



Master Consultants Ltd
Growing People, Growing Organizations

COURSE OUTLINE

INTERNATIONAL DIPLOMA IN INTERNATIONAL BUSINESS & TRADE

Westcom Point, 2nd Floor, Mahiga Mairu Avenue, Westlands, Nairobi.
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Module 1 - Domestic & International Trade

What trade involves

History and development of trade and trading:
trade routes

The meaning of “markets” in business and trade

Domestic, home or internal trade

International, foreign, overseas or external trade:

how it differs from domestic trade

why countries import and export

examples of physical products traded between countries

examples of services provided between countries

The economies of countries:

planned, free-market and mixed economies

Economic conditions and factors which influence them

Need for importing and exporting:

contribution to gross domestic product (GDP)

countries with surpluses of resources

visible imports and exports

balance of trade

invisible imports and exports

Balance of payments:

total earnings, total expenditure

favourable balances

unfavourable balances or deficits:

consequences for countries with sizeable deficits

trade imbalances

Manufacturing sector

Service sector:

examples of services imported and exported

Creative industry sector:

examples of activities involved

Money as a medium of exchange:

its evolution and development

need for general recognition and acceptance of money

monetary value

Role of commercial banks in business and trade:

letters of credit, foreign exchange, corporate finance

Modern trends in international and global trade:

technological advances in communication

globalisation and “going global”

networking: joint ventures, strategic alliances and partnerships

value chains and supply chains

Module 2 - Reasons for Importing and Exporting

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Manufacturing activities:

- need for raw materials and components
- finished or end products

Major reasons for importing into countries

Reasons for exporting:

- by developing countries and industrialised countries
- different reasons why enterprises become involved:

- exporting to increase sales
- exporting to spread risks
- production-led exporting:
 - economies of scale
- exporting to improve image

Exporting in practice

Methods of exporting:

- direct exporting:
 - enterprises for which it is suitable
 - possible advantages and disadvantages
- indirect exporting:
 - enterprises for which it is suitable
 - possible advantages and disadvantages

Make or buy-in decisions:

- possible advantages of in-house production
- why enterprises buy-in or outsource
- factors influencing managements' decisions
 - on when to make and when to buy-in
- identifying suitable suppliers domestically or overseas:
 - quality, cost, reliability of delivery, packaging

Selling through the Internet

Module 3 - Selecting Overseas Markets

Viewing each country as a different or unique market:

- summary of common differences between overseas markets

Avoiding common mistakes in selecting overseas markets:

- the importance of obtaining and analysing full information about possible markets

The meaning of marketing:

- pillars of the marketing concept
- the marketing mix:
 - the 4Ps: product, price, promotion, place
 - how enterprises use different "mixes"

Researching overseas markets and customers:

- definition of market research
- objectives of market research:
 - which markets to consider
 - and which to avoid
- determining environmental factors
- desk-research:

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- what it involves
- sources of information
- in-market or field
- research:
 - what it involves
 - fact-finding visits by executives to potential markets
 - attending trade shows, fairs or exhibitions

Country versus market selection:

- criteria for customer segmentation
- demographic segmentation
- psychographic segmentation
- behavioural segmentation
- geographic segmentation

Formulating a marketing strategy

Marketing research:

- how it differs from market research
- reaching a better understanding of overseas customers
- what information it seeks to gather
- taking advantage of “marketing opportunities”

Module 4 - Variations in Overseas Markets

Tariffs and trade barriers:

- reasons why national governments impose tariffs:
 - protection of domestic employment
 - consumer health and safety
 - protection for “infant” industries
 - national security
 - retaliation against another nation

Types of tariffs:

- specific tariffs
- ad valorem tariffs

Non-tariff trade barriers:

- licensing
- import quotas
- voluntary export restraints
- local content requirements

Advantages and disadvantages of tariffs

Tariffs and modern international trade:

- preferential trade agreements:
 - unilateral and multilateral
- free trade areas
- free trade zones
- customs unions

Trade bans, embargoes and sanctions

Cultural and social factors

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- ways of life, beliefs, traditions, values, behaviour
- social norms
- avoiding giving unintentional offence
- Languages and communication:
 - same languages, different dialects and nuances
 - same words, different meanings
 - translations between languages:
 - marketing materials, advertisements and websites
 - local and cultural preferences operating
 - instructions:
 - written and pictorial
 - safety standards
- Body language
- Product labelling:
 - different labelling for different markets
 - information labels might need to contain
 - cultural and social considerations
- Product packaging:
 - preferences in different countries
 - national or cultural preferences
- The political environment or “climate”
 - types of political systems
 - changes of governments and policies
 - attitudes towards business and trade
 - political risk and instability
- Product modification or adaptation:
 - common reasons:
 - quality and safety standards
 - costs involved in modifying or adapting products:
 - costs of after-sales service, repair, warranties
 - determining the viability

Module 5 - Entry Routes to Export Markets

- Factors to consider in formulating an export strategy
- Major approaches to exporting
- Distribution considerations:
 - channels of distribution:
 - using wholesalers and retailers
 - using only retailers
 - selling direct to consumers
- Types of intermediaries in exporting:
 - buying agents or confirming houses
 - export management companies
 - export trading companies
 - export agents, export merchants and remarketers
 - piggyback marketing
- Advantages and disadvantages of direct exporting:

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- organisational changes
- separating domestic and international sales activities
- Overseas sales representatives:
 - why they are appointed
 - sources of possible representatives
 - meeting applicants when possible
 - assessing applicants:
 - knowledge, experience and reputation
 - business and financial standing
 - other imported products sold
 - size and calibre of staff
 - matters to be covered in representation agreements
 - guiding, assisting and controlling representatives:
 - advertising and sales promotion support
 - training - face to face or using DVDs
 - printed instructions and guidelines
 - motivation and sales targets
 - feedback and reports
- Foreign distributors:
 - their functions
- Sales to foreign retailers:
 - sourcing and advantages of the method
 - contacts through retail chains on the home market
- Direct sales to end-users:
 - sourcing customers
 - additional work and costs involved:
 - building costs into selling prices
- Licensing agreements:
 - what they permit licensees to do
 - advantages to the licensor - royalties
- Franchising agreements:
 - how the franchisor benefits:
 - expansion without heavy investment
 - additional income from fees and royalties
 - what franchisees receive for the royalty paid:
 - value of a "known" brand name
 - advantages over competitors
 - help and support provided to franchisees
- Joint ventures:
 - pooling resources
 - creation of a new enterprise
 - responsibilities of the parties
- Strategic alliances:
 - partnering with existing businesses
 - distinguishing characteristics
- Advantages and disadvantages of joint ventures and strategic alliances

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Module 6 - Payments for Imports and Exports

Meanings of credit:

- credit policy, credit period, credit terms

Risks to enterprises which extend credit

Other risks to exporters from allowing credit

Cash flow - inflows and outflows:

- positive and negative cash flow

- working capital

Importance of liquidity:

- main sources of liquidity

- liquidity management

Interest charged by banks:

- effects of rates of interest

Exchange control:

- why governments impose restrictions

 - on the expenditure of foreign currency

Rates of exchange:

- fluctuations, devaluation and revaluation

The Foreign Exchange (FOREX) Market

World or global trading currencies:

- why the US dollar is a major currency countries

- which use US dollars as legal tender currency

- pegs to the US dollar

Effects of inflation on costs and prices;

- causes of inflation

Methods of payment for imports and exports:

- the need for credit control

- special factors to consider in exporting

- why exporters prefer advance payments or prepayments

- why importers dislike advance payments or prepayments

- uses of proforma invoices

- acknowledgements of orders

- escrow services:

 - when and how they can help importers and exporters

 - letters of credit:

 - how they are used

 - conditions imposed

 - revocable, irrevocable and confirmed irrevocable

- documentary bills of exchange:

 - how they are used

 - the drawer, drawee and payee

 - discounting bills

- open account:

 - increasing risks

- consignment:

 - what is involved

 - reduction of costs, increase in risk

Choosing a payment method:

- factors to be considered

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Assessing a customer for credit:
initial information needed
credit checks:
bank references
trade references
credit circles
trade enquiry and credit reference agencies
credit ratings
credit reports
Protecting export business

Module 7 - Costing, Pricing and Contracts for International Business

Differences between cost and price:
profit margins
Factors in export pricing
The costing worksheet
Costs associated with export documentation, transport and insurance
Setting the price:
market variations
the importance of setting the right price
bottom-up and top-down pricing
cost-plus export costing
price-setters, market leaders, price-followers:
step to be taken in pricing
differential or marginal pricing
fixed costs, direct costs and indirect costs
market demand, culture, positioning
competitiveness
legal considerations
Incoterms:
how they aid international trade
providing a common set of rules
descriptions and abbreviations of the 11 terms
those which apply to sea and inland waterway transport
those which apply to any mode of transport
limitations of Incoterms used alone
Quotations:
what they are and why they are issued
information commonly contained
quotation forms and proforma invoices
terms and conditions of sale
Sales contracts:
agreement between seller and buyer
international contracts governed by UNCITRAL
standard terms and conditions (T&C)
the offer
acceptance and consideration
counteroffers
Breach of contract
Summary of the export order process
Specimen of a sales contract

Module 8 - International Trade Documents

Importance of the correct documentation or paperwork

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Definitions of shipping, consignments, carrier, cargo, freight, groupage

Major documents, descriptions, contents and uses:

general terms and conditions of international sale

international purchase order international

commercial invoice

packing list

letters of credit

CMR document

bills of lading - types:

received, groupage, claused, common, short form,

combined or multimodal, transshipment

consignment note

air waybill

certificate of origin

illustrations of the documents

Customs:

customs duty

customs clearance

example of customs clearance procedure

e-import systems

customs value

tariff classification

origins of products or components

customs brokers or clearance agents:

duties and responsibilities

bonded warehouses

Module 9 - Transport and Logistics

Transport and the distribution of products

Features of a transport system:

efficiency, economy, speed, convenience, regularity

Rail transport:

advantages and disadvantages:

travelling speed, transport time, time-tabling, operating costs

developments in rail transport:

containerisation

special transporters

Road transport

advantages:

door-to-door services, flexibility, economy

disadvantages:

dis-economies, travelling time

own-vehicle transportation

road haulage operators and organizations

Inland waterways

Pipelines

Air transport:

advantages in terms of speed and delivery times,

damages reduction, security

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disadvantages in terms of cost, limited carrying capacity
differences between passenger and cargo aircraft

Sea transport:

- cargo-carrying ships
- coastal shipping
- container ships
- bulk carriers
- roll-on-roll-off ferries
- requirements for efficient sea transportation

Factors in choosing the mode of transport:

- the true cost, speed, security, reliability
- intermodal and multimodal transport

Freight forwarders:

- their functions in the distribution process
- why businesses make use of their services

Unit load and palletisation

Containerisation:

- types, sizes and uses of containers

Bulk freight

Groupage: what it involves

- export cargo shipping instructions

Freight handling:

- bulk, general cargo, container terminals

Shipping marks:

- what they are and why they are used
- written particulars
- pictorial markings (with examples)

Export packaging:

- importance of adequate packaging
- main types or layers of packaging
- packing materials, dunnage

Insurance

Hazards, probability and risks

Variety of possible losses in international trade

Descriptions of premiums, cover and indemnity

Common "exemptions" which exclude liability

Cargo insurance:

- types of policy and cover afforded
- insuring direct or through intermediaries

Managing the risks

Who pays for the insurance:

- shipper, customer or jointly
- CIF and CIP terms and minimal cover

Open policies

Voyage policies

Claiming on a policy for loss sustained

Module 10 - Finance for International Trade

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The meaning of “financing”

Forecasting:

- its relationship with planning

Budgets and budgeting:

- what is involved and benefits in business

- limiting factors

Production or stock budgets:

- control over stock or inventory holding

- setting stock or inventory levels

- practical example

Cash budgets:

- why it is essential to budget for cash

- practical example

Budgetary control:

- preparing budget review statements

- investigation of variances

- flexibility in budgetary control

International ‘Trade’ Finance

What “trade” finance involves

Reasons exporters make use of finance options

Managerial considerations in selecting between options

Short-term finance:

- cash in advance, letters of credit,

- sight drafts, bills of exchange,

- open account terms

- negotiating credit and payment terms with buyers

- operating line of credit

- overdraft facility

- discounting or forfaiting

- factoring: recourse and non-recourse terms

Export credit agencies:

- trade finance for domestic exporters

- reducing risks for exporters

Medium-term and long-term finance

Buyer credit:

- benefits for both exporters and importers

- typical buyer credit process

Bank loans:

- principal sum, collateral, guarantors, term,

- interest payable: fixed and variable

- loan agreement

- leasing, contract hire, renting

Supplier credit

Export Credit Insurance

Protection for exporters against non-payment

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Organizations which might offer ECI
Typical “cover” given by policies
 additional cover for risks
Premiums payable:
 on what they may be computed
Advantages of ECI to exporters

Module 11 - Sales and Promotion

The promotional mix
Marketing communication
The communication “devices”
Factors in choosing the mix of devices:
 effects, customer contacts, and response times
Personal selling:
 interaction with customers
 methods which might be used by exporters/importers
Advertising:
 primary aims
 features, accuracy of contents
 types of media employed
 indirect advertising
 direct advertising
 assistance to sales personnel
Public Relations (PR):
 aims, functions and activities
 changing opinions and perceptions
 creating understanding and goodwill
 publics and opinion formers
 image and reputation
 relationship or PR with advertising:
 market education
Direct marketing:
 important characteristics
 unsolicited literature and spam emails
 direct response advertising
Point of sale and packaging:
 design and positioning
 influencing purchasing decisions
 impulse buying
 relationship with advertising
Sales promotion:
 how it differs from normal advertising
 boosting sales of products during limited periods
 creating and mounting campaigns
 special offers and added value
 competitions and sponsorships
 relationship with advertising
Publicity materials:
 displays, literature, calendars, pens, headwear, garments

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Sales promotion in direct exporting:

examples of uses in different circumstances

E-commerce:

what it comprises and what is involved

business-to-business

business-to-consumer

consumer to consumer

business-to-government

making use of modern technology

different types of businesses which trade by e-commerce

Advertising on websites:

banners, videos, interstitials, pop-ups, pop-under,

wallpaper, expanding, floating, polite

Web-based sales promotions:

e-coupons and vouchers

sampling

gift certificates and "wishlists"

Sales promotion in indirect exporting:

variations in circumstances and involvement

sales support for overseas agents or representatives

Exhibiting at trade fairs and shows:

constructing and manning stands

differing aims:

immediate sales

distributing information and literature

follow-ups of visitors

Social media

differences from "traditional" marketing communication

consumer-generated media

blogs, chat rooms, discussion boards, forums, etc

Community building and social media

Viral marketing:

what is involved

the "pass along" rate, seeding

networking sites

Marketing opportunities using online communities:

business-to-consumer business-to-business

Module 12 - The Import Business

Types, sizes and ownerships of import businesses

Importing for resale and for own use

Types of products imported:

industrial products:

raw materials, capital products, components,

accessories, consumables

consumer products:

convenience goods

shopping goods

speciality goods

intangible products:

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intellectual property
trade marks, copyrights and patents

Factors to consider in importing:
assessment of the local market
import controls: bans and quotas
import permits or licences
currency/foreign exchange regulations
the "true" cost of importing
whether importing is cost-effective
whether the business can afford to import
sources of funding for imports
risks in importing:
distances between the parties
quality control issues:
difficulty in returning sub-standard or damaged goods
counterfeits, fakes or imitations
exchange rate fluctuations:
possible solutions

Finding reliable overseas suppliers:
sources of contact details
direct approaches
the importance of reliability:
checks on potential new suppliers and their products

Problems in dealing with overseas suppliers:
differences in languages, cultures, currencies used,
business practices, commercial law

Negotiating with overseas suppliers about:
prices quoted
trade discount and quantity discount
credit terms and payment terms
warranties or guarantees

Understanding and using Incoterms
transport:
who is to pay
insurance:
ensuring adequate cover

Customs requirements:
clearance procedures

Sales and promotion:
different involvements according to business relationships
assisting principals with media information,
advertisement wording, language(s), cultural influences,
packaging and labelling
manning stands at trade shows or fairs

Suggestions for further studies

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