

A Sale is a Gift until it is Cash

(How to Mitigate the three Financial Risks of Exporting)

Global Professionals Forum

Johnson & Wales

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Presented by

Roy Becker

Roy Becker Seminars

ABOUT THE TRAINER

Roy Becker has over 30 years experience working in the international departments of several banks where he assisted many importers and exporters with the intricate banking needs associated with international trade. Roy serves as adjunct faculty in the International MBA programs at the University of Denver and University of Colorado in Denver. He conducts seminars at the World Trade Center Denver, The Center for Financial Training Western States, and is a guest lecturer at Denver area Universities. He is a member of Toastmasters International and has earned the Advanced Toastmaster Gold Award.

Roy has authored a book, "**More Banker's Insight on International Trade, 101 Lessons Based on Practical Experience.**" The book contains 101 short lessons based on real life situations that companies have experienced in international trade. The book is full of educational insights to help the reader learn and remember from others' experiences and mistakes in international trade/banking. The book is available as an e-book only. To order, go to <http://www.roybeckerseminars.com/extra.php?id=4>

After 34 years in the corporate world, Roy made the decision to take his expertise beyond banking and provide training to others around the country who are involved in international trade. He trains companies how to reduce risk and improve cash flow for their international transactions.

Speech Topics

Business

"How to Assemble A Strong Export Team: How to Choose a Freight Forwarder and a Bank"

"Taking the Fear Out of International Payments"

"Export Financing: What's Available?"

"Incoterms 2000: An American Perspective: Where Does Risk Pass?"

"The Proforma Invoice" Why a Proforma? What should it contain?

"How to Develop a Strategic Plan for Exporting and/or Importing"

"Eliminating the Mystique of Letters of Credit" (Ask about the eight modules on this topic)

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WHAT ARE THE FINANCIAL RISKS OF EXPORTING?

- **Identifying The Risks**
 - C_____ Risk
 - C_____ Risk
 - _____ Risk
 - _____ Risk
 - C_____ E_____ Risk

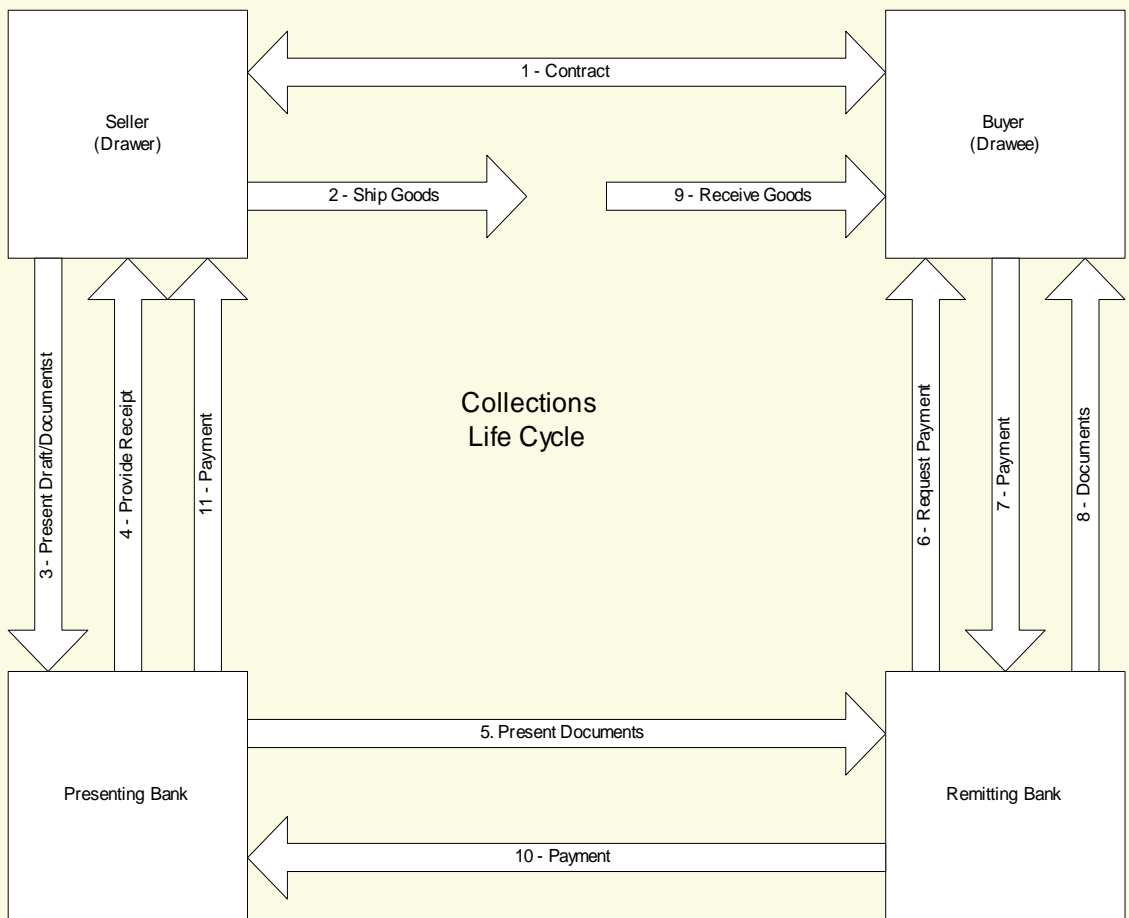
- **Sources For Analyzing the Risks**
 - US Department of Commerce
 - Bank Credit Reports
 - Trade Associations
 - Dun and Bradstreet
 - Other Exporters
 - Country Risk Rating

- **How to Protect against the Risks**
 - Care in Selecting the Method of Payment
 - Insuring receivables: Eximbank, Private Insurers
 - Bank Confirmation of LCs
 - Invoice in US Dollars
 - Purchase Forward Contracts

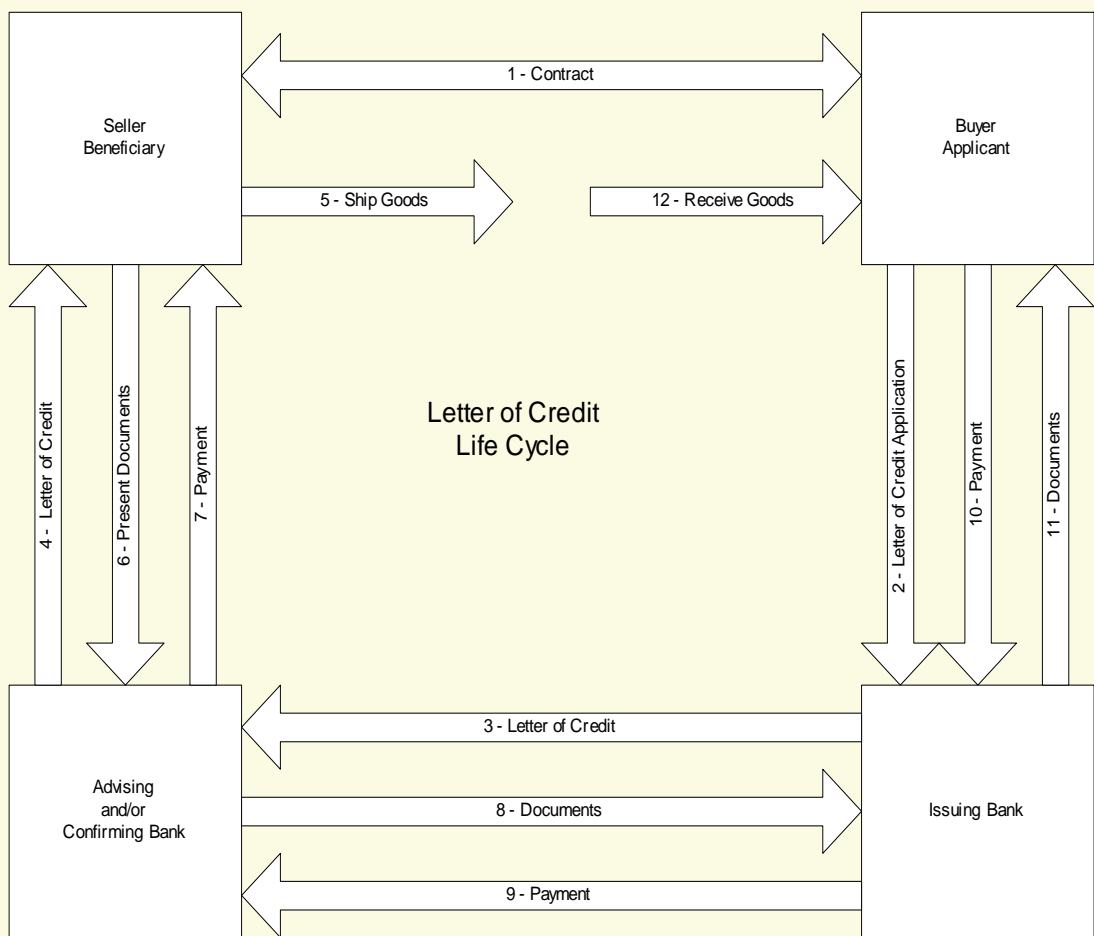
TERMS OF TRADE

	TIME OF PAYMENT	GOODS AVAILABLE TO BUYER	RISK TO EXPORTER	RISK TO IMPORTER
CASH IN ADVANCE	Before shipment is made	After payment	None	Relies on exporter to ship goods as ordered
LETTER OF CREDIT	When shipment is made	After payment	Very little, or none, depending on terms	Assured shipment is made, but relies on exporter to ship goods as ordered
COLLECTION	On presentation of draft to buyer	After payment	If draft is unpaid, must dispose of goods	Same as LC unless allowed to inspect goods
OPEN ACCOUNT	As agreed	Before payment	Relies on buyer to pay as agreed	None

Collection Cycle



Export Letter of Credit Cycle



SEVEN FACTORS TO CONSIDER BEFORE SETTING PAYMENT TERMS

	CASH	L/C	COLL.	O/A
1. Customer Relationship	New	New	Est.	Est.
2. Nature of Order	Custom	Custom	Normal	Normal
3. Political Situation	Unstable	Unstable	Stable	Stable
4. Economic Situation	Unstable	Unstable	Stable	Stable
5. Competitors offer terms	No	No	Yes	Yes
6. Risk of price changes	Yes	Yes	No	No
7. Need to control cash flow	Yes	Yes	No	No

Government Supported Export Finance Programs

SBA

- Loan guarantees

ExIm Bank

- Credit insurance
- Loan guarantees
- Direct loans

OPIC

Government Supported Programs

SBA – Export Working Capital Guaranteed Loans

- “Small Business”
- Counseling/Training
- Export Working Capital
 - 90% Guarantee of Loan Amount
 - Purpose
 - Collateral
 - Single and multiple
 - Repayment terms
 - Preliminary commitment
 - Fee

Government Supported Programs

ExIm Bank

- **Export Credit Insurance**
- **Foreign Loan Guarantees**
- **Supplier WC Guarantees**
- **Direct Loans to foreign buyers**

ExIm Bank



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- **Export Credit Insurance**
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ExIm Bank Precepts:

- **At least 50% content**
- **Non-military**
- **Assurance of repayment**
- **Non-compete with private sector**

ExIm Bank Short-Term Multibuyer Policy

Policy Highlights:

- Coverage**
- Terms**
- Annual Premium**
- DCL**
- Political Risk Option**

ExIm Bank Small Business Policy

Policy Highlights:

- 100% Political Coverage**
- 95% Commercial Risk**
- Terms**
- Assignable to a Bank**