

Exporting in your future?

You need to know about Export Development Canada Elliot Schiller

I recently had a very interesting discussion with an Export Development Canada (EDC) representative about the program. I didn't think it was a topic for my funding help column as I thought everyone was familiar with EDC. So, I did a quick survey of a few senior-level business people and found out how wrong I was.

EDC was founded in 1944 and according to its collateral has "facilitated more than \$1,041 billion in exports and foreign investment by Canadian companies." Its most recently published data states that in 2012 more than 7,400 Canadian companies doing business in 187 countries have been assisted by the program. The majority of these companies are small businesses and more than 30% of this business was conducted in "fast-growing emerging markets."

EDC has a number of products to help companies open up new markets, and specifically to help them with:

- Protection against risk
- Freeing up of working capital
- Supporting business growth
- Investing in foreign markets
- Obtaining financing

EDC segregates its products into three classes: insurance related, financing related and bonding and guarantees. Let's look at each of these in order to understand how they can help your business when you are ready to enter a new market.

INSURANCE RELATED PRODUCTS

EDC provides *Accounts Receivable Insurance* to reduce your risk when dealing with foreign customers. Any Canadian business that sells goods or services outside Canada, including the U.S., is eligible for assistance. If you'd just like to start small with a single new foreign customer, EDC can provide you with *Single Buyer Insurance*.

You can also utilize EDC for its *Contract Frustration Insurance*, which can insure up to 90% of eligible losses, including customer bankruptcy or default, customer contract cancellation, payment delays caused by blocked funds or transfer difficulties, cancellation of export or import permits, and coverage in the case of foreign hostilities or foreign government payment intervention.

It's not uncommon for a foreign buyer to ask for assurances that you will perform as contractually obligated. EDC *Performance Security Insurance* is another product that you can use to cover up to 95% of losses if your foreign customers demand payment on a bank-issued guarantee without valid reason. Furthermore, EDC

also offers *Political Risk Insurance* for your company if you are putting assets or investments into a country where the political situation is unstable.

While the above protective measures might scare away the weak at heart from expanding to a foreign market, remember that insurance is meant to protect you against an unlikely event, and hopefully will never need to be called upon in your expansion endeavours.

FINANCING PRODUCTS

Many of the programs that I have written about this year include government assistance with respect to financial institution lending. EDC has an *Export Guarantee Program*, a *Supplier Financing Program* and a *Foreign Investment Financing Program* to assist you in getting the financing you need from both a sales and foreign assets perspective. As a selling feature to your foreign customers, EDC also has its *Foreign Buyer Financing Program* which can provide loans, lines of credit and even guarantees to your customer's financial institution to provide you with a competitive edge against competitors from countries not offering such creative solutions. In situations where raising well structured financing is a requirement for success, EDC also offers a *Structured Project Financing Program*.

BONDING AND GUARANTEES

Some of the more difficult hurdles to overcome when entering a new market are the bonding requirements and the risk of foreign currency fluctuations turning a profitable sale into a nightmare. EDC provides three products to help with these problems: an *Account Performance Security Guarantee*; a *Foreign Exchange Facility Guarantee*; and *Surety Bond Insurance*.

CREDIT PROFILES

EDC maintains an online database covering millions of companies. For a nominal fee, you can have access to the credit profiles maintained by EDC. The product is called *EXPORTCheck*, and provides your credit department with another tool in its arsenal to enable you to evaluate the risk of any relationship you might choose to pursue.

Remember, in order to obtain assistance from EDC and a financial institution, you only have one chance to make a good first impression. So, as we've said before in this column, do your research, be ready, be professional and above all, be realistic.

Elliot Schiller is a Director at Toronto's Teeger Schiller Inc., a company that specializes in obtaining government funding. His clients receive over \$5 million annually to support their ongoing business innovation. E-mail eschiller@teegerschiller.com, visit www.FundingHelp.ca or phone 1-888-816-0222 Ext. 102.



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David Teeger

Director

David Teeger C.A., C.A. (S.A.) graduated as a Chartered Accountant in South Africa, and upon arrival in Canada he obtained his Canadian C.A. designation and joined Richter & Associates, a management consulting firm, where he concentrated his practice on various business sectors including household goods, fashion, automotive parts, public associations, and retail chains. He performed many roles in his 15 years at Richter, including managing the professional services organization in North America and all business operations throughout Europe.

David's professional capabilities include computer audits, feasibility studies, system analyses and assistance in the selection, negotiation and implementation of computerized solutions.

As a founding partner of Teeger Schiller Inc., he has focused his practice on consulting to management. His team of professionals has helped businesses select and successfully install a variety of ERP business solutions and add-on systems including business intelligence solutions to give new life to existing computer systems. David's clients not only rely on him to successfully manage the implementation of their new systems, but to manage the change that occurs in their organizations as a result of the use of these new tools.



Elliot Schiller

Director

Elliot Schiller, Ph.D., C.M.C. began his career as a Chemical Engineer working for Grumman Aircraft, in Long Island, New York. He obtained his Ph.D. at the University of Pittsburgh with funding from the U.S. Atomic Energy Commission, and, after being awarded a Presidential Fellowship, he went on to perform research and development activities at Brookhaven National Laboratory.

Since coming to Canada, he has primarily assisted consumer products and retail organizations in a variety of strategic management initiatives, traveling around the globe on behalf of his clients. In 1987, Elliot joined Richter & Associates, and it is here that he first met David Teeger.

As a founding partner of Teeger Schiller Inc., he has focused the SR&ED / Grant Division on obtaining grants and tax incentives for over 100 companies in the small to medium sized business sector. His team has provided services to the discrete / processing manufacturing, material development, textiles, apparel, automotive and computer sciences sectors. Annually, Teeger Schiller Inc. secures more than \$5 million in government funding to assist its clients in having their business initiatives supported by government funding.



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