



South-West Texas Border
**Small Business
Development Center Network**

UTSA SBDC International Trade Center

The University of Texas at San Antonio SBDC International Trade Center

GO TEXAN COVID-19 RECOVERY AND GROWTH INITIATIVE

BASICS OF EXPORTING

February 24th, 2021



South-West Texas Border
**Small Business
Development Center Network**

The University of Texas at San Antonio

Housekeeping

Question & Answers



SBDC SERVICES FOR GO TEXAN COMPANIES

GO TEXAN companies can receive one-on-one and customized business advising, market research and training services provided by skilled Small Business Development Center (SBDC) advisors. All SBDC services are focused on helping GO TEXAN companies create results including:

- Helping Go Texan companies adjust their post-pandemic business model
- Locating new buyers and developing new marketing strategies that will grow sales
- Accessing much needed capital in order to survive and grow from COVID-19
- Finance and accounting
- HR management, strategic planning and business management techniques

GO TEXAN EXPORT ASSISTANCE

GO TEXAN companies that are export capable can receive individualized international trade advising and foreign market research assistance that will help them successfully export. Assistance will be provided by experienced and credentialed International Business Advisors to include:

- Identifying and selecting high-potential export markets and locate new buyers
- Growing and diversifying their sales
- Customized advising and market research that reduces risk
- Developing and implementing a solid export plan that will generate export sales

IS YOUR GO TEXAN COMPANY READY TO WORK WITH US?

- Please contact Anabel Guerra, Sr. Business Advisor at the UTSA SBDC International Trade Center at anabel.guerra@utsa.edu or call **210-452-0463** for more information.
- To learn more about the Texas Small Business Development Center (SBDC) Network assistance and to see SBDC Frequently Asked Questions (FAQs) please visit our website: <https://texastrade.org/advising/go-texan-covid-recovery/>

Basics of Exporting

Key Components of an Effective Export Plan

Are you ready to Export?

- Ownership/management commitment necessary
- People resources available to investigate exporting
- Budgeted funds allocated for international business
- Willingness to travel, attend trade shows, etc.
- Patience and a long-term view is required

What is an Export?

- An export is any movement from within the United States to outside the United States consisting of:
 - Physical Goods
 - Electronic Communication
 - Information

Why should you Export

- Increase sales (and profits)
- Diversify your revenue stream
- Around 95% of consumers are outside the USA
- “Made in America” or “Made in the USA” is powerful
- Multitude of contacts and resources to help you export

Export Plan Elements...Key Areas

- Marketing...overseas demand for your product, competitive environment, relationships (direct or via intermediaries)
- Legal...contracts, patents, vetting your customers, embargoes, duty/tax, Schedule B number(s)
- Financial...how will you get paid?, profitability, insurance and/or declared value, export working capital, terms for buyers

Export Plan Elements...Key Areas (continued)

- Regulatory...permits, paperwork, government agencies, certifications, labeling, importer requirements
- Transportation...airlines/ocean carriers/trucking companies, freight forwarders/global distributors, integrators,

Critical Questions to answer

- What is/are your Schedule B number(s) for your exports?
- Does the product require a license in order to export?
- What countries should we emphasize (3-5 is ideal)?
- Where can we minimize risk and keep costs down?
- My resources (international trade advisor, legal, banker)?

Customer Relationships

- Direct sales
- Representative (foreign partner) or sales agent
- Distributor
- Export Management Company
- Joint Venture
- Overseas Office
- Foreign Retailer

Research

- Who is your customer? Check various “lists” (denied parties, debarred, unverified, entity, specialty designated nationals list)
- Embargoed countries
- Destination Control Statement (end use statement). Must go on your Commercial Invoice “These commodities, technology, or software were exported from the United States in accordance with the Export Administration Regulations. Diversion contrary to United States law is prohibited

Be on the Lookout for “Red Flags”

- Customer name on a denied parties list
- Customer reluctant to let you know about the end use of the product
- Customer willing to pay cash for an expensive item that would normally call for financing under the terms of sale
- Basic installation, training and/or maintenance services are declined
- Product not compatible with the buyer’s line of business

How will you get paid?

- Cash up front
- Wire Transfer
- Open Account
- Letters of Credit
- Third Party Financing (SBA, EXIM, Banks)
- Credit Card
- Multiple options to consider

Documentation

- Pro Forma Invoice
- Commercial Invoice
- Packing List, Ingredients List, etc.
- Certificate of Origin
- Shipper's Letter of Instruction (freight forwarder)
- Bills of Lading or Waybills
- Import Documentation from your buyer?

Shipment Transport Variables

- Air/Ocean/Truck
- Freight Forwarders/Airlines/Express Delivery
- Time Sensitivity and/or perishability
- Value of your Product
- Documentation
- Pickup/transport/Customs clearance/tracking/delivery
- INCOTERMS

Shipping Arrangements

- Who pays for the freight (shipper, consignee, or a Third Party)
- INCOTERMS (EXW, DAP, DDP, etc.). International Chamber of Commerce has designated 11 of these terms/scenarios which define when goods transfer from the seller to the buyer while in transport. Does not replace the sale contract of your goods
- Duties and Taxes. Usually best to have recipient handle
- Insurance (supplemental policy, umbrella liability policy, or declaring a value for carriage via the transportation company)
- Customs clearance (inclusive with your carrier or via another broker)

Commercial Invoice Tips

- Schedule B number/proper description of what you're shipping
- Is the product for resale in the destination country? If not, then specifically write "item not for resale" on the Commercial Invoice
- Avoid acronyms, abbreviations, and jargon. Be clear.
- Special duty/tax considerations (temporary imports for a demonstration or trade show, repair and return on warranty items, unsolicited gifts)
- The amount of duties and taxes assessed is impacted by what is, or is not, specified on the Commercial Invoice

Other Details to Consider

- Electronic Export Information (EEI). Any Schedule B number valued at over \$2500 USD requires a confirmation number or ITN for U.S. trade statistics purposes
- Known shipper/Cargo security. Your freight forwarder might require you to complete a verification form before exporting
- Pre-inspection. Certain countries require some products to be tested and certified before they're allowed as imports
- Metric system vs. U.S. measurements
- International Standards for Phytosanitary Measures. Wooden crates and skids need heat treatment and fumigation

International Development Ideas

- Trade Shows and opportunities to demonstrate your product
- In-country advice regarding risks and payment practices
- Foreign currency/foreign exchange?
- Check your customer's creditworthiness (bank references, company profiles)
- Countertrade/barter
- Modify and optimize your website for eCommerce
- Travel to meet (prospective) clients on their turf

Export Allies

- UTSA International Trade Center advisors
- Attorneys
- Banks
- Freight Forwarders and Transportation Companies
- Insurance Brokers

Export Growth and Prosperity

- We want to help you succeed as you grow into international markets
- Take advantage of your (free) resources
- Let us help you clarify your international business plan

Thank you very much for your time!

Richard (Rick) Rayne

Senior International Business Advisor

UTSA International Trade Center

(210) 458-2470

Richard.rayne@utsa.edu

Questions?

IS YOUR GO TEXAN COMPANY READY TO WORK WITH US?

- Please contact Anabel Guerra, Sr. Business Advisor at the UTSA SBDC International Trade Center at anabel.guerra@utsa.edu or call **210-452-0463** for more information.
- To learn more about the Texas Small Business Development Center (SBDC) Network assistance and to see SBDC Frequently Asked Questions (FAQs) please visit our website: <https://texastrade.org/advising/go-texan-covid-recovery/>