

## Ohio SBDC Export Assistance Network

### Directors' Strategic Planning Meeting 2017

**FOCUS/METHOD:** The day's discussion followed a facilitation format with guided questions, and open collaboration. We focused on the following questions/topics:

1. Relationship with the SBDC. How does it look today? What would we like to see? How can we help? Technical issues.
2. What do we do? What questions are we asked by the clients we serve? Of those questions, which ones do we need to look outside our own knowledge to answer?
3. What programs or software do we, as a network, think are valuable enough to be available across the network?
4. Who do we serve? We looked at the types of clients we generally see and created a spectrum from that discussion to help in the classification of our clients.
5. How do the State programs fit into the work in the field? What can we do to strengthen the relationship between the two sides of the Export Assistance Network?
  - a. Market Access Program – International Market Representatives
  - b. IMAGE
  - c. Export Internship Program
6. Looking Forward

#### RELATIONSHIP WITH THE SBDC

The nature of the export assistance network and its relationship with the SBDC offices has changed greatly in the last few years. From independent centers with separate grant agreements to specialized programs within a single SBDC grant, the program's evolution has presented both improvements and areas of concern. Areas where the group saw improvement included the opening of data on Center IC allowing EAN Directors to more effectively work with a client who has already received assistance from the SBDC and vice versa. The group was asked first to describe their current relationship with the SBDC.

- a. Of the seven offices, four are highly connected to their corresponding SBDC while three are not. Additionally, the connection that does exist does not necessarily extend through the whole export territory. Export offices cover more than one SBDC office, but if there is a relationship with an SBDC center it is more often going to be with the one holding the grant rather than with each office that receives export services in that territory
- b. Grant: On the whole the export directors have little to no interaction or input on the grant process even though the export program is integrated into it entirely now. Export directors may provide input, and have in times of need helped their corresponding SBDC with the grant, but they are not expected from the SBDC to be a part of the writing and submittal process.
- c. Referrals more often happen from EAN to SBDC than the other way. One of the reasons this may happen is that export specific questions are not integrated into SBDC materials owing probably to the fact that they were separate centers in the past.

**WHAT DO WE DO? What questions are we asked by the clients we serve? Of those questions, which ones do we need to look outside our own knowledge to answer?**

Services: Client counseling often starts with a question or series of questions, and rarely do those questions come in the most efficient order. For clients in the idea or early stages of exporting often the questions asked are answered without the use of outside materials or with little to no outside research. As the questions become more specific to the company or potential market then the EAN must choose which outside services, subscription or otherwise to utilize to provide an answer to the client. Some client are looking for a formal response to present to a board or other decision makers, where some are weighing options and looking for help narrowing down their options. In the past there have been a variety of subscription based services provided by the State. However, because the process initiated at the State and due to the changes to the overall program, implementation of these tools, training, access to them and utilization have been low at best. As a result, each EAN has made decisions about purchasing their own tools, using resources made available via their hosts or local resources and/or relying on free services. Listed below are some of the most common questions and topics for which an EAN would look to an outside source for information. In parentheses next to each question/topic are the most common sources for that area<sup>1</sup>. Items in green are paid products.

Types of questions/topics that may require additional research:

- Is a foreign company legitimate?
- Market entry strategy
- Market selection
- Market landscape
- Prospect searches (distributors, agents, etc.)
- Competitor searches
- Required documents
- Government standards and regulations
- Tariffs and Taxes

Many of the research tools used are free or available by signing up. No one source can answer the above questions and each EAN will use the tools he or she is most familiar with and comfortable using to find the best information possible for the particular client. The answer to any one question above will change depending on the company, the industry and the intended market. For that reason no one tool or program will work in all scenarios.

**WHAT PROGRAMS OR SOFTWARE do we, as a network, think are valuable enough to be available across the network?**

Of the paid programs either currently or previously supplied by the State, the following three services would be of most use to all offices if the budget allows for such programs to be offered across all offices:

- Wisertrade
- CustomsInfo

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<sup>1</sup> All services/sites apart from ones such as Google that are common knowledge, are attached to this document with URL for future reference

- Euromonitor

**WHO DO WE SERVE? We looked at the types of clients we generally see and created a spectrum from that discussion to help in the classification of our clients.**

Clients: The idea of classifying our clients and/or the services provided has come up in conversation on a number of occasions both as a means of understanding the process used in the field and to help with qualifying clients for various programs. The specific process used to evaluate a client is better classified as an art rather than a method as each EAN will use their own background and training, as well as adapting to the situation. For example, a client who calls the EAN for export assistance and comes to the office for a formal session is handled differently than when an EAN is invited out to a company and is meeting with various members of a management team. The key to all client interactions is building a relationship that meets that client where they are in the export process. Generally speaking the idea is to understand where a client is, where they want to go and what they need to get there.

Even though every business brings its own unique challenges to the EAN they generally fall along a spectrum that increases in intensity and level of required services as the business progresses from one who simply thinks they want to export to an advanced exporter looking for a highly specific service. A diagram of this spectrum is attached. The levels along that spectrum are more fully detailed below.

**Level 1:** This client is classified as a non-exporter without either a legitimate business or product. Generally this client has an idea, but no background or resources to support the intended venture

The EAN will provide counseling-only with general knowledge of exporting. Often this client needs a resetting of his or her expectations. General exporting information or materials may be provided, but no other services will be offered at that time.

**Level 1A:** This client may have an established company or is in the start-up phase with the hope to export, but no previous experience. The EAN can verify either the business or the product/service to export, but there have not been any export sales.

Counseling will still be the focus of the service provided this type of client, but the research will start to be more guided. The EAN may use outside research vehicles or make referrals to third party resources to help the client create an export plan or to solidify the original idea.

**Level 2:** The broadest category, this client represents a passive exporter. This client has a well-established company, and may have had a few sales to foreign buyers, but most often the foreign buyer initiated the contact and there is no strategy to seek additional export opportunities. There may be large gaps of time between export sales.

This client requires in-depth research and analysis to determine if the company is prepared to move from passive to strategic exporting. The full-range of export topics could be covered with this client depending on the company's structure and willingness to think strategically. This client could consume a lot of the EAN's time, but might not necessarily lead to impact as the work is to help them decide if they are going to grow their international sales or not.

This client can be considered for State programs including EIP where an intern can help them do further research into key markets, market readiness, logistics, and compliance issues. Additionally this client can be considered for MAP and IMAGE where there is a defined market that the company wants to or a

specific market-related question that requires in-country knowledge to answer before the company can move forward.

**Level 2A:** This client is either an existing Level 2 client that has decided to create a strategic export plan, or a new client who has asked for assistance because there is a specific market or opportunity they want to use as the catalyst to change their export strategy. Research for this client becomes specific to particular products and markets, and may include looking into country-specific regulations and standards.

This client will be program-heavy with opportunities in a number of areas to utilize counseling as well as State programs. Global Target and Export Success are highly encouraged for companies in this level as the classes will help them with the “we don’t know what we don’t know” conundrum of passive exporters and to make that transition effectively. EIP can be utilized to grow the chosen markets, put an export or compliance plan in to action, establish new distributors or agents, or enhance logistics and marketing opportunities. MAP and IMAGE could be utilized separately or together as the company puts their strategy to action in a specific market. Trade shows and trade missions may be new ventures for this level of client and could require additional support to be successful. Of all the levels this client requires comprehensive and cohesive service from the field to the State as the company will most likely be utilizing all levels of service, but is still developing and implementing their export strategy.

**Level 3:** This client is an advanced exporter who is seeking a specific service or solution to a problem. The company is well established with defined international markets, and often has a solid internal structure for supporting their export opportunities. While this company may be interested in exploring new markets they are most likely looking for more specific assistance such as specific compliance issues, new third party referrals such as attorneys, accountants or web developers. This client may also be seeking assistance for an export problem such as a logistics issue or export-specific financing. This client may have a distributor or agent network, but has decided to enter a new market and would like additional research or assistance in finding those foreign partners.

All State services are applicable to this client with a heavy emphasis on MAP and IMAGE as the company’s history shows both a financial and internal commitment to international sales. Working with the company’s own timeline versus an imposed one is important to building and maintaining a relationship with this company as they are looking at the EAN as an expert consultant rather than an educator. Long-term relationships are preferable and possible with this client though the work may not be continuous but rather come and go as the company reconnects to our services.

Clients can fall within any one of these levels or anywhere in between. It is generally accepted that 75% or more of an EAN’s time is with clients between levels 2 and 3. Almost all economic impact will come from levels 2A and 3 with the understanding that the impact may take over a year to come to fruition at that level and even longer if working with a client from level 1 up.

The spectrum is not meant to create a hard line at which services or program are provided or denied, but rather as a starting point and a verification to the State that through its counseling the EAN has assessed the company. Because client companies are so varied, no one document or assessment tool will ever capture the web of issues the EAN must sort through. Each EAN may choose to use a tool that works for their counseling method without establishing a universal document for all directors. However, directors will classify all new clients within their initial CIC notes and make note of their classification

when suggesting a client for State services. This method creates accountability on the EAN to only move forward clients for State services who they have personally qualified, and lessens the need of the State to duplicate these efforts.

The question of “export readiness” has also been discussed at various times as a means of classification or qualification. The phrase itself implies that a company has not already been exporting, but as previously discussed, the bulk of the work of the EAN is with companies who are at least passively exporting already. For a level 1 or 1A client the idea of a formal export readiness assessment may have merit, and could potentially be used as a screening method for new client who fall within those categories. However, for an established company, regardless of whether that company has been exporting, the tone and manner of assessment could greatly affect the new relationship with the EAN if not handled correctly. Most often the EAN will evaluate the company through the initial counseling session whether it’s in a formal environment, over coffee or lunch or during a tour of the facility. Rarely if ever is the situation going to merit sitting down for a formal assessment with an established company. By no means an exhaustive list, some of the questions an EAN is trying to answer in the initial assessment of a new client include the following:

- What is the company’s tradeable product or service?
- Does the client have a successful domestic market?
- Does the company understand their customers?
- Is there management commitment to international sale? Financial? Personnel? Time?
- Why does the company want to export/grow their exports?
- Are they willing to travel? Work unusual hours?
- Has the company assessed the potential capital investment or financial aspect of exporting?
- Is the company’s website compatible for foreign markets? If no, are they willing to make it so?
- Has there been direct contact or demand from foreign buyers?
- Have they worked with any other trade advisors such as USCS?

The questions are generally asked in the order in which it makes the most sense for that EAN with that company in that moment. Rarely are the questions linear in fashion, and generally the answer to any one question sets-up the next question or line of questions. This stage of counseling is helping the EAN paint a picture about the company, and build the relationship with the client. The most successful EAN/company interactions are built on a relationship rather than a specific transaction. The length and depth of issues faced by exporters means that even where the client has sought out a particular service, most often the client is best served with having a trusted trade partner who they can look to for guidance throughout the process.

For this reason the EAN Directors suggest that in all future interactions, as discussed earlier, the EAN will conduct the evaluation of the company and place that company on the spectrum setting up which state services are available at that time. Moving a client through the spectrum will require justification as will asking for a service generally reserved for companies further along the spectrum. Specific qualifications for each program will be discussed below.

**HOW DO THE STATE PROGRAMS FIT INTO THE WORK IN THE FIELD? What can we do to strengthen the relationship between the two sides of the Export Assistance Network?**

Programs: The ability of the EAN to offer specific programs that offer actual financial savings to clients is one of the most important tools used in the field to help companies. The common response from companies who have worked with other organizations for trade support is that the cost is too high, or the return is not definable. Keeping each program currently offered by the State healthy, efficient and available is a top priority for the EAN Directors. Because changes to the programs happens outside the daily work of the EANs the key to everyone's success is open an honest communication from inception through closure of each programs' fiscal year.

**a. Market Access Program/International Trade Representatives**

The ability to offer to a client no-cost international trade services sets the Ohio EAN apart from many other similar programs. In order to more fully understand the program both for what it has been and what it could be moving forward, we suggest that the following types of projects are applicable to MAP and should be used as a guide moving forward:

- Entity Searches: This includes distributors, agents, sales and HR support both in unqualified and qualified searches. This particular projects should be for level 2 or higher companies where a new market or opportunity has been identified and evaluated.
- Industry-Specific Market Research: This must be a highly defined project that falls outside the realm or comfort level of the referring EAN. This could include a site visit or other support that can only be accomplished in-country.
- In-Country Visit/Trade Show Support: The relationship of this type of support to IMAGE will be discussed more in-depth below.

Additionally, the types of companies utilizing MAP should be defined by the EAN using the client spectrum, and it is suggested that as a further qualification, the EAN will not put forth a company for MAP unless there has been an on-site visit at the company by the EAN within the last six months. Given the process already outlined for qualifying companies, this extra assurance will remove the need for the State to further qualify the company and can focus on the program and project qualifications.

Further, if not already a standard we suggest that companies only be allowed to apply for MAP through their local EAN. No company or organization should receive funds, or have a project via the MAP consultants who has not been qualified and referred by an EAN. This will ensure consistency and fairness in the allocation of State funds for these purposes as well as keep all companies benefitting from the State funds within the reporting process and systems utilized by program.

Where there is a desire to use State funds to support projects outside this traditional pattern we suggest a process briefly used by the State whereby a certain amount of money is allocated for 3 projects a year that will receive State funding. EAN Directors may apply and receive approval from the State to organize a trade mission to a certain region, or support a specific trade show. In the past, this money was allocated to assist the local EAN to travel with the companies and cover other ancillary expenses that could include the fees for market research with the chosen international market representative. The EAN would have the ability to raise additional funds via participations fees, sponsorship, or use program income to fully fund their program. The last time this idea was promoted, each project was eligible for up to \$10,000. A key to this program

is that an EAN Director sponsor and apply for one of the three approved programs, and travel with the companies. The EAN then benefits from the counseling hours leading up to, during and after the trip, the companies receive hands-on support from the EAN, and the reporting and impact is centralized and easier to track.

The bulk of the discussion surrounding MAP lead to more questions. The program has been run at different times with varying levels of communication between the State and the EAN offices. Without more information about how the program runs it is difficult to understand where there are strengths and weaknesses. Based on what has been provided as well as historical data we offer the following questions for further discussion and explanation as well as ideas for strengthening the program:

#### Questions:

- Why is MAP not managed more like IMAGE where the total amount of money for the year (or more appropriately per international office) is disclosed at the start of the year with a running tally throughout? If the EAN Directors were aware of the funding to each and how it is being spent then we can better track the number of projects we have in the pipeline and time them accordingly.
- How much does each foreign office charge the State? Are they consistent in their fees? Is there an analysis of which types of projects are the most expensive and is it based on number of hours utilized? Are the offices using similar numbers of hours for similar projects?
- Are there further qualifications or decisions made by the State beyond what is being done and/or what has been suggested here before a company is approved for a project? If yes, what are those qualifications?
- Of past projects what were the differences between projects that were approved and those that were not?
- Are there still plans to add to the current list of foreign offices? If so, where are the proposed locations? When will that be decided and by whom?

#### Ideas:

- Tiered Approach to funding: two options 1) Based on company designation on spectrum or on type of project (each level and/or type of project gets a certain amount of subsidization) or 2) Based on the amount in the program divided by a projected number of companies – aligned like IMAGE where each company can apply for up to a certain amount in funding for the year for MAP.
- Do not directly or implicitly tie MAP to IMAGE. Rather than require MAP for IMAGE to cover travel decide on standards for whether IMAGE will or will not cover travel expenses but tying it so directly leads to companies only using MAP to get IMAGE rather than as a valuable service in and of itself.
- MAP should create an incentive to travel but NOT be conditioned on the company travelling. Some companies bring their foreign buyers or partners here rather than go there, or plan their meetings for domestic trade shows etc. Requiring foreign travel at all, let alone within an arbitrary time frame will hurt the program in the long run. The companies should have a

willingness to travel, but forcing or encouraging travel that does not otherwise have a purpose will turn companies away.

- The timeline for projects should be based on the type of project proposed as well as the timeline the company brings to the project rather than an arbitrary designation of two months. Some companies will need to plan out much further than two months and some projects will come up with a tighter time frame.

**b. IMAGE**

Much like MAP, the IMAGE program is a hallmark of the EAN and provides a tangible incentive for companies to work with the network. Its use across the network is widespread, and although the past year or so has seen a push to tie IMAGE to MAP, the network believes this is not necessary and has, in fact, caused some unintended negative consequences as discussed above. Because IMAGE is regulated not just by the State, but by federal guidelines we recognize that there is little that can be changed, and so instead offer a few thoughts on how the program has been working and how we might further integrate across the network

- Provide increased visibility and awareness of the field offices in the marketing, the application and throughout the project.
- Continue to check Center IC before contacting an IMAGE applicant. The relationship established with a new client may take a long time to build, but a miscommunication from the field and/or the State can damage it quickly when companies are sent information that looks like we don't communicate.
- One area of continued concern is the collection of Impact. If a company is actively working with an EAN how does the impact reported from the company via IMAGE get reported? Companies often do not want to fill out multiple surveys and think that if they fill out one official form they do not need to do others. Often this means the EAN does not get credit for impact because we did not coordinate on the forms.

**c. Export Internship Program (EIP)**

The Export Internship Program allows companies to receive another tangible benefit from working with the State. For a level 2 or 2A company, utilizing EIP could allow them to transition further along the spectrum and make decisions that could ultimately lead to the utilization of other State services. The following questions and comments reflect the few areas where the field has little to no interaction with the program until or unless there is an issue. The more the field can be integrated into processes before they are decided, the less likely the chances of there being issues once the programs are out in the companies.

- Can there be more transparency or inclusion of the field in the company/intern selection process? Several companies each year comment that they want to or choose not to take part in the program because they have no interaction with the students prior to a match being made.
- What is being done to encourage or require students to take placements across the State? Why do some companies in some regions get multiple interns while other companies get rejected from the program? It is difficult to continue to recruit for the program if year over year it feels like only a few areas get the attention.
- Who "owns" the program? OSU? DSA? Who makes the ultimate decisions regarding placements/new locations/procedures etc?



- A part from the planned addition of Cleveland State in the 17/18 school year, where is the next projected location? Are there written guidelines or parameters for any institution considering the program? Who gets to decide if a new location is selected or not?

### **Looking Forward**

No program or process that operates across as large a territory as the State, or with as many different types of partners can function in perfect harmony at all times. However, at the core of what we all do is the desire to help small and medium sized companies grow their businesses via international sales. Each EAN will accomplish this task with a certain amount of individualized counseling, utilization of State programs, and reliance on local and regional resources. That being said, as we move beyond past issues or complications, the future of the program is bright and filled with opportunity to strengthen what works, grow what shows potential, and revise what has fallen behind. Most of the suggestions and questions have already been addressed, but there are a few areas that are more about the network as a whole rather than a specific program that are addressed below.

- SBDC/EAN Connection: With the integration of the EAN into the SBDC grant process we hope that there can be greater integration in fact (rather than just on paper) and cross marketing and support. As an example, the EAN territory map has not been shared with the network in some time, but when last shared, and in the last grant cycle, EANs who cross multiple SBDC territories are often splitting that territory with another EAN. For example, the Cleveland and Toledo EANs split the Terra State SBDC counties. In future maps we hope that SBDC territories are not divided so the EAN can develop a fuller relationship with that SBDC and there can be greater consistency in the referral process.
- Additionally with the SBDC, the reason for why the EAN is within the SBDC grant, but does not report up to the SBDC management in Columbus has never been fully explained. The roles at the State level, the authorities or tasks of each role and their connections to the SBDC, and the field have never been fully explained, but doing so would alleviate the stress and strain of reporting and communicating via proper channels when there is an issue.
- Transparency and Open Communication: If a program or service is to be implemented by the field, then our hope is that we can be included in the discussion of any changes or alterations before a decision is made. Whether this includes the contracts with our foreign partners, directives from the SBA, or budgetary issues, the sincerest hope is that we can act as a network of individuals with great talent and experience to create the best program possible. To do that the EAN Directors will more regularly meet and communicate, establish a process for bringing to the State issues and concerns, and we ask that the same be offered in return.

Parting thoughts: Across this entire discussion, the defining comment that we hope to impart is that when out in the field, regardless of what we brought to this position or what resources we have at our disposal we all want to offer the best and most appropriate service for that particular client. We do not consider ourselves sales people, but rather consultants, there to advise, encourage, and direct our clients to grow and excel at international business.

We hope this document acts as a starting point to an in-person discussion on the specific questions asked, but also can be used to build an on-boarding process for future members of the network.

# Export Assistance Client Spectrum

