

Trade Talk Tuesday

Sourcing and Signing Top Distributors

10/11/22

Thank you for joining the U.S. Commercial Service and the Michigan District Export Councils for Trade Talk Tuesday. This handout highlights what was discussed during the webinar with additional resources.

PLAN FOR SUCCESS

- Build an ideal distributor profile to fit your needs
- Utilize a distributor questionnaire checklist to screen potential partners. Consider linking the questionnaire to a website to track the IP address of the person filling out the form. This could help mitigate potential fraud.

<https://www.trade.gov/choosing-foreign-representative>

SOURCE

- Vet partners for fit and qualify for compliance
<https://www.trade.gov/initial-market-check>
<https://www.gvsu.edu/vagtc/worldwide-credit-reports-46.htm>
<https://www.trade.gov/consolidated-screening-list>
- Target, screen, advance the best candidates and meet them face to face
<https://www.trade.gov/services-current-exporters>
- Negotiate pricing models by understanding local conditions, regulatory, exchange rate, trade duties, local sales cycle, and your U.S. pricing model
<https://www.trade.gov/negotiating-agreement-foreign-representative>
- Estimate landed costs
<https://www.trade.gov/determine-total-export-price>
- Evaluate the markets by inviting your potential distributor to conduct a market test prior to signing an agreement

Export Resources

U.S. Commercial Service — The U.S. Commercial Service (USCS) is part of the U.S. Department of Commerce's International Trade Administration. The mission is assist and advocate for U.S. businesses in international markets to foster U.S. economic prosperity.

The USCS offers a full range of expertise and services to promote exports. Develop your international business strategy, choose the best market for your product or service, and evaluate potential overseas business partners by connecting with your local USCS Trade Specialist.

USCS Helps Companies to Find Foreign Buyers by:

- Connecting U.S. exporters to buyers and partners around the world and with industry experts in embassies and consulates in over 75 countries.
- Identifying international markets, industries, and buyers that are the best prospects for U.S. businesses.
- Conducting specialized market research based on the exporter's preferences.
- Arranging video meetings or in person meetings with vetted potential partners. The U.S. Commercial Service can accompany meetings and provide an interpreter if needed.



SIGN & GROW

- Invest in building the relationship & communicate expectations during the initial market test time
- Structure the agreement with minimal sales, but consider offering a initial time without quotas
- Negotiate exclusivity after the initial market test concludes
- Work with your banker to address potential currency changes as part of the agreement
- Learn about your partner's culture and invite them to participate in events that show them your corporate culture
- Incorporate SMART Goals into your agreements (Specific, Measurable, Achievable, Relevant, and Time-Bound)
- Gain distributor's loyalty by overcompensating them for meeting metrics
- Conduct regular visits for product updates and develop the partnership

RESOURCES

- Review the attached Exporter Roadmap (page 3) with USCS contacts
<https://www.trade.gov/grand-rapids-contact-us>
- Apply for Michigan State Trade Expansion Program grants
<https://www.michiganbusiness.org/services/international-trade/mistep/>
- Evaluate trade finance solutions and loans offered by EXIM and SBA
<https://www.exim.gov/what-we-do/export-credit-insurance>
<https://www.sba.gov/funding-programs/loans>

SPEAKER — Chris Schnee, Chief Commercial Officer, MedLite ID & Principal, Goalpost Global

With over 25 years of global experience, Chris has delivered international sales growth for multiple companies including start-up stage organizations as well as both privately held and public Fortune 50 companies. Chris has done business in over 45 countries. In his role of COO for MedLite ID, Chris oversees the company's commercial operations for global commercial strategy, execution, and results.

As a Principal of Goalpost Global, Chris provides clients with a tested roadmap to plan, execute, and grow international sales. Find more insights online:
<https://www.goalpostglobal.com/> <https://www.linkedin.com/company/goalpost-global/videos/>

Thank you for joining!

Additional Resources —

The U.S. Commercial Service (USCS) partners with a number of organizations in order to better support Michigan's exporters. <https://www.trade.gov/cs-grand-rapids-local-partners>.

Michigan District Export Councils

(DEC) — The Michigan DEC's are comprised of experienced volunteers who work in conjunction with the USCS to provide hands-on consulting, education and resources to assist small and medium-sized businesses grow internationally.

- www.eastmichigandec.org
- www.exportwestmichigan.com



Begin market research, discovery, and selection

- U.S. Commercial Service - Country Commercial Guides, Top Market Reports, Events
- Michigan State University's globalEDGE & Michigan Export Growth Program
- World Bank Data

Classify your export products

- For customs purposes: Harmonized Tariff Schedule Number and Schedule B
- For compliance purposes: Export Commodity Classification Number

Find standards, customs, and Incoterms

- National Institute of Standards and Technology
- Country Commercial Guides
- Customs Info Database User Guide and Duty Lookup Tool
- International Chamber of Commerce Incoterms

Examine legal matters

- Internal Revenue Service - Tax Considerations
- Intellectual Property Protections
- BIS - Export Compliance Program
- U.S. Export Regulations and Trade Agreements
- Consider sales or distribution agreements

Determine logistics

- Determine who will arrange and pay for freight
- Complete required export documents
- Learn about the Automated Commercial Environment



Receive counseling, attend training, and utilize local resources

- U.S. Commercial Service - Counseling, U.S. embassy insights, webinars, strategies
- Michigan District Export Councils (MDEC East & West) - Volunteer networks of business professionals appointed by the Secretary of Commerce to advise exporters
- Michigan Economic Development Corporation (MEDC) - Grants for exporting activities
- America's Small Business Development Center Michigan - Help with international business plans
- Van Andel Global Trade Center - Consulting, Training
- Michigan Department of Agriculture and Rural Development - Assist food products & commodities

Research U.S. regulations

- Bureau of Industry and Security (BIS) - Export compliance, guidance
- International Traffic in Arms Regulations (ITAR)
- U.S. Department of Treasury - Office of Foreign Assets Control (OFAC) - Country embargo restrictions
- Consolidated Screening List - Prohibited individuals

Locate partners or buyers

- U.S. Commercial Service - Finding Partners or Buyers in International Markets, Perform Due Diligence in the Vetting Process
 - Website Globalization Review
 - Initial Market Check
 - International Partner Search
 - Gold Key Service
- MEDC - International offices and STEP grants

Decide on payment

- U.S. Commercial Service - Financing Options
- EXIM Bank - Resources for export loans, sales to international customers on credit terms
- Small Business Administration - Finance small business exports, locate SBA lenders
- Connect with your local bank to determine international capabilities

Celebrate growing sales

- Maintain good relationships with clients
- Measure revenue growth from export sales
- Promote new distributors and advocate for U.S. businesses abroad

Contact the U.S. Commercial Service Office - Grand Rapids, MI

Kendra Kuo, Director
U.S. Commercial Service - Grand Rapids
U.S. Department of Commerce
50 Front St. SW, Suite 1038, Grand Rapids, MI 49504
(616) 458-3564 • kendra.kuo@trade.gov

Allie VanDriel, International Trade Specialist
U.S. Commercial Service - Grand Rapids
U.S. Department of Commerce
50 Front St. SW, Suite 1038, Grand Rapids, MI 49504
(616) 240-0851 • allie.vandriel@trade.gov