

# California STEP

(State Trade and Export Promotion Grants Pilot – SBA)

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# California STEP Program - Goals

The Small Business Administration (SBA) State Trade and Export Promotion (STEP) grant program to expand exports and increase # of firms exporting:

- Competitive process, all States & territories eligible

## Primary Goals

1. Increase # of small businesses who export
2. Assist small businesses in exporting more

## Objectives

1. Assist 700 California companies to begin or expand exporting
2. Capture and report \$25 million in new exports supported by California STEP

# Fundamental Challenges

## The Total Universe of potential clients is VERY LARGE

- Exporters: (Estimate: 150,000 – 200,000)
  - *Direct Exporters* (exporters of record): Between 60,000 and 70,000 exporters
  - *Indirect Exporters* – could measure in the 100,000s – assume for every direct exporter there are 2X indirect exporters.
- Potential Exporters: approximately 3 million businesses in California do not export – which ones are “willing and able” to export? How much would it cost to find out?

## Services by nature are difficult to standardize – particularly in the case of Export Assistance and Promotion

- Industry segments have different competitive structures, market dynamics and critical success factors, the firms themselves have unique offerings sometimes targeting a niche segment with unique assets.

## Costs of accessing marketing channels is HIGH

- California and the U.S. have the broadest and most dense marketing infrastructure in the world (advertising, direct marketing, promotions, personal selling)

## Resources are LIMITED

- Combining CITD, STEP and other Federal Grants [i.e. state resources], Int'l trade resources in CA would amount to about \$4 million (If California 's international business promotion budget was benchmarked against other OECD economies, it's international trade budget should be approx. \$138 million)

## Adherence to Time Constraints

- 12-month time frame compresses the marketing (product design – testing – launch – channel development....) and implementation schedule

# Strategy

1. **Segment and focus** – working with companies with common interests/needs, communication channels and profit potential reduces overall marketing costs, and increases the potential for success
2. **Integrate and leverage partners to create scale** – create a system to leverage partners' knowledge, brands, integrate their services and marketing infrastructure into each appropriate export promotion activity to reach and serve more potential customers
3. **Monitor, measure and report** – integrate systems to identify, capture and report outcomes to funding source and generate success stories to raise public awareness to the benefits of exporting

# The California STEP Network

The California STEP program is managed by the CA Community Colleges Chancellor's Office, under the CITD program, contracting work to **qualified State partners who develop concepts and directly implement activities, those partners include:**

- 8 Centers for International Trade Development
- Governor's Office of Business and Economic Development
- California Department of Food and Agriculture
- California Chamber of Commerce
- Los Angeles Area Chamber of Commerce and the Los Angeles Regional Export Group
  - City of Los Angeles, Port of Los Angeles, Los Angeles World Airports, USC, UCLA, LA Chamber, CITDs and other
- World Trade Center, San Diego

**STEP partners integrate federal, state and local *service providers* to develop and implement activities to achieve scale:**

- SBA-OIT, SBDCs, US Department of Commerce – ITA; Export Import Bank of the United States, Local chambers of commerce, bi-national chambers, industry associations

# Why the CITDs of the CA Community Colleges?

## CITDs have resources that match the need and opportunity

- Existing statewide network of expertise connected to local clusters
- Experience and Credibility (3 Presidential “E-Awards” for exporting service excellence – 4 MDCP Awards from ITA, one of the developers and funders for the NASBITE CGBP designation)
- Established working relationships with State, Local and Federal partners
- Complementary services (training, consulting and post-event support)
- Grants management - CA Community College’s ability to implement complex multi-regional grants
- Support from Governor’s Office
- Strong product/service development model

# Business Sectors and Markets— California STEP activities

will support preparing and connecting California businesses to export opportunities, potential partners and customers in the following sectors and regions of the world

California STEP Export Promotion Activities	California Export rank	Target market (s)
Information & Communications Technologies	#1	Global (Europe & Asia)
Industrial machinery and scientific instrumentation	#3	Global
Green technologies (energy, water, and other)	#1, #3 and other	Asia, Latin America, global
Food and agricultural products	#2	Asia
California “lifestyle” products	#6	Asia, Europe
Transportation Equipment	#4	Latin America & Asia
Localization program (website and other localization services)	multiple	Participant defined

*Product/service mix was designed based upon California STEP partner resource strengths, market reach, market access and California’s globalization patterns (approximate relative share of industry sectors and target market’s share of exports)*

# Product/Service Development Process

Working with SBA; defined requirements and solicited export promotion concepts internally (CITD) and qualified external partners, each partner was asked to provide:

- Defined market segment; target market, # of companies, targeted outcomes
- Value offering
- Budget

Reviewed and refined concepts to fit requirements, eligible activities and cost-effectiveness

Fed concepts into the California STEP proposal

# California STEP Value Chain

## I. Existing Services – leverage access points

- CITD, World Trade Center San Diego, Los Angeles Chamber, California Chamber, and Governor's Office of Economic Development, SBA, USDOC websites and business outreach services,
- Symposiums, seminars and other Export promotion information sessions by partners
- Export training and education programs
- One-on-one consulting
- Help desk services

## II. California STEP Export Promotion Solutions (20+ export promotion activities)

- Screening
- Selection
- Preparation
- Participation
- Evaluation

## III. Post Export promotion activity Support

- **Financing** - SBA - Export Express and Export Working Capital; Export Import Bank, export credit insurance, referrals to venture capital networks
- **Contracts** - partner provided consulting and referrals
- **Logistics** - partner referrals to logistics providers

## IV. Identify, Capture, Report and Publicize Results

Each STEP partner to enter data into the survey and data collection system

Reconciliation of results with Partners, SBA, EXIM, USDOC and others

Report outcomes to SBA funding source and market to other potential investors

# Status Report as of July 2012

(As of June 30, 2012 - 65% of activities implemented)

Over 500 companies served (71% of target)

107 companies participated in overseas trade missions since Jan 2012.

- CeBIT, Cosmoprof, COPEDE, Worldbex, Hannover Messe, Expo Hospital (Chile), China Medical Equipment Fair, ENK, EBIO, Aquatech India, Food & Ag Trade Mission to Asia (and other smaller events)

\$18.6 million in export outcomes (74% of target)

50% Minority, Women, Veteran, Disadvantaged Business (104% of target)

# IT, California Lifestyle, Medical



**CeBIT**  
MARCH 2012

Foreign Marketing Material



**CA STEP Participants**

Adaptec  
EUDC  
G-Cube Inc  
Hot Lava Systems Inc.  
MobiLife, Inc.  
Net Optics, Inc.  
Netgear Inc.  
Nekenta Systems  
OCZ Technology Group, Inc.  
Palo Alto Audio Design LLC  
Palo Alto Networks

Patnot Memory  
Qualtar Corporation  
Safar Books Online  
STEC Inc.  
SUPERMICRO  
Super Talent Technology Corp.  
TRENDnet  
Topax Systems, Inc.  
WMPeketo Inc.

**Trade Show Booths**




**Recruitment**

**CALIFORNIA PACKAGE @ CeBIT 2012**  
Heart of the Digital World  
MARCH 6-10, 2012 • HANNOVER, GERMANY

**April 2011**

200,000  
visitors to the exhibition

5,000  
participating companies

4,200  
exhibitors

**CeBIT offers**  
Germany's largest CeBIT 2012 and programme for mobile devices and services. The event features a unique combination of leading technology brands.

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**COSMOPROF**  
MARCH 2012

Foreign Marketing Material



**CA STEP Participants**

Cacee  
Cinderella Hair Inc.  
Control Corrective Skincare  
Dermasthetics  
Diamond Wipes  
Hollywood Style  
LAsplash  
Lama Cosmetics  
ME! Bath  
NYX Cosmetics Los Angeles Inc.  
Zeran Haircare

**Trade Show Booths**




**Recruitment**

**COSMOPROF Worldwide Bologna 2012**

Germany's largest CeBIT 2012 and programme for mobile devices and services. The event features a unique combination of leading technology brands.

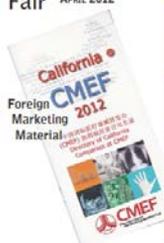
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**Visit CeBIT.com**  
www.cebit.com

**China Medical Equipment Fair**  
APRIL 2012

Foreign Marketing Material



**CA STEP Participants**

Blossom / Mexco International, Inc.  
Century Spring Corp.  
Cephasonics, Inc.  
Curative Medical  
eVent Medical  
iCReo  
North American Medical Foundation

**Trade Show Booths**




**Recruitment**

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# CeBIT



# Cosmoprof Worldwide

[Post event report on www.californiastep.org](http://www.californiastep.org)



# China Medical Equipment Fair

