

THE RIDDLE OF THE EXPORTER



INTERNATIONAL LAUNCH PLAN TM

AN 8 STEP PROCESS TO
CONQUER THE WORLD OF EXPORTING

e.e. eriksson
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Congratulations!

If you are reading this workbook, you have already recognized the importance of global trade to the future of your business. Exporting is complex but not impossible. Best of all, exporting when done correctly can be very profitable.

The Riddle of the Exporter International Launch Plan™ workbook is a practical guide to exporting. Having spent 20 years in manufacturing, I wrote this workbook from the point of view of an entrepreneur rather than the government point of view. When finished, you will have the basics for an international business plan, giving you a roadmap for your product's first venture into exporting.

This workbook presents a repeatable eight-step process. It is intended to be used in conjunction with the Riddle of the Exporter™ training or as a stand-alone reference guide. Although, it must be taught sequentially, nothing about exporting follows a set order. For instance in order to determine your Landed Costs (Step #3: Market Entry) you must engage the services of a freight forwarder (Step #6: Transportation). For this reason it is best to go through the entire eight steps before you begin the worksheets for each step.

Exporting is exciting for many reasons; it can be profitable, creates jobs and contributes to a vibrant economy. It's time to "Get Excited About Exporting!"™

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For more information about The Riddle of the Exporter™ Training visit us at www.riddleoftheexporter.com or contact Elyse Eriksson at elyse@exportconnector.com or elyseeriksson@gmail.com



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The Riddle of the Exporter 8 Step Process™

Step #1: Getting Started

Step #2: Market Research

Step #3: Market Entry

Step #4: Legal

Step #5: Regulatory Compliance

Step #6: Transportation

Step #7: Payments/Finance

Step #8: Cultural

Glossary of Acronyms and Terms



Note: Look for this symbol for terms and acronyms used in each step.

3PL – Third Party Logistics	ICP - International Company Profile
ACE - Automated Commercial Environment	IP - Intellectual Property
AES - Automated Export System	IPS - International Partner Search
ATA Carnet - Admission Temporaire/Temporary Admission	ISPM-15 (fumigation seal for wood pallets & crates)
B/L – Bill of Lading	ITA – International Trade Administration
BIS – Bureau of Industry and Security	ITAR – International Traffic in Arms Regulations
BNA - Bureau of National Affairs	ITN - Internal Transaction Number
CBP - U.S. Customs & Border Protection	LC – Letter of Credit
CCC - China Compulsory Certification	LCL - Less than Container Load (see FCL)
CCC - Commerce Country Chart	MRA - Mutually Recognized Agreement
CCG - Country Commercial Guide	NAFTA - North American Free Trade Agreement
CCL – Commerce Control List	NAICS - North American Industry Classification System
CE - Conformité Européenne	NEI - National Export Initiative
CFR - Code of Federal Regulations	NLR - No License Required
COO – Certificate of Origin	OEE - Office of Export Enforcement
DC – Documentary Collections	OFAC - Office of Foreign Asset Control
DDTC - Directorate of Defense Trade Controls	PCT - Patent Cooperation Treaty
DOC – Department of Commerce	PGA - Partner Government Agencies
EAA – Export Administration Act	POA - Power of Attorney
EAR - Export Administration Regulations	Qualitative Research - research beyond the numbers
ECCN - Export Control Classification Number	Quantitative Research - numbers research
EEI - Electronic Export Information	REACH - Registration, Evaluation, Authorization of Chemicals
ELAN – Export Legal Assistance Network	RoHS - Restriction of Hazardous Substances
EMC – Export Management Company	SBDC - Small Business Development Center
EPA - Environment Protection Agency	Schedule B #
ETC – Export Trading Company	SDN - Specially Designated Nationals
EWCP - Export Working Capital Program	SED – Shipper’s Export Declaration
EXIM Bank – Export-Import Bank of the U.S.	SGS - Société Générale de Surveillance
FAS - Foreign Agricultural Services	SLI - Shippers Letter of Instructions
FCC - Federal Communications Commission	SVHC - Substance of Very High Concern
FCL - Full Container Load (see LCL)	SWIFT - Society for Worldwide Interbank Financial Telecommunications
FCPA – Foreign Corrupt Practices Act	SWPM - Solid Wood Packaging Material
FITA - Federation of International Trade Associations	TEU/FEU - 20' or 40' equivalent container
FPPI - Foreign Principal Party in Interest (see USPPPI)	TSA-Transportation Security Administration
FTA – Free Trade Agreement	ULD - Unit Loading Device (air shipments)
FTR - Federal Trade Regulations	USEAC – U.S. Export Assistance Center = U.S. Commercial Services = export.gov
FTZ – Foreign Trade Zone	USCIB - U.S. Council for International Business
FX - Foreign Exchange	USITC - U.S. International Trade Commission
GATT – General Agreement on Tariffs and Trade	USPPI - U.S. Principal Party of Interest (see FPPI)
General Averaging - Maritime Law	USTDA – U.S. Trade and Development Agency
Gold Key Service (see USEAC)	USTR - U.S. Trade Representative
HTS – Harmonized Tariff Schedule (#)	WEEE - Waste of Electrical and Electronic Equipment Directive
ICC - International Chamber of Commerce	WIPO – World Intellectual Property Organization
ICE – U.S. Immigration and Customs Enforcement	WTC - World Trade Center

5 Things to Know Before You Go!



#1

Good news and bad news! There is no such thing as “The” international expert. It isn’t just about the information because the information can change quickly!! It is about the process and the ability to find the up-to-date information.

#2

EXPORT HERE = IMPORT THERE

Exporting is answering the question...

“What does it take to get my product out of the U.S. (export) and what does it take to get it into the other country (import).”



#3

Why are there so many names for the same thing and so many acronyms? It’s a government thing!



#4

Incoterms® are a worldwide program of acronyms of rules that describe the task, cost and risks involved in transferring the goods from the seller to the buyer. Incoterms® are important for more than shipping, they also come into play when quoting and pricing your job (see Appendix A).



Incoterms® 2010

by the International Chamber of Commerce (ICC)



No license required



An item that has potential military use will require a license



Nothing can be exported to the bad guys!

#5

Who can export? Every U.S. citizen or legal resident of the U.S. may export, and in many cases no license is required. **HOWEVER**, an export license may be required depending on what it is, where it is going, who it is going to and how it will be used.

Step #1: Getting Started

5 Ws of Getting Started



Why is this step important?
 To determine if exporting is a wise and profitable decision for your company?
 If yes, determine the best method to export.

What do you need to know? **What** do you need to do?
(see checklist)

- The key elements of export readiness to see if your company is a good fit
- Product assessment to determine if your product is marketable in foreign markets
- Personal and management commitment and assignment of duties
- Financial assessment to determine the financial commitments required
- How you want to export: directly or indirectly? Establish criteria for selection
- The government agencies that play a role in exporting
- For service exports, determine your market based on the products or market segments to be serviced
- Check with your accountant for any tax considerations or benefits such as IC-DISC (See Step #7)
- Do not forget that "Export Here = Import There"

Where do you go to find this information?

- www.export.gov/locations • <https://business.usa.gov>
- www.fas.usda.gov (Foreign Agricultural Services)
- <https://www.cia.gov/library/publications/resources/the-world-factbook/index.html>
- www.globaleedge.msu.edu (videos and country indices)
- <http://www.ey.com/GL/en/Services/Tax/Worldwide-Corporate-Tax-Guide---Country-list>
- <https://www.sba.gov/tools/local-assistance/sbdc> • <http://www.export-u2.com>

Who can help you?

- 1-800-USA-TRAD(e) for referral only
- USEAC _____
- SBDC _____
- WTC or local EDA/EDO (Economic Development Alliance/Office) _____
- State Office for Foreign Trade _____

When should you perform tasks?

Now!

- ▶ Export Readiness Assessment
- ▶ Product Assessment
- ▶ Financial Assessment
- ▶ Decide if you want to be a direct or indirect exporter?
- ▶ Assess production adaptation costs
- ▶ Make sure buyer is legit to avoid scams

NEXT

- ▶ Set up export team
- ▶ Search for distribution channels
- ▶ Start preparing for country adaptations and certifications
- ▶ Determine if product requires export license
- ▶ _____
- ▶ _____

Step 1 Glossary

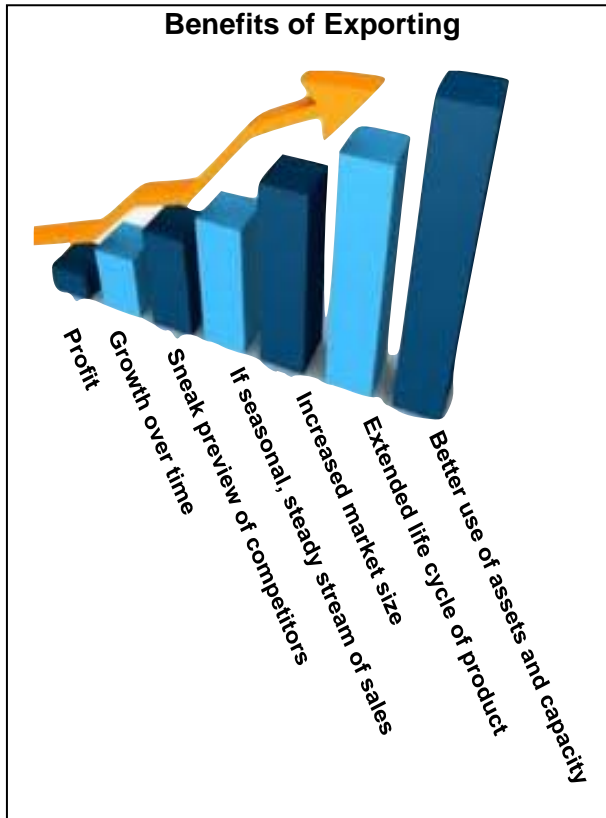
BIS
 CBP
 DDTC
 DOC
 EDA
 EMC
 ETC
 FAS
 HTS
 ICP

INCOTERMS®
 (see Appendix A)

ITAR
 NAICS
 NEI
 OFAC
 SBDC
 Schedule B
 USEAC
 WTC

For full listing see Glossary of Acronyms and Terms

Step #1 Basics



2 Types of Exporters

Accidental	Intentional
Request comes to you	You decide

2 Methods of Exporting

Direct

In house export department, find your own distributors, sales reps (more control, more up front expense)

Indirect

Export Management Company (EMC), Export Trading Company (ETC) (less control, less up front expense)

Necessary Elements to be Successful in Exporting

- Viable, valuable product
- Can be adapted to foreign specifications and markets
- Capability to meet increased demand
- Management commitment
- Financial commitment
- Willingness to learn and an open mind
- Patience
- Adventurous spirit

Government Agencies Involved in Exporting (see Appendix B for a list)

USEAC = U.S. Export Assistance Center = U.S. Commercial Services = export.gov = 1-800-USA-TRAD(e)

	U.S. State Department-Directorate of Defense Trade Controls (DDTC)-defense articles & services, ITAR
	Commerce Department-Bureau of Industry and Security (BIS)-"dual use" items, EAR
	Treasury Department-Office of Foreign Assets Control (OFAC) oversees embargo and sanction lists
	Department of Homeland Security- Customs and Border Protection (CBP) enforces all exports at U.S. borders.
	Bureau of Census-trade-statistics and the AES

What You Need To Do Checklist

- Take Export Readiness Test, see pg. 13
- Complete Export Readiness Assessment, see pg. 13
- Complete I-SWOT Product or Service Assessment, see pg. 14
- Decide how you will export, see pg. 14
- Create table to identify possible start up costs, see pg. 15
- Create management team listing, see pg. 15
- Cultural Communication affects every step of the eight-step process.
What cultural issues should you consider with this step?
(see Step #8 pg. 62)



Getting Started Notes



Additional Forms

Export Readiness Test

Questions	Low 1-3	Med 4-6	High 7-10
1. Are you prepared to devote additional time, effort and resources that will be required to become a successful exporter? If you are not the owner or the manager of the business, will the directors fully support you and recognize exporting as a legitimate activity and integral part of the company business plan?			
2. Are you able to identify unique features and qualities of your product and services that will enable you to exploit overseas market opportunities?			
3. Do you have sufficient financial strength and resources to develop overseas markets?			
4. Do you have the key players in your management team identified?			
5. Do you know if you want to export directly or indirectly?			
6. Does your business have a proven track record?			
7. Have you been contacted by international customers interested in your product? (Accidental Exporter)			
8. Are you interested in developing and expanding instead of servicing export markets? (Intentional Exporter)			
9. Can your products or services be modified to accommodate overseas market requirements if necessary?			
10. Have you researched the requirements to import into the country of interest?			
11. Do you have high quality promotional and marketing material?			
12. Do you have sufficient management skills and expertise to develop and service export markets? If not, could these be acquired?			
13. Do you have surplus capacity or the flexibility to expand production quickly if export orders are obtained?			
14. Do you have the willingness to pursue markets over a length of time?			
Total			

Export Readiness Assessment

Overall Score:	
Strong points:	
Weak points: Low score = Weak points = RED FLAG!	
Are there any deal breakers?	
Capability to correct weak points?	



International SWOT (I - SWOT) Product or Service Assessment

After considering the following topics for discussion, create an I-SWOT analysis for your product in relation to the prospective country of export.

- What need does your product fill in this foreign market?
- Does your product have universal appeal or is its appeal country specific?
- What is the ease or difficulty of product adaptability for this foreign market?
- What is the ease or difficulty of exporting to this country (See Step #2: Market Research)
- Who are your competitors? What unique selling proposition does your product offer in comparison to your competitors?

Product or Service Description _____

Strengths	Weaknesses
Opportunities	To Do

How Will You Export?

Direct Export		Indirect Export (EMC/ETC)	
Pros	Cons	Pros	Cons
Options		Options	

Note: You may also want to consider franchising or licensing.

Initial Investment Costs

See Step #3: Market Entry, Additional Costs to Consider for Each Job.

Description	Cost
<input type="checkbox"/> Website updates to include translations, conversion links*	
<input type="checkbox"/> Promotional materials	
<input type="checkbox"/> Additional personnel time for export market development	
<input type="checkbox"/> Market Research (free or fee based sites)	
<input type="checkbox"/> Training	
<input type="checkbox"/> Consultants	
<input type="checkbox"/> Legal	
<input type="checkbox"/> Travel	
<input type="checkbox"/> Trade shows	
<input type="checkbox"/> License fees if applicable	
<input type="checkbox"/> Testing and certification fees if applicable	
<input type="checkbox"/> Product modifications* <ul style="list-style-type: none"> • Labels (eg: metric measurements, languages) • Compliance (e.g. food standards, building code standards) • Electrical voltage • Local product specifications 	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	

* Very important for foreign markets!

Management Team

Job Title	Name
<input type="checkbox"/> Management Lead	
<input type="checkbox"/> Research Manager	
<input type="checkbox"/> Sales Manager	
<input type="checkbox"/> Logistics Manager	
<input type="checkbox"/> Compliance Manager	
<input type="checkbox"/> Accounting Manager	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	

Note: On-site training in The Riddle of the Exporter™ 8 step process for all departments is recommended. Contact Elyse Eriksson at elyse@exportconnector.com.