TURN EXPORT OPPORTUNITIES INTO PROFITABLE GROWTH
INTRODUCTION

At Bibby Financial Services, exporting is in our DNA.

As a partner to SMEs from across the world, our specialist Export Finance Team is in constant communication with those on the frontline of exporting; discussing their opportunities, their challenges and their successes.

Along the way, we’ve learned a lot about what it takes to turn export opportunity into profitable growth. Over the next few pages, we’ll share these insights with you, and explain why Export Finance could help your business take the next step on its export journey.
CHALLENGES FOR EXPORTERS

**Finding new customers and markets**
Every decision requires a balancing of risk and potential reward, and exporting is no different. Think commercially to ease concerns – when it comes to trading abroad, the perception is often worse than reality.

**Time differences and language barriers**
Discuss whether your team are equipped with the specialist knowledge to cover different time zones and multiple languages. If not, consider how you can access that knowledge.

**Documentation**
Gain the necessary knowledge on international documentation – getting it right is essential if customs penalties and delays are to be avoided.

**Extended delivery and payment terms**
Research who your competitors will be. Are there any language issues? Make sure to explore payment terms.

**Access to cash and funding**
By releasing the value of outstanding invoices you can improve your cashflow while taking advantage of overseas opportunities.

**Bad debts and country risks – political and economic**
Diversifying markets can help minimise the impact of any social or political changes, at home or abroad.

**Local culture and legislation**
Check that your product or service is legally exportable and determine whether you will be able to satisfy a potential increase in demand.

**Foreign Exchange Risks**
Decide whether it’s best to price your goods or services in the local currency of the country in which you’re trading, and make sure to account for any possible fluctuations in your margins.
The two most common types of export finance are: Factoring and Invoice Discounting.

WHAT DOES EXPORT FINANCE DO?

Export finance is a way of generating cash against unpaid invoices. Used properly, it can help solidify your cashflow and provide the boost a growing business needs to take the next step on its export journey.

1. **STEP 1**
   - The client invoices the debtor for goods sold. Client sends a copy of the invoice to the invoice Financier. Service fee is deducted.

2. **STEP 2**
   - Invoice Financier typically gives the client up to 85% of the value of the invoice immediately.

3. **STEP 3**
   - Invoice Financier can chase invoice payment from the debtor or the client may opt to chase payment themselves.

4. **STEP 4**
   - The debtor pays the invoice Financier the amount on the invoice in full either direct or into a trust account.

5. **STEP 5**
   - Invoice Financier gives the client the remaining 10%.
WHO IS EXPORT FINANCE RIGHT FOR?

Export Finance can be the right solution for businesses of any size and in any industry, whether they work with products or services.

However, there are some industries that may be particularly well-suited.

Key Sectors

- TRANSPORT
- MANUFACTURING
- BUSINESS SERVICES
- WHOLESALE
WHAT DOES A FUNDER LOOK FOR?

When you apply for export finance, a prospective funder is looking for reasons to believe in your business and its goals. As an applicant, it’s your job to help motivate that belief - by sharing your enthusiasm along with your business plan.

For that reason, there are certain criteria they will be looking to satisfy.
Make sure you’re prepared to answer these questions:

- Why do you run your own business?
- What motivates you?
- How do you keep up to date with what is happening in your industry?
- What are your company values?
- How involved are you in preparing financial accounts and MI?
- What contingency plans are in place to cover loss of a key employee or customer?
When it comes to taking the next step in your business’s export journey, choosing the right funder is critical.

Most important is finding a funder who shares your belief in your business. But beyond that, make sure to look for the following features:

1. Maximised level of funding
2. 100% export funding
3. Single debtor funding
4. Export only relationship
5. Funding around the globe
6. Access to a worldwide network
7. Foreign language collections expertise
8. Access to Foreign Exchange experts
9. Access to external networks

A RELATIONSHIP & “BELIEF IN MY BUSINESS”
CASE STUDY
Move from a domestic environment to Africa, SE Asia, UAE & U.S.

Company B

<table>
<thead>
<tr>
<th>Sector</th>
<th>Oil &amp; Gas Technical manpower</th>
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<tbody>
<tr>
<td>Turnover</td>
<td>£1.5 million</td>
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<tr>
<td>Situation</td>
<td>Need to diversify away from North Sea oil contracts</td>
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</tbody>
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Strategy:
To move from a domestic environment to seek contracts in N.Africa, SE Asia, UAE & S.America

Risks:
Marked political and economic risks; foreign exchange fluctuations, local laws e.g. withholding taxes that are evident in manpower; onerous contract clauses; debt collection in new territories

Solution:
A fully outsourced credit management and funding solution with bad debt protection including political and economic risk
As you get ready to turn export opportunity into growth, there are several resources you can turn to for support.

**READY FOR THE NEXT STEP?**

OUR TEAM IS READY TO SPEAK TO YOU TODAY.

0808 252 7777  WWW.BIBBYFS.CO.UK/EXPORT

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**British Chambers of Commerce**

britishchambers.org.uk

**Department for International Trade**

gov.uk/government/organisations/department-for-international-trade

**BExA**

bexa.co.uk

**Institute of Export & International Trade**

export.org.uk