



# *An Export Pathway:*

## *Tips For Success*

Marv Sepe  
COO CTC Global Corporation

*Vice Chair OC  
District Export Council Southern California*

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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.)

# Assess Readiness



## 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 (Incoterms)
  - 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.rscdd.edu/For-Business/pages/center-for-international-trade-development.aspx](http://www.rscdd.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/> )
- Port of Los Angeles (Trade Connect program) ( <http://www.latradeconnect.org/> )
- Local Chambers of Commerce (e.g. [www.irvinechamber.com](http://www.irvinechamber.com) )
- Consultants



# Thank You!

District Export Council Southern California

[www.decsocal.org](http://www.decsocal.org)