Workshop: Cost and Pricing Analysis: Analyzing the Numbers

Workshop Description:

As a general rule, entrepreneurs do not deliberately enter into business deals with the express purpose of losing money; however, businesses lose money in international transactions every day. How? In many cases it is because risks are not managed properly, because the organization’s leaders failed to clearly identify their import and/or export costs, foreign exchange risks, or the price that should have been negotiated for their goods or services.

A good cost-accounting system for imported or exported products and services allows organizations to accurately determine the related costs, including any additional costs for adapting or modifying the product or service, and to ultimately determine the viability of an international venture.

This is the second of three workshops for the course Feasibility of International Trade. Each workshop explores a phase of determining the feasibility of a potential initiative.

FITTskills Program:

The Cost and Pricing Analysis workshop is a key workshop in the Seventh Edition of the FITTskills Program, which has been designed for the independent self-directed learner who is an international trade practitioner with a minimum of two to five years of experience. The FITTskills Program has been developed so that you as a practitioner can ensure you have all the competencies required to take advantage of international trade opportunities.

Pre-Requisites:

- There are no recommended workshops prior to the Cost and Pricing Analysis workshop. The Feasibility of International Trade course, from which this workshop derives from, is the foundational course in the FITTskills Program.
- The Cost and Pricing Analysis workshop assumes you have the necessary basic business and trade knowledge and skills needed for domestic trade, as these fundamentals are not covered in the FITTskills Program.
Workshop Learning Outcomes:

Upon successful completion of this workshop, you will be able to:

1. Conduct export cost and pricing analysis of products in order to evaluate financial viability.
2. Conduct cost and pricing analysis for importing products in order to evaluate financial viability.
3. Maximize use of cost-accounting systems to maintain reliable fundamental data to continuously determine all related costs.
4. Describe possible effects of Incoterms® rules in relation to export and import costs.
5. Describe costing implications related to Harmonized Commodity Description and Coding System.
6. Conduct cost and pricing analysis specific to exporting services.
7. Determine financial viability and potential competitive advantages of outsourcing services internationally.

Schedule:

You can begin any time. Learners must complete the workshop within one month of registration.

Workshop Format:

You have one month to work through the self-led workshop and complete the final assessment at your own pace. You’ll receive your topic-specific textbook in eBook format. At the end of your learning, you can write the summative exam for the workshop.

Registration in this workshop provides you with access to additional learning resources, such as guiding notes, case studies, sample exam questions and the answers to the exercises in the textbook. These additional resources provide you with an opportunity to apply your learning and verify your progress. Although access to these resources are provided, the only requirement to complete the workshop is successfully passing the exam.

Learning resources:

The workshop includes extensive content about the feasibility of international trade as an integral part of international trade. It also offers:

- An initial checklist for you to ‘Reflect on Your Experience’ to help you decide which sections you need to spend most time on, and where you may have previous learning
Cost and Pricing Analysis – Workshop Syllabus

- Case examples that demonstrate innovative and good business practices, global examples and lessons from the field
- Many sample documents to illustrate requirements and good practice within the global value chain
- Sections that help you to consolidate and apply your learning at the end of each unit
- Opportunities for extended learning at the end of each unit to broaden the scope of your application, and to help you relate the learning to specific situations
- A list of ‘Recommended Resources’ for additional reading and learning on the topics

Assignments & Formative Assessments:

In addition to the sections in each unit to help you apply your learning and to extend your learning to various situations, there is a Final Check at the end of the module. This multiple-choice quiz for the workshop provides sample questions and answers for you to prepare for the summative exam. These questions have also been provided as an interactive quiz on the learning platform.

Summative/Final Assessment:

Once you are ready, you can write the workshop evaluation. This is a standardized open-book exam consisting of 15 multiple choice questions. Learners must complete this exam online within two hours. You can write your exam at any time as long as it is done before the deadline.

To access the examination:

1. Go to www.FITTforTrade.com
2. Under SIGN IN, enter your FITT ID and password
3. Click the FITT Students menu (left-vertical menu), then Online Exam Centre and then Login now to begin your exam—this will redirect you to the online exam center

A credit is awarded when learners achieve a ‘pass’ or ‘pass with distinction’ grade on the exam. These credits count towards obtaining FITT business credentials.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pass with Distinction</td>
<td>PWD</td>
<td>85% or higher</td>
</tr>
<tr>
<td>Pass</td>
<td>P</td>
<td>65%-84%</td>
</tr>
<tr>
<td>Fail</td>
<td>F</td>
<td>64% or less</td>
</tr>
</tbody>
</table>
FITT Educational and Professional Credentials:

FITT offers three international business credentials based on the global trade competencies acquired through the FITTskills Program. The credentials are proof of an individual’s level of knowledge and expertise in global trade. Each is achieved based on the following criteria:

**FITT Certificate in International Trade**

Presented to individuals who have successfully completed any three FITTskills courses, or equivalency thereof (3 credits). *Note: Successful completion of a workshop will earn learners a partial credit towards the course the workshop derives from.*

**FITT Diploma in International Trade**

Presented to individuals who have successfully completed all six FITTskills courses, or equivalency thereof (6 credits). *Note: Successful completion of a workshop will earn learners a partial credit towards the course the workshop derives from.*

**Certified International Trade Professional (CITP®|FIBP®) designation** can be applied for by individuals who have:

- Earned their FITT Diploma
- Achieved FITT’s practical work experience requirement of at least one full year
- Endorsed the CITP®|FIBP® Standards of Ethical Conduct
- Committed to ongoing professional development in the discipline of international business

**Policies:**

1. **Deferral Policy:** A request for an assessment deferral must be submitted to FITT in advance of the assessment deadline. Students may request a deferral for up to 30 days at one given time. A maximum of three (3) deferrals per assessment is permitted. This deferral policy applies to all FITT assessments and rewrite assessments. You can request a deferral by completing an **Assessment Deferral Form**.

2. **Rewrite Policy:** You are eligible to re-write a failed FITTskills assessment within 90 days of the original deadline. There is no limit to the number of times an assessment can be re-written. However, each re-write must take place within 90 days of the previous rewrite deadline, and there is a fee of $100 plus applicable taxes per re-write. You can request to re-take an assessment by completing an **Assessment Registration Form**.
3. **Non-Disclosure Agreement:** The answers to the exercises, case studies and final check questions are confidential and proprietary. You are expressly prohibited from disclosing, publishing, reproducing, or transmitting the content, or substantially similar content, of this document, in whole or in part, in any form or by any means, verbal or written, electronic or mechanical, for any purpose. By registering in this workshop, you agree not to disclose, publish, reproduce, or transmit the content, or substantially similar content, of this document, in whole or in part, in any form or by any means, verbal or written, electronic or mechanical, for any purpose. Violators will be prosecuted.

4. **Printing of Material:** Printing is for personal, private use only. No part of the material on this platform may be reproduced or transmitted without FITT’s prior permission. Violators will be prosecuted.
# Table of Contents

FITTskills Cost and Pricing Analysis: Analyzing the Numbers

Getting Started
Forward
What's New

Course/Module Learning Outcomes
The Modular Approach
Reflect on Your Experience
Cross-Modular References
Apply Your Learning
Extended Learning
Recommended Resources

Background: Feasibility of International Trade
Organization of Text
Course Learning Outcomes

## Module—Cost and Pricing Analysis: Analyzing the Numbers

Introduction
Module Learning Outcomes
Reflect on Your Experience

### Unit 1: Conducting Cost and Pricing Analysis for Exporting Products

Why Is This Important?
The Process of Analyzing Export Cost and Pricing
Trade Terms and How They Affect Costing
The Harmonized Commodity Description and Coding System and How It Affects Costing
STEP 1: Determine the Cost of Exporting
STEP 2: Elaborate a Pricing Strategy
STEP 3: Assess the Viability of the Transaction
Apply Your Learning
Extended Learning

### Unit 2: Conducting Cost and Pricing Analysis for Importing Products

Why Is This Important?
The Process of Analyzing Import Cost and Pricing
The Cost of Sourcing Products
Incoterms® Rules and Importing
HS Codes and Tariffs
Taxes and Fees Related to Imported Products
Product Standards and Certifications
STEP 1: Determine the Cost of Importing
STEP 2: Elaborate a Pricing Strategy
STEP 3: Assess the Viability of the Transaction
Apply Your Learning
Extended Learning

Unit 3: Conducting Cost and Pricing Analysis for Exporting Services
Why Is This Important?
The Process of Analyzing Service Export Cost and Pricing
Considerations When Trading in Services
Delivering Services Internationally
Marketing Services Internationally
Legal Issues Related to the Export of Services
Regulations and Taxes on Services
Payment for Exported Services
STEP 1: Determine the Cost of Exporting Services
STEP 2: Elaborate a Pricing Strategy
STEP 3: Assess the Viability of the Transaction
Apply Your Learning
Extended Learning

Unit 4: Conducting Cost Analysis for Outsourcing Services Internationally
Why Is This Important?
Determining What Can Be Outsourced
The Cost of Finding Service Providers
Outsourcing and GATS
Cost Considerations When Outsourcing
Comparing Outsourcing to Insourcing Costs
Identifying Benefits
Apply Your Learning
Extended Learning

Module Summary
Final Check
Recommended Resources
Glossary

Appendices
Appendix A: Export of Goods Costing Sheet
Appendix B: Import of Goods Costing Sheet
Appendix C: Export of Services Costing Sheet
Appendix D: Outsourcing Versus Insourcing Costing Sheet

Notes