An Export Pathway:

Tips For Success

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An Export Pathway: Tips For Success

- The benefits of exporting are well known
- 95% of world’s consumers are outside of U.S.
- Only 1% of U.S. small businesses export
- Export sales supported 11.5 million U.S. jobs in 2015
- 1 in 5 American jobs is tied to exports in some way
- US ITA reports exports add 18% to the wages of manufacturing employees

OK, you’ve made the decision to export ..... now what?
Create A Plan

• You must have a plan with goals and measurable points

• Understand why you want to go to export markets
  • Market access – sales growth
  • Channel partners
  • Development partners
Create A Plan

• Which market is right for you? RESEARCH CAREFULLY

• Assess your current business strengths and weaknesses
  • Required resources (people, time, and bandwidth?)
  • Functional considerations for doing business abroad (Sales Channels, Marketing, Finance, etc.)
CRITICAL QUESTIONS:

• How will you sell locally?

• Do you understand the cultural and political environments? (Tariffs? Free trade agreements, ...)

• Do you understand the local sales process? (Bidding procedures, delivery methods, role of agents and distributors, local content laws)
Assess Readiness

CRITICAL QUESTIONS:

• Do you understand the target customer’s buying behavior?

• Do you know and understand the competitors, their strength and their connections?

• Would you be better off just expanding your on-line presence to serve international markets?
Product / Compliance

- Is your product exportable to the markets that attract you? (regulatory issues, classification, DOC/ITAR,...)
- Is an export license required (classification, G/L, USML, ITAR)?
- Is your customer free of any sanctions or restrictions?
Product / Compliance

- Do you need to certify your product for sale in the market? (“UL” type registration, testing, trials,...)
- Can your product be made, exported and sold at prices that are competitive and profitable?
- Understand tariff process – impacts competitiveness
How Will I Get My Products To Market?

Logistics

- Work with responsible freight forwarder
- Forwarder will walk you through customs declaration process (automated export system)

INCOTERMS:
- EXW- ExWorks
- FCA-Free Carrier
- CPT-Carriage Paid To
- CIP-Carriage and Insurance Paid
- DAT-Delivered at Terminal
- DAP-Delivered at Place
- DDP-Delivered Duty Paid
- FAS-Free Alongside Ship
- FOB-Free on Board
- CFR-Cost and Freight
- CIF-Cost Insurance Freight
How Will I Get My Products To Market?

- You tell them:
  - What you are shipping and how it is packaged
  - How you want to ship (ocean, air, rail, truck)
  - Commercial terms of sale (Incoterm)
  - Product description (MSDS if needed)
  - Pickup point and date / delivery point and expected date

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How Do I Get Paid?

• One of the most critical concerns for exporters
• Several mechanisms, but number one goal; minimize risk for payment at all times
• Forms:
  • Letters of Credit
  • Cash in Advance (or combination of cash terms)
  • Open Account Terms (e.g. Net 30 Days)
  • Factoring / Commercial Financing
  • Third Party Escrows
  • Exim Financing (manufacturing and A/R lines)
How Do I Get Paid?

- Practical Considerations:
  - Match payment terms with expense profile
  - Cash is king – maintain terms to minimize carrying customers (you are not a bank, relationship building cannot be one sided)
How Do I Protect Myself?

• Export Compliance (Your responsibility – know your obligations!)
  • Follow the rules – easy to access, get help if needed

• Relationships
  • Do your due diligence on partners! Get DOC local help if needed.
  • Spend time on getting agreements right (English language, U.S. venue or neutral court)

• Foreign Corrupt Practices Act (FCPA)
  • Applies to every U.S. exporter
  • Make sure all parties in transaction chain comply
How Do I Protect Myself?

- Intellectual Property
  - U.S. patents may not protect you in foreign countries if you did not also apply there
  - Do not rely on the threat of litigation to protect your patents – expensive, long

- Brand Considerations (trade secrets, trademarks, etc.)
  - Like patents, you must file your trademarks in country
  - Protect your trade secrets – do not disclose to third parties (this is your jewel)
Resources Available to Help

Fortunately there are a number of resources available to help you through this entire process. Partial list:

- **DOC U.S. Export Assistance Centers**
  [www.export.gov/california/irvine/](http://www.export.gov/california/irvine/)
- **Small Business Administration**
  [www.sba.gov/offices/district/ca/santa-ana](http://www.sba.gov/offices/district/ca/santa-ana)
- **Small Business Development Centers**
  [www.sba.gov/tools/local-assistance/sbdc](http://www.sba.gov/tools/local-assistance/sbdc)
- **Centers for International Trade Development**
  [www.rsccd.edu/For-Business/pages(center-for-international-trade-development.aspx](http://www.rsccd.edu/For-Business/pages(center-for-international-trade-development.aspx)
- **District Export Councils**
  [www.decsocal.org](http://www.decsocal.org)
- **State Economic Development Agencies (GoBiz)**
  [https://business.ca.gov/](https://business.ca.gov/)
- **Port of Los Angeles (Trade Connect program)**
- **Local Chambers of Commerce** (e.g. [www.irvinechamber.com](http://www.irvinechamber.com))
- **Consultants**
Thank You!

District Export Council Southern California

www.decsocal.org