

Piece Together the Export Puzzle

A resource guide to help you demystify exporting
and find the information and services you need ...





... and grow your business outside of Canada

There's a wealth of information out there to help you with your exporting needs. The trouble is, sometimes it feels like you're putting together the pieces of a puzzle in order to get answers to all your questions. So Export Development Canada (EDC) has put the pieces together for you in this step-by-step guide.

Regardless of where you are in your export cycle, this guide is intended to provide small business exporters with practical, pragmatic advice in a simple-to-use format that you can use to expand your export strategy and grow your business outside of Canada.

Whether you're just now considering exporting opportunities or whether you've already started selling your goods and services around the world and are looking for new opportunities, EDC has the knowledge and resources to help you.



Realize a World of Opportunity

We are Export Development Canada. For close to 60 years, we've been helping Canadian businesses just like yours through a variety of exporting services such as trade financing, insurance and bonding and foreign market expertise. So if you're a small business thinking about exporting, or have already experienced some challenges with your export initiatives, give us a call. And remember, small business is big business at EDC. In fact, 90 per cent of our customers have annual foreign sales of *less* than a million dollars, so you're in good company.

What matters is careful planning, commitment and a product or service that meets a demand in the global market. Becoming a successful exporter means meeting new challenges such as financing your export initiative, understanding the cultural and economic aspects of your new markets and dealing with unfamiliar legal and regulatory frameworks.

An obvious benefit of exporting is increased sales resulting in higher profits. But there's more to it than that. Exporting means you'll be less vulnerable to the effects of a downturn in the Canadian economy. Your company will enjoy the economies of scale that help make the most of your resources. And what's more, you'll gain new knowledge and ideas from abroad that can actually increase your domestic competitiveness.

So if you have a great product or service, the ambition to enter new markets and the drive to make it all happen, then exporting is an excellent way to grow your bottom line.



Step 1: Getting Ready to Export

The first thing you need to determine is if your company is export-ready. This means having a product or service that another market needs or wants, along with the human, financial and technical resources to support your successful entry into that market.

Assessing your export readiness

If you need help to assess your export potential, your first contact should be the Export Information Service of Team Canada Inc. (TCI) at **1-888-811-1119**. TCI's information officers can direct you to a vast selection of resources, services and programs that will help you get started.

Another essential stop is Canada's most complete online source of export information, TCI's ExportSource web site at **exportsource.ca**. While you're there, be sure to visit **exportsource.ca/stepbystep** and order or download your free copy of TCI's *Step-by-Step Guide to Exporting*. An equally excellent resource is TCI's *Roadmap to Exporting*, which you can get at **exportsource.ca/roadmap**.



Other assessment resources you'll find useful are:

- ▶ TCI's online diagnostic at exportsource.ca/diagnostic. This interactive tool helps you determine your export readiness.
- ▶ Export Development Canada (EDC) at www.edc.ca. In the Tools menu on the home page, click the EXPORT *Able* link for a readiness assessment questionnaire.
- ▶ "Take a World View ... Export Your Services" at exportsource.ca/worldview. This export preparation and information site is designed specifically for service-oriented companies.

Developing your business and export plans

Once you've determined that your business is export-ready, you should start work on an export plan. This is the basis for any successful export initiative, and in turn, must be built on a well-developed business plan.

If you feel your business plan needs some help, you'll find guidance at the Canadian Business Service Centres at www.cbsc.org. Click the Interactive Business Planner link and you'll see an online tool that will help you prepare a three-year plan for your business.

Once you're satisfied with your business plan, you can move on to TCI's Interactive Export Planner at exportsource.ca/iep. The planner's question-and-answer format will help you organize the information you already have and identify what you still need, and will also generate financial projections for your export initiative.



Step 2: Exploring Export Opportunities

It's a good idea to be selective when researching your target markets. In fact, trade experts advise new exporters to pick just one market and pursue no more than three possibilities within that market. Further expansion can wait until you're firmly established.

Researching your markets

The more detail you have on your prospective market, the better your decisions will be. Good places to start are:

- ▶ The InfoExport web site at infoexport.gc.ca, run by the Canadian Trade Commissioner Service. Its no-cost registration gives you access to many detailed market studies.
- ▶ Industry Canada's International Trade Centres (ITCs) at itc-cci.gc.ca. Located in every province, ITCs offer many free services to small- and medium-sized companies.
- ▶ TCI's web site at exportsource.ca. Click the Trade Leads link to discover a wide range of resources, or call the TCI Export Information Service at **1-888-811-1119**.

Foreign market knowledge

Keeping current on foreign market trends can also help you grow your business. You can monitor these trends by subscribing to EDC's *EXPORTMarketInsight* at www.edc.ca/e-reports, which provides information on economic and political events in more than 200 markets abroad.



For more information about leads and indicators, try these resources:

- ▶ Industry Canada's Trade Team Canada Sectors web site at ttcs.ic.gc.ca. It provides links to 13 key Canadian industries, including service industries.
- ▶ ExportUSA at www.dfait-maeci.gc.ca/can-am/export. This service includes three programs: New Exporters to Border States (NEBS), Exporters to the United States (EXTUS) and Reverse NEBS, which is designed for Canadian companies not yet exporting to the U.S. Click the "For more Information about Export USA Program" to get the details.
- ▶ CanadExport at canadexport.gc.ca. This online publication offers news about trade opportunities, export programs, trade fairs, business missions and much more.
- ▶ The International Business Opportunities Centre's business leads system at www.e-leads.ca. It matches business opportunities to your export interests and notifies you of prospects by e-mail.

Getting noticed

Registering with Industry Canada's Canadian Company Capabilities database will promote you to the 50,000 companies that search the database each month for Canadian suppliers of goods and services. And if you get a chance to participate in an international trade show, be sure to check out TCI's *Successful International Trade Show Marketing* from exportsource.ca/guides.



Step 3: Financing Your Exports

Financing in the export trade is more complex than it is in the domestic market, and your planning will benefit if you're familiar with the major issues. Team Canada Inc's *Step-by-Step Guide to Exporting* has a chapter devoted to export financing, and the Forum for International Trade Training at www.fitt.ca offers a course called "International Trade Finance," which covers everything from exchange rates to payment methods.

Obtaining working capital

You may need to find extra working capital to support a foreign deal. This can be possible with the help of:

- ▶ Export Development Canada (EDC), which provides exporters with working-capital solutions such as Pre-Shipment Financing, Pre-Shipment Guarantees or the Master Accounts Receivable Guarantee (MARG). Call [1-866-209-9906](tel:1-866-209-9906) or go to www.edc.ca/sme.
- ▶ The Business Development Bank of Canada (BDC), which provides financing for the development of international markets. Call [1-877-232-2269](tel:1-877-232-2269) or go to www.bdc.ca and click "My Project is ... Exporting" on the menu.
- ▶ The Canadian Commercial Corporation (CCC), Canada's export contracting agency, whose Progress Payment Program (PPP) can help finance your export contract. For more information, visit www.ccc.ca/services/eng.
- ▶ Industry Canada's Program for Export Market Development (PEMD), which helps Canadian companies share the costs and risks of entering markets abroad. You'll find the details at www.dfait-maeci.gc.ca/pemd.



Avoiding deal-killers

Sometimes your international buyer lacks the financial means to close a deal immediately. Or perhaps they want a contract bond, but you're uncomfortable with the risk this involves. You can avoid such deal-killers through EDC, which can provide direct loans to foreign buyers of Canadian capital goods or arrange financing through lines of credit and promissory note purchases. As for bonding, EDC provides Performance Security Guarantees to help exporters obtain surety bonds or Bank Letters of Guarantee. They can also insure you against the risk of wrongful calls. You'll find everything you need at www.edc.ca/bonding.

Insuring your receivables

If a major customer defaults, you can be in serious trouble. However, EDC Accounts Receivable Insurance will insure up to 90 per cent of the value of your sale if your customer doesn't pay. For more information, go to www.edc.ca/insurance.



Step 4: Moving the goods

Now you're at the final stage of your export deal – finalizing the contract, coping with export regulations and packing the goods. Before the shipment leaves your loading dock, though, you'll want to make sure the contract is in order.

Getting it in writing

TCI's Export Information Service is a key resource for learning about contract issues. Another is the Canadian Commercial Corporation's International Prime Contractor Service, which offers a broad range of support including bid preparation, negotiation and contract structuring. For more information, refer to www.ccc.ca/services/eng.

You should also have a copy of *Incoterms 2000*. Published by the International Chamber of Commerce, this reference book describes and interprets the 13 basic terms used in international sales contracts. Knowing them can save you time, money and possibly legal entanglements. Go to www.iccwbo.org/index_incoterms.asp to find out more.



Playing by the rules

International trade is governed by a number of laws and regulations. For information about these and related matters, consult:

- ▶ The Canada Customs and Revenue Agency's *Handy Customs Guide for Exporters*, available at exportsource.ca/guides.
- ▶ The Canadian Automated Export Declaration (CAED) program. Registering allows you to file export declarations electronically instead of on paper. The page at www.statcan.ca/english/exports/overview.htm will give you details.
- ▶ The Export Alert Services from the Standards Council of Canada. A free subscription to this service will warn you of impending regulatory changes that may affect your foreign trade. Subscriptions are available at www.scc.ca/en/news_events/subscriptions/export_alert.shtml.
- ▶ The World Customs Organization at www.wcoomd.org. It provides links to customs web sites all over the world, although not all the sites have English versions.

Packaging, marking and insurance

Knowing about and following all packing, marking and insurance regulations is essential. You'll find valuable help with these matters at the Canadian Trade Commissioner Service, including two downloadable guides called *Safe Stowage: A Guide for Exporters* and *Export Packaging: A Guide for Exporters*. To find out more, go to infoexport.gc.ca/shipping/menu-e.htm.



So what are you waiting for? Let EDC help you Realize a World of Opportunity!

Now that all the pieces of the puzzle have been put together, you have the information you need to get started or expand your export opportunities. Remember, start off small – the small business specialists at Export Development Canada, that is. No export sale is too small for us to consider. We have the products and market know-how to help make your first – and every – export experience a successful one.

Give us a call today and let us help you Realize a World of Opportunity.

For additional information please call **1-866-209-9906**.

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