

International Trade Financial Solutions Newsletter

'Minimising Commercial Risks When Trading Abroad'

Issue 7

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Hello. Here we are, in between the 2 May Bank Holidays, with Summer tantalisingly just round the corner. Perversely, in a way, this can also be the time of year when many businesses start to think about Christmas - especially those who need to import from the Far East. Given the hiatus in the Foreign Exchange markets at the end of last year, we'll look at some of the benefits of including a foreign exchange strategy as part of your overall plans. Also, some thoughts on training and an early pre advice on a new website that is now being worked on and which, I hope, will go live in a couple of month's time.

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Possible Foreign Exchange Strategies.

Whenever you trade overseas - be it buying or selling -or even, if you're one of the growing number who trade purely within the UK but do not use Sterling as a settlement currency, don't overlook the need for a suitable foreign exchange strategy as part of your overall plan. Many businesses were caught out at the end of last year when the Pound went into freefall against the US Dollar and euro. Those importing found that their profit margin was eliminated, and more, in some cases by the rate movements. As a result, many small businesses failed - and this without all of the other issues that are currently around. Being aware of the risks and knowing what options are available to you *before* you sign deals will help you overcome many of these problems and allow you to crystallise your profit margin, either in whole or part. There's no one, simple formula; every business will have slightly differing issues to address, but, if you are uncertain of your choices, then seek outside help sooner, rather than later. For smaller businesses, that's where the benefit of independent consultants, such as here at ITFS, come to the fore. By using us, you only pay for our time; we are not a constant drain on your resources and, what's more, once you know what you can do, you're in the driving seat and can put that knowledge to use over and over again and make greater savings and positive impact on your bottom line. With an initial free meeting to allow us to see if we can achieve meaningful cost savings, you're also assured that you will not have any financial outlay until the viability of savings has been assessed.

Have you considered training?

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Of course, you have, I hear you say! But what about specialist training/help with your overseas business?

For those who are looking to go into a specific Country/area, there are now several avenues available, ranging from missions under the GB brand, to bespoke outfits who can match you up with potential sales outlets/suppliers, etc. But on the question of trade finance, especially for smaller businesses, options are more limited. Some banks offer occasional, informal half or full day seminars on the subject, but they can be a '1 size fits all' affair inasmuch as they cover all options, without drilling down to more specifics. They are a good start point but, where do you go for the next stage? Larger businesses can probably pin their main Bank contact down and arrange for a referral by him/her to the Bank's International experts, but even then, it can often result more in a sales exercise than anything else. Over the past few months, we have been looking at ways in which we can fill this gap - initially through an introductory workshop, but we are now looking more to the possible provision of bespoke, intensive workshops in single businesses. This approach, we feel, is the most flexible way forward - we can adapt to the time constraints that each business has and cover off only those areas that are relevant. They can be achieved either as a 1-off workshop - even 1-2-1, or a series over an agreed period. Topics can include foreign exchange, Trade Finance [Letters of Credit, Bills of Exchange, etc] and Incoterms. If you would like any more information, or feel that there is an area in your business where you can provide some additional training to your staff, let us know and we will see if we can help.

And don't forget, recent surveys have shown that a workforce which is respected by it's bosses and given suitable training is usually a more loyal one than those who are left to learn from past mistakes.

New Web SiteSoon.

An early pre advice warning. The ITFS website is shortly to undergo some radical surgery and will re-emerge as a far superior and more dynamic site; something to watch out for.

With ITFS now well into its 3rd year, it is high time for the website to reflect this and so we are now looking to redesign, with the help of a specialist design company. The aim is also to make accessible several press articles and information sheets that have been written since inception, as well as back issues of the likes of this Newsletter to anyone new who lands on the site, or who may want to refer back for whatever reason.

Exact timescales are not quite there, yet, but I'll let everyone know when it's up and running.

If you know of any other business to whom this ezine may be of interest, why don't you forward it on to them and encourage them to sign up for future issues?

The next issue will be out, as usual, on 15th of next month. With luck, it will coincide with the start of a long, hot summer.....