

EXPORT FAQs—Short Answers to Good Questions

Why consider exporting?

Exporting

- Creates new customers, leading to more sales and profits.
- Reduces dependence on the domestic market or any one market in times of recession or reduced demand.
- Smooths production swings and seasonal cycles.
- Permits purchases in larger quantities to obtain quantity discounts.
- Exposes your company and products to world competition--making you more aware of pricing, packaging, design and technology to help sustain your company and your domestic market share.

How do I start?

There is no right answer or one way to start exporting.

Consider:

- 1.) What are your competitive edges and key selling points in your most profitable markets?
- 2.) Who are your best customers?
- 3.) What are your competitors doing in overseas markets?
- 4.) What trade shows do you attend or could you attend domestically or overseas that attract foreign prospects?
- 5.) Reading the International Trade Guide as background information at--

<http://www.kutztownsbdc.org/eLearningCourses/InternationalTradeGuide/INTERNATIONALTRADEGUIDE.pdf>

Write the results of your internal research in a few pages and discuss with key management, marketing and finance employees. For assistance for companies in South-central Pennsylvania, contact:

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SBDCs in other US locations along with other service providers may provide free, confidential business consulting to help you enter overseas markets.

What does it cost to start exporting?

Exporting requires time and money as in any new business initiative. Research, entry strategies, marketing plans and perhaps market entry strategies take time away from other activities, especially challenging in a small business. Allocating time and assigning responsibilities for specific export activities are effective ways to integrate overseas sales into a company's sales strategy. Over time budgeting may be required to modify the website, translate marketing materials, attend trade shows or meet prospects overseas.

How do I choose an overseas market?

While there is not one single overseas market for all potential exporters to try, there are 2 approaches to consider in examining a new market: an existing market or a new market. There are benefits and costs to each choice. In mature markets, your product already has a degree of market acceptance so sales may progress more rapidly. The downside is, of course, that there is already competition with defined prices and the likelihood that your market share will be divided with competitors.

Entering a new market usually takes more time and money, requiring conforming to overseas standards, language, and packaging & product changes. However, you may have a higher profit margin and perhaps no immediate competition. For information on already established markets by industry and product go to: <http://www.citd.org/booklets/index.cfm> For information on creating your own market, check <http://howtoexportmore.com/77/exporting-101-trade-data/>

Many companies look to Canada as a first overseas market because of the NAFTA free trade agreement, proximity to the US and similar tastes and standard of living. However each company should decide which market(s)

to enter on a case-by-case basis. Authorized Pennsylvania Trade Representatives in major overseas markets and a trade grant program are useful to exporters in Pennsylvania to target qualified overseas buyers.

What changes do I have to make to my product?

This depends on the country and the standards/certifications required to sell in that country. A good reference point to check specifications by country and product is: <http://www.buyusa.gov/home/>

How am I getting paid?

Export insurance and established international payment techniques should give a business reasonable assurance of timely and full payment. Your commercial bank can help you with payment mechanisms and access to the US Export Import Bank and US Small Business Administration export programs for export working capital, export insurance and financing. Remember there is a cost to all such programs as well as time to understand and to apply for them.

There are 4 common methods for international payment: cash in advance, letters of credit, documentary collections, and open account. The website below briefly describes each method and its usage.

http://www.ita.doc.gov/media/Publications/abstract/trade_finance_guide2008desc.html

How do I deliver products to an overseas buyer?

Using a freight forwarder is typically the easiest way to arrange for goods to be delivered to an overseas buyer, either by air or ocean delivery. Freight forwarders offer shipping quotations, reserve cargo space, handle documentation, arrange inland transportation and provide marine insurance.

What documents do I need?

The most common documents an exporter needs are the Shipper's Export Declaration, the Bill of Lading, Commercial Invoice, Packing List, Certificate of Origin. There may be additional documents required, such as an export license, depending on your product and its final destination.

A description of each of these documents (and many others) is found at: http://www.export.gov/logistics/eg_main_018121.asp