



MICHIGAN STATE UNIVERSITY  
Center for International Business Education and Research

# CIBER NEWS

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## Upcoming Events

**Informational Meeting for Study Abroad Program on Retail Distribution in Russia/Poland: 27 October, 4:30 in Room N103 Business College.**

**International Business Forum: Carl Liedholm, MSU Professor of Economics, on "The Euro is Coming" 10 November, 11:45 at the MAC.**

*IB Forum luncheon presentations are sponsored by the Lansing Regional Chamber of Commerce, MSU-CIBER, and LCC. For details, please call Linda Peterson at 487-6340.*



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## IB Forum: Getting the Most from Your International Banker

The October meeting of the International Business Forum featured a presentation by Martha Johnson, Vice President of International Sales and Finance at Old Kent Bank, on "How to Get the Most from your International Banker." Ms. Johnson has previously taught letters of credit and collection classes, and currently serves as treasurer of the Michigan District Export Council and World Affairs Council of West Michigan. She spoke to luncheon attendees, giving advice on how to fully utilize the services of their international bankers.

Ms. Johnson began by telling the audience how to make their bankers earn fees by using them as consultants in the areas of credit, cash flow, and sales. Many companies beginning to export may wonder how much foreign credit risk they are willing to tolerate. Questions such as whether letters of credit should be used, whether export receivables need to be insured, and to what extent the internal and external resources of the company will be invested in the credit decision are just some of the credit questions your international banker can help answer.

In terms of cash, bankers can also assess the effect that export receivables will have on flows and working capital considerations. Finance terms can be discussed (including resources necessary to finance buyers), as well as the effect the contract size will have on the company's working capital needs. Questions about whether or not the company can borrow against a foreign receivable can be addressed as well.

"International bankers can also be of help with sales," Ms. Johnson advises. Payment terms and assessment of whether the export sale fits with the company's current marketing plans (e.g., is it a one-time-only sale or will this be a long-term commitment?) can be posed. Bankers can be of particular help in this area, she says, because they often see what other companies are doing and may know what the industry norms are.

The speaker detailed other services an international banker can perform, including:

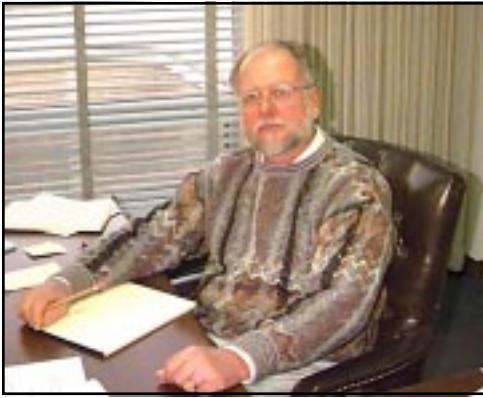
- helping companies get credit reports and country information
- requesting bank-to-bank credit references from the buyer's bank
- contacting the EXIMBANK to see if it has experience with the buyer
- introducing you to representatives of the U.S. Department of Commerce, your state Department of Commerce, insurance representatives, and various specialists

To avoid last minute scrambling, Ms. Johnson suggests that companies assemble both internal and external teams to address future international opportunities. Internally, a firm might want to include representation from sales, credit, manufacturing/production, shipping/traffic, finance/accounting and senior management on the team. Externally, experts such as bankers, attorneys, freight forwarders, accountants, distributors, and government organizations such as the U.S. Department of Commerce (including the U.S. Export Assistance Center) and state Departments of Commerce (including the Michigan Jobs Commission) should be assembled.

The speaker finished by fielding audience questions on topics such as how international bankers can help with the preparation of price quotations in fluctuating currency environments. Ms. Johnson's presentation was both practical and insightful, and an appropriate lead-in to next month's IB Forum featuring a discussion of the Euro by MSU Professor Carl Liedholm.



*Reminder: The deadline for submitting completed proposals for faculty development of study abroad programs is 31 October for programs beginning in either summer or fall semester, 1999.*



## Finance Chair New to MSU

The Eli Broad College of Business recently welcomed G. Geoffrey Booth as its A.J.

Pasant Chair of Finance. Booth came to MSU from Louisiana State University upon the recommendation of our college's Dean Jim Henry, whom he met at Ohio University while getting his undergraduate and MBA degrees.

Booth received his Ph.D. in Finance from the University of Michigan, and later taught at the University of Rhode Island and Syracuse University. From Syracuse, Booth went down south to LSU when Dean Henry (then dean of the business school at LSU) lured him there to help build the school's program. Booth had been both a professor and finance chair at LSU since 1986 when he came up to MSU this July.

Internationally, Booth has been a Visiting Professor of Banking and Finance at the University of Hamburg (Germany) and a Docent in Finance at the University of Vaasa in Finland. In addition, he has served as Coordinator for LSU's Interdepartmental Program in International Business, and as their International Business MBA and Ph.D. Advisor.

Booth now aims to establish an international reputation for the finance department at MSU at all levels, including undergraduate, MBA and Ph.D. He would like to guide the department to be one of the best in the state, and in the top 20 in terms of research and publications. He is also interested in pursuing relationships with major European business schools, starting with the Helsinki School of Economics and Business.

Booth brings a background in international finance to the department, and his own research interests lie in domestic and international financial markets, risk and risk management, and investments. MSU CIBER is glad to have him on board at the College, along with his wealth of experience as a teacher, researcher and administrator.

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## Retail Distribution Study Abroad Program

The two-week study abroad program on Retail Distribution in Russia and Poland will be held again this summer. The program focuses on the evolution of retail distribution in Russia and Poland after the political and economic changes of the late 1980s-early 90s and its effect on consumer behavior and foreign investment in the distribution sector. The program will be held 14-30 May, for 4 credits.

An informational meeting will be held Tuesday 27 October at 4:30 in Room N103 in the Business College Complex. For more information, please contact Dr. Patricia Huddleston at 353-9907, or e-mail her at [huddles2@pilot.msu.edu](mailto:huddles2@pilot.msu.edu).



## Tenth Anniversary Conference on U.S.-Canada Free Trade Agreement

On 11-12 September, MSU played host to the Tenth Anniversary Conference of the U.S.-Canada Free Trade Agreement, signed in 1988 by President Reagan. The conference was co-sponsored by MSU and the James A. Baker III Institute for Public Policy of Rice University.

The Conference began with a welcome by MSU President M. Peter McPherson, followed by an introduction to the keynote speaker, given by Michigan Governor John Engler. The Keynote address, *Reflections on the U.S.-Canada Free Trade Agreement*, was presented by James A. Baker, III, who was U.S. Secretary of the Treasury at the time of the Free Trade Agreement negotiations.

With about \$400 billion today in trade between the U.S. and Canada, the Agreement was of economic value to both countries. Many of the original key negotiators were able to attend the Conference, making for an interesting reunion of the group to discuss past strategies as well as remaining issues. McPherson, Deputy Secretary of the Treasury at the time the Agreement was made, said that negotiations were complex, and negotiators worked 18-hour days to reach conclusions.

Joking with negotiators, Baker recalled having "a lot of problems" with Canadian culture. "We totally caved on culture," he said. "If the Canadians wanted to protect something, they called it culture. Then we called automobiles our culture."

The conference continued with panel presentations analyzing various aspects of the negotiations. Baker's speech was taped by C-SPAN. For information on conference proceedings and papers, contact MSU Economics Professor Max Kreinin.

## International Visiting Scholar at MSU

Along with many distinguished faculty members, MSU is proud to host various visiting scholars at the University. One of the current international visiting scholars is Emin Civi, who is visiting MSU from Celal Bayar University in Turkey. Mr. Civi has a background in quality management, and is currently doing his dissertation work in industrial competitiveness.

Mr. Civi will study and complete research on worldwide industrial competitiveness during his year at MSU. His goal is to compare export competitiveness in various Turkish industries to that of other countries. He is currently enrolled in four Ph.D. level courses in addition to his own research projects.

"At MSU, I am very lucky because I have many opportunities," says Civi, referring to MSU's "very professional" faculty and abundant resources. Although now short on time, Civi hopes to be able to travel a bit in the near future, in addition to his hobbies of basketball and volunteer work. And with his positive attitude and superb cooking skills, MSU-CIBER staff will want to keep him around for some time to come!

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## CIBER News Seeks Information

If you have information or upcoming events of interest to the international business community that you would like published in *CIBER News*, please call editor Cynthia Hitchcock at 353-4336.