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Welcome to the NASBITE International 2020 Virtual Conference Session: “No More an Afterthought: How the Public Sector Can Help Communities by Increasing Exports” ... *the program will begin shortly!*



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Welcome to the NASBITE International 2020 Virtual Conference “No More an Afterthought: How the Public Sector Can Help Communities by Increasing Exports” presented by Jeff Stell, Business Oregon



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Programming Notes:

- ✓ Please keep your Audio on “mute” for best sound quality
- ✓ Recommended: disable your Video Share
- ✓ Use the “Chat” feature in Zoom to submit questions for our presenters
- ✓ **This program is being recorded** and will be made available to you



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Welcome Chris Schrage, CBGP, Board of Governors



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2020 Virtual Conference Presents: Jeff Stell, Business Oregon



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Q&A

Please use the Chat Tool to Submit Your Questions



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No More An Afterthought

How The Public Sector Can
Help Communities by
Increasing Exports

By Jeff Stell
Business Oregon

A Tale of One Business...



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My Favorite Subject: ME!

- Incentives Project Coordinator with Business Oregon.
- I work with business incentive funds such as the Strategic Reserve Fund (SRF) and the Industry Competitiveness Fund (ICF).
- Until recently, a graduate student at Portland State University.
- Economic development is a second career for me – and I love it!

Today's Presentation

- Results of my capstone research with PSU.
- Research methods: strengths and weaknesses.
- Changing Culture I: Advantages of exports for small businesses and the community.
- Changing Cultures II: Difficulties that small businesses face in entering the export space or expanding in it.
- Changing Cultures III: State and Local government interventions to help exporters.

The Thesis

Opportunities

+Plus+

Barriers

=Equals=

Public Sector Export Intervention

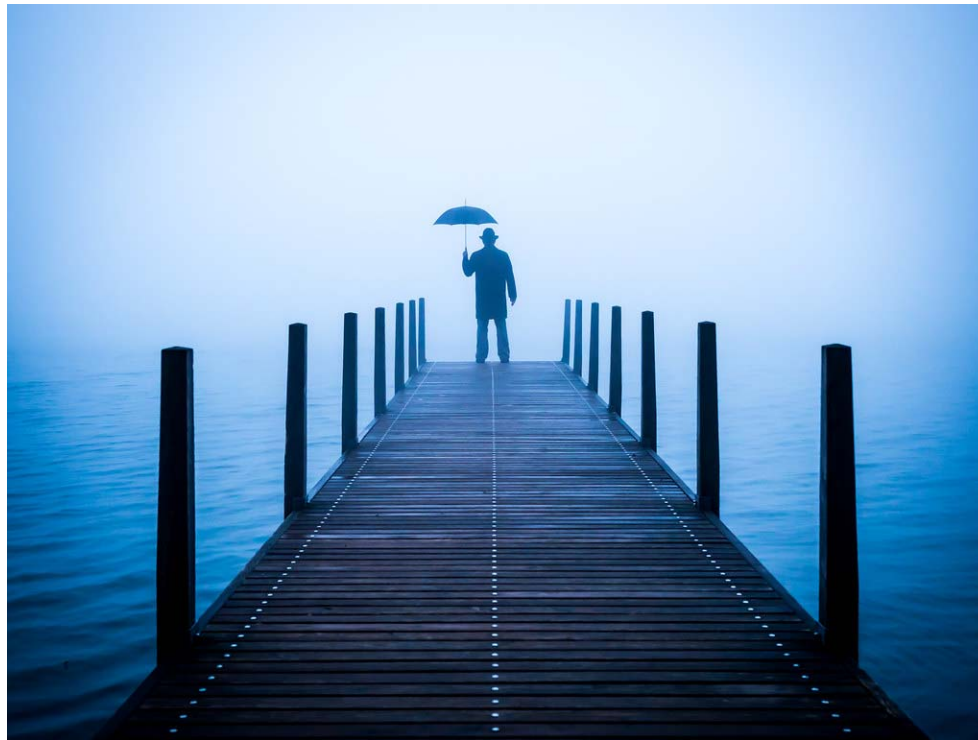
In This Presentation:

- Ross Perot: “It’s In The Book” – 80 Pages of Data, Analysis, and Conclusions
- Asterisks represent information gathered since the conclusion of the project.
- I want to hear from you! Your experience and research may have led you to different conclusions. Let me know what you have discovered!

PSU EMPA Capstone: Research Methods

- Unit of Analysis – SMEs
- Statistical Data and Analysis
- Surveys – Brookings Institute
- Literature Review – Leonidou and Tong/Tong
- Interviews with SMEs and economic development professionals

Changing Culture I: Advantages and Opportunities



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“Macro-advantages”

- 95% of the world’s customers live outside the United States
- World’s Middle Class: 5 billion by 2030*
- Increased literacy rates worldwide*
- Example: Vietnam
 - Population: 95 million
 - 1 million people per year enter the middle class
 - Love American products, even when more expensive

A Quick Note about the Disadvantages of Global Trade



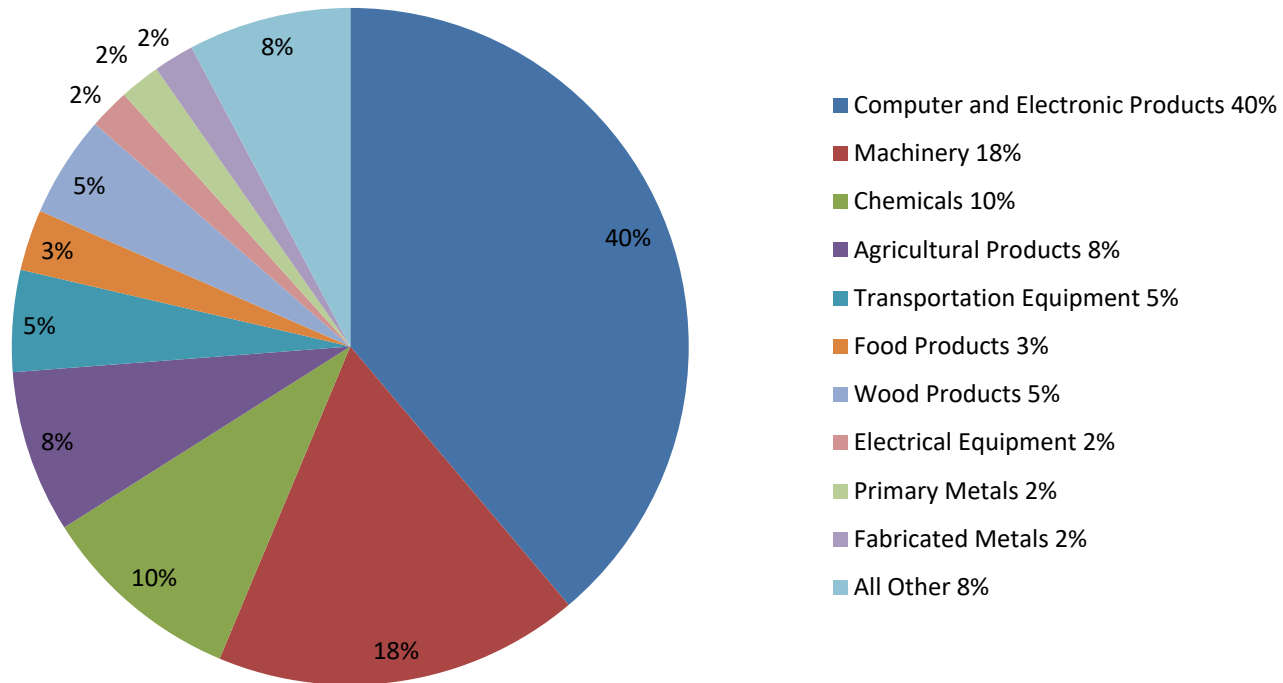
Micro-advantage 1: Small Business

- Business Advantages:
 - Exports build business resiliency
 - Market expansion
 - Increased sales, revenue, and cash flow
 - Increased operational efficiency
 - Other advantages!
 - More “recession-resilient”
 - Exporting businesses are 8.5% less likely to close

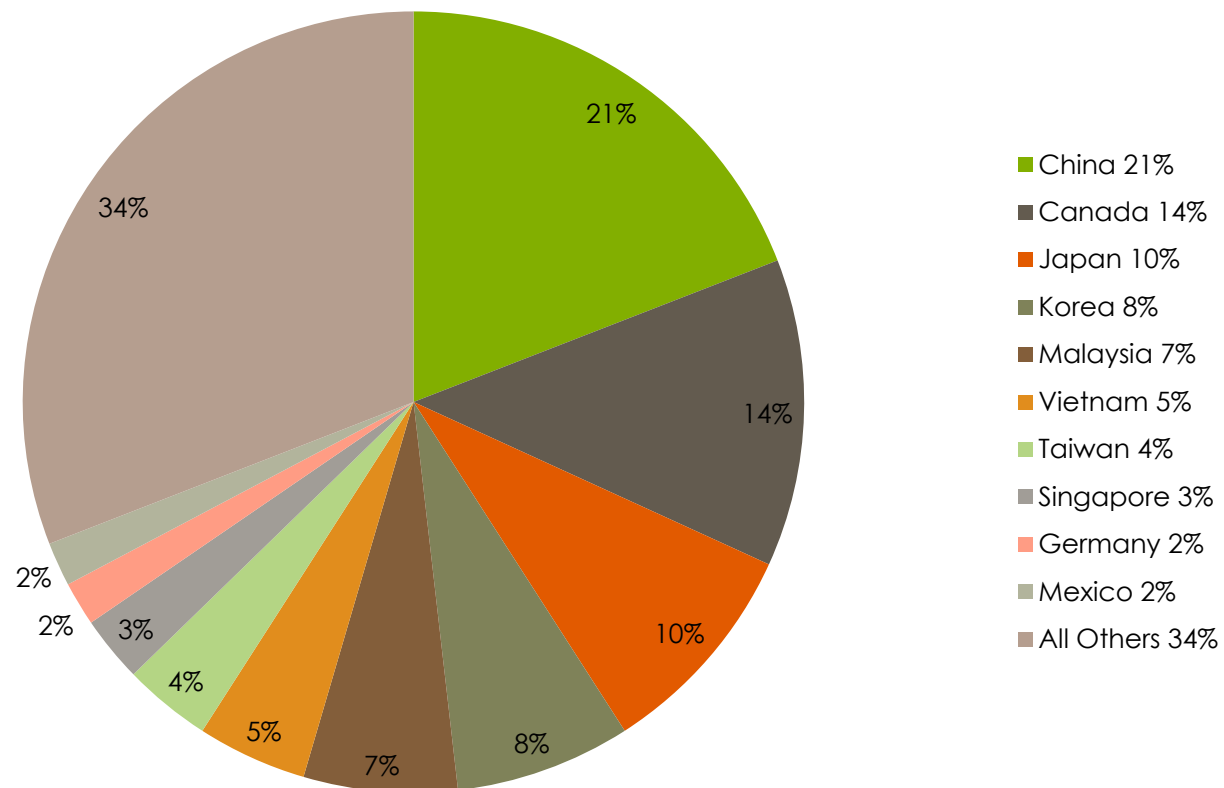
Micro-Advantage 2: Communities

- Share of the economy: In Oregon, 87,000 jobs (5% of the civilian workforce) are the result of exporting
- Oregon: \$22 billion in exports in 2018
- Advantages for workers
- Increased community revenue
 - Increased payroll can lead to more sales tax revenue outside of Oregon
 - Increased payroll can lead to increased personal income tax revenue

Oregon Exports



Oregon Export Partner Countries



The Export Assistance “Ecosystem”

- A number of economic development agencies (EDAs) assist small businesses with exports.
- Federal
- State
- Local
- The “Passport to Export” Education System for Oregon Exporting Businesses

Upsides and Downsides

Upsides

- Excellent collaboration among agencies
- Leverages federal assistance well (funding)
- Leverages knowledge well (advice)

Downsides

- Room for Business Oregon to demonstrate creative servant-leadership
- Nearly impossible to find – have to know it's there to know it's there
- Heavily weighted toward manufacturing businesses – could expand to services.

Current State of Exporting in Oregon II: The Challenges



Challenges from Literature

- Leonidas Leonidou (2004) – 40+ barriers
- Limited information to locate/analyze markets
- Shortage of working capital to finance operations changes
- Difficulty matching competitors' prices
- Foreign currency exchange rates
- Unfamiliar foreign business practices
- Unavailability of warehousing facilities overseas
- Meeting export packaging/labeling requirements

Challenges from Interviews

- Intellectual property theft – difficulties with defense
- Closed border with Mexico – labor and supplies
- Tariffs: love ‘em or hate ‘em, they have an impact on supply chains and pricing for SMEs
- U.S. labor costs
- Shipping and distribution challenges
- Ecosystem supports product manufacturing but not services.

Changing Culture III: State and Local Public Sector Interventions to Help Exporters

Main Courses



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Appetizers



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The Questions We Ask*

- Culture change occurs when we ask different questions.
- Wrong question: Can this business export?
- Right Question 1: Why can't this business export? Why shouldn't it export?
- Right Question 2: If this business cannot export, what steps could we/the business take to be ready to export?
- Right Question 3: When can this business be ready to export?

MAKE EVERYTHING EASY FOR THE BUSINESS OWNER!

- Multiple layers of Federal, State, and Local government resources for exporters.
- Multiple layers of private companies and non-profit organizations that assist exporters.
- Whatever you do in your state or local area, make it **easy** for businesses! Start with the website business leaders access.

The System Integrator



Initiatives:

- Outreach to women-owned and minority-owned businesses regarding exporting.
- Port enhancement.
- Secure overseas representation
 - Japan Representative Office, Tokyo

More Initiatives

- Roundtable of SMEs to present the opportunities and challenges of exporting to commissions and legislative committees.
- Tax credits for small and medium-sized exporters.
- Outreach to Oregon Legislators about current assistance to small businesses and economic impacts of that assistance.

State Incentive Funding

- Use economic development incentives. In Oregon, this means the Strategic Reserve Fund (SRF).
- Use state economic incentive money to support Oregon's existing Ecosystem.
- Partnership with academia and internships for business students.

Supporting the Ecosystem

- Use SRF to assist companies that come through the Ecosystem's export education program with the costs of exporting that are not covered by STEP or STEP match.
 - Costs of new machinery, equipment, space, tools, technology, or other items needed.
 - *Listen to your people.

Partnership and Internship

- Economic Development Agencies and businesses should partner with academia to create a program of assistance for exporting.
- Tong and Tong (2010): Virginia Economic Development Partnership.
- Graduate students of Business Administration take on a small business exporting project and solve the problems.

How It Would Work

- Business approaches Business Oregon or the university for export assistance and advice.
- Business Oregon and the university screen the proposed project to determine if student project advice is appropriate.
- Under the guidance and supervision of a professor, the students study the problem and develop potential solutions.
- The students then present their findings to the business, the university, and Business Oregon/stakeholders.
- Companies can access SRF funds for up to 50% of project costs.

Benefits

- The question of whether the initiative will work has been rendered academic. It has already worked in Virginia for over a decade.
- The students' research and recommendations are the property of the business, the university, and Business Oregon.
- These capstone projects form the basis for a library of knowledge about exporting problems, options, and solutions.

More Benefits

- Students are expected to use all the resources at their disposal.
 - International students.
 - Immigrant people groups in the local area.
 - Students studying World Languages and Literature.
 - Knowledge from the 'ecosystem' and Business Oregon.

Yet More Benefits

- Students are exposed to “real world” business problems and community resources.
- Students have an opportunity to market themselves with growing companies.
- Student recommendations are overseen and approved by professors and Business Oregon.
- Businesses have the option to accept or reject the advice of the students.

Conclusion



Jeff Stell

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- Self-Styled Small Business Export Apostle and Revolutionary
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And...?

- Questions?
- ¿Preguntas?
- Вопросы?