

■ PUTTING STATES AND THEIR BUSINESSES ON THE WORLD MAP

DETAILS ON PROPOSED CHANGES

by Douglas Barry

Commercial Service

You no longer need to be a CEO of a Fortune 500 company to join a trade mission bound for promising markets in other countries. Today, owners of small businesses with products or services that someone outside the U.S. wants to buy can join a trade mission sponsored by chambers of commerce, trade associations, the Department of Commerce, and now—their state government.

Why is the number of missions soaring and where are they going?

With economic output the size of large European countries, states such as Texas and California have profited greatly from international trade. It should come as no surprise that other states, including those with smaller economies, have a lot to gain by hopping on the globalization bandwagon and increasing their exports by using an array of measures, including trade missions. As barriers to global trade continue to fall, state officials say they are likely to organize more trade missions and business promotion events.

HERE, THERE, & EVERYWHERE

Plenty of help is available to identify the best markets, recruiting companies

and rounding up eager buyers before the plane takes off. A number of states regularly partner with the Commerce Department's Commercial Service to support trade missions and provide related assistance. The Commercial Service helps businesses in all 50 states and has offices in 48. The Commercial Service has formal partnerships with 12 states.

In October, the Commercial Service supported a trade mission to Africa led by Maryland Governor Parris Glendening as well as providing assistance to Alaska Governor Tony Knowles and a delegation of seafood companies to Hong Kong. In November, Governor Gray Davis of California lead a mission to Beijing and Shanghai. During the same month, Governor Argeo Paul Celluci of Massachusetts took a mission to Tokyo and Hokkaido, Japan, followed by Sydney and Melbourne, Australia. In early December, Governor Tom Ridge of Pennsylvania will go with a delegation to Brazil, Argentina and Chile. All will receive assistance from the Commercial Service.

Last year, the Commercial Service helped Florida organize a highly successful mission to Mexico. Led by Governor Jeb Bush, the 300-member mission representing 97 Florida companies was the largest event ever

mounted by a single state. Manny Mencia, executive director of Enterprise Florida, the state's recently privatized non-profit economic development agency, says that state assistance to Florida companies resulted in exports worth \$190 million in 1999, up from \$14 million in 1995.

A large percentage of the Florida trade mission participants reported making sales. Florida Solar Energy sold equipment worth \$100,000 and expects substantial follow-on sales. The firm's President, Guy Betten, said he was very pleased with the quick return on investment. "This was the best trade mission that I've ever been on," he said.

Enterprise Florida and the Commercial Service have co-hosted dozens of trade events, including a successful mission to Brazil last summer which coincided



Florida Governor, Jeb Bush tours the Enterprise Florida 2000 exhibition in Brazil.

Photo courtesy of Enterprise Florida.

with a trade show called Expo Florida. The joint mission and trade show generated \$7.1 million in sales for the participating companies, with an additional \$20 million projected over the next year.

More recently, Florida has mounted missions to Argentina and Chile. Another mission to South Africa is planned for early next year. "Florida has identified trade as a real engine of economic growth and is pursuing it aggressively," said John McCartney, Director of the U.S. Commercial Service's Export Assistance Center in Florida. "They are placing new emphasis on services—architecture, engineering, legal and financial business consulting—and our worldwide network is well positioned to help create new sales."

A STATE WITH A MISSION

Creating a successful trade mission for Florida businesses takes a lot of work.

First, countries are selected to visit. Specific business sectors are identified as the focus of the mission. These sectors can include services, telecommunications, computer equipment and food products. Missions can have an industry theme, such as travel and tourism, or they can include any business that has something to sell under a banner promoting the state's companies. California recently organized a mission to Mexico, which was called California 2000. Participants on that mission sold products worth more than \$1 million, signed 14 distributor and other agreements and generated sales leads worth another \$3.5 million over the next year.

Enterprise Florida, working with McCartney and his staff, then conducts videoconferences with Commercial Service offices in the target countries. The Commercial Service has offices in 157 international locations and many have videoconference capability. These meetings serve to introduce the mission managers and to discuss the objectives of the event. Commercial Service

specialists also provide briefings on the markets to be visited.

Enterprise Florida and the Commercial Service offices then recruit mission participants from among the state's businesses. The World Trade Center Association, Small Business Development Centers and other organizations involved in trade promotion are sources of additional participants. McCartney says that the Mexico mission cost about \$1,500 per participant to cover the business aspects of the mission, including setting up appointments, gathering information on potential buyers and providing translators for business meetings. Airfares, hotels and meals were extra.

Mencia adds that while a total cost of \$5,000 per participant may seem like a significant chunk of investment, companies making this investment are likely to see their sales soar. "Many of our companies have succeeded in getting orders and finding distributors and partners. Having Governor Jeb Bush lead these missions really opens doors for us."

Carlos Poza, a Senior Commercial Officer with the Commercial Service, agrees. "Trade missions led by a governor can be a very cost-effective way of developing business in new markets." Poza, who has served mainly in Latin America, says competing countries such as Spain, Canada and Germany are often more active than U.S. states, and provide their companies with subsidies. "Business delegations from these countries, led by VIPs, are regular visitors to the same countries we are targeting," said Poza. "If our states fail to have a consistent presence, our competitors will have these markets to themselves."

Florida intends to increase its services, especially to small businesses, creating a support system that will boost chances for international sales while lowering costs of entry. The partnership with the Commercial Service contributes to these goals by matching individual



North Dakota governor, Edward T. Schafer meets with Xu Kang Di, mayor of Shanghai during a recent trade mission.

Photo courtesy of CS Shanghai.

companies' needs with those of prospective buyers and partners in the target market. For example, Commercial Service offices will identify a handful of buyers and screen them according to needs, reputation in the market, financial health and more. Market research conducted by Commercial Service experts helps determine best pricing and distribution strategies.

According to the Commercial Service's Poza, this combination of knowing the key players in the market, knowing the market and the third-party reputation and cachet of the U.S. government provides a major competitive advantage to U.S. companies. "Buyers in other countries are excited by U.S. products," said Poza. "Assuming we can compete on price, companies traveling under their states' flag can do very well around the world."

Does all this mean that every business should sign up for the next trade mission sponsored by their state? Veteran trade mission participants and organizers say no. Developing international sales should fit into a firm's long term strategic plan. A trade mission is a means to an end. Putting a state and its companies on the world map takes time, patience and hard work. ■

For more information regarding State-led trade missions, contact your local Export Assistance Center. Contact information is listed on the back cover of the magazine.