

**Webinar, “Taking Your Business Global with Help from the SBA”
January 23, 2020**

Coordinator: Welcome and thank you for standing by. At this time all participants will be on listen only for the duration of today’s conference. Today’s conference is being recorded. If you have any objections please disconnect at this time. I’d now like to turn the meeting over to your host Miss Wendy Peebles. You may begin.

Wendy Peebles: Thank you operator. Good afternoon everyone. My name is Wendy Peebles, Lead Outreach Coordinator, Census Bureau, Economic Management Division. Today’s webinar topic is, “Helping Small Business Go Global.” With me today is David Glaccum, Small Business Administration, Office of International Trade.

The Census team is happy to host this webinar to bring you valuable information on programs and services on global business opportunities.

First I’d like to start by thanking everyone for joining today’s webinar. We have an informative webinar planned and I would like to go over a few items before we start. The webinar is being recorded and for confidentiality reasons we ask that during the question and answer period that you provide only your first name and do not disclose your company’s name or any sensitive information.

For today’s webinar questions will be submitted via the chat feature only. The presenters will address as many questions as possible during the webinar. The contact information will be provided for further follow up. A few days following the webinar the transcript, recording and presentation will be posted

to the census Web site at www.census.gov/foreign-trade. Look for a message through the chat providing the Web site information.

Now we're ready to begin with the subject matter for today and I welcome David Glaccum.

David Glaccum: Thank you Wendy. This is David Glaccum, Associate Administrator, the Office of International Trade at the U.S. Small Business Administration. And thank you for everybody who is joining us and thank you to our panelists who we'll be getting to in a few moments.

But at the top I would like to note that as Wendy mentioned we will be taking Q&A at the end. But if you have a question that is not addressed in that Q&A please do feel free to submit that question to our email inbox which is international@sba.gov. Again, that's international@sba.gov. You'll probably hear me note that a couple times throughout but we just want to make sure we are responsive to all questions even if we can't get to them on today's call.

So with that we'll turn towards our agenda. So SBA has the mandate and responsibility to help U.S. small businesses to grow their revenue sales and in turn grow our U.S. GDP through trade. This is our first webinar designed for an audience of you, small businesses exploring growth through international sales. By the end of today's webinar I hope you're further energized to pursue global market opportunities and understand how SBA can help you find success on that international path to growth.

We'll showcase a fellow small business export success story who will share her story and how her company got into exporting. You will also hear from some international trade experts who will help explain how to get help from

the SBA for your global growth. And we'll answer as many of your questions as we can and make sure you know how to reach us after the call.

And for all of those small businesses that signed up for a follow up meeting with an SBA export finance manager when you registered for this event, we will be in contact with you soon. And I'd like to apologize before I move on. I know one of the slides on the presentation is a little off but sorry for the technical difficulty.

First I just want to provide you all with context as to why it's in your interest to export. We live in a trade driven economy. Ninety-five percent of the world's consumers and 2/3 of all purchasing power are located outside of the United States. Today 58% of the world's \$80 trillion economy represents a \$46 trillion market opportunity for businesses involved in trade.

But most of the benefits currently are captured by larger businesses. The revenues of Fortune 500 companies enjoy growth rates at twice the level of U.S. GDP in part due to the benefits of reaching markets outside the United States. That's an opportunity lost for most small businesses.

Because the U.S. economy is so large U.S. small businesses often overlook the opportunity represented through global sales. Did you know that nearly 98% of American exporters are small businesses accounting for a third of the United States \$2 trillion export value? And exporters experienced greater business growth. They're more financially stable, expand faster and create higher paying jobs than their non-exporting competitors.

Exporters are also more resilient as they reduce their dependency on a single market stabilizing their sales and staying in business longer. As a senior leader in the SBA I'm motivated to move the needle so that more U.S.

businesses grow sales through exports because I want our economy to be stronger and our U.S. small businesses to be stronger.

As for you as a business I hope you're motivated to reach some of the millions of potential new customers that await you in the global marketplace. But at the SBA we're certainly aware that there are issues that may cause concern for small businesses preventing you from seeking out international customers.

So what might be holding you back? Between 1/3 to 1/4 of small businesses point to not knowing where to start. Believe that regulatory environment is too complex or found it difficult to get export financing. Fortunately the U.S. Small Business Administration has solutions to each of these obstacles that you're going to learn about today from a team that works at and with the SBA.

But first before I get to any of the experts I want you to hear from one of your business peers. I'm very pleased to introduce Natalie Kaddas, CEO and President of Kaddas Enterprises Incorporated. I had the privilege of meeting Natalie last year when I visited her manufacturing facility in Salt Lake City, Utah. So with that Natalie I'll turn it over to you to introduce yourself and describe your company. And then we'll get into some questions and answers for the audience.

Valerie Kaddas: Thank you David. Thank you for the opportunity to be here. I'm really honored and excited to tell you a little bit about who we are and how we got into exporting. So Kaddas Enterprises we're a second-generation family business in Salt Lake City. We are a 54-year-old company. And we are a thermal form plastic manufacturer. We make products for the energy sector primarily to prevent - to cover and prevent animals from causing power outages.

So what a lot of people may not realize 25% of all power outages are caused by animals. And the economic impact of those power outages is in the billions of dollars. So my goal is simple just to eliminate 25% of all power outages. And we got into our global strategy by following migratory patterns and following the birds of prey.

David Glaccum: Yes I love that. And for anybody - and thank you Natalie. Before I get to my first question. Again as I mentioned at the top I did go, get to visit them, and it's one of the more fascinating companies I've had the pleasure of visiting and really identified a market need and is growing. So if you wouldn't mind and you touched on this a little bit. But if you could tell us a little bit more about yourself before you became President and CEO of Kaddas Enterprises.

Natalie Kaddas: Yes happy to. My background I started in the hospitality industry working for Marriott and the Ritz Carlton for about 15 years. In 2008 I decided to step away from the corporate life and try my hand at entrepreneurialship and opened a coffee shop. But as a lot of people remember 2008 was not great economic times. So it was a difficult transition. And I looked to the family business to help subsidize the income for the coffee shop.

David Glaccum: So whenever you switched over to the family business what motivated you really to take that on and what at the time was your business doing? What were they good at?

Natalie Kaddas: The company was very good at thermal forming. But it was being run by my in-laws. And they were very strong and resilient. But they were ready to retire and they didn't - again it was tough economic times. So they didn't really know where to turn and asked if I could help out. So I knew that I brought in customer service and the company was good at thermal forming.

So I said let's go talk to our customers and let's see what it is that they need from us.

David Glaccum: And so as I mentioned before we turned to this panel, you know, there's a lot of information out there that causes worry for companies as they look to export. So when you took on the business what worried you the most and then also what led you to consider exporting as a path to growth?

Natalie Kaddas: When I took on the company I didn't know much - I didn't know anything about manufacturing. Again I'd been part of the family for many years. But it was my in-laws who had been running the company. So there was a lot of additional pressure from just trying to succeed and make the family proud. It was never spoken but I certainly felt it. So that was, a worry was kind of don't screw this up.

And when we looked to consider exporting I was really spending some time looking at our competitive landscape. We have some steep competition from some very large companies. And they had a lot of reach. But what I noticed was domestically they had some very strong relationships. But internationally the opportunity was wide open. And again, you know, when I decided that okay let's look internationally and where could we focus I just looked at migratory patterns and where would our birds be flying. And they don't follow borders so I don't think I should either.

David Glaccum: Absolutely I agree follow the bird. When you - what did you face or did your company the Kaddas face challenges that businesses typically do with exporting that we mentioned on. And if you could touch on how you figured out where to start, how you found customers, the regulations, financing and et cetera.

Natalie Kaddas: My first concern was just trying to get the reach and try to understand if there was opportunity out there. As a small company we don't have the marketing dollars that other large organizations had. So we looked to the, some local resources. And we looked to the World Trade Center Utah. And attended a trade mission that was led by Governor Herbert to Israel. And that was in 2013.

The opportunity that provided was some - it opened doors. We partnered with the U.S. Commercial Trade Service and utilized the gold key services to help us set up meetings through the Commerce Department. And we found that yes there is a need and there's an opportunity for us. So we participated in that trade mission. We participated in several trade missions since then. And every one of them has been beneficial beyond what I could have expected.

David Glaccum: That's excellent. And for all the listeners we are going to hear from the Head of the Utah World Trade Center to talk about his side of this. And we'll discuss further some of the uses of the SBA Step Grant that Natalie just mentioned.

So in addition to World Trade Center Utah were there any other avenues you pursued or any other areas you went for, for help?

Natalie Kaddas: Absolutely. So we again with the World Trade Center Utah, the SBDC - the Small Business Development Center. We participated in a lot of SBA seminars learning about EXIM bank, learning about the financing opportunities. We partnered with the Chamber of Commerce, the U.S. Commercial Trade Services. And I'm an alumni also of the Goldman Sachs 10,000 small businesses.

So I was surprised by the number of available resources that are available and out there for small businesses. But you have to be willing to ask, you have to attend the conferences, the seminars and you have to be willing to learn.

David Glaccum: Great and yes so (inaudible) and we'll talk about some of these resources. But again for all the listeners we'll discuss some of the things that Natalie just mentioned. But if you do have questions coming out of the things she asked you can either submit them through our chat or also at international@sba.gov and we will get back to you.

So as you were moving into a new business or taking on a new business and you were trying to get and growing in the export market, what was the riskiest decision you made and how did it turn out as you sought to grow your business?

Natalie Kaddas: Well one of the riskiest decisions that I've made was we had outgrown our manufacturing facility. So we were looking to build a new facility - a 50,000 square foot facility. And we were looking at land and working with a developer as well as the SBA to get the funding, the financing and that took some time.

Through the project I noticed our projections were shifting. And I felt very uncomfortable. So I met with my board of directors and I walked away from the entire project at the very last minute. So we definitely took some losses. But within a year we had completely recovered and moved into a 90,000 square foot facility.

So when I think about the risk, small businesses face risks every single day. It's are you willing to pivot and are you willing to learn from that. And I saw

that as an opportunity that I was maybe moving in the wrong direction. Still utilizing all of my resources but just pivoted and went in a different direction.

David Glaccum: That's excellent. And for all the small businesses out there thinking of the same stuff whether it be expansion or otherwise you will hear about some of the additional resources from the U.S. Small Business Administration as well as some of our other federal and state partners we can talk about.

You mentioned earlier Natalie working with the Utah World Trade Center. And I know we're going to hear from (Miles) at the World Trade Center. But when you got, or learned about the Step Grant Program that is from the Small Business Administration, how did that - first of all what did that entail for you, how did you use the Step Grant? How did it help you and was it hard? Was it something that was difficult to take advantage of or fairly seamless?

Natalie Kaddas: No it was a very simple process. You do have to be ready and prepared internally to go internationally and to go globally. But we were at that stage. So I learned about the Step Grant Program through the governor's Office of Economic Development. We have participated and gone on six different trade missions. And that Step Grant has helped offset our travel expenses as well as some of our marketing costs.

So it's been really simple to use. But again the application process there's some detail to it. But it helps you walk through and understand if you and your organization are ready to take the step. And I found that to be very helpful.

David Glaccum: I appreciate that. Yes a lot of people hear about programs that could help them but are concerned that there might be too much involved and therefore don't take advantage of it so thank you for highlighting how you did. Could

you tell us now that we've kind of - you've switched careers, you took on the family business, you took some risks so that you can grow, you took advantage of some programs so you could get into international markets and grow, could you tell us about the impact these export sales have had on your company and how Kaddas export sales grew as a percentage of total sales and what this has meant for you all overall as Kaddas has grown.

Natalie Kaddas: Yes I'd love to. So since 2013 is really when we started our exporting and global initiative. We have grown our international revenues by 750%. Now our products are very specific and we are a very niche market. So they're part of capital expenditures. So, it hasn't been linear but we're growing year over year and I'm very excited about that.

Our international revenues have been as high as 25% of our overall business. And we've been able to double our staff and as I mentioned triple our capacity. So we're in a great position to grow. And I'm excited to continue down this path.

David Glaccum: So that's a perfect example. Natalie and Kaddas Enterprises is a perfect example of some of the statistics I mentioned in the earlier slides of taking advantage of international operations to grow your overall business, double your staff as you did, increase your capacity and continue that as a growth market outside of just selling to the United States.

So I have one final question before we move on to some of our other panelists and just what do you see as the future path for Kaddas Enterprises?

Natalie Kaddas: We are looking at new markets. So we now have representatives in three different countries. We're attending some new trade shows that include aircraft interiors because our thermal plastics can also be found in the interior

of an aircraft. So we're going to the Farm Bureau show this year with the help of the World Trade Center. And we're also doing a pilot project for our bird guard products in Kenya to cover some power lines down there for the Power Africa Initiative. So we're really excited to help prevent 20% of the world's power outages.

David Glaccum: And I am more than excited for you all to accomplish that. So for all the small businesses listening you heard a success story of a company that was domestic focused and now has grown exponentially through international sales. And we hope everybody listening can take advantage of some of the resources you're going to hear about to continue to do that. So Natalie thank you and for anybody who has a question for Natalie on the call please submit it via the chat and we'll try to get to as many as we can at the end of the program.

But, now I'm going to move on. And just talk a little bit more about what the SBA can do before we get to some of our panelists. So at the Small Business Administration we want every business to know that we have solutions to each of the main obstacles you may face in selling to international customers. Namely advice and counseling for businesses that don't know where to start or are worried about complex regulations. And again in addition to this call you can submit questions outside of the context of this to international@sba.gov. And we do have staff that monitors that inbox.

We have grants to cover costs associated with finding international buyers who are entering new foreign markets. And you heard a little bit about that and how Kaddas Enterprises was able to take advantage of it. And we'll hear from an implementer at the World Trade Center Utah who actually receives a grant and then helps small businesses. And then we have loans tailored to provide export work in capital, business expansion or other costs associated

with international operations. And you will hear from one of the SBA export finance managers who operates out in the field and helps work with both small businesses and lenders to secure financing to grow export sales.

Before we turn to the grants or the loans I'd like to introduce Sarah Bonner who's a Senior Adviser in the Office of International Trade here at headquarters in Washington, D.C. with me. She's a passionate advocate for small businesses -- done a tremendous job working to ensure that U.S. trade policy is supportive of small businesses.

And right before I turn it over to her I would note the inbox I keep mentioning international@sba.gov she's one of our lead staff that manages that and will be able to provide you information to your questions either today or a follow up via that email. So with that Sarah I'll turn it over to you.

Sarah Bonner: Thank you David. I've worked for SBA for the last three years. And my job is to help U.S. small businesses find out where to start, how to get help and navigate complex regulations. My specialization is trade policy. I've represented U.S. small business interests during trade negotiations. Whenever possible I want to negotiate to avoid or remove overly complex regulations that make it hard for small businesses to export. I also counsel small businesses in groups or one on one and help business owners find advisors from within the Small Business Administration.

Recent progress on free trade agreements present an opportunity for small businesses that I hope you'll explore because these trade agreements reduce risk and increase predictability. We welcome the opportunity to help more small businesses prepare to take advantage of the new U.S., Mexico, Canada agreement, explore opportunities to increase exports of food and agricultural products under the U.S./Japan trade agreement which is now in force and

amplify small business' input in trade policymaking and trade negotiations. A trade agreement represents a legal commitment between two or more countries that reduce risk and increase predictability for small business traders.

SBA offers business advice you need to get started. Often the first place for a business to go is one of our four networks spread across the United States to provide businesses with local advice and counseling. At any stage your business can take advantage of our nation's largest network of volunteer business mentors throughout Score. This non-profit association comprised of over 13,000 volunteer business counselors provides invaluable mentorship in person, by email or over video chat.

Additionally from startups to growing firms, SBA supports more than 900 small business development centers hosted by institutions of higher education and some state governments. SBDC business counselors provide free business consulting and low-cost training. There are counselors that are certified in international trade in each network that can advise on export business plans and trade.

Similarly small businesses can receive more hands-on and tailored assistance from women's business centers, veteran's business outreach centers within their local SBA resource network. From questions getting started, finding the right government resource referral or dealing with specialized trade needs SBA's Office of International Trade maintains an international trade ombudsman hotline service. And we are very happy to answer your questions about specific trade issues. Just call or email. The information will be provided on the last and we'll respond within 48 hours.

David Glaccum: Thank you Sarah. And so as I mentioned, I've mentioned throughout, but the key takeaway message there that Sarah touched on is that at the Small Business Administration we have business advice to get you started in export. So please reach out and again you've heard me say international@sba.gov will also provide that and other key outreach resources towards the end of the presentation.

But again if you don't have your question answered in this chat or you don't have an immediate question but one pops up please do reach out to us. Again key message is whether it's our office, the International Trade Office or some of our resource partners that Sarah touched on or some of our federal partners that we'll get to towards the end, please make sure you do reach out to us and we will find the answers for you.

So with that I want to turn now and look at our Step Grant Program which you've heard some about. Before I turn to Miles who actually at the World Trade Center Utah is an implementer of the program, I just wanted to highlight what this program does and some of the successes.

So through the Step Grant Program the Small Business Administration supports state's efforts across three main items. One, we want to increase the number of small businesses that export. Two, we want to increase the value of small business exports. And three, we want to increase the number of small businesses that explore significant new trade opportunities. So we want to support you small businesses as you seek out ways to grow your revenue through international sales.

Last year Step helped over 6,000 eligible small businesses with an \$18 million grants to 44 different states and territories and Utah was one of them. And, we'll hear from Miles in just a moment. These businesses in turn reported

sales of over \$500 million. And in fact that number continues to grow as we collect information.

So again it's a high value product and you heard Kaddas was able to take advantage of it, Kaddas Enterprises. But it can put you - not only get you ready to export but put you in front of international buyers so that your products and services can sell overseas.

Each state and territory runs the program slightly differently and as you heard earlier currently there's only 44 states or territories. (Inaudible) a competitive grant. So please visit sba.gov/international to find out if your state or territory currently participates in the Step Grant Program.

So with that I'd like to turn it over to Miles Hansen who manages the Step Program in Utah at World Trade Center Utah to tell us a little bit more about himself, about world trade center network and how he uses the Step Program to help small businesses in Utah such as Natalie at Kaddas Enterprises. So Miles I'll turn it over to you.

Miles Hansen: Great thank you David. And thanks to everybody at the SBA team. They are integral partners for everything that we are doing here in Utah and I'm grateful for the work that's gone into this webinar. I know we have several Utah companies and entities that are listening in right now.

So very quickly I'd like to just explain who World Trade Center Utah is. Like you mentioned David the Step Program is administered slightly differently in different states. And Utah's unique in that regard. And so every state in the country and every territory has a trade promotion aspect to the state government. In most states that's a state agency. And so if you are a small business located in many states and you're interested in connecting with the

Step Grant Program, you likely will be looking at the governor's Office of Economic Development.

Utah's unique in that when John Huntsman was our governor several years ago he realized that we could setup a public/private partnership to better deliver results for Utah businesses to help them grow internationally. And so he setup World Trade Center Utah. And on behalf of the state of Utah we do this trade promotion work. And so that is why we are administering the Step Grant here in the state of Utah.

And we focus on helping Utah companies expand their international sales. We track international investment to the state. And as we're doing that we're working to help promote Utah as a global hub of trade and investment. And as you heard from Natalie Kaddas earlier there's incredible innovation happening across the state from small businesses, medium businesses, and very large businesses.

And so David just to amplify a couple of points that you made earlier about why small businesses listening in should want to prioritize growing internationally. Here in the state of Utah international sales create one in four jobs. International sales lead to \$5 billion in additional revenue for small businesses.

And just to hit on the resiliency point you mentioned earlier David, Brookings did a study that looked at how international trade makes companies more resilient from 2005 to 2009. On average companies who were not engaging internationally saw a decrease in revenue of about 30% whereas those who were exporting and engaging internationally saw their revenue grow on average between 12 and 15%. And so even during tough economic times companies that are engaging internationally fair far better than those who are

not exporting. And that's why we put a high priority here in the state of Utah on helping companies grow and expand internationally. And we do that very closely with the SBA.

And so as we're engaging with Utah companies, like, Natalie described, we do free consultations, market research. We do free business to business matchmaking with potential partners, and suppliers in other markets. And then one of our most important tools is the SBA Step Grant. And so Step Grants are our small grants that we give to companies, high potential companies, to help offset the cost of growing internationally.

And so with those grants companies can receive training on how to identify market opportunities. They can use them to pay for airplane tickets, hotels, costs associated with going to trade shows or participating in trade missions. They can use them to obtain services, to support foreign market entry and do things, like, translate Web sites, design marketing materials that are appropriate for the other market. And so as you can tell this is a very, very broad set of costs that companies can use these STEP Grants to help cover that then help accelerate their international growth.

And just briefly as I wrap up I just want to share a couple of quick examples. You heard from Natalie in Kaddas Enterprises a phenomenal story and a great example of the benefits of engaging internationally and how the SBA Programs can help accelerate that growth.

Another company that we've worked with is ACT Aerospace. They make composite components that are used in aircraft. They're located in Gunnison, Utah. And it's okay if nobody on this call has ever heard of Gunnison because I hadn't either until I heard about ACT Aerospace because it's way out in rural Utah but they do phenomenal work. And as we started working

with them we helped them identify market opportunities, get some of this consultation and market research. We provided them with multiple STEP Grants over a period of a couple of years and their growth has been phenomenal.

They are now expanding their facility. They're creating more jobs. We had them come with us on a trade mission to Tokyo just a few months ago last September. A STEP Grant helped cover the costs of that trip. We got them a meeting with senior leaders of Mitsubishi heavy industry and their aerospace team. The Mitsubishi team just came out a couple of weeks ago. They're now getting very close to signing a contract with ACT Aerospace to manufacture several components, large components of new Mitsubishi planes. If we can get that contract across the goal line it'll be absolutely transformational for the company.

They'll have to grow, put in new manufacturing facilities, create jobs, put them on a whole other tier in terms of where they're operating and how they're engaging with aerospace companies. And without the STEP Grant offsetting these costs, de-risking this growth and its activity over the past couple of years they never would have been in a position to take advantage of these opportunities.

And so for any of those small businesses out there, you know, I'd highly recommend that you engage, figure out who is administering the STEP Grant in your state, what are services and resources are, is the state providing. And then as you engage you'll identify these partners who can help you take advantage of the immense opportunities that await as companies are engaging internationally.

David Glaccum: That's perfect Miles. Thank you. And to his, when Miles mentioned that while I was able to visit Kaddas Enterprises, I was also my last trip out to Utah able to visit ACT Aerospace and their growth through international sales is incredible similar to Kaddas.

So it really is as we've touched on and you heard some of the additional statistics from Miles and some of the independent research there's also a recent report by the U.S. Chamber of Commerce in partnership with Google touching on small business exporter success. So there's lots of information about the growth trends and the high success rate for small businesses engaged in international trade.

So thank you Miles for everything you do for the STEP Program and for small businesses in Utah. But one of the things he touched on and it's the perfect transition into our next panelist Bryson Patterson is the STEP Program can be used and (inaudible) can be used to put buyers and sellers together which in addition to teaching you how to export, learn how to market your product, translate your Web site, all of those things that Miles touched on.

But it can help cover costs for you to take part in a trade show or a trade mission, be it governor led or otherwise. And then on the ground whether it be through the state or through a partner, like, the U.S. Department of Commerce Gold Key Services which you've heard some folks touch on which is a matchmaking activity. They will put you in front of -- and it could be covered in part by STEP -- in front of foreign buyers that need the service or goods you provide.

So that you're not just hoping to hit based on hundreds of meetings you might have at a trade show but they're actually some meetings prescheduled for you working with the Department of Commerce folks in the United States and in

country you'll be traveling to. But with that and we know through some examples and Bryson will talk to them that sometimes it's difficult when you get a big contract to actually absorb that contract because of the cost to fulfill it might be substantial.

And we've actually encountered and Bryson knows this companies that have had to turn away or come close to turning away big export orders because of how fast you go through exports because they didn't think they'd be able to absorb the cost to fulfill those orders. That is something the U.S. Small Business Administration and all our partners never want to happen.

We want you to be able to get that contract using STEP or otherwise and then take advantage of that contract. And we have specific finance programs and finance staff here to help you -- we the SBA -- to help you, so you never have to turn away a deal.

So with that I'm going to turn it over to one of our export finance managers. He covers Utah among other states - Bryson Patterson I'll turn it over to you.

Bryson Patterson: Great thank you so much David. Good afternoon everybody. As David indicated I'm one of 21 SBA export finance managers spread across the United States. I'm based here in Denver, Colorado, and I cover Utah, New Mexico and Wyoming. What I love about my job is helping businesses, like, Kaddas Enterprises and maybe I could even help yours to tap into SBA loans to grow sales through trade.

Over the last seven years I've helped scores of businesses to structure deals with banks using SBA loan guarantees. We know that over 1/3 of all U.S. business exporters find it harder to obtain financing for international sales than for domestic sales. We know small businesses can be forced to turn

away business because they don't have the ability to scale up to meet the international demand.

SBA partners with lenders to offer three different export loan products. These loan products address a range of business financing needs not only for direct but also for indirect exporters. Indirect exporters are those businesses who sell to other businesses - U.S. businesses that then export their products. So think about supply chain right? SBA's three export loan products are helping businesses achieve roughly \$2.3 billion annually in export sales.

The SBAs Export Express Loan Program allows access to capital quickly for businesses that need financing up to \$500,000. You can apply for a line of credit prior to finalizing an export sale or even before visiting a foreign market. Getting your financing lined up ensures that adequate financing is in place before you agree to contract terms.

Small business exporters can use the Export Working Capital Program to fulfill export orders and finance international sales by providing revolving lines of credit up to \$5 million. The International Trade Loan Program can help if your company has been affected by foreign competition and needs to retool or expand to better compete. It can also help exporting firms seeking to expand international sales.

Can you throw up the next slide for me? Thank you. The value of these loans is to provide you a competitive edge as you seek out new customers and service existing clients. Rather than requiring advanced payment from your customers you can offer payment terms that make you more competitive. Rather than depending on your current resources you can use loans to proactively market and expand capacity. You can increase your company's ability to borrow by leveraging your foreign accounts receivable. If your

current bank doesn't offer these SBA loan products we can help you find a lender that does.

At this point I'm going to turn the mic back over to our moderator - Associate Administrator David Glaccum. But before I do I'd like to encourage those listening to reach out to me or one of my colleagues at the U.S. Export Assistance Center. You can find a list of U.S. Export Assistance Centers at sba.gov/international. We'd like to have a conversation with you about your business' export finance needs. Thank you again. David.

David Glaccum: Thanks Bryson. I really appreciate that. And again for all those I mentioned this at the top for all those that did sign up for when they were registering for this event to hear from an export finance manager, like, Bryson or one of his colleagues around the country we will be sure soon after this webinar to reach out to you all and setup those appointments. If anybody else would like it you could follow what Bryson said and reach out directly or you could submit a request to international@sba.gov and we will be sure to have one of our local staff representatives reach out to you.

So before we get into questions and we have some really good questions for all of our panelists so I'm very happy about that. I just wanted to again touch on the key takeaways from the folks you've heard so far on this panel. So for you small businesses first key takeaway SBA offers businesses advice you need to get started. So whether it's Office of International Trade at the Small Business Administration or one of our resource partners, like, an SBDC network, one of our state partners, like, World Trade Center Utah or one of our federal partners, like, EXIM, like, Census Bureau or like the Department of Commerce, we can help navigate that for you and make sure you're in touch with the people you need.

Second key takeaway the Small Business Administration helps U.S. small businesses find overseas buyers with the STEP Program. So with the STEP (inaudible) Grant Program in partnership with the states and territories we can help you become an exporter, prepare to export, market your materials appropriately and actually get in front of foreign buyers.

And then third as you just heard from Bryson we also have financing for international sales with SBA loan guarantees. And we have staff dedicated and specifically there to help small businesses navigate that process, find the right financing to address the needs they may have and then move forward with a lending institution.

So again please feel free and we encourage you to reach out to us afterwards or submit comments during this. But also as you'll see on the screen we have the different resources. The way you can reach out for us there's the toll-free number that Sarah mentioned earlier. There's the Web site, or the email address I've mentioned numerous times international@sba.gov. Please visit the Web site. Please reach out to us either by phone or email and we will be in touch with you. Please, just search, call or email.

So where do we go from here? My message is simple. You've heard me say multiple times reach out to the SBA and see what we can do for your business. Our dream at the Small Business Administration is for all the U.S. small businesses like yours to exceed your own expectations, find energizing new markets and achieve a level of success you never thought possible. So please feel free to reach out and we'll help you get there.

So with that I'm going to turn it over or now I'm going to move into questions and answers. So what I'll do is I'll read off a question and direct it to one of our panelists and we'll get you an answer. The first one - actually the first

two I'm going to go ahead and take because they're directed more closely to me. One, someone asked how specifically they'd find a contact for the STEP in the state of Indiana. So this is very individualized. But Indiana Economic Development Corp is the STEP recipient in the state of Indiana so you can reach out to them directly. But the easiest way would just be go to sba.gov/international and follow that and you'll get the contact information. But it is the Indiana Economic Development Corporation.

And the second one there's a question on whether the STEP Program is there a requirement of a minimum domestic sales. There is not. There are other qualifying materials such as you have a product or service that can be sold internationally so you don't have to be a current exporter. You can be someone seeking exports but there is no minimum domestic sale requirement.

So with that I'm going to turn over - I'm going to do some more questions. This first one Natalie is for you. And so the question is did you start shipping to the 12 countries you mentioned at the same time or gradually and if gradually was there criteria as you were seeking out countries to sell to?

Natalie Kaddas: It was, good question, thank you. That was a gradual process. So we started shipping into first Mexico and then to Central and South America. And then from there we were again following migratory patterns and trying to understand really where the greatest need is for our bird guard products, where would there be potential power outages and where could we go into those entry points.

So it was a gradual process. We're now into 12 different countries and we're continuing to grow. And again we're looking at Germany as well as Africa.

David Glaccum: Excellent. We'll have on, at the end other resources. But U.S. Department of Commerce can help small businesses identify markets for their products and services. So can Small Business Development Centers. So feel free to reach out to one of our field staff our export finance managers like, Bryson or to the numbers and inboxes we've talked about previously. And we'll make sure we connect you with the right folks to help find markets for your products.

So my next question I'm going to turn over to Sarah. And Sarah the question is (inaudible) a 25% China tariff is hurting our acquisition costs and we need SBA to go to bat for elimination of this tariff for small businesses. Can you please touch on how we help small businesses with all tariffs and China specifically? I know you do a lot of work in that space.

Sarah Bonner: Thank you David. First I just want to say that the president is looking to rebalance trade so that it's fair for small businesses and they have an equal playing field. That being said SBA advocates for and assists small businesses through all of the Section 301 tariff process. And decisions we have weighed in for small businesses. And we do look for small business input.

We recommend reaching out to our hotline but also participating in the notice and comment opportunities that are posted on the federal register. Currently there are exclusions for many different products which are posted on the USTR portal as well as the federal register. Those exclusions are not company specific. Any company that fits them may use them. They are generally for one year. And requesting that they continue, that also is not company specific. So watching for those deadlines on the federal register or the USTR portal is one thing that small businesses can do. We do help small businesses identify if there are exclusions that they fit. And again that hotline is a great place to start.

David Glaccum: Yes thanks Sarah. And yes just to emphasize the President and this administration has sought to rebalance trade to the advantage of our economy and our U.S. small businesses. But if you are running into any issues along the way please do reach out to us and Sarah or one of her colleagues will certainly help you navigate all of this and find resources to support your business. Thank you for that question.

Our next question Miles is for you and can you share lessons learned about bumps on the road that you've seen businesses experience when going international?

Miles Hansen: Yes absolutely. That's a great question. And there's no question that going international does entail some risks and challenges. And that's why all these resources we're talking about are so important for small businesses so they can get over those bumps without having more severe, you know, challenges for the company.

And so just a couple that come to mind is sometimes we'll see companies who try to go international too quickly. And they're just getting started out, they don't have a great track record, not a whole lot of revenue. But they want to start engaging internationally. International engagement can be expensive. Contracts can take a little bit longer to get. And if a company doesn't have a track record of success in their home market, then it can make it difficult for people in other markets to want to do business with those companies.

And so when we have companies come to us if we don't feel, like, they're quite ready for primetime, the answer is not, you know, go away. It's okay let's bring you into what you're doing. Let's connect with our partners. And so that's where David the Small Business Development Centers that the SBA has across the country are huge assets to help these companies that they're just

getting started out. And as great as a company has in international objectives and ambitions the SBDC is going to help the companies get setup correctly, get going, get some momentum. And then when they are ready we are a partnership with SBDC. They send them back to us and we can provide our services and the grants and whatnot to help them grow internationally.

You know another challenge that companies face is that international sales can take a little bit longer. And so sometimes it could be, you know, multiple trips or lots of time on the phone, emails building relationships, establishing some credibility as companies in different markets are looking at companies from around the world.

And that's where participating in state organized tradeshows and trade missions could help give a lot of credibility to companies and can help accelerate that qualification process that has to happen with everybody but particularly absolutely it's going to happen when engaging internationally.

So, it's funny as Natalie and I were just talking a few minutes ago about the value for her as she has gone with the governor on trade missions traveling with the support of a STEP Grant. It has been so much easier for her to get the meetings that she needs, open up doors when she is able to say hey here's my company. I'm going to be in, you know, wherever Tokyo with Governor Herbert from the state of Utah as part of his delegation I'd love to meet with you to talk about ways that we can help you grow or help address some of your challenges.

So that type of state engagement with small businesses could help get over this long process of vetting and qualifying. And can help companies get to deals quicker.

David Glaccum: Yes that's exactly right. Thanks Miles. Yes again another one of the key messages we mentioned before. Not only can we help you find these resources, we want small business to take advantage of these resources. Get with people, like, Miles or his counterparts across the state to help do some of the legwork for you. Help find you some of their knowledge and expertise and connections to get you in front of the right people or with the right people, like, a governor led mission to get in front of international sales opportunities. So thanks for that Miles.

Bryson, the next question for you is going to be two-parts. The first is where does the SBA working capital product end and the EXIM product begin which you're perfectly positioned to answer this as you work with EXIM all the time. And then also what are the loan rates for SBA loan guarantees?

Bryson Patterson: Great, thank you very much David, great questions. Yes the first part's pretty straightforward. SBA - our loan maximum is \$5 million. So anybody who needs more than \$5 million typically they're going to end up with an EXIM bank export working capital loan guarantee. Below that, you know, they can use SBA or EXIM. You know we've seen situations where EXIM does less than \$5 million loans. But most of the sub \$5 million world is going to be with the SBA Export Working Capital Program.

As far as rates, rates vary. The SBA - the maximum rate for the General 7A Program is going to be prime plus 2 3/4. It went up to 3/4 I think from prime plus 2 1/4. So prime plus 2 3/4 is the maximum for the typical 7A. But because the Export Working Capital Program is a revolving line of credit, it's a specialized program. And so it can have higher rates than that occasionally. I think usually what I tell most businesses is you know what rate that you're going to get from the bank. You know typically what that's going to look

like, when you go to borrow money. And so the SBA Guaranteed Loan will typically fall pretty close to what you're looking at from that perspective.

David Glaccum: Yes thanks Bryson. And yes just to touch on the Export Working Capital Program by the SBA it has numerous uses as Bryson touched on. But we can also support items such as standby, letters of credit and I know we'll have more questions about the financing program we'll get to.

So my next question is for Natalie. And Natalie if you could please answer what is the best and worst part of doing business internationally?

Natalie Kaddas: The best part is the opportunity to do business internationally. I think that again for us the landscape was open, wide open. And the competitiveness wasn't as steep. I don't know that there's a worst part. I think that, you know, trying to identify which markets to go into and, you know, I wish I had more time. I wish I had more people to be able to do this quicker. But we're still a small company. We're growing. But, you know, it's just a matter of being strategic and following the markets that are going to be most beneficial for us.

David Glaccum: That's perfect I agree. No downside. Let's take all these small businesses international. And I'll just stay with you. I have another question. Apart from the bird flight patterns and analysis of competition you mentioned previously as you were looking to follow the birds for lack of a better phrase what data was key to help you decide what foreign markets to get into?

Natalie Kaddas: So we started again initially just following the birds and saying okay where would the need be for our product. So our products cover and protect the infrastructure from causing power outages. So when you think about, you know, where reliable power is critical, that's pretty much everywhere. And

that's where it becomes difficult to really narrow our focus. But then there are definitely flight patterns, there are definitely markets that are more engaging and are more interested in covering and protecting this from happening.

So that's why we're really focused on Africa as our next adventure is what I call it because there's a need. Vulture population is dying at a very high rate. And in large part because of electrocution as well as there's initiatives to Power Africa. So that to me the opportunity is ripe and we're going to continue to pursue that. But for us it was where's the opportunity and where is the customer engagement and the need.

David Glaccum: Excellent. So yes that's going to be very particular for your type of product or service. So for anybody out there again we'll touch on toward the end some of the available resources, the market research. But places, like, World Trade Center where Miles is, small business development centers, U.S. Department of Commerce, some of the other partners that we can help navigate for you as a small business to help identify markets and trade leads.

So my next question is for Sarah. Sarah is there a document detailing what the U.S., Mexico, Canada agreement means for small businesses and a comparison before versus after with NAFTA to USMCA.

Sarah Bonner: Well right now some of the best material and documents are on ustr.gov. They have a great splash for USMCA. But I want to draw your attention to the small and medium size enterprises chapter of the trade agreement which is the first time that we've had a chapter for SMEs in a U.S. trade agreement. Part of that chapter commits the United States and our partners to each have information sharing tools that go through the benefits for small businesses and information that would be useful for them doing business in each other's

markets or in their market which is available for each, for small businesses from the three countries.

And there will be more information going live as the agreement goes into force to help small businesses. But there is also an ongoing SME dialog that will continue that is launched through this chapter. And also there is a committee on SME issues. And so small businesses will have a way of continuing to share information with the government on how the agreement can work for them. And also small businesses will continue to be heard. Thank you, David.

David Glaccum: Yea, no, thank you Sarah. And yes, I want to emphasize Sarah and team at the SBA she touched on earlier was part of the trade negotiation team. Meaning during the USMCA there were representatives from the Small Business Administration specifically at the table to protect and ensure small business beneficial commitments made it in and they did. And Sarah touched on the SME chapter - the small and medium size enterprise chapter which is the first chapter of its kind in a U.S. trade agreement focused specifically on ensuring small businesses are heard, their needs are addressed and that there is room for improvement.

So again Sarah is a literal expert in this, having worked on the negotiations. And so please visit the resources or reach out to her or our team at international@sba.gov.

Miles this is a question for you. It's a STEP general question. But do you or does the Utah STEP Program help service-based industries or only products?

Miles Hansen: So we look at international sales. And we are calibrating our activity to increase international sales for Utah companies. I think in the past to be frank

as a state we focused in on export of physical products. Our tech industry is very important to Utah. So if you look at (inaudible) the future of the economy and how important digital sales are and digital products are, so software licenses. And those types of agreements those are areas where we're increasingly focusing just because that is so important to Utah's economy.

And so the short answer is we're looking at all international sales and how can we support those. And of course (inaudible) important. So a lot of it is still export of physical products. But we have a very broad perspective of the types of sales that are generating revenue for Utah companies making them more resilient. And then creating more high-paying jobs here in Utah.

David Glaccum: That's perfect Miles. And yes so across all of our programs at this (inaudible) whether it's the loan products that Bryson talked about or the STEP Grant we can support service exports. So it's not just goods, we can support service exports.

So Bryson my next question is for you. And it's kind of a two-part on different uses - so funds use. One the question is many small businesses have difficulty getting the initial funding to get them started with their exports. Is there any financial institution recommended or can you touch on the product recommended. And the second is can the SBA provide purchase order financing? So startup exporters – so not necessarily a startup company but a new exporter and purchase order financing. What's the best route?

Bryson Patterson: Yes absolutely. You know SBA can provide - I'll go backwards. Let's start with purchase order financing, yes. The Export Working Capital Program is really a purchase order financing structure. We can set that up where, you know, when you get that purchase order you can take that to the bank. SBA can then - the bank can provide a loan. And they can advance 100% of your

direct costs of production. You know so if you've got a purchase order for a million dollars and it's going to cost you \$900,000 to produce for your export buyer with the SBA Program export working capital you can get that entire \$900,000 to produce that good.

New to export companies absolutely. SBAs got a suite of different loan programs, loan guarantee products that can be used for businesses that are just starting to export. If you've got domestic sales, you've got positive cash flows, there's lots of lenders who would be interested in talking to you. Again I'd ask you to reach out directly to me or one of my colleagues so we can plug you into a bank in your area or a nationwide lender that's a good fit for your business.

David Glaccum: Perfect thank you so much Bryson. So I'm going to have - I'm just going to ask two more questions. And then I'm going to move into some comments and some wrap ups since we are at three. So we're going to go a little over. But thanks everybody who joined us certainly our panelists.

So Sarah just coming back to you. Is there any literary materials you could suggest or send for becoming an exporter?

Sarah Bonner: Ah yes. This is actually a normal question for our hotline. And we do have some great resources that we send out. Export.gov has some great videos. But we are happy to respond or you can go to your SBDC and get counseling. Having an export development plan reviewed by your local SBDC is a really great idea. And that's a free service that SBA provides.

David Glaccum: And the last question for the day before we wrap up is what's the best way to learn about contacts for entering the European market for a client?

Sarah Bonner: So our SBDCs do market research. It depends on whether that expertise is right there at that SBDC or they'll reach out through the SBA network or also our interagency partners. I'd like to call your attention to the country reports that export.gov has as well as our colleagues at the USDA's Foreign Agricultural Service also put out country specific reports. Those are really great resources for small businesses to review when getting started. But SBA STEP Grants also can be, may be able to be used for Gold Key Services for additional research. But getting started our SBDC is a great place (inaudible) begin.

David Glaccum: Excellent thank you Sarah. And so I'm going to take - there's a couple of comments that I'm just going to address briefly before we get to our next slide. Someone asked how do we find a foreign partner we can trust. And I'm just going to briefly touch on this.

Gold Key Services (inaudible) through the US Department of Commerce you've heard us talk about that a few different times. And we'll on the next slide get to how you can learn more about that. But they can help put you in front of vetted customers.

Someone from Tennessee said they can't find any STEP awards for their state Tennessee. And does that mean they're not eligible. So Tennessee you had to look at the year 2018. The STEP Grant actually can run for two years. So Tennessee didn't receive an award. And they are in the program. They just didn't receive one this last year but they do have an active grant from the year before. So please go back to the Web site and look at the 2018 list and you'll find the contact information.

And the final was a comment we received from somebody on the chat which is I wish SBA can do a seminar on the before and after on a trade agreements.

And I would say with Sarah and with a lot of our interagency partners and state partners we are working on and continue to work on training materials to ensure the small businesses know what is in the trade agreements, what they could do before and what they can do after.

But also we encourage you to make sure you're signed up for one of the Small Business Administration International Trade newsletters which we've talked about before. And on the Webpage you can or on the screen now you can see where you sign up for the export newsletter we continue to provide information in that whether it's blogs explaining trade agreements or other resources available or just our hotline. So please sign up for that. But we will continue to do training as we enter into more and better trade agreements.

So with that we're going to come to the end. But I did want to touch on some of the other resources you've heard me and some of the panelists mention throughout. So first it's export.gov which is a complete export assistance portal bringing together resources from agencies across the United States government. It has everything from market research and trade leads to tariff information and trade events. So again export.gov to help you get the information from resources across the United States government.

So just want to bring your attention to STOPfakes.gov which is an interagency Web site that offers tools, resources and access to U.S. government assistance. [STOPfakes](http://STOPfakes.gov) makes it easy to find information on obtaining and protecting intellectual property rights at home and abroad and often if you're at a [STOPfakes](http://STOPfakes.gov) event one of the SBA export finance managers such as Bryson will be there. We take part in those roadshows together.

And I want to bring your attention to EXIM Bank which has export credit insurance to protect you against political and commercial risks, a foreign

buyer defaulting on payment. And they also have financing programs available which Bryson touched on before.

And then I'd like to bring your attention to U.S. Census Bureau and their Foreign Trade Division collects, compiles and disseminates official US Export and Import statistics. These timely and detailed trade statistics are exactly what you need whether to start exporting or looking to expand your opportunities and increase your sales. When you export any good valued at over \$2,500 or requiring a license you must submit information regarding the shipment to the automated export system.

The Census Bureau's Foreign Trade Division offers training to help you understand the requirements when filing. And I do want to thank the U.S. Census Bureau for hosting us today.

And then finally, at the State Department regulates the export/import of (inaudible) and services (inaudible) products for services require export license or international traffic and arms license exemption. So again you do not need to memorize all of that but we do want to provide those resources.

If you do have further questions please feel free to reach out to the Small Business Administration either via our hotline or our email inbox or to one of our members in the field such as Bryson. And we will get the answers and help you navigate these resources. But we did want to make sure we provided them.

So with that I'll come to the end of the Webinar and thank everybody for being with us and please reach out. Again international@sba.gov if you have any questions or if we weren't able to get to your question. And for all of those that registered for a meeting with one of the export finance managers,

like, Bryson or his counterparts, we will be sure to be in contact with you soon after this webinar. So thank you and I'll turn it over to Wendy.

Wendy Peebles: OK, great, great webinar. I want to thank everyone for their participation today in the Webinar. Special thanks to David Glaccum, Sarah Bonner and Bryson Patterson, SBA's Office of International Trade, Miles Hansen, President/CEO, World Trade Center in Utah and last but not least Natalie Kaddas, President/CEO of Kaddas Enterprises Incorporated for the valuable information shared today on programs and services for global business opportunities. A lot of great takeaways.

So once again please visit the census Web site for future outreach events at www.census.gov/foreign-trade. This completes the Webinar for today. Again thank you for joining.

Coordinator: Thank you that concludes today's conference. Thank you for participating. You may now disconnect.