if your company can cope with the price, we suggest you work backwards by subtracting the agent's or distributor's commission, inland and ocean transportation charges, marine insurance, financing charges and the insurance premium (if the goods are sold on credit) and administrative and promotional costs. If the remaining amount is greater than your domestic factory price, you can begin exporting immediately. If it is lower, you have the following options:

1. Do not become involved in exporting.
2. Reduce costs by eliminating needless features and incorporating less expensive materials. (Do not try to sell a Cadillac where a Volkswagen will do.) Also attempt to have distributors or agents reduce their commission.
3. Position your product at the upper end of the market by stressing non-price aspects such as an appealing package, a steady source of supply, quicker deliveries continuous innovation and product after-sales servicing.

Export Quotation

An export quotation (*see attached sample worksheet*) can be in the form of a letter or telex showing the price, delivery and payment terms. Quotations can be in the form of a pro forma invoice itemizing the price and details of the shipment.

A quotation is considered contractually binding in international sales. Therefore, use extreme caution in preparing proforma invoices. Provide freight insurance and other integrated costs if the buyer requests them, to allow for the calculation of landed costs.

The quotation should state the payment terms desired, such as irrevocable letter of credit or "sight" draft, and whether charges such a foreign exchange, taxes and air mail are for the buyer's account.

Worksheet

Because an export quotation is legally binding, it is advisable to draft it on a worksheet (see sample below) early on in the export process. This not only allows for revisions and additions, but also serves as a reference guide for future quotations to the same buyer.