



**JAMPRO**  
TRADE & INVESTMENT JAMAICA

# Export Financing: Alternative Options

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# AGENDA



Local vs. International Transactions

Financing Challenges

Financing Options

# INTRODUCTION

- The trade or transaction cycle is typically longer for export than for local trade
- International transactions usually involve risks not present in local transactions e.g. exchange rate fluctuations, non-tariff barriers and the issues of cross border, shipping, customs, etc.
- Export transactions therefore require more cash resources than local transactions

# FINANCING CHALLENGES

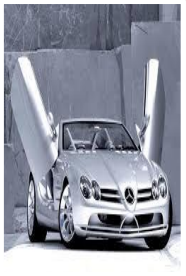
The number one challenge for SMEs is the lack of access to capital:

- Funding gaps influenced by firm size, risk, knowledge and flexibility
- Borrowing requirements are small and usually do not appeal to financial institutions
- Issues with collatorization

Small Business Loans by Billbert



# ADJUSTMENTS TO WAYS OF DOING BUSINESS



Reduce unproductive and non-essential assets



Negotiate longer payment terms



Cut expenses – both business and personal



Consider outsourcing or contract manufacturing



# REVENUE BASED FINANCING

## Factoring

- The purchase of credit worthy accounts receivable (by a financier) in exchange for immediate cash.

## Purchase Order Financing

- Has some similarity to Factoring. The financier guarantees the order of a buyer by paying for the product to be manufactured, then taking their cut.

# CREDIT CARDS

- A number of companies provide credit cards designed for business use offering low to zero percent introductory rates
- However, interest rates after this free or introductory period is often double digit.
- So, only those entrepreneurs with the discipline to manage this for of cash should consider it.





**An online platform that aids the access of finance via small amounts donated by a large number of people**

**Attractive & Engaging Story**

**Use videos, images and photos**

**Network**

**Recognition of Lenders/Givers**



# EQUITY FINANCING

- Investors provide the capital you need for a stake in the company
- A number of options exist:
  - Sell shares in the business
  - Offer employees shares in the business
  - Do not overlook family, friends and business acquaintances
  - Look for a partner
  - Other sources include venture capitalists and angel investors

# COMPETITIONS



- Almost all business competitions have a cash prize
- However:
  - Many hours of time and preparation required
  - A good short term financial option, not a long term financing strategy

# GRANT FUNDING

- Non-payable financing provided by government, nonprofits or other organizations to eligible applicants
- Usually targeted to specific industries/sectors
- Highly competitive and requires extensive reporting and tracking on how funds are being used
- Usually available on a reimbursable basis



# AWARD PROGRAMMES



## In-Kind Benefits

- Marketing
- Increase in Credibility
- Mentoring and Coaching
- Cost Savings

# HOW ABOUT ASKING YOUR CUSTOMERS TO FUND YOUR BUSINESS?

*Request a* **Deposit**



*They may want to*

**INVEST**



# THANK YOU

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