

2010 Small Business Exporting Survey



Foreword

Since 1937, the National Small Business Association (NSBA) has been the nation's leading small-business advocate. Through our collaborative work with the Small Business Exporters Association (SBEA), a council of NSBA, we are pleased to provide the *2010 Small Business Exporting Survey* on the state of exporting for America's small-business owners. Celebrating its 20th anniversary this year, SBEA is the nation's chief advocate on all issues affecting small U.S. exporters.

As part of NSBA's mission to address the needs and represent the concerns of the U.S. small-business community, we conduct a series of surveys and quick polls throughout the year. In addition to our semi-annual Economic Reports, NSBA routinely surveys our membership on key issues ranging from health care to credit cards. Exporting remains an untapped marketplace for small businesses, making this survey a critical tool to determine the costs and challenges to current and potential exporters.

The economic difficulties over the past two years, coupled with ongoing outsourcing, have put small businesses at a distinct disadvantage in the global economy. NSBA and SBEA have been urging for decades that more must be done to support the needs of small businesses that engage in exporting. SBEA has crafted and advocated for a detailed agenda that will bolster small- and mid-sized exporters. In recent weeks President Barack Obama and his administration announced the National Export Initiative which is designed, among other things, to enhance exporting opportunities for small businesses.

NSBA and SBEA are hopeful that this survey will identify some of the most significant challenges facing new and existing exporters. Given the specter of a jobless economic recovery and lagging consumer spending, exporting holds many opportunities for small businesses during the domestic economic malaise, and supports long-term domestic growth and job development.

Among the various findings, the survey shows that of those small-business respondents not currently exporting, the largest barrier is a perceived lack of exportable products and services (49 percent). Thirty-eight percent of non-exporters said they don't know enough about exporting and aren't sure where to start. Twenty-eight percent cited concerns over getting paid from a foreign customer. When asked whether they would be interested in exporting if some of these concerns were addressed, 43 percent said they would.

Among current exporters, the chief concerns include their ability to get paid and the complexity associated with exporting. On average, business sales from exporting accounts for 19 percent of overall sales. The majority of small exporters rely on earnings and savings of their business to finance exporting—not bank loans or government-backed programs. The overwhelming majority, 96 percent, of small exporters handle exporting operations within the company—only four percent use an export management company.

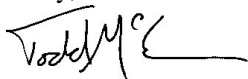
There is a vast difference between non-exporters and current exporters regarding their knowledge and utilization of government programs. Among non-exporters, the most widely-known program that can help with exporting is Small Business Development Centers. For those currently exporting, the most widely utilized government resources include finance assistance, availability of information, and connecting U.S. businesses with foreign customers through a variety of resources, including trade missions.

When it comes to government policy, the top three issues cited by small-business respondents as a way to help are tax incentives for small exporters, enhanced export training and technical assistance, and a competitive U.S. dollar exchange rate.

The 2010 Small Business Exporting Survey was conducted March 1 through March 5, 2010 among 250 exporting and non-exporting members of NSBA and SBEA. Though small business exports represent less than five percent of the GDP, with aggressive support from the U.S. Government this contribution would be significantly increased.

We hope this survey provides you with useful information on small business exporting.

Sincerely,



Todd O. McCracken
NSBA President



Susan Corrales-Diaz
SBEA Chair

Demographics

1. How many employees do you have?

0-10	46%
11-24	21%
25-50	14%
51-100	9%
More than 100	10%

2. In what region is your business based?

South	23%
Great Lakes	16%
Mid West	15%
Mid Atlantic	14%
Pacific	14%
New England	10%
Mountain	8%

3. What was your gross sales/revenue for your most recent fiscal year?

Less than \$100,000	13%
\$100,000 to \$500,000	15%
\$500,000 to \$1 million	13%
\$1 million to \$5 million	30%
\$5 million to \$25 million	20%
More than \$25 million	9%

4. How many years has your business been in operation?

Less than 1 year	1%
1 - 3 years	4%
4 - 6 years	6%
7 - 10 years	12%
11 - 15 years	13%
16 years or more	64%

Demographics

5. What industry is your business in?	
Manufacturing	22%
Other	17%
Construction	10%
Retail	7%
Engineering	7%
Consulting services	7%
Distribution/Sales	6%
Finance	4%
Distribution	3%
Transportation	3%
Health care	3%
Software	2%
Insurance	2%
Real estate	2%
Farming/Agriculture	2%
Printing and Publishing	1%
Legal services	1%
Government/Public policy	1%

6. Have you ever sold merchandise or services to a customer outside of the U.S.?	
Yes*	52%
No	48%

*This figure is much higher than the national norm due to survey respondents being NSBA and SBEA members.

Among Those Not Currently Exporting

7. Would you be interested in selling merchandise or services to a foreign customer in the future, if some of your concerns could be addressed?

Yes	43%
No	57%

8. What do you consider the main barriers to selling your goods and/or services to foreign customers?

I don't have goods and/or services that are exportable	49%
Don't know much about it and not sure where to start	38%
I'd worry too much about getting paid	29%
Too costly	27%
It would take too much time away from my regular, domestic sales	17%
Can't get financing to offer foreign customers	7%

9. Which of the following government exporting programs have you heard of?

Small Business Development Centers	64%
Trade Missions	34%
U.S. Trade Representative's Office	33%
SBA export lending programs	29%
U.S. Department of Commerce export assistance	27%
U.S. Export-Import (Ex-Im) Bank financing	22%
U.S. Department of Agriculture assistance/financing	19%
U.S. Export Assistance Centers (USEAC) in major cities	18%
U.S. Department of Commerce Gold Key Program	8%
Export assistance by Small Business Development Centers	8%
Export promotion programs offered by my state	8%
U.S. Commercial Service personnel in U.S. embassies abroad	8%
Overseas Private Investment Corporation loans and insurance	7%
District Export Council (DEC)	6%
Bidding on projects funded by multilateral organizations	3%

Among Exporting Small Businesses

10. What percentage of your business sales is from exporting?

Less than 10 percent	52%
10 to 20 percent	21%
21 to 50 percent	17%
More than 50 percent	10%

11. How many years have you been exporting?

Less than 5 years	22%
6 to 10 years	24%
11 to 20 years	25%
More than 20 years	18%

12. How many countries are you exporting to?

Less than 5	54%
5 to 10	25%
11 to 20	11%
More than 20	10%

13. Who manages the bulk of your exporting activities?

My staff manages it	56%
I do it myself	40%
I use an export management company	4%

14. What is your primary method of financing your export operations?

Earnings/savings of the business	62%
Traditional bank loan, no government program	17%
Credit cards	15%
Ex-Im Bank loans	4%
Personal savings	2%
SBA loan	0%

Among Exporting Small Businesses

15. The top ten countries to which small businesses are exporting

Canada	16%
UK	10%
Germany	5%
Australia	4%
France	4%
Japan	4%
Mexico	4%
China	4%
Italy	2%
Russia	2%

16. In the last 5 years, has your business experienced an increase or a decrease in your export volume?

Increase	46%
Decrease	27%
No Change	27%

17. If you incurred an increase or decrease in export volume over the last 5 years, how much was it?

Average Increase	37%
Average Decrease	48%

18. What is the single largest challenge to selling your goods and/or services to foreign customers?

I worry about getting paid	26%
It is confusing and difficult to do	24%
I have limited goods and/or services that are exportable	18%
I can't get financing to offer foreign customers	14%
It is very costly	13%
It takes time away from my regular, domestic sales	5%

Among Exporting Small Businesses

19. Approximately how much time did you have to spend up-front before engaging in exporting?

A little time (a few weeks)	43%
A fair amount of time (a few months)	29%
A lot of time (several months)	18%
A year or more	10%

20. Roughly what percent of your annual operating revenue did you devote to getting ready to export?

Less than 5%	60%
5% to 10%	21%
11% to 20%	8%
More than 20%	11%

21. Which of the following government programs have you taken advantage of?

U.S. Department of Commerce presentations or websites	62%
Trade Missions	34%
Export-Import (Ex-Im) Bank financing, through a commercial bank	30%
Exporting assistance offered by my state government	28%
A U.S. Export Assistance Centers (USEAC) in a major U.S. city	26%
U.S. Commercial Service personnel assigned to U.S. embassies abroad	26%
U.S. Department of Commerce Gold Key Program	18%
SBA export lending programs, through a commercial bank	12%
Exporting advice from a Small Business Development Center	12%
Exporting advice from an SBA District Office	10%
Overseas Private Investment Corporation (OPIC) financing, directly or through a commercial lender	8%
Bidding on foreign projects funded by multilateral organizations/banks	8%
U.S. Department of Agriculture exporting assistance and/or financing	8%
Ex-Im Bank's Medium Term Delegated Authority loans	6%
The District Export Council (DEC) in my area	6%

Export Policy – Among Both Current and Non-Exporters

22. What types of federal government support for exporting would be most useful to you and your company as an exporter or as a potential exporter?

	All	Exporters	Non-Exporters
Make more export training and technical assistance readily available to small-business exporters	50%	45%	59%
Maintain a competitive U.S. dollar exchange rate	47%	45%	51%
Establish export tax incentives for small exporters	43%	49%	36%
Make sure foreign countries don't violate their trade agreements with the U.S.	36%	31%	44%
Help exporters with the protection of their intellectual property	36%	40%	31%
Have a strong small business advocate within the U.S. Trade Representative Office, which handles trade negotiations with other countries	34%	28%	41%
Increase assistance to small businesses seeking to establish joint ventures in foreign countries	32%	27%	41%
Negotiate and pass additional Free Trade Agreements	27%	23%	33%
Helping states promote exports	26%	24%	30%
Have loan officers available around the country who can underwrite SBA and Ex-Im Bank export loans	25%	22%	30%
Modify the Export Control laws	24%	30%	15%
Pass the pending Free Trade Agreements (e.g. US-Colombia, US-Panama, etc.)	22%	22%	21%
Reduce fees on "Gold Key" services overseas, to help U.S. sellers find foreign buyers and distributors	18%	19%	16%
Expedite the visa process for visiting foreign buyers and distributors of U.S. products	11%	11%	12%

23. Are you familiar with any of the administration's recent proposals to enhance exporting opportunities?

Yes	20%
No	80%

24. If yes, will they help you start or expand your exporting operations?

Yes	5%
No	38%
Not sure	57%