GOING GLOBAL

The ABCs of Exporting

Don't be intimidated by the thought of shipping abroad. There’s help available.

By Robyn A. Friedman

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o you’ve gotten some hits on your website from prospective buyers in Canada or Latin America. Or maybe you’ve received a few orders and now you’re looking to tap into the world marketplace through exporting. But where do you begin?

“Exporting can be intimidating in the beginning,” says Vincent Daniels, director of the International MBA program at Florida International University in Miami. “All of a sudden you have to worry about letters of credit, export documentation and making sure that everything has been done the right way for your particular product.”

There’s plenty of help available for fledgling exporters — from the Small Business Development Centers located at universities throughout the state or from SCORE; counselors can provide advice on how to sell your commodity, either through direct sales, at a trade show or by participating in an overseas trade mission. They’ll also advise you of the credit risks involved in international transactions and how to reduce them.

You may not even have to worry about exporting regulations if you don’t plan to do too much business abroad. According to John McCartney, director of Florida operations for the U.S. Export Assistance Center in Fort Lauderdale, for the majority of exports valued under $2,500, no Shippers Export Declaration — a document that enables the federal government to monitor the kinds of products being exported from the U.S. — need accompany the shipment. That means that if you’re shipping dog leashes internationally, in most cases when the value of each order is $2,500 or less, exporting is as easy as boxing your merchandise and calling FedEx.

McCartney also says that small companies that don’t have the means to staff an export program can sometimes find a middleman — called a trading company — to distribute their products internationally. Of course, the profit margin won’t be the same if you use a middleman, but it might work out to be more cost-effective in the long run.

Before you even consider exporting, you need to know if an overseas market for your product exists. If your competitors are selling similar products overseas, that’s a pretty good indication of market demand. If not, you could do market research to determine if your commodity is in demand; the Census Bureau has records on which products are being exported and where.

Last year, Florida’s top merchandise trading partner, by a wide margin, was Brazil; the Dominican Republic, Japan, Honduras and Venezuela round out the top five countries to which Florida businesses exported. The top export commodities were machinery, optical and medical instruments, vehicles and knit apparel.

Obviously, you must take into account practical considerations when deciding where to export your product. Not only must you have an established market, sales mechanism and channel of distribution in that country, but you should also ensure that the country is politically stable.

Santiago Morales’ business selling diesel engine parts was so successful in the U.S. that it attracted the interest of buyers in other countries. So he started exporting, first to Latin America and then Europe. He’s now expanding his export operations to the Middle East and Africa. “It’s a huge untapped market,” says Morales, who owns Miami-based Maxiforce.

Indeed. The company’s sales have increased 30% since Morales started shipping overseas. Morales didn’t encounter any significant barriers in exporting, although he does recommend that entrepreneurs establish a relationship with a bank that has experience with exporting and is familiar with international currency issues. “The hurdle is a misconception,” he says. “Don’t be afraid of the world; go out and get business.”