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A Self Interview - 12 Questions You Should Ask Before Starting Business in Asia

1. Do I need to export my Product?

This is a decision that only you can make. If you have developed a comfortable niche market for your particular product, you are satisfied with current sales and you do not really have the additional production capacity to expand your output, you may decide that this just isn't needed. Also export requires time, attention and money, you need to decide whether these are available for this effort. The United States is the largest market in the world and many companies need not look elsewhere. However, more and more the World is becoming interconnected. Telling whether a company is a U.S. company or another nationality is often difficult since companies compete internationally and often invest and buy in others all over the world. Therefore in the long run, even with the great size of the American market it is very hard to not take notice of the large and growing markets for goods in Asia. As trade barriers to export are removed in countries as diverse economically as China and Vietnam and Cambodia, opportunities currently exist for many U.S. and other companies that have never exported before.

2. Is my product or service needed in Asia?

The first question to ask is whether there is a demand for your product. Before you make the decision to try to enter the huge Asian market you need to make certain that there is a market for your product or service. State and federal trade development agencies publish trade statistics and country market reports that can help you learn more and make informed decisions. If you live in a major city or near a major University, the city or University library may have many directories and other volumes describing market trends. If there is a SCORE Office, this office may also have resources to assist you. The Internet and the U.S. Department of Commerce also offer many information sources in this area. Many companies have entered exporting following participation in SCORE, U.S. Department of Commerce and State export education and training courses. These courses are usually designed for new exporters and can help you determine whether your product or service has export potential.

3. Where should I start my efforts to export in Asia?

Oftentimes this is determined for you. As you produce your product and as knowledge of it spreads in this interconnected world, oftentimes you will get inquiries from potential buyers around the world who will become aware of your product. Your interest in pursuing these requests will be determined by your company's need for expanded sales and ability to focus on these requests which are often fairly time consuming because of the time and distance that may

separate you from your potential customer. Keep in mind that not all business environments are created equal. Doing business in some countries is much, much harder than in others because of government regulations, immature markets, low buying power and many other factors. Countries such as Singapore and Hong Kong offer very open and transparent markets, China and Japan although much larger are more complicated and may take more time to create results. Research your opportunities both on a country and a company basis before selecting a target market.

4. Will my product or service need to be adapted for Asian or other markets?

Some adjustments in your product may be necessary to improve your chances of success in Asia. Measurements will need to be converted from the U.S. system of measurement to the metric system, which is used by virtually every other country in the world! The factors that will determine whether you need to modify your product or service for your target markets are:

- Government regulations in the country you intend to sell your product
- Non-government standards
- Country specific or region specific requirements – voltage, climate, others
- Cultural sensitivity
- Support and servicing requirements

Information about these factors is critical to the success of your sales efforts and should be studied and collected as part of your market research efforts.

5. If I am already marketing my product in Europe, can I expand this effort to Asia?

Strategies that work in Europe or Latin America probably won't work in Japan or China or often in other places in Asia without some adapting. Learn more about the country you intend to sell in and about specific marketing strategies that have succeeded in the past by talking to consultants or other experts in the countries in which you are interested. Marketing strategies may include participation at State and Federal trade missions, international trade shows, advertising, direct mail, and on-line promotions via the Internet. Keep in mind with respect to the Internet, that although growth figures for the Internet in Asia are among the highest in the world, total usage is still limited when compared to U.S. and European levels. A well thought out export-marketing program will utilize many or all of these techniques in a balanced manner that takes into account the particularities of the Asian country in which you want to sell your product.

6. Do I need to translate my sales literature into the local language? Will I need to learn foreign languages?

If you are serious about succeeding in the Asian market, it is highly recommended that you translate your marketing materials into the Asian language of the prospective country in which you intend to market and sell your product. English is the universal language of business but people always feel more at ease reading and speaking their first language. Even Asian business executives who are good English speakers and whom have been educated in the U.S. or western Universities often will prefer their first language and will feel more comfortable in it. A comfortable buyer who is able to better understand

how your product stands apart from the competitors is what you want. Having someone within your company who is capable of speaking in the language of the culture in which you are doing business demonstrates commitment to the market. It also simplifies communications, which can occur in either English or the host country language to ensure that there are not misunderstandings. It's true that much international business is conducted in English, but to be truly successful you must respect your partner's country and culture – language is a key component of this. For contract or major business negotiations, always hire a translator/interpreter. Do not rely on the company to translate for you. Their interests and the interests of your company probably will not be identical.

7. How do I learn about differing customs in Asia, which could affect my company's chances of succeeding in doing business?

The Chinese have a saying "Seeing is believing". The best way to learn about a country is to visit, to meet the people and to have face-to-face meetings. But first, do your homework. There is a growing body of resources available online on each country's history, social and political customs, protocol, and business etiquette. Additionally, Federal, State and Regional export counselors and education programs also provide excellent sources. The library and the bookstores are also great resources. Because of the explosion of international travel, there are now travel guides – some of them focusing on the business traveler – that cover any country you might want to choose. These are good sources of basic and sometimes even fairly advanced information on a country, its culture and its people. Many consulting and specialist firms specialize in intercultural communications for business people, whether traveling or hosting foreign visitors. Watch the local business calendars for training opportunities offered by these firms in concert with federal, regional and state trade promotion offices.

8. How can I finance my international sales?

There is a saying that "money makes the world go round." This saying is particularly true in international sales. Getting the money to fabricate your product, ship and wait for payment are issues that any entrepreneur must face. Most new exporters need to ask themselves where to get help at both the pre- and post-export financing stages of the export process. Pre-export financing is the financing required of the exporter while the product is being built and prior to shipment. Post-export financing is the financing required between the time of shipment and receipt of payment from the overseas buyer. This is a fairly complex issue and first time exporters often need help in this area. It is an area where Export Counselors, consultants and other specialists can often help the exporter to optimize his deal. Government sources of export financing are:

- SBA Export Working Capital Program
- EX-IM bank Working Capital Guarantee
- State Export Programs

Additionally many international banks offer financing that may prove necessary. (Also see our upcoming report on this issue.)

9. How can I ensure I'll get paid for my export sales?

Before making the sale, evaluate the risks -country, currency, and commercial - of doing business in a particular market. Once you and your buyer have come to

terms, there are many different methods of payment, including cash in advance, letter of credit, collection, and open account, that you will need to agree upon. You should also become knowledgeable about credit insurance. Forfeiting, available to very large firms through special divisions of international banks, is a way for exporters to receive cash up front and mitigate payment risks. Contact your State Export Promotion Office, the nearest U.S. Department of Commerce Export Promotion Center or the international department of your bank for help with your finance question.

10. How long will it take to see a profit from my export sales?

Naturally, the time frame from when you initiate your international activity to when you make your first sale and start enjoying profits will vary greatly from firm to firm. Factors such as your company's prior export experience, the qualifications of the company that is buying your product, and the challenges of the market all will act to vary the time required. In general, expect the turnaround to be at least one to two years. In more difficult markets, this maybe overly optimistic and should be adjusted. Keep in mind that if it was that easy; every company would already be major exporters

11. How should I ship my product overseas?

First, do your homework on this issue – it can be key to success. View your transportation company as a key partner that will make or break your efforts to export. Further, don't assume your buyer is as knowledgeable on this issue. A successful export program uses reliable, cost-effective methods of shipment. Transportation of your product is an important consideration because it is a significant cost factor. Buyers generally compare competitive products on the basis of delivered cost. Your company needs to make sure your product is delivered in good condition, on time, and keep the cost in line with competitive products. As your sales expand, distribution, which also includes cost for storage and inventory, will have a key effect on your competitiveness. The transportation choice, therefore, should blend the most cost-effective and reliable company that will produce all these factors.

12. What agencies, groups, or others can provide assistance to my company on the various facets of the selling to Asia? Is their advice essential? How much will this expertise cost? How do I know which firm has the right qualifications?

Generally services provided through your State export promotion office are free. This is often a good starting point. Most states also offer education and training programs in connection with state community and other colleges and Universities at a nominal fee. Industry trade associations also sponsor a variety of programs specific to their industries. You can often research these via the Internet. Watch the business calendars in the local media to keep up with export training opportunities.

The U.S. Department of Commerce has Export Assistance Centers in most major U.S. cities. These centers also provides counseling services to exporters although some services such as matchmaker (assistance in finding a foreign agent), etc. do require payment of a moderate fee. Export management companies (EMCs), Consulting companies of which there are many in throughout the United States and other specialist firms provide services for new and experienced exporters.

When selecting an individual or firm to assist you, evaluate the company's experience, especially in the particular country or area of expertise where you seek assistance. Evaluate the company's professionalism, credibility, the education of key firm members, and general compatibility of the firm with your firm's goals. Seek a written proposal of what the company can accomplish for you and at what price and according to what time period the services will be performed. Seek and check references, which the firm should be happy to supply to you.

***About the Author:** Christopher W. Runckel, a former senior US diplomat who served in many countries in Asia, is a graduate of the University of Oregon and Lewis and Clark Law School. He served as Deputy General Counsel of President Gerald Ford's Presidential Clemency Board.*

Until April of 1999, Mr. Runckel was Minister-Counselor of the US Embassy in Beijing, China. Mr. Runckel lived and worked in Thailand for over six years. He was the first permanently assigned U.S. diplomat to return to Vietnam after the Vietnam War. In 1997, he was awarded the U.S. Department of States highest award for service, the Distinguished Honor Award, for his contribution to improving U.S.-Vietnam relations. Mr. Runckel is one of only two non-Ambassadors to receive this award in the 200-year history of the U.S. diplomatic service.

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