

STEP BY STEP TO SUCCESS

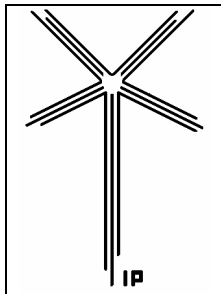
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**IMPORT - EXPORT
BUSINESS**

**AN AUTHORITATIVE MANUAL ON
HOW TO EARN AN EXCELLENT LIVING OPERATING
YOUR OWN IMPORT- EXPORT BUSINESS
IN ANY NATION OR COUNTRY
OF YOUR OWN CHOOSING**

by Dr. Uche Akwuba, LCE

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1. About The Author

Dr. Uche Akwuba, LCE is a medical doctor who holds medical degrees, with honors, from the University of London, England. He was trained in brain surgery at the Downstate Medical Center, in New York City, a part of the Medical Education System of the University of the State of New York.

Dr. Akwuba has extensive and successful business experience in many areas, including Import-Export, Export Financing, and Wall Street banking, all from business organizations based in New York City. Dr. Akwuba has developed and taught Adult Education Courses in Computer-based Securities Trading, Anger Management, Stress Management, Import-Export, and Reading for Adult Beginners.

In 1998 (4-02 MSD), Dr. Akwuba was tried, in a United States Federal Court, on false charges based on evidence fabricated by the FBI, an agency of the United States government. He is now, in 2001 AD (9-01 MSD), imprisoned, by the same government in one of its Federal Prisons, in violation of his internationally-recognized human rights, which are supposedly guaranteed by the Constitution of the United States of America.

Dr. Akwuba is the Founder and Chairman of the World Morning Star Association (WeMSA). WeMSA is a worldwide cultural organization, which promotes Nonviolent Peace, Good Deeds, and Unconditional Love for all Creation and, at the same time, works for the preservation, promotion, and celebration of the language and culture of all Nations.

For more information, see the WeMSA website at <http://www.wemsa.net>.

2. Foreword

This Manual is the summary of the World College of the Morning Star Adult Education Course on how to establish and operate a successful import-export business. It is written specifically for the individual who wants to earn an excellent living, and perhaps become wealthy, operating his or her own import-export business. If you are, or would like to be, such an individual, you must meet these seven requirements:

2-1. You will travel.

You must be willing to travel within the Nation or Country in which your business is based. You must also be willing to travel to the foreign Nations or Countries with which you expect to do business. If you enjoy traveling, you are lucky. If not, well, that is business.

Import-export is not mail-order. In import-export you will have to travel in order to establish your business. And you will have to travel in order to generate business. You will also need to travel in order to meet other business-people face to face, and thereby establish relationships, inspect installations, and verify significant claims.

2-2. You will learn to live with foreign cultures.

You must be respectfully open to foreign cultures and, preferably, enjoy them. In your foreign travels, you will come in contact with cultures with which you are not familiar. And when you do, it would be prudent to control your surprise or shock, but not your genuine admiration, should admiration be your true reaction. Your hosts will appreciate your admiration; but do not expect them to take kindly to your lack of self-control or respect, if you find some item of their culture shocking. You should not expect your hosts to appreciate your lack of self-control in the face of a culture with which they have lived for hundreds, perhaps thousands, of years. Best of all, teach yourself, if you can, to enjoy their unfamiliar culture. Learn all you can about it. If your business in that Nation or Country is successful, you will have to live with that culture for the rest of your business life, and so will your successors in business.

2-3. You must be honest.

You will have to be scrupulously honest. It is possible to start your business without honesty, but any superficial success you may achieve will collapse, and your apparent success will turn into heartbreaking grief and sorrow.

To be a permanent success, the business-people with whom you deal, as well as the public which is served by your business, must be able to rely on your honesty and not be disappointed. No

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amount of future apology can adequately compensate for past dishonesty. You will find that businesses, which were built on a solid foundation of scrupulous honesty, have thrived from generation to generation and have made their wise owners wealthy. If you want to be a lasting success, you must do what business, which are lasting successes, do. They are scrupulously honest. Those, which appear successful but are not honest, will eventually collapse.

Those who built their businesses on the rickety foundation of dishonesty have watched, broken-hearted, as everything they built turned to dust.

Honesty means that if someone asks you where you were last December, you will say, "I do not wish to talk about it", or you may say, "It is none of your business. Let us talk about more significant matters". But if you choose to provide the information, the information you provide must be absolutely - not just technically - true.

Honesty also means that if a customer makes a mistake in your favor, you must bring that error to his or her attention, and make the necessary correction - even if the mistake would have given you hundreds of thousands of dollars more profit than your original contract.

2-4. You must be trustworthy.

You must choose to be completely trustworthy. You will therefore make trustworthiness one of the pillars of your business. It is, in business, a currency more valuable than gold.

People, who know that your business is trustworthy, will seek you out when they have a serious (and profitable!) need. If you promise to ship 5,000 tons of confectionery sugar in ninety days and you do so, thereby showing yourself and your business to be trustworthy, you are building a track record of successful performance. Such a record will make you truly happy and wealthy. Only thus is true business success built.

2-5. You must pay your taxes.

Governments all over the world provide the services that it is their obligation to provide, by spending money collected as taxes. It is therefore the responsibility of every resident of any Nation or Country to pay all taxes owed to the Nation or Country, in accordance with applicable tax or business law.

No matter what you may feel about the fairness or lack thereof of the tax code of the Nation or Country in which you live, you must pay the taxes you owe under its laws. Attempts to pay less tax than you should, whether lawful or not, are not praiseworthy. You should operate your business in such a way that you make vast amounts of money, so much money that the taxes you have to pay cannot become a painful burden.

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You should be aware that the Nation or Country in which you are based has created (and does maintain) an environment in which it is possible for you to carry on an orderly business. And that costs money. As a business-person, you should appreciate the value you receive and be willing to pay for it. If, however, you find the tax obligation facing you and your business too heavy for the value you receive, you should make arrangements and move to another Nation or Country, *after* paying the taxes you owe!

If other considerations weigh against your moving to a new Nation or Country, then those considerations obviously help to make your tax bill a worthwhile expense. A word to the wise...

2-6. You must give to charity.

Those who are successful must share their success with others, in order to maintain that success. A successful person, who does not share the fruits of his or her success with those who may be less fortunate, soon loses his or her successful touch. There are unwritten Laws of Nature that cover such issues.

As a successful business-person, you must do what successful business-persons do. Most unsuccessful people tend to be selfish and self-centered. They are tight-fisted and not generous. Since *what goes around comes around*, those who give to other people are also the ones who receive more from the Source of all things. But, most unsuccessful (and selfish) people do not know this, or do not believe it. And the loss is theirs.

To be successful, you must make up your mind to give to charity; you must willingly give part of your profits to charity. You should give 10% or more of your profits to charity, and do so every time you book profits in your business. And when you give to charity, make it easy for your beneficiaries to receive the gift. Do not expect to change the world with your little gifts of money by making it difficult for people to qualify for your charity. It simply does not work that way.

Please realize that what you give to yourself, or to your family, is not charity. And if you want to give more than 10% to charity, do not let anyone stop you.

2-7. You must write business letters.

In your successful import-export business, you will have to write business letters in the language in which you will have to do business. If you want to do business with English-speaking Nations or Countries, you must write such letters in English. If you want to do business by selling products in Nations or countries that speak French, Spanish, or Russian, you must write business letters in those languages.

If you cannot write such business letters yourself, you must have someone else write them for you. But that can be a serious inconvenience. In addition, an unscrupulous writer may choose to use your information for himself or herself, or else, sell your information to someone else who

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would use the information. It is therefore best for you to learn how to write your business letters in the appropriate language. Any poorly assembled jumble of words will simply not do.

You should write your business letters on a computer. If you are not yet familiar with how to use a word-processing program on a computer, you should immediately learn how. It will be hard to do business in this day and age if you cannot do your own word-processing. It is simply too cumbersome, and too risky, to have someone else do your basic word-processing for you.

2-8. The Extra: You will have to adopt the Spiritual Way of Life.

If you want the rest of your life, including your business life, to be exceptionally successful, you will adopt the spiritual *Way of Life* known as *Original Spirituality*. *Original Spirituality* is not a religion. As a matter of fact, *Original Spirituality* supports *all* religions and encourages you to practise your religion diligently.

Though it is possible to establish and operate an import-export business without adopting *Original Spirituality*, your business life will be easier, and success will come more easily to you, if you choose to do so. *Original Spirituality* means that you are living by the *Four Pillars of the Morning Star*. The Four Pillars are:

1. Be Fair and Just in everything you do.

2. Live in accordance with the Four Great Natural Laws. *These are:*

(a) The Law of Personal Responsibility: The Source rewards you for all your Good Deeds and punishes you for all your evil deeds in proportion to the seriousness or the significance of those deeds.

(b) The Law of Automatic Freedom: All Nations on Earth have a natural right to be free and to govern themselves;

(c) The Law of Land: The land belongs to its citizens;

(d) The Law of Time: Nothing can stop that whose time has come.

3. Show Unconditional Love to everyone.

4. Do Good Deeds in every situation in which you find yourself.

For more information on *Original Spirituality* and how it came to be, please see the book titled *The Message of The Morning Star*, by Dr. Uche Akwuba, LCE. It is available wherever books are sold, or write to its publisher: Chenax Majesty IP, Inc., Empire State Building, Suite 3304, New York, NY 10118-0069. (*The Message of The Morning Star* is no ordinary book.)

All books in the *Morning Star Message Library* are described on the Internet and they may be purchased from there. Please go to <http://www.chenaxmajesty.com/books.htm>.

3. Set Your Income Goal.

The old aphorism says: If you don't know where you are going, any road will take you there. That is another way of saying that if you do not know exactly where you are going, you are as good as lost. It is therefore important that, while you are planning your import-export business, you decide exactly where you want to go financially, with the business.

To set your income goal, it is useful to recognize that the import-export business has the potential to make you wealthy. But that is only a potential. To proceed, write down how much, in profits, you would like your import export business to earn every year. Remember that 10% (or more) of that profit, you must give to charity.

The amount of profits you target to earn must be large enough to keep you excited and enthusiastic about your business. If the number you have targeted is not large enough to ensure your total excitement, increase it. Remember that only you can limit your goals. Write your annual income target down now.

The annual income goal you have now set is, of course, large enough to keep you excited and enthusiastic. That is good. If, however, you are ready to meet all the conditions specified under Item 2, titled *Foreword*, you may now multiply the number you have written down by four. This larger number will be available to you, as an annual income in your import-export business, if you will earn it by doing all the right things. If you choose to cut corners, to tell lies here and there, cheat in one place or another, even your original goal will *not* be achieved.

There is no way to escape the applicable Law of Nature. As stated in Chapter 9, verse 80 of the Holy Qur'an, "*Ask forgiveness for them or do not ask forgiveness for them; even if you ask forgiveness for them seventy times, Allah will not forgive them; ...*"

In Hindu Holy Scriptures, it is stated in the *Bri Hada Ran Yaka* Chapter in the Upanishads as "... *and as his deed is, so is his reward, whether good or bad*".

All of these are re-stated by the biblical quotation: *As you sow, so shall you reap.* (Galatians Chapter 6, Verse 7.)

No one needs to be reminded that *what goes around comes around.*

4. Begin Your Import-Export Business.

To begin your import-export business, you need to take several carefully planned steps.

4-1. Obtain Written Personal Identification.

Obtain, at least, two written means of personal identification. One or more of these must carry your photograph so that anyone, to whom you present the identification, may look at the photograph and at your face, and then recognize that the name on the identification is yours.

Depending on the Nation or Country in which you are, the qualifying, written identification could be:

- (a) A passport,
- (b) A driver license,
- (c) A non-driver identification (which, in the United States, *resembles* a driver license),
- (d) A professional license, such as a Nurse's license or a College Diploma,
- (e) A Social Security Card (in the United States of America),
- (f) A telephone bill with your name and address on it, or
- (g) A gas or electric bill with your name and address on it.

In some Nations and Countries, your address, such as would appear on a driver license or non-driver identification, a telephone bill or a gas or electric bill, is also a requirement. But why do you need these means of identification?

Because you must open a *personal checking* (also known, outside the United States, as a *current*) account at a large commercial bank. You cannot proceed in business without a checking account, or with only a Savings Account.

4-2. Choose Your Business Name And Register It.

You will need to select a business name and then register that name with the government of your Nation or Country. Ask a lawyer how to proceed.

The name you select must be easy for people from other Nations or Countries to pronounce. And the name must be reasonably unique so that it is not easily confused with the name of another business. If your name is *Ignacio* or *Iskar* and you want to export magazines used by businesses, do not seek to register *IBM* to stand for *Ignacio Business Magazines* or *Iskar Business Magazines*. *IBM* is already taken by International Business Machines. But *Ignacio Magazine Impex Co*, meaning *Ignacio Magazine Import-Export Company*, will probably be a safe name. In any case, the registration authority will, most likely, reject a name which is already taken, but that is not its primary responsibility.

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If you succeed in registering a name which already belongs to another company, you may be surprised, in the future, with a letter from that company's lawyer requesting that you immediately drop the name, or face a law-suit and monetary claims.

There are two main reasons why the government wants you to register your business. One reason is that the government needs to keep statistics on various aspects of business activity and your business comes under that heading. The other reason is that the government needs your registration in order to know that there is such a business, so that it can collect all taxes due. As a responsible business-person, you must comply.

As a business-person, you have other reasons why you want to register your business:

- (1) Your registration documents the fact that the business name belongs to you, beginning from the date of the registration, so no one may register the same name at a later date and pretend to be your business, in order to take customers away from you.
- (2) You need a *proof of registration* to open a business checking account, at a commercial bank, for your business. You cannot conduct a legitimate import-export business without a business checking account.

What type of registration?

You may register your business as simply a *Registered Business Name* (or *d/b/a*, which means *Doing Business As*), or you may register your business as a *Corporation*, also known as a *Limited Liability Company (LLC or Ltd.)*. A lawyer, or your local public library, will help you to clarify which of these choices would be best for you.

If your import-export business is a registered business name (or a *d/b/a*), any debts owed by the business is also owed by you personally. If the business is a corporation (or a limited liability company), you are personally protected from the debts or other liabilities of the company, by law.

In general, it costs more to register a corporation than it does to register a business name. In many Nations or countries, there may also be tax implications depending on how your business is registered. It would be wise to ask someone, such as an accountant who is knowledgeable about tax matters, how the tax code in your Nation or country would affect your choice.

4-3. Open Your Personal Checking Account.

Once you have the written, personal identification as explained in Item Number 4-1 on page 10, you should open a personal checking account at a major commercial bank. Choose a branch located in the main business district. Do not choose a branch located at an out-of-the-way address. Such an out-of-the-way bank address would create the wrong image for your international business-in-the-making.

Before you go to the bank to open your account, telephone ahead to ask:

- (1) How many pieces of personal identification are required,
- (2) What is acceptable as a personal identification,
- (3) What the minimum opening deposit is, if there is a minimum, and
- (4) What the maximum opening deposit is, if there is a maximum.

Make sure you have everything that is required. Do not expect to go into the bank and beg for some kind of concession; it will not work.

Entering the bank.

As the old saying goes, *you have one chance to make a first impression*. Do not waste your one chance.

To succeed in your import-export business, you have to present yourself as a middle-of-the-road business-person. Extremes will not do. So, first, you have to dress and look as middle-of-the-road business-people do. If you have a political statement to make through your dress and personal style, make it in the appropriate venue. If you have a bold cultural agenda to advance, by all means advance it, but do so at the right place and time. You must understand that in the business world, specific rules apply; you break them at your own cost.

The world of business has decreed that the middle-of-the-road business attire is the business suit, in muted colors. The colors should be navy blue, grey, or dark brown; the fabric must be wool or a good quality polyester-wool mix, never 100% polyester. Sharkskin, linen, silk, cotton, denim, nylon, or corduroy suits are out of the question. The business suit is for both men and women, but somewhat brighter colors are acceptable in suits for business-women.

For men, a light-colored shirt, buttoned at the collar, and a well-knotted tie, complete the look. For women, a blouse buttoned at the collar is most appropriate. When in doubt, go into the major commercial bank in the city and see what the branch manager is wearing. Then imitate that. If, to reflect your personality, you choose to dress otherwise, it will cost you dearly.

Business dress shoes come in only two colors, all black or all dark brown. Multi-colored shoes, again, are out of the question. Women may wear navy-blue shoes to match a navy-blue suit, but for both men and women, no one can go wrong with black or brown shoes. However, it is not acceptable to wear brown shoes with a navy-blue suit.

If you are a man and you wear a three-piece suit, be sure the lowest button on the vest is unbuttoned. Those who know, do so; they expect you to do the same.

Your aim in how to look, from the top of your head to the bottom of your feet, is that you not make the manager of your bank nervous or uncomfortable. If you make bankers nervous or uncomfortable, it will be very hard for you to succeed in business.

Your voice.

When you are at the bank, do not raise your voice. Keep your voice low, even if you are accustomed to speaking loudly. The bank is not a church, but it is a *temple* for the transaction of an important part of business, therefore sophisticated quietness is demanded and expected.

Opening your account.

Telephone the bank branch you have selected and ask for the branch manager. When he or she comes to the telephone, tell him or her that you want to make an appointment to come in and open a personal checking account. Arrive properly dressed and on time for your appointment.

Money Order.

Go to the Post Office and buy a money order with the cash you plan to use as your opening deposit. Make the money order payable to yourself. *Cash is king*, but not in this case!

On the day of your appointment, dress as you have been advised. Carry a business-like brief case, even if all you have in the brief case is a newspaper and the money order. Do not carry a satchel with a shoulder strap. When you arrive at the bank, see the branch manager who may then assign one of his or her staff to serve you. This way, you are moving in the proper manner, and at the proper level. If you did not make an appointment, you would be what is known as *a walk-in*. Successful people do not show up as *walk-ins*; they come into the bank to keep an appointment.

Be sure that the information you give in answer to the bank's questions is true in every respect. Remember that you have undertaken to be honest and trustworthy.

Assessment.

While you are at the bank, the bank will make an assessment of you. You may find out how the bank assessed you, as follows: If the bank gives you a checkbook immediately, you have done well. If the bank says you will have to wait a few days to receive checks, you have not done well. But if you have *not* done well, it is not a major disaster yet. Read Item Number 4-3 again, and prepare yourself better for the opening of your business checking account. It is essential that you do that *very* well.

4-4. Obtain A Business Address And Business Support Services.

You need a base of operations for your import-export business. Since you are just starting out, you need to conserve your necessarily-limited capital. It is therefore suggested that you base your business at your home. You should maintain that base of operations until you have completed a few transactions and are, therefore, in a position to pay for an office in a good quality office building.

Item 4: Begin Your Import-Export Business

But though you are operating from your home (in order to conserve capital), you must obtain - and pay for - business support services. These are:

- (a) A telephone number and telephone answering service,
- (b) A mailing address,
- (c) A telefax service,
- (d) A conference room, as needed, and
- (e) An e-mail address.

The four services listed here under (a) through (d) are usually available from companies listed in the telephone directory as *Telephone Answering Services* in the United States. In other Nations or countries, corresponding equivalents may be found. If you are based in a developing Nation or country and cannot find such listed companies, you can make arrangements to receive similar services by applying (in person, dressed in the uniform of business) to the offices of lawyers, accountants, or engineers, etc. Do not apply to another import-export company, because its employees may be tempted to take over your customers or suppliers. We shall refer to such a business-services provider as simply *the provider*.

Contrary to what you may expect, the total cost of such services is quite small. If the cost quoted to you is more than, say, one hundred dollars (in the year 2001 AD [9-01 MSD]) in expensive New York City, negotiate it down, or try another provider.

With the business services listed here under (a) through (d), these are what you should expect to receive from the provider:

(a) A Telephone number and a telephone answering service:

The provider will give you a telephone number for your business and also provide a live operator to answer the telephone in the name of your company, 24 hours a day. Or, at least, during business hours in your City. Obviously, it is better to have a 24-hour service, since you will be receiving telephone calls from all over the world.

The provider's employee, who answers the telephone, will state that you are not in your office. He or she will then ask the caller to leave a message for you. When you telephone the answering service, you will be able to retrieve your messages. You must then telephone your callers to carry on the business with them, at your earliest convenience. As a business-person, you must return all your telephone calls promptly.

(b) Mailing address:

The provider will arrange for you to use its street address as your business address. In many countries, a post office box address is acceptable as a business address, but it is generally more positive if the business address is a street address. The street address must be that of a high quality building in the business district.

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You will telephone the provider everyday to see if you have any mail and, if you do, you must go to retrieve such mail as soon as possible.

(c) Telefax Service:

Even in this day and age of e-mail, your import-export business will *still* need a telefax service. The provider will allow you to receive your faxes through the provider's telefax number. Because of the inconvenience and high cost of sending out your own faxes through such provider services, you should have your own fax machine. But do not arrange to receive faxes at your home telephone (which may be busy), especially if your home telephone carries a different *area code* from your business telephone.

When you telephone the provider to ask if you have any mail, also ask if you have a fax. If you are expecting a fax, you may need to telephone your provider several times during the day.

Note: It is now (in 2005) also possible to obtain what is known as an 'Internet Fax Service'. Under this arrangement, you can obtain a 24-hour fax service for less than \$4.00 a month. The fax will arrive as an e-mail attachment, and you can then print it off your computer. It is easier than it sounds. To find one, go to an Internet Search Engine (like Google or Yahoo) and type in 'Internet Fax'.

(d) Conference Room, as needed:

Every once in a while, in the early stages of your import-export business, you will need a conference room. The provider usually maintains several conference rooms, which you can reserve, with proper notice. Usually, the size of the conference room would depend on how many guests you expect. Conference room use is also usually available at no extra cost, if you are obtaining the other services from the same provider.

Needless to say, when you schedule a meeting at the provider's location, you will arrive early and wait in the conference room. When your guests begin to arrive, the receptionist will send them into the conference room to meet you, or else call you from within the offices to come out, meet your guest, and take him or her into the conference room.

(e) E-mail address:

Your import-export business will need an e-mail address. You will not usually obtain an e-mail address from your business services provider, but you can easily obtain one through your local Internet Service Provider (ISP), such as America Online, Yahoo, or MSN. It is relatively easy to obtain free e-mail service.

Pre-paid Telephone Cards: Long-distance and international phone calls are still very expensive. Therefore, to avoid unpleasant surprises when your telephone bill arrives, make all your long-distance and international calls using prepaid telephone cards. *But prepaid telephone cards are not created equal.* Shop around to find the card that delivers the best rate for your the

Item 4: Begin Your Import-Export Business

areas you call. A good place to find prepaid phone cards is on the Internet. Look into this prepaid phone cards provider: <http://www.phonecardsavenue.com>.

Save Money With Internet Telephony: There is now something known as VoIP, which stands for *Voice Over Internet Protocol*. That strange name means that you can make local and long-distance phone calls using the Internet at a rate that is much cheaper than the usual telephone company rates. You need to have a computer and what is known as High-speed Internet Access. High-speed Internet Access is usually available from Cable TV companies or from Telephone companies. You'll pay a monthly rate for the High-speed Access, but you will need access to the Internet anyway, so a high-speed access, if it is available in your area, is an excellent investment.

100% Free Telephone Service: You can now (2005 AD [9-05 MSD]) make free telephone calls to anyone anywhere in the world if you have a computer and high-speed Internet access. The person you want to call has to have the same and be on his or her computer at the same time. The free telephone service is provided by Skype. You can sign on to the Skype telephone service FREE at <http://www.skype.com>. The company, Skype, was recently bought by e-Bay for over \$2 billion. E-Bay promises that Skype will continue to be free; only time will tell.

Important Note For When You Travel On Business:

It is most important that when you are out of town or overseas on business, there is a dependable person who can retrieve your e-mail, regular mail, and fax, or take telephone calls from you and perform needed work. Be sure to have such an arrangement in place, with a reliable friend or associate.

4-5. Print Your Stationery: business cards, letterheads, envelopes, and Proforma Invoice blanks.

Now that you have your business name registered, and you have your business address, telephone and telefax numbers, as well as your e-mail address, you are ready to order your printed stationery. Because of the importance of presenting a business-like image in the world of business, you must order high quality stationery. High quality stationery does not mean expensive paper. It means sharp, clean printing on reasonably good paper.

Remember, as you order your printed stationery, that this is *your* business, therefore you must give yourself a title which reflects that fact. Your title will be *President and Chief Executive Officer* or *Chairman and Chief Executive Officer*. Do not take a lower-level title such as *Manager, General Manager, or Director*. You must let it be known, whenever you present your business card, that you are the top executive in charge.

Your Proforma Invoice blanks:

A *proforma invoice* is a quotation document issued by an exporter to give a potential importer the price of goods as well as the terms and conditions of the sale and shipment of those goods.

Item 4: Begin Your Import-Export Business

Any detail needed to show the importer what is offered for sale, how much it will cost, and when it will be shipped to the importer, along with the method of payment, are provided, in writing, on a proforma invoice.

Your proforma invoice blanks should be printed when you print your letterheads and your other stationery. A sample proforma invoice is included to guide you. (See page 58.)

4-6. Open Your Business Checking Account.

Now that your business printing is complete, you are ready to open a checking account for your import-export business-in-the-making. Such an account will be critical to your success, therefore you must be careful to do everything right.

The bank will be the same bank in which you opened your personal checking account. This is important because *banks prefer to open business checking accounts with people they already know*. Knowing the business-account customer beforehand, makes banks comfortable. And you must make the banks with which you have to deal, comfortable with you.

You will, again, telephone the manager of the same bank branch for an appointment to open your company's checking account. Be sure there is money in your personal checking account, so that you can write a check on that account and use that check as an opening deposit for the business account.

If you plan to use a check written by someone else as part of your opening deposit, be sure that the check is *certified*. A *certified* check, so identified by the bank on which it is drawn, is one that is guaranteed to be honored by that bank. Do not take a chance that a check which you use as your opening deposit, may be returned unpaid by the drawer's bank. Such an outcome will damage the important new relationship which you are in the process of building with your bank.

When you arrive at the bank to keep the account-opening appointment, you will, of course, be dressed in full business uniform. Your briefcase will now also hold your business cards, in a neat, business-card case. You will now present one of your business cards to the bank manager.

After the account is open, ask the branch manager the following questions:

- (a) Do you have any special services, at this branch, for import-export businesses?
- (b) What letter of credit services are available at this branch?
- (c) Where is the International Credit department of the bank? Ask the branch manager to call that department and make an appointment for you to see the Vice President in charge.

When you go to the International Credit Department, also ask to be introduced to the Vice President with whom you can discuss the setting up of a Line of Credit. When you meet with that officer, make a written note of the terms and conditions required for the establishment of a Line of Credit of \$100,000 dollars (or equivalent in your currency). We shall discuss later, the establishment of a Line of Credit and how you may best use it to increase the volume and profits

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of your import-export business. (The discussion appears in Item Number 10 on page 34, under the title: *Establish A Line of Credit.*)

In many Nations and countries, the bank employee who is opening your business checking account, will ask you to select the style of checks you would like, the color of the checks, and the starting check number.

(a) Style: Select the *wallet* style. This is the smallest size of checkbook available. The advantage is that it is easy to carry, even when you are traveling. There is no compelling reason to choose the *desk-type*. The desk-type is heavy and unwieldy, and does not provide worthwhile advantages.

(b) Logotype: If you have designed a logotype for your company, tell the bank officer that you would like your logotype printed on your checks, next to the name of your company. Do not use the *stock* logotypes provided by the printer. Because, since they can be used by anyone, they identify the user as a small-timer.

(c) Color: The color of the checks is not significant. Any color you prefer will do.

(d) Starting Number: Each check you order has an identifying number printed on it. Instruct the bank officer to use the starting number 1400. The choice is yours, and 1400 is a good number.

4-7. Join Business Organizations And Trade Organizations.

It is an excellent idea to join Business Organizations and Trade Organizations in the Nation, Country or City in which your business is located. Join the largest organizations whose terms and conditions you can meet. Be an active member; you will thus be able to meet and network with others who are in business. Those who are more experienced than you will help you, and you can help those who may need your experience and special talents.

Examples of the organizations you should join are: Chambers of Commerce, Rotary Clubs, Association of Importers and Exporters, and the like. It is excellent also to be a member of the Better Business Bureau. Note, however, that Better Business Bureaus would not generally admit a new business as a member, until that business has been in existence a certain number of years. In New York City, the minimum number of years is three.

5. Select Products For Your Business.

5(i) One of the most important decisions you will make in your import-export business is deciding what products you will export or import. The right products to be selected must qualify as follows:

- a. *The product must be relatively easy for you to obtain.* Examples would be food items, medicines, cosmetics, building materials, industrial chemicals, computers, industrial supplies, e.g. newsprint, printer's ink, lubricants, etc.
- b. *The product must be readily salable in your target market.*
- c. *It is best if the product is not easily perishable.* As an example, frozen foods are highly perishable because, if the refrigeration equipment fails, the entire shipment may be lost. Canned vegetables or canned fruits and nuts are not as perishable. They could be a better choice.
- d. *The product must be easy to transport.* Delicate glassware is difficult to transport safely; canned foods and bagged cement are much easier to transport.
- e. *The product should provide a large profit margin* - after all, large profits are probably the main reason why most people are in this business.
- f. *Repeat business must be likely.* As examples, food items, medicines, and building materials are likely to draw repeat orders.
- g. *The market for the product should be expanding faster than the rate of population growth.* As examples: computers, computer software, water-treatment chemicals.
- h. *Exclusivity:* It is advantageous to be the only company through which a popular brand may be obtained.
- i. *It must be possible to have the product supplied under your own brand name.* As an example, canned tomato paste is popular in certain markets. It should be a simple matter to have such an item manufactured for your company, with your brand name on the packaging. Such an arrangement will give your company very valuable ownership rights, especially if the product becomes popular in your target markets. (See 5[ii] *Establish Your Own Brand* on page 20.)

Do not decide to deal in any particular product other than for solid business reasons. You are building a business, not a social club. The final selection of products must depend on your target market. You will first select a market, and then you will select the right products for that market. This is the easier way; *selecting products first and then looking for markets is more difficult.* The

Item 5: Select Products For Your Import-Export Business

market for the product you already selected may lie in the areas of the world that you may not want to visit, or whose language you do not speak or write.

5(ii) Establish Your Own Brand.

One carefully selected, successful product can make you wealthy, and make your heirs after you wealthy also. But such a product must belong exclusively to you. Others may have similar products, but no one else may have an exact same product with the exact same brand name.

To select such a product and bring it to market, you must research your target markets. You will identify a product that is both low-priced and consumed in quantity. Examples would be canned vegetables, canned fruits or nuts, canned tomato paste, canned evaporated milk, vitamins, cement, rice, flour, or sugar. Garments are not suitable because fashion is fickle.

You will next find the manufacturer of the most popular brands of the product you have chosen. Approach the manufacturer and tell him or her that you want him or her to manufacture the *exact* same product for you and put *your label* on it. Since you know the product will be popular - because it already is - tell the manufacturer that you expect to buy huge quantities, but that your orders will start small and then grow.

Ask the manufacturer to give you the specifications for the labels (if they are paper labels), or the contact information of the manufacturer of the cans (if the label is printed direct on the can). None of these should be a problem; after all, the manufacturer wants to sell preserved fruit or tomato paste, not cans or labels.

Do not allow the manufacturer to print your labels or cans, because he or she may chose to misuse them under certain circumstances. Supply only the labels or printed cans needed to fill any particular order; this way, you maintain tight control. The manufacturer with whom you have made such an arrangement is known as your *Contract Manufacturer*.

Arrange for a few samples, and take these on your business travels. Against these samples, you will obtain orders. You may choose to grant exclusivity to *good customers* for their areas, if they will undertake to buy a certain quantity every, say, 3 months.

You may find it useful to help pay for advertising, since every item sold is from you. You can do this by giving the importer a 2% discount on all orders he or she places during, say, a six-month introductory period.

If the product is right, you may be able to appoint exclusive importers within the various markets in a large region. If the product is priced right (since the quality is already known to be good), you can do very well. Your ownership of such a label increases the value of your import-export company.

6. Select Your Markets.

A simple rule of thumb in business is: If you have something to sell, you must speak your buyer's language. The simple reason is that while you have the merchandise, your buyer has the money; and money is king.

In selecting the markets in which you would do business, the following qualifications must apply:

- 6a. If you plan to export into any market, you must speak the language of that market. If you will import from a market, you should choose a market in which you can easily communicate.
- 6b. The market must be willing to accept imports, or be ready to export the items you wish to import. Some Nations or countries have stringent requirements regarding what products may be exported into them. You may find such restrictions too burdensome, unless the potential profits are exceptionally high.
- 6c. The market must be accessible to business travelers from your Nation or country. Because of political considerations, some destinations are essentially closed to the nationals of certain Nations or countries. It would be most prudent to stay away from markets where your nationals, or your government, are particularly not welcome.
- 6d. A good market must be in a Nation or country that is politically stable. Political instability may mean that an unfavorable situation may develop while you are in the midst of a lucrative transaction, or else it may develop and destroy relationships you had invested years into building.
- 6e. Potential importers of yours must be able to pay for their imports in such a way as not to expose you to unreasonable risk. Your importers must be able to open a Letter of Credit in your favor and, if you are the importer, your exporter must be able to ship goods to you against a Letter of Credit.
- 6f. Importers in the target market must be willing to import what you have to sell, and exporters of what you want to buy must be willing to export. You cannot do business in any market if there are no business-people who are ready to perform on the opposite side of the transaction.

Note, however, that selecting a market is a matter of business judgment. You may make a business decision that a risky market is so profitable that it is wise to assume the added risk of doing business in it.

7. Select Your Suppliers.

In the export side of your import-export business, your suppliers are those businesses that supply your company with products for export. The ideal supplier will be one that:

- (a) Makes good quality products;
- (b) Is willing to give your company *exclusive rights* to the product in specific markets;
- (c) Is flexible regarding payment arrangements; and
- (d) Is willing to give you credit.

7a. Product quality: You should aim to be the company that exports good quality products. In some markets, cheap, poorly made products are all that the market can seemingly afford. But since poorly made products are more costly in the end, it would be best to always aim for good quality at a reasonable price.

7b. Exclusive rights: If you introduce a supplier's product into a market and the product becomes popular in that market, others from that market will approach your supplier and seek to compete with you. If you do not have *exclusive rights* for that market, you could find yourself in a losing position, in what promised to be a highly lucrative market. Without *exclusive rights* in a market, your position is full of risk and could cause you grief.

7c. Flexible payment arrangements: Some suppliers will insist on a cash-with-order payment arrangement, since your business is new and does not have a reassuringly high credit-rating. Others will insist on payment by Letter of Credit. If the Letter of Credit you received from your importer does not permit *transfer* (and you have no *back-to-back* Letter of Credit arrangement at your bank), you will not be able to do business with such a supplier. Your Letter of Credit may therefore expire unutilized, and cost you a valuable importer. However, if the supplier will accept *an Assignment of Proceeds* against your Letter of Credit, that is easily arranged. (See *Letter of Credit Step 4* under *Letter of Credit Procedure* on page 42.)

Your supplier is considered *a supplier with flexible payment arrangements*, if he or she will accept *an Assignment of Proceeds*.

7d. Open credit: A supplier who will supply you with goods for export and allow you to pay after, say, 30 days or more, is a rare find. If you can find such a supplier, you should go out of your way to do business with him or her.

The information above, under this Item Number 7, *Select Your Suppliers*, also applies to those companies that would like to export their products to you, where your company is the importer.

8. Find Good Customers.

Good customers are critical to your success in any business. *And a good customer is anyone, or any business, who wants to buy the product you are selling, and has the ability to pay for it.* No matter how interested and eager a potential customer is, if he or she has no ability to pay for your products, he or she is only a window-shopper. Your import-export business is no different in this respect from any other business. In the end, every business must have good customers to succeed.

If you are an importer, your need for good customers is the same as for exporters. For an importer, good customers are businesses who want to buy what you import, and are able to pay for it. But whether you choose to be an importer or an exporter, you must *never* buy any product unless you *already have good customers waiting to buy it from you.* After all, you are in business to make money, not to own products.

To make a proper selection of customers from among the many who would like to receive your products, you must travel to their locations. As noted under the '*You will travel*' section of *Foreword* on page 5, import-export is *not* mail order.

As you remember from the section *Select Products For Your Business* (Item Number 5, page 19), it is easier to select a market first. This is how to do so:

How to select your market.

Most governments want their Nation or Country to do business with the outside world. Because of this, all governments that have embassies and consulates have therein a consular officer who bears the title of *Commercial Attaché*. It is the Commercial Attaché's responsibility to generate business for the business organizations in his or her Nation or Country. Most Nations or Countries want to export their products more than they want to import from another Nation or Country. But, interestingly, most people prefer imported goods to domestically produced goods. Imported goods have an aura of *exotic splendor*. And therein, lies a great opportunity for you!

Next, people deal with others at a level in which they themselves are most comfortable. Many people are comfortable dealing at low or mid-levels. Unfortunately for such people, authority resides at the top. To succeed in your business, you must begin to become comfortable with dealing at the top. If you want to sell a telephone system to a company, you may spend your time discussing your product with the doorman. You may be comfortable working at that level, but you would be wasting your time. If you are going to sell your telephone system, the only person at the company who can make a buying decision that must be accepted by all, is the Chief Executive Officer. You may not be comfortable dealing at that level, but that is what success takes.

What this means to you as the owner-operator of an import-export business, is that you will draw up a list of five or six Nations or Countries in which you would like to sell your products, or

Item 8: Find Good Customers

from which you would like to import products. Then telephone the embassy of each of those Nations or countries and make an appointment to see the ambassador. Do not permit a receptionist to shunt you off to the Commercial Attaché. You must insist upon seeing the ambassador *because you expect to do a great deal of business with his or her Nation or country*. Insist also on seeing the ambassador at an early date.

At the end of the day, what you are talking about is the main reason why the ambassador is in your Nation or country. The driving force of all diplomacy, the engine of all politics, is business. To believe otherwise is to remain symbolically asleep and thereby invite failure.

For your meeting with the ambassador, you will dress exactly the way successful businesspersons in your Nation or country dress. At the start of the meeting, you will present your business card, which shows that you are the Chief Executive Officer of an Import-Export company. The ambassador will exchange business cards with you. You will then tell him or her again that you plan to do a large amount of business with his Nation or country over the next few years. You want to buy from his or her Nation or country, and you want to sell to it also. You want to see him personally because you want to establish contacts at the highest levels of business and government. State that you would like a detailed list of what his or her Nation or country exports, and what it imports, so that you can make the necessary business decisions. If the ambassador expresses special interest in a particular product, be sure to make a special note of it. He or she may be able to introduce you directly to a good customer. Seize the opportunity.

Be sure to ask the ambassador for introductions to the Chief Executive Officers of the radio and television stations in the main commercial cities, which you expect to visit, in his or her Nation or country. Letters of Introduction would be excellent to have. The reason for these introductions will become clear later in this section.

To provide the rest of the information in which you are interested, the ambassador will send for the Commercial Attaché. That is the only right way to meet any Commercial Attaché: only in the ambassador's office. At that point, the Commercial Attaché knows who you are and will always deal with you with that knowledge and, therefore, with due respect. If not, he or she knows you will certainly take any sign of poor performance back to his or her superior officer, namely, the ambassador. The lower level officer will not want to run such a risk.

If you cannot see the ambassador, do *not* go to any meeting at that embassy. Practise your approach until it is good enough to get you to the top officer. That is how to build success.

Obtain through the ambassador, the list of items the Nation or country wishes to export, as well as its imports list. Obtain the names, addresses, telephone numbers, fax numbers, and the e-mail addresses of the major importers and exporters.

Now, repeat the same process for the three or four other Nations or countries with which you would like to do business.

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The next step is to look, within your own base Nation or country, for businesses that would be interested in *buying* any items you might import from any of the Nations or countries you investigated. You can find potential buyers by looking in the telephone directory, or by perusing advertisements in the newspapers. Even though you do not have prices yet, you can identify potential buyers even at this early stage. Select the largest potential buyers. You will need their excellent credit-worthiness to begin, and to carry on, the business of selling to them. Have an idea as to the size of orders they can place.

Always remember that in your efforts to find potential buyers, you must begin at the top of each company. By doing so, you establish that you are a top executive who deals only at the top. If you cannot obtain business this way, you cannot obtain any business at that company. *To ensure your success, you must always begin at the top.*

After you have identified potential buyers for your imports, you will next look for suppliers of the items that the Nations or countries you want to deal with would like to import, with your company as the exporter. Find the manufacturers by looking in the Business Directories at your Public Library. You will find such directories, e.g. the Thomas Register, also available on the Internet.

It would be no problem if the manufacturer you choose as the supplier of your exports, is in a Nation or Country which is not your base. You can still do business successfully. For example, you may want to export Portland Cement to Senegal, and your base is the United Kingdom while your supplier is in Spain.

Next, obtain two sets of brochures and catalogs, as well as samples where feasible, from your potential suppliers. Delete the supplier's name, address, etc., and prices from one set of the brochures and catalogs. Save the other set for your own reference. Determine your cost, including freight to your various potential destinations.

Next, write to the potential importers of your planned exports and tell them that your company is an exporter of the goods they import, that you will be in their Nation or country on business between such and such dates, and that you would like to meet with the Chief Executive Officer of the company during your visit. Ask for a confirmation that, when you arrive, such a meeting will be held.

Do the same for the exporters of the goods for which you have already identified potential buyers after you import them. Schedule these meetings well in advance. Expect written responses. You will need these in order to obtain an entry visa for that Nation or country.

Next, plan to travel to meet these people in their various Nations or countries.

For ex-prisoners on 'supervised release':

You will need the permission of your probation officer (or his or her supervisor) to travel overseas while you are still under supervised release. The documentation of your contacts and

arrangements with overseas companies should enable you to obtain the permission you need. You must, however, not even consider misusing such an opportunity to breach the terms of your release. Remember the Four Pillars!

Additional Potential Customers For Your Exports:

If you have not been able to schedule meetings to be held, during your first business trip outside your Nation or country, with ten or more potential importers of your exports, you will need more prospects to talk to. You can obtain such additional prospects in one or more of these four ways:

(a) *Use Direct Mail.* Write a business letter to invite interest, and mail such a letter to each firm on the list you obtained from the embassy or from your Nation's or country's Department of Commerce. The letter must be composed in a professional manner, in standard business language and style. The responses you receive should then be followed up. They may surprise you with their rich potential.

(b) *Obtain free advertising.* You can obtain free advertising by making your presence in the Nation or country a news item. This is why you obtained the Letters of Introduction to the Chief Executive Officers of the radio and television stations from the ambassador.

As soon as you have checked into your (first class) hotel, get in touch with the leading radio and television stations on which you had obtained information and a Letter of Introduction from the ambassador of the Nation or Country. Once in touch, make an immediate appointment to meet with the Chief Executive Officers of the stations. (For information on how to work with first class hotels, see Section 9.3, *Establish a relationship at a first class hotel*, on page 30.)

At each meeting, introduce yourself by stating that Ambassador So and So in your Nation or country, told you to be sure to meet him or her. Present your business card and the Letter of Introduction. Then use your business gifts generously. (For information on business gifts, see Section 9.1(e) on page 29.) Tell the Chief Executive Officer that you are an exporter and importer, have just arrived, and are staying at such and such a (first class) hotel. You would like to be interviewed on their *What's News* program on the radio and on television because, as a high quality business-person, you represent significant economic benefit for his or her Nation or Country. Obtain an early appointment to be interviewed on the air.

You must review all questions and be ready with your answers before your on-the-air interview begins. When you are on the air, be sure to speak slowly and clearly. Foreign accents are always difficult to understand, and you have a foreign accent! Look directly at the camera. Make sure you state the name and location of your hotel, as well as the hours when business-people who wish to see you, can find you there. Give your hotel's telephone number, and be sure you have made adequate arrangements to receive telephone calls or messages there.

You will find this free advertising very beneficial.

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(c) *Advertise in a Sunday newspaper in your target market.* The advertisement must be a *display* advertisement, not a *classified*, and a Sunday newspaper is best. The advertisement will be placed through an advertising agency suggested by the ambassador that you met. The advertisement will state that an exporter of such and such goods will arrive on such and such a date, will stay at such and such a (first class) hotel, and will like to meet established importers and business-people, between such and such hours, on such and such days. Include your name, e.g. Ms. Jane Doe.

If your products have been well-selected for the market, you will receive many visitors. All you will have to do in that case, would be to select the best qualified among them to be the importers for your export business.

The display advertisement will usually be quite inexpensive. It should cover one-eighth of a page or more. Example:

EXPORTER OF

Canned Tomato Paste

&

Long-Grain Rice
in 50 kilo bags

arriving soon - See him at
SHERATON HOTEL
30 Airport Road, Wanki
Jan. 10 to Jan. 15

BOOK YOUR ORDERS
5 pm to 9 pm

Ask for
Mr. John Q. Doe

DOE IMPEX CORPORATION

Item 8: Find Good Customers

This approach works because successful business-people are always ready to do more business. You must project the image of your company in a positive light by arranging for your meetings to take place only in a first class hotel.

(d) Sit in the lounge of a first class hotel. There is usually a bar or an open-air terrace, right next to the lobby of the hotel. Sit in such a place and order a slow *non-alcoholic* drink. When business-like looking nationals arrive, buy them a drink and introduce yourself as an exporter. Hand them your business card. You will usually find prospects this way. This is because business-people do go to the lounges of first class hotels in hopes of making business contacts.

Note that it is quite acceptable to hold a serious business meeting in the lobby of a first class hotel. You will, however, buy drinks from the bar.

Keep A Copy Handy

Keep a copy of this Manual always with you so that you can refer to them as you build your import-export business in the weeks, months, and years ahead.

The World Morning Star Association, the World College of the Morning Star, and the author wish you all the best. Remember to do Good Deeds in every situation in which you find yourself. When you do, the results you are obtaining from life will improve dramatically.

9. Travel To Your Markets.

9.1 In order to travel to your export market, you must have:

- (a) A passport issued by your Nation or country. If you do not have a passport, obtain one immediately. (Passports are available from the post office in the United States.)
- (b) A visa issued by the embassy of the Nation or country you wish to visit. The visa is a permit that allows you to enter the issuing Nation or country, and stay for a specified number of days or months. The visa is usually stamped on your passport by the embassy or consulate of the Nation or country you wish to visit.
- (c) When you apply for a visa, you should be prepared to support your application with letters from businesses in your target Nation or country, showing that your travel is for legitimate business. Most Nations or countries will be happy to give you a business visa if you can demonstrate that business with that Nation or country is the reason for your travel.
- (d) International Health Certificate: An International Health Certificate is issued in your Nation or country and certifies that you have received the necessary inoculations required for safe travel in the Nations or countries you wish to visit. The embassy will tell you what is required. You can obtain the certificate from the Department of Health in your Nation or country. That government department can also give you the inoculations you need, or you may obtain them from private doctors.
- (e) Business gifts are such items as T-shirts, pens, mechanical pencils, cups, nail clippers, scarves, and ties. If any of these have the name of your company imprinted on them, so much the better. The companies that sell them refer to them as *advertising specialties*, when they bear the name of your company. Appropriate business gifts have a business value that far out-weighs their price.

9.2 Acquaintances in the Nation or country you wish to visit.

Some people have developed relationships with people from other Nations or countries and hope to do business with such people. If those acquaintances do not qualify as all good customers are required to, you do business with them at your own great and unwarranted risk. Such a risk can be a big enough mistake to put you out of business.

You can work wisely with such acquaintances in one of two ways:

- (a) He or she can help you to find *good* export customers in his or her Nation or country. In that case, *you must pay him or her a commission on each successful business transaction that comes through his or her efforts.*

(b) He or she can be your host or hostess while you are on a visit to his or her Nation or country. You must arrive prepared to pay, at least, part of your living expenses. It would be a Good Deed to come prepared to do so.

9.3 Establish a relationship at a first class hotel.

If you plan to advertise your visit and invite importers to meet with you at your hotel, you must establish a relationship at a first class hotel in that City. You will be a guest at the hotel upon your arrival. Once you settle in, use your business gift items liberally with the Manager of the hotel, with the doormen, the front desk staff, and the telephone operators.

If your funds are limited, check out after two nights, and move into a much cheaper hotel, or go to stay with an acquaintance, as mentioned in 9.2 (b) above. Before you move out of the first class hotel, tell the Manager and the other staff (who now know you) that you will be visiting on a regular basis and that people may be coming to ask for you. If anyone asks for you, they should be told to return at 5:30 pm (or whatever time you choose) to meet you. When you arrive every evening just before 5:30 pm, tell the staff that you are in the house. Take a seat in the lounge and order a slow, *non-alcoholic* drink. The staff will now direct all your visitors to you.

You must also continue to enhance your relationship with the hotel staff through the judicious use of your business gift items, as you find appropriate.

9.4 Meetings with prospective export customers.

The purpose of these meetings is for you to identify those who are qualified to do business with you. And as you remember from Item Number 8 on page 23, *a good customer is anyone, or any business, who wants to buy the product you are selling, and has the ability to pay for it.*

After you have said one or two truthful, nice things in praise of their Nation or country, you should obtain information from them in order to decide who is qualified to do business with you. Remember, if you have any complaints about their Nation or country, keep your complaints to yourself. Their shortcomings - if there be any - are none of your business. Your own Nation or country, as we all know, is not perfect either!

Information points: Make notes of their answers, your impressions, and your conclusions.

- (a) Does he or she have a registered business? (This is essential.)
- (b) If so, for how long? (The longer, the better.)
- (c) Does he or she have an office anywhere? (Even one in his or her home is fine.)

- (d) Where is the warehouse that he or she uses? (This is essential.)
- (e) Who owns the warehouse? (Makes no difference.)
- (f) Any bank accounts? (Essential requirement.)
- (g) Can he or she open a Letter of Credit? (Essential requirement.)
- (h) What is his or her relationship with his or her bank? (Must be good.)
- (i) Can he or she arrange for you to meet his or her bank officer/s? (This is essential because you need to verify the ability to open Letters of Credit.)
- (j) What size order can he or she handle? (A certain minimum size is necessary to ensure reasonable profits for you.)
- (k) How often can he or she repeat such an order? (Frequent repeats are better than an occasional re-order.)
- (l) Does he or she advertise goods for sale? (A yes answer is good. Be sure to see a copy of the previous advertisements to verify and assess the sophistication of the advertising.)
- (m) Does he or she plan to advertise your goods? (A yes answer is good. Advertisements will help to increase the frequency of re-orders.)

Be sure and ready to quote:

1. Prices.
2. Minimum orders.
3. How long after you receive an acceptable Letter of Credit you will ship.
4. Whether the goods will arrive by air or by sea.
5. How soon the goods will arrive, after their shipment date.
6. Whether you can give exclusivity for the market or for a portion of the market. Importers love exclusivity in a particular brand, more so naturally, if the brand has a potential to become popular.

Points 1 to 5 will be clearly specified in your proforma invoice. If a business qualifies as a good customer, you will issue your proforma invoice to that business.

When you are traveling on business, be sure that you have someone, at your home base, who can find a product, and send you the information you need on its availability and price. With such information, you will be able to quote your own price and issue a proforma invoice while you are traveling. This is necessary because a qualified customer may come to you while you are on the road, and ask for a product on which you had not previously prepared yourself to quote. As a

Item 9: Travel To Your Markets

success-oriented business-person, you should have arrangements in place, ready to capitalize on such an opportunity.

9.5 Meeting with the senior bank officer of your potential export customer's bank:

A *good* export customer will be happy to take you to meet the senior officer with whom he or she deals, at his or her bank. If a potential export customer will not do this, it would be best for you to look for another customer. At the bank, you will cover the following points:

- (a) Observe the level of cordiality between your potential customer and the bank officer.
- (b) Verify that the bank is willing to open Letters of Credit for the potential customer.
- (c) Discover in what amount a Letter of Credit can be opened by the bank for the potential customer. This will depend on your customer's credit rating and the size of his or her collateral held by the bank. The larger, the better.
- (d) Find out if the bank operates its own warehouse to help its customers. If it does, ask if it can hold goods for an exporter who ships in goods for sale, *ex-warehouse*.
- (e) Find out which banks in *your supplier's* Nation or country will *confirm* the bank's Letters of Credit. Is such a correspondent bank a first class bank? A first class bank will make it much easier for you to complete your own side of the business.

9.6 Meetings with the potential exporters of the goods for which you have already identified buyers in your base Nation or country:

The potential exporters of the goods you wish to import are the businesses regarding which you received information from the ambassador of that Nation or country. Visit and evaluate them in the following areas:

- (a) An office: Does the company have an office? How business-like does the location look?
- (b) How does the company obtain the products that you are proposing to import? Is that means reliable?
- (c) What is the largest size order it can ship?
- (d) How often can it supply that quantity to you?
- (e) Is the lowest possible price reasonable?
- (f) Will the company provide advertising support in your market?
- (g) Is the company able to work against your Letter of Credit?
- (h) What is the company's reputation in the business community?

Item 9: Travel To Your Markets

- (i) Ask the company to take you to its main banks (so that you can evaluate the relationship).
- (j) Ask for free samples.
- (k) If the exporter is also the manufacturer, is the company ready to put your company's brand name on the product? This means: Is the company ready to be a *Contract Manufacturer* for your company? A yes answer could be very positive for your growth as a business.

If you have planned for your business travel as advised here, and have prepared for it, you should return to your base with ready orders. If not, you have not followed the instructions carefully. It is wise to do so. Following the instructions can make you rich. And, remember, *do Good Deeds in every situation in which you find yourself.*

Keep A Copy Handy

Keep a copy of this Manual always with you so that you can refer to them as you build your import-export business in the weeks, months, and years ahead.

The World Morning Star Association, the World College of the Morning Star, and the author wish you all the best. Remember to do Good Deeds in every situation in which you find yourself. When you do, the results you are obtaining from life will improve dramatically.

10. Establish A Line of Credit.

A Line of Credit (also known as a *Credit Line*) enables an import-export company to increase its business. But *exactly* what is a Line of Credit?

A Line of Credit is an amount of money which your bank has approved for you to use in your business. As an exporter, you will be enabled, by your bank, to export goods on open credit (i.e. not against a Letter of Credit), while the bank has also agreed to lend you a percentage (e.g. 80%) of your Commercial Invoice amount. After your export customer pays you (through the same bank, of course), the bank will take back what it lent you, and deposit the balance in your account.

In an import situation, the bank will open a Letter of Credit for your company, up to the available credit in your Credit Line, provided you have a market for the merchandise you are importing.

As you can imagine, if you are able to allow your importers to pay you *after* they receive your product, you will have more customers who will be ready to place larger orders. And if you can open Letters of Credit to your own exporters, they will be more eager to sell you more goods at a better price.

How to establish a Line of Credit.

A Line of Credit is based on the fact that a bank can lend 8 to 20 times (or more) of the amount of money it receives, as deposits, from its customers, if it moves such deposits into its reserves. The multiple varies from one Nation or country to another, the exact number being set by bank regulators in that Nation or country.

We shall now look at an example based on a Nation or country in which the multiple (known as *reserve ratio*) is 10. This means that if a customer deposited \$1,000.00, the bank can lend about \$9,000 to other customers. In other words, if you deposited \$20,000.00 into your personal or business checking account, the bank can lend \$180,000.00. But the bank may not want to lend *you* all of the possible \$180,000.00; it may choose to lend you \$100,000.00, and lend the rest to other customers, at a higher interest rate. Nothing personal, of course; just business!

The cash you deposit when you seek to establish a Line of Credit will be held in your name, by the bank. It is still your money, but it is referred to as *Cash Collateral*. The bank will usually pay you a small interest on it. Accept what Line of Credit the bank is willing to offer, and work for more in the future.

To start the process, as soon as you have accumulated, say \$20,000.00 in profits, tell your bank officer that you are now ready to establish a Credit Line. Remember, you had previously asked, under Section 4-6 on page 17, how to do so. The officer will again tell you precisely how to proceed. Do exactly what is proper and follow the procedure. Next, tell your export customers to do what is required of them to qualify for such open credit. The requirements will usually include

Item 10: Establish A Line of Credit

Financial Statements, Credit Insurance, and Credit Reports issued by international credit reporting companies such as Dun & Bradstreet.

Expect to take your bank officer to lunch at a first class restaurant during the process. This is not a bribe; it is simply to give him or her an opportunity to get to know you better outside the stuffy environment of a bank. That is how business is done.

Once your Line of Credit is established, use it wisely. Increase your Cash Collateral (by regularly depositing a portion of your profits) in order to grow your Credit Line.

Adjust Your Prices to offset the cost of your Line of Credit.

It should be clear that permitting your export customer to import goods, from you, on open credit and pay you, say, after 30, 60, 90, or 120 days, is a significant benefit to the importer. Such a customer must therefore expect to pay for that credit facility, and you must charge him or her for it. The Credit Line is not given to you free of charge by your bank. It cost you money, time, and effort to establish your Line of Credit, and your bank charges you interest on the amount of credit you are using at any particular time. You must recover these costs (plus a reasonable profit) from your customer, who is sharing the benefits of that Line of Credit with you.

As an example:

If your bank charges you an interest rate of 3% over Prime, and Prime Rate is 9%, your interest rate will be $9\% + 3\% = 12\%$ per year = 1% per month.

Let us say you extend credit on an order of vitamins, with payment due at 90 days.

Actual cost of goods to you is, say, \$90,000.00.

You will borrow (against your Line of Credit) \$100,000.00 to pay your costs, and leave you an additional \$10,000.00 to spend (wisely) on business-related needs. Your bank will require you to submit the shipping documents in order that it can process your customer's payment at maturity. In reality, those documents demanding payment from your customer are the collateral for the money you have just borrowed from your bank.

Your bank will charge you 1% per month for 3 months (90 days) on your borrowings of \$100,000.00. That will be:

$$\frac{3}{100} \times \frac{\$100,000.00}{1} = \$3,000.00$$

You must collect this \$3,000.00 interest charge (PLUS a premium) from your customer. If the customer paid by Letter of Credit, you would have sold the goods for, say, \$120,000.00, but since you are now selling on open credit, you add a:

Service Charge of: $4\frac{1}{2}\%$ of \$120,000.00 = \$5,400.00.

Your price to your customer will now be $\$120,000.00 + \$5,400.00 = \$125,400.00$.

Item 10: Establish A Line of Credit

At the close of that transaction, your situation should be as follows:

Your customer pays \$125,400.00 in 90 days.

Your bank lent you 80% of your invoice value: $\frac{80}{100} \times \underline{\$125,400.00}$
 = approximately \$100,000.00.

The bank retires its loan and credits your account with.....	\$125,400.00	
	minus \$100,000.00	= loan
	minus <u>\$ 3,000.00</u>	= interest cost
	<u>\$ 22,400.00</u>	

Add to this \$22,400.00 the \$10,000.00 you already took when you submitted the shipping documents to your bank, and your total profit is \$22,400.00 + \$10,000.00 = \$32,400.00.

And you are ready to repeat the transaction with the same customer. You can also deposit another \$20,000.00 as Cash Collateral with your bank, and request an increase in your credit line to \$250,000.00. You may be able to now ship, to three customers, orders of \$125,000.00, \$120,000.00, and \$65,000.00 respectively. And as you make more profits, you will increase your Cash Collateral with your bank, and grow your Credit Line.

You must, in the meantime, continue to do business with your export customers by means of the Letters of Credit, which they will open in favor of your company. The Credit Line is strictly for *additional* business with the importers who are qualified to use it. Only *some* of your customers will ever qualify.

11. Use Your Import Customer's Creditworthiness To Pay For Your Imports.

In many Nations or countries, there are business organizations known as *Confirming Houses* or *Factors*. You will find them listed under that heading in the business directory. Their business is to earn a fee by helping creditworthy businesses to import merchandise. They are *Import Financiers*.

Since you are a new business, you will probably not be considered creditworthy by a Confirming House or a Factor. However, if you have an *Irrevocable Purchase Order* from a good, creditworthy business organization, a Confirming House or a Factor will be glad to do business with you. Your first step is therefore to find such customers, as discussed in Item Number 8 under *Find Good Customers*, on page 23.

Use representative samples of your merchandise to obtain an Irrevocable Purchase Order. The Irrevocable Purchase Order will state, in writing, that the large company agrees, irrevocably, to buy 10,000 dozen cases of canned tomato paste, brand name: *John Doe Super*, from your company, at the price of \$20.00 a case, if you deliver the goods *within* 6 months of the date of the Irrevocable Purchase Order. That is a \$200,000.00 order, and you have little or no money.

You have a proforma invoice for *John Doe Super Tomato Paste* for 10,000 dozen cases at \$13.00 a case, delivered to your customer's warehouse. You will now take your customer's IPO (Irrevocable Purchase Order) and the proforma invoice to the import financier. You must be aware, however, that you are revealing both *your seller* and *your buyer* to a third party, where an unscrupulous employee may try to take the business away from you. But since the Purchase Order is irrevocable, you have some (though not absolute) protection on that side of the transaction, at least, for this one time. On the supplier side, your protection is absolute. This is because the *John Doe Super Tomato Paste* brand belongs to you! That means that anyone, anywhere, who tries to buy the *John Doe Super* brand of tomato paste has to buy from you. In such a situation, anyone, who tries to steal your business from you, will reveal himself or herself, in writing, to you!

The Confirming House or Factor will verify that the IPO is authentic, and that the proforma invoice is also authentic. Once the verification is complete, the Import Financier will open a Letter of Credit in favor of your supplier, (who is, in fact, your Contract Manufacturer), for \$130,000.00, and you will receive a carbon copy of that Letter of Credit, so you can follow up with your supplier. The Letter of Credit will state that it is opened *by your company*, as you had promised your Contract Manufacturer.

Once the goods arrive from your supplier, (i.e. your Contract Manufacturer), the Import Financier will help you to arrange for *customs duty* and clearing costs, and then arrange the delivery of the goods to your customer, along with your invoice for \$200,000.00. Your customer will be instructed - over your signature - to pay you through the Import Financier. Upon receipt of the

Item 11: Use Your Import Customer's Creditworthiness To Pay For Your Imports

payment, the Import Financier will retire its investment, take its fee (which you knew about in advance, probably 7½%) and give you a check for the balance. As in this canned tomato paste example:

Letter of Credit amount	=	\$130,000.00
Letter of Credit cost (1½%)	=	1,950.00
Custom Duty (2%)	=	2,600.00
Clearing	=	750.00
Trucking to IPO Buyer	=	<u>850.00</u>
Total Investment	=	<u>\$136,150.00</u>
Service charge (7½%)	=	10,211.25
Total + Service Charge	=	<u>-\$146,361.25*</u>
Amt. received from IPO Buyer	=	\$200,000.00
Less Total + Service Charge of	=	<u>-\$146,361.25*</u>
Check to Importer (You)	=	<u>\$ 53,638.75</u>

As you can see in this example, though you, the importer, had no money to invest, you earned a profit of over \$53,000.00. Confirming Houses and some Factors may ask you for a 5% good-faith deposit, to start the transaction. But if your IPO is from a *creditworthy* buyer, you can avoid such a deposit.

Note that your successful completion of that first IPO now gives you a *success-backed track record*. You are now in a position, as a proven performer, to receive another (even larger) order from your IPO buyer.

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The World Morning Star Association, the World College of the Morning Star, and the author wish you all the best. Remember to do Good Deeds in every situation in which you find yourself. When you do, the results you are obtaining from life will improve dramatically.

12. Export To Yourself For More Profits.

You will remember that one of the questions you asked the senior bank officer, at your potential export customer's bank, was whether the bank has its own warehouse, and whether the bank can hold goods for an exporter who wants to ship goods in, and sell the goods ex-warehouse. If the bank had answered in the affirmative, you would:

- (a) Go and inspect the warehouse to satisfy yourself as to its adequacy, i.e. security, size, location, and procedure.
- (b) Bank's fees for the service. Obtain a *written quotation* which shows for how long the quoted fees will remain in effect before any increase.
- (c) How much notice of a shipment the bank requires. Obtain this information in writing also.

Once you have all of the above information in writing, and you have selected the appropriate merchandise (high demand, priced for sale and priced for profit), invite the customer (whose bank it is) to work with you. Do not even think of working with his or her bank without ensuring that he or she shares the profit with you. If you work with his or her bank without his or her participation, you would be doing a grievous evil deed. However, since the capital and financial risk are entirely yours, your share of the profit will be the lion's share.

You may find that the bank where you have your Line of Credit has a correspondent bank in the market in which you want to export to yourself. That correspondent bank may also have a warehouse. Now, if you have conducted your business with your bank wisely, your bank may allow you to use part of your Credit Line to ship to yourself, provided the shipment is directed to its correspondent bank's warehouse.

If you have earned the reward of finding a supplier who, knowing that you have an export market, is willing to give you full or partial credit terms, use such a supplier.

If you do not have a Credit Line, and cannot receive open credit from your supplier, then use your own capital to make the shipment. That must be a business decision based on if the profit justifies the capital outlay. You may even be able to interest qualified investors in the particular transaction. In that case, you will share the profits with those who invested (*i.e. stakeholders*) in the transaction. The capital commitment you make must include all costs for moving and insuring the goods until they arrive at the bank's warehouse, plus any other costs until sales can begin. (See page 54 for more information on stakeholders.)

Next, you must advertise the goods for sale. Buyers will see a sample at your export customer's offices, then they will be given an invoice (in triplicate) stating how much they may buy and at what price. Such Buyers will then go to the bank to pay. The bank will receive the payment into your *special transaction account* and stamp its receipt on the invoices. The bank keeps a copy and returns two to the particular Buyer. The Buyer brings one copy back to you and keeps one.

Item 12: Export To Yourself For More Profits

The warehouse will deliver the goods only after your final verification, at the warehouse, that the invoices and stamps are authentic.

Once all the goods are sold, you will have the transaction bank process the funds for transfer to your bank, after you have paid your (local) export customer who worked with you. Even if the transaction bank you use is not your export customer's bank, you must still work with him or her. Successful people give others a chance to earn money too. And that would be a Good Deed.

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13. Letter of Credit Procedure.

(a) When you import against a Letter of Credit: You will go to your bank with the proforma invoice sent to you by your exporter. Your bank will debit your account (or use your Credit Line if you have one) and then open a Letter of Credit in favor of your exporter, in accordance with the terms specified in the proforma invoice.

After the exporter ships the goods, he or she will deliver the necessary documents to your bank's correspondent in his or her Nation or Country. The correspondent bank pays your exporter upon receipt of those documents. The correspondent bank then sends those documents to your bank, which will then deliver the documents to you.

When the carrying vessel arrives, your *Clearing Agent* (also known as a *Customhouse Broker*) working with the documents you received, will receive the goods and deliver them to your designated destination. Note that before you engage a Clearing Agent or Customhouse Broker, you must obtain a written quotation of the services offered, and the prices, *before* you engage the Agent or Broker. If not, you may have opened yourself up to unpleasant surprises.

(b) When you export against a Letter of Credit: This is the situation in which you receive a Letter of Credit from one of your export customers, i.e. from an importer. This Letter of Credit meets all the requirements specified on the proforma invoice which you had issued to that importer. This means that you now have a Letter of Credit with which you can work.

Such a Letter of Credit will be delivered to you by mail, from the correspondent bank of your importer's bank, in your City, Nation, or country. You must take the following Letter of Credit steps:

Letter of Credit Step 1: Stay calm. Telephone the bank that sent you the Letter of Credit. Its name and address will be on the Letter of Credit. The Letter of Credit would also state that the bank has added its *confirmation* and thereby undertakes to make payment against the documents specified in the Letter of Credit, upon your presentation of such documents, at its window. The reason for your telephone call is to verify that the Letter of Credit is authentic. And it is.

Letter of Credit Step 2: Stay calm. Now, read the Letter of Credit carefully to verify that it includes all the requirements on your proforma invoice. If it does - and it should - that is excellent. If not, see if you can work with what you have. If you can, that is excellent. Go to Step 4. If you cannot work with the terms and conditions on the Letter of Credit, go to Step 3.

Letter of Credit Step 3: Contact your importer by telephone, preferably by fax, to ask for an *amendment* in order to provide you with what you must have in the Letter of Credit. An amendment will cost the importer extra fees, and cause delays. Make sure the delays will not reduce the number of days within which you must perform. Because of this possibility, your Proforma Invoice must always state that the number of days within which you must ship, will

Item 13: Letter of Credit Procedure

begin to run *after* your receipt of an *acceptable* Letter of Credit. (See sample of Proforma Invoice on page 58.)

Letter of Credit Step 4: Place your order with your own supplier, now that you have a buyer who has committed money to the transaction. Your supplier will require payment in one of these ways:

- (a) Cash with order,
- (b) Shipment against an acceptable Letter of Credit,
- (c) Shipment against an *Assignment of Proceeds*, or
- (d) Payment after shipment (to you).

You already knew, of course, what method of payment your supplier will accept *before* you quoted on his or her products. We will, however, consider these methods of payment here:

(a) Cash with order: This is highly unfavorable to you because you finance your supplier, including his or her profits, even before the goods are scheduled to be shipped to you. The only businesses which are compelled to pay for orders in this way are beginners who do not know any better. Some unscrupulous suppliers may be tempted to keep your money, or put it into another profit-making business for themselves, while you wait unprotected. They will cause you grief. In other words, *do not agree to this method of payment.*

(b) Shipment against an acceptable Letter of Credit. This is a good, business-like method of payment. You may use it, if you are in a position to meet your bank's requirements for the Letter of Credit. It will be essential to ensure that your supplier cannot draw your funds from the Letter of Credit *before* the proper goods have been shipped. To achieve this protection, the Letters of Credit you open will require that one of the documents, which will trigger payment, will be a *Proof of Shipment, issued by a Shipping Line or Common Carrier*. Such a document is known as a *Bill of Lading*.

It is always best to go to your supplier's location and see your goods being shipped, if it is at all possible. And if the goods are to be shipped overseas, you will have your supplier deliver the goods to the steamship company's, or airline's, loading pier or dock. The transportation arrangements will be made and coordinated by your Freight Forwarder.

(c) Shipment against an 'Assignment of Proceeds'. This is a very convenient way to pay for goods you want to export. Suppliers that are experienced in supplying goods to exporters will easily accept this method of payment. Assignment of Proceeds allows you to pay your supplier using the Letter of Credit which you received from your importer. With an Assignment of Proceeds arrangement, *the Paying Bank* i.e. the bank that pays you against the shipment, issues its own check to your supplier in the amount owed, and then pays the balance (which is your gross profit) to you. This is how to arrange it:

- (i) Find out from your supplier, exactly how much you have to pay for the goods, packaged as required by the Letter of Credit. Confirm, again, that your supplier will

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accept payment by an Assignment of Proceeds. (You ought to have known this *prior* to quoting the supplier's goods on your proforma invoice.)

(ii) Tell the Paying Bank, which is in your Nation or country, that you wish to make an Assignment of Proceeds. The same Paying Bank will now send you the necessary blanks to complete and return. It will be necessary for your own bank to verify that you are the person who has authority to issue such instructions for your company. Such verification will usually be provided by your bank on the blanks sent by the Paying Bank.

Along with the completed blanks, the Paying Bank will require you to send back the Letter of Credit you had received from it. The bank will write on the back of the Letter of Credit, the instructions for the Assignment of Proceeds and then return the Letter of Credit to you.

(iii) After the bank receives your completed blanks, which will include the name and address of the beneficiary as well as the beneficiary's address and how much you would like the beneficiary to receive, the bank will notify such beneficiary (i.e. your supplier) in writing.

(iv) Upon receipt of such written notification, your supplier is assured of payment *direct from the bank*. Your supplier will then package the goods and ship them to the point of export, for the attention of your Freight Forwarder. Or your Freight Forwarder may arrange for a trucking company to receive the goods from your supplier's loading docks.

(d) Payment after shipment (to you): This is the best possible payment arrangement. It is best because your supplier is giving you *open credit terms*. Under this payment arrangement, you pay your supplier only *after* you have collected on your Letter of Credit. Note, however, that *you must pay in full, and pay promptly*. The trustworthiness, which we noted as a requirement for business success, requires that you always pay as agreed. No excuses.

Letter of Credit Step 5: Prepare your documents. Once the goods are loaded on board the carrying vessel (a ship or aircraft or train), an On Board Bill of Lading will be generated by the carrier. The On Board Bill of Lading, usually in triplicate, plus other documents prepared by your Freight Forwarder, will be delivered to you by the Freight Forwarder. These other documents will consist of the rest of the documents called for on the Letter of Credit, such as your Commercial Invoice (3 copies) and your *At Sight Draft* drawn on the Paying Bank (3 copies) in the amount of the cost of your shipment (but no more than the maximum available on the Letter of Credit). Your Freight Forwarder will also provide you with one extra set of copies of all documents, for your files. To these documents you now attach the original Letter of Credit (on the back of which the Paying Bank has now written your Assignment of Proceeds instructions, if you had, indeed, ordered such an assignment.)

Letter of Credit Step 6: Take the documents (including the extra set for your files) to the bank through which you received the Letter of Credit. That bank is the Paying Bank. The Paying Bank

Item 13: Letter of Credit Procedure

has a window through which it receives documents related to Letters of Credit. The window is formally known as *the Letters of Credit Window*.

When you bring the documents to the Letters of Credit Window, the Paying Bank will time-stamp the documents (including your file-copy) and return the file-copy to you.

The Paying Bank will then check the documents. If they are in order (i.e. if they match the requirements of the Letter of Credit) as they must, the bank will cut its check in your favor. If there has been an Assignment of Proceeds, the Paying Bank will cut a check in favor of the beneficiary of the assignment, and also cut a check in the amount of the balance, in your favor. The International Chamber of Commerce requires the Paying Bank to issue its check or checks no more than 72 hours after receiving documents, unless there is a *discrepancy*.

If there is a discrepancy (which means that the documents you submitted do not match the Letter of Credit requirements), the Paying Bank will *not* pay you until you clear up the discrepancy, or the Letter of Credit Opening Bank accepts the discrepancy. Both you and your Freight Forwarder must ensure that there is never a discrepancy, because discrepancies cause unnecessary delays.

Letter of Credit Step 7: Ask for your check. Though the Paying Bank is permitted to take as much as 72 hours to pay you, you must ask for your check immediately. As soon as you return to your office after delivering the documents to the Paying Bank, *you will telephone that bank to ask if your check is ready*. That may even be as soon as 2 hours (or less) after you deliver the documents at the Letters of Credit Window. You will make the telephone call and the request very promptly because you need your money more than the bank does, and, in any case, the money is yours.

You should stay on top of the Paying Bank until someone there says, “Your check is ready; to what address shall we mail it?”

And you will say, “Don’t mail it. I’ll be right over to pick it up”. And you will. Congratulations!

14. Capital Required To Establish Your Import-Export Business.

Whatever part of the world you decide to reside in, you will need a certain amount of capital to start your import-export business, as you would for any business. Because of the differences in the cost of various items and services in different cities and in different Nations or countries, the total requirement will vary. The figures below will therefore vary; but the headings will be the same. The amounts of money shown are the minimum amounts that would be needed in, say, New York City, in 2005 AD (9-05 MSD).

Item	Description	Estimated Cost
1	Fee to be paid to the government to register your company	\$ 350.00
2	Printing of stationery: business cards, letterheads, envelopes, proforma invoices	\$ 250.00
3	Mail service: Business Address, telephone number, answering service, fax number, and service for 6 months = \$140 x 6	\$ 840.00
4	Local travel: \$190/month x 6 months	\$ 1,140.00
5	Telephone Service (at your office in your home) for 6 months: \$100 x 6	\$ 600.00
6	Used Desktop Computer (at least 40 GB hard-drive and 256 MB RAM)	\$ 500.00
7	All-in-One Printer, Scanner, & Fax machine	\$ 500.00
8	Business office supplies e.g. pens, stapler, files, paper	\$ 150.00
9	Overseas travel	\$ 3,200.00
10	Overseas advertising	\$ 750.00
11	Business clothes, including shoes	\$ 1,500.00
12	Living expenses for 6 months = \$2,000 x 6	\$12,000.00
13	Incidentals and under-estimates	\$ 1,000.00
TOTAL CAPITAL REQUIRED		\$22,780.00

(Note: You do not need a cellular telephone.)

The money you raise as capital must be held in your company's business checking account, at your bank, until you need it to pay for expenses. Your living expenses may be considered a loan from your company until the company is able to pay you a salary. You must then pay all taxes due on your salary. Check with your tax advisor; this Manual does not provide tax advice or legal advice.

You can see that the estimates, above, have made provisions for 6 months. If you follow the steps outlined in this Manual, you should have completed a good-sized transaction by the end of 4 or 5 months. Allowing for six months provides for more than you will actually need. If you find yourself in danger of running out of money with no business in sight, it means you are doing something wrong. In that case, go back and re-read *The Extra* section of *Foreword*, on page 8. Then proceed as recommended. Natural Law is absolutely inflexible.

15. Raise The Capital You Need For Your Import-Export Business.

Now that you know what the minimum capital you must have in order to launch your import-export business is, your next step is to raise that capital. There are 3 options, but only one or two may be available to you, depending on your situation. The options are:

(a) Savings, (b) Loans, and (c) Investments.

(a) Savings: If you have enough savings to cover your capital requirements, you can proceed immediately. If you are going to use the proceeds from a *Sou Sou Club*, be sure you have enough left over to make your Sou contributions, until your business begins to yield an income. You must *never* fail to meet your obligations to your Sou Sou Club.

(b) Loans: You may borrow from your family, friends, colleagues, and acquaintances. If you have solid collateral, such as real estate equity, you may be able to borrow against it from a bank. If you borrow from a bank against collateral, you must show that you have a means of paying the installments. The bank does not really want to seize your collateral because seizing and selling collateral is not the bank's preferred business. When you borrow, you must do the following:

i. **Full disclosure:** Tell your lenders what you intend to do with the money. To do otherwise would be an evil deed.

ii. **Interest Rate:** You may be able to borrow without having to pay interest, but do not expect it. Offer to pay 2 times the interest rate paid by Savings Banks. Since you cannot provide the kind of guaranteed repayment that banks represent, you must expect to pay a considerably higher interest rate.

iii. **Date of first repayment:** Give yourself plenty of time *before* the first installment of your repayment is due. Do not promise to begin the repayment *before* the end of 12 months. If your business success enables you to begin sooner, let that be a pleasant surprise to your lender.

iv. **Repayment in installments:** Make your loan repayment in installments, say, every 90 days, or every 6 months, once you begin. This way, you would *not* have to put an undue strain on yourself or on your new business.

v. **Trustworthiness:** You must meet the terms of your loan agreement, without question. You must therefore accept only the terms that you can *definitely* meet. No excuses. No ifs, ands, or buts.

You will next make a list of the people whom you believe to be qualified to lend the money you need. Appearances can be very deceiving.

Prepare carefully for the presentation of your loan request to your lender: *Every lender is very much interested in being paid back.* You must therefore be prepared to convince the lender that you will be able to repay. You must show that:

- i. You have acquired the knowledge required. You may have to show a diploma to demonstrate that you took a course in Import-Export.
- ii. You have the ability to do the business successfully, and
- iii. That a profitable market exists for what you intend to do with the money.

Propose the following:

- (1) An interest rate,
- (2) When you intend to begin the repayment,
- (3) How often the repayment installments will be made, and
- (4) When the first installment will be due.

State that you want the terms to be in writing. Note that you may need more than one lender. Note also that the first several potential lenders you approach may turn you down, either because they are *not* in a position to lend, or because your presentation is *poor*. You must *not* be discouraged by this. You must persist. If you have done a sufficient number of Good Deeds, you will eventually be successful, perhaps sooner than you expect. If you do not succeed on any try, do more Good Deeds and try again. The Laws of Nature are inflexible.

Note that if you borrowed the capital you need, the business belongs to you 100%. All you have to do is pay off the loans.

(c) Investments: This is the most difficult way to raise the capital you need. You must, of course, be careful to comply with the applicable laws in your Nation or country.

In many Nations or countries, there is a limit as to the number of people that you can solicit for investments in a company (such as yours), without registering the shares in your company as publicly-traded securities. In the various states of the United States, the number of people you may solicit is generally less than 40. You should plan to approach no more than 20. Because of this restriction, you must make sure that your list of prospective investors consists of only the best qualified and most likely investors. Then make sure you have done a large number of Good Deeds and no evil deeds.

Your best qualified investor is someone who:

- i. Has the money you need, or at least some of it;
- ii. Is willing to invest in a starting, private business;
- iii. Will not need the profits to pay his or her expenses;
- iv. Can afford a total loss;

Item 15: Raise The Capital You Need For Your Import-Export Business

- v. Can invest more, if necessary;
- vi. Has wide business experience;
- vii. Has wide contacts in the business community;
- viii. Is busy with his or her own successful business.

Make a list of your family members, friends, colleagues, acquaintances, and other likely members of the business community, who may or may not be personally known to you. Then go through the names and their qualifications, and delete the names of those who do not qualify. In the end, have 20 names of the best qualified. Then plan your presentation.

Your loan request presentation to potential investors: Please recognize that the qualified investors you will approach have, at least, a fair understanding of money and its power. They know that *their fear of loss is stronger than their desire for gain*. They have worked hard to accumulate what they have, and are not looking for starry-eyed beginners to help them lose some of it. You must therefore demonstrate that:

- i. You have the knowledge required. A diploma will help. Note that the investor may telephone or write to verify that the diploma is authentic.
- ii. That you have the ability to successfully do the business you propose;
- iii. That a profitable market exists for what you intend to do; and
- iv. That you will raise enough money to be successful.

Then the investor's next question would be: "What is in it for me?" His or her next question: "If this person tries to take my money and abscond, what is my protection? What is there to show that he or she does *not* intend to abscond with the money?"

To reassure the investor that you are genuine, nothing works better than discussing your Original Spirituality Way of Life. If your statements are not genuine, you will be easily exposed and dismissed. If you are genuinely living in accordance with the Four Pillars, your honesty will show, and bring you great success.

How much of the business will you give up in order to raise the money you need? Ten to twenty-five percent. Whatever the percentage turns out to be, that percentage is gone forever. You will be left with the balance of 75% to 90%. But that will be 75% to 90% of a going concern, as distinct from 100% of nothing. In effect, you are selling 10% to 25% of the business for the money you need to get it started and growing.

How much money will you sell the 10% to 25% for? Sell it for 4 to 10 times the minimum capital you need. Using the example in the *Capital Required To Establish Your Import-Export Business* section on page 45, that will be \$92,000.00 to \$228,000.00. How much you can raise will depend on how confident you are in your ability to perform but, ultimately, on how many Good Deeds you have already done.

Disclose the following to your potential investors:

- (a) The invested capital must be returned to the investor/s before dividends can be paid.
- (b) 30% of profits, after taxes, will be distributed as dividends. The investor (or investors) who invest all the money required, will own 10% to 25% of the company and receive 10% to 25% of those dividends (i.e. 10% to 25% of 30%).
- (c) 10% (or more) of after-tax profits will be given to charity.
- (d) 60% (or less) of the profits after taxes will go back into the company to enable the company to grow and increase in value.
- (e) Dividends will begin after 2 years of operation, or after the capital has been returned to the investor/s, whichever is later.

As examples:

Year	After-tax profits	Back into company and to charity	DIVIDENDS = 30% of profits	
			100% of dividends	20% of dividends
1	\$50,000	\$50,000	0	0
2	\$200,000	\$200,000	0	0
3	\$500,000	\$350,000	\$150,000	\$30,000
4	\$800,000	\$560,000	\$240,000	\$48,000

(c) Expenses:

Make it clear to potential investors that the company's expenses will include:

- i. A commensurate salary for you, and
- ii. A fee for directors. Investors who own 5% or more will become directors, and keep the seat as long as they own the 5%. The Board of Directors will consist of 8 members, plus you, the Chairman of the Board, to make 9 directors.

Minimum percentage you will sell to one investor: 1%.

Maximum investment you will sell to one investor: 10% to 25%. The maximum percentage of your business that you will ever sell is 25%. Because you must retain a large percentage for yourself. And you must retain no less than 75% of the voting power in your company. If not, you are just another employee.

If you can raise the capital you need by selling only 10% of your company, then sell *only* 10%. In that case, you will have another 15% to sell in the future, if you ever need to, but at a much higher price, of course.

(d) Voting Shares:

Make it clear to the investors that *what you are selling is the right to make money from your business, not the right to control it*. Therefore the 10% to 25% you are selling has 10% to 25% of the voting rights, and you will retain 75% to 90% of the voting rights. If any investor finds this unacceptable, remind him or her that his or her true intent is to make money, not to control you. If he or she will not accept that legitimate situation, walk away. If you have done enough Good Deeds, you will have no problem here.

Engage a knowledgeable lawyer to draw up the investment agreements, which incorporate the above ideas very clearly. Those agreements must also include the *right of first refusal* for you, as well as for the investors, should anyone wish to sell his or her interest at any time in the future. The selling price will be a fair market price, as determined by a firm of investment bankers (not commercial bankers or accountants). The *right of first refusal* means that if investors want to sell their interest, they must first offer it to you, and if you want to sell your interest, you must first offer it to the investors.

Now, here is something very interesting: If you sold 20% of your company for \$150,000.00, the 80% you own is worth:

$$\$150,000.00 \times 4 = \$600,000.00.$$

As you re-invest profits in your business, and establish your brands in successful products, that 20% will grow in value. When the value of that 20% doubles to \$1,200,000.00, your 80% will be worth:

$$\$1,200,000.00 \times 4 = \$4,800,000.00$$

And that makes you a *multimillionaire on paper*. Congratulations!

Be sure to deposit all the capital (you borrowed or raised) in your company's bank account, until the money is needed for your business expenses. Do not waste the capital by renting an expensive office, or by buying a car. If you want a car, buy it with your salary - not company capital. In any case, the Board of Directors must approve any expense over a certain, low maximum. This way, the Board of Directors (of which you are the Chairman) will help you to be scrupulously business-like.

16. Import And Export Unrefined Gold, Or Stones (Precious Or Semi-precious) For More Profits.

A lucrative business may be built by importing or exporting unrefined gold, or stones - precious or semi-precious. You may choose to provide better equipment to individual miners and then contract with them to buy their unrefined gold. You may then export the same, or refine it to a high degree of purity and then sell it.

You may also buy uncut stones and then cut and polish them before selling them, or you may sell the rough, uncut stones. The choice is yours. However, you must understand that the handling of these high value items is not the same as for, say, a shipment of sugar, or of portland cement.

Of course, in all import-export transactions, the exporter wants an assurance of payment, and the importer needs an assurance of delivery, as well as an assurance of the quality of the delivered merchandise. The true price of gold or gemstones depends on quality, which may be established only by inspection or by assay.

16(a) Procedure for unrefined gold:

(1) You will establish the quality of the unrefined gold supplied to you by means of a chemical assay, performed on a representative sample, of your supplier's batch.

(2) You will then assemble the batches from your various suppliers, to build your export lot. You must receive and store these batches and lots in a secure warehouse.

(3) You will make arrangements with one of the hallmarking companies, such as Johnson and Mathey or Engelhard, to refine, hallmark and deliver the gold to you. Those companies will, however, immediately offer to buy the refined gold from you, without any additional expense on your part.

(4) You will then ship the unrefined gold to *yourself* in care of the refiner and hallmarker, with instructions previously agreed upon, that the seals in the package will not be broken except *in your presence*.

(5) Next you will go to the offices of the refiner. There, your package is opened in your presence and representative samples taken for assay. The assay result must match what you already know to be the value. If it does not, it means the refiner may be attempting to cheat a beginner. Satisfy yourself by having the same sample assayed by another independent assayer. If, after this assay, you are still not satisfied with the refiner's offer or numbers, take your merchandise to another refiner.

(6) If you are satisfied, the refiner will make an offer based on the price of gold at the London Metals Exchange (LME) on that day. Payment is immediate. But never accept cash. If you carry a

Item 16: Import And Export Unrefined Gold, Or Stones (Precious Or Semi-precious) For More Profits

large amount of cash, you could be robbed. And you could be charged with the crime of money-laundering. Though you may win the case, you do not need the distraction. *Accept payment only through a bank instrument, such as a Cashier's Check or a Certified Check.*

(7) You had issued a Letter of Credit in favor of your suppliers, based on your original assay. But you arranged for that Letter of Credit to be payable 30 days after sight. This enables you to complete what you have to do and then meet your obligation at your own bank, which issued the Letter of Credit against your Line of Credit.

If you choose to pay cash to your suppliers of unrefined gold at your office, you run the risk of being robbed of both the cash and the goods. Therefore your transactions must be conducted in the secure vault of a bank. From that secure vault, the goods, which you assemble and will be shipping to yourself through a refiner, will be delivered to a bonded courier.

It is wise to continue to conduct your business in this secure manner, even after trust is built on all sides, even after many years.

16(b) Procedure for stones, cut or uncut:

1. You will prepare for each of your suppliers, a list describing each stone, including size, weight, and color. Label each one by putting it into its own individual small envelope.
2. You will keep a copy of the list for yourself, give a copy to your supplier, and send a copy to your buyer.
3. Based on your list, you will agree (by telephone and by fax) with your buyer (i.e. importer) on the approximate value.
4. The importer will then open an irrevocable Letter of Credit in your favor. The Letter of Credit will specify that *payment will be made at a major bank upon satisfactory inspection at that bank's vault.*
5. You will verify, through your bank, that the Letter of Credit and vault arrangements are authentic.
6. You will then ship the packaged stones to yourself, through your bank's bonded courier, in care of the receiving bank where the vault arrangements have been verified.
7. When you arrive subsequently at the receiving bank, by appointment and with proper identification of yourself and your package, your importer will also be present.
8. You should have with you someone who knows about quality and pricing of the stones, working for you as *your own paid consultant.*

Item 16: Import And Export Unrefined Gold, Or Stones (Precious Or Semi-precious) For More Profits

9. The bank officer will open the package in the vault and, at a desk there, all four of you will inspect the merchandise. Your importer will set aside the stones on which you agree on the exact price. Those will be the *transaction stones*.

10. At the end of the inspection, the bank officer will total up the price of the transaction stones, deliver them to the importer, and transfer the payment for them to your account at your bank.

11. The importer will probably deposit the stones in his safe deposit box for safety reasons, and arrange for secure delivery to his or her own buyer at another time.

12. You will next pay your suppliers the prices you received, less a certain reasonable percentage. Once you deduct your expenses from your gross profit, you will be left with your net profit. And you will be ready to repeat the process with the same or another importer.

13. Note that you can have more than one importer in a particular City, Nation, or country. Any particular importer's limited ability should not diminish your own capacity to do business. Because the stones rejected by one buyer can be easily accepted by another.

16(c) How to convince suppliers to trust you with their merchandise.

If you have adopted the Way of Life known as Original Spirituality, as suggested on page 8, in the section sub-titled *The Extra*, which is under Item Number 2 titled *Foreword*, it will be reasonably easy to have people trust you. Your life will show that you are completely trustworthy.

In the beginning, you will show your suppliers the Letter of Credit from your importers in order to reassure your suppliers. But soon, just your signature should be sufficient to establish confidence.

17. Work With Stakeholders.

A *stakeholder* is a person or company that contributes part or all of the capital required in a particular transaction, and shares in the profits of that transaction, in accordance with a previously agreed formula. You should plan to work with stakeholders in your import-export business. When you do, you will be able to accomplish transactions that you would not otherwise be financially able to undertake. As you work your import-export business in the days ahead, such opportunities will present themselves.

Make a long list of the financially successful people or companies you know, or know of. Be aggressive here. Then approach each one of them, make your presentation, and invite each one to become stakeholders in your various import-export transactions.

During your presentations, you must include the following:

- (a) The nature of the proposed transaction, e.g. the sale of portland cement to Thailand, by the shipload.
- (b) The expected profits. Give a range, say, \$100,000.00 to \$120,000.00 per shipload.
- (c) How much a stake will cost, say \$20,000.00.
- (d) What percentage of the profits each stake will earn, say 10%.
- (e) How long it will take to accomplish a transaction of one ship-load, say 70 days.
- (f) Where the stake will be deposited. Must be at a bank from where a Letter of Credit for your purchase of cement for export, will be issued.
- (g) When and how the profit will be distributed.

Note that sometimes a stake will not require a deposit of cash. It may sometimes require just the pledge of the stockholder's creditworthiness or an asset, such as real estate.

The agreement with your stakeholders must always be in writing, without exception. You must therefore have a knowledgeable lawyer draw up a standard *Stakeholder Agreement* for your use. In stakeholder transactions, always plan to retain 50% of the profits for your company, where your stakeholders contribute 100% of the capital required. Your own contribution would be your knowledge, your contacts, and your actual hands-on performance.

18. Ensure That Your Business Will Survive If Its Proprietor Dies, Or If Your Heirs Are Not Interested In Operating Such A Business.

Many successful businesses drift and die after their proprietors die. This is usually because there is no knowledgeable executive to carry on, since the necessary arrangements were *not* made by the proprietor. To ensure that your business will survive from generation to generation, you must do the following:

(a) Appoint a Board of Directors. *The Board of Directors must operate as if it is the owner of the business.* You must be the Chairman of the Board of Directors, but even you will work as *an employee* of the Board of Directors. Though, in reality, you own and control the company, you must report your plans and goals to the Board for discussion and approval. Even your salary and benefits must be presented to the Board for discussion and approval.

The Board of Directors *must also know and approve your senior employees and follow their progress and experience.*

Expenses over a certain low limit must be first approved by the Board of Directors.

To provide this kind of service, the Board of Directors must consist of men and women who have extensive business experience and useful contacts. Since some of them may be your investors also, your potential investors must be carefully selected. Because you want the directors to be involved in the business, *the company must pay them a reasonable fee as directors.*

Such a Board of Directors will help to ensure that all employees are treated fairly and justly. The Board must also be empowered to appoint a qualified employee, or any other person it chooses, to become the Chairman and Chief Executive Officer, should anything happen to you, or should you retire or go into public service.

(b) You must employ professional managers as soon as possible. When you do this, you keep the quality of your business higher. Employ well-educated and skilled people; encourage all employees to increase their education and skills by giving them incentives, such as bonuses, scholarships, and promotions.

(c) Keep the control of the company within your family. Do your best to encourage one or more of your children or relatives to be interested in the business, at an early age. Then train that person (or one of those interested) to eventually become the Chief Executive Officer and Chairman. The person or persons you thus train could be male or female.

You should give a share of the dividends to your heirs as you choose, but you must be sure that the Chairman and Chief Executive Officer receives 20% of the total dividend for your family, as

Item 18: Ensure That Your Business Will Survive If Its Proprietor Dies, Or If Your Heirs Are Not Interested...

his or her management fee, *before* the rest is shared with all heirs, including him or her. This, of course, will be *in addition to his or her salary and company benefits*.

Such an heir should also inherit your block of shares, which represent 100% or (75% to 90%) of the votes. You must specify in your will that the person, who is holding this position, cannot view the stock as his or her *personal property*. He or she is simply *holding it in trust for all your heirs, including his or her own*. You may have to establish a *family trust* to own the family's block of shares, in order to achieve this purpose and limit unnecessary outside interference.

You must also specify in your will, that *no one has any right to sell the family's block of stock*, or to break it up in any way.

To establish an orderly succession, you should specify that the oldest child in each generation must be the next successor, and if that child is not otherwise able or is not interested, the next oldest of your descendants should take up the mantle. The selection should be made by the current Chief Executive, and he or she must *not* give undue preference to his or her own children.

19. Earn Your Diploma From The World College of The Morning Star.

If you need a diploma to confirm that you have successfully completed this Import-Export Course, write to the World College of the Morning Star at:

The World College of the Morning Star
P.O. Box 355, Murray Hill Station
New York, NY 10156-0355
United States of America.

The World College will send you the requirements and the test. You will be required to take the test without looking at this Manual, therefore you should study this material thoroughly even *before* you send for the test. You must not study while looking at the test. This is an honor system. Remember the Four Pillars.

After you pass the written test, the World College will send you its **Diploma in Import-Export**, to confirm that you have completed the Course of Study and passed the prescribed examination in how to establish and operate a business in Import-Export.

The diploma will be essential if you need to raise capital for your import-export business. This is because potential investors will like to be convinced that you know how to establish and successfully operate an import-export business.

If you have your own capital, you may want the diploma as part of the distinctive decoration for your place of business.

Whatever the case, a World College **Diploma in Import-Export** stands as permanent proof that you have accomplished something, which you set out to do.

A sample of a Proforma Invoice appears on the next page.

SAMPLE: Proforma Invoice. The top is a sample of an Import-Export Company Letterhead

SAMPLE

John Doe Import-Export Corporation

Commodities for the Construction Industry

425 Fifth Avenue, Suite 7015 New York, NY 10156, U.S.A. Phone: 212-546-0000 Fax: 212-546-0012

Proforma Invoice

(Date of issue: _____)

<i>Quantity</i>	<i>Description</i>	<i>Unit Price</i>	<i>Amount</i>
TOTALS			
<i>Quantity:</i>		<i>Price:</i>	

1. All prices quoted include cost of goods and international marine freight to Buyer's destination port. Marine insurance is available at extra cost.
2. All shipments are made no earlier than 45 days of receipt of acceptable Letter of Credit.
3. All payment must be made irrevocable, transferable, and divisible Letter of Credit opened in favor of John Doe Import Export Corp., confirmed by a major world bank, and payable at sight in New York City against the following documents:
 - (i) On-board Bill of Lading, endorsed in blank, evidencing shipment to Buyer at his destination port specified above,
 - (ii) Commercial Invoice,
 - (iii) Phytosanitary certificate confirming that goods are fit for human consumption, if applicable, and
 - (iv) At Sight Draft drawn on Confirming Bank.
4. Cost of one transfer must be for the account of Buyer.
5. Letter of Credit must not expire earlier than ninety days after receipt.
6. All shipments are break-bulk unless otherwise specified.
7. Because of changing market conditions, this Proforma Invoice expires 30 days after date of issue.

Authorized Signature

20. GLOSSARY OF COMMON TERMS IN IMPORT-EXPORT

Acceptance: The act of a drawee acknowledging, in writing, on the face of a draft payable at a fixed or determinable future date, that he or she will pay the draft at maturity.

Ad Valorem: This is a Latin phrase which means **according to value**. See **Custom Duty**.

Advisory Capacity: A term indicating that a shipper's agent or representative is not empowered to make definitive decisions or adjustments without the approval of the group or individual represented. The term, **without reserve**, means the opposite.

Affreightment (Contract of): An agreement between steamship line (or a similar carrier) and an importer or exporter in which cargo space is reserved on a vessel for a specified time and at a specified price. The importer-exporter is obligated to make payment whether or not the shipment is made.

After Sight: A phrase indicating that the date of maturity of a draft (or other negotiable instrument) will occur a specified number of days **after** presentation of the draft to the drawee or payee.

Air Waybill: The carrying agreement between shipper and air carrier that is obtained from the airline which is used to ship the goods. An Air Waybill signed by the air carrier, verifies that the air carrier has received the goods for shipment.

All Risks Clause: An insurance provision that provides additional coverage to an **Open Cargo Policy**, usually for an additional premium. Contrary to its name, the clause does **not** protect against all risks. The more common perils it does cover are theft, pilferage, non-delivery, fresh water damage, contact with other cargo, breakage and leakage. It does not cover inherent vice, loss of market, and losses caused by delay.

Alongside: A term referring to the side of a ship. Goods to be delivered alongside are to be placed on the dock or lighter, within reach of the transport ship's tackle, so that they can be loaded aboard the ship.

Amendment (to a Letter of Credit): A change in the terms, amount, or expiration date of a Letter of Credit.

At Sight: A phrase indicating that payment on a draft (or other negotiable instrument) is due upon presentation or demand.

Barratry: Misconduct by a ship's officer or crew that results in loss to the owners of the ship or cargo.

Beneficiary: The person in whose favor a Letter of Credit or an Assignment of Proceeds is issued or a draft is drawn.

Bill of Lading: A document that provides the terms of the contract between the shipper and the transportation company, to move freight between stated points at a specified charge. A Bill of Lading signed by the transportation company, verifies that the transportation company has received the goods for shipment.

Bonded Warehouse: A building, authorized by Customs authorities, for the storage of goods without payment of duties until removal.

Booking: An arrangement with a steamship company or air carrier for the acceptance and carriage of freight.

Buying Agent: An agent who buys in his or her Nation or country for foreign importers, especially for such large foreign users as mines, railroads, governments, and public utilities. Synonymous with "purchasing agent".

Carrier: A transportation line that hauls cargo.

Cash Against Documents: Payment for goods in which a Factor, Confirming House or other intermediary transfers title documents to the buyer upon payment in cash.

Cash in Advance (C.I.A.): Payment for goods in which the price is paid in full **before** shipment is made. This method usually is used only for small purchases or when the goods are to be custom-built for the specific buyer. An Irrevocable Letter of Credit should be used.

Cash With Order (C.W.O.): Payment for goods in which the price is paid in full before shipment is made. This method is usually used only for small purchases or when the goods are to be custom-built for the specific buyer. An Irrevocable Letter of Credit should be used instead.

Certificate of Inspection: A document in which certification is made as to the condition of the merchandise immediately prior to shipment. The buyer usually designates the inspecting organization, usually an independent inspection firm or governmental body.

Certificate of Origin: A document in which certification is made as to the country of origin of the merchandise.

C & F (Cost and Freight): A pricing term indicating that these costs are included in the quoted price. Same as C.I.F. (Cost, Insurance, and Freight), except that in a C&F quotation, the insurance cost must be covered by the buyer.

Chamber of Commerce: An association of business people whose purpose is to promote commercial and industrial interests in the community.

Charter Party: A written contract, usually on a special form, between the owner of a vessel and a charterer who rents use of the vessel or a part of its freight space. The contract generally includes the freight rates and the ports involved in the transportation.

C & I (Cost and Insurance): A pricing term indicating that these costs are included in the quoted price.

C.I.F. (Cost, Insurance, and Freight): A pricing term under which the seller pays all expenses involved in the placing of merchandise on board a carrier and, in addition, pre-pays the freight and insures the goods to an agreed destination.

C.I.F. & C. (Cost, Insurance, Freight, and Commission): A pricing term indicating that these costs are included in the price.

Clean Bill of Lading: A Bill of Lading signed by the transportation company, indicating that the shipment has been received in good condition with no irregularities in the packing or general condition of all or any part of the shipment. A **Foul Bill of Lading** is the opposite.

Clean Draft: A draft to which no documents have been attached.

Commercial Attaché: The commercial expert on the diplomatic staff of his or her Nation's or country's embassy (or large consulate) in a foreign Nation or country.

Commercial Invoice: An invoice showing goods (and their prices and quantities) involved in a business transaction.

Common Carrier: An individual, partnership, or corporation that transports persons or goods for compensation.

Confirmed Letter of Credit: A Letter of Credit issued by a bank abroad, whose validity and terms are guaranteed to the beneficiary in the beneficiary's Nation or Country by a bank in the beneficiary's Nation or Country. The Confirming Bank is usually also the Paying Bank.

Consignee: The person, firm, or representative, to whom a seller or shipper sends merchandise and who, upon presentation of the necessary documents, is recognized as the owner of the merchandise for the payment of custom duties. This term is also used as applying to one to whom goods are shipped, usually at the shipper's risk, when an outright sale has not been made.

Consulate: The official premises of a foreign government representative. The title of the representative is **Consul**, a rank lower than **Ambassador**.

Correspondent Bank: A bank that has established a banking relationship with another bank in order to provide services to its own customers.

Country of Origin: The country in which a particular commodity is manufactured or grown.

Credit Risk Insurance: A form of insurance that covers the seller against loss due to non-payment on the part of the buyer.

Custom Duty: The charges levied by a Nation or country on imports and exports. Also abbreviated to **Duty**. The term **Customs** also applies to the procedures and organization involved in the collection of custom duty. Duty is usually levied **ad valorem**.

Customhouse Broker: An individual or firm licensed to enter and clear goods through Customs.

Demurrage: Excess time taken for loading or unloading a vessel as a result of delays caused by a shipper. Charges are assessed by the shipping company.

Discrepancy: A term used in connection with a Letter of Credit. When documents presented to the Paying Bank do not conform to the terms of the Letter of Credit, the situation is referred to as a discrepancy. The Paying Bank will not pay on a Letter of Credit if a discrepancy exists. The discrepancy must be cleared as soon as possible.

Dispatch: An amount paid by a vessel's operator to a charterer if loading or unloading is completed in less time than stipulated in the Charter Party.

Dock Receipt: A receipt issued by an ocean carrier or its agent, acknowledging that the shipment has been delivered to, or received at, the dock or warehouse of the carrier.

Draft: The same as a **Bill of Exchange**. A written order for a certain sum of money to be transferred on a certain date from the person who owes the money or agrees to make the payment (the drawee) to the creditor to whom the money is owed (the drawer of the draft).

Drawee: One on whom a draft is drawn, and who owes the amount stated on the draft.

Drawer: One who draws a draft, and to whom the payment must be made.

Eurodollars: U.S. dollars placed on deposit in banks anywhere outside the United States.

Embassy: The official premises of a foreign government representative whose rank is Ambassador. Usually located at the capital of the host Nation or country.

Ex (point of origin): A pricing term which means **from** (e.g. Ex Factory, Ex Warehouse, etc.) under which the seller agrees to place the goods at the buyer's disposal at the agreed place, with costs from that point being paid by the buyer.

Export: To send goods to a foreign Nation or country or overseas territory.

Export License: A governmental permit required in order to export certain products to certain destinations.

Export Merchant: A producer or merchant who sells directly to a foreign purchaser without going through an intermediate such as an Export Broker. If you go into this business, you can be referred to as an **Exporter** or **Export Merchant**.

F.A.S. means **Free Along Side, as in FAS (vessel):** A pricing term under which the seller must deliver the goods to a pier and place them within reach of the ship's loading equipment.

FCIA: Foreign Credit Insurance Association. Exporters based in the United States of America will need to buy insurance from this organization, as part of the requirements for their Line of Credit transactions.

F.I. means **Free In:** A pricing term indicating that the charterer of a vessel is responsible for the cost of loading goods into the vessel.

F.O.B. means **Free On Board, as in F.O.B. (vessel):** A pricing term under which the seller must deliver the goods on board the ship at the point named at his own expense. Similar terms are "F.O.B. (destination)" and "F.O.B. (named point of exportation)".

F.O. means **Free Out:** A pricing term indicating that the charterer of a vessel is responsible for the cost of off-loading goods from the vessel.

Force Majeure: The title of a standard clause in marine contracts exempting the parties for non-fulfillment of their obligations as a result of conditions beyond their control, such as earthquakes, floods or war.

Foreign Credit Insurance Association (FCIA): An association of about 50 insurance companies that operate in conjunction with Eximbank to provide comprehensive insurance for United States-based exporters against non-payment. FCIA underwrites the commercial credit risks. Eximbank covers the political risk and any excessive commercial risks.

Foreign Exchange: A currency or credit instrument of a foreign country. Also transactions involving purchase and/or sale of currencies.

Free Port: An area (generally encompassing a port and its surrounding locality) into which goods may enter duty-free or subject only to minimal revenue tariffs.

Freight Forwarder: An agent who assists his or her exporter client in moving cargo to a foreign destination. A Freight Forwarder can also prepare all the documents called for by a Letter of Credit.

General Agreement on Tariffs and Trade (GATT): GATT is a multilateral trade treaty among governments, embodying rights and obligations. The detailed rules set out in the agreement, constitute the agreed code that will govern the parties' trading relationships. GATT is now being replaced by membership in the World Trade Organization, W.T.O.

General License (Export or Import): Government authorization to export or import without specific documentary approval.

Gross Weight: Total weight of goods, packing, and container, ready for shipment.

Handling Charges: The Freight Forwarder's fee to his or shipper client.

Import: To bring merchandise into a Nation or Country from another Nation or Country or overseas territory.

Import License: A governmental document that permits the importation of a product or material into a Nation or Country where such licenses are necessary.

In Bond: A term applied to the status of merchandise admitted provisionally into a country without payment of duties. Such goods are held in a **Bonded Warehouse**.

Inland Bill of Lading: A Bill of Lading used in transporting goods overland to the exporter's international carrier. Although a **Through Bill of Lading** sometimes can be

used, it is usually necessary to prepare both an **Inland Bill of Lading** and an **Ocean Bill of Lading** for export shipments.

Inland Carrier: A transportation line that handles export or import cargo between the port and inland points.

Insurance Certificate: A document issued by an insurance company, usually to order of shipper under a marine policy, and insuring a particular shipment of merchandise.

International Freight Forwarder: The same as **Freight Forwarder**.

Irrevocable: Applied to Letters of Credit. An irrevocable Letter of Credit is one that cannot be altered or canceled once it has been opened by the buyer's bank.

Legal Weight: The weight of the goods plus their immediate wrappings, e.g. contents of a can plus the can. Different from **net weight** and **gross weight**.

Letter of Credit: Abbreviated "L/C". Also known as a Commercial Letter of Credit. A document issued by a bank at a buyer's request in favor of a seller, promising an agreed amount of money on receipt by the bank of certain documents within a specified time.

Lighter: An open or covered barge (towed by a tugboat) used mainly in harbors and inland waterways.

Lighterage: The loading or unloading by means of a barge (or lighter), of a ship, which, because of shallow water, is unable to come to shore.

Marine Insurance: An insurance that will compensate the owner of goods transported on the seas, in the event of loss which cannot be legally recovered from the carrier. Also covers air shipments.

Marks: A set of letter, numbers, and/or geometric symbols, generally followed by the name of the port of destination, placed on packages for export, as a means of identification.

Maturity Date: The date upon which a draft or acceptance becomes due for payment.

Net Weight: Weight of the goods alone, without any immediate wrapping, e.g., the weight of the contents of a tin can without the weight of the can.

Ocean Bill of Lading: A Bill of Lading (B/L) indicating that the exporter consigns a shipment to a international carrier for transportation to a specified foreign market. Unlike an Inland B/L, the Ocean B/L also serves as a collection document. If it is a

straight B/L, the foreign buyer can obtain the shipment from the carrier by simply showing proof of identity. If a negotiable B/L is used, the buyer must first pay for the goods, post a bond, or meet other conditions agreeable to the seller. See also **Air Waybill** and **Inland Bill of Lading**.

On Board Bill of Lading: A Bill of Lading in which a carrier acknowledges that goods have been placed on board a certain vessel.

Open Account: A trade arrangement in which goods are shipped to a foreign buyer without guarantee of payment. The obvious risk this method poses to the supplier makes it essential that the buyer's integrity be unquestionable.

Open Cargo Policy: Synonymous with **Floating Policy**. An insurance policy which binds the insurer automatically to protect with insurance all shipments made by the insured, from the moment the shipment leaves the initial shipping point until delivered at

destination. The insuring conditions include clauses naming such risks insured against as “perils of the sea”, for example, fire, jettison, forcible theft, and barratry. See **Perils of the Sea, Barratry, All Risks Clause**.

Order Bill of Lading: A negotiable Bill of Lading made out to the order of the shipper.

Packing List: A list that shows number and kinds of packages being shipped, totals of gross, legal, and net weights of the packages, and marks and numbers on the packages. The list might be requested by an importer (or might be required by an importing Nation or country) to facilitate the clearance of goods through customs.

Perils of the Sea: A marine insurance term used to designate heavy weather, straining, lightening, collision, and seawater damage.

Phytosanitary Inspection Certificate: A Certificate, issued by the exporting Nation’s or country’s Department of Agriculture, to satisfy import regulations of foreign Nations or countries, indicating that an export shipment has been inspected and is free from harmful pests and plant diseases.

Proforma Invoice: An invoice forwarded by the seller of goods, prior to shipment, to advise the buyer of the weight, description, value of the goods and payment terms. A Proforma Invoice is a **quotation** instrument.

Quotation: An offer to sell goods at a stated price and under stated terms.

Revocable: Applies to Letters of Credit. A revocable Letter of Credit is one, which can be altered or canceled by the buyer after he or she has opened it through his or her bank. See **Irrevocable**.

Sanitary Certificate: A certificate that attests to the purity or absence of disease or pests in the shipment of food products, plants, seeds, and live animals.

Shipper’s Documents: Commercial Invoices, Bills of Lading, Insurance Certificates, Consular Invoices, and related documents assembled by the shipper of the goods.

Ship’s Manifest: A true list, in writing, of the individual shipments comprising the cargo of a vessel, signed by the captain.

Sight Draft (S/D): A draft so drawn as to be payable upon presentation to the drawee or at a fixed or determinable date thereafter.

Specific Delivery Point: A point in sales quotations that designates specifically where, and within what geographical locale, the goods will be delivered at the expense and responsibility of the seller; e.g. F.A.S. named vessel at named port of export.

Tenor: The time fixed (or allowed) for payment, as in “the tenor of a draft”.

Time Draft: A draft drawn so it matures at a certain fixed time after presentation or acceptance.

Tramp Steamer: A ship not operating on regular routes or schedules.

Visa: A proof of formal approval on a person's document, such as a passport, permitting the document-holder or the passport-holder to enter the Nation or country which issued the Visa. Usually obtained from an embassy or a consulate.

Warehouse Receipt: A receipt issued by a warehouse listing goods received for storage.

Wharfage: Charge assessed by carrier for the handling of incoming or outgoing ocean cargo.

Keep A Copy Handy

Keep a copy of this Manual always with you so that you can refer to them as you build your import-export business in the weeks, months, and years ahead.

The World Morning Star Association, the World College of the Morning Star, and the author wish you all the best. Remember to do Good Deeds in every situation in which you find yourself. When you do, the results you are obtaining from life will improve **dramatically**.

- The End -