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Small Biz Journal

The Time is now to Take Your Small Business Global

By James A. Kocsi

Earlier this year, President Obama said, “We will double exports over the next five years, an increase that will support two million jobs.” In order to reach this goal, small business owners throughout the United States must look beyond our borders and be prepared to do business overseas.

Accordingly, the **National Export Initiative** was launched to help small businesses to:

- Work with our Strategic Partners to help companies currently shipping to only one market and assisting them in expanding their sales to new markets.
- Expand the availability of credit for small and medium-sized enterprises.
- Improve online tools to make information easier to find and faster to use.
- Work to reduce trade barriers that are in your way to increasing your exports.

These steps, plus the efforts to streamline control lists, establish a primary enforcement coordination agency, create a dedicated Information Technology System and having a single licensing agency will go a long way in helping small business owners to export their goods and services to other countries.

Getting Started

For small business owners who are looking to implement an export program for their business, the first step is to develop a realistic export marketing plan. “Take Your Business Global – A Guide to Exporting” provides businesses with a step-by-step approach to developing an exporting marketing plan. This free online course is available at www.sba.gov/international. Another great starting point for small business owners is www.export.gov. Export.gov is the gateway for small business owners to find information from a wide-range of U.S. government resources like the U.S. Department of Commerce and Export Import Bank. This site is helpful in developing market research, identifying trade leads, finding export financing and training events that can assist your entry into the world of international trade.

How can SBA Help You?

When it comes to exporting, the U.S. Small Business Administration can assist your company in many ways. From initial counseling to financing export transactions, the SBA can provide the necessary guidance and programs that will allow you to create a successful exporting program.

Export Counseling

SCORE – Counselors to America’s Small Business can provide free individual counseling to small business owners on a variety of export topics. Some of these counselors have experience in international trade and can provide you with expert advice on how to take your business global. SCORE Counselors can be found at www.score.org. By entering your zip code you can find the nearest SCORE office in your area or you could type the word export or international trade in the key word search and access information on counselors who are qualified to field your questions via cyber counseling. You could also benefit from counselors at the New Jersey Small Business Development Centers. Visit the SBDC website at www.njsbdc.com and locate the center nearest you.

Export Financing

Once you have gathered your research and formulated your export marketing plan, the next progression for most small business owners is to secure financing for the transaction(s) that they have negotiated. The SBA has export finance programs that can help small businesses penetrate overseas markets.

SBA’s Export Express Program helps provide exporters a streamlined method to obtain SBA-backed financing for loans and lines of credit up to \$250,000. Loan proceeds may be used to finance any export development activity, including:

- Standby letters of credit when required as a bid bond, performance bond or advance payment guarantee
- Participation in a foreign trade show
- Translation of product brochures or catalogs for use in overseas markets
- General lines of credit for export purposes
- Service contracts from buyers located outside the United States
- Transaction-specific financing needs associated with completing actual export orders
- Purchase of real estate and equipment to be used in the production of goods or services for export
- Providing term loans and other financing to enable small business concerns, including export trading companies and export management companies, to develop foreign markets
- Acquisition, construction, renovation, modernization, improvement or expansion of productive facilities or equipment to be used in the United States in the production of goods or services for export

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Export Working Capital Program (EWCP)

SBA's Export Working Capital Program (EWCP) loans are available for up to \$2 million and are targeted to small businesses that are able to generate export sales and need additional working capital to support these sales. Since most banks in the U.S. do not lend against export orders, export receivables or letters of credit, SBA provides lenders guaranties of up to 90 percent on export loans to ensure that qualified exporters do not lose viable export sales due to a lack of working capital.

How the Funds May be Used

EWCP loans are used for transaction financing. For example, an EWCP loan will support 100 percent of supplier costs for an export transaction. EWCP loans can also be used to even out cash flow when exporters have negotiated longer sales terms and cannot carry the resulting receivables with their own working capital. The EWCP loan can be a short-term loan for a single contract or in the form of a line of credit that supports ongoing export sales for a period of 12 months. Additional information on export financing programs can be found at www.sba.gov/international or you may contact Robert Elsas, Regional Manager, Export Solutions Group at the U.S. Export Assistance Center in Philadelphia. Bob can be reached at (215) 597-6110 or via email at robert.elsas@mail.doc.gov. Bob can help you with identifying lenders who participate in this program and he can also help you with the application process.

Export Matchmaker Event

And finally, on September 20th, the SBA is looking to assist New York/New Jersey metropolitan area small business manufacturers and suppliers with an easy and inexpensive means for exporting their products. The agency is conducting an *Export Matchmaker Trade Fair & Conference* at the Westin Hotel in Jersey City, New Jersey, on September 20, 2010.

The *Matchmaker* is designed to bring together small businesses looking for additional markets with export management companies, export trading companies, brokers and agents. EMCs and ETCs, also known as trade intermediaries, are export specialists that will buy a company's products and sell them in foreign markets or represent a company's products in foreign markets through a distribution or similar contract.

Engaging with an EMC or ETC can be the easiest way for small businesses to either begin exporting or expand export sales, for the fact that they do not need to commit additional personnel or resources to the effort. By using trade intermediaries, small businesses might easily begin to market and sell to the nearly 96 percent of the world's population living outside the U.S.

New Jersey Business owners interested in participating in this event may email Harry Menta of the SBA at harry.menta@sba.gov. Firms outside of New Jersey may email John Miller of the SBA at john.miller@sba.gov. If you are interested in registering for the *Export Matchmaker Trade Fair & Conference*, then please visit www.exportmatchmaker.org.

Remember, small businesses account for 97 percent of all exporters in the U.S. — nearly 280,000 small businesses exporting almost \$500 billion in goods and services. If we expect these numbers to double over the next five years, then the time is now to take your business global.