

2. Making the deal

The following summarizes the way you arrange a deal and ship goods to your buyers. If you're a service exporter, of course, you won't have to deal with documentation, freight forwarding, shipping or customs clearance.

Check references of prospective customers

Whether you're dealing with end users, retailers or intermediaries, check their references. Using other Canadian exporters, commercial banks, people in the industry, or your Canadian Trade Commissioner, do the following:

- verify the prospect's credit rating;
- talk to other exporters who have had dealings with the prospect;
- ask the Canadian Trade Commissioner in your target market to provide you with information on the prospect; and
- verify the prospect's business profile.

Visit prospects

Visits to important prospects in your market(s) are strongly recommended because they let you gather insight into the prospects' needs. Before leaving Canada, though, ask the Canadian Trade Commissioner in the market you're visiting to provide you with advice on timing and organizing your trip.

Finalize the sale

Finalization normally begins when your sales department receives a purchase order from the buyer. You should respond with an acknowledgment of the order or a sales confirmation. Be sure to confirm the following details:

- quantity
- payment terms
- shipping/trade terms
- transportation method
- price

Prepare a letter of credit (LC)

This works as follows:

- The buyer issues an instruction to his or her own bank.
- The buyer's bank sends your bank the LC.
- Your bank sends the LC to you.

The letter of credit is an important document. Review it carefully, in company with your freight forwarder, banker and legal counsel. It must be consistent with your sales agreement, and you must comply with all of its provisions. Remember that the buyer's bank can latch on to any discrepancies in your documentation, and that it pays upon receipt of correct documents, not upon successful completion of the transaction. If a name or address is misspelled, if the shipping date is wrong, or if all charges are not included, you may be unable to collect.