

Q: What do you think of exporting? Generally, is it a good idea for a small business? How difficult is it to get started? How expensive? Lots of questions. Thanks.

Maggie

A: First, we need to define exactly what you mean by “exporting” because the Internet has changed it, along with just about everything else. You see, today it is much easier than ever before to sell your products to an international audience -- via your website -- but that differs than traditional exporting wherein you find partners and distributors overseas who agree to represent you and sell your wares.

When it comes to the traditional idea of exporting, you are looking at the proverbial good news and bad news. First the pros:

- Exporting can enable you to grow your business substantially, while also reducing your dependence upon your regular markets. It diversifies your portfolio, if you will.
- It can create a new and exciting profit center.
- It can allow you to move excess product.
- Exporting may also entail international travel, and you never know what other opportunities might come your way from your new international business partners.

That said, exporting can be cumbersome and challenging:

- You will need to get export licenses.
- You may need to create new packaging and marketing materials.
- You may also need to hire additional staff.
- Payments will take longer and international problems will be more difficult to resolve.
- It will take a substantial amount of time, effort, and possibly money to get started – all of which will eat into short-term profits.
- It will require a knowledge of, and appreciation for, language and cultural differences.

It is not my nature to be a party-pooper or naysayer, but it just must be understood that deciding to export your goods should not be undertaken lightly. Don't underestimate the costs. It will also require an intimate understanding of your new potential market, re-thinking your pricing, and trusting your new partners. If successful, you may also face rapid growth and demand which in turn can lead to production issues or cash-flow problems.

Of course you begin this venture as you would whenever you enter a new market, foreign or domestic: Do your homework. Read about the country and figure out whether there

really is a market there for what you want to sell. Once you are sure, then you need to find a way to enter the market.

Many new exporters locate a partner in the country they want to enter. This person or company can represent you, put you in contact with potential customers, sell your products, and more. There are a few such forms this relationship can take:

- A **commissioned agent** acts as a broker, finding you customers but generally not fulfilling orders.
- An **export management company** (EMC) represents many different exporters, finds you business, and can handle logistics, market research, financing, and more.

You can find export intermediaries at international trade shows, doing an online search, or by contacting the National Association of Export Companies (www.nexco.org) or the Federation of International Trade Associations (www.fita.org). Your eventual agent likely will rep several complementary, though not competing, lines and will work on a commission basis.

The other option is simply to engage in what is called “direct exporting” whereby you sell directly to an international buyer. This will entail more work, but so too, probably more profit as you cut out the middle man. It also means getting involved in trade shows and international trade missions so as to line up buyers.

Once you have your system in place, you will need to ship your goods internationally – another area of specialized knowledge and confusing rules. This will require having an export license, and creating documents such as your export declaration, packing list, insurance certificate, and inspection certificate.

One easy way to simplify this is to hire a “freight forwarder”. This is a shipping company that handles everything involving your international transportation of goods, from packaging to documentation and insurance.

All of this is just the tip of the iceberg. So while the answer is yes, exporting can be great for the right small business (and 60% of exporters are small businesses), there is a pretty steep learning curve to get in the game. One place to go for help is the U.S. Export Assistance Center in your area, which is part of the SBA.

Today’s tip: You can find your U.S. Export Assistance Center [here](#).