

Complete Guide To Import/Export

How To Start Your Own Import/Export Business

Week #9

●

Financing

“Every day I get up and look through the Forbes list of the richest people in America. If I’m not there, I go to work.”

— Robert Orben

Read through Chapters Three and Eleven before moving on to this week’s tasks.

This week we are going to deal with financial aspects of the import/export business, including raising seed capital, charging customers, and keeping financial records.

Throughout your import/export career make sure to adhere to the following golden rule.

Golden Rule

Avoid the mistake of tangling up your personal finances with your business finances. You should treat your import/export as an entirely separate entity from anything else that provides you with an income.

Task 1: Determine how much seed capital you need

Your first task this week is to determine how much seed capital you need and where you will get your seed capital from. Read **Chapter Three** of **How To Start Your Own Import/Export Business** and determine:

How much seed capital you need?

\$ _____

Where you are going to get your seed capital from?

- Family and friends
- Low-rate credit cards
- Personal, home equity, and business bank loans
- Small business association loans
- Working capital financing for exporters
- Venture capital

If you are finding the above question difficult check out the following websites:

- *www.moneycafe.com* (provides links to every state so you can find the best merchant accounts, commercial loans, leasing, credit card, etc. in your own locality).
- *www.businessfinance.com*.

After you have researched your options thoroughly, record your findings in the space below.

Source of seed capital: _____

Details: _____

Task 2: How will you charge your customers?

Now that you have chosen your product, drawn up a marketing and advertising plan, and sorted out how you are going to finance your seed capital, it is time to consider how you are going to charge your customers. If you sell on your website, you can either buy credit card processing software which allows you to charge customers for their purchases online or you can set up an account with a credit card processor who will set you up to accept payments online. One of your tasks is to price credit card processing software or to check out credit card processors. Make sure that you take a look at:

- Charge.com at *www.charge.com*
- NPS Global at *www.npsglobal.com*
- WorldPay at *www.worldpay.com*

You should also check out PayPal, an eBay Company. This service allows any individual or business with an e-mail address to send and receive payments online. For more information see pages 226 and 227 of *How To Start Your Own Import/Export Business* or *www.paypal.com*.

If you choose to use another company to help you with your online payments, record their contact information in the space below.

Name of company: _____

Details: _____

Price of service \$: _____

Task 3: Determine your record keeping system

You should now determine what record keeping system you are going to use. If this requires a computer, software or any training that you don't have, you will need to acquire these.

Whether you choose a paperwork or a computerized system, it should include the following three sets of financial records:

- A cashbook or spreadsheet
- A sales ledger or spreadsheet
- A purchase ledger or spreadsheet

And always remember the seven golden rules for keeping on the financial straight and narrow:

- Enter sales into the sales ledger/spreadsheet as soon as you make out the invoice.
- Record payments received in the sales ledger/spreadsheet as soon as you receive them.

- Record purchases in the purchase ledger/spreadsheet as soon as a bill comes in. Better still do it when you place an order.
- Enter payments made in the purchase ledger/spreadsheet as you write out your checks.
- At least every month, reconcile your sales and purchase ledgers.
- Chase up all outstanding payments as soon as they become overdue.
- Every time you receive a bank statement, reconcile it against your cash book, then reconcile your sales and purchase ledger against your cash book.

You now have just one more week to complete in this 10-week course. At this stage you should be well on your way to having all the skills and information you need to set up and successfully run an import/export business.

By now, you have read your copy of *How To Start Your Own Import/Export Business* from cover to cover. Prior to next week, revisit a chapter or section you had difficulty with and try to get a better handle on the various concepts and tasks involved. For our last week of the course, we will discuss what final preparations you will undertake before you launch your new business.

Sincerely,

A handwritten signature in black ink that reads "Steenie Harvey". The script is cursive and fluid.

Steenie Harvey
Import/Export Correspondent, *International Living*