack of motivation from many owner managers to export, generally due to a lack of experience or resource within the company.

It was highlighted that companies lack an effective means to assess the quality of candidates for professional sales positions, and this creates reluctance from owner managers to make these appointments. Instead, there is a tendency amongst companies to develop technical staff into sales roles without professional training. As such, it was described that many salespeople in sectors such as aerospace and ICT have a lack of professional knowledge and skills for international sales. It was noted that there is a high turnover of business development resource within companies which negatively impacts the quality of staff and the effectiveness of training.

Client Executives also highlighted that many companies do not invest in marketing research and therefore are unable to develop effective plans to enter new markets. A number of Client Executives highlighted that Invest NI had skills and expertise in this area and this could be provided as a service to clients. A number of best practice export companies were also detailed. Staff in these companies received in-house development on an international scale.

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<sup>133</sup> No plans have been detailed as of August 2013.

### 7.3.2 CBI

The CBI have discussed exporting with their members and the feedback has concentrated on the need for additional resources to undertake research and the upskilling of existing managers and directors. CBI suggested that Northern Ireland would benefit from a programme similar to the Enterprise Ireland “Graduate 4 International Growth Programme”<sup>134</sup> or a programme similar to UKTI’s “Mini-MBA in International Business - Delivering Export Led Growth through Leadership.”<sup>135</sup> The former aims to place a graduate in a company in order to grow international trade through market research, whilst the latter aims to develop the skills of managers and leaders in order to facilitate exporting activity.

A lack of skills in ICT, particularly for growth areas such as social media marketing, was highlighted as a key area which would negatively affect the quality of sales and marketing efforts in Northern Ireland.

### 7.3.3 Northern Ireland Chamber of Commerce

It was described that there is a perception amongst businesses, particularly SME’s, that they lack in-house skills and knowledge of the commercial aspects of exporting. It was also highlighted that companies experience difficulties in accessing market information and identifying export opportunities.

Companies also often lack understanding of the importance of training and development for sales skills.

In Northern Ireland, it was stated that there was a lack of professional salespeople prepared to travel extensively for business development purposes. An intervention aimed at developing sales skills amongst graduates willing to travel was advocated as a response to this.

A lack of foreign language skills was cited as problematic, particularly for the fastest growing markets such as China and Russia. It was stated that there was a need for increased levels of modern language education at secondary level to ensure future provision for high-growth foreign language markets.

The lack of linguistic ability was highlighted as a major factor in discouraging companies to export internationally. In some cases, companies may decline the opportunity to export primarily due to a lack of linguistic ability<sup>136</sup>. The British Chamber of Commerce recommended that companies should be offered incentives such as tax credits in order to encourage training in language skills.

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<sup>134</sup> <https://www.enterprise-ireland.com/g4ig> Enterprise Ireland funds up to 70% of salary costs for SME’s and up to 50% of salary costs for large companies, up to €200,000 over 3 years.

<sup>135</sup> <http://www.contractsfinder.businesslink.gov.uk/Common/View%20Notice.aspx?site=1000&lang=en&NoticeId=667090> UKTI will fund up to £500 per company for attendance at 8 half-day training sessions on a range of topics.

<sup>136</sup> See British Chamber of Commerce “Exporting is Good for Britain” survey results in Section 4.

The Chambers of Commerce's research had found that companies wanted experienced resources and they have little appetite for qualifications.

The previous Invest Northern Ireland Explorers Programme was suggested as having successful aspects, such as exposing graduates to foreign markets and business practices, which should be incorporated into any new programme.

#### **7.4 FE Colleges / Training Organisations**

Further education colleges including Belfast Metropolitan College (BMC), Southern Regional College (SRC) and North-West Regional College (NWRC) were interviewed in order to gather information on the extent of training provision in Northern Ireland for professional sales, marketing and international business communication skills, and to determine the skills and training needs of companies. Training organisations were also invited to put forward their views on the skills and resource needs of companies seeking to exports.

BMC described that there was a misalignment between the expectations of parents and employers regarding skills and qualifications. Parents are keen that their children attain qualifications, whereas employers place greater emphasis on skills and experience.

Parity highlighted that there was an absence of careers advice for young people wishing to pursue careers in sales and marketing.

Concerning languages, BMC are the largest FE provider of language skills and qualifications in Northern Ireland. It was highlighted that fluency in language is often not important for business abroad, but that a conversational level tends to be sufficient to export successfully. It was argued that an understanding of cultural norms and practices was more important. China was cited as an example where this was most often the case.

It was highlighted that BMC and other colleges have the capacity to deliver language and cultural training to companies in NI, however there is a distinct lack of demand from companies for this service. This demand could be improved by increasing awareness of the need for at least conversation level language skills amongst the larger companies and encouraging grouping/syndication amongst the smaller companies for language/ cultural awareness training to reduce the costs. The implementation of language/culture coordinators within the colleges was suggested as a possible means to encourage selling these services to companies and facilitating access to funding.

A market failure was highlighted, in that companies are too focused on their short-term needs and are not investing sufficiently to prepare for longer-term needs, such as expansion into markets with a need for language and cultural skills.

The opportunity for students to study in European countries through schemes like Erasmus<sup>137</sup> was praised, but the need for additional programmes was expressed for rapidly developing countries like China.

The provision of marketing qualifications in Northern Ireland was described as adequate but that the courses available needed to be expanded to include the development of practical skills.

The provision and availability of sales qualifications, however, was described by Parity and the Sales Institute of Ireland<sup>138</sup> to be almost negligible in Northern Ireland, and it was stated that there was a strong need for sales training amongst companies.

Encouraging engagement amongst Northern Irish companies with universities and FE colleges was described as a means to ensuring that companies can access the resource needed to complete market research assignments abroad.

Additionally, the need for a clear route of progression, including CPD<sup>139</sup> support, was iterated for junior to director roles in sales and marketing professions.

A “fast-track management programme for sales and marketing” operating as a joint venture between business schools and Northern Ireland companies with support from Invest NI and DEL was advocated as a means to ensure structured development of young export managers and to provide companies with the future talent they need.

The following skills were defined as being “absent in businesses”:

- Strategic Sales Planning;
- Strategic Market Planning;
- Pricing Strategy;
- Customer Relationship Management;
- ICT for multi-channel sales;
- ICT for multi-channel marketing (including social media); and
- Sales Forecasting.

A lack of visibility of a clear progression from secondary education to degree level for sales and marketing skills was described as a factor which contributed to poor perceptions of sales and marketing careers amongst future candidates and the need for the establishment of this was defined.

Internships and apprenticeships in sales and marketing were suggested as potential steps to addressing the resource gaps in the market. In addition it was suggested that conversion courses could be set up to assist people in sales and marketing careers.

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<sup>137</sup> Erasmus is a European Commission programme for HE / FE students and teachers to support them with studying abroad.

<sup>138</sup> See Interviews with Professional Bodies earlier in this Section.

<sup>139</sup> Continuing Professional Development.

The negative perception of sales and marketing careers was described as a significant problem reducing interest from potential candidates for these roles. It was described that the perception of remuneration for sales and marketing careers was below average, and that the rewards were not perceived as commensurate with the time and effort involved. Additionally, it was highlighted that there is an association of low ethical integrity with people who have chosen a sales or marketing career.

It was suggested that there should be a campaign aimed at ameliorating the impact of these perceptions.

## 7.5 Sector Skills Councils

The Sector Skills Councils agree priorities and targets with employers and partners in their areas in order to address four key goals:

- Reducing skills gaps and shortages;
- Improving productivity, business and public service performance;
- Increasing opportunities to boost the skills and productivity of everyone in the sector's workforce, including action on equal opportunities, and
- Improving learning supply, including apprenticeships, higher education and national occupational standards.

They are well positioned to work with companies, FE colleges, schools and training providers to help assist with any gaps in sales and marketing.

## 7.6 Schools, Pupils and Parents

### Pupils

Four focus groups<sup>140</sup> were completed in four schools, with pupils aged 16-18 years. The focus groups highlighted a general unawareness of sales and marketing careers, with a very low interest in any careers of this kind. Sales occupations were generally regarded as "cold-calling," and there was little knowledge of marketing occupations, and of exporting in general. Overall, there was an exceptional lack of knowledge of careers and opportunities for learning in marketing, sales and exports, and strongly negative attitudes towards undertaking careers in these fields. There was a positive response to careers which involved travel, but there was little enthusiasm for language studies.

### Parents

Twenty parents were surveyed in order to understand their perception of sales and marketing careers and the extent to which they try to influence their children regarding careers:

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<sup>140</sup> See Appendix 5 for detailed descriptions of the focus groups.

- Sixteen (80%) respondents said they would not suggest a career in sales or marketing to their son or daughter. This was due to a view that careers in sales and marketing were:
  - Hard work for little reward;
  - Involved cold calling and selling door to door; and
  - Remuneration was over reliant on commission
- Most (69%) stated that they would wish for more information on sales and marketing careers. Information desired included:
  - Salary information;
  - Redundancy rates;
  - Job availability;
  - Information on the types of careers; and
  - Details on the skills required.

Overall, the majority of parents/guardians viewed sales and marketing careers negatively. However, feedback also demonstrated a lack of knowledge and awareness of careers in sales and marketing. There was unanimous feedback that more information is needed in relation to these careers, particularly with regard to salary, training information and the availability of jobs.

### **Career Teachers**

Four Career teachers were interviewed and all highlighted that they had limited or poor awareness of sales and marketing careers.

- Places to study (the qualifications to be taken);
- Job opportunities and experiences for existing sales / marketing staff;
- Information on Career development opportunities; and
- Work experience opportunities within local companies.

### **DEL Careers Service**

The Careers Service is part of the Department for Employment and Learning (DEL) and provides an impartial, careers information, advice and guidance service to clients of all ages and abilities throughout Northern Ireland. This service is available to everyone whether they are employed, unemployed, in training or in education, including students in schools and further and higher education. Professionally qualified careers advisers are based in Careers Resource Centres, Job Centres and Jobs and Benefits Offices throughout Northern Ireland.

In 2011/12 a total of 52,663 clients received an individual careers guidance interview.

- 36,971 young people received an individual careers guidance interview, an increase of 6% from 2010/11 and 15,692 adults received an individual careers guidance interview, an increase of 81% from 2010/11;
- 78% of all year 12 pupils in schools interviewed by a careers adviser (academic year 2010/11)<sup>141</sup>; and
- Careers Advisers provided careers guidance services to over 5,000 Training for Success trainees.

The Careers Service provides:

- Support with subject choice in school (e.g. GCSE/AS/ A Levels);
- Support in choosing post school options (e.g. Further/Higher Education, Training/Apprenticeships);
- Help with finding work;
- Exploring self-employment options;
- Exploring a gap year/voluntary work opportunities;
- Career guidance interviews;
- Psychometric testing;
- Job matching;
- Labour Market Information – Industry Fact Sheets; and
- Careers Service website – [www.nidirect.gov.uk/careers](http://www.nidirect.gov.uk/careers)

The Careers Service does not promote any one career over others, but they make information available to advise people on the range of careers available. The information in Table 7.1 is available on the Careers service website as sales/marketing “fact sheets”. This information is used with careers teachers and pupils/students at schools and colleges. The Careers Service noted that there is very low demand for information on sales and marketing careers, but that they has seen no increase or decrease in this situation over the last few years. They do not keep statistics on the demand for any careers, and this information is anecdotal.

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<sup>141</sup> Careers Service work in schools is monitored on an academic year basis from September to August

**Table 7.1: Careerscape Industry Fact Sheets provided by the Department for Employment and Learning through DirectNI**

Areas Covered in DEL's Industry Career Fact Sheets <sup>142</sup>	
Market Analyst	Sales representative
Market Maker	Salesperson
Market Research Analyst	Salesperson, Advertising Media
Market Research Executive	Salesperson Car
Market Research Interviewer	Salesperson, Computers
Marketing executive	Salesperson, Telephone
Marketing manager	Export Freight Clerk
Marketing manager, Direct	Export Sales Manager
Sales assistant	Sales manager

The careers service does not collect data on the number of people interested in sales and marketing careers, but anecdotal feedback is that there has been no change in the demand over the last few years. The service does not receive requests for export careers specifically, but does receive a relatively small number of requests for sales and marketing careers.

It is the responsibility of individual careers teachers to keep themselves updated on the fact sheets and disseminate this information. It was described that the extent to which this happens varies significantly between schools and careers advisors.

It was iterated that careers advice could be used as a vehicle to showcase the opportunities and career paths available within sales and marketing.

## 7.7 Summary

### Careers

This section has demonstrated that there is a lack of awareness of career opportunities. Amongst pupils and their parents, there is a lack of motivation for sales and marketing careers, as there is a general perception of sales and marketing as "cold-calling". Additionally, there was a low level of motivation for studying language and a lack of enthusiasm for careers which made use of foreign languages. Despite this, careers which involved travel were viewed positively.

<sup>142</sup> Career Scape DirectNI Career Services Northern Ireland  
<http://old.casaid.co.uk/careerscape/ViewJobList.do>

The lack of information on sales and marketing positions was seen as a contributing factor to the negative perceptions amongst pupils.

Career teachers suggested that more detailed information should be made available on career paths and job opportunities. They also felt work placements were an important way to influence young peoples' career choices.

### **Qualifications / Training**

Stakeholders felt that there is sufficient training leading to marketing qualifications, but that there is insufficient training leading to sales qualifications. Marketing courses however need to be more practically focused, so that companies can work through their business issues at the same time as received training.

All business stakeholders interviewed advocated the establishment of a Graduate Export Development programme, which would train graduates in how to conduct market research in export markets, identify business opportunities-potential customers and partners as well as giving them the opportunity to experience working in companies.

Companies have sales and marketing staff employed, but many do not have the relevant experience or expertise to export successfully. It was felt they needed to work with other more experienced exporters to overcome their experience gaps- through for example ideally buddying up with an experienced exporter in their own supply chain. They also need to work more closely with the FE / HE Colleges to access the language (conversation level) / cultural / skills training needed for export markets.

## 8 SUPPLY-SIDE INFORMATION

### 8.1 Introduction

In this section we cover the following elements of the terms of reference,

- Assess the supply of skills at present;
- Identify, and where possible quantify, to an extent that is meaningful, the current provision of professional sales, strategic export marketing, and language/cultural awareness skills that are available in Northern Ireland;
- Number of relevant courses currently available across FE, HE and private providers—robust data on capacity, joiners, leavers, and completers; and
- Analysis of destination of leavers from mainstream sales / marketing programmes.

### 8.2 Company Programmes: Upskilling in Sales and Marketing

This section details the current supports/ programmes being used by employers to up-skill employees in sales, marketing and exporting in Northern Ireland. Detail on these programmes, including the providers, funding, and uptake, is included in Appendix 6. A summary of this is presented in Table 8.1:

**Table 8.1: Programmes Available to Support Companies**

Programme	Assessment Against Needs
<b>Management / Leadership Network/ Programme (DEL)</b>	<p>There is an Export Leadership Skills intervention under the Growth Fundamentals heading and also two offerings under the Sales and Account Management banner (“Sales, Business Development and Account Management” and “Turning Point Sales Leadership”).</p> <p>There are elements of this overall programme that are focused on exporting, but it does not contain the full range of detail needed – is Strategic Marketing/ Sales Planning or operational planning in enough depth.</p>
<b>Business Improvement Training Programme<sup>143</sup> (Invest NI)</b>	<p>This is funding that offsets the cost of training and development for companies. It therefore can be used by companies to offset the costs of the sales/ marketing / export related training. Statistics from Invest NI show that companies are not using it for language and culture awareness training (1 company in last year- £590) and it is used in a limited capacity to support sales and marketing training (3% of total funding in 2012) . The Programme needs therefore to be marketed to clients as a mechanism to offset costs in these areas, however this should be supported by an initiative to help companies recognise what their training needs are in order to export successfully.</p>

<sup>143</sup> Developed into the Skills Growth Programme /Skills Accelerator Grant

Programme	Assessment Against Needs
<b>Key Worker Grant (Invest NI)</b>	This grant provides funding to offset the cost to companies of employing additional managers and can be used to help with management appointments focused on sales, marketing or export managers.
<b>Export Development Service (Invest NI)</b>	<p>Invest NI supports approx. 80-90 clients per year with one to one export advice 10 days consultancy (it covers the cost of a consultant to advise on business development, marketing strategy and export planning). Invest Ni carries the bulk of the cost and the client pays £100 per day.</p> <p>This support should provide the much needed external advice and guidance requested by companies to help them develop sales and marketing strategies.</p>
<b>Propel (Invest NI)</b>	This is a programme to help high growth start-ups expecting to export- and therefore very specific to this market. It is not available or appropriate to existing companies.
<b>Going South Africa (Invest NI)</b>	This programme supports market research to identify opportunities and time is then spent in South Africa exploring these business opportunities.
<b>Going Dutch (Invest NI)</b>	As with Going South Africa, this programme offers businesses extensive on-the-ground, practical support from an experienced marketing consultancy focused on the Netherlands.
<b>Trade Missions (InterTradelreland)</b>	Trade Missions provide companies the opportunity to visit export markets. The support therefore increases awareness of the different cultures) and requires companies to undertake the research (with help from Invest NI resources) to make the trips worthwhile.
<b>Export Skills and Knowledge Workshops (Invest NI)</b>	Specific workshops to aid companies that are already exporting or have a focus on exporting. These cover a range of areas including sales planning/ marketing planning; account management; digital media etc. They are short sessions and therefore are useful tasters for clients, but they do not provide the on-going support some clients will need.
<b>Linkubator Export Leadership Programme (DEL)</b>	This programme is 2.5 days of training and provides companies with a pathway to getting involved in exporting (export selling; selecting partners; understanding international buyers; managing internal sales and negotiation). It does not, however, provide any practical experience, although those delivering the programme are experienced in exporting.

Programme	Assessment Against Needs
<b>ABC's of Selling Seminars (Invest NI)</b>	This programme is aimed at developing sales skills within companies, which can be directly applied in an exporting context.
<b>Selling Skills and Sales Related Workshops (Invest NI)</b>	This programme is aimed at developing sales skills within companies, which can be directly applied in an exporting context.
<b>Skills Diagnostic Toolkits (Chartered Institute of Marketing)</b>	These are skills assessment toolkits available from CIM to help assess the need for sales and marketing training. (cost from £50-£350 per user for different kits).

This list of existing supports is extensive and the survey has shown that a significant number of companies are not fully aware of what is available. The company surveys in section 5 highlighted a range of needs

First, many non-exporters highlighted that they didn't know how to assess a managers ability to generate sales or market the company successfully and this was a problem when they went to recruit additional resource. The list above shows that CIM has a skills diagnostic that could be used to help companies in this position, but it is clear there is low awareness of this product.

Second, the surveys highlighted skills gaps in the existing workforces of many companies in areas such as strategic and operational sales / marketing planning; sales processes; Customer Relationship Management; on line marketing ; PR and communication. The companies also noted that they needed the focus to be on practical training that would deliver business impacts quickly and that they had a preference for training focused on individual business needs. This would therefore suggest a preference for programmes such as Going Dutch and Going South Africa. These programmes would therefore be needed for a wider range of export markets.

Third, companies highlighted the need for support in non EU/ non English export markets by experienced associates to identify business opportunities, use their networks to help market entry and identify partners. It is possible that the Export Advisory Service could be used to support such a need.

Finally, the BITP (or Skills Accelerator/ Development Programmes) could be used by companies to offset the cost of programmes tailored to their needs with regard to sales, marketing, language and cultural awareness and this is not happening to date. Invest NI needs to consider how companies with the potential to export or to increase their exports can be encouraged to assess their export training needs and develop solutions tailored to their needs.

### 8.2.1 Council Supported Programmes

This section details the programmes provided by Councils in Northern Ireland to support businesses export. Full details of the funding and number of target companies can be found in Appendix 8.

**Table 8.2: Council Funded Programmes**

Programme Title	Programme Details
<b>SEED Export Development Programme</b>	(Banbridge District Council on behalf of the SEED Consortium)  This programme is led by Banbridge Council and it provides Export Development Skill Workshops and mentoring to help SMEs “develop and deliver interregional economic development initiatives focusing on areas of targeted need within the region”.
<b>SW SME Export Development Programme</b>	(Dungannon and South Tyrone Borough Council)  This Programme is delivered through a combination of workshops, one to one mentoring support (up to four days), marketing and promotional support to assist participating companies to achieve their export objectives. Participants may also be supported to visit trade shows and exhibitions.
<b>Atlanta Trade Development Programme</b>	(Lisburn City Council and Castlereagh Borough Council)  This programme includes workshops and business mentoring.
<b>GoCanada</b>	This programme is funded partly by Lisburn City council and primarily by Invest NI. Workshops, coaching and training on doing business in Canada provided by experienced business advisors and support in preparation for a successful market visit. The programme functions as a pilot and is currently undergoing evaluation (as of April 2013) to determine the future
<b>International Competitiveness Programme</b>	(Lisburn City Council)  This programme includes workshops and mentoring to help companies export to Netherlands and Central/ Eastern Europe.
<b>Exploring Exporting Programme</b>	(Belfast City Council) <sup>144</sup>  This programme includes two key stages:  <b>Stage 1</b> <ul style="list-style-type: none"> <li>Export workshops: Four workshops delivered by experienced coaches that are exporting. At the workshops, business can meet</li> </ul>

<sup>144</sup> <http://www.belfastcity.gov.uk/businessprogrammes/exploringexportingprogramme.asp>

Programme Title	Programme Details
	<p>successful first time exporters.</p> <ul style="list-style-type: none"> <li>• Individual business mentoring: Businesses are allocated an experienced business mentor.</li> <li>• Pre-export action plan: Support to develop a pre-export action plan.</li> <li>• Signposting: Additional sources of support for your exporting activity provided.</li> </ul> <p><b>Stage 2</b></p> <ul style="list-style-type: none"> <li>• Individual business mentoring: Mentoring to help research and plan for an export market visit.</li> <li>• Export market visit: An export market visit that will include a minimum of five pre-arranged meetings with potential new customers.</li> <li>• Export Action Plan: Includes the development of an export plan to help businesses develop new markets for the first time.</li> </ul>
<b>Cookstown Business Elevate Programme</b>	This programme offers SME's in the Cookstown district the opportunity to avail of export consultancy support.

### 8.2.2 Analysis of Existing Supports

There are a number of supports available to help employers develop their sales/ marketing/ exporting skills. Some of these are generic supports such as the key worker grant which can be used to offset the costs involved in employing sales/ marketing resources and there are other supports which help with one off export market visits such as trade missions.

There are a number of training and development supports that can be used to fund sales and marketing training. These vary from supports which companies can develop or tailor to meet their specific needs (e.g. the Skills Growth or Accelerator programmes) to programmes which are focused on equipping owner managers/ senior managers in SMEs with the knowledge and skills needed through workshops and mentoring to aid exporting through Council/Invest NI supported business development programmes. These council programmes are not provided throughout Northern Ireland which means there is the potential for geographical gaps in provision.

Analysis of the support provided through BITP (and now Skills Growth or Acceleration programmes) shows that companies are not using this assistance to develop in house staff in sales, marketing, language or cultural awareness.

The RSM survey of non exporter's highlighted very low awareness of the existing supports (see section 5.3.4.3).

### **8.3 Graduate Programmes: Pre-employment Development**

This section details the programmes available to provide graduates with international experience. None of these programmes are set up to support companies in their exporting efforts and instead their key focus is the development of the graduate.

**Table 8.3: Graduate Programmes: Pre-employment**

Programme	Programme Details	Provider	Funder	Current Flow
<b>Euro-Graduate</b>	The Euro Graduate programme places graduates from Northern Ireland in 20-week work placements in Europe.	RSM Tenon	European Union funded	In the past six months, approx. 30 programme participants have completed placements abroad. <sup>145</sup>
<b>CRCC<sup>146</sup> Asia</b>	CRCC Asia provides internships in China. It works with companies in Beijing and Shanghai to provide placements for students and graduates from 1 to 3 months.	CRCC Asia Ltd.	Queen's University Belfast (scholarships) or self-funded by graduates.	15 to date since programme was originally made available in 2006 from universities in Northern Ireland <sup>147</sup> .
<b>Study India</b>	This consists of a month-long visit to India for under-graduate students. This visit provides the opportunity to learn about the country, its industry, culture and history.	Tata Consultancy Services. <sup>148</sup>	UK-India Education and Research Initiative	166 UK undergraduate students in 2012. <sup>149</sup> No information available for Northern Ireland.
<b>INTO China</b>	This programme provides placements in China where participants can undertake of	INTO China (work closely with Queens University Belfast)	Private Company.	No information provided.

<sup>145</sup> <http://www.qub.ac.uk/directorates/sgc/careers/StudentsandGraduates/AddanInternationalDimensiontoyourQueensExperience/OpportunitiesforStudyorWorkOverseas/>

<sup>146</sup> CRCC Asia is an Asian company that was formed in 2008 after the amalgamation of China Consulting Ltd. and China Recruitment Ltd.

<sup>147</sup> Information provided by CRCC Asia.

<sup>148</sup> Global company that has office in London and Dublin.

<sup>149</sup> <http://www.linkedin.com/groups/UKIERI-Study-India-Programme-supported-3931446.S.158662511>, <http://www.ukieri.org/ukieri-study-india-programme-09.htm>

Programme	Programme Details	Provider	Funder	Current Flow
	master classes delivered by employers in China <sup>150</sup> .			
<b>International Association for the Exchange of Students for Technical Experience (IAESTE)</b>	This programme gives undergraduates the opportunity to study abroad via paid course-related training over 6-12 weeks.	Queens University/ UU	British Council	Less than 350 students per year from the UK have taken part in the programme. No specific information for Northern Ireland.
<b>Erasmus</b>	Provides study placements in University of Ulster's Erasmus partner institutions or if students undertake a work placement in one of the participating countries as part of their course <sup>151</sup> .	University of Ulster and the managed by the British Council	European Commission.	228 students from Northern Ireland studied abroad through Erasmus, in 2012. The most popular destinations for UK Erasmus students are France, Spain and Germany.
<b>The Confucius Institute</b>	<p>The Confucius Institute at the University of Ulster (CIUU) aims to develop academic, cultural, economic and social ties between China and Northern Ireland.</p> <p>It provides short courses and evening courses across Northern Ireland on aspects of Chinese life, language and culture, as well as tailor-made courses for companies and the public sector on Chinese business culture,</p>	The Confucius Institute and the University of Ulster.	Confucius Institutes are approved and funded by Hanban - the Office of the Chinese Language Council International.	No information provided.

<sup>150</sup> [http://cdn.intohigher.com/media/479904/china\\_brochure\\_2012\\_\\_1\\_.pdf](http://cdn.intohigher.com/media/479904/china_brochure_2012__1_.pdf).

<sup>151</sup> [http://international.ulster.ac.uk/our-programmes/study\\_abroad/outgoing/erasmus/](http://international.ulster.ac.uk/our-programmes/study_abroad/outgoing/erasmus/).

Programme	Programme Details	Provider	Funder	Current Flow
	<p>China's administrative culture, finance and tourism.</p> <p>There is an outreach programme to promote Chinese language and culture in local primary and secondary schools.</p>			

### 8.3.1 Analysis of International Graduate Development Programmes

The summary of graduate programmes shows that:

- The programmes are short work placements focused on language / culture development; and
- The numbers of graduates being developed through these programmes annually as a % of the Northern Ireland annual graduate population is small. Approximately 250 per year will avail of these programmes, 2% of the total graduating population (approximately 12,000 graduated with an undergraduate degree in 2011/12.<sup>152</sup>).

There is a gap at present in the existing Graduate Development programmes. Companies in our surveys highlighted the need for low cost market research to be completed by Graduates on export markets. None of the existing programmes facilitate this need and there is a gap in existing provision.

## 8.4 Secondary Education as relevant to careers in Sales/ Marketing and Exporting

### 8.4.1 Introduction

In this section, we detail the numbers of students gaining qualifications in language, marketing and business related subjects.

### 8.4.2 Secondary Education

This section details the number of pupils leaving second level education with relevant qualifications such as A-levels and GCSEs in Languages and Business Studies.

The table below shows the number of pupils that attained a C grade or above in a foreign language at A-level.

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<sup>152</sup> Source: DETI/NISRA higher education statistics 2012

Table 8.4: Northern Ireland GCE A-Level Results for 2010-2012<sup>153</sup>

Subject	Academic Year	Number that sat exam	Numbers and Cumulative %				Total	% of total sat gaining A*-C grades
			A*	A	B	C		
French	2011/12	601	90 (15%)	167 (42.8%)	143 (66.6%)	106 (84.2%)	506	84%
	2010/11	576	85 (14.8%)	158 (42.2%)	165 (70.8%)	96 (87.5%)	504	88%
	2009/10	717	100 (13.9%)	220 (44.6%)	175 (69%)	118 (85.5%)	613	86%
German	2011/12	125	13 (10.4%)	44 (45.6%)	34 (72.8%)	22 (90.4%)	113	90%
	2010/11	121	21 (17.4%)	30 (42.1%)	34 (70.2%)	23 (89.3%)	108	89%
	2009/10	155	18 (11.6%)	46 (41.3%)	39 (66.5%)	35 (85.2%)	138	89%
Spanish	2011/12	490	42 (8.6%)	154 (40%)	148 (70.2%)	96 (89.8%)	440	90%

<sup>153</sup> NOTE: Provisional results and the percentages are the cumulative percentages as per the Joint Council for Qualifications, 2012. Note also that totals will not add to total sat as we have not included D, E or U grades.

Subject	Academic Year	Number that sat exam	Numbers and Cumulative %				Total	% of total sat gaining A*-C grades
			A*	A	B	C		
	2010/11	481	36 (7.5%)	157 (40.1%)	163 (74%)	80 (90.6%)	436	91%
	2009/10	463	39 (8.4%)	158 (41.3%)	150 (73.7%)	78 (90.3%)	425	92%
Other modern languages <sup>154</sup>	2011/12	118	5 (4.2%)	42 (39.8%)	43 (76.3%)	18 (91.5%)	108	92%
	2010/11	96	5 (5.2%)	29 (35.4%)	34 (70.8%)	20 (91.7%)	88	92%
	2009/10	65	2 (3.1%)	22 (36.9%)	23 (72.3%)	7 (83.1%)	54	83%

Source: Joint Council for Qualifications, 2012 (Northern Ireland)

<sup>154</sup> Includes all except French, German, Irish, Spanish and Welsh.

Table 8.4 shows that there was an increase in the numbers of pupils sitting Spanish and 'other' modern language exams at A-Level from 2009/10 to 2011/12, whilst the numbers completing exams in French and German decreased. The numbers sitting French decreased by 16% over the period 2009/10 to 2011/12 with the numbers sitting German exams decreased over the same period by 19%. In addition, the percentage of pupils gaining an A\*-C grade has decreased by 2% in relation to French and Spanish. The percentage gaining A\*-C grades for German and other modern languages has, however increased, by 1% and 9% respectively.

Overall, the total numbers taking language exams in 2009/10 was 1400, with 1,274 sitting language exams in 2010/11 and 1,334 in 2011/12. This means that there has been an overall decrease of 5% in pupils taking language exams over the last three years. However, it is important to note that the number from 2010/11 increased to 2011/12 by 5%.

Over the last three years, there were 3,533 individuals that gained an A\*-C grade in a language. This gives an average number of 1,178 students gaining A\*-C grades per year.

In the Table 8.5 it shows those that attained a GCSE in a language at grade C and above.

**Table 8.5: Northern Ireland GCSE Level Results for 2011 and 2012<sup>155</sup>**

Subject	Academic Year	Number that sat exam	Numbers and Cumulative %				Total	% of total sat gaining A*-C grades
			A*	A	B	C		
French	2011/12	6402	935 (14.6%)	1242 (34%)	1479 (57.1%)	1453 (79.8%)	5109	80%
	2010/11	6647	1024 (15.4%)	1064 (31.4%)	1389 (52.3%)	1635 (76.9%)	5112	77%
	2009/10	7243	1115 (15.4%)	1159 (31.4%)	1536 (52.3%)	1782 (76.9%)	5592	77%
German	2011/12	1138	165 (14.5%)	221 (33.9%)	310 (61.1%)	245 (82.6%)	941	83%
	2010/11	1072	152 (14.2%)	246 (37.1%)	249 (60.3%)	255 (84.1%)	875	82%
	2009/10	1276	181 (14.2%)	292 (37.1%)	296 (60.3%)	304 (84.1%)	1073	84%
Spanish	2011/12	3280	659 (20.1%)	748 (42.9%)	820 (67.9%)	692 (89%)	2919	89%

<sup>155</sup> NOTE: Provisional results and the percentages are the cumulative percentages as per the Joint Council for Qualifications, 2012. Note also that totals will not add to total sat as we have not included D, E or U grades.

Subject	Academic Year	Number that sat exam	Numbers and Cumulative %				Total	% of total sat gaining A*-C grades
			A*	A	B	C		
	2010/11	3474	632 (18.2%)	771 (40.4%)	827 (64.2%)	782 (86.7%)	3012	87%
	2009/10	3296	82 (2.5%)	557 (19.4%)	1025 (50.5%)	1098 (83.8%)	2762	84%
Other modern languages <sup>156</sup>	2011/12	278	112 (40.2%)	100 (76.3%)	36 (89.3%)	13 (93.8%)	261	94%
	2010/11	338	141 (41.6%)	125 (78.7%)	44 (91.6%)	14 (95.8%)	324	96%
	2009/10	286	119 (41.6%)	106 (78.7%)	37 (91.6%)	12 (95.8%)	274	96%

Source: Joint Council for Qualifications, 2012 (Northern Ireland)

<sup>156</sup> Includes all except French, German, Irish, Spanish and Welsh.

Table 8.5 shows that there has been a decrease of 8% (12,101 in 2009/10 to 11,098 in 2011/12) from 2009/10 in those sitting language exams. There has also been a decrease in the number gaining A\*-C grades at GCSE in languages from 2009/10, with the exception of Spanish and French, where there was an increase of 5% and 3% respectively.

Overall, it shows that 28,254 individuals gained an A\*-C grade in a language at GCSE level over the last 3 years, giving an average per year of 9,418.

In relation to business studies, the following tables show the numbers that completed Business studies exams at A-Level and GCSE and the numbers that attained A\*-C grades.

In the Table 8.6 it shows that there was a decrease of 8% in those completing business studies exams from 2009/10-2011/12 at A-Level, however there has been a 1% increase in those attaining A\*-C grades.

Overall, it shows that, within the last three years, there were 3371 individuals that gained an A\*-C grade in Business Studies at A-level, giving an average per year of 1,124.

**Table 8.6: Northern Ireland GCE A-Level Results for 2011 and 2012<sup>157</sup>**

Subject	Academic Year	Number that sat exam	Numbers and Cumulative %				Total	% of total sat gaining grades A*-C
			A*	A	B	C		
Business Studies	2011/12	1265	43 (3.4%)	246 (22.8%)	458 (59%)	316 (84%)	1063	84%
	2010/11	1354	49 (3.6%)	291 (25.1%)	477 (60.3%)	352 (86.3%)	1169	86%
	2009/10	1376	65 (4.7%)	283 (25.4%)	450 (58.1%)	341 (82.9%)	1139	83%

Source: Joint Council for Qualifications, 2012 (Northern Ireland)

<sup>157</sup> NOTE: Provisional results and the percentages are the cumulative percentages as per the Joint Council for Qualifications, 2012. Note also that “total” will not add to number that sat the exam as we have not included D, E or U grades.

**Table 8.7: Northern Ireland GCSE Level Results for 2011 and 2012<sup>158</sup>**

Subject	Academic Year	Number that sat exam	Numbers and Cumulative %				Total	% of total sat gaining grades A*-C
			A*	A	B	C		
Business Studies	2011/12	3366	175 (5.2%)	690 (25.7%)	969 (54.5%)	720 (75.9%)	2554	76%
	2010/11	3796	178 (4.7%)	653 (21.9%)	1017 (48.7%)	862 (71.4%)	2710	71%
	2009/10	3873	186 (4.8%)	627 (21%)	790 (41.4%)	1030 (68%)	2633	68%

Source: Joint Council for Qualifications, 2012 (Northern Ireland)

In the Table 8.7 it shows that there was also a decrease of 13% at GCSE of those sitting Business Studies exams, however there was an increase of 8% in the numbers attaining A\*-C grades from 2010 compared to 2012.

Overall, it shows that, within the last three years, there were 7,897 individuals that gained an A\*-C grade in Business Studies at GCSE level, giving an average per year of 2,632.

<sup>158</sup> NOTE: Provisional results and the percentages are the cumulative percentages as per the Joint Council for Qualifications, 2012. Note also that totals will not add to total sat as we have not included D, E or U grades.

## 8.5 Apprenticeships

There are a number of apprenticeships available in Northern Ireland which may be partially relevant for professional sales and marketing careers. None of these apprenticeships are explicitly oriented towards developing professional sales, marketing, or international business communication skills.

Apprenticeships which are offered in Northern Ireland provide qualifications equivalent to the Qualifications and Curriculum Framework levels 2 and 3. The following apprenticeships available in Northern Ireland are funded<sup>159</sup> by the Department for Employment and Learning:

- Business and Administration;
- Management;
- Retail;
- Telecommunications; and
- Customer Service.

The training component of these is delivered by a number of training organisations across Northern Ireland, including the Further Education Colleges, A4e and Workforce Training Services Ltd. Each of the Further Education Colleges is involved in the delivery of apprenticeship training to some extent, and all are accredited to deliver training. The number of apprentices undertaking training is also quite low; there were 65 studying Level 3 Business and Administration in January 2013<sup>160</sup>.

## 8.6 Further Education Colleges

This section details the numbers enrolling in relevant subjects in FE colleges and then details the numbers achieving relevant qualifications.

There are six Further (and Higher) Education Colleges in Northern Ireland. These are:

- Belfast Metropolitan College (BMC);
- South West College (SWC);
- Southern Regional College (SRC);
- Northern Regional College (NRC);
- North West Regional College (NWRC); and
- South Eastern Regional College (SERC).

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<sup>159</sup> 100% of external training costs for under 25 year-olds and 50% of external training costs for over 25 year-olds.

<sup>160</sup> Source: DEL Statistical Bulletin: ApprenticeshipsNI Statistics from September 2007 to January 2013.

### 8.6.1 Enrolments

The table below shows the numbers that enrolled in courses in FE colleges for the past three years (2009-2012). The relevant courses for this research are 'Languages, Literature and Culture' and 'Business, Administration and Law'.

Further detail concerning breakdowns of the number of graduates or enrolments was not available. As such, the proportion of students enrolled in relevant courses within "languages, literature, and culture," and "business, administration and law," could be variable, and is likely to be low. Languages, literature and culture includes studies of English language and literature, and business, administration, and law" includes a large number of courses such as "hospitality management," and "law," which are largely irrelevant for exporting companies.

Qualitative data provided in the surveys of exporters and companies preparing to export demonstrated a very low demand for FE qualifications, however the overall demand for qualifications is superseded by the demand for experience, and thus the levels of enrolment in these FE courses has been included, as they may be suitable for pre-employment development programmes related to strategic sales and export marketing.

**Table 8.8: Professional and Technical Enrolments in Northern Ireland Further Education Colleges by Subject Area 2009/10 - 2011/12**

Subject Area	2009/10	2010/11	2011/12
Languages, Literature & Culture	12,905	9,555	7,845
Business, Administration & Law	12,095	10,700	9,265
<b>Total for FE Sector</b>	<b>163,350</b>	<b>155,425</b>	<b>153,075</b>

Source: DEL Northern Ireland (2012)

Within the subject area 'Languages, Literature and Culture', enrolments have decreased over the past three years by 39%. In relation to 'Business, Administration and Law', enrolments have decreased by 23% over the past three years.

It is demonstrated that the overall number of enrolments has decreased by 6% (from 163,350 to 153,075) over the last three years. For 'Business, Administration and Law', the numbers enrolled in 2009/10 accounted for 7% of the total enrolment, compared to 2011/12 where the subject accounted for 6% of the total.

Belfast Metropolitan College (BMC) is the largest Further Education provider of languages skills in Northern Ireland and offers classes in Polish, Russian, Mandarin, Japanese, Portuguese, in addition to the more popularly studied EU languages such as Spanish, French and German. The BMC Strategy for Curriculum to 2015 states that

it is the intention of BMC to offer “modern and economically valuable” languages to all full-time learners.

### 8.6.2 Achievements

In the Table 8.9 it shows professional & technical retention and achievement data by subject area for 2010/11.

**Table 8.9: Achievement Data by Subject Area, 2010/11**

Sector and Subject	No. of Achievements
Languages, Literature and Culture	5,045
Business, Administration and Law	6,110

Source: DEL Statistical Bulletin: Professional and Technical Retention and Achievement Data in the Northern Ireland Further Education Sector for 2010/11.

As demonstrated, the number of individuals that had achievements in relevant subject areas, namely ‘Languages, Literature and Culture’ and ‘Business, Administration & Law, in 2010/11 was 5,045 and 6,110 respectively.

**Table 8.10: Professional & Technical Retention and Achievement Data by Subject Area, 2011/12**

Sector and Subject	No. of Achievements
Languages, Literature and Culture	4,265
Business, Administration and Law	5,750

Source: DEL Statistical Bulletin: Professional and Technical Retention and Achievement Data in the Northern Ireland Further Education Sector for 2011/12.

When compared to 2010/11, achievements decreased for both relevant subjects, meaning the numbers studying both languages and business decreased within the last two years.

## **8.7 Higher Education Institutions**

This section details the numbers of graduates in languages, marketing and other relevant courses.

The Higher Education Institutions delivering sales, marketing and language qualifications in Northern Ireland include Queen's University Belfast and the University of Ulster.<sup>161</sup>

### **8.7.1 Achievements**

#### **8.7.1.1 University of Ulster**

In the Table 8.11 and Table 8.12 it sets out the number of graduates from courses related to exporting.

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<sup>161</sup> Data from distance learning institutions such as the Open University was not available

**Table 8.11: Number of Graduates: Third Level Marketing Courses without language: UU**

	Marketing as Major Element (e.g. Marketing with another subject)			Marketing as Minor Element (e.g. another subject with marketing)			Total		
	2011/2012	2010/2011	2009/2010	2011/2012	2010/2011	2009/2010	2011/2012	2010/2011	2009/2010
Certificate	0	0	0	0	0	0	0	0	0
Diploma	1	0	0	0	0	0	1	0	0
Advanced Diploma	0	0	0	0	0	0	0	0	0
Degree	148	93	0	29	83	75	177	176	75
Masters/Post graduate diploma	43	21	33	0	0	0	43	21	33
PhD	0	0	0	8	0	0	8	0	0
<b>Total</b>	<b>192</b>	<b>114</b>	<b>33</b>	<b>37</b>	<b>83</b>	<b>75</b>	<b>534</b>		

Source: University of Ulster

In the Table 8.11 it demonstrates that a total of 534 individuals graduated with marketing as either a major or minor subject in the last three years. The majority, 339, had marketing as a major subject, mostly at degree level. Based on this data, there is an average of 178 graduates per year with some level of marketing skills.

**Table 8.12: Number of Graduates: Third Level Language Courses: UU**

	EU Language as Major Element (e.g. French only or French with Business)			EU Language as Minor Element (E.g. Business with French)			EU Languages as both Major and Minor (e.g. French with Spanish)			Non-EU Language as Major Element (e.g. Chinese only)			Non-EU Language as Minor Element (e.g. Business with Chinese)			Total		
	11/12	10/11	09/10	11/12	10/11	09/10	11/12	10/11	09/10	11/12	10/11	09/10	11/12	10/11	09/10	11/12	10/11	09/10
Certificate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Diploma	0	6	11	0	0	0	0	0	0	4	0	2	0	0	0	4	6	13
Advanced Diploma	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Degree	8	12	8	4	4	9	8	11	4	0	0	0	0	0	0	20	27	11
Masters/ Post graduate diploma	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PhD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>8</b>	<b>18</b>	<b>19</b>	<b>4</b>	<b>4</b>	<b>9</b>	<b>8</b>	<b>11</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>91</b>		

Source: University of Ulster

In the Table 8.12 it shows that a total of 91 individuals graduated in the last three years with a language as either a major or minor subject. Of this 91 most (n= 58) had graduated with a degree in an EU language (German, Spanish and/or French). Based on this data, there is an average of 30 graduates per year that have some level of language skills, with most of these skills in German French or Spanish.

It is important to note that the numbers studying EU languages has dropped within the last three years by 38% (with an EU language as either major, minor or both).

In addition to marketing and language courses, there are a number of other courses offered by the University of Ulster which could provide graduates with skills to aid exporting. These are:

- A masters in Language Studies: 1 graduate in last three years;
- A degree in Business and International Development: 2 graduates in last three years;
- A degree in Languages, Business and Computing: 1 graduate in last three years;;
- A masters in Professional Translation: 12 graduates in last three years;
- A degree in International Business: 5 graduates in last three years;
- A masters in International Business: 58 graduates in last three years;
- A master's in Business Improvement: 30 graduates in last three years;
- A postgraduate diploma and/or master's in Business Development and Innovation: There were 4 post graduate diploma graduates and 48 masters in the last three years;
- A PhD in Business and Management: 25 graduates in the last three years; and
- A Masters of Business Administration: 28 graduates in the last three years.

From these additional courses, there were **178 graduates** in the last three years, giving an **average of 59 graduates** from other relevant courses per year.

Based on all of the above data, there is an average of **267 graduates per year from the University of Ulster** that have the skills in languages, marketing and/or related subjects which could aid exporting in business.

**8.7.1.2 Queens University Belfast**

In the Table 8.13 and Table 8.14 it sets out the number of graduates from courses at Queens University Belfast.<sup>162</sup>

**Table 8.13: Number of Graduates in 2011/2012: Third Level Marketing Courses without language: QUB**

	Marketing as Major Element (e.g. Marketing with another subject)	Marketing as Minor Element (e.g. another subject with marketing)	Total
Certificate	0	0	0
Diploma	0	0	0
Advanced Diploma	0	0	0
Degree	0	64	64
Masters/Postgraduate diploma	0	0	0
PHD	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>64</b>

Source: Queens University Belfast

In the Table 8.13 it demonstrates that only 64 individuals graduated with qualifications in marketing in 2011/2012.

**Table 8.14: Number of Graduates in 2011/2012<sup>162</sup>: Third Level Language Courses: QUB**

	EU Language as Major Element (e.g. French only or French with Business)	EU Language as Minor Element (E.g. Chinese with French)	EU Languages as both Major and Minor (e.g. French with Spanish)	Non-EU Language as Major Element (e.g. Chinese only)	Non-EU Language as Minor Element (e.g. French with Chinese)	Total Number of Graduates in 2012
Certificate	0	0	0	0	0	
Diploma	0	0	0	0	0	0
Advanced Diploma	0	0	0	0	0	0

<sup>162</sup> Data was supplied only for 2011/2012: Trend data was not provided.

	EU Language as Major Element (e.g. French only or French with Business)	EU Language as Minor Element (E.g. Chinese with French)	EU Languages as both Major and Minor (e.g. French with Spanish)	Non-EU Language as Major Element (e.g. Chinese only)	Non-EU Language as Minor Element (e.g. French with Chinese)	Total Number of Graduates in 2012
Degree	18	6	24	0	0	48
Masters/ Post graduate diploma	0	0	0	0	0	0
PHD	0	0	0	0	0	0
<b>Total</b>	<b>18</b>	<b>6</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>48</b>

Source: Queens University Belfast

In Table 8.14 it shows that there were 48 graduates in 2011/2012 with an EU language as a major or minor subject, or both. Most (n=24) had both a major and a minor EU language as a subject.

Other courses that individuals graduated from in 2011/2012 relevant for exporting included:

- MSc International Business: 2 graduates in 2012; and
- MBA/Executive MBA: 2 graduates in 2012; and
- MSc Management: 3 graduates in 2012.

Thus in total in 2011/2012, there were **119 individuals that graduated from Queens University** that have potential exporting skills for business.

Also, it is important to note that there were other courses offered that are relevant, but there were no graduates for these in 2011/2012, such as (for example):

- English and French;
- French and Irish (joint honours);
- French and Politics (joint honours);
- French and Social Anthropology (joint honours);
- Accounting with French;
- Spanish and Portuguese Studies; and
- International Studies and Spanish (joint honours).

In addition, there are courses that Queens University will be offering as of 2013:

- MSc Marketing; and
- Marketing or marketing related PhDs.

## 8.8 Qualifications in Sales and Marketing

### 8.8.1 Introduction

In this section will detail the qualifications that exist to support careers in sales and marketing.

### 8.8.2 Qualifications

Table 8.15 demonstrates the availability of qualifications from further and higher education institutions for professional sales and marketing in Northern Ireland.

**Table 8.15: Available Sales and Marketing qualifications in Northern Ireland**

Title	Focus
Higher National Diploma in Business (level 5) (Option of specialism in Marketing)	Business/Management
Edexcel BTEC Level 4 HNC Diploma in Business	Business/Management
Edexcel BTEC Level 5 HND Diploma in Business	Business/Management
MSc International Business Includes module: Marketing in a World Economy	Business/Management
BSc Hons Business with Marketing	Business and Marketing
MSc Management Includes module: Winning Markets	Business/Management
MBA /Executive MBA Includes module: Marketing Management	Business/Management
MSc Marketing	Marketing
BSc Hons Marketing	Marketing
MSc International Business	Business/Management

Source: University of Ulster, Queen's University Belfast, South West Regional College, Southern Regional College, Southeast Regional College, Belfast Metropolitan College, Northwest Regional College, Northern Regional College.

These qualifications are available from the following HE and FE institutions in Northern Ireland:

- Queen's University Belfast;
- University of Ulster;
- South West Regional College;
- Southern Regional College;
- Southeast Regional College;
- Belfast Metropolitan College;
- Northwest Regional College; and
- Northern Regional College.

This shows that there are no specific sales training leading to qualifications tailored in Northern Ireland. Detail on the number of students availing of these sales and marketing courses is shown earlier in this section.

The Chartered Institute of Marketing offers courses which aim to develop sales, marketing and they provide specialist courses in digital marketing, and offer qualifications at Certificate and Diploma levels. Primarily, these courses are aimed at professions already in a sales or marketing career; however there are courses which are described as suitable for new entrants. Courses can typically last up to a year, depending on mode of study. CIM courses are delivered in Belfast, though online study is also an option.

### **Great Britain**

In GB, the Institute of Sales and Marketing Management (ISMM) is the professional membership body for salespeople. Their mission is to promote standards of excellence in sales and enhance the status of sales as a profession. ISMM is recognised by the UK government regulatory body Ofqual as an awarding organisation to offer qualifications in Sales, Marketing and Sales Management.

They encourage use of the National Occupational Standards in Sales (NOS) by companies when they are identifying their sales management training needs. They recommend that companies:

1. Conduct a skills gap analysis against the NOS-based job descriptions
2. Draw up a skills development plan referenced to NOS
3. Identify or develop training courses to fill the skills gaps.

Developing training plans based on QCF units offers a number of benefits:

- The units are already written and are freely available;
- It provides the opportunity to offer nationally recognised qualifications; and
- The training is aligned with national standards.

City and Guilds also provide qualifications at NVQ level 2 and level 3 in sales and marketing.

### **ROI**

Dublin City University's Graduate Diploma in Sales Coaching and Diploma in Professional Selling, which are postgraduate courses tailored towards students in a professional sales career.

Details on these courses can be found in Appendix 7.

### **8.8.3 Other Training Providers**

There is a large number of Sales and Marketing training organisations delivering courses and support in Northern Ireland. They offer a range of sales and marketing courses/ sessions and will design courses to meet companies' needs.

## **8.9 Summary**

The number of students emerging from the education system in Northern Ireland can be summarised as follows:

### **Secondary Education:**

- At A-level, over the last three years, there were 3,533 individuals that gained an A\*-C grade in a language. This gives an average number of 1,178 per year;
- At GCSE level, over the last three years, 7,897 individuals gained an A\*-C grade in Business Studies, giving an average per year of 2,632;
- At A-level, over the last three years, 3371 individuals gained an A\*-C grade in Business Studies at A-level, giving an average per year of 1,124; and
- At GCSE level, over the last three years, 28,254 individuals gained an A\*-C grade in a language, giving an average per year of 9,418.

### **Further Education:**

- On average, there were 10,102 enrolments per year over the last three years for Language, Literature, and Culture courses; and
- On average, there were 10,687 enrolments per year over the last three years for Business, Administration, and Law courses.

### **Higher Education:**

- There were 267 graduates on average per year from the University of Ulster with qualifications in languages, marketing and/or related subjects which could aid exporting in business; and

- In 2011/2012<sup>163</sup>, 119 individuals graduated from Queens University with qualifications in languages, marketing and/or related subjects which could aid exporting in business.

The following summarises the key points from this section:

- There are a number of support programmes available to help companies to up-skill their staff with regard to sales/ marketing, language and cultural development. There are opportunities for companies to make use of the existing supports more. Some need to be made aware of the supports and others need initial advice on how to assess the export skills / resource gaps within their companies before they can decide which of the supports meets their needs;
- There is limited awareness by second level students of the career opportunities within sales and marketing and there is no clear career pathway set out for those who are interested;
- There are a number of courses available to provide graduates with language and cultural skills and experience, however only a small number of graduates use these programmes;
- Overall, the numbers undertaking language subjects at secondary level and FE level has decreased, whereas those undertaking languages at HE level has increased;
- The numbers undertaking business/international/marketing related subjects has increased at HE level overall; and
- Marketing qualifications exist from FE and HE levels, but there are no similar qualifications available in sales in Northern Ireland.

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<sup>163</sup> Data was provided for only one year from Queen's University Belfast.

## 9 DEMAND-SIDE INFORMATION

### 9.1 Introduction

This section aims to determine the demand for export-related skills and resources in Northern Ireland through a combined analysis of existing statistical data concerning the exporting trends in Northern Ireland, and the responses to our survey, detailed in appendix 3. This will enable us to develop a picture of the existing and future export markets for Northern Ireland, from which we can assess the requirement for entry level market research skills, and also language skills.

Our projections for future skills demands are estimates based on current and historical trends and patterns, and reflect an estimate of skills demand based on a realistic picture of the export performance of Northern Ireland in the future.

It is important to note that export performance, and therefore demand for future skills, will be heavily dependent on the external environment, particularly UK and global economic conditions. Northern Ireland-specific issues such as strategic investment decisions will also have an impact on skills requirements. Should export performance in Northern Ireland improve, however, the provision of skills to support exporting activity will be crucial to facilitating growth and ensuring the competitiveness of companies exporting from Northern Ireland.

### 9.2 Methodology

Two sources of information were used in order to project the numbers of sales and marketing resource required.

The first approach we used was to analyse the markets that Northern Ireland companies have exported to over the last 5 years. With a combination of the results from our survey of exporters<sup>164</sup> and data from HM Revenue and Customs, we demonstrated the potential demand for qualified employees to manage and support exporting activity in Northern Ireland by assessing the total number of markets being exported to, and the requirements for language and cultural awareness skills associated with these markets.

The second part of our analysis uses the data from the Working Futures model developed for the UK Commission for Employment and Skills by the Warwick Institute for Employment Research (IER) and Cambridge Economics (CE) will demonstrate the overall demand for roles over the 2010 to 2020 period. This combined approach will eventually arrive at an estimate for the demand for entry-level roles and experienced roles in sales and marketing, in addition to an approximation of language requirements. Also using the Working Futures model, we can show the approximate demand projected for qualifications, by level, from the 2010 to 2020 period.

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<sup>164</sup> See section 3

## 9.3 Analysis of Export Trends

### 9.3.1 Existing Exporting Activity in Northern Ireland

The following table breaks the amount made from exports down by EU and non-EU indicators.

**Table 9.1: Export Sales<sup>165</sup> from Northern Ireland 2007- 2011**

Indicator	2007 (£000)	2008 (£000)	2009 (£000)	2010 (£000)	2011 (£000)
EU <sup>166</sup>	952,030	1,063,686	933,474	1,048,269	1,118,620
Non-EU	2,087,530	2,622,392	2,095,452	2,180,622	2,470,288
<b>Total</b>	<b>3,039,560</b>	<b>3,686,078</b>	<b>3,028,926</b>	<b>3,228,891</b>	<b>3,588,908</b>

Source: <https://www.uktradeinfo.com/Statistics/BuildYourOwnTables/Pages/Table.aspx>

Non-EU regions in the indicators are:

- Asia and Oceania;
- Eastern Europe;
- Latin America and Caribbean;
- Middle East and North Africa;
- North America;
- Sub-Saharan Africa; and
- Western Europe (excluding European Community).

The value<sup>167</sup> of Northern Ireland exports to EU countries is set out in the following table:

**Table 9.2: Value of Northern Ireland exports to EU countries 2007-11**

	2009 (£000)	2010 (£000)	2011 (£000)	Total (£000)
<b>Germany</b>	181,511	199,186	206,072	586,769
<b>France</b>	174,933	189,971	223,808	588,712
<b>Netherlands</b>	121,324	114,992	126,054	362,370
<b>Spain</b>	63,586	68,006	90,746	222,338
<b>Belgium</b>	73,291	105,266	89,389	267,946
<b>Italy</b>	59,050	65,269	69,007	193,326

Source: <https://www.uktradeinfo.com/Statistics/BuildYourOwnTables/Pages/Table.aspx>

<sup>165</sup> The statistical value in pounds sterling (£) of the trade.

<sup>166</sup> The Republic of Ireland and United Kingdom have been excluded.

<sup>167</sup> The statistical value in pounds sterling (£) of the trade

Whilst EU countries such as Germany, France and the Netherlands are valuable export markets, our research and survey responses<sup>168</sup> demonstrate that language skills and cultural awareness skills tend not to be a significant barrier in exporting to EU countries.

In relation to non-EU countries, the value of exports has been increasing each year from 2007. From 2009 to 2010, there was an increase of approximately 13.7%, and from 2010 to 2011, this increase was approximately 8.8%.

**Table 9.3: Value<sup>169</sup> of Northern Ireland Export Sales to BRIC and Middle East 2009-2011**

	2009 (£000)	2010 (£000)	2011 (£000)	Total (£000)
<b>Middle East</b>	276,475	296,916	320,543	893,934
<b>Brazil</b>	8,987	18,745	17,415	45,147
<b>Russia</b>	20,195	20,353	33,272	73,820
<b>India</b>	17,849	27,800	22,385	68,034
<b>China</b>	45,450	55,817	62,980	164,247
<b>Total</b>	368,956	419,631	456,595	1,245,182

Source: <https://www.uktradeinfo.com/Statistics/BuildYourOwnTables/Pages/Table.aspx>

Both the desk research (see Section 3 and Section 4) and the qualitative survey data (see Section 5) have shown that companies exporting to BRIC countries and countries in the Middle East found that language skills and cultural awareness skills are barriers to exporting.

**Table 9.4: Future Export Markets over the next 3 years (n=99, multiple response question)**

Future Market	Number proposing to export to market	Percentage proposing to export to market
France	17	17.17%
Germany	17	17.17%
United States of America	16	16.16%
Republic of Ireland	10	10.10%
Australia	10	10.10%
United Arab Emirates	10	10.10%

<sup>168</sup> See Section 5.

<sup>169</sup> The statistical value in pounds sterling (£) of the trade

Future Market	Number proposing to export to market	Percentage proposing to export to market
Canada	10	10.10%
Brazil	9	9.09%
Czech Republic	8	8.08%
Sweden	7	7.07%
Denmark	7	7.07%
Poland	7	7.07%
China	7	7.07%
New Zealand	7	7.07%
Kingdom of Saudi Arabia	6	6.06%
South Africa	6	6.06%
Turkey	5	5.05%
Chile	5	5.05%
Thailand	5	5.05%
Singapore	5	5.05%
Libya	5	5.05%
Mexico	5	5.05%
Colombia	4	4.04%
Russia	4	4.04%
India	4	4.04%
Malaysia	4	4.04%
Hong Kong	3	3.03%
South Korea	3	3.03%
Kurdistan	3	3.03%

Source: RSM McClure Watters Survey Data 2013

In Table 9.4 it demonstrates the responses to the RSM exporters' survey in relation to current and proposed export destinations within the next three years. Respondents were asked "Which of the following markets do you either currently export to, or would like to export to?" and given the opportunity to include all proposed future export markets in their response. It can be seen in Table 9.4 that, for the countries where language skills and cultural awareness skills are significant barriers to exporting, the following proportion of companies plan to begin exporting to:

- United Arab Emirates: 10.10%;
- Brazil: 9.09%;

- China: 7.07%;
- Kingdom of Saudi Arabia: 6.06%;
- Turkey: 5.05%;
- Chile: 5.05%;
- Thailand: 5.05%;
- Singapore: 5.05%;
- Libya: 5.05%;
- Mexico: 5.05%;
- Colombia: 4.04%;
- Russia: 4.04%;
- India: 4.04%;
- Malaysia: 4.04%;
- Hong Kong: 3.03%;
- South Korea: 3.03%; and
- Kurdistan: 3.03%,

### 9.3.2 Entry level and language skills demand

**Table 9.5: Number of Northern Ireland Exporting Companies**

	2010	2011	2012
Exporting to EU	1275	1180	1114
Exporting to Non-EU	787	781	817
Total Exporters	1690	1603	1603

Source: UK Regional trade Statistics Q4 2012, HM Revenue & Customs

(Note: Because companies can export to both EU and non-EU countries, the total may not equal the sum of EU and non-EU exporters)

In Table 9.5 above it shows that the total number of companies exporting from Northern Ireland in 2012 was 1,603. Of these, 817 (50.9%) exported to non-EU countries. This is an increase on 2010, when 46.6% of exporters exported to non-EU countries. It can also be seen that exporters to EU countries have been in decline from 2010, with 161 fewer Northern Irish companies exporting to EU countries in 2012 than in 2010. Conversely, the number of companies exporting to non-EU countries has grown by 30 over the same time period, despite the overall decline in the number of companies exporting.

If proportions of future export markets from Table 9.4 are applied to the number of total exporters in 2012 shown in Table 9.5 above, it can be seen that the approximate number of companies exporting to additional markets requiring language skills and cultural awareness skills over the next 3 years<sup>170</sup>, this is outlined in Table 9.6.

<sup>170</sup> Note: Table 9.4 shows the result of a multiple response question which was posed to companies which were currently exporting. The question sought to assess which markets companies intended to

**Table 9.6: Future export markets requiring language and cultural awareness skills**

Future Market	Number of additional markets over the next 3 years	Average additional market per year
United Arab Emirates	162	54
Brazil	146	49
China	113	38
Kingdom of Saudi Arabia	97	32
Turkey	81	27
Chile	81	27
Thailand	81	27
Singapore	81	27
Libya	81	27
Mexico	81	27
Colombia	65	22
Russia	65	22
India	65	22
Malaysia	65	22
Hong Kong	49	16
South Korea	49	16
Kurdistan	49	16
<b>Total</b>	<b>1409</b>	<b>470</b>

Source: RSM McClure Watters Survey Data 2013. Note: Number of markets rounded to the nearest whole number.

On average, it is shown that there are likely to be an additional 470 proposed export markets per year.

expand into in the next three years, in addition to their current export markets. As such, the proportion has been applied to the total number of exporters (1,603) as it is expected that current export activity would not preclude a company from expanding into new markets.

From the analysis of the Exporter's survey<sup>171</sup>, the proportions of exporting companies in terms of size are as follows:

- Large: 48%;
- Medium: 34%; and
- Small: 18%.

If these proportions are applied to the data for future export markets, it is possible to see the approximate breakdown of small, medium and large companies exporting to these new markets.

**Table 9.7: Average additional export markets requiring language and cultural awareness skills per year by size of company**

Future Market	Small	Medium	Large
United Arab Emirates	10	18	26
Brazil	9	17	23
China	7	13	18
Kingdom of Saudi Arabia	6	11	16
Turkey	5	9	13
Chile	5	9	13
Thailand	5	9	13
Singapore	5	9	13
Libya	5	9	13
Mexico	5	9	13
Colombia	4	7	10
Russia	4	7	10
India	4	7	10
Malaysia	4	7	10
Hong Kong	3	6	8
South Korea	3	6	8
Kurdistan	3	6	8
<b>Total</b>	<b>85</b>	<b>160</b>	<b>225</b>

Source: RSM McClure Watters Survey Data 2013. Note: Number of markets rounded to the nearest whole number.

<sup>171</sup> See Section 5 for analysis and description of Small, Medium and Large companies.

If it is assumed that all of the large companies and half of the medium sized companies would require an entry-level role (recent graduate) to manage these markets, it is possible to arrive at an estimate for the number of roles requiring language and cultural awareness skills.

**Table 9.8: Average resources required per year per market with associated language skills**

Future Market	Language Skills associated	Number required per year
United Arab Emirates	Arabic	35
Brazil	Portuguese	32
China	Mandarin, Cantonese	25
Kingdom of Saudi Arabia	Arabic	22
Turkey	Turkish	18
Chile	Spanish	18
Thailand	Thai	18
Singapore	Mandarin	18
Libya	Arabic	18
Mexico	Spanish	18
Colombia	Spanish	14
Russia	Russian	14
India	Hindi	14
Malaysia	Malay	14
Hong Kong	Cantonese	11
South Korea	Korean	11
Kurdistan	Kurdish	11
<b>Total</b>		<b>305</b>

Source: RSM McClure Watters Survey Data 2013. Note: Number of markets rounded to the nearest whole number.

### 9.3.3 Summary

The survey research shows that companies exporting to EU countries do not feel that language or cultural awareness skills are barriers to exporting. However companies exporting outside of the EU found that language and culture awareness are very significant barriers to exporting successfully. The trends in value of exports and number of companies exporting to EU and non-EU companies demonstrate that, whilst EU countries will continue to be important export markets for Northern Ireland, the growth potential primarily has been shown to exist within non-EU countries such as the BRIC countries and Middle Eastern countries like the United Arab Emirates.

In the analysis of the number of companies exporting to non-EU countries, it was demonstrated that there will be a demand for approximately **305** qualified staff to manage and support exporting activity to these markets per year.

## 9.4 Projected demand for resources and skills: Working Futures Model

### 9.4.1 Introduction

This section details the number of sales and marketing related employees needed by sector, based on the Working Futures Model.

### 9.4.2 Working Futures Model

The Working Futures Model has been developed by the Warwick Institute for Employment Research (IER) and Cambridge Economics (CE).

The Working Futures model projects the demand for skills as measured by occupations and qualifications. In developing the Working Futures Model, IER and CE developed a detailed employment database covering all the main employment dimensions. This was based on the 41 SIC (2007) based categories used in the CE multi-sectoral macroeconomic model RMDM<sup>172</sup>. These were cross-classified by the 25 sub-major occupational groups of SOC2010<sup>173</sup>, and by the 12<sup>174</sup> nations and regions of the UK, plus gender and status. This database has been developed over many years and is as consistent as possible with all the official published sources upon which it is based. This database was extended to cover 79 SIC2-digit categories in order to meet the requirements specified in the Working Futures 2012-2017.

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<sup>172</sup> The regional macro model.

<sup>173</sup> Standard Occupational Classification 2000 replaced SOC90. The SOC2000 database was converted to the SOC2010 in Working Futures 2010-2020. The standard occupational classifications can “inform the job matching functions undertaken by employment agencies, provides career information for leavers from the educational sectors and other labour market entrants and, via statistical analysis of trends, yields guidance for the development of labour market policies” (Standard Occupational Classifications 2010: Volume 1, Structure and descriptions of unit groups, Office for National Statistics).

<sup>174</sup> London, South East, East of England, South West, West Midlands, East Midlands, Yorkshire and Humberside, North West, North East, Wales, Scotland and Northern Ireland.

Sources such as the Labour Force Survey, Office for National Statistics and BIS are used to construct the database.

#### 9.4.2.1 Uncertainties and assumptions

When the model was published, the Working Futures 2010-2020 evidence report articulated some of the key macroeconomic factors which represent risks and uncertainties in the forecasts. Amongst these are:

- The general economic stability of the UK;
- Global economic stability;
- Inflation rates;
- Sovereign debt crisis in the Eurozone;
- Value of currency;
- UK Financial policy;

In developing the Working Futures projections, a number of assumptions were made which are embedded in the regional macroeconomic model. These included assumptions based around the following areas:

- Prospects in the world economy;
- Government policy including taxation and expenditure;
- UK competitiveness including the exchange rate and relative inflation rates in the UK and the rest of the world; and
- Demographics.

The final results by occupation and qualification are published in detailed workbooks. These can be further manipulated by users to assess the sensitivity to<sup>175</sup>:

- Age Structure: This relates to the percentage share in various age categories of those in employment;
- Retirement rates;
- Mortality rates;
- Inter-occupational flow rates; and
- Geographical flow rates.

The “default” values in the Working Futures model for Northern Ireland for each of these categories were used during calculations. It is likely that there have been minor changes since the model was constructed but there is no more up-to-date and robust data available at this stage.

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<sup>175</sup> In the Working Futures Model “users can review or edit the assumptions regarding the age structure of the population, retirement rates, mortality rates, occupational and geographical flows” (Working Futures IV User Guide).

The Working Futures model projects the expected impact of the above factors on the number of jobs, but cannot accurately account for externalities such as major political upheaval, natural disaster. It should also be noted that the current results were published in 2011, when the full extent of the impact of the global economic crisis was still uncertain, and the recovery of the UK and Northern Ireland economy over the 2010 to 2020 period remained unclear. It has been noted that growth has been slower than the predictions of most analysts at the time of publication. It has been speculated that a full update to Working Futures will be commissioned during 2013 or 2014, dependent on budgetary factors. A full update to the projections would reflect a more pessimistic economic outlook to 2020.

#### 9.4.2.2 Occupational breakdown

The occupational groups included in the model are based on the SOC2010. SOC2010 categories fall into major groups and sub major groupings (plus more detailed categories). The major groups are:

- Managers, directors and senior officials;
- Professional occupations;
- Associate professional and technical;
- Administrative and secretarial;
- Skilled trades occupations;
- Caring, leisure and other service;
- Sales and customer service;
- Process, plant and machine operatives; and
- Elementary occupations.

Initially the more detailed sub major groupings were examined, to allow for identification of those occupations which include sales and marketing. The sub-major groups are:

- Corporate managers and directors;
- Other managers and proprietors;
- Science, research, engineering and technology professionals;
- Health professionals;
- Teaching and educational professionals;
- Business, media and public service professionals;
- Science, engineering and technology associate professionals;
- Health and social care associate professionals;
- Protective service occupations;
- Culture, media and sports occupations;
- Business and public service associate professionals;
- Administrative occupations;
- Secretarial and related occupations;
- Skilled agricultural and related trades;
- Skilled metal, electrical and electronic trades;

- Skilled construction and building trades;
- Textiles, printing and other skilled trades;
- Caring personal service occupations;
- Leisure, travel and related personal service occupations;
- Sales occupations;
- Customer service occupations;
- Process, plant and machine operatives;
- Transport and mobile machine drivers and operatives;
- Elementary trades and related occupations; and
- Elementary administration and service occupations.

As there is no clearly defined occupation for those in exporting roles, the extent to which each of these SOC groups is likely to engage in export-supporting activity was assessed. For this research, there was a focus on sales and marketing related occupations within the SOC2010 three digit codes<sup>176</sup>. These are:

- Corporate managers and directors;
- Business and Public Service related professionals;
- Sales occupations; and
- Customer Service occupations.

These represent the most specific level of data available from the Working Futures model, but these occupation groups will include occupations irrelevant to our research, such as health and safety officials. Because of this, the data was refined by assessing the proportion of each group which relates to exporting from the Labour Force Survey for 2011, and applied these proportions to the working futures data. (See Appendix 8)

### 9.4.3 Overall Projected Employment Levels

The industries detailed have been selected from the available data in the Working Futures results<sup>177</sup> based on evidence of which sectors within Northern Ireland are important for exporting as detailed in the desk research;

- Agriculture;
- Food products;
- Beverages and tobacco;
- Other Mining;
- Chemicals etc.;
- Pharmaceuticals;

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<sup>176</sup> SOC2010 has 1, 2, 3 and 4 digit codes that breakdown occupation. Corporate managers and directors, Business and Public Service related professionals and Sales occupations all contain specific sales and/or marketing sub-sections, however this level of detail was not available for Northern Ireland.

<sup>177</sup> Those left out include industries such as printing and recording, repair and installation, water, computer etc., administration and construction. Inclusive to data limitations, the rationale for our choice of sectors is iterated in Section 9.3.1

- Textiles;
- Wood and Cork;
- Paper etc.;
- Rubber and Plastic;
- Other non-metallic;
- Basic Metals;
- Machinery N.E.C;
- Motor Vehicles etc.;
- Motor Vehicle Trade;
- Other Transport Equipment;
- Electrical Equipment;
- Other Manufacturing;
- Metal Products;
- Wearing Apparel;
- Furniture; and
- Retail Trade.

Table 9.9 demonstrates the overall working futures projections for all industries in Northern Ireland.

**Table 9.9: Overall projected employment in all sectors in Northern Ireland**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
All occupations	825,705	829,476	832,521	834,499	834,690	835,687	842,846	849,933	856,640	863,947	870,125
Corporate managers and directors	44,513	45,620	46,755	47,831	48,798	49,799	50,842	51,889	52,894	53,945	54,948
Other managers and proprietors	25,963	25,956	26,165	26,463	26,586	26,494	27,034	27,504	27,933	28,458	29,006
Science, research, engineering and technology professionals	31,696	32,358	32,850	33,406	33,853	34,425	35,022	35,637	36,208	36,812	37,407
Health professionals	44,975	45,379	45,786	46,229	46,627	47,106	47,781	48,724	49,707	50,697	51,619
Teaching and educational professionals	41,392	42,427	43,577	44,318	44,878	45,416	46,213	47,053	47,906	48,765	49,581
Business, media and public service professionals	28,628	28,982	29,121	29,251	29,258	29,412	29,926	30,448	30,944	31,514	32,063
Science, engineering and technology associate professionals	10,926	11,075	11,166	11,270	11,337	11,447	11,561	11,675	11,779	11,884	11,977

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Health and social care associate professionals	11,501	11,760	12,001	12,260	12,502	12,762	12,997	13,241	13,485	13,735	13,966
Protective service occupations	17,943	17,765	17,526	17,270	16,963	16,718	16,772	16,823	16,876	16,934	16,964
Culture, media and sports occupations	7,903	8,042	8,151	8,236	8,348	8,489	8,768	8,990	9,214	9,459	9,747
Business and public service associate professionals	44,093	45,054	45,872	46,597	47,199	47,819	48,821	49,838	50,823	51,872	52,896
Administrative occupations	78,260	79,320	79,699	79,720	79,514	79,360	79,486	79,580	79,594	79,770	79,779
Secretarial and related occupations	24,546	24,138	23,333	22,532	21,677	20,895	20,244	19,572	18,853	18,180	17,464
Skilled agricultural and related trades	25,769	24,931	24,298	23,802	23,143	22,554	22,336	22,113	21,888	21,686	21,467
Skilled metal, electrical and electronic trades	39,780	39,724	39,574	39,395	39,205	39,136	38,996	38,857	38,709	38,497	38,216
Skilled construction and building trades	36,307	36,535	36,927	36,979	37,020	37,225	37,678	38,099	38,486	38,827	39,149

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Textiles, printing and other skilled trades	17,123	16,349	15,814	15,253	14,704	14,189	13,870	13,506	13,120	12,723	12,315
Caring personal service occupations	72,983	73,986	74,308	74,083	73,656	73,265	74,263	75,360	76,382	77,482	78,474
Leisure, travel and related personal service occupations	16,944	16,657	16,284	16,406	16,380	16,313	16,502	16,634	16,709	16,899	17,036
Sales occupations	58,895	57,582	56,704	56,177	55,427	54,625	54,615	54,640	54,713	54,862	54,782
Customer service occupations	18,362	19,066	19,755	20,265	20,734	21,177	21,596	22,016	22,441	22,899	23,281
Process, plant and machine operatives	24,561	24,150	23,663	23,046	22,534	22,034	21,583	21,098	20,580	20,021	19,470
Transport and mobile machine drivers and operatives	25,363	24,884	24,819	24,848	24,992	25,196	25,599	25,918	26,257	26,468	26,562

Source: Data: Working Futures Model, Calculation: RSM McClure Watters 2013

Table 9.9 demonstrates the overall working futures projections for all industries in Northern Ireland. As the Working Futures calculations were projected from data collected in 2010, the data from 2010 onwards is displayed. There were 44,400 net additional jobs in Northern Ireland projected over the 10 year period. As these projections are for the total number of people in employment and self-employment, they do not account for the replacement demand element of demand. Replacement demand refers to the job creation in a particular industry as a result of an employee leaving their post vacant for any reason, for example as a result of retirement, death, occupational mobility or geographical mobility. The impact of replacement demand is assessed in the following section.

**Table 9.10: Projected number in employment per industry in defined Sub-Major SOC2010 groups up to 2020**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture	2,853	2,733	2,594	2,521	2,438	2,354	2,266	2,181	2,092	2,009	1,929
Food Products	2,468	2,493	2,521	2,569	2,620	2,672	2,755	2,831	2,902	2,970	3,036
Beverages and Tobacco	393	397	405	414	425	435	445	453	460	467	473
Other Mining	477	468	473	476	478	479	478	476	472	468	464
Chemicals etc.	370	385	405	430	454	495	518	540	566	593	618
Pharmaceuticals	349	375	394	432	452	469	482	494	508	523	538
Textiles	644	661	671	677	685	696	691	687	685	685	684
Wood and Cork	472	482	496	505	509	505	496	485	476	470	471
Paper etc.	195	202	214	222	228	233	239	252	265	277	286
Rubber and Plastic	1,112	1,195	1,202	1,202	1,201	1,203	1,208	1,210	1,211	1,211	1,215
Other non-metallic	967	921	890	865	844	835	854	870	878	875	862
Basic Metals	344	347	357	346	344	344	347	352	355	358	364
Machinery N.E.C	788	804	874	899	918	941	965	980	988	990	992
Motor Vehicles etc.	271	282	262	265	271	274	277	279	284	288	292
Motor Vehicle Trade	4,009	4,093	4,199	4,307	4,380	4,493	4,524	4,550	4,571	4,580	4,606

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Transport Equipment	757	760	775	785	796	803	812	821	831	835	841
Electrical Equipment	711	759	805	834	858	888	911	935	956	976	995
Other Manufacturing	160	155	156	156	156	156	157	163	171	178	183
Metal Products	871	899	903	883	886	890	885	880	882	883	885
Wearing Apparel	94	93	93	91	91	92	92	91	90	88	86
Furniture	438	421	425	424	428	434	438	438	436	433	428
Retail Trade	60,951	60,411	60,489	60,738	60,661	60,447	60,823	61,279	61,829	62,409	62,671
Wholesale Trade	10,398	10,399	10,603	10,874	11,193	11,452	11,771	12,059	12,311	12,564	12,883
<b>Total</b>	<b>90,092</b>	<b>89,735</b>	<b>90,206</b>	<b>90,915</b>	<b>91,316</b>	<b>91,590</b>	<b>92,434</b>	<b>93,306</b>	<b>94,219</b>	<b>95,130</b>	<b>95,802</b>

Source: Data: Working Futures Model, Calculation: RSM McClure Watters 2013

Table 9.10 summarises the projected number of people in employment (including self-employment) by 2020 per sector based on the Working Futures Model for 2010-2020. It shows that by 2020, there will be approximately 96,000 in the relevant occupations in the industries detailed above for the sub-major occupation groups we have highlighted as containing exporting roles. This is an increase of approximately 6% on 2010 levels. This means that, in the sub-major SOC occupations which we are focusing on, there is a slight projected increase. It should be noted that, whilst industries such as metal products may be projected to have a decline in overall employment to 2020, the occupations (such as marketing managers) we are concerned with are less susceptible to factors such as process automation compared to occupations such as assembly-line workers. Thus, the total number in employment has been refined by excluding the other occupation groups, and the projections may not be representative of the overall employment levels expected in these industries.

**Table 9.11: Projected number of employees per industry adjusted for estimated proportions in defined exporting roles.<sup>178</sup>**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture	875	839	798	776	750	725	700	675	650	627	604
Food Products	723	733	744	760	777	795	820	844	866	888	908
Beverages and Tobacco	121	122	125	128	131	135	138	140	143	145	147
Other Mining	126	124	125	126	126	126	126	126	125	123	122
Chemicals etc.	104	109	115	122	129	141	148	155	162	170	178
Pharmaceuticals	108	116	121	135	142	147	152	156	161	166	171
Textiles	169	174	176	178	180	183	182	180	180	180	179
Wood and Cork	138	141	146	149	150	149	147	144	142	141	141
Paper etc.	54	56	59	62	63	65	66	70	73	77	79
Rubber and Plastic	303	326	328	328	328	329	331	332	332	332	333
Other non-metallic	258	246	238	231	226	224	229	233	235	235	231
Basic Metals	92	93	96	93	93	93	94	95	96	97	99

<sup>178</sup> See Appendix 1 for reasoning and calculations for relevant proportions used.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Machinery N.E.C	218	223	242	248	254	260	266	271	273	274	274
Motor Vehicles etc.	72	74	69	70	71	72	72	73	73	74	75
Motor Vehicle Trade	904	923	948	973	991	1,018	1,028	1,038	1,045	1,051	1,060
Other Transport Equipment	223	225	230	233	237	239	242	245	248	250	252
Electrical Equipment	201	215	228	236	243	251	257	264	270	275	281
Other Manufacturing	44	43	44	44	44	44	45	46	49	51	53
Metal Products	249	258	261	257	259	261	260	260	260	261	261
Wearing Apparel	26	26	25	25	25	25	25	25	24	24	23
Furniture	117	112	114	114	115	117	118	118	118	117	116
Retail Trade	12,445	12,446	12,584	12,720	12,784	12,821	12,942	13,081	13,240	13,404	13,503
Wholesale Trade	2,806	2,810	2,871	2,953	3,050	3,132	3,230	3,320	3,400	3,479	3,577
Total	20,376	20,434	20,687	20,961	21,168	21,352	21,618	21,891	22,165	22,441	22,667

Source: Data: Working Futures Model, Calculation: RSM McClure Watters 2013

In Table 9.11 it shows that approximately 22,667 jobs are projected by 2020, in the relevant exporting roles<sup>179</sup> we have defined. This is an increase of approximately 2,291 new jobs from 2010, in contrast to the figures before adjustment, which showed an overall decline. It should be noted this refers only to the net difference in total jobs (expansion demand) which have been projected for the occupations for the period. Replacement demand is examined in section 9.4.4.

#### 9.4.4 Expansion, Replacement and Net Requirement

The number of additional people needed between 2010 and 2020 to fill new job openings is a result of calculating the net requirement.

Net requirement is calculated by adding expansion demand<sup>180</sup> and replacement demand<sup>181</sup>. The expansion and replacement figures are calculated within the Working Futures model. This is shown below:

**Table 9.12: Expansion and Replacement Demand 2010-2020 for exporting sub-major groups.**<sup>182</sup>

	Expansion	Replacement	Net Requirement
Agriculture	-923	1,038	115
Food Products	567	941	1,509
Beverages and Tobacco	80	149	230
Other Mining	12	181	168
Chemicals etc.	248	146	395
Pharmaceuticals	188	138	326
Textiles	40	245	286
Wood and Cork	-1	179	178
Paper etc.	90	76	167
Rubber and Plastic	103	417	520
Other non-metallic	-104	367	263

<sup>179</sup> See Appendix 1 for reasoning and calculations for roles and adjusted proportions.

<sup>180</sup> This is the projected number for 2010 subtracted from the projected number for 2020.

<sup>181</sup> Replacement Demand = Retirement + Mortality + Occupational Mobility + Migration. It excludes general labour market turnover (churn).

<sup>182</sup> See section 9.4.2 for the four sub-major occupation groups and reasoning for choice. Note: figures have been rounded to the nearest whole number.

	Expansion	Replacement	Net Requirement
Basic Metals	19	134	154
Machinery N.E.C	203	302	506
Motor Vehicles etc.	21	99	120
Motor Vehicle Trade	597	1337	1934
Other Transport Equipment	84	289	374
Electrical Equipment	284	278	563
Other Manufacturing	23	60	83
Metal Products	13	332	345
Wearing Apparel	-7	35	28
Furniture	-9	158	149
Retail Trade	1720	23034	24754
Wholesale Trade	2485	3873	6359
<b>Total</b>	<b>5733</b>	<b>33808</b>	<b>39526</b>

Source: Data: Working Futures Model, Calculation: RSM McClure Watters 2013

In Table 9.12 it demonstrates that overall, replacement demand will account for the majority (86%) of demand in the industries shown. Particularly in agriculture, there is contraction, and the net requirement of 115 people to fill jobs is projected to be exclusively as a result of replacement demand.

As with projected employment, projected replacement demand figures for the sub-major groups can be refined<sup>183</sup> based on the definition of the occupations which are relevant for exporting, as shown in Table 9.13.

<sup>183</sup> See Appendix 1 for reasoning and calculations for relevant proportions used.

**Table 9.13: Adjusted Proportions for Expansion and Replacement Demand 2010-2020**

	Expansion	Replacement	Net Requirement
Agriculture	-270	317	47
Food Products	185	274	458
Beverages and Tobacco	26	46	72
Other Mining	-4	47	43
Chemicals etc.	74	41	114
Pharmaceuticals	63	42	105
Textiles	10	64	74
Wood and Cork	3	52	55
Paper etc.	25	21	46
Rubber and Plastic	31	114	144
Other non-metallic	-26	97	70
Basic Metals	7	35	42
Machinery N.E.C	56	83	139
Motor Vehicles etc.	3	26	30
Motor Vehicle Trade	156	308	464
Other Transport Equipment	29	84	113
Electrical Equipment	79	78	157
Other Manufacturing	8	17	25
Metal Products	12	94	106
Wearing Apparel	-2	10	7
Furniture	-1	42	41
Retail Trade	1058	4701	5758
Wholesale Trade	772	1047	1818
<b>Total</b>	<b>2294</b>	<b>7640</b>	<b>9928</b>

*Note: Figures are rounded to the nearest whole number.*

*Source: Data: Working Futures Model, Calculation: RSM McClure Watters 2013*

The above table demonstrates that based on the assumptions made there could be a demand for approximately 10,000 entrants to relevant export-related roles during the period from 2010 to 2020.

This equates to approximately 1000 roles per year on average. More than half (58%) of these roles are expected to be in Retail Trade, with demand in Wholesale Trade being second in terms of demand, at 18.3% of the total. In these industries, it is expected that Sales Occupations will represent the greatest proportion of the roles, with Sales Occupations expected to account for approximately 49%<sup>184</sup> of the roles forecast in Retail Trade.

From this, we can estimate the number of roles required on average per year from 2010 to 2020. Because any projection over such a timescale is heavily reliant on the assumptions iterated in section 9.4.2 these averages have been included within ranges.

**Table 9.14: Range of number of resources/applicants demanded per industry per year**

Industry	Number of resources per year
Agriculture	0-10
Food Products	26-50
Beverages and Tobacco	0-10
Other Mining	0-10
Chemicals etc.	11-25
Pharmaceuticals	11-25
Textiles	0-10
Wood and Cork	0-10
Paper etc.	0-10
Rubber and Plastic	11-25
Other non-metallic	0-10
Basic Metals	0-10
Machinery N.E.C	11-25
Motor Vehicles etc.	0-10
Motor Vehicle Trade	26-50
Other Transport Equipment	11-25
Electrical Equipment	11-25
Other Manufacturing	0-10
Metal Products	11-25
Wearing Apparel	0-10

<sup>184</sup> See Appendix 1, Retail Trade.

Industry	Number of resources per year
Furniture	0-10
Retail Trade	600+
Wholesale Trade	100-200
<b>Total Estimate</b>	<b>900</b>

Source: Data: Working Futures Model, Calculation: RSM McClure Watters 2013

For Table 9.14, an average of the total expected roles over the 10 year period has been taken. In practice, it is likely that the many independent factors involved will introduce significant variation on the short and long-term scale.

The above estimate of approximately 900 openings per year includes both new entries (i.e. graduates) and mobility within the marketing footprint (i.e. sales and marketing managers.), showing the expansion demand and replacement demand over time, demonstrates that approximately 23% of the demand for roles was expansion demand. It is reasonable to assume that the majority of expansion demand will be in the form of entry level positions. Assessing the proportion of replacement demand which will relate to entry-level positions is significantly more difficult, but it is likely that no more than 50% of replacement would relate to entry-level positions, based on responses to the “Preparing to Export” survey, where 43% of the expected demand for positions in the future was at a “Graduate or Entry level”.

Table 9.15 shows an estimate of the number of entry-level and experienced roles based on these assumptions. A range of between 25% and 50% has been shown for the replacement demand for entry-level positions. It is important to note that the ranges have a direct correlation: it is projected that there will be 900 job openings, and the table demonstrates the estimated range of proportions.

**Table 9.15: Estimated range of demand per year to 2020**

Entry-level (Graduate)	Experienced (Managers and above)
380-550 <sup>185</sup>	350-520

Source: Data: Working Futures Model, Calculation: RSM McClure Watters 2013

<sup>185</sup> These are the likely proportions for demand for the 900 positions: a demand for 380 graduates would stimulate a demand for 520 experienced resources, and vice-versa. The survey of non-exporters demonstrated that approximately 55% of professional sales and marketing staff were at entry-level. If 55% of all jobs were at entry-level, the split would be 495 at entry-level and 405 at senior level. A demonstrative range around these figures has been displayed to reflect the variability inherent in these projections.

Table 9.15 demonstrates an estimation of the total demand in Northern Ireland, in the industries initially selected as exporting industries, and for the occupations deemed relevant. In this case, the source of entry-level employees is likely to be comprised primarily of recent university and further education graduates. The source of applicants for experienced roles is more likely to be experienced staff in similar roles who aren't involved in exporting, experienced graduates attempting to advance their career, and experienced managers with no direct involvement with sales or marketing skills at all. Our survey feedback (See section 7) demonstrated that the primary issue for graduate recruitment pertains to levels of experience rather than qualifications. Therefore, those intending to apply experienced roles in exporting are more likely to need to develop professional sales and marketing skills than applicants to entry-level roles.

#### 9.4.5 Export sales and marketing demand scenarios

From the analysis of the “Preparing to Export” survey (see Section 3), approximately 65% of companies said that they would need additional staff to manage their exporting activity. Additionally, between 57% and 75%<sup>186</sup> of experienced exporters stated their intent to recruit professional sales and marketing staff in the future. Because the Working Futures projections are based on a number of macroeconomic assumptions, our projections are subject to external factors. As such, presenting estimates for three scenarios will more robustly demonstrate the possible demand for resources to manage exporting activity in the future.

These scenarios are representative of possible futures, dependent on the broad impacts of macroeconomic factors. They are intended as a demonstration of how demand for skills could be expected to be susceptible to external factors, and should not be regarded as forecasts. They aim to highlight the potential impact of the uncertainties articulated in Section 9.4.2.1. It should also be noted that demand may not correlate closely with some macroeconomic factors.

If a 65% level of demand is expected<sup>187</sup> for the continuation of the “status quo” for current macroeconomic conditions, we can estimate a more optimistic, and a more pessimistic scenario for demand.

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<sup>186</sup> These questions were asked separately and are not directly comparable. 57% stated that they would be employing sales staff whereas 75% stated that they would be employing marketing staff in the future.

<sup>187</sup> Companies preparing to export and experienced exporters responded to a similar extent (65% for companies preparing to export, and between 57% and 75% for exporters  $[(57+75)/2 = 66\%]$ )

Table 9.15 forms the basis for these calculations as the theoretical “100% demand from companies” baseline.

**Table 9.16: Medium / “Status Quo” Demand Scenario: 65% Demand**

Entry-level (Graduate) jobs per year	Experienced (Managers and above) jobs per year
190-270	170-250

Source: Data: Working Futures Model, Calculation: RSM McClure Watters 2013  
Number of jobs rounded to nearest 10

**Error! Reference source not found.** Table 9.17 demonstrates a scenario where current expectations for macroeconomic conditions are accurate for the period to 2020. Demand for resources reflects the expectations of companies who responded to the “Preparing to Export” survey, at 65%.

**Table 9.17: Optimistic Demand Scenario: 75% Demand**

Entry-level (Graduate) jobs per year	Experienced (Managers and above) jobs per year
290-410	260-390

Source: Data: Working Futures Model, Calculation: RSM McClure Watters 2013  
Number of jobs rounded to nearest 10

Table 9.17 shows a projection for an optimistic scenario of demand for resources to manage exporting activity. In an optimistic scenario, macroeconomic conditions improve beyond current expectations for companies in Northern Ireland, for example by the reduction in corporation tax to 12.5% as a result of devolution. Improved conditions could be expected to positively impact the demand for resources to manage exporting activity.

The rationale for a 10% increase in the likely demand for this scenario over the status quo is based partially on the findings of the Oxford Economics report “Preparing for a lower corporation tax environment” published in 2012 for DEL<sup>188</sup>. In this report, the analysis of a possible future scenario for a devolved corporation tax rate of 12.5% demonstrates that the benefits in 2020 are likely to include a direct increase of demand for “First degree and sub-degree (NQF 4-6)” of 4.9% across Northern Ireland<sup>189</sup>. As exporting will be a driving force in this growth, the demand for export-oriented skills can be expected to be significantly greater in such a scenario. The Oxford Economics report does not examine the demand for export skills however, and the level of demand as a result of this factor should be regarded as an informed estimate. It should also be noted that the benefits of a reduced corporation tax are shown to be realised

<sup>188</sup> See Section 3.

<sup>189</sup> Table 4.3, Preparing for a lower corporation tax environment, Oxford Economics, 2012

over a longer timescale than 10 years, and that annual demand could be expected to increase after 2020 should this scenario be realised.

**Table 9.18: Pessimistic Demand Scenario: 55% Demand**

Entry-level (Graduate) jobs per year	Experienced (Managers and above) jobs per year
100-150	90-140
<i>Source: Data: Working Futures Model, Calculation: RSM McClure Watters 2013 Number of jobs rounded to nearest 10</i>	

Table 9.18 demonstrates a pessimistic scenario for macroeconomic conditions in Northern Ireland, for example through a further recession, natural disaster, or a crisis in neighbouring economies such as the Eurozone. Demand for resources to manage exporting activity is reduced from the “status quo” to 55%.

**Table 9.19: Proportion of demand by occupation**

Occupation	Proportion of demand
Marketing and sales directors	9%
Managers and directors in transport and distribution	4%
Chief executives and senior officials	4%
Importers and exporters	1%
Sales, Marketing and Related Associate Professionals	44%
Telephone salespersons	3%
Sales related occupations n.e.c.4	3%
Call and contact centre occupations	20%
Telephonists	3%
Communication operators	6%
Market research interviewers	3%
<b>Total</b>	<b>100%</b>

*Source: Working Futures Data, Appendix 8*

Table 9.19 shows the expected breakdown of occupations in terms of future demand. “Sales, marketing and associate professionals” is the occupation group with the greatest demand.

**Table 9.20: Proportion of demand by Industry**

Industry	Proportion of Roles
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Industry	Proportion of Roles
Agriculture	0.47%
Food Products	4.61%
Beverages and Tobacco	0.73%
Other Mining	0.43%
Chemicals etc.	1.15%
Pharmaceuticals	1.06%
Textiles	0.75%
Wood and Cork	0.55%
Paper etc.	0.46%
Rubber and Plastic	1.45%
Other non-metallic	0.71%
Basic Metals	0.42%
Machinery N.E.C	1.40%
Motor Vehicles etc.	0.30%
Motor Vehicle Trade	4.67%
Other Transport Equipment	1.14%
Electrical Equipment	1.58%
Other Manufacturing	0.25%
Metal Products	1.07%
Wearing Apparel	0.07%
Furniture	0.41%
Retail Trade	58.00%
Wholesale Trade	18.31%
Total	100%

Source: Working Futures Data

Table 9.20 shows the proportion of demand for export skills which is expected in each industry. Retail trade and wholesale trade comprise the majority of demand.

#### 9.4.6 Summary

This section has examined, quantitatively and qualitatively, the extent to which professional export-supporting skills will be required in the future to 2020. The Working Futures data demonstrates the expected growth in jobs in the “export footprint,” and the net additional jobs expected has been estimated at **900 per annum**.

Feedback from our surveys and the literature review demonstrated that demand from companies may not correlate to the expected requirement highlighted by Working Futures. As such, survey responses were analysed to assess the level of demand from companies in Northern Ireland, and these were demonstrated through three scenarios, showing the potential demand based on the variability of external factors. This highlights the need to consider whether investment is needed in making companies aware of the need for resource and how this can benefit them.

As the “status quo” scenario correlates most closely with the expectations in the Working Futures data (that is, no extreme deviations from the projections including 2% inflation from 2015 and 1.8% GDP per annum<sup>190</sup>), it is reasonable to use this scenario to summarise the expected requirement for resources (employees) with adequate skills and qualifications.

As such, it could be expected that the approximate demand for recent **graduates** with qualifications to support exporting would be between **190 and 270 per year**, whilst the demand for qualified and **experienced personnel** could be expected to be between **170 and 250 per year**. Information from companies relating to the level of qualifications sought and the level of experience for experienced staff is articulated in Section 3.

The Working Futures data shows that retail and wholesale trade will be the most important in terms of demand in the future, and that the most important occupation will be that of sales, marketing and associated professionals.

The data has shown that the demand for graduates will slightly outstrip the demand for experienced professionals, though the levels will be broadly similar. Noted within the survey responses, though, was that recruiting individuals with experience and sufficient qualifications was more difficult than recruiting graduates. Further, the data also highlights that the majority of demand will be as a result of replacement demand, rather than expansion. This is more pronounced in industries which are in decline in terms of jobs such as agriculture and some manufacturing sectors. It should be noted that there is demand projected in every industry analysed, though some sectors have negative expansion demand.

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<sup>190</sup> Working Futures 2010-2020 Evidence Report 41 (2012), UKCES.

## 10 ANALYSIS OF SKILLS SUPPLY AND DEMAND / ASSESSMENT OF EXISTING SUPPORTS

### 10.1 Introduction

This section aims to compare and contrast the existing supply of skills for sales, marketing and languages in relation to the demand for these skills which is projected in the future for international exporting in Northern Ireland. Section 8 outlines the existing supply of skills in relation to sales, marketing and languages, whilst section 9 projects the extent of demand for these skills in the future up to 2020.

This comparison will aim to highlight any imbalances in the supply versus the demand of skills, and inform the conclusions and recommendations stage of the report.

### 10.2 Summary of Supply

If it is assumed that there will be little variance in the number of students graduating with export-supporting qualifications in the next 7 years, it is possible to compare the supply of skills in Northern Ireland with the projected demand for these skills. It is also important to highlight that, whilst these skills may be in demand, not all of the graduates will seek to enter exporting occupations and careers, and some of the qualifications may not be in demand by employers.

**Table 10.1: Summary of Higher Education Qualifications in 2011/12**

Institution	Sales and Marketing Courses	Language and Cultural Awareness Courses	Other relevant courses <sup>191</sup>
University of Ulster	228	24	59
Queen's University Belfast	64	48	-
<b>Total</b>	<b>292</b>	<b>72</b>	<b>59</b>

Source: Queen's University Belfast, University of Ulster

Table 10.1 demonstrates the number of students who graduated from Higher Education Institutions in Northern Ireland with qualifications which could be used to support international exporting activity.

As highlighted in Section 8, this represents an estimate for the maximum number of graduates per year with skills which could be applied to exporting activity; however it is unlikely that all of these graduates will be inclined to enter an exporting occupation within Northern Ireland.

<sup>191</sup> See Section 8.7.1.1 for a breakdown. This figure is an average over 3 years.

It should also be noted that there are a number of programmes which provide experience and training to students and graduates which could be used in support of exporting. The most significant in terms of scale is the Erasmus programme, which enabled 433 students in 2012 to either study or work in a foreign market such as France, Spain and Germany. Whilst this does not have an export focus, foreign language skills are a major component, and the placements in which just under half of the students worked are likely to have encouraged and developed skills and knowledge of business, primarily in EU markets. Additional programmes such as Study India and Study China are UK-Wide, and Northern Ireland figures were not available, but the overall numbers involved in these programmes were significantly lower than for Erasmus (166 for 2012 for Study India).

Graduates from universities with qualifications which may be relevant to exporting ultimately are unlikely to have direct experience with sales or marketing in an exporting context. It could be expected that some of those who availed of programmes such as work placements through Erasmus (205 in 2012) would have some level of experience, but the extent to which this can apply in an exporting context cannot be assessed directly and is likely to be low.

Assessing the supply of experienced sales and marketing resource is significantly more difficult, as there is no information comparable to the number of graduates per annum. Responses to the company surveys and the recruitment consultant surveys demonstrated that there was significantly greater difficulty in attracting experienced resources compared to entry-level resources.

### 10.3 Qualitative analysis of demand

This section aims to demonstrate the demand for resources articulated through surveys and consultations with companies.

Qualitative evidence from survey respondents showed that there was a difficulty in accessing staff with competence in language and cultural awareness in BRIC countries; though smaller companies were unlikely to demand a full-time resource to solely manage these aspects. Feedback, particularly in additional comments provided, comprehensively demonstrated a lack of enthusiasm for qualified graduates if they did not possess relevant experience, and therefore needed to be trained by the companies. Survey responses also articulated a demand, and difficulties in accessing, experienced and qualified sales and marketing managers, and experienced senior/director level resources. Marketing resources were perceived to be more difficult to acquire, and in shorter supply<sup>192</sup> within the companies surveyed than sales resources.

In addition to these demands, additional comments in the survey responses highlighted the need for resources “on the ground” in target markets, for example an

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<sup>192</sup> See Section 3.

associate to liaise with a marketing manager and clients. It was also noted that a marketing manager would benefit from establishing a strong network of contacts in the target market, but that a significant barrier to this in BRIC and Middle-East countries was awareness of language and culture. There was little demand for fluency, but it was articulated that an awareness of the language (an example in one particular case was Turkish) was helpful in interacting directly with clients over an extended period of time.

Companies which were not involved in exporting broadly could not specify their needs with regards to commencing exporting activity, and it is likely that the need for resources to overcome non-exporter's barriers to exporting will be greater than articulated.

#### 10.4 Quantitative analysis of demand

Quantitative analysis was undertaken to supplement the information obtained from the company surveys. This section demonstrates the extent to which growth is projected to stimulate the demand for additional resources in exporting companies within Northern Ireland.

Initial results from the Working Future Model projected a growth of approximately 1,000 jobs per year in exporting companies in Northern Ireland to 2020. Further analysis of the data within the Working Futures model<sup>193</sup> highlighted that under a medium demand scenario<sup>194</sup> without additional intervention there would be a likely demand for up to 270 graduates to fill entry-level export sales and marketing positions per year. The demand for experienced resources (i.e., middle management and director) was demonstrated as being between 170 and 250 per year without intervention.

Two alternate scenarios for the demand for resources were adapted from the "default" macroeconomic conditions within the Working Futures model to demonstrate the potential for variance as a result of unpredicted changes in external factors. These demonstrated that, in an "optimistic" scenario, where macroeconomic factors were generally more favourable throughout the time period for Northern Ireland, demand for between 290 and 410 entry-level resources per year could be projected, and between 260 and 390 experienced middle and senior management positions. Conversely, in a "pessimistic" scenario, where macroeconomic factors were generally more unfavourable throughout the time period for Northern Ireland, demand for between 100 and 150 entry-level resources per year could be projected, and between 90 and 140 experienced middle and senior management positions.

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<sup>193</sup> See Section 9.4.2.

<sup>194</sup> See Section 9.4.5.

## 10.5 Comparison of Skills Supply versus Skills Demand

An analysis of current trends in exporting<sup>195</sup>, along with the responses to the surveys<sup>196</sup> show that the most important languages (excluding English) for exporting companies are:

- Arabic;
- Spanish;
- Russian;
- Hindi;
- Malay;
- Mandarin;
- Cantonese;
- Korean;
- Kurdish; and
- Portuguese.

With the exception of Spanish, the supply of these language skills at second level education through to Higher Education level<sup>197</sup> is low.

Comparing the supply of higher education graduates (approximately 380 per year) with the demand from the quantitative Working Futures section (approximately 270 per year), approximately 70% of students graduating in subjects related to sales, marketing and languages/cultural awareness would need to enter exporting occupations to satisfy this demand. This is particularly unrealistic, although if the supply of further education graduates<sup>198</sup> is considered as well, the gap is much lower.

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<sup>195</sup> See Section 9.3.

<sup>196</sup> See Section 5.

<sup>197</sup> See Sections 8.4, 8.5, and 0.

<sup>198</sup> See Section 0.

Table 10.2 demonstrates that graduates in language and business courses tend to be spread across occupations. For business and administration courses, approximately 52% of graduates moved into:

- Managers and Senior Officials
- Professional Occupations
- Sales and Customer Service Occupations

A similar level (55%) of language graduates moved into these occupations. Appendix 1 demonstrates that whilst export sales and marketing jobs fall within these occupations, there are also many other occupations associated, and it is likely that a significant proportion of graduates moving into these occupations will not be in an exporting role.

**Table 10.2: Destination of leavers from Higher Education in Northern Ireland 2006/7 to 2010/11**

Destination Occupation	Business and Administration <sup>199</sup>	Languages
Managers and senior officials	55	5
Professional occupations	95	5
Associate professional and technical occupations	110	15
Administrative and secretarial occupations	95	20
Skilled trades occupations	5	0
Personal service occupations	15	20
Sales and customer service occupations	135	80
Process, plant and machine operatives	0	0
Elementary occupations	35	15
Not known	5	0
<b>Total</b>	<b>545</b>	<b>165</b>

Source: HESA: Occupation of full-time first degree leavers entering employment in the UK by location of institution and subject area of degree 2006/07 to 2010/11

Comments from the company surveys demonstrated a desire and a need for experienced resources, even at the officer/entry level, and as such, the supply of graduates is unlikely to be sufficient to satisfy such a demand.

The surveys demonstrated that there is little activity aimed at up-skilling within exporting companies, and without additional interventions, or increased uptake of programmes such as the Management / Leadership Network/ Programme and the Business Improvement Training Programme with relation to exporting, it is possible that the supply of experienced and qualified resources will fail to meet the future demand, particularly if demand is higher than expected, for example in a devolved corporation tax scenario<sup>200</sup>.

<sup>199</sup> Including marketing-specific courses.

<sup>200</sup> See Section 9.4.5.

## 11 CONCLUSIONS AND RECOMMENDATIONS

### 11.1 Introduction

This section summarises first the evidence on the needs of companies regarding professional sales<sup>201</sup> and strategic export marketing<sup>202</sup>, and international business communication skills<sup>203</sup>. It then sets out the conclusions and recommendations from the research.

### 11.2 Findings

#### 11.2.1 Literature review

The literature review demonstrates that companies exporting or preparing to export experience different skills issues depending on their size, experience of exporting and the market they are exporting to.

Research completed by the British Chamber of Commerce noted that exporting companies found it difficult to export to non-English speaking markets beyond the EU without language and cultural awareness skills relating to their target export markets<sup>204</sup>. This was also cited as a particular problem in research completed by BIS<sup>205</sup> for companies trying to export to China and Russia, given that the pool of experienced managers with language and culture awareness experience in these markets is very small<sup>206</sup>. Companies exporting to the EU found that that language and culture were not significant barriers to doing business. However research has found that non exporting companies perceive their lack of foreign language skills and cultural awareness as being much more of a barrier to exporting that they really are<sup>207</sup>.

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<sup>201</sup> Learned ability to take a structured approach to developing and implementing an effective sales strategy within an organisation. Capacity to deploy the key elements of a structured approach to executing sales. (Source: Invest NI Sales and Marketing Research Project Terms of Reference 2012)

<sup>202</sup> Learned ability which enables the effective identification of marketing opportunities and the development and implementation of strategies in response to these opportunities, with a particular emphasis on export markets. (Source: Invest NI Sales and Marketing Research Project Terms of Reference 2012)

<sup>203</sup> Capacity to communicate effectively in a business context with people from different countries and cultures. (Source: Invest NI Sales and Marketing Research Project Terms of Reference 2012)

<sup>204</sup> British Chamber of Commerce (BCC): Exporting is good for Britain (2012)

<sup>205</sup> Economics Paper no 13: International Trade and Investment- The Economic Rationale for Government Support, BIS (2011)

<sup>206</sup> IoD/UKTI Doing Business Overseas survey, August 2010, cited in Economics Paper no 13: International Trade and Investment- The Economic Rationale for Government Support, BIS (2011)

<sup>207</sup> Export barriers: What are they and who do they matter to? University of Nottingham (2007) – Companies which did not export viewed the lack of an office in the foreign market as a major barrier, whereas this was not the case for experienced exporters.

The University of Nottingham's research<sup>208</sup> found that the main difficulty faced by exporters was the need to build and maintain relationships in the target market. This was found to be difficult for both experienced exporters as well as inexperienced firms.

For both exporters and non-exporters, the research<sup>209</sup> demonstrates that smaller companies are more likely to encounter knowledge-related barriers (such as a lack of knowledge on specific markets or the business networks essential to doing business in that market). It was found that internal knowledge transfer was one of the key ways in which sales and marketing managers develop. Large companies with sales and marketing teams therefore have access to a larger pool of knowledge than smaller companies. The lack of resource in smaller companies means that knowledge sharing is more difficult or doesn't happen at all. Also, in smaller companies the knowledge gained from exporting is often based with one person and if he/she leaves the firm the knowledge goes with them.

OECD's research<sup>210</sup> highlights that SME's frequently report a lack of firm resources and access to international contacts as significant barriers to exporting. This finding is supported by BIS research which found that 60% of exporters surveyed<sup>211</sup> reported managerial time and resources as a significant barrier to expansion of exporting activity into new markets.

The European Commission research study<sup>212</sup> and the Forfás report<sup>213</sup> both advocate the importance of language to exporting successfully. They highlight the need for companies to develop language management measures in line with their exporting plans. Example of language management measures used by successful export companies include:

- Use of local agents to solve language problems;
- Creation of websites with special cultural and/or linguistic adaptations;
- Use of linguistic audits;
- Use of professional translators/interpreters;
- Translation of promotional, sales and/or technical materials;
- Language training and cultural briefing schemes;
- Online language learning; employee selection and recruitment policy;
- Encouraging cross-border staff mobility;
- 'Buddying' with foreign colleagues and cross-border secondment schemes;

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<sup>208</sup> Export barriers: What are they and who do they matter to?, University of Nottingham (2007).

<sup>209</sup> Economics Paper No.5: Internationalisation of Innovative High Growth SME's, BIS (2010).

<sup>210</sup> Top Barriers and Drivers to SME Internationalisation, Report by the OECD Working Party on SMEs and Entrepreneurship, OECD (2009).

<sup>211</sup> UKTI 2008 Internationalisation survey, which had 900 responses from a random sample of UK exporting firms. 96% were SME's.

<sup>212</sup> Report on Language Management Strategies and Best Practice in European SMEs; the PIMLICO Report, EU Commission Directorate General for Education and Culture (2011).

<sup>213</sup> Expert Group on Future Skills Needs Report on Skills for Enterprise to Trade Internationally, Forfás (2012).

- Forging links with local universities;
- Taking on foreign students on placement;
- Native-speaker recruitment;
- E-commerce involving multilingual operations; and;
- Product or packaging adaptation in line with local tastes and customs.

### 11.2.2 Survey Findings

The RSM McClure Watters exporting surveys found that companies in Northern Ireland experienced the following barriers when either trying to export for the first time or expanding their exporting activities into new markets:

- Non-exporting firms<sup>214</sup>:
  - The cost of up-skilling their workforce (45.8%);
  - The cost of recruiting staff with the relevant skills (44.4%); and
  - Lack of supply of individuals with relevant skills (23.6%).
- Firms preparing to export<sup>215</sup>:
  - Difficulty in establishing a dialogue with prospective customers/partners (50%);
  - Obtaining information on an export market (46%);
  - Staff not trained (32%);
  - Language / cultural differences (29%); and
  - Resource / staff constraints (29%).
- Experienced exporting firms<sup>216</sup>:
  - Difficulty in establishing a dialogue with prospective customers/partners (28.1%);
  - Resource / staff constraints (27%);
  - Language / cultural differences (25.8%);
  - Obtaining information on an export market (24.7%); and
  - Staff not trained (7.9%).

<sup>214</sup> See Non-Exporters Survey in Section 5.3

<sup>215</sup> See Preparing to Export Survey in Section 5.2

<sup>216</sup> See Exporters Survey in Section 5.1.

Respondents highlighted significant gaps with existing staff with regard to marketing (strategic planning, tactical planning, PR, digital marketing) and to a lesser extent with sales (planning and identifying sales prospects). Qualitative evidence from the surveys also showed that non exporting firms were unclear on their exact difficulties and respondents spoke about needing access to experienced exporters to help guide them through the process.

The feedback also demonstrated a low level of awareness by non-exporters of the programmes available to help them export. Less than 15% of companies were aware of available supports including Going Dutch, First Stop Shop and Trade Accelerator Vouchers.

Existing exporters highlighted the need for a programme that would facilitate the completion of cost effective research on market opportunities in export markets. Respondents spoke often about the explorers programme as an example of the type of support that would be most beneficial.

### **11.2.3 Consultation Findings**

#### **11.2.3.1 Recruitment Consultants**

Fifty per-cent of recruitment consultants (n=3/6) surveyed expressed difficulties finding the following skills amongst applicants:

- Market Entry and Market Growth;
- Channel Development and Sales Strategy;
- Promotion, digital/on line actions for each export market;
- Digital Marketing; and
- Delivering on strategic plans.

The recruitment consultants surveyed stated that they had difficulty finding candidates proficient in German, Mandarin and Russian. It was highlighted by one agency that there was a surplus of candidates with marketing degrees, and that these candidates would often be placed in jobs which did not make use of their marketing qualification.

A review of salaries advertised by recruitment consultants for 130 sales and marketing positions in 2012 shows that starting and senior salaries were above the average for NI professional occupations. Recruitment consultants stated, however, that roles with a responsibility for exporting which involved large amounts of travel were not rewarded proportionately with regard to the effort and time associated.

### 11.2.3.2 Pupils/ Parents and Careers Advisors

Focus groups with students<sup>217</sup> demonstrated that they were unaware of career opportunities and potential career paths within sales and marketing. They and their parents had negative perceptions of careers in sales and marketing. Their perceptions were based on the roles being focused on cold calling and on salaries being commission based and below norm levels for professional jobs.

Our research found that there are qualification pathways for those following a career in marketing, but that none exist for those involved in sales. The need for sales qualifications was iterated by several stakeholders, including training organisations and professional bodies such as the Chartered Institute of Marketing and the Sales Institute of Ireland.

## 11.3 Supply-Side Analysis of Professional Sales and Strategic Export Marketing Provision in Northern Ireland

The review assessed the supply of sales and marketing courses and qualifications from FE, HE and the private sector.

### 11.3.1 Education Provision

The number of students emerging from the education system in Northern Ireland can be summarised as follows:

#### Secondary Education:

- At A-level, over the last three years, there were 3,533 individuals that gained an A\*-C grade in a language. This gives an average number of 1,178 per year;
- At GCSE level, over the last three years, 7,897 individuals gained an A\*-C grade in Business Studies, giving an average per year of 2,632;
- At A-level, over the last three years, 3371 individuals gained an A\*-C grade in Business Studies at A-level, giving an average per year of 1,124; and
- At GCSE level, over the last three years, 28,254 individuals gained an A\*-C grade in a language, giving an average per year of 9,418.

#### Further Education:

- On average, there were 10,102 enrolments per year over the last three years for Language, Literature, and Culture courses; and
- On average, there were 10,687 enrolments per year over the last three years for Business, Administration, and Law courses.

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<sup>217</sup> See Section 7.

**Higher Education:**

- There were 267 graduates on average per year from the University of Ulster with qualifications in languages, marketing and/or related subjects which could aid exporting in business
- In 2011/2012<sup>218</sup>, 119 individuals graduated from Queens University with qualifications in languages, marketing and/or related subjects which could aid exporting in business

Language development at secondary level and FE level has decreased over the past three years, whereas those undertaking languages at HE level has increased. The FE sector provides language training at Belfast Metropolitan College in Polish, Russian, Mandarin, Japanese, Portuguese, Spanish, French and German. The HE sector provides language training in Spanish, French German and Portuguese.

The analysis of FE and HE sales and marketing education provision has shown that there are 10 marketing courses ranging from QCF<sup>219</sup> level 4 to post-graduate level (QCF levels 7 and 8). There are, however fewer accredited sales courses leading to qualifications, with 4 sales courses available from the Chartered Institute of Marketing delivered through Belfast Metropolitan College leading to up to QCF level 7 qualifications<sup>220</sup>.

**11.3.2 Supply of Workforce Development Programmes**

There are a range of workforce development programmes, involving one-to-one courses, mentoring, seminars and workshops in sales, business development, marketing, and export skills.

Funding is available from DEL and Invest NI to support the some of the costs involved with these programmes. Invest NI also offers to offset part of the costs of employing an export manager through the Key Worker Grant

There are specific programmes geared to helping businesses focus on exporting to specific markets such as Going Dutch, Going South Africa and GoCanada, however no programmes specifically tailored for BRIC and Middle-East markets are currently available.

Companies can also avail of workshops, mentoring and consultancy services through council funded programmes geared at supporting local SMEs preparing to export or increase exports to specific markets.

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<sup>218</sup> Data was provided for only one year from Queen's University Belfast.

<sup>219</sup> Qualifications and Credit Framework

<sup>220</sup> These are detailed in Appendix 7

The analysis of existing sales/marketing support programmes available from bodies including local government, Invest NI and DEL<sup>221</sup> demonstrates that companies are not availing of all the training and development support available. Supply-side information<sup>222</sup> demonstrated that there was a lack of uptake in programmes aimed at upskilling existing sales and marketing professionals.

Companies reported that their awareness of many of the existing supports aimed at helping companies to export or up-skill was particularly low,<sup>223</sup> particularly with specific supports such as Going Dutch<sup>224</sup>. The availability of support for trade missions and trade exhibitions was more widely known, but in both cases almost half of the companies which responded were unaware that this support was available. The awareness of programmes aimed at supporting skills development in sales and marketing was also particularly low.<sup>225</sup>

Analysis of the support provided through BITP<sup>226</sup> shows that companies are not using this assistance to develop in house staff in sales, marketing, language or cultural awareness. The reasons for this lack of uptake are unclear, but findings from the company surveys and consultations suggest that this is not due to a lack of need for assistance, but that there is a lack of awareness regarding the training / development solutions on sales and marketing.

There are a number of programmes available to provide graduates with language and cultural skills and experience, however only a small number of graduates use these programmes. They also are not focused on helping companies export.

For pre-employment development programmes, the number of graduates being developed annually as a % of the NI annual graduate population is small. If the number of students and graduates completing the programmes is combined, approximately 250 per year will avail of these programmes; less than 3% of the total graduating population (approximately 12,000 graduated with an undergraduate degree in 2011/12.<sup>227</sup>)

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<sup>221</sup> See Section 7.

<sup>222</sup> See Section 7 and Section 10.2.

<sup>223</sup> See Section 5.3.4.3

<sup>224</sup> Only 12.5% of respondents had heard of the Going Dutch Programme

<sup>225</sup> 42% of respondents had heard of the Acumen programme, and less than 20 had heard of Elevate.

<sup>226</sup> Now developed into the Skills Growth Programme and the Skills Accelerator Grant

<sup>227</sup> Source: DETI/NISRA higher education statistics 2012

## 11.4 Gap Analysis

An analysis of current trends in exporting<sup>228</sup>, along with the responses to the surveys<sup>229</sup> shows that the most important languages (excluding English) needed by companies exporting or expecting to export are: Arabic, Spanish, Russian, Hindi, Malay, Mandarin, Cantonese, Korean, Kurdish and Portuguese.

The supply of language skills in Arabic, Hindi, Malay, Korean and Kurdish and associated cultural awareness skills is lacking in Northern Ireland, at second level education and FE<sup>230</sup> through to HE<sup>231</sup> level<sup>232</sup>.

Analysis of the data within the Working Futures model<sup>233</sup> demonstrates that under a medium demand scenario<sup>234</sup> without additional intervention there would be a likely demand for up to 270 graduates to fill entry-level export sales and marketing positions per year. The demand for experienced resources (i.e. middle management and director) was demonstrated as being between 170 and 250 people needed per year without intervention.

The Working Futures projections demonstrated that the demand for resources to 2020 would be significantly influenced by macroeconomic factors such as inflation and corporate tax rate<sup>235</sup>. The level of demand is therefore presented as a range, reflecting a lower demand for a pessimistic outlook, and a high demand for an optimistic outlook. For graduate resources, this demand was demonstrated to range from 100 to 410 additional resources per year. For experienced mid-level and senior managers, between 90 and 390 resources are likely to be required per annum.

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<sup>228</sup> See Section 9.3.

<sup>229</sup> See Section 5.

<sup>230</sup> FE through BMC provides Polish, Russian, Mandarin, Japanese, Portuguese, Spanish, French and German.

<sup>231</sup> HE provides Spanish, French, German and Portuguese.

<sup>232</sup> See Sections 8.4, 8.5, and 0.

<sup>233</sup> See Section 9.4.2.

<sup>234</sup> See Section 9.4.5.

<sup>235</sup> The level of demand is likely to be influenced by the extent of public sector intervention and macroeconomic factors. Three scenarios for variance in macroeconomic conditions were presented in Section 9.4.5. An example of one factor considered is the potential for a lower corporate tax environment in Northern Ireland as a result of devolution. Under a lower corporate tax scenario, it was projected that an increase in demand of 4.9% could be expected. The baseline figures for the "business as usual" scenario were calculated using the 2010 Working Futures data for expected economic growth, inflation, interest rates and demographics.

Comparing the supply of higher education graduates (approximately 380 per year) with the demand from the quantitative Working Futures section (approximately 270<sup>236</sup> per year), approximately 70% of students graduating in subjects related to sales, marketing and languages/cultural awareness would need to enter exporting occupations to satisfy this demand. This is particularly unrealistic, although if the supply of further education graduates<sup>237</sup> was to be considered as well, the proportions needed to satisfy the expected demand would be much lower.

## 11.5 Recommendations

**Recommendation 1: We recommend that the existing group<sup>238</sup> continues to operate in order to oversee the implementation of the recommendations and in particular to provide the link to industry/ business which is so important to the success of the recommended initiatives.**

Industry/ business leadership and ownership of the need to invest in sales/ marketing training and development is essential to developing the capability within companies to generate the export performance needed from companies to contribute to economic growth.

**Recommendation 2: Raise the Profile/ Attractiveness of a Career in Sales and Marketing.**

We recommend that industry is encouraged to work with Sector Skills Councils, FE, HE and Schools to develop a plan of action as to how sales and marketing careers are promoted within their sectors, as an attractive career option to students. Consideration could be given to young apprentice type events in schools and work placements to increase awareness of sales and marketing career opportunities<sup>239</sup>.

We recommend that DEL Careers Service with other stakeholders such as the Chartered Institute of Marketing and Sales Institute of Ireland should showcase careers to young people to demonstrate the opportunities that exist. Measures should be undertaken to raise the awareness of:

- Remuneration;
- Career pathways;
- Associated skills and qualifications;
- Potential employers;
- Travel opportunities; and
- Employment Prospects.

<sup>236</sup> Under a “business as usual” scenario without additional intervention.

<sup>237</sup> See Section 0.

<sup>238</sup> The existing group was headed by Noel Brady and included representatives from the Institute of Sales, Chartered Institute of Marketing; the Training Sector and the Business Sector.

<sup>239</sup> Recommended by careers teachers as the most effective way in engaging with young people.

Industry role models should be encouraged to visit schools and to promote the sales and marketing careers that exist for students.

### **Recommendation 3: Sales and Marketing- Skills Audit for Invest NI clients**

We recommend that a sales/ marketing skills audit tool is developed and used by Invest NI Client Executives with client companies to support the identification of training/ development needs against export marketing and sales competencies<sup>240</sup>. Invest NI should focus this resource on those clients within the priority sectors that have the potential to export or export further. This tool should include an assessment of the opportunity for digital marketing<sup>241</sup> for each company, and the resultant skills required.

The assessment tool should set out the competencies required to deliver on both operational and strategic sales/ marketing roles needed to support exporting. The tool should be used by relevant managers or in house training managers to complete these assessments. The assessment tool would indicate strengths and areas for development. Results from the tool could be used to identify which of the other Invest NI and DEL supports are most relevant for the companies.

### **Recommendation 4: Graduate Sales and Marketing – Export Development Programme for Priority Sectors**

We recommend that a government funded Graduate Sales and Marketing programme to help companies export, is devised which will provide the training to graduates in export sales and marketing and subvent the cost to companies moving into new markets. Numbers supported through the programme should be up to 270 per annum.

The evidence has demonstrated that companies seeking to move into new export markets have a need for cost effective resources to conduct market research and business development. However, the existing pool of graduate resource lacks experience in export markets which the companies see as essential.

There is a need for the public sector to support the development of the existing pool of graduate resources to equip them with the skills needed to complete research, develop plans and create opportunities for companies in export markets.

Graduate training and development should have an emphasis on the following areas:

- Creating strategic sales and marketing plans;
- Preparing operational plans with regard to:
  - *Market Entry and Market Growth;*
  - *Channel Development and Sales Strategy;*
  - *Promotion, digital/on line actions for each export market;*

<sup>240</sup> Reference CIM sales/ marketing skills diagnostics as an example of what a tool could look like.

<sup>241</sup> Surveys highlighted digital marketing as a key area for development, regardless of which export market.

- *Digital Marketing;*
- Delivering on operational plans;
- Creating strategic sales plans;
- Sales and pipeline forecasting;
- Customer Relationship Management;
- Closing sales skills.

Language and cultural awareness training should be provided as relevant to the export markets. Government funding should be used to subvent the cost of the programme (training and graduate salary) to the companies involved. The focus should be on the priority sectors by the NI Executive to ensure that the maximum benefit/ impact can be derived from the support.

**Recommendation 5: Building the Sales and Marketing Function in companies operating in priority sectors.**

**5a: Build awareness at Owner Manager/ Board level of how to assess Sales/ Marketing competence**

We recommend that Invest NI build awareness at Board/ Owner Manager level in client companies of the skills/ competencies required regarding professional sales and marketing.

**5b: Develop existing Sales and Marketing Managers**

We recommend that Invest NI encourage existing clients to assess the need to develop their sales and marketing staff and to provide accredited sales/ marketing programmes in order to build the competence of existing employees in these areas.

**5c: Internationalisation of Existing Managers in Priority Sectors**

We recommend that an Internationalisation Programme is devised for sales/ marketing managers already employed and who are working in export markets or who plan to work in export markets (particularly BRIC and Middle East). This programme should be for at least 50- 100<sup>242</sup> managers per annum.

An Internationalisation Programme should be devised to equip managers with the skills and expertise needed to devise and implement both strategic and tactical sales and marketing plans in export markets whilst developing their knowledge and experience of the language/culture. The programme should be a mix of:

- Workshops to work through individual company export projects;
- Training in language and culture;

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<sup>242</sup> We recognise that Working Futures predicts that between 170-250 managers are needed per annum; however we have assumed that 75% of these are felt to be competent, in line with survey results and we recognise it will be difficult for companies to release these staff for this development which will reduce numbers coming forward for development.

- Mentoring by an experienced exporter in the market place to support the development of networks/ identification of business partner; and
- Time spent in the market to identify and meet local partners/ potential customers.

#### **Recommendation 6: Match ‘Associates’<sup>243</sup> from Non EU/ Non English Export Markets with NI Export Companies**

We recommend that a pool of experienced sector specific exporters based in the export markets<sup>244</sup> is identified to work as associates to NI companies<sup>245</sup> (that are unable to release a manager to go on the internationalisation programme) seeking to enter or expand in the non EU/ non English speaking export markets.

This service should only be available to companies intending to export to BRIC, Asia or the Middle East for the first time. The resource is needed to help companies understand the culture and develop the relationships and networks they need to break into these markets.

Invest NI should provide a matching service for NI companies and use existing Export Assistance to help with part payment of the costs.

#### **Recommendation 7: Encourage and Support the Introduction of Language Management/Communication Strategies for Exporting Companies**

We recommend that Invest NI encourage client companies to include Language Management/ Communication strategies in their company training plans, using the measures detailed in the PIMLICO study<sup>246</sup>.

The Invest NI Skills Accelerator Grant and Skills Growth Programmes provide the funding mechanism to support companies who wish to invest in language and cultural awareness development of their employees.

#### **Recommendation 8: Increase the supply of students studying Foreign Language Skills**

We recommend that schools implement the recommendations as set out in the DE strategy ‘Languages for the Future’ and increase the number of students leaving school able to speak 2 or more languages. The focus should be on the following languages: Arabic, Spanish, Russian, Hindi, Malay, Mandarin, Cantonese, Korean, Kurdish and Portuguese.

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<sup>243</sup> Associates here means experienced exporters working in foreign markets willing to work on a contract basis to deliver a number of outputs for the NI companies- such support to devise an export strategy; identification of business networks/ partners relevant to the strategy; identification of 5-10 potential customers.

<sup>244</sup> BRIC, Middle East and Asia.

<sup>245</sup> Excludes those companies with managers on the Internationalisation Programme

<sup>246</sup> Report on Language Management Strategies and Best Practice in European SMEs: The PIMLICO report EU Commission 2011.

With the exception of Spanish, the supply of these language skills is lower than the projected demand<sup>247</sup> for Northern Ireland. There is a need to build the pipeline of resource from second level education through to Higher Education level<sup>248</sup>.

**Recommendation 9: Improve Awareness of Existing Support Mechanisms for Workforce Development**

Invest NI, DEL and Councils should promote the range of programmes available to support the upskilling of employees in sales, marketing, language and culture. This should be actioned on a market basis, with case studies prepared setting out the process managers should undertake when planning to enter a new market and how part of that process involves assessing the training/ development needs of their staff and providing the support needed to ensure they are competent in the sales and marketing roles required.

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<sup>247</sup> Markets where these languages are prominent were amongst the most frequently cited by companies as target markets for expansion over the next three years. See Section 9.3.2 Entry level and language skills demand.

<sup>248</sup> See Sections 8.4 Secondary Education as relevant to careers in Sales/ Marketing and Exporting, 8.5 Apprenticeships, 8.6 Further Education Colleges and 8.7

Higher Education Institutions.