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Thu, August 19, 2010, Singapore

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KLCI	1,392.56	+7.05
HSI	21,072.46	+49.73
NIKKEI	9,362.68	+122.14

US Indices

Dow	10,415.54	+9.69
Nasdaq	2,215.70	+6.26
S&P	1,094.16	+1.62

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Special Focus
Published August 19, 2010

SINGAPORE INTERNATIONAL

Avoiding negotiation pitfalls

Name: Sandy Chong
Designation: CEO & Principal Consultant
Company Name: Verity Consulting Pte Ltd

QUESTION: Export negotiations remain one of the major problems that exporting companies face. What are some of the pitfalls in export negotiations and how do companies avoid them?

ANSWER: Skipping or undermining the importance of due diligence such as background checks of prospects, research of the market and the business conditions of the country. The firm should have a good idea of these prior to meeting prospects.

Lowering prices and offering discounts are not always the best ways to attract buyers. There are non-price- related benefits that some firms overlook in export negotiations. Other than pricing structure and profit potential, incentives such as offering them sales aids, training, advertising & promotion support, after-sales service and reliable response time are terms that can strengthen your negotiating position and gain long term buy-in in the selected overseas market.

Insufficient attention paid to safeguarding the companies' interests in cases where the overseas buyer proves less than satisfactory with its performance. It is vital to include an escape clause in the agreement and an amicable exit strategy to ensure the relationship ends safely and cleanly should there be a failure of expectations by either party.

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