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Laurel Delaney's

Global Trade Trends Report 2019

January 9, 2019

What to expect

The unexpected on
photos in this presentation.

Quotations between thoughts.

Ideas to think on later.

Here's what trends we'll cover

- ❖ Trade Agreements+Tariffs
- ❖ Logistics
- ❖ Bitcoin
- ❖ Cannabis
- ❖ Web translation
- ❖ Tech+design
- ❖ Artificial Intelligence
- ❖ Social Media
- ❖ Payments





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Trade agreements

Less growth, more uncertainty. Hard to think long term.

Trade, what's at stake

- ❖ U.S. steel tariffs, the conflict with China, threats of tariffs on imported cars, retaliation from U.S. trade partners and uncertainty about the future of the new USCMA.
- ❖ Rising prices on imported components hit by tariffs, uncertainly about how to manage the global supply chain that binds to other countries and disruptions in export markets.

Trade war?

- ❖ Tariffs have been levied on everything from washing machines to solar panels to aluminum — triggering widespread retaliatory tariffs.
- ❖ SMEs as a result will drag their feet until they know where the rules of the game will end up.

Trade Agreements

- ❖ NAFTA has a new name: USMCA=U.S. Mexico Canada Agreement. NAFTA was managed trade, not free trade, so the new agreement includes provisions that mandate even more government management. It includes more bureaucracy, higher costs and more mandates than what it replaces, but at least it is something, rather than nothing.

Trade Agreements

- ❖ USMCA: The good, the bad, and the ugly for SMEs — <https://wwcapitalmanagement.com/usmca-affects-small-businesses-good-bad/>
- ❖ Trans-Pacific Partnership — has been withdrawn (<https://ustr.gov/trade-agreements/free-trade-agreements/trans-pacific-partnership>)

For a look at all agreements: <https://ustr.gov/trade-agreements/free-trade-agreements>

“Free trade is a wonderful way to realize the well-being of people worldwide.”

–Laurel Delaney, Founder, GlobeTrade and President, wegg®



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Tariffs

Ain't no fun.

Tariffs

- ❖ Small businesses are particularly vulnerable to tariffs because they lack the financial resources larger companies have to absorb higher costs. Large companies can move production overseas — as Harley-Davidson recently announced what it would do to escape 25 percent retaliatory tariffs in Europe.

“I think the difficult times often produce the drive that makes us successful in our contributions to society, to our family, to our community later in life.”

– *Tony Robbins, owner of dozens of companies in combined value of more than \$6 billion*



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Logistics

Shop around. Plan accordingly.

Logistics: *An ecosystem in transit(ion)*

- ❖ Consolidation will continue.
- ❖ Fuel prices to rise.
- ❖ Alliances will prevail.
- ❖ Retail and shipping options (e.g., order online and pickup at store).
- ❖ The year of self-driving trucks? Don't laugh.
- ❖ Container line oversupply.
- ❖ AI — look at how it is used to analyze data and exploit opportunities.
- ❖ Trade agreements.

Logistics

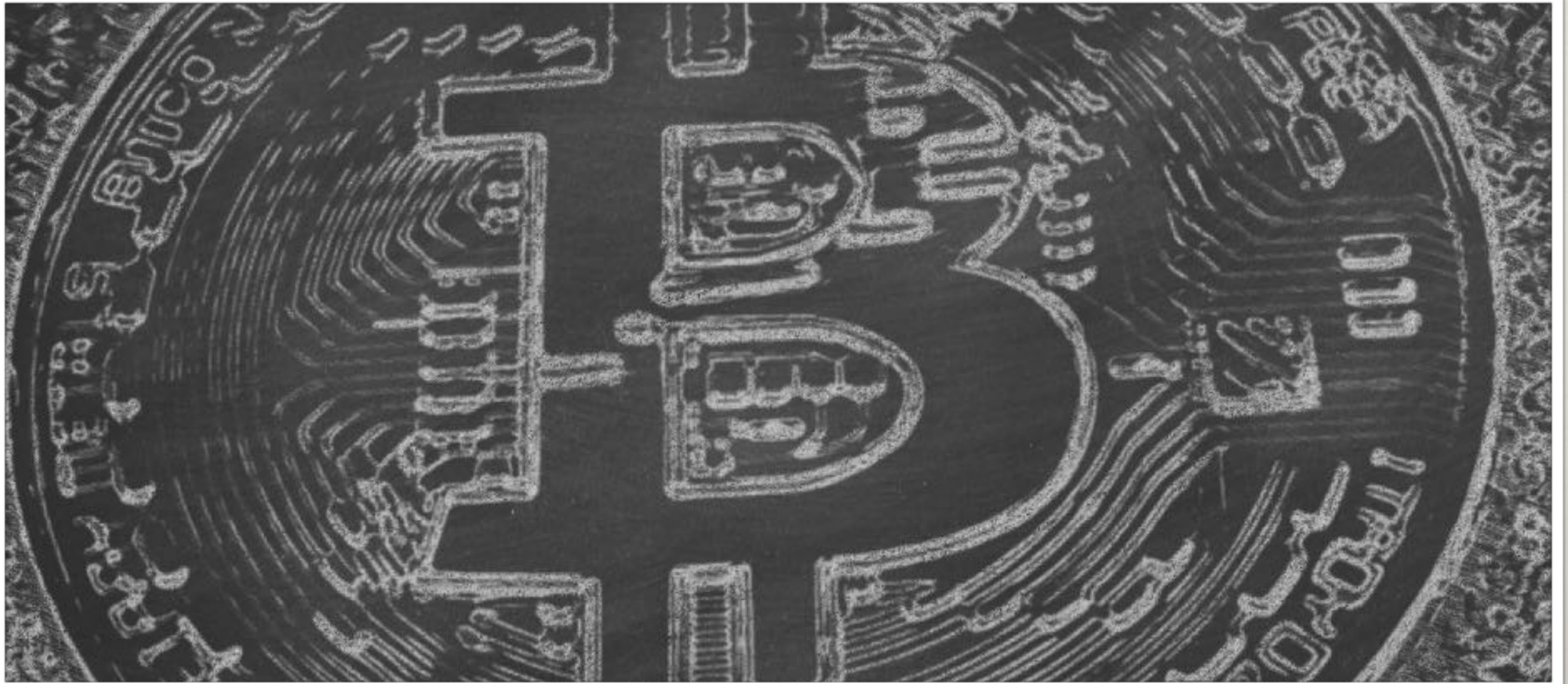
- ❖ The Future of Freight by Deloitte (2017): <https://www2.deloitte.com/insights/us/en/focus/future-of-mobility/future-of-freight-simplifying-last-mile-logistics.html>
- ❖ Biggest finding: Consumers' expectations for shipping are rising. *Fast shipping is the only way to go.*

Logistics+Supply Chain

- ❖ Taking a Look Into Supply Chain's Crystal Ball (<https://www.eft.com/content/taking-look-supply-chains-crystal-ball>) E.g., driverless cars big trend in 2019.

“It is our job as an industry to create an Amazon-like experience ourselves first.”

–Zvi Schreiber, CEO at Freightos and serial entrepreneur



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Blockchain/Bitcoin

The cryptocurrency that never was.

Bitcoin then, and now

- ❖ Scores of startups were convinced that new concepts for digital currencies would disrupt traditional industries.
- ❖ Now: Bitcoin has lost over half its value so far in 2018, dealing a major blow to the cryptocurrency craze.

“Blockchain must improve our lives. It must do something which is better than what was done before. And to be fair, blockchain hasn’t fundamentally done that yet.”

– Jehan Chu, co-founder and managing partner at Kenetic

Blockchain/Bitcoin Benefits

- ❖ Trade with the same currency no matter where you are in the world.
- ❖ No more long waiting times.
- ❖ Don't worry about failed payments.
- ❖ No transaction fee.
- ❖ Your business will have a secured record of all transactions.

Bitcoin

- ❖ Bitcoin may not be 100% there yet but as the technology continues to stabilize, many experts are sure that Bitcoin will find its way onto the world stage. It's only a matter of time before Bitcoin takes over the world.



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Cannabis

The buzz words of the new cannabis culture are:
wellness, healing and even
beauty = BIG bucks.

Cannabis

- ❖ There will be a ton of companies jumping on the cannabis band wagon — importing and exporting it!
- ❖ With an increasing number of U.S. states legalizing weed for recreational use, legal marijuana is expected to swell to more than \$23 billion by 2022.

Cannabis: examples

- ❖ Weed-laced coffee.
- ❖ Capsules to start your day.
- ❖ Luxury pipes and smoking accessories.
- ❖ Subscription boxes catering to the stoner set.



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Web translations

Stay on the cutting edge of translation.

Translation industry

- ❖ Video translation.
- ❖ Post editing machines translation.
- ❖ Voice search / SEO translation.
- ❖ Cannabis company translation.

“In uncertain times, businesses must let go of old approaches in order to direct resources into new opportunities for growth.”

– *Rita McGrath, Columbia Business School professor and author, and Ian MacMillan, Wharton professor and author*



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Tech+design rule

We are all now, or should be,
running tech and design
companies.

“But now we’ve entered a period of upheaval, driven by connectivity, artificial intelligence and automation. The changes affect the world of business so profoundly that every company is now a tech [and design] company.”

– *Christopher Mims, tech report for the WSJ (12/4/18)*

Tech+design

- ❖ Companies that are going places are being started by tech-proficient and design-oriented founders and co-founders.
- ❖ Are you running a non-tech-savvy company, working at a non-tech-savvy company or one that doesn't appreciate good design? Get out or hire the talent!

Tech+design

❖ A first step toward **great design**?

Source: The Business Value of Great Design: <https://www.mckinsey.com/business-functions/mckinsey-design/our-insights/the-business-value-of-design> (McKinsey & Co.)

Tech+design

- ❖ Adopt an analytical approach to design by measuring and leading your company's performance in this area with the same rigor the company devotes to revenues and costs.
- ❖ Put the user experience front and center in the company's culture.
- ❖ Nurture your top design people.
- ❖ Iterate, test, and learn rapidly, incorporating user insights.

Source: The Business Value of Great Design: <https://www.mckinsey.com/business-functions/mckinsey-design/our-insights/the-business-value-of-design> (McKinsey & Co.)

Example of the tech route

- ❖ Walmart facing Amazon. Do they hire tech talent, acquire a company or go the route of Sears ... into bankruptcy court? In Walmart's case, it acquired jet.com for \$3.3 billion. Yes, big can get bigger and more competitive. But the small, can outmaneuver and outcompete the big players ...

“There is an existential threat to Fortune 500 companies before the end of this decade. You can actually see companies that are less than 10 years old knocking off and surpassing companies which have been around for 100 years.”

– *Mr. O’Sullivan, an angel investor*

How tech+good design is done

- ❖ Harness the power of a website, constantly refreshing it to meet the needs of your audience.
- ❖ Find new and unique ways to connect, interact and engage with customers online.
- ❖ Plan ahead and be open about new ways to reach your audience.
- ❖ Adapt yourselves to stay ahead of your competition.



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Artificial Intelligence

It's in the palm of your hand.

Artificial Intelligence

- ❖ The A.I.-photography symbiosis is trending across all smartphones, with the biggest advances coming in software. Group shots will never look bad again because machine-learning has been trained on by more than 100-million faces.

Artificial Intelligence

- ❖ Turing (<https://www.turing.io/>) creates what is considered the workplace of tomorrow using AI, automation and design thinking to make working with remote engineers as productive and fun as working with someone in the same room as you.

Artificial Intelligence

- ❖ Machines learning, deep learning ...will become another consistent thread in the tapestry of our lives, just like the internet and electricity in the old days.

AI examples

- ❖ Siri, Alexa and Google Assistance.
- ❖ Search Google, shop at Amazon or watch Netflix — AI-driven predictions are at work to make the experience flow.

Good reads on AI

- ❖ An Executive's Guide to AI: <https://www.mckinsey.com/business-functions/mckinsey-analytics/our-insights/an-executives-guide-to-ai>
- ❖ Five Standards for Responsible AI Use: <https://www.strategy-business.com/blog/Five-Standards-for-Responsible-AI-Use>
- ❖ Why Companies That Wait to Adopt AI May Never Catch Up: <https://hbr.org/2018/12/why-companies-that-wait-to-adopt-ai-may-never-catch-up>

“Research suggests that using AI to innovate will have a positive impact on employment.”

– *Jacques Bughin, McKinsey Global Institute Director and Senior Partner
(Brussels)*



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Social Media

The awkward stage.

Social Media

- ❖ You'll see more decentralization of social media and more use of apps (e.g., Moment and Calm) that aren't social media.
- ❖ You'll see a big fuss about having control over privacy and how we control information that is shared on a day to day basis. Watch your devices and who has access to them. That includes banking.



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Payments

A million choices. Just remember to get paid — no ands, ifs, or butts.

Payments+financing

- ❖ PayPal, Square, Venmo, Skrill, Apple Pay, Google Wallet — which will it be?
- ❖ If you need financing, consult with your banker on SBA's Export Working Capital or SBA's Export Express; and also look into STEP funds.
- ❖ With the digitization of payments, small business customers of banks are demanding a strong customer experience. The top trends in the payments industry all have **customer experience** as the biggest driver for payments.

Payments+financing

- ❖ Real-time access to your cashflow and liquidity positions are important right now — a capability that open banking can provide. The right open banking solutions can give SMBs an aggregated view of their accounts across multiple banks which translates into a real benefit in terms of better business understanding and cash-flow management.

Payments (complicated)

Does Apple pay have foreign transaction fees? ✓

Can Apple pay cash be used internationally? ✓

Can I transfer money internationally? ✓

What is the cheapest way to send money internationally? ✓

What is the best way to transfer money internationally? ✓

How do I transfer money internationally? ✓

Are Android Pay and Google pay the same? ✓

Is Google Pay secure? ✓

Can I use Google pay at Walmart? ✓

Can you send Apple pay internationally? ✓

Can you use Apple pay in a different country? ✓

Can you use Apple pay to send money internationally? ✓

Is there a limit on Google pay? ✓

Does cash APP have a fee? ✓

Does venmo charge a fee? ✓



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What else?

Powering the best companies
— whether big or small.

What else? 5 things.

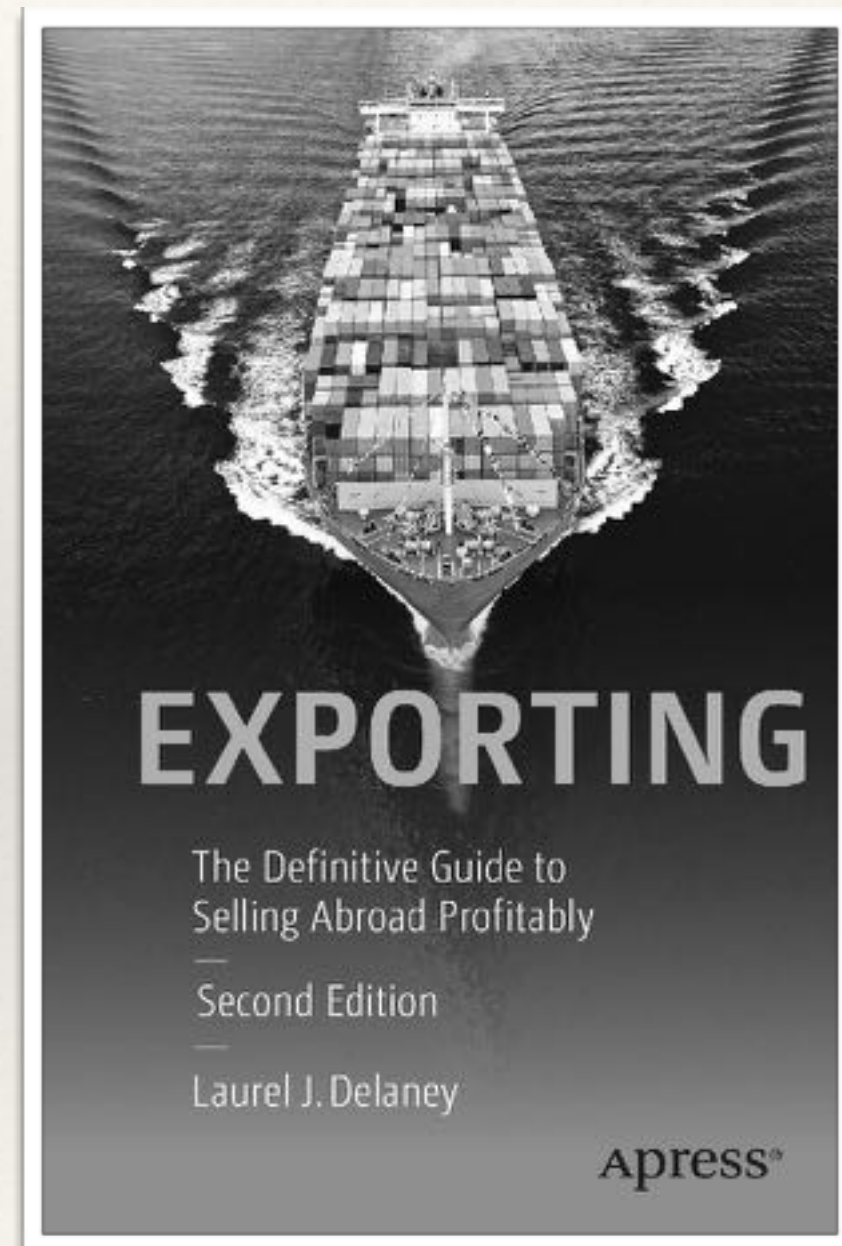
- ❖ Innovation.
- ❖ Financial strength.
- ❖ Social responsibility.
- ❖ Employee engagement.
- ❖ Customer satisfaction.

Oops, 5 more

- ❖ Rethink your value chain (maybe even localize it).
- ❖ Keep costs in check (especially with unknown tariffs).
- ❖ Recalibrate your business model.
- ❖ Take a stand.
- ❖ Satisfy consumer's "*I want it now*" mentality.

The *only* book on exporting

- ❖ Considered the bible on exporting. Endorsed by *Good to Great* author Jim Collins.



“Think long term but show results short term.
Emphasize constant action.”

–Laurel Delaney, Founder, GlobeTrade and President, wegg®

Next steps

Go through this presentation again.

Think on the ideas.

Plan accordingly —
pivot or position for success.

One other little suggestion:

Be more like Amazon.

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Starting Up and Taking a Personal Care Product Global

Jacqueline Smith, CEO,
Kiesque