

**Business Start-Up fact Finder Manual**

# **IMPORT ENTREPRENEUR**

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# Import Entrepreneur

## Vital Information

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### Start-up Investment

Low - \$2000 (importing and inexpensive product in small quantities and selling to an agent)

High - \$200,000 (selling a costly product directly to retail or wholesale buyers)

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**Break - even time** - Three months to three years

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### Estimate of Annual Revenue and Profit

Revenue \$200,000 - \$20 million

Profit (Pre-tax) - \$30,000 - \$3 million

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## The Shrinking Globe

As our communication and transportation capabilities become more and more sophisticated, the marketplace ceases to be localised and becomes international. Whether we like it or not (and some lobbying groups expend a great deal of effort to keep foreign products out of the U.S., our import/export revenues continue to grow. American import/export revenues exceed the Gross National Product of many of the countries who are our trading partners.

While the giant corporations (Fortune 500 companies) export 80% of the goods going out of the country, internationally small businesses run the import side of the equation. And there appears to be no end in sight. The world economies are becoming more and more inter independent and as new markets open up, demand grows, and so will the opportunities for importing and exporting.

## Bi - Lingual Business

Between regulatory changes and language barriers, importing and exporting is not a business for the faint of heart. Regulations can change without a word of warning and seem to have very little to do with logic. Tack on quotas and tariff breaks for undeveloped countries and you have a real potpourri of information required in order to do business.

Before taking on this type of business, you will need to do your homework well. If you are lucky enough to fall onto a hot new item (i.e., Cabbage Patch Dolls, Pet Rocks), a fortune could be made almost over night. And if you choose wisely, you will have no domestic competition.

So--- choosing your product is one key to success in the importing industry. A good place to start is by taking a good look at yourself and your background. If your expertise is in the apparel industry, you might want to consider textiles. Be very careful what you choose though, you must take transportation, breakage, and market saturation into consideration. You can save yourself a lot of trouble by importing items that are easy to transport and/or light weight.

Once you've picked your product, finding a source is rarely a problem. Foreign governments are eager to expand their balance of trade and will help you find a supplier for your product. You can obtain a list of manufacturer by product and country by contacting the U.S. Foreign Commercial Service.

### **Ready for Take Off**

Many importers begin their business on a part-time basis until it really takes off. You will find yourself with a number of decisions to make a lot of groundwork to lay before you can cut that first deal so before you begin your business, you may want to take courses in import - export at your local college university. The Government Printing Office has many publications available to help round out your education. You may wish to make contacts at brokerage or transportation companies and tap into their expertise. The more information you have, the better your chances for success.

You will also want to determine the extent to which you plan to use the available support services. You may wish to use an import agent or broker to handle the foreign end of the transactions (for a percentage fee). Customs brokers and freight forwarders can grease the process too, but for another fee. Find out what transportation is available and which is the fastest and most economical. Check your Yellow Pages or contact local air - or seaports for lists of suppliers. But be careful, your name is on the deal and your reputation is a stake. Check them out!

Before the goods you are importing shows up in this country, you will need to decide how you intend to distribute them. You can sell your goods to a U.S. agent who will then redistribute to retail or wholesale buyers or you can find buyers yourself. If you choose to sell directly, you will need to have a marketing staff to find buyers and go to trade shows in your industry. Although your initial costs will be higher if you market directly, assuming you can find a buyer for your product, your profit will also be much higher.

## **Cover All Your Bases**

There are a lot of risks involved in the import/export industry. Since you're paying in advance for goods which are being manufactured across the globe and you are dealing with different cultures and attitudes, it is extremely important to ask the right questions and get everything in writing. **MAKE NO ASSUMPTIONS**

In many instances foreign governments side with their own nations no matter what the circumstances. In some cases, U.S. companies can be prevented from modifying or terminating its relationship with foreign manufacturers no matter how good the reason, without it costing them an arm and a leg. Customs and trade attorneys make a good living trying to keep importers out of trouble -- so know your business -- and don't take chances.

One of the items you will want to be very clear about is the currency of payment (some governments don't like payment in dollars), but as a hedge against inflation, it is imperative. Also keep in mind that if a price sounds too good to be true it probably is. If you import something that is selling under the price manufacturers receive in their country, this is "dumping" and the U.S. customs will embargo the goods. You may even be hit with a retroactive embargo.

## **Be an Early Bird**

Flexibility is the name of the game in the import/export industry. With the flick of a wrist, the Department of Commerce can erase your exporting country off the General System of Preference list it publishes daily and you may have to hop a plane to find a new supplier over night.

If you're really lucky you may stumble across the latest and greatest craze to hit this country since the Hula Hoop but most of the time, that is the exception, not the rule.

If you can't find something new to import, you can take an existing product and upgrade or modify it. A change in design, style, or make-up of the product, can make it more attractive and cost effective to manufacturer and import. The more creative you can be, the better your chances are.

The import/export industry can be challenging, frustrating, and highly profitable. But remember: to be forewarned is to be forearmed and when dealing with regulatory issues and foreign cultures, you will always have to be on your guard. Stay on top of your industry, and you have an opportunity to reap some juicy rewards.

## **Resources**

### **Industry Associations:**

American Association of Exporters and Importers, 11 W 42nd St., New York, NY 10036 (212) 944-2230

Council for Export Trading Companies, 225 Connecticut Ave., #415, Washington, DC 20036 (202) 816-4705

### **Publications**

Import-Export Business, 93 Willets Dr., Syosset, NY 11791 (516) 496-8740

International Trade Alert and International Trade Monthly, 11 W 42nd St., New York, NY 10036 (212) 944-2230

The U.S. Dept. of Commerce & The U.S. Small Business Administration both have books available through the Superintendent of Documents, Government Printing Office, Washington, DC 20402 (202) 783-3228

The Exporter Executive, 401 N Broad St., Philadelphia. PA 19108 (215) 238-5300

### **Consultant**

Treico International Services, 93 Willets Dr., Syosset, NY 11791 (516) 496-8740

For additional information helpful in setting up your new business, information about licenses, permits, the legal structure of your business, taxes, insurance and much more refer to the Business Start-Up Fact Finder Manual