

## **Issues Related to Exporting Treated Poles**

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## **Domestic Customer Development**

- Introduction & Presentation of Company
- Plant Tour & Review
  - ⇒ Plant Audit and Inspection
    - ↳ Plant Certification
- Sample Pricing
- Specification Review
  - ⇒ Modifications / Exemptions
- Tender Submission & Contract Award
- Production / Supply / Service

## **Export Customer Development**

- Contract Identification
- Tender & Specification Review
  - ⇒ Agent Selection
  - ⇒ Tender & Specification Interpretation
- Quotation Submission
- Contract Award
- Production
  - ⇒ Customer Audit & Inspection
- Shipment / Payment
- Destination Inspection
- Final Payment Release

## **Contract Identification**

- Federal Government Listings
- Agent Solicitation
- Industry Knowledge
- Chemical Suppliers
- Electronic Medium

## **Tender & Specification Review Agent Selection**

- Are they all cousins of the Prince?
  - ⇒ Without direct personnel contact this process can be difficult and risky to the success of your bid.
    - ↳ Personnel Skills
    - ↳ Command of the Language
    - ↳ Test Results
  - ⇒ Agent Contract
    - ↳ Performance Clauses
    - ↳ Time Limitations
    - ↳ Ramped Commissions

## **Tender & Specification Review Tender Interpretation**

- Financial Requirements
  - ⇒ Bid Bond
  - ⇒ Performance Bond
  - ⇒ Terms and Basis of Payment
- Transportation
  - ⇒ Insurance Requirements
  - ⇒ Destination Location (Port and/or in-land transport)
  - ⇒ Delivery Schedule

## **Tender & Specification Review Specification Interpretation**

- Specification Formats
  - ⇒ Countries that reference well defined Standards (i.e. CSA, BS, AWPA).
  - ⇒ Countries that reference well defined Standards with modifications.
  - ⇒ Countries with stand alone Standards.
- Modifications to Specifications
  - ⇒ All elements of the standard and how they are applied must be reviewed and understood.
  - ⇒ Many modified or stand alone specifications are out-of-date. If the specification demands changes, make these changes up front and in writing.

## **Tender & Specification Review Specification Interpretation (cont'd)**

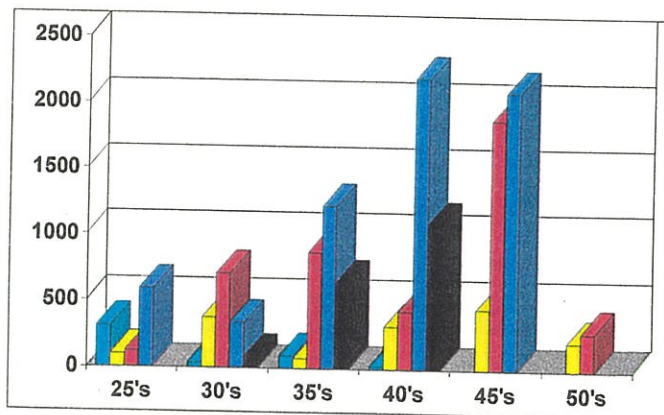
- Modification to Specifications (cont'd)
  - ⇒ It is imperative to make the needed modifications to the specifications prior to submitting the quotation. Written notification that the changes have been accepted should be received by the authority referenced in the tender document.
- Specification Deviations
  - ⇒ Deviations that are unknown to the producer
    - ↳ A deviation of this kind can occur due to mis-interpretation of the standard or a claim against the producer upon receipt of the material.

# Tender & Specification Review

## Tender Interpretation (cont'd)

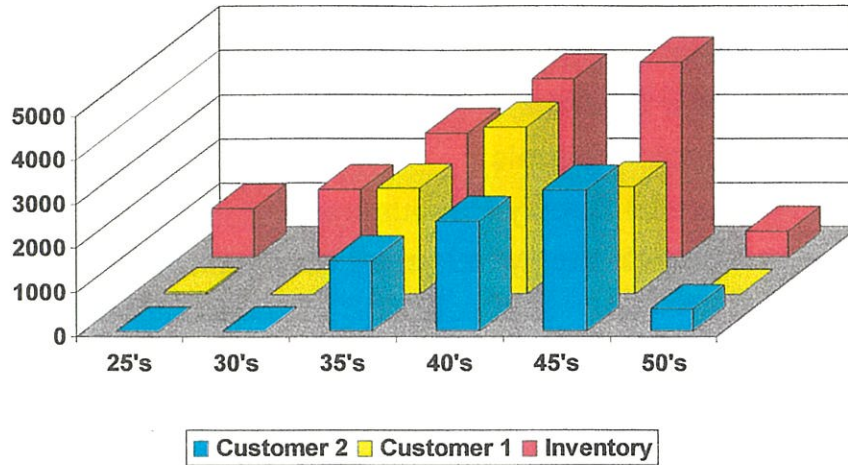
- Material Supply
  - ⇒ Order Quantities
  - ⇒ Inventory Levels
  - ⇒ Material Supply Resources
  - ⇒ Material Supply/Inventory vs. Delivery Schedule

## Domestic Supply Inventory



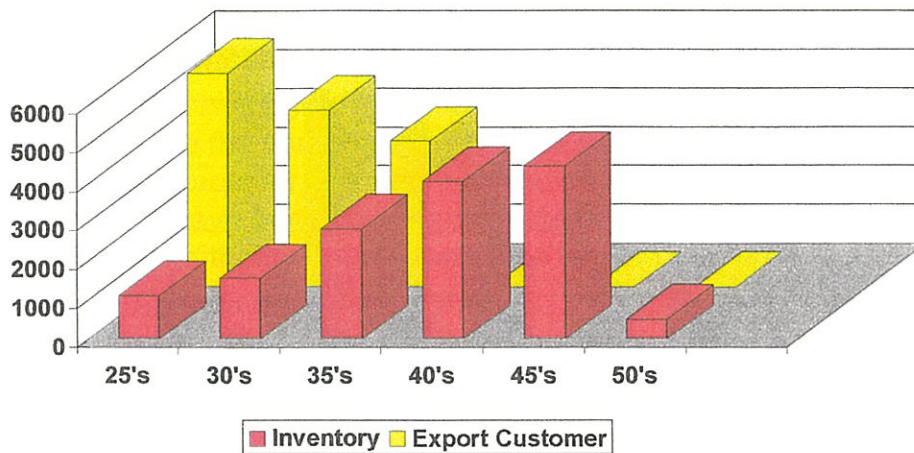
## Domestic Customer Demand

### Domestic Demand Distribution vs Inventory



## Export Customer Demand

### Export Demand Distribution vs Inventory



## **Tender & Specification Review Specification Interpretation (cont'd)**

- Specification Deviations
  - ⇒ Deviations that are known to the producer
    - ▬ In some cases requested modifications are under consideration at the time of the bid closing. A known major product quality deviations could result in heavy losses (reputation and financial) and should be avoided.
  - ⇒ In many cases unknown and known deviations are built into the process.
  - ⇒ Diplomacy must be applied to these situations to ensure customer needs are met and a "win/win" situation results.

## **Quotation Submission & Contract Award**

- Scenario #1
  - ⇒ Tender quotations are received, opened and the lowest bidders win contract.
- Scenario #2
  - ⇒ Tender quotations are received, opened and an error has been made by one of the lowest bidders.
- Scenario #3
  - ⇒ Tender quotations are received, opened and the real negotiations begin.

## **Production**

### **Sourcing-Peeling-Drying-Treating-Inspection**

- A long time line is normal for export orders and the producer should take full advantage of this. penalties for late orders are usually high.
- During the production of an order the customer and/or their agents will visit your facility - many times.
- During production the customer will usually audit your progress and product quality.
  - ⇒ A good quality system is important to ensure standard requirements are fulfilled and deviations are minimized and minor in nature.

## **Material Shipment**

### **Delivery to Port**

- Delivery to the port prior to the arrival of the vessel must be made in a timely manner.
- Documentation must be prepared for submission the day the vessel sails. This can be a daunting task. Multiple documents must be prepared and include bill of lading, commercial invoice, packing slip, sanitary certificate, inspection release documents, insurance certificates.
- Generally, delivery to port will release 90% of the contract value.



## Destination Inspection

- Depending on the order size, a percentage of the material by class and size is inspected.
- General material condition is also recorded - damage and/or broken poles.

## Final Payment Release

- The time delay and value of the performance bond will vary from contract to contract.
- Generally, there is a 90 day to 12 month delay for the release of this money.
  - ⇒ **Good Luck!**