



Opportunities and Challenges for local businesses

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We are living a time of great expansion and opportunity in international trade. Last year, according to U.S. Department of Commerce, global trade in 2006 exceeded ten trillion dollars with the United States accounting for over four trillion dollars of that. California alone accounted for almost 12% of all US Exports and a whopping 45 % of all US import trade. The best news of all is the fact that these numbers have been steadily growing for the last 20 years. So how can a company, big or small, capitalize on the opportunities in this global economy and at the same time avoid some of its pitfalls? Fortunately for us, in **San Luis Obispo County** there are a numerous resources that are available to assist exporters and imports in navigating their way to profits in international trade. Let's take a closer look at some of the more common challenges international businesses face and what resources are available to assist them.

Finding New Products and Customers Overseas

I am often asked how companies find suppliers and customers overseas. This can be a daunting challenge, especially for a small business that lacks the global reach of a Fortune 500 company. There are literally millions of product suppliers and customers overseas who are looking for both new buyers for their products, as well as new sources to purchase from. As much as businesses want to find new opportunities overseas, there are a number of challenges that can threaten their success. These challenges however can be hard to identify since most business do not know who to go to for advice, referrals or assistance. The following resources are ones that I have found very valuable in international trade.

- www.tsnn.com: This site enables you to keyword search all the major trade shows around the world. The site lists not only the name of the show, but the

contacts for the show and attendee statistics. As many of us who have done business know, trade shows can be a major source of leads for finding both suppliers and customers both domestic and international.

- **US Department of Commerce Commercial Service:** Provides a number of services for potential exporters, such as market research, background checks and trade missions. Their services are very low cost and they have a representative that services **San Luis Obispo County**. For more information call Gerald Vaughn with the US Department of Commerce at 805-488-4844.
- **Graydon International Credit Report Services:** An excellent source for credit information regarding companies overseas. The information is very detailed and enables you to check out potential partners prior to doing business. Their website is www.graydonamerica.com.
- **www.globalsources.com:** This website is one of the largest registries of Asian suppliers in the world. You can keyword search for thousands of different products and make direct contact with the suppliers directly through the site.

Financing an International Import or Export Business

One of the most difficult challenges importers and exporters face is how to get the financing they need to grow their business. For exporters this is a challenge because their customers are in foreign countries, which means banks are less likely to loan against those receivables. For importers, the challenge is in the fact that most of them have few or no assets to loan against. In fact, in many cases, importers are now shipping from their overseas suppliers directly to their customers without ever having to hold any inventory. This is good news from a profit standpoint, but on the other hand, can make it difficult to find enough collateral to satisfy banks. Here are some finance resources that can help:

- **The Import Export Bank of the United States:** Provides both loan guarantee programs as well as export credit insurance to assist US exporters. Credit insurance is a kind of insurance that protects the exporter against non-payment from their foreign customers. This type of insurance can not only provide peace of mind to an exporter but can also give the exporter the ability to extend terms on open account with less risk.
- **InternetLC.com:** Provides pre-shipment financing for exporters around the world using Letters of Credit. Over the years, they have helped exporters who

could not qualify for traditional financing to grow their businesses. Their phone number is 619-692-9648.

- **King Trade Capitol:** Specializes in purchase order financing for both international and domestic customers. Purchase order financing is based on your track record as a company and the credit worthiness of your customer. For many companies that cannot access bank financing, purchase order financing can be a winning strategy. Their phone number is 214.368.5100.

International Skills Training and Consulting

- **Economic Vitality Corporation (EVC):** For the last 6 years, has provided assistance to importers and exporters through a series of 20-hour workshops that cover subjects like basic importing, logistics, finance and business planning. Information on training classes can be found on the EVC website at www.sloevc.org or call them at 805-788-2012.
- **Centers for International Trade Development (CITD):** Offers a series of low to no cost training and consulting services to assist both importers and exporters. The CITD program is paid for by the State of California through the community college system. Consultants for the CITD range from trade attorneys to compliance specialists to international business executives. The CITD can be reached at 805-986-5896.
- **US Department of Commerce Trade Information Hotline:** Has a hotline that assists US exports on a range of issues from documentation requirements needed to export to foreign country, duties and tax rates. The phone number for the hotline is 800-USA-TRADE.

Periodicals for Importers and Exporters

- **Inbound Logistics Magazine:** Both the online and print version of this magazine offer a variety of advice and best practices to better manage inbound shipments. Their website is www.inboundlogistics.com.
- **IOMA's Managing Imports and Exports:** In many ways, this is the grand daddy of all periodicals for the international trade professional. Each month this magazine provides tips and tricks of the trade. The subscription is expensive (over \$400 per year) but is one of the best sources for trade information. Visit www.ioma.com for more information.

The above resources represent some of the assistance dedicated to the success of your international business. These resources have resulted in countless business successes. The opportunities that exist especially for small business in the global business area are more exciting than ever. In the seven plus years that I have worked with business in this county, I have always been impressed with the entrepreneurial spirit of the businesses here and their global reach. I hope these resources will encourage many more of you to capitalize on more and more international business opportunities.

If you would like more information on international business consultation or educational services, please contact **Ray Bowman at:**

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