
to stop their investigation at this point. Other sources of information to be considered are rating services such as Dun and Bradstreet, suppliers (past and present) and, above all, the word of the firm's own banking connections. The search for further information will not only provide a broader base on which to make the final selection, but also afford manufacturers the opportunity to become better acquainted with trading house activities. This will, in turn, develop greater confidence in the trading house, and place the manufacturing firm in a better position to set objectives and plan ahead.

6 Building an Effective Partnership with a Trading House

The manufacturing firm must first make sure that there is a clear understanding with the trader concerning the kinds of results anticipated. There should be consultation to set up realistic targets for volume of exports, market coverage, and strategies to be used. Marketing support, prospecting, and promotion should also be discussed and negotiated. A schedule for periodic performance evaluation and control should be established. When agreements are negotiated frankly from the outset, the risk of misunderstanding downstream is minimized.

What the trading house expects from the manufacturer should also be made clear. Traders cannot provide good services without proper support from manufacturers. The manufacturing firm will have to commit itself to set competitive prices, to comply with product and packaging specifications, to assist with promotional activities (if needed), and to deliver goods to meet orders.

It cannot be overemphasized that the trading-manufacturing partnership will work only if both parties remember that it is meant to be a mutually profitable venture, and that both must contribute their best efforts. Once this spirit of co-operation has been established, when objectives, strategies, and respective rights and obligations have been clarified — then, and only then, is it time to put these terms on paper.

A contract is just as necessary in exporting as in domestic business. It should not be viewed only as a means of legal protection, but also as an instrument for fostering the clearest possible understanding between two parties. Lastly, the manufacturer or the trading house will remember that a contract which attempts to wring every last concession from the other party is not an achievement, but rather a sure sign that the deal will never work. Indeed, a contract will bear fruit only to the degree that it incorporates terms which work to the equal advantage of all contracting parties.