

4 Mistakes Credit Professionals Make When Getting More Involved in Exporting

Effective practices in exporting involve much more than simply assessing the risk of new customers and slapping an international address on a shipping label or invoices. So much of your process with foreign customers has to be adapted, which is often worth the trouble since more than 70% of the world's buying power comes from outside of the United States. Knowing the culture through spending time there, reaching out to contacts in such new regions and hiring local consultants can go a long way toward ensuring success instead of a costly learning curve in such a new venture.

1. Time is Important to Them, Too

Part of bolstering a new business relationship with an international customer is the practice of sometimes, if not often, doing business on their time. While inconvenient for your staff, making sure your business is available during their normal day is a sacrifice that must be made from time to time. This may require waking at odd hours, or having different people in different places ready to do the same jobs for larger businesses. But one can't realistically expect them to wait around at the office until 8:00-10:00pm for you to wake up in the United States, right? This is especially so if you need their business more than they need your product or service.

2. Frequent Flyer

Spending time in places of important growth opportunity is a practice that can go a long way, so long as the margins say it's worth it. In some areas of the world, it's really the only way to land a big new customer from far away. There are areas of massive financial potential where phone and email are just not enough, especially when trying to raise the level of trust or when trying to collect payment that might be past due. Spending time in the region is a must for places like the Middle East and Africa.

3. Get to Know the Culture

Knowing cultural protocols also is critical: what is considered polite, rude, overly deferential, pushy and so on go a long way toward establishing a business relationship that is fair to both parties. Often, bringing on consultants that are expats, or even still on the ground in said new area, can be helpful to accelerate that learning curve. Remember, you can't get back early impressions, and a massive faux pas, even if accidental, isn't going to help get that sale or collect that debt your business may desperate need.

4. Don't Be a Sucker

It's another category where it helps to have consultants from or very familiar with the area. Lack of knowledge can lead to abuses, as many businessmen and even government officials can pounce when they sense behavior that is far too deferential. This is particularly notable in parts of Asia and even more so in the Middle East, where western business people often struggle with establishing such a balance and cultural knowledge. Again, this can especially be the case with people linked to governments or regimes. One attorney, as a past FCIB speaker, noted that a number of collectors are confused by the extremely slow payment habits despite doing business directly with an official or prince. It's a reoccurring story, and underlines that one can't overestimate the importance of researching a track record. Track record is almost always much more important than a fancy title.

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