Global Trade Practices: Developing A Course

Chris Schrage, CGBP
Sell Concept to Administration

- Total belief in value
- Personal initiative to receive certification
- Provide positive examples
- Continued discussion
  - Don’t be noisy about it
- Administration’s desire to develop globally proficient professionals
- Supply chain emphasis is a good tie
Align with CBA objectives

Essential Business Knowledge
Contemporary Business Skills
Traditional Work Values

READY
Credibility

- Instructor becomes CGBP
- Instructor has considerable international travel experience
- Utilizes resources:
  - Past conferences
    - Export
    - Import
    - NAFTA requirements
  - Text: Global Entrepreneur
- Experience teaching Global Marketing and Management Courses
Course Objectives

Global Trade Practices is designed to prepare individuals to address the complications associated with business operations in today's global economy.

This course requires that students apply the knowledge gained through the business core courses of management, marketing, accounting, operations, and finance with particular attention on global business operations. As such, this course translates theory into practice and helps students learn the terminology and systems that support international trade.

This knowledge can be of immediate advantage to employers involved in freight forwarding and exporting, as well as with various trade and commerce organizations.
Professional Skills Development

1) Assist with the strategic and operational planning, development, implementation, and assessment of the international aspects of the business with respect to knowledge of environmental factors affecting international strategies, data sources for international market data, global business risk management policies, internal and external legal and regulatory compliance, and relationships with appropriate external organizations to support global activities.

2) Gain knowledge of all the integral aspects of documentation, culture, and government that impact the marketing of products and services throughout different markets. Building on marketing expertise developed in prerequisite courses, the student is able to understand how “going global” can impact the marketing strategies of a company.

3) Evaluate supply chain options to determine the best overall solution to support the international business plan while complying with all rules, regulations, and security issues from sourcing to final distribution.

4) Evaluate financial risks and payment methods, select and implement most favorable methods of payment to support global activities and ensure that all related costs are included at the time of quotation. Evaluate quantity and source of finance necessary to implement global activities.
"ESP International has been involved in global trade for a number of years. Within the last year we have hired two individuals from the University Of Northern Iowa that have achieved the NASBITE CGBP. It is a huge benefit to have someone start and understand what ESP international is involved in and have familiarity with the global supply chain terms. We believe that these individuals have a significant advantage over other individuals that have not achieve the Global Business Certification or have not received specific supply chain education."

Jeff Hamilton, President & CEO
ESP International
Cedar Rapids, Iowa
“As the largest privately owned international freight forwarder and US Customs Broker based in the United States, bringing new talent into our industry is a unique challenge. We are aggressively seeking the best and brightest talent that is available to us. However, we are looking for college graduates that have demonstrated a genuine passion for international business. The work required by students to complete the CGBP credential verifies that the individual wants a career with a dynamic, international company like ours.”

Stephen J Puleio, Southwest Regional Manager
Phoenix International Freight Services, Ltd.
“We are just now starting to work on a project with ADM's positioning within Mexico. My manager and a few other managers are working on the project...I think I'll get to help with the research because of the CGBP. Most people have no idea where to start on international research. I'm pumped!! And, yes, I think the CGBP helped me get my job.” —

Jane Yagla
(Marketing, Management ’08)
Merchandiser, ADM Soybean Processing
Course structure

- Regular semester offering
- 1 hour MWF for 15 weeks
- Multiple choice exams every 2 weeks
  - 6 exams over 3 to 4 chapters each
  - Late mid-term comprehensive exam
    - Review of earlier exams
  - Final comprehensive exam
- When possible:
  - Guest speakers
  - Conferences
  - Visit to freight forwarder
| Chapter 1 | Why Go Global? | January 14 |
| Chapter 2 | When is a Company Ready to Go Global? | January 16 |
| Chapter 3 | Harmonized Codes-Classifying Your Export Products | January 18 |
| Review | January 23 |
| **EXAM # 1** | January 25 |
| Chapter 4 | Which Foreign Markets Will Be Successful for Your Product? | January 28 |
| Chapter 5 | Selecting Foreign Markets | January 30 |
| Chapter 6 | Sources of International Marketing Data | February 1 |
| Chapter 7 | Two Key Decisions Before Going Global | February 4 |
| Review | February 6 |
| **EXAM # 2** | February 8 |
| Chapter 8 | Finding Your Partners for Indirect Exporting | February 11 |
| Chapter 9 | Finding Your Partners for Direct Exporting | February 13 |
| Appendix A | Sample International Distribution Agreement | February 15 |
| Chapter 10 | International Business Across Cultures | February 18 |
| Review | February 20 |
| **EXAM # 3** | February 22 |
| Chapter 11 | International Pricing | February 25 |
| Chapter 12 | Legal Considerations | February 27 |
| No Class | February 29 |
| Chapter 13 | Tax and Accounting Issues | March 3 |
| Review | March 5 |
| **EXAM # 4** | March 7 |
| Chapter 14 | Logistics | March 10 |
| Chapter 15 | Documentation | March 13 |
| Appendix B | Nine Basic Export Documents | March 14 |
| Appendix C | NAFTA Certificate of Origin | March 24 |
| **EXAM # 5** | March 26 |
| Chapter 16 | Financial Risk, Payment Methods, and Trade Finance | March 31 |
| Continuation of Chapter 16 | April 2 |
| OUTSIDE SUPPORT MATERIALS- REVIEW | April 4 to 9 |
| **EXAM # 6** | April 11 |
| Chapter 17 | Setting a Pace for Your Export Growth-Assessing Your Export Progress and Success | April 14 |
| Chapter 18 | Managing International Channels of Distribution | April 16 |
| Chapter 19 | International Advertising, Public Relations, and Trade Missions/Shows | April 18 |
| Chapter 20 | Key to Success: A Customer Orientation | April 21 |
| **EXAM # 7** | April 23 |
| Chapter 21 | Sustaining Success through Clear Communication and Managing Change | April 25 |
| Chapter 22 | The Internet and International Trade | April 28 |
| Chapter 23 | Beyond Exporting-Foreign Direct Investment | May 2 |
| 1 to 2:50 p.m. | |
| **FINAL EXAM IS COMPREHENSIVE** | MAY 5 |
The Global Entrepreneur by James F. Foley

- Easy reading
- Well understood by students
- Logical sequence of study

Needs some support materials for areas lacking depth or detail
Course Materials

Power Point Presentations
Test Bank
Support Materials
Documentary Credits
Links on Website

UNIBusiness
UNIVERSITY OF NORTHERN IOWA
INCO Card

INCOTERMS 2000
Always include a geographic location

Group E - Departure
EXW Ex Works (...named place)

Group F - Main Carriage UNPAID
FCA Free Carrier (...named place)
FAS Free Alongside Ship (...named port of shipment)
FOB Free on Board (...named port of shipment)

Group C - Main carriage PAID
CFR Cost and Freight (...named port of destination)
CIF Cost, Insurance and Freight (...named port of destination)
CPT Carriage paid to (...named place of destination)
CIP Carriage and Insurance paid to (...named place of destination)

Group D - Arrival
DAF Delivered at frontier (...named place)
DES Delivered Ex Ship (...named port of destination)
DEQ Delivered Ex Quay (...named port of destination)
DDU Delivered Duty Unpaid (...named place of destination)
DDP Delivered Duty Paid (...named place of destination)

NINE BASIC EXPORT DOCUMENTS
- Quotation
- Pro Forma Invoice
- Commercial Invoice
- Packing List
- Shipper’s Export Declaration
- Bill of Lading
- Certificate of Origin
- Insurance Certificate
- Draft

Harmonized Tariff Code
0302.12.0064
Schedule B

RESOURCES
U.S. Customs
U.S. Department of Commerce
EXIM
STAT-USA
WWW.EXPORT.GOV
PIERS
UN Comtrade

Chris Schrage, CGBP 2007
INCO Terms

ICC Publishing Inc.
Publication # 560
ISBN: 92-842-1199-9
http://www.iccbooksusa.com
INCO term practice

- Purchased quizzing software from ICC
  - ISBN 92.842.1280.4
- Installed on a specific computer in special business lab
- Students can utilize from 8 to 5 Monday to Friday at own pace
Phoenix International

Freight Forwarder
Visited during term by many that took exam in June
Provided an overview:
- documentation used,
- use of INCO terms
- Role of forwarders
Donated previous year’s harmonized code manual
CD of business presentations
China operations open to interns with CGBP training.
Foreign Exchange Market

- Daily volume
- Role of banks
  - Execute transactions
  - Market commentary
  - Risk management advisory
    - Identify exposure
    - Quantify exposure
    - Implement RM strategy
## Global Banking Needs

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<tr>
<th>Global Banking Services Required</th>
<th>Wholly domestic</th>
<th>Limited foreign sales / suppliers</th>
<th>Significant foreign sales / suppliers</th>
<th>Foreign sales office(s) / retail outlet</th>
<th>Foreign management offices</th>
<th>Extensive foreign operations</th>
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<td>N/A</td>
<td>Letters of Credit</td>
<td>Foreign Exchange</td>
<td>Automated trade services (e.g. PowerTrack)</td>
<td>FX hedging</td>
<td>In-country accounts Coin / currency Local branch access Local payments / collections Global position mgmt</td>
<td>Global liquidity management Pooling / netting</td>
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**Global Banking Services Required**

- Operating in...
- Trading with...

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**UNI Business**

UNIVERSITY OF NORTHERN IOWA
JETRO Conference

- Took 24 students by bus-
  - January 31, 2007
- Five speakers
  - Industry specific information
  - Government regulations
    - Certifications and marks
- Networked with IDED International Program personnel.
- Hosted conference in the fall 2007.
Thursday, November 13, 2008
University of Northern Iowa Campus, CEEE Auditorium

UNIBusiness will host its second annual conference on global business on November 13, celebrating both International Education Week and Global Entrepreneurship Month with sessions on Current Issues Impacting Global Business. The one-day conference will address issues of concern in the current global environment and feature speakers from two businesses with successful international operations, U.S. Bank and Phoenix International Freight Services, Ltd.

8:00  Registration and Networking Coffee Hour
9:00  Welcome from Moderator/Facilitator, Chris Schrage, Instructor of Management

The Effects of Fuel and Transportation Costs on International Supply Chain Activity
Stephen J. Poleko, Southwest Regional Manager for Phoenix International

Hedging Currency Risk in 2008
George Hess, the Vice President of Foreign Exchange for U.S. Bank

11:30  Networking Luncheon

Regulatory Compliance Concerns for US Importers
Todd Couture, Central Regional Manager for Phoenix International

Myths, Legends, and Misunderstandings about America’s Free Trade Agreements
Allen Patch Director, U.S. Export Assistance Center, U.S. Dept of Commerce, Des Moines

Sponsors: US Bank, Phoenix International Freight Services, Ltd., the US Department of Education and the U.S. Department of Commerce

Pre-registration required. $15 includes lunch and parking. UNI Students $5 with Student ID
Contact Chris Schrage at 319-273-3126 or globalexchconf@uni.edu
Parking is available in the lot south of University Ave near the CCE and the Center for Energy and Environmental Education.
MART International Marketing Development Plan

U.S. Department of Commerce
   U.S. Commercial Service
   Local Trade Office Support
     1,800 Trade Specialists in 80 Countries
     Network of 260 Cities Worldwide
     Trade Catalog & Promotional Programs
   Senior Level Commerce Assistance

MO Dept. of Economic Development
   Office of International Marketing
   State Office Support
   Fourteen Overseas Offices
   Four Geographic Region Support:
     - Africa, Americas, Europe, Asia/Pacific
   Export Finance Specialist

American Chamber of Commerce
   U.S. State Department
   Support from US Embassy Locations
   Industry & Association Contacts
   Finance Programs Analyst
   Company Profile & Verification
   Tax, Tariff, and Trade Specialists

St. Louis World Trade Center
   STL Center for Intl Relations
   Support from Global WTC Locations
   Industry & Association Contacts
   Finance Programs Analyst
   Company Profile & Verification
   Tax, Tariff, and Trade Specialists

Develop Intl Internship Programs for:
   Market Analysis
   Market Development
   [Program coordinated @ State & Fed Level]

Develop Intl offices & Presence:
   Utilize MO State Locations:
     - Market Analysis & Development
     - Develop Intl Internship Programs
       [Sponsor Intl Student Intern Programs]
Panama Canal Railway Company
Tapping other resources

John P. Griffin
Ireland

International Sales and the Middleman
Managing Your Agents and Distributors

John P. Griffin

UNIBusiness
University of Northern Iowa
Gannon’s Metaphors

U.S. – Football

- Most popular sport
- Super Bowl – most popular holiday for gatherings
- Huddling to make decisions
- Based on statistics-reaching a goal
Fons Trompenaars

Riding the Waves of Culture
Understanding Diversity in Global Business
Second Edition
Fons Trompenaars
Charles Hampden-Turner

UNI Business
UNIVERSITY OF NORTHERN IOWA
Working GlobeSmart

- Recommended by Kansas City World Trade Center Director
- Provides insights into negotiation styles and training formats for various culture
Resources

- **Letters of Credit for Americans (Your Guide to UCP 600)**
  - Frank Reynolds and Donald R. Smith

- **International Organizational Behavior**
  - Anne Marie Francesco and Barry Allen Gold

- **The Concepts of ‘Strong’ and ‘Weak’ Dollar: Teaching Global Influences of Exchange Rates and Trade: and Integrative Approach**
  - Joseph W. Weiss and Alexander A.L.G. Zampieron

- **Export 101- THE BASICS**
  - Conference Resource by Iowa Department of Economic Development

- **NAFTA – Chile, Singapore & Australia FTAS**
  - Conference Resource by Iowa Department of Economic Development and the U.S. Department of Commerce – Export Assistance Center

- **Webpage -www.uni.edu/~schragec/Global_trade_management/htm**
Trade Information

- World Trade Press
- $65
- Excellent Resource
- Custom cover available
U.S. Chamber of Commerce

Multi-media Resources

- Department of Commerce video clips
- The video by Insight Media
  - “The Cultural Environment of International Business” featuring Roger Axtell
- “McDonald’s Everywhere” by McGraw Hill
Exercises and Simulations

- Barnga-simulation game on cultural clashes
  - Intercultural Press, Inc.
  - ISBN 1-877864-04-8

- Intercultural Communication Simulation
  - Daphne A. Jameson, Cornell University

- A Classroom Exercise to Simulate the Foreign Exchange Market
  - Kirt C. Butler and Chuck C.Y. Kwok
  - *Journal of Teaching in International Business*
    Vol.6(2) 1994
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Student Involvement

- Writing sample test questions
- Seeking information on internet
- Sharing of information found
- Group study sessions prior to the exam
  - Went through list on NASBITE brochure
  - Any questions- looked up answers together
Additional CGBPs

Cody Myers, Brian Olier, Anne Dvorsky
Yunlie Gu
Omar Medina
Lindsey Schneckloth
Alex Mutschler
Sam Mazuk
Travis Byers
Tingqiao Zhang
Kyle Fintel
Originally taught in the Management Department for two spring semesters as experimental course named Global Trade Management

New International Business Minor began July 2008

Changing in 2008 from spring to fall semester for February test date preparation
  ▪ Can teach under new title as experimental for 3 times
  ▪ Plans to submit next curriculum cycle as permanent offering
What is happening now?