

INTERNATIONAL TRADE

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Exploring Global Markets Is Exporting Right for You?

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The good news is that conducting foreign business is easier than ever as the world becomes better connected and more open. In a world of over 6 billion people, global communications networks and next-day airfreight deliveries worldwide,

**"foreign sales opportunities are now
well within reach"**

the separation between exporter and importer may be no more than a click of a mouse. Although 96 percent of the world's customers reside outside the United States, most U.S. companies never think of foreign markets and do not realize that foreign sales opportunities are now well within reach.

Manuel Rosales, associate administrator for the Office of International Trade at the U.S. Small Business Administration is enthusiastic about the opportunities small businesses have today to expand into the global marketplace. "Tariff barriers have come down as a result of global and bilateral trade agreements making it easier for U.S. businesses to compete." While acknowledging that there are challenges for smaller firms seeking to participate in international trade Rosales says, "SBA provides critical services that small businesses need to get started and to succeed in trade, including trade education and international loan guarantees."

SBA's credit staff is co-located with representatives from other trade promotion agencies in the U.S. Export Assistance Centers (USEACs)—one-stop shops in major metropolitan areas that provide businesses with local export assistance. To find the USEAC office nearest to you, go to <http://www.sba.gov/oit/export/useac.html>

Richard Schulze is the SBA regional manager for international trade in Dallas,

covering Texas, Oklahoma, Arkansas and Louisiana. Schulze says that most companies sell domestically because there is such a huge domestic market. But when you look at purchasing power, 67 percent is outside the U.S.” Schulze and his 15 counterparts across the country help small companies structure foreign sales and obtain financing for business development.

There are a variety of loan programs to meet small business needs such as loans to facilitate the export of goods and services; large export working capital loans; and loans to help small business preparing to engage in international trade. From

October 1, 2005 through July 31, 2006 small businesses received 2,726 export loans totaling \$840.2 million resulting in \$1.65 billion in export sales. (For detailed information on SBA's international trade financing programs see page 18).

SBA's resource partners play a central role in preparing the next generation of successful exporters. These partners represent a wide range of private sector know-how, from retired business executives, to lawyers, to business instructors at universities and other education centers. SBA's international trade promotion and finance staff will assist you in finding resource partners.



Photography by Cameron Davidson

It Started with a Boomerang

Amy Frey's international trade consulting business, ATC International, Inc., of Silver Spring, Md., began in 1991 with boomerangs. And her business has been booming ever since. Her dream of a career in international trade began as a child when her father would return from foreign trips with a gift of a doll dressed in native attire. But instead of dreaming of a doll house, Frey dreamed of a warehouse.

In college and graduate school Frey studied international business. After graduation, Frey was offered a job in Australia identifying companies to receive government grants and assistance for exporting. As Frey was preparing to leave Australia in 1990, several companies impressed with her skills suggested she provide consulting services upon her return to the U.S.

That suggestion led Frey to start ATC International. The company began in a small bedroom with a fax machine. “The fax would ring in the middle of the night (which was the middle of the day in Australia) and I would lie awake wondering if I should get up and read it,” Frey said.

Although Frey had an educational background in business and professional experience in exporting, she knew that even the most successful entrepreneur needs assistance. In 2000, Frey turned to SBA's resource partner SCORE—Counselors to America's Small Business—for advice. Frey worked with Washington, D.C., chapter counselor Ann Dobbs, a former partner with a supermarket chain, who provided help with employee relations, legal issues, insurance and banking. “Being able to share my concerns and questions with Ann has been enormously valuable,” said Frey.

Frey's success was recognized in 2004 when she was named the Exporter of the Year for the Washington metropolitan area by the U.S. Business Administration. Today, ATC offers U.S.-based warehousing and business management services that are designed specifically to make doing business in the U.S. easier domestically and internationally. ATC, which has warehouses on both the East and West Coast, distributes a wide variety of consumer products.

Exporting Facts

Making the decision to export requires careful assessment of the advantages and disadvantages of expanding into new markets. Consider these points:

Advantages

Exporting can help your business:

- Enhance domestic competitiveness
- Increase sales and profit
- Gain global market share
- Reduce dependence on existing markets
- Exploit corporate technology and know-how
- Extend the sales potential of existing products
- Stabilize seasonal market fluctuations
- Enhance potential for corporate expansion
- Sell excess production capacity
- Gain information about foreign competition

Disadvantages

Your business may be required to:

- Subordinate short-term profits to long term gains
- Hire staff to launch export business
- Modify your product or packaging
- Develop new promotional materials
- Incur added administrative costs
- Dedicate personnel for traveling
- Wait longer for payments
- Apply for additional financing
- Obtain special export licenses

If you are interested in learning more about exporting, check out these helpful resources:

- www.sba.gov/international for export information and development assistance including trade counseling, legal assistance and publications.
- *Breaking into the Game: A Small Business Guide to Exporting*, available at <http://www.sba.gov/oit/info/Guide-To-Exporting/index.html>
- www.export.gov, the federal government's trade assistant Web site where U.S. companies to sign up for access to all of the government's trade promotion services and market research.