

Export Readiness Training Program

STEP FORWARD

How to create your
company's export plan



GUAM STATE TRADE EXPANSION PROGRAM



Disclaimer: The Guam STEP grant is a state-federal partnership funded in part through a grant with the U.S. Small Business Administration (SBA). All opinions, conclusions and/or recommendations expressed herein are those of the author(s) and do not necessarily reflect the views of the SBA. Requests for reasonable accommodation for persons with disabilities will be made if requested at least two weeks in advance. For arrangements or inquiries, please contact the Guam Economic Development Authority (GEDA) AT 671-647-4332 or email step@investguam.com.

What are your company's reasons for export?

- **Expand** your business and diversify customer base
- Improve **performance, productivity, and competitiveness**
- Gain **company exposure** to new ideas and marketing skills
- **Increase** sales, reduce **risk, and extend the life** of products/services
- Counterbalance **sales fluctuations** by entering a new market

IS YOUR COMPANY READY FOR EXPORT?

Management's Commitment

- Exporting takes time to learn. There will be many learning opportunities and challenges along the way. Are you willing to accept that making a profit will take time?

Know the business environment

- Make sure you have a thorough understanding of the social, political, cultural, and environmental of the market you are entering. Are there trade agreements available, duties, tariffs, and other regulations you should know?

Entry Strategy

- Target market needs, buying behaviors, market size

Production Capability

- Ability to produce and deliver your products. Meet volume orders, ensure quality, time, and cost considerations.

Localization Marketing

- Promotional materials, online marketing, social media, and regulatory compliance

Fulfilling Orders/Logistics

- Understand landed costs, know your incoterms and have export documentation ready

Financial Matters

- Source of funding, various funding instruments, export insurance, cash flow

Resource Management

- Financial, production, trade resources, human resources

COMPANY PROFILE

- Year your company was founded and by whom
- Where are operations currently located?
- Why start this company?
- Company's mission and vision
- Who is your ideal customer?
- Where is the product being sold?
- Summary of your product mix and total sales
- What makes your product unique?



Researching the Market

Identify your product's Harmonized Code

- 10-digit product identifier also known as an HS code or a Schedule-B number
- Global product classification system
- Simplifies the process to determine tariff rates when goods enter a country and for export market intel.
- Chocolate bar: 180631
- Chocolate bar (not filled): 180632



Researching the Market

Identify your product's Harmonized Code

Broader category of product

Specific product category

Schedule BLegal Notes

Please read all 10-digit descriptions to find the one that best matches your product

U.S. Census Bureau - Foreign Trade Schedule B (2023)

Chapter 18
CHAPTER 18 - COCOA AND COCOA PREPARATIONS

SCHEDULE B NUMBER	DESCRIPTION	UOM
18.06	<input type="checkbox"/> Chocolate and other food preparations containing cocoa:	
	<input type="checkbox"/> - Other, in blocks, slabs or bars:	
1806.31	<input checked="" type="checkbox"/> -- Filled:	

Researching the Market

Identify your product's Harmonized Code

ACTIVITY – Research your product's HS Code

- ❑ Visit: <https://www.census.gov/foreign-trade/schedules/b/index.html>
- ❑ Search the HS Code for your product. Answer product specifics.
- ❑ Enter your HS Code in your export plan
- ❑ Keep that number to see if it requires an export license.
- ❑ HS codes fit precisely 80% of all product, but there are gray areas.



Researching the Market

Do you need an export license?

The majority of commercial products are designated EAR99 (Export Administration Regulations) and generally will not require a license to be exported or reexported.

- Determine if your product fits any of the 10 designated categories used in the [Bureau of Industry and Security's Commerce Control List \(CCL\)](#).
- If the product has a specific Export Control Classification Number (ECCN) you'll need a license.

Commerce Control List Categories

0 = Nuclear materials, facilities and equipment (and miscellaneous items)
1 = Materials, Chemicals, Microorganisms and Toxins
2 = Materials Processing
3 = Electronics
4 = Computers
5 = Telecommunications and Information Security
6 = Sensors and Lasers
7 = Navigation and Avionics
8 = Marine
9 = Propulsion Systems, Space Vehicles, and Related Equipment

Five Product Groups

A. Systems, Equipment and Components
B. Test, Inspection and Production Equipment
C. Material
D. Software
E. Technology



Researching the Market

Filing for export documentation

- Export classification and any license numbers must appear on export documentation such as the Commercial Invoice and the Automated Export System (AES) filing.
- For certain exports, BIS requires AES filing regardless of value or destination.
- USPS and major freight carriers may require you to enter “NLR” – No license required – for certain EAR shipments.
- Shipments where the ultimate destination is the United States or shipments to international waters where the person/entity assuming control of the shipment is a citizen or permanent resident of the United States are not required to be filed in the AES.



Sections

Export Filing AES

The Automated Export System (AES) is the export component of the Automated Commercial Environment (ACE). It is the system for collecting, processing, and storing Electronic Export Information (EEI) from persons or entities exporting goods from the United States, Puerto Rico, or the U.S. Virgin Islands.

Getting Started in AES

Who May Participate in AES?

The following parties can file or transmit EEI to the AES.

What are the Various AES Filing Methods?

Filer may choose their EEI method of communication to the AES, including ACE AESDirect and a direct connection.

What is the ACE AESDirect Portal?

The ACE AESDirect portal is the primary, free filing tool for submitting your EEI to the AES.

What is the AES Software Certification Process?

Filing using a direct connection requires the completion of the AES Software Certification Process.

Researching the Market

Who are your customers?

Before entering a new market, companies should know who they are selling to. Are your products meant for customers or businesses? Knowing these strategies will help you to determine pricing, understand the next steps in the fulfillment and shipping process, and help to build quality relationships.

01

Demographics

Age, income, gender, family size, occupation, marital status

02

Cultural Factors

Adapt company products to fit tastes and conditions, build long-term relationships

03

Ease of business

FTA, contract disputes, FTZ, onsite agent, verified buyers

04

Logistics

Ship to ground transportation, customs, shipping costs

05

Selling Factors

Safe secure transactions, uniqueness, quality, speedy delivery, flex pay options

06

Trends

Identify most popular foreign-sourced products,

Researching the Market

How to identify current market conditions

- [ITA Country Commercial Guides](#) - publishes annual Country Commercial Guides (CCG) designed to help companies make smart, strategic market entry decisions. Each country is detailed with information regarding market conditions, purchasing power, consumer trends, distribution channels, navigating entry constraints, best sectors, key contacts and more.
- [ITC TradeMap](#) - collects trade data from 200 countries, organizes it, and makes it available online. Use data comparison tables by year to determine trade trends.
- [CIA World Factbook](#) - provides country comparison data on demographics, economy, communications, and defense.
- [U.S. Department of State](#) - obtain up to date travel information about the country you are visiting. (visas, vaccinations, licenses, etc.)

Researching the Market

How to identify current market conditions

- [Office of Textiles & Apparel](#) - OTEXA publishes reports on a monthly or annual basis. Customized reports can be done on an as-needed or as-requested basis. These statistics provide up-to-date information on the state of imports and exports of textiles, apparel, footwear, leather and travel goods industries.

<

OTEXA U.S. Exports of Footwear & Luggage: Annual Data by Category

Number of rows: 19

Selected Countries:
Federated States of Mic

October 2023

Country	Category	Description	Units	2018	2019	2020	2021	2022	2022_YTD	2023_YTD
Federated States of Mic	10	TOTAL FOOTWEAR	\$	60,262	23,658	44,288	96,962	40,318.00	40,318	6,300.00
Federated States of Mic	19	TOTAL TRAVELGOODS	\$	10,015	0	23,799	8,993	4,621.00	4,621	5,773.00
Federated States of Mic	100	RUBBER AND PLASTIC FOOTWEAR	\$	19,856	0	0	0	18,654.00	18,654	6,300.00
Federated States of Mic	101	ALL NON-RUBBER FOOTWEAR	\$	40,406	23,658	44,288	96,962	21,664.00	21,664	0.00
Federated States of Mic	105	LEATHER FOOTWEAR	\$	16,200	0	0	85,586	0.00	0	0.00
Federated States of Mic	110	PROTECTIVE RUBBER FOOTWEAR	\$	0	0	0	0	0.00	0	0.00
Federated States of Mic	111	RUBBER-CANVAS FOOTWEAR	\$	19,856	0	0	0	18,654.00	18,654	6,300.00
Federated States of Mic	112	HOUSE SLIPPERS	\$	0	0	0	0	8,082.00	8,082	0.00
Federated States of Mic	113	MEN'S FOOTWEAR (EXCEPT ATHLETIC)	\$	16,200	0	0	11,376	13,582.00	13,582	0.00
Federated States of Mic	114	WOMEN'S FOOTWEAR (EXCEPT ATHLETIC)	\$	24,206	23,658	27,638	80,070	0.00	0	0.00
Federated States of Mic	119	OTHER FOOTWEAR	\$	0	0	16,650	5,516	0.00	0	0.00
Federated States of Mic	133	LEATHER AND HIDE TANNING	\$	0	91,317	0	0	0.00	0	0.00
Federated States of Mic	134	LEATHER GLOVES & MITTENS	\$	0	0	0	0	0.00	0	5,234.00
Federated States of Mic	139	ALL OTHER ARTICLES OF LEATHER	\$	0	0	10,872	0	0.00	0	0.00
Federated States of Mic	143	FURSKIN ARTICLES NESOI	\$	0	0	0	0	0.00	0	0.00
Federated States of Mic	190	LUGGAGE/BRIEFCASES	\$	0	0	0	0	0.00	0	0.00
Federated States of Mic	191	TRAVEL/SPORTS BAGS	\$	10,015	0	23,799	8,993	4,621.00	4,621	5,773.00
Federated States of Mic	192	WOMEN'S HANDBAGS AND PURSES	\$	0	0	0	0	0.00	0	0.00
Federated States of Mic	193	FLATGOODS/PERSONAL LEATHER GOOD...	\$	0	0	0	0	0.00	0	0.00

Researching the Market

Register your company for Made in the USA Sourcing Directory

- [Made in the USA Directory](#)– Register your company in the Made in the USA Sourcing directory. It's free of charge and assists buyers in sourcing U.S.-made textiles, apparel, footwear and travel goods from U.S. vendors.


The screenshot displays the 'Made in USA Directory' search results for the keyword 'shirt'. The search bar at the top shows 'shirt' with a search icon and a filter icon. Below the search bar, the results are categorized into 'Men's & Boys' and 'Women's & Girls'. The 'Men's & Boys' category includes sub-categories like 'Woven dress and business shirts', 'Woven sport shirts', 'Knit t-shirts and tank tops made for outerwear', 'Sweatshirts', and 'Other knit shirts'. The 'Women's & Girls' category includes 'Woven blouses and shirts'. The search results are displayed in a grid of 12 company cards, each with a company name, location, and industry. The companies listed are: PAPILIO PRINTS LLC (Lincoln Park, NJ, Textiles), Mitts Nitts Inc (Durham, NC, Apparel), Precision Fabrics Group, Inc. (Greensboro, NC, Textiles), Sterlingwear of Boston (East Boston, MA, Apparel, Textiles), ReadyOne Industries Inc. (El Paso, TX, Apparel, Textiles), WSI SPORTSWEAR (Eagan, MN, Apparel, Textiles), American & Efird LLC (Mt Holly, NC, Textiles), and Unifi Manufacturing, Inc. (Greensboro, NC, Apparel, Textiles). Each card includes an 'Additional Details' link.


Researching the Market


Are there tariffs and duties charged for my product?


- [ITC Market Access Map](#)–Identify customs tariffs, tariff rate quotas, trade remedies, regulatory requirements and preferential regimes applicable to your product.

Overview

 EXPORTING COUNTRY
Guam


 IMPORTING COUNTRY
Japan

 PRODUCT
180631000 – Chocolate and other food preparations containing cocoa: Other, in blocks, slabs or bars: Filled


Customs Tariffs


Import duty
10%
MFN ⓘ

↓ Learn more


Trade remedies

Trade remedies
No

↓ Learn more


Regulatory Requirements

Total Measures
9

↓ Learn more

Researching the Market

Are there tariffs and duties charged for my product?

- [ITC Market Access Map](#)–Identify customs tariffs, tariff rate quotas, trade remedies, regulatory requirements and preferential regimes applicable to your product.

Regulatory requirements ⓘ

NTM YEAR ⓘ
2016

Import requirements applied to this product

Total measures 9 ^

A210 - Tolerance limits for residues of or contamination by certain (non-microbiological) substances ⓘ 1 ▼


A220 - Restricted use of certain substances in foods and feeds and their contact materials ⓘ 1 ▼

A310 - Labelling requirements ⓘ 1 ▲

Labelling requirements

 *Legislation title* : Food Labeling Standards

 *Legislation summary* : Pursuant to Chapter 2 of the Standards, processed foods must bear a labelling on name, preserving method, consumption date, etc.

 *Implementation authority* : Consumer Affairs Agency, Government of Japan

 *Validity* : from 04.2015

 *Other countries affected* : ALL COUNTRIES

 *Document*

 *Link*

A410 - Microbiological criteria of the final product ⓘ 1 ▼

A420 - Hygienic practices during production related to SPS ⓘ 2 ▼

A850 - Traceability requirements ⓘ 1 ▼

B310 - Labelling requirements ⓘ 2 ▼

Source: UNCTAD

Researching the Market

Free Trade Agreements (FTAs)

- The U.S. has 14 free trade agreements (FTAs) with 20 countries.
- Helps businesses compete by reducing barriers to exports and protecting U.S. interests.
- [FTA Help Center](#) provides guidance on preferential tariff treatment and other resources for FTAs.
- Your [U.S. trade representative](#) has more information on the text of FTAs and market access provisions.

Resources and Tools to Navigate FTAs

[Search by Country for Free Trade Agreements](#) →

How to identify rules of origin and other related treatments in FTA countries.

Free Trade Agreements Overview

U.S. FTA partner countries offer U.S. exporters greater market access. Learn about the essentials: tariff reduction, strengthened intellectual property protection, and more.

FTA OVERVIEW

U.S. FTA Partner Countries

Looking to grow your export sales? Start from our list of 20 U.S. FTA partner countries. Each resource details FTA parameters and greater market access opportunities through reduced tariffs and other provisions.

FTA COUNTRIES

Check if Your Product Is Eligible For FTA Tariff Rate

Is your product eligible for FTA duty-free or reduced duties? Take these steps to determine if your product qualifies and the standard export documentation to use. Find duty rates by using the FTA Tariff Tool.

CHECK YOUR PRODUCT

Identify and Apply FTA Rules of Origin

FTA Rules of Origin are key to determining whether your product qualifies for FTA preferential tariff treatment. Understand Rules of Origin types, and how to read and apply them.

RULES

FTA Certification of Origin

When shipping your product under a FTA preferential tariff rate, be sure to include a Certificate of Origin. Learn how to certify the origin of your products and about the responsibilities of seller and buyer, and other tips.

DOCUMENT ORIGIN

FTA Resources Toolbox

Is there an FTA preferential tariff rate for your product? These export tools can help you make that determination by allowing you to compare the FTA and applied (current) tariff rates.

TOOLBOX

Researching the Market

Industry Variables

- What is the size of the industry? Analyze historical and forecasted growth.
- What are the industry trends?
- What is the target size, growth, and characteristics?
- Identify competitors local and foreign
- What are key competitive factors? Unique value proposition.



Researching the Market

Industry Research Tools

- [ITA Research by Industry](#) – Access the latest data and information about trends by industry. Information about exporting products and services is available including top markets for that product/service and trade data.
- [ITC TradeMap](#) - collects trade data from 200 countries, organizes it, and makes it available online. Use data comparison tables by year to determine trade trends.
- [CIA World Factbook](#) - provides country comparison data on demographics, economy, communications, and defense.
- [Trade Stats Express](#)– Find data in the form of charts, graphs, and color-coded maps to see trends of countries the U.S. exports specific products to. Can run data comparisons year over year to determine what the trends are. (Top three exporters of chocolate: Mexico, Canada, South Korea)

Researching the Market

Find Trends and Stats

ACTIVITY

- Choose one of the market research tools. Register for a free TradeMap account.
- Using the first 6-digits of your HS code, search how it would do if sold in Japan, South Korea or Canada
- Is there any U.S. state currently exporting a similar product?
- Could you identify a market for U.S. products with that HS code?
- What is the U.S. current market share?
- Is it a growing or declining demand in those markets?

Competitive Profile Matrix

Our Business	Product Quality	Customer Service	Price	Shipping Speed
Our Business	<ul style="list-style-type: none">• Short shelf-life• Guaranteed fresh for over	<ul style="list-style-type: none">• For damaged products, free shipping offered• 5 different languages online	<ul style="list-style-type: none">• Prime deals• Member pricing	<ul style="list-style-type: none">• FBA products allows faster shipping speeds
Competitor 1	<ul style="list-style-type: none">• Flavor variety• various product sizes• Long shelf life	<ul style="list-style-type: none">• 24/7 customer support•	<ul style="list-style-type: none">• Competitive• Bundled pricing	<ul style="list-style-type: none">• Offers free overnight shipping over \$100
Competitor 2				

Scale performance 1-5 with "1" as the best.

TARGET CUSTOMER

Who are your target customers?

- Age 35-54 years / 18-25 years
- Male / female
- What is the average income
- Why do they buy? (gifts, daily consumption, aficionados, events/celebrations)
- Attributes: Taste, appearance, flavor profiles



MARKET STRATEGY: PRODUCT



PACKAGING

- Packaging images, color variations, sizes
- Labeling requirements - What are the regulatory requirements?



MESSAGING

- What is to be done with your product?
- What is the consumer need for your product?
- Ex: Green is a very popular color for clothing in Japan. It represents youth, vitality, and energy.
- Ex: Brown symbolizes earth, strength, and durability.



BRAND NAMES

- Is your brand name available to use in that country?
- What does it mean and when translated is it appropriate?

MARKET STRATEGY: PRICING

Export price is often higher than domestic price:

- Tariffs/sales taxes / excises
- Transportation and logistics
- Local market conditions (purchasing power)
- Required product adaptations
- Currency fluctuations (conversions)
- competitor pricing
- Total cost to make and land the product

Calculate Total Costs + Markup

To determine your pricing model consider your product's total cost.

Total Cost = cost of labor + material costs + overhead costs + other expenses

Selling price = \$100 (total cost) + (Total costs x markup percentage)

Selling price = $100 + (100 \times .40) = 100 + 40 = \140

Markup Factors to determine pricing

Total Cost fluctuation: If any of your expenses increase, you may need a higher markup.

Market Demand: If your product is in high demand, you may have leverage to increase your markup.

Competition: If trying to win market share, you may want to lower your markup to offer better pricing.

Type of Business: Depending on your industry, you may have a different average markup.

Phases and Priorities

Action Steps

- List or briefly describe the action steps and priorities to begin exporting.
- Prioritize what needs to be done first. Taking a phased approach to exporting allows you to manage your current business demands without majorly affecting operations.
- Be specific in your timeline to identify how much time will be needed to complete each action step.

Priority 1: Create content for website (2 months)

- Work with photographer and/or videographer to take high quality product photos.
- Develop product descriptions and gather all product details (measurements, ingredients, color, etc.).
- Develop shop terms and policies.
- Translate product descriptions

Phases and Priorities

Action Steps

Priority 2: Launch eCommerce website (2 months)

- Choose eCommerce platform
- Work with web developer to set up website
- Secure online payment portal and ensure compatibility with financial institution
- Gather shipping information and pricing for various shipping options
- Translate product descriptions
- Develop branding kit with content developer

Priority 3: Labeling (2 months)

- Nutrition labels, review if additional licenses are needed

Export Budget

Financial Plan

- Based on priority funding needs, identify how STEP grant funds will be spent according to allowable budget categories.
- Identify which portion will be funded by the business and the grant.
- You may need to provide business financial statements as requested by GEDA.

Item	Amount	Grant Funds	Business Funds	Total
Design of promotional materials	\$500.00	\$300.00	\$200.00	\$500.00
eCommerce setup	\$1,500.00	\$1,000.00	\$500.00	\$1,500.00
Translation of marketing materials	\$500.00	\$500.00		\$500.00
Development of video content	\$1,200.00	\$700.00	\$500.00	\$1,200.00
Social Media Kit	\$500.00	\$500.00		\$500.00
Grand Total	\$4,200.00	\$3,000.00	\$1,200.00	\$4,200.00

*Sample Budget request. Identify items which will be funded internally and through STEP grant funds.

Plan Ahead

Develop an export plan to help you prioritize

Sample Outline of an Export Plan

Table of Contents & Executive Summary

I. Introduction and Export goals

II. Situation or Background Analysis

- Product/Service for export
- Operations
- Personnel and export organization
- Resources inside the company
- Resources outside the company
- Industry Structure, competition, and demand
- Export License (if needed)
- Export control compliance
- Product classification(s)
- Products that qualify under FTAs

III. Marketing Component

- Identifying, evaluating, and selecting markets
- Product selection and pricing
- Distribution methods
- Terms and conditions
- Internal organization and procedures
- Sales goals (P&L forecasts)
- Pricing including consideration of duties, taxes, freight costs, and logistics

IV. Tactics – Action Steps

- Primary target countries
- Secondary target countries
- Indirect marketing efforts
- Quarterly accomplishments

Plan Ahead

Develop an export plan to help your prioritize

Sample Outline of an Export Plan

V. Export Budget

- Pro-forma financial statements
- Website enhancements
- Trade show visits
- Marketing materials
- Travel
- Other costs

VI. Implementation schedule

- Follow-up
- Periodic operational and management review
(Measure results against the plan)

Addenda: Background data on target

- Basic market statistics (historical and projected)
- Background facts
- Competitive environment

Summary

Recap

- Get a **head start** working on your export plan early. Don't wait to work on your plan.
- Seek **technical assistance**. Work with a business advisor at the Guam SBDC or reach out to GUMA to refer you to a business advisor.
- Have someone **review** your export plan to provide feedback. Work with someone who you trust, has industry knowledge who can give valuable insights and advice.
- **Practice your pitch**. Be the expert of your business and be prepared to present to stakeholders and answer questions about your plan.
- Know your **numbers**. Spend some time with your financial advisor or accountant to go over your company's financial statements and understand the opportunities and challenges your company needs to prepare for.



QUESTIONS?

Please complete today's training survey.





In agradesi (appreciation) for your time, please enjoy a special gift just for you from:

DENANCHE' DRIZZLE



THANK YOU

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