



# From Information to Business



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## Ask an Information Officer

***My business has received international orders, and I need money to cover the production costs until I receive payment. What are my options? What if my buyer doesn't pay? What other financing options are available for future development of export accounts?***

*By Jaime Wombolt, Business Information Officer, Canada/Nova Scotia Business Service Centre*

Export Development Canada (EDC) has a range of financing options available to Canadian exporters, depending on your stage in the process and your financing needs.

One of the best options for a small exporter in a situation like this is EDC's Export Express Credit. This new program was created to provide fast and flexible financing to small businesses. The unsecured loans can be used to cover contract costs, find a marketing program, or purchase equipment. Up to \$50,000 can be borrowed, and applications can be approved in as fast as 24 hours.

If you operate a medium-sized business and require financing on a larger scale, you may be eligible for EDC's Pre-Shipment Financing. Under this program, EDC will guarantee up to 75% of a loan from a financial institution. Contact your financial institution to begin the approval process.

EDC also offers the following Risk Management solutions to en-

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## Business Article

### Responding to Unsolicited International Orders

*By Curtis and Michelle Cook*

An unsolicited order from abroad or a request for a bid on a foreign contract can be a surprise introduction to the world of exporting. Here are eight steps to ensure that your company is ready to handle the new business.

**1. Understand the request.** Once you are clear on what is being requested in the international order, determine whether you are able to fulfil the request (i.e. the product or service requested, the time, the price and the terms). This may involve consultations with a number of people within the business, as well as key partners such as financial services providers.

**2. Know the challenges.** You need to know the market conditions and the potential complexity of the transaction. There may be export and import regulations and controls that will affect the transaction. Cost for permits, if necessary, must be considered as well as regulations governing packaging and labelling. Without a clear understanding of these and other critical market factors, a perceived opportunity can quickly become an expensive and time-consuming mistake.

**3. Evaluate the costs.** It is essential to calculate the full cost of fulfilling the order. These include the preparation of export documents; labelling, packaging and transportation expenses; customs and

duties applicable to the particular product; and insurance and other related charges for financing and securing the transaction.

**4. Draft an estimate.** Once the information above has been gathered and analysed, a relatively accurate quotation can be drafted. This will become a legally binding document comprising the terms of the transaction. Consequently, it is important to create a clear and thorough quotation to avoid confusion and disagreements with the prospective client.

**5. It's review time.** Before the quotation is sent to the prospective client, you must review the feasibility of pursuing the transaction to ensure it is the right decision for you and your business. Does the order have a negative impact on current operations? Can we handle it without additional

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## Ask an Information Officer

sure you don't lose the sales you worked so hard for:

- Accounts Receivable Insurance (will cover up to 90% of your losses if you don't receive payment from your buyers)
- Master Accounts Receivable Guarantee
- Performance Security Insurance
- Performance Security Guarantee

A Security Compliance Loan is available to assist businesses in becoming compliant with the Customs-Trade Partnership Against Terrorism (C-TPAT) if you are exporting to the US. Simplified Buyer Financing can help your customers pay for their purchases.

Finding the appropriate financing program for your needs is greatly simplified by EDC's Export Financing Guide – an online tool to help you decide what kind of financing you need and where and when it can be accessed. Visit EDC's Web site to find out more about programs for exporters.

Several export financing programs are available through Nova Scotia Business Inc. (NSBI):

- The Service Export Program (SEP) provides financing to cover the costs associated with marketing a service for export, such as visits to potential foreign clients.
- The ExportAbility Program (EAP) (<http://www.canadabusupports.com>) provides training and education in international trade for businesses with legitimate exportable products or services.
- The Go-Ahead Program (GAP) will help businesses cover the costs of follow-up

market visits to prospects identified or pursued during a previous provincial government or export agency initiative, including trade mission, shows or conferences.

Visit NSBI's Web site to find out more about their programs or contact us at 1-888-576-4444 or [halifax@cbisc.ic.gc.ca](mailto:halifax@cbisc.ic.gc.ca) for your business questions.

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From Information to Business is a monthly publication of the Canada/Nova Scotia Business Service Centre.

### Our Mission

To improve the start-up, survival and growth rates of small- and medium-sized enterprises by giving business people in every part of Nova Scotia access to accurate, timely and relevant information and referrals

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1-800-668-1010

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## Hot Picks

The following books are available from the Canada/Nova Scotia Business Service Centre Library. These books may also be available in our resource centres, located throughout the province.

### **Success for the new Global Manager: How to work across distances, countries, and cultures**

*Maxine Dalton, Chris Ernst, Jennifer Deal, Jean Leslie*

As globalization has evolved from being the latest corporate buzzword to a basic economic reality, more and more organizations are realizing that they need managers with skills that translate well to the international arena. Unfortunately, many organizations do not know how to identify and develop people for such complex responsibilities. This book – from the Centre for Creative Leadership, ranked #1 worldwide in leadership education according to a *BusinessWeek* survey – shows how. *Success for the new Global Manager* explains what new global managers – those who manage across distance, countries, and cultures – look like and presents four explicit skills they must have to succeed in this new reality. It shows managers how to identify and grow these new capabilities and how to adapt the skills they already possess to a broader global context. And it advises organizations on how they can help managers acquire these important capabilities.

#### Contents:

- The World of the Global Manager
- What You Already Know: Your Essential Capabilities
- What You Need to Know: The Pivotal Capabilities
- What You Can Do
- What Your Organization

## Can Do

### **The Exporters' Encyclopedia**

Compiled and updated twice monthly, the Exporters Encyclopedia can guide the client to a broader marketing base by penetrating international markets.

#### Table of Contents:

##### Section 1 - The Export Decision

- Introduction
- Getting Started
- Finding Your Target Market
- Executing the Transaction
- Checklist of Documents Used in International Trade
- Samples of Export Documents
  - Bill of Exchange
  - Bill of Lading
  - Certificate of Origin
  - Commercial Invoice
  - Dock Receipt
  - Packing List
  - Proforma invoice
  - Shipper's Letter of Instructions
- Glossary

##### Section 2 - Export Markets

- Regional Maps and Flags of the World
- Export Markets (arranged alphabetically)

##### Section 3 - Export Know-How

- General Export Information
- Export and Shipping Practice

##### Section 4 - International Communications

- Radio and Cable Summaries
- Fax
- International Mail
- U.S. Territories/Selected Postal Data
- International Postal Service Chart
- Time Zones Map

##### Section 5 - Information Sources/Services

- Government Assistance to

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## Featured Website

### **Trade Team Nova Scotia** (<http://ttns.gov.ns.ca/>)

*By Christine Thériault, Business Information Officer, Canada/Nova Scotia Business Service Centre*

Trade Team Nova Scotia (TTNS) is a federal, provincial, and private sector partnership which dedicates itself to helping Nova Scotia businesses export goods and services all around the world. The Web site provides information on various export services and events for all levels of exporting – potential, export-prepared, or active.

The organization has resources for businesses in the form of tools and skills to prepare companies entering foreign markets. Trade Team Nova Scotia encourages new or active exporters to enter new markets by getting businesses involved with trade missions, exhibitions, and networking opportunities. TTNS strengthens the performance of exporters by assisting in the increase of productivity, sales, profits, and job creation on the home base.

Trade Team Nova Scotia provides an abundance of information on different programs, services, training opportunities, market intelligence, financial assistance and trade counselling.

Trade experts assist businesses with:

- export plans;
- deciding which markets to enter;
- information on regulations;
- visiting the market;
- delivering the product or service;
- preparing financing, and much more.

Qualified trade experts in each

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## Business Article

resources? Do the costs of pursuing it outweigh the profits and the future potential for growth? What trade barriers and risks may be encountered and how can they be addressed? The answers to these questions will determine whether changes must be made to increase your price, for example, or whether the bid is worth pursuing.

**6. Prepare to negotiate.** It is quite likely that the prospective client will wish to modify or alter some of your terms, such as price, delivery date or shipping methods. It is important to keep in mind that this type of negotiation is normal. However, it is also important to determine how potential changes to the quotation will affect the profitability of the transaction for your business.

**7. Prepare a contract.** Successful negotiations will lead to a formal contract. International transactions vary in complexity and it is advisable to seek experienced legal assistance to produce a clear, comprehensive and legally binding document that protects both you and the prospective client.

**8. Get your partners on side.** Signed contract in hand, it is time to enlist the necessary resources (determined in advance, of course) involved in the process of fulfilling the international order. This team may include people in operations, manufacturing, marketing, shipping and finance. Working together and having prepared in advance, this team will encounter few surprises as it impresses its new international client.

This information is drawn from the Team Canada Inc. publication *Responding to Unsolicited Orders*, available online at [exportsource.ca/orders](http://exportsource.ca/orders). For more information on exporting, contact Team Canada Inc.'s toll-free Export Information Service at 1 888 811-1119 or log on to [ExportSource.ca](http://ExportSource.ca).

## Featured Website

sector are waiting to hear from you!

For more information about the services offered by TTNS, or to contact a trade expert in your sector, please visit TTNS' Web site (<http://ttns.gov.ns.ca/>).



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## Hot Picks

- Exporters
- Associations Fostering Trade
- World Trade Centers
- Treaty and Multinational Organizations

Section 6 - Transportation and Data/Services

- United States Ports
- U.S. Customs Ports of Entry
- U.S. Foreign Trade Zones

### Comment gagner la course à l'exportation

*Georges Vigny*

Le Canada occupe la première place parmi les pays membres du Groupe des Sept pour le volume des échanges commerciaux par habitant. Nous exportons trois fois plus par habitant que les Américains et deux fois plus que les japonais. Quelque 40% des biens et services que produit le Canada sont destinés à l'exportation.

Ces chiffres impressionnent. Ils mettent aussi en relief notre dépendance à l'égard de ce secteur névralgique. De fait, l'exportation est aujourd'hui le levier essentiel de notre croissance économique et constitue un facteur déterminant dans la création d'emplois permanents. De là à dire que la survie de votre entreprise se joue peut-être sur les marchés extérieurs, il n'y a qu'un pas. Et Georges Vigny le franchit sans hésitation.

De la trousse du chef d'entreprise planifiant son premier voyage aux différentes étapes de la conquête, des marchés et secteurs les plus prometteurs aux ressources mises à votre portée en passant par le jargon de l'exportateur, l'auteur vous mène, dans une démarche pratico-pratique qui caractérise les guides d'affaires de la collection *Entreprendre*, aux nouvelles frontières des entreprises conquérantes!