

2019 State Trade Expansion Program (Year 6) Annual Report to Congress

This report responds to the legislative directive per Section 22(1)(7)(B) of the Small Business Act:

"(i) IN GENERAL-The Associate Administrator shall publish on the website of the Administration an annual report regarding the program, which shall include-

- (I) The number and amount of grants made under the program during the preceding year;
- (II) A list of the States receiving a grant under the program during the preceding year, including the activities being performed with each grant;
- (III) The effect of each grant on the eligible small business concerns in the State receiving the grant;
- (IV) The total return on investment for each State; and
- (V) A description of best practices by States that showed high returns on investment and significant progress in helping more eligible small business concerns."

(I) "The number and amount of grants made under the program during the preceding year"

Through a competitive process,¹ the Small Business Administration (SBA) awarded grants to 44 States² for a total of \$18,000,000. This was 100 percent of the appropriation made in Fiscal Year 2017 (FY2017) for the STEP program. Each of these awardees began their one-year period of performance on September 1, 2018.

¹ The STEP grants were awarded through a competitive process initiated by Funding Opportunity Announcement (FOA) OIT-STEP-2017-01. Applications received through the FOA were subjected to a merit-based review process, which consisted of an evaluation by SBA Office of International Trade staff, of five criteria totaling 100 points: 1) Organizational Competency (25 points), 2) Project Design (20 points), 3) Collaboration and Leveraging of Resources (10 points), 4) Direct Benefit Rule, Financial Management, and Past Performance (20 points), and 5) Data Collection and Application Quality (25 points). The maximum score any application could receive was 100 points. SBA set the competitive range for applications and set a threshold score, below which applications were not funded.

² The Trade Facilitation and Trade Enforcement Act of 2015 provides that STEP grants may be awarded only to "States," meaning any of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, the Commonwealth of Northern Mariana Islands, and American Samoa. Therefore, only non-Federal entities that met this definition were eligible for an award under the program. For the purposes of the program, an "eligible non-Federal entity" means a State agency or other entity that, prior to the date of application for the program, has been officially designated by the State Governor, or equivalent thereof (e.g., Mayor of the District of Columbia), as the sole applicant and lead entity for conducting the State's trade and export activities.

(II) "A list of the States receiving a grant under the program during the preceding year, including the activities being performed with each grant"

As noted above, while the STEP Year 6 awards were made in FY2017, the performance period did not begin until Fiscal Year 2018 (FY2018). During FY2018, each State Trade Expansion Program (STEP) awardee reported on the progress on their approved milestone goals and supporting export activities in quarterly Performance Progress Reports (PPR).³ Based upon these PPRs, the activities completed by each awardee are summarized below.

Alabama: The State of Alabama STEP program provided funding to 33 eligible small businesses (ESBCs) to offset expenses associated with exporting, including participation in international trade shows and trade missions. The companies were able to develop new overseas markets and partnerships that resulted in a return on investment and created and sustained jobs in Alabama. Eight (8) new-to-export (NTE) and 25 market expansion (ME) companies represented a diverse swath of the state's business landscape including life science, IT, energy, software, aerospace, automotive and advanced manufacturing. The ESBCs participated in two overseas trade missions to Romania/Bulgaria and Argentina/Ecuador and also participated in multiple trade shows, such as Finovate Europe, Auto Transmission, Civil Helicopter Asia, PowerGen, and Field Services Europe that took place in Nigeria, Russia, Poland, Peru, Italy and the Netherlands.

Arizona: Arizona had 269 companies enrolled in its STEP program (AZSTEP) through the first four quarters of STEP Year 6. Of these 269 companies, 78 (approximately 30%) were NTE companies, while the other 191 were ME companies. The largest areas of program utilization were: 1) participation at international trade expos/shows; and 2) participation in ExporTech and undertaking go-to-market export initiatives to execute on the export plans developed during ExporTech. Major export markets for the AZSTEP companies during this period have included Mexico, South Korea, Japan, China, Canada, Australia and Thailand.

California: The State of California STEP program provided funding to 83 ESBCs. Funds were used for a variety of export activities, including participation in international trade shows, trade missions, and export training. Sixteen NTE and 67 ME companies representing multiple industry sectors, including agriculture, mobile technology, and automotive and aerospace manufacturing, received funding. These ESBCs pursued international markets in China, Chile, Malaysia, Thailand, Mexico, Colombia, and France.

Colorado: The State of Colorado STEP program provided funding to 52 ESBCs to offset expenses associated with exporting, including participation in international trade shows and trade missions. The companies developed new overseas markets and partnerships that resulted in a return on investment in their facilities and created and sustained jobs in Colorado. Twenty-three NTE and 29 ME companies consisted of a diverse representation of the state's business sectors which include life science/biotechnology, technology and information, advanced manufacturing,

³ The data for this report was retrieved on May 1, 2019. The intent of this note is to show the specific performance period covered in the report, which is a separate issue from the period of performance. The report covers activities in this period. Beginning with the FY2018 performance period, the SBA converted the program from a 1-year award to a 2-year award. Thus, the PPRs used in this report only cover quarters 1 through 4 of FY2018 (October 1, 2017- September 30, 2018).

and agricultural products. The ESBCs pursued international markets in Mexico, Spain, Germany, Singapore, China, and England. Activities in these markets included trade shows such as Medica, Mobile World Congress, Specialty Fine Foods and ANTAD.

Connecticut: The State of Connecticut STEP program provided funding to 43 ESBCs in FY 2017. Funds were used for a variety of export activities, including trade shows, trade missions, U.S. Department of Commerce services, website translation and export training. The companies were able to develop new overseas markets and partnerships that resulted in a return on investment for the program and created and sustained jobs in Connecticut. In FY2017, seven (7) NTE and 36 ME companies received funding, representing a diverse cross-section of the state's business landscape. The ESBCs pursued international markets in Germany, France, England, Australia and Switzerland. Activities in these markets included trade shows such as Aeromart, IDS, PowerGen Europe, Post Expo, Hannover Messe and Paris Air Show.

Delaware: The State of Delaware STEP program provided funding to 62 ESBCs. Twenty-one NTE and 41 ME companies representing multiple industry sectors received funding, including advanced manufacturing, life science and biotechnology, and safety/security companies. Delaware companies participated in STEP-funded targeted trade missions to Germany, Mexico, South Korea, and Canada to secure distributors and key customers for their products. STEP funds were also used for small businesses to travel to meet with potential customers in the United Kingdom, France, and the United Arab Emirates. One company reported a \$4.2 million contract with Rolls Royce as a result of STEP assistance.

Hawaii: The Hawaii State Trade Expansion Program, or HiSTEP, assisted 317 ESBCs - 192 NTE and 125 ME firms - through export readiness training, participation in trade shows, or receipt of direct financial assistance to support other export activities identified in their export plans. These ESBCs achieved over \$2.9 million in actual export sales and projected another \$17.5 million in the next 12-18 months. Companies represented a wide range of products and services, including food and value-added products, natural products, fashion, architecture, engineering, and biotechnology/life sciences. Markets pursued included Japan, South Korea, Taiwan, Australia and Canada.

Idaho: The State of Idaho STEP program provided funding to 43 ESBCs, of which 12 were disadvantaged, and 12 were new to the STEP program. Eight (8) NTE and 35 ME companies represented a vast array of the state's businesses, including outdoor recreation, aerospace, agriculture, mining and advanced manufacturing. The ESBCs pursued international markets in Singapore, England, Taiwan, Sweden, Vietnam, Germany, and Mexico. Activities in these markets included state-led trade show pavilions at ISPO, Singapore and Farnborough Air Shows, and IWA. Individual ESBCs also attended trade shows such as IAA Commercial Trucking Show, Expo Pack, Lopec and Helitech in booths of their own.

Illinois: The State of Illinois STEP program assisted 182 ESBCs by providing funding towards expenses associated with exporting, such as participation in international trade shows, trade missions, and export promotion workshops. Fifty-two NTE and 130 ME companies representing a wide range of industries, such as mining and manufacturing, received funding. These ESBCs pursued various international markets, including China, Japan, Germany, Canada, Russia, Spain, India, Malaysia, Mexico, Chile, and South Africa.

Iowa: The State of Iowa STEP program helped ESBCs to exhibit at international trade shows in 10 countries (including Belgium, Scotland, and Japan), obtain ExporTech training, translate brochures/web sites/social media, and obtain compliance testing of an existing product. This assistance focused on increasing the number of ESBCs exporting and increasing the value of exports. To support ESBCs in a new significant trade opportunity, ESBCs were also supported in a trade mission to Sub-Saharan Africa. A total of 44 ESBCs, nine (9) NTE and 35 ME, participated in the various grant opportunities and reported \$1.7 million in sales from the activities.

Kansas: A total of 42 qualified Kansas companies (five (5) NTE firms and 37 ME firms) from the aviation, manufacturing, information technology, agriculture, and engineering services industries received STEP funding assistance for export training events, trade shows and missions, and market entry activities. Combined, these companies reported over \$6.6 million in actual sales and over \$65 million in projected sales. The top markets where these Kansas companies pursued export opportunities include England, France, Germany, Canada, Thailand, and Ukraine. STEP activities among Kansas participants included U.S. Commercial Service's Gold Key Matching service, marketing product translation services, and major industry trade shows, such as the Farnborough Air Show and Petfood Forum Asia.

Kentucky: The State of Kentucky STEP program provided funding to 99 ESBCs to offset expenses associated with exporting, including participation in international trade shows and trade missions. The companies developed new overseas markets and partnerships that created and sustained jobs in Kentucky. Sixteen NTE and 83 ME companies represented a diverse swath of the state's business landscape including food and beverage, aerospace, and advanced manufacturing. The ESBCs pursued international markets in the UAE, Mexico, China, Germany, India, and others. Activities in these markets included trade shows such as Arab Health 2018, Residuos Expo 2018, Interzum 2018, Medica 2017, and IndiaWood 2018.

Louisiana: The State of Louisiana STEP program provided funding to 35 ESBCs to offset expenses associated with exporting, including participation in international trade shows and trade missions. The companies were able to develop new overseas markets and partnerships and created or sustained jobs in Louisiana. Three (3) NTE and 32 ME companies participated during this time, representing industries such as digital media, manufacturing, support services for oil and gas operations, and other professional and scientific services. ESBCs pursued international markets such as Germany, Mexico, the United Kingdom, the United Arab Emirates, Singapore and Canada. Activities in these markets included trade shows such as ADIPEC, Ambiente, Singapore International Water Week and Expo, Global Petroleum Show and AICHEMA.

Maine: The State of Maine STEP program provided funding to 330 ESBCs to offset expenses associated with exporting, including production of online marketing materials and participation in export training workshops, trade shows, and international trade missions. In total, 150 NTE and 180 ME companies received funding. These ESBCs pursued international markets in France, Germany, China, and Vietnam.

CNMI: The Commonwealth of the Northern Mariana Islands STEP program provided funding to 11 ESBCs to develop new overseas markets and partnerships, resulting in an increase of export sales and new jobs added to the CNMI. The CNMI STEP team conducted outreach programs on the islands of Saipan, Tinian and Rota, coupled with Riddle of the Exporter training, Profit Mastery, and Export 101 with the Hawaii Pacific Export Council to identify ESBCs centered around agriculture value-added products, handicrafts and bakery items. In addition, four (4) NTE and one (1) ME company represented the islands in pursuing markets in Korea, Palau and Taiwan.

Maryland: The State of Maryland STEP program assisted 84 ESBCs by providing funding towards expenses associated with exporting, stipends, reimbursement of USEAC services, and participation in international trade shows. The development of new overseas markets and partnerships by Maryland companies resulted in increased export sales and created and sustained jobs in Maryland. Twenty-eight NTE and 56 ME companies represented several of the state's key industries including life sciences, aerospace & defense, cybersecurity, and advanced manufacturing. The ESBCs pursued international markets in Germany, the United Arab Emirates, Singapore, Mexico, the United Kingdom, Australia and South Africa. Activities in these markets included trade shows such as MEDICA, Arab Health, the Singapore Air Show, ExpoSeguridad, InfoSecurity Europe, and Africa Aerospace and Defense.

Massachusetts: The State of Massachusetts STEP program provided funding to 57 ESBCs to offset expenses associated with exporting, including participation in international trade shows and trade missions. The companies developed new overseas markets and partnerships and created and sustained jobs in Massachusetts. These 57 ME companies represented a diverse swath of the state's business landscape, including marine/ocean technology, defense/military, automotive, robotics manufacturing and biomedical. ESBCs pursued international markets in Germany, Thailand, the United Arab Emirates, Switzerland, Chile, Denmark, Canada, Australia, New Zealand, Kuwait, Lebanon, Egypt, Haiti, Jamaica, and Belize.

Michigan: The State of Michigan STEP program provided funding to 307 ESBCs to offset expenses associated with exporting, including participation in international trade shows, trade missions, international sales trips, and legal export trainings. The companies developed new export sales of \$206.6 million that resulted in a return on investment of 229.5:1 and created and sustained 960 jobs in Michigan. The 24 NTE and 283 ME companies represent the state's wide range of industries, including machinery, advanced manufacturing, automotive, electronics, and wood products. The ESBCs pursued international markets in Mexico, Canada, China, the United Kingdom, Germany, Australia, and Israel, and others. Other STEP-funded activities included Michigan trade missions and shows, such as Queretaro Automotive Meetings, Farnborough Air Show, and Hannover Messe.

Mississippi: The State of Mississippi STEP grant program provided funding to 94 ESBCs to offset expenses associated with exporting, including participation in international trade shows and trade missions. The companies developed new overseas markets and partnerships and created and sustained jobs in Mississippi. Fifty NTE and 44 ME firms represented a diverse collection of the state's business landscape, including apparel manufacturing, environmental and engineering services, logistics, defense, software, advanced manufacturing, medical equipment and lumber. The ESBCs pursued international markets in Canada, Panama, the UK, and Ireland, Australia, Morocco, Japan, and Israel. Activities in these markets included trade shows such as Expomin in Chile, Produce Marketing Association Show in Orlando, Florida, and SEUS-CP Canada.

Missouri: The State of Missouri STEP program provided funding to 148 ESBCs to offset expenses associated with exporting, including website translation services, design of international marketing materials, and participation in international trade shows and trade missions. The ESBCs developed new overseas markets and partnerships that resulted in a confirmed return on investment (ROI) of 196:1. These 58 NTE and 90 ME companies represented a diverse sample of the state's business landscape, including the automotive and aerospace industries. The ESBCs pursued international opportunities in markets such as Turkey, Singapore, and the UAE and participated in various trade shows, including Arab Health 2018, Automechanika 2018, and Singapore Air Show 2018.

Montana: The State of Montana STEP program provided funding to 250 ESBCs to offset expenses associated with exporting, including participation in international trade shows and trade missions. The companies were able to develop new overseas markets and partnerships that created and retained nearly 150 jobs in Montana. These 104 NTE and 146 ME companies represent a diverse cross-section of the state's business landscape including outdoor goods, photonics, renewable energy, medical equipment, and advanced manufacturing. The ESBCs pursued international markets in Germany, Japan, Canada, Korea, Australia, and the United Kingdom. Activities in these markets included trade shows such as from IWA Outdoor, InterOpto, Australia Energy Storage Conference, and Seoul ADEX.

Nebraska: The State of Nebraska provided 84 ESBCs with funding to help defray the cost of international marketing. ESBCs included 11 NTE and 73 ME companies that completed 95 activities including trade shows, international sales trips, translation services, third party product testing, U.S. Department of Commerce match marketing programs and individualized market research reports. Among the products exported were farm machinery, motor vehicle parts, construction equipment, processed foods, medical/surgical equipment, laboratory equipment, and various consumer goods. ESBCs pursued markets in 47 countries, such as Mexico, Canada, China, the United Kingdom, Brazil, and Chile. Trade shows and international trade trips generated the majority of export sales. Total actual exports for quarters 1-4 amounted to \$15,125,721 for a ROI of 57.3:1.

Nevada: The State of Nevada STEP program provided funding to 25 ESBCs to offset expenses associated with exporting, including participation in international trade shows and trade missions. The participating ESBCs included 11 NTE and 14 ME companies representing a wide variety of products, such as beauty products, innovative writing instruments, home furnishings, footwear reworking, and diamond tools. The ESBCs pursued international markets in China, Australia, Germany, England, Africa, Mexico, and Canada. Activities included trade shows such as Cosmoprof, MJBizCon, World of Concrete, Arab Lab Dubai, ASD Market Week, and Interzoo 2018, as well as participation in the Nevada Governor's Trade Mission to Ghana and South Africa.

New Hampshire: The State of New Hampshire STEP program provided funding to 60 ESBCs to offset expenses associated with exporting, including participation in the Financial Assistance Award program, an Export Training Workshop series and the Farnborough International Air Show. The companies developed new overseas markets and partnerships and created and sustained jobs in New Hampshire. Twenty-eight NTE and 32 ME companies represented a diverse swath of the state's business landscape including aerospace, defense, life science/biotechnology, tourism and advanced manufacturing. The ESBCs pursued international markets in Germany, Australia, the United Kingdom, Canada and Spain. Activities in these markets included participation in international trade shows, sales missions, U.S. Commercial Service subscription programs, and website customization projects.

New Jersey: The State of New Jersey STEP program provided funding to 491 ESBCs to offset expenses associated with exporting, including participation in international trade shows and trade missions. The companies were able to develop new overseas markets and partnerships that resulted in an ROI of 51:1 and the creation of over 210 jobs. These 273 NTE and 218 ME companies represented a diverse sample of the state's business landscape including Aerospace, Life science/Biotechnology, Advanced Manufacturing, and Processed Foods. The ESBCs pursued international opportunities in markets, such as Australia, Germany, Saudi Arabia, South Korea, Canada, China, and all of Central and South America. Activities in these markets included various trade shows, such as VIV Asia, Paris Air Show, MEDICA, Offshore Technology, Arab Health, and Defense & Security Equipment International (DESI) Show.

New Mexico: The State of New Mexico STEP program provided funding to 28 ESBCs to offset expenses associated with exporting, including U.S. Department of Commerce services and participation in international trade shows and trade missions. These 19 NTE companies and 9 ME companies represented a wide range of the state's industries, such as agriculture, food services, manufacturing, and information technology. The ESBCs pursued international markets in Bahrain, Japan, China, France, Germany, the United Kingdom, South Africa, and Austria. Companies attended various trade shows, such as the Tokyo Home and Building Show, Cosmoprof Asia, the IWA Outdoor Show, I/ITEC, and the Mideast Refining Tech Conference.

New York: The State of New York STEP program provided funding to 90 ESBCs to offset expenses associated with exporting, including participation in international trade shows and trade missions. The companies developed new overseas markets and partnerships and created and sustained jobs in New York. Fifteen NTE and 75 ME companies represented a diverse swath of the state's business industries including jewelry, automotive, wineries and information technology. The ESBCs pursued international markets in Israel, China, France, Mexico, Germany and Canada. Activities in these markets included trade shows such as Hannover Messe, China International Optoelectronics Expo, Hong Kong International Diamond, Gem & Pearl Show, and Arab Health.

North Carolina: The State of North Carolina STEP program provided funding to 287 ESBCs to offset expenses associated with exporting, including translation of websites and marketing materials, participation in international trade shows and trade missions and export education seminars. The companies developed new overseas markets and partnerships and created and sustained jobs in North Carolina. These 45 NTE and 242 ME companies represent a diverse swath of the state's business landscape including life science/biotechnology, textiles, aerospace, furniture, defense and security, and information technology. The ESBCs pursued international markets in Australia, France, Japan, Mexico, China, Russia and Singapore. Activities in these markets included trade shows such as Semicon China (Shanghai), Smart Grid (Tokyo), Inglemash (Moscow), Sanctuary Cove International Boat Show (Gold Coast), Eurosatory (Paris), and Medical Fair Asia (Singapore).

North Dakota: The State of North Dakota STEP program provided funding to 142 ESBCs to offset expenses associated with exporting, including participation in international trade shows and trade missions. The companies developed new overseas markets and partnerships and created and sustained jobs in North Dakota. Thirty-six NTE and 106 ME companies represented a diverse sample of the state's business landscape including value added agriculture, advanced manufacturing, aerospace, software developers and UAV companies. The ESBCs pursued international markets in 20 different countries including key markets in Asia, South America and Eastern Europe. Activities in these markets included trade shows, formal industry trade missions, and meetings between individual ESBCs and potential buyers.

Ohio: The State of Ohio STEP program provided funding to 80 ESBCs to offset expenses associated with exporting, including export training, website development and translation services, and participation in trade missions and international trade shows. In total, 19 NTE and 61 ME companies received funding. These ESBCs pursued international markets in Canada, Mexico, the United Kingdom, Japan, Brazil, Germany, and France.

Oregon: The State of Oregon's STEP program provided 132 ESBCs with funding to assist in attendance at trade shows and missions around the globe. These events included Singapore Air Show, Automechanika, Leaming Technologies UK, Capsule, AERO, Oregon's Sustainable Mission to Thailand, Secutech India, Outdoor ISPO, and a trade mission to Japan led by Oregon's Global Trade Team with Governor Kate Brown. The ESBCs represented a wide array of industries from acoustic guitar manufacturing, outdoor gear and apparel, biomedical, aerospace, cookware, greeting cards and a myriad of food and beverage suppliers. Forty-six of participating companies utilized the STEP grant for market expansion purposes, including a few past program participants. Eighty-six of companies were NTE. Oregon's participating ESBCs showcased their products and services in the United Arab Emirates, the United Kingdom, Singapore, India, Canada, Italy, China, Japan, Germany, Thailand, Denmark, and the Netherlands.

Pennsylvania: The State of Pennsylvania STEP program provided funding to 144 ESBCs to offset expenses associated with exporting, including participation in international and targeted domestic trade shows, trade missions, foreign market sales trips, and export workshops and trainings. Twenty-three NTE and 121 ME companies represented a diverse group of the state's businesses and industries, which pursued international markets in Germany, China, Canada, the United Arab Emirates, France, Colombia, Australia, and other countries.

Puerto Rico: The Puerto Rico STEP program provided funding to 77 ESBCs to offset expenses associated with exporting, including participation in an international trade show and multiple trade missions. The companies developed new overseas markets and partnerships and created and sustained jobs in Puerto Rico. Forty-seven NTE and 30 ME companies represented a diverse swath of the Puerto Rican business landscape including food and beverage, food service management, construction products, architecture, engineering, lighting controls, advertising and digital marketing, graphic design, web design and e-commerce, IT, computer products and services, systems and software development, calibration systems, music, fashion, cosmetic products, pharmaceutical engineering, consulting, educational and validation services, staffing, recruiting and outsourcing solutions, cleaning and janitorial commercial services, solar energy solutions and systems, and health care products. The ESBCs pursued international markets in Costa Rica, Chile, Mexico, Panama, Dominican Republic, Colombia, Barbados, and Trinidad & Tobago. Activities in these markets included trade missions and the EXPOCOMER trade show.

Rhode Island: The State of Rhode Island STEP program provided funding to 206 ESBCs to offset expenses associated with exporting, including export training, design of international marketing media, usage of U.S. Department of Commerce services, and participation in international trade shows and trade missions. Fifty-one NTE and 155 ME companies represented a wide range of the state's industries, including agriculture, energy, advanced manufacturing, and aerospace. These ESBCs pursued international markets in China, the United Kingdom, Germany, Mexico, Canada, Australia, and France. ESBCs attended numerous trade shows, including Data World, JEC World Paris, FESPA, ICFF, and DEFSEC Atlantic.

South Carolina: The State of South Carolina's STEP program funded 29 ESBCs to offset expenses associated with exporting, including exhibition at international trade shows and trade missions as well as translating marketing materials and websites. As a result, these companies

developed overseas markets, created new partnerships, and diversified their customer base, which lead to the creation of new jobs. Twelve NTE and 17 ME companies represented many of the state's economic sectors including: advanced materials, aerospace, consumer goods, recycled materials, and software. These ESBCs entered markets including Austria, Australia, Bulgaria, France, Japan, the UAE, and the UK. Activities supported included major international trade shows such as Farnborough Air Show, JEC World, and the Marine Equipment Trade Show.

Texas: The State of Texas STEP program provided funding to 66 ESBCs to offset expenses associated with exporting, including participation in international trade shows and trade missions. The companies developed new overseas markets and partnerships and created and sustained jobs in Texas. Twenty-two NTE and 44 ME companies represented a diverse swath of the state's business landscape including life aerospace, automotive, agriculture and electronics and various other industries. The ESBCs pursued international markets in Mexico, Australia, China, Argentina, England, Germany, and Italy. Activities in these markets included trade shows, trade missions, U.S. Commercial Service products and export training.

Utah: The State of Utah STEP program provided funding to 162 ESBCs to offset expenses associated with exporting, including participation in State-led international trade shows, Governor-led trade missions, financial assistance awards and training. The companies developed new overseas markets and partnerships and created and sustained jobs in Utah. Sixty-six NTE and 96 ME companies represented a diverse group of the state's business landscape including life sciences, outdoor and recreation, aerospace and defense, and advanced manufacturing. Many of these companies were women-owned, veteran-owned, and located in rural Utah. The ESBCs pursued international markets in Germany, China, Canada, South Korea, Ireland, Japan and Singapore. Activities in these markets included trade shows such as Arab Health, JEC World 2018, OutDoor Friedrichshafen 2018, and the Farnborough International Air Show 2018, as well as two Governor-led Trade Missions, the first to Mexico in March 2018 and the second to Taiwan and South Korea in September 2018.

Vermont: The State of Vermont STEP program provided funding to 67 ESBCs to offset expenses associated with exporting, including export training participation in international trade shows and missions. These 22 NTE and 45 ME companies represented a wide range of business sectors, including the aerospace, medical, and manufacturing industries. ESBCs pursued international markets in various countries, such as Germany, Mexico, and Canada, and attended numerous trade shows, including MEDICA, Aeromart, and IBE.

Virginia: The Commonwealth of Virginia STEP program provided funding to 44 ESBCs to offset expenses associated with exporting. This included companies' expenses related to travel to trade shows, trade missions and foreign market expansion visits. Through international business travel, companies developed partnerships and networks in overseas markets. Twenty-four NTE and 20 ME companies represented a variety of business sectors in Virginia, including telecommunications manufacturing, IT software publishing, breweries, transportation equipment manufacturing, security systems services, furniture manufacturing, and medical instrument manufacturing. The ESBCs traveled to the UK, India, the UAE, Singapore, Mexico, China, and Vietnam to participate in trade shows, such as Arab Health, IndiaSoft, Craft Beer Rising, Singapore Air Show, Gulfood, VIVMEA, Whisky Live, and ILDEX Vietnam. Some of the companies also participated in trade missions or foreign market expansion trips to the UK, Republic of Ireland, Mexico, the UAE and Saudi Arabia.

Virgin Islands: The U.S. Virgin Islands provided funding to 16 ESBCs to offset expenses associated with exporting, including participation in international and targeted domestic trade

shows. Twelve NTE and 4 ME companies represented a diverse group of the territory's businesses and industries, including the food and beauty supply industries.

Washington: The State of Washington's STEP program provided funding to a total of 286 ESBCs, to offset expenses associated with exporting, including participation in international trade shows and trade missions. The companies developed new overseas markets and partnerships and created and sustained jobs in the State of Washington. Ninety-six NTE and 190 ME companies represent the state's diverse business landscape including aerospace, life sciences/global health, information and communications technology, maritime and clean technology. The ESBCs pursued international markets in several countries, including Canada, the United Kingdom, Mexico, the Netherlands, Vietnam, Spain and Japan. Some of the activities in these markets included trade shows such as the Marine Equipment Trade Show (METS), the National Organics Recycling Conference, ASIA 2018, Hannover Messe, the Aircraft Interiors Show (AIX), and JEC Europe, as well as a Washington State Technology Mission to Tokyo.

West Virginia: The State of West Virginia STEP program provided funding to 53 ESBCs during STEP FY2017. Of these 53 companies, 13 were NTE and 40 were ME companies. Companies utilized the funds to support international business development activities, such as trade shows, independently scheduled business trips, participation in state- and federally-led trade missions, website development, and compliance testing. The ESBCs represented a variety of industries within the state, including mining equipment, building products, automotive parts, aerospace products, and consumer goods. Targeted markets for growth included China, Russia, Canada, Germany, Australia, and Latin America. Activities in these markets included visits to CIPPE 2018, MiningWorld Russia, World Gas Conference, Trade Winds Eastern Europe, and Trade Mission Caribbean.

Wisconsin: The State of Wisconsin STEP program provided funding to 58 ESBCs to offset expenses associated with exporting, including export training and participation in international trade shows and trade missions. These 29 NTE and 29 ME companies represented a wide range of business sectors, including the lumber, aerospace, mining, medical device, and food industries. ESBCs pursued international markets in Japan, France, Germany, the UAE, China, Mexico, and Canada.

Wyoming: The State of Wyoming STEP program provided funding to 24 ESBCs to offset expenses associated with exporting, including export training and participation in international trade shows and trade missions. These 15 NTE and 9 ME companies represented a wide range of business sectors, including the outdoor recreation, agriculture, energy, and manufacturing industries. ESBCs pursued international markets in Germany and Taiwan and participated in various trade shows, such as Expo West, SHOT Show, IWA, and NPEW.

(III) "The effect of each grant on the eligible small business concerns in the State receiving the grant"

We measure this factor in self-reported actual sales by ESBCs in the state receiving the grant. See Table 1 below.

State	Sales
AL	\$2,776,724
AZ	\$6,840,153
CA	\$2,001,940
CO	\$4,831,500
CNMI	\$0
CT	\$1,882,300
DE	\$1,778,952
HI	\$2,903,281
IA	\$1,705,584
ID	\$1,779,864
IL	\$750,408
KS	\$5,893,122
KY	\$7,492,429
LA	\$2,774,976
MA	\$43,204,354
MD	\$16,689,638
ME	\$3,045,614
MI	\$206,570,904
MO	\$78,547,000
MS	\$1,714,755
MT	\$1,040,837
NC	\$19,461,819
ND	\$21,643,000
NE	\$15,125,721
NH	\$4,912,973
NJ	\$31,228,264
NM	\$1,280,000
NV	\$552,919
NY	\$1,176,878
OH	\$3,950,782
OR	\$20,076,697
PA	\$0

Table 1 (continued). Sales by State	
State	Sales
PR	\$8,919
RI	\$3,949,997
SC	\$4,446,416
TX	\$156,015
UT	\$8,768,200
VA	\$723,990
VI	\$0
VT	\$1,625,000
WA	\$22,195,931
WI	\$393,998
WV	\$842,532
WY	\$78,551
Total	\$556,823,357

(IV) "The total return on investment for each State."

The first measure of performance is return on investment (ROI). The average ROI for STEP in FY2017 is 30.93 to 1, meaning that for every \$1.00 of STEP funds awarded in FY2017, STEP reported \$30.93 in sales in the FY2018 performance period.⁴ The average ROI for STEP is higher-41.26 to 1-if only the award expended amount is considered, i.e., for every \$1.00 of STEP funds awarded in FY2017 that has actually been expended, STEP reported \$41.26 in sales in the FY2018 performance period.

The ROI for *each* state for FY2017 is calculated by dividing the state's self-reported actual export sales by total award funds expended in the FY2018 performance period.⁵ See Table 2 below.

State	Award Funds Expended	Sales	ROI
AL	\$143,184	\$2,776,724	19.39
AZ	\$217,555	\$6,840,153	31.44
CA	\$175,004	\$2,001,940	11.44
CNMI	\$19,715	\$0	0.00
CO	\$231,428	\$4,831,500	20.88
CT	\$193,661	\$1,882,300	9.72
DE	\$172,806	\$1,778,952	10.29
HI	\$347,030	\$2,903,281	8.37
IA	\$171,920	\$1,705,584	9.92
ID	\$310,976	\$1,779,864	5.72
IL	\$784,834	\$750,408	0.96
KS	\$153,063	\$5,893,122	38.50
KY	\$179,216	\$7,492,429	41.81
LA	\$85,829	\$2,774,976	32.33
MA	\$247,833	\$43,204,354	174.33
MD	\$552,815	\$16,689,638	30.19
ME	\$176,146	\$3,045,614	17.29
MI	\$900,000	\$206,570,904	229.52
MO	\$400,000	\$78,547,000	196.37
MS	\$465,343	\$1,714,755	3.68
MT	\$706,262	\$1,040,837	1.47
NC	\$682,757	\$19,461,819	28.51
ND	\$179,693	\$21,643,000	120.44
NE	\$203,524	\$15,125,721	74.32
NH	\$178,746	\$4,912,973	27.49
NJ	\$606,151	\$31,228,264	51.52
NM	\$125,582	\$1,280,000	10.19
NV	\$83,488	\$552,919	6.62

⁴ We note that export sales are an extended process; therefore, many sales made as a consequence of activities funded by STEP during this period were completed after the reporting period and are not included in these tables.

⁵ This is a change from previous years when the program was a 1-year award and ROI for each state was calculated by dividing reported self-reported actual export sales by total award amount.

State	Award Funds Expended	Sales	ROI
NY	\$429,675	\$1,176,878	2.74
OH	\$339,224	\$3,950,782	11.65
OR	\$536,263	\$20,076,697	37.44
PA	\$323,970	\$0	0
PR	\$152,408	\$8,919	0.06
RI	\$428,001	\$3,949,997	9.23
SC	\$190,899	\$4,446,416	23.29
TX	\$291,930	\$156,015	0.53
UT	\$390,000	\$8,768,200	22.48
VA	\$91,517	\$723,990	7.91
VI	\$63,282	\$0	0
VT	\$220,068	\$1,625,000	7.38
WA	\$900,000	\$22,195,931	24.66
WI	\$224,893	\$393,998	1.75
WV	\$181,739	\$842,532	4.64
WY	\$35,644	\$78,551	2.20

A second measure of performance is the average funds per ESBC. This is the state's award funds expended amount divided by the number of ESBCs that received STEP funds. See Table 3 below.

State	Award Amount	Award Funds Expended	Number of ESBCs	Average Funds Per ESBC
AL	\$500,000	\$143,184.00	33	\$4,338.91
AZ	\$300,345	\$217,555.49	269	\$808.76
CA	\$500,000	\$175,004.11	83	\$2,108.48
CNMI	\$142,000	\$19,714.79	24	\$821.45
CO	\$256,059	\$231,427.90	52	\$4,450.54
CT	\$290,000	\$193,660.74	43	\$4,503.74
DE	\$221,713	\$172,805.61	62	\$2,787.19
HI	\$400,000	\$347,030.02	317	\$1,094.73
IA	\$265,000	\$171,920.29	44	\$3,907.28
ID	\$343,240	\$310,975.78	43	\$7,231.99
IL	\$890,000	\$784,833.57	182	\$4,312.27
KS	\$380,000	\$153,063.13	42	\$3,644.36
KY	\$530,000	\$179,216.13	99	\$1,810.26
LA	\$183,333	\$85,829.44	35	\$2,452.27
MA	\$500,000	\$247,832.71	57	\$4,437.94
MD	\$600,000	\$552,814.72	84	\$6,581.13
ME	\$195,000	\$176,145.79	330	\$533.78
MI	\$900,000	\$900,000.00	307	\$2,931.60
MO	\$400,000	\$400,000.00	148	\$2,702.70
MS	\$556,810	\$465,342.75	94	\$4,950.45
MT	\$401,818	\$706,262.44	250	\$2,825.05
NC	\$749,225	\$682,747.00	287	\$2,378.91
ND	\$228,225	\$179,692.70	142	\$1,265.44
NE	\$263,720	\$203,524.10	84	\$2,422.91

State	Award Amount	Funds Expended	Number of ESBCs	Average Funds Per ESBC
NH	\$267,866	\$178,45.86	60	\$2,979.10
NJ	\$606,151	\$606,151.00	491	\$1,234.52
NM	\$200,000	\$125,581.95	28	\$4,485.07
NV	\$200,000	\$83,488.41	25	\$3,339.54
NY	\$754,700	\$429,674.96	90	\$4,774.17
OH	\$700,000	\$339,224.34	80	\$4,240.30
OR	\$562,500	\$536,263.21	132	\$4,062.60
PA	\$585,000	\$323,969.58	144	\$2,249.79
PR	\$250,000	\$152,407.62	77	\$1,979.32
RI	\$434,914	\$428,001.22	206	\$2,077.68
SC	\$340,600	\$190,899.08	29	\$6,582.73
TX	\$743,260	\$291,929.88	66	\$4,423.18
UT	\$390,000	\$390,000.00	162	\$2,407.41
VA	\$255,000	\$91,516.66	44	\$2,079.92
VI	\$125,000	\$63,281.72	16	\$3,955.11
VT	\$244,200	\$220,068.34	67	\$3,284.60
WA	\$900,000	\$900,000.00	286	\$3,146.85
WI	\$450,000	\$224,893.32	58	\$3,877.47
WV	\$200,000	\$181,739.30	53	\$3,429.04
WY	\$221,431	\$35,644.43	24	\$1,485.18
Total	\$18,000,000	\$13,494,064.29	5,249	\$3,211.49 (average)

A third measure of performance is the increase in the number of eligible small business concerns exploring significant new trade opportunities. We define this as the total number of ESBCs that received STEP services. This is the number of New-To-Export firms plus the number of Market Expansion firms. See Table 4.

State	New-to-Export Firms	Market Expansion Firms	Number of ESBCs Exploring Significant New Trade Opportunities
AL	8	25	33
AZ	78	191	269
CA	16	67	83
CNMI	24	0	24
CO	23	29	52
CT	7	36	43
DE	21	41	62
HI	192	125	317
IA	9	35	44
ID	8	35	43
IL	52	130	182
KS	5	37	42
KY	16	83	99
LA	3	32	35
MA	0	57	57
MD	28	56	84
ME	150	180	330

Table 4. Number of ESBCs Exploring Significant New Trade Opportunities			
State	New-to-Export Firms	Market Expansion Firms	Number of ESBCs Exploring Significant New Trade Opportunities
MI	24	283	307
MO	58	90	148
MS	50	44	94
MT	104	146	250
NC	45	242	287
ND	36	106	142
NE	11	73	84
NH	28	32	60
NJ	273	218	491
NM	19	9	28
NV	11	14	25
NY	15	75	90
OH	19	61	80
OR	46	86	132
PA	23	121	144
PR	47	30	77
RI	51	155	206
SC	12	17	29
TX	22	44	66
UT	66	96	162
VA	24	20	44
VI	12	4	16
VT	22	45	67
WA	96	190	286
WI	29	29	58
WV	13	40	53
WY	15	9	24

(V) "A description of best practices by States that showed high returns on investment and significant progress in helping more eligible small business concerns."

In the first 4 quarters of FY2017, the top 5 state performers for ROI were Michigan, Missouri, North Dakota, Massachusetts, and Nebraska (see Table 5).

State	Award Expended	Sales	ROI
MI	\$900,000	\$206,570,904	229.52
MO	\$400,000	\$78,547,000	196.37
MA	\$247,833	\$43,204,354	174.33
ND	\$179,693	\$21,643,000	120.44
NE	\$203,524	\$15,125,721	74.32

For ESBCs reached, the top states were New Jersey, Maine, Hawaii, Michigan, and North Carolina (see Table 6).

State	New-to-Export Firms	Market Expansion Firms	Number of ESBCs Exploring Significant New Trade Opportunities
NJ	273	218	491
ME	150	180	330
HI	192	125	317
MI	24	283	307
NC	45	242	287

To share the best practices of this year's top performing states, STEP conducted limited case studies in the form of semi-structured interviews with the STEP Project Directors from eight of the top performing states.⁶ In these interviews, we discussed the states' practices in administering their STEP programs and inquired about whether they had unique practices that contributed to their success. Based on these interviews, we have described a variety of best practices by these top performing states.

Some were selected for inclusion based on a state's strong view that the particular practice contributed most to its success. Others were selected based on STEP's determination that the practice was compelling and would be helpful to other states. Based on our years of experience administering STEP, a practice that has worked particularly well for at least one state is likely a promising practice from which other similar states may benefit. That determination reflects the fact that the top performing states are all different, including by geography, population density, and industries, and have varying export promotion ecosystems.

⁶ We reached out to all nine (Michigan is on both top five lists) top performing states with only Maine not participating.

Michigan

Michigan's STEP program led all states in ROI (229.52:1) and export sales (\$206 million). Michigan also ranked fourth in terms of number of small businesses reached having connected with 307 small businesses-24 NTE and 283 ME. Michigan-through the Michigan Strategic Fund's (MSF) International Trade Program (MI-ITP)-administers its STEP award on a rolling, first-come, first serve basis and grants STEP funds to companies so long as they are qualified.

Michigan receives the maximum Federal award amount of \$900,000 for the STEP program. One of the ways they manage a program of that size is by leveraging its customer relationship management (CRM) system to integrate disparate system data into a singular source, enabling the tracking of achievements and the refinement of policy and programming decisions.

At the front end, MI-ITP's web-based client portal system is where a small business prepares its STEP application and provides information about its export development plans, the specific activity for which it is seeking finance assistance, the expected impacts of that activity, and a proposed budget for the activity. On the back end, that same client portal system is used for client reimbursement and sales confirmation processes. Small businesses are able to log in to the online portal to also enter their activity information, actual receipts and necessary documentation; they are also paid through electronic fund transfers. Since the portal's implementation, the amount of staff time required to administer, and monitor STEP reimbursements has been reduced significantly while speeding up the process. Using a CRM service has also allowed for a higher level of compliance, real-time tracking, storage, and reporting for audit purposes.

In addition to processing of funds and reimbursements, the CRM service captures ESBC activities, outcomes, and relevant metrics for monitoring. The online reporting function has increased the number of STEP clients providing reports as well as the accuracy of the reports.

Significantly, Michigan's online data collection capabilities provide a format to collect required STEP client results on a quarterly basis, such as facilitated export sales, projected sales for the following quarter, industry, and new markets entered.

Through real-time online reporting, Michigan is able to use data manipulation and analysis to evaluate program effectiveness and to assist in determining target markets and industries. For example, using the figure of \$210,000 in facilitated export revenue to equal one created job, Michigan is able to highlight export assistance programs alongside traditional job-creating investment projects. In addition, whether a company is an NTE or ME has already been directly linked to the company's account in the CRM system, thereby allowing Michigan to associate reported results with each client's level of expertise.

Missouri

Missouri ranked second in ROI with its small business grantees reporting over \$78.5 million in export sales. For Missouri, whose STEP program is run by the International Trade and Investment Office (ITI) of the Missouri Department of Economic Development (DED), a partner network⁸ is one of the keys to its success. Missouri states that its partner network is important. In Missouri's view, companies care less about whether a Federal, state, or nonprofit agency is helping them; companies only care that the job is getting done.

The partnership's effectiveness goes back to 2011 when STEP was first announced in Missouri. At that time, ITI assembled every export service provider in Missouri together to have the difficult conversation of who does what and who should be providing certain services. Ultimately, all partners acknowledged the role each played in trade and export promotion in the state and there was a conscious decision and deliberate efforts made to eliminate turf issues and duplicative efforts.

Because of this mindset, today, export partners in Missouri work together within a service delivery framework and understand that they must leverage each other to be able to grow exports for the state. In Missouri, that means that ITI works seamlessly with its partners, including promoting SBA products, introducing clients to the Export-Import Bank for additional financing options, and working with local economic development boards. ITI also collaborates with world trade centers to conduct export training, as well as with SBDCs to provide business counseling. It also works with trade associations, who are best positioned to conduct outreach.

Another key factor supporting Missouri's success is the marketing and branding of STEP in the state. MO STEP=UP (the acronym for Missouri State Trade and Export Promotion = Unlimited Possibilities) was also established in 2011 and is recognized by Missouri's small business community as SBA's STEP. More than just a branding tool, MO STEP=UP is known in Missouri as the single hub for exporters for information and services about program registrations, trainings, market expansion, service delivery, and other export-related tools.

Missouri maximizes this branding through its constant marketing of MO STEP=UP. ITI staff average two weeks a month in the field continually highlighting MO STEP=UP to Missouri businesses through program outreach and marketing campaigns. It also works in tandem with its partner network to conduct outreach and recruitment of underserved small businesses. Missouri notes that the marketing it conducts in rural areas (i.e., outside of the major hubs of Kansas City and St. Louis) is particularly productive because of higher levels of community engagement and greater local interest. Beyond announcing the initial STEP award and the deadlines, Missouri concurrently advertises the many activities and events for which STEP funds can be used. It also publicizes MO STEP=UP year-round within state and other Federal agencies, business journals, outreach events, and in monthly emails.

Finally, Missouri takes care to conduct follow-up after outreach events. For example, at these events, it meets a variety of companies that are at different levels of readiness, with some having exported before while others may only be reactionary exporters, i.e., considering exports

⁸ Missouri's partners include the Missouri Department of Agriculture, SBA and its district offices, the St. Louis, Missouri Chapter of SCORE, the Missouri Small Business and Technology Development Centers, Women's Business Centers, Veterans Business Outreach Centers, U.S. Export Assistance Centers, Missouri Enterprise, world trade centers, trade councils and trade associations, and chambers of commerce.

after an unsolicited inquiry. As a practice, Missouri often reaches out to a company it meets by dispatching a team to follow-up and assess the company's readiness. Depending on this assessment, Missouri then proposes additional assistance to the company, such as referring them to export training or providing them with market research.

Massachusetts

In the first half of Year 6, Massachusetts were ranked third in terms of ROI. During this time period, Massachusetts [through the Massachusetts Office of International Trade and Investment (MOITI)] awarded grants to small businesses that reported in their Data Collection Instrument over \$43.2 million in export sales. MOITI notes that a significant percentage of the sales volume was due to several companies receiving multimillion-dollar awards. Two practices that stand out for Massachusetts are its competitive application process and its leveraging of its strong partnerships to market STEP.

Massachusetts awards its grants through a competitive application process. Small businesses apply through an online application which has questions that delve into the company's export activities, readiness and commitment. For example, the application requests specific information about a company's export development budget and its commitment to developing international markets. It also asks the company about its staffing resources, including the staff's experience and export training. The application also requests the company's international marketing plans in addition to a specific proposal for the activity for which it requests funding.

Once completed, an application is sent directly to the Massachusetts Export Center, which collects all applications received and reviews, evaluates, and scores them. As one of the longest-established and most successful SDBC international trade programs in the country, the Massachusetts Export Center provides targeted, customized, and high-impact technical assistance and counseling services to companies throughout the entire export process. It is particularly well positioned to evaluate the applications and score them.

Incorporating the scores from the Export Center, MOITI is generally then able to award grants to the top 50 applicants. According to MOITI, apart from extra points given for new to export companies, the process is industry-blind and focuses on ensuring that grants are given to companies who have "skin in the game" and a strategy to leverage their funds to support exports. Through this process, Massachusetts believes it is ensuring a fair and upfront process for small businesses while maximizing its ROI on the grants that it awards.

While not all qualified applicants will score high enough to receive a grant, MOITI allows applicants to inquire about their low score, thereby increasing their chances of an award in the next application cycle. Providing such an opportunity is just one of the ways that Massachusetts keeps small businesses within its robust pipeline of new and existing exporting firms to take advantage of STEP. That Massachusetts can run a competitive application process for STEP is a testament to this robust pipeline, which has been invaluable for recruiting STEP applicants.

In practice, that means MOITI leverages its strong partnerships with the Export Center and other state agencies and key partner organizations to market STEP and recruit applicants. Having participated in STEP every year except for one, information about STEP is often shared among small businesses in the Massachusetts exporting community. In addition, beyond traditional marketing of STEP through existing client relationships, newsletters, and web announcements, staff at MOITI and the Export Center market STEP at every opportunity. That includes sharing STEP information at trade show recruitments, during MOITI and Export Center training

programs and seminars, and through events organized by other partner organizations, such as the SBA district office and SBA resource partners, the U.S. Export Assistance Center, and economic development offices of other state agencies.

North Dakota

North Dakota is ranked fourth in ROI with its STEP grantees producing over \$21.6 million in export sales. Run by the North Dakota Trade Office (NOTO), there are two key elements of North Dakota's STEP program which help to contribute to its high ROI numbers. First, the plan for each year's STEP program is built within the state's overall economic development plan, which focuses on key industries and activities. That may mean that the STEP program plans activities that complement the state's targeted industries for that time period or augment other export promotion programs in the states. For example, North Dakota also receives the U.S. Department of State-run Specialty Crop Block Grants, which support projects that enhance the competitiveness of U.S.- or U.S. territory-grown specialty crops in either domestic or foreign markets.

Second, North Dakota finds that the best results are more likely when the front-end research is done. To encourage small businesses to incorporate this principle in their efforts to export, NOTO conducts a semester-long Export Management Course at local universities. That course is designed to give small businesses an understanding of market research criteria and target markets analysis while introducing them to the steps to export. NDTO's Export Team also works closely with U.S. Commercial Service to conduct international market research projects that help exporter identify foreign markets best suited for their products and services. It also has subscription databases and cultural resources that serve as market research tools for exporters to address obstacles to export. Finally, NOTO works with a select group of international business resources who are able to provide exporters with export logistics requirements for their target markets.

Nebraska

Nebraska's STEP program is administered by the Nebraska Department of Economic Development (NDED) and is ranked number five in ROI with its STEP grantees producing over \$15.1 million in export sales. Nebraska credits "hand-holding" as one of the practices that helped contribute to its high ROI. Whether it is a company that has no idea it could develop the capacity to export, or a company that is looking to expand exports into a new market, Nebraska (and all the states interviewed) finds a way to provide tailored support and guidance throughout the entire process.

For Nebraska, building the pipeline to identify and develop small businesses into new exporters is "an unending goal." Even before NDED provides its numerous personalized services such as one-on-one counseling and technical advice and referrals to other local export services for special expertise such as in financing, freight forward, and product testing, it has already had numerous interactions with companies. NDED has four full-time employees dedicated to international business development, trade offices in Japan and China, and field service representatives in various locations around the state who meet with businesses and organizations in their region. All of these individuals nurture contacts made with companies by regularly calling upon them to learn more about the company, their products, their business assistance needs and their international business interests.

Even with services that it does not directly provide, such as with services provided through a contractor, NDED staff continue to be intimately involved in the process. For example, NDED contracts with the Nebraska Business Development Center (NBDC) for a maximum of 16 intermediate market research reports to be prepared for at least 12 small businesses. These reports are meant to be tailored to the needs of each small business, including identifying potential international markets and market entry methods. While the service is provided by a contractor, NDED remains involved by reviewing the report and following up with the small business to evaluate the effectiveness and usefulness of the report to its export plans.

New Jersey

New Jersey ranked first in terms of number of small businesses reached, having connected with 491 small businesses-273 NTE and 218 ME. It also posts strong ROI numbers and is just outside the top five at number seven, with its small business grantees producing over \$31 million in export sales. New Jersey believes its success is related to a variety of practices, including a rigorous screening process, excellent relationships with Federal, state, and regional partners and organizations, and its up-front disbursement of funds.

New Jersey-through the New Jersey Business Action Center (NJBAC)-awards STEP funds on a "First Come - First Serve - Competitive Basis." That means that applying first for funds does not guarantee funds for a company if that company is not competitive. To implement this, New Jersey's online application includes numerous upfront questions regarding a company's experience and readiness. After an online application has been completed, it is reviewed by the STEP Program Director who then assigns it to a trade specialist who continues to work with the company to obtain more information regarding the company's preparedness, including conducting a site visit. Moreover, to ensure that a company is competitive, New Jersey has a very robust interviewing process run by staff with exceptional interviewing skills.

Augmenting the interview process is the fact that New Jersey's trade specialists all come from the private sector and bring this experience with them in assessing whether a company can be competitive with their STEP funds. Ultimately, New Jersey gets to know its companies in depth and can assess whether a company has "skin in the game" that will increase its chances of success.

New Jersey also has excellent relationships with Federal, state, and regional partners. New Jersey communicates almost daily with Federal partners⁹ and holds regularly scheduled monthly conference calls to review client engagements, share information and progress, coordinate efforts, and make referrals. It promotes the use of STEP funds for the Department of Commerce's U.S. Commercial Service and allows the agency to pre-screen clients that want to attend its trade missions prior to deciding whether to award a STEP grant. It is also able to leverage its relationships with "multipliers" to promote STEP. For

⁹ E.g., SBA, U.S. Export Assistance Centers, the Veteran Outreach Office of SBA, and the Minority Business Development Agency at the U.S. Commerce Department.

example, New Jersey promotes STEP regularly at the SBDC annual meetings and at events at trade organizations, chambers of commerce, and universities.

New Jersey is also an active participant in the Eastern Trade Council (ETC), which describes itself as the accelerator for regional trade development and policy. In practice, trade directors from the Eastern states from Maryland to Maine¹⁰ meet two to three times a year to discuss trade promotion, share best practices, and act as sounding boards regarding trade issues. Ultimately, the goal of the ETC is to leverage economies of scale and the region's competitive advantages to reduce costs and increase efficiency in trade promotion activities.

Finally, New Jersey is very particular about the way it disburses STEP funds. Since implementing STEP seven years ago, 100% of its STEP awards have gone to small businesses. New Jersey absorbs all operational costs, matching funds, salaries, and promotional costs of STEP. In addition, New Jersey fronts the money, i.e., the state treasury allocates funds to NJBAC based on its STEP award amount and immediately reimburses companies as they complete their events. It requests reimbursement from the SBA only on a quarterly basis. It also maxes the STEP grants it awards at \$15,000 per company per STEP year. In New Jersey's experience, that level of funding is the "sweet spot" in terms of obtaining a company's buy-in to make the decision to take the investment leap¹¹ into exporting or expanding exports.

Hawaii

Hawaii is ranked third on number of small businesses reached having connected with 317 small businesses-192 NTE and 125 ME. Hawaii State Trade Expansion Program (HiSTEP)- which is run by the Department of Business Economic Development & Tourism (DBEDT)-is able to reach these numbers through a pipeline that focuses on three components.

First, NTE and ME companies are brought in through the HiSTEP Export Readiness (ER) program. ER training consists of basics of exporting sessions, such as the Hawaii Pacific Export Council's Export University program. The ER program also gives small businesses the opportunity to receive one-on-one technical assistance and mentoring on issues and opportunities specific to their businesses. After an NTE or ME company participates in the ER program, it can then utilize the other two components of HiSTEP-the Company Assistance Program and trade/consumer show exhibitions.

Second, a small business that has participated in the ER program or has shown that it is prepared to expand export or enter a new market may apply for HiSTEP Company Assistance (HiSTEP-CA). HiSTEP-CA is direct funding provided to a small business to help it implement its export development plan. A company applies for funds to conduct a specific proposed activity by completing an application and detailing an export plan that supports the activity. Hawaii scores the application proposal based on considerations such as whether the company

¹⁰ Members include Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

¹¹ New Jersey only funds six categories: a) Trade Shows (booth and registration costs only); b) Trade Missions; c) Translation Services; d) All Department of Commerce-paid services; e) Reverse Trade Missions; f) Training costs or seminar sponsorships. Thus, companies are required to invest their own funds in collateral expenses of these activities such as travel, sales trips, and exchange fees.

has at least \$200,000 in income and whether its estimated ROI is feasible. Often, Hawaii gives feedback to applicants until they are able to score high enough to receive funding.

Third, after participating in the ER program, small businesses may be recruited or requested to participate in activities organized by DBEDT, such as industry-oriented trade show delegations, foreign market sales trips, trade missions, and buyer missions, including complementing activities such as personalized matchmaking through Gold Key services, informational briefings by U.S. embassies and consulates. In recruiting for these trade shows, HiSTEP targets trade shows and markets that have an increased likelihood of resulting in a small business entering the export market or increasing export sales.

North Carolina

North Carolina ranked fifth in terms number of small businesses reached, having connected with 287 small businesses---45 NTE and 242 ME. It also posts strong ROI numbers, with its small business grantees producing over \$19.4 million in export sales. For North Carolina-whose STEP program is run by the North Carolina International Trade Division (NCITD) of the Economic Development Partnership of North Carolina (EDPNC)-much of its success is because of its strong partnerships. North Carolina recognizes that it takes a lot of work to maintain good relationships with partners, but it is willing to put in that work because it is essential to growing state exports.

In practice, that means North Carolina holds monthly calls with export partners, such as the U.S. Department of Commerce, the District Export Council, SBA, the North Carolina Small Business and Technology Development Center, the University of North Carolina system, the North Carolina Department of Commerce, the North Carolina Department of Agriculture, and North Carolina state ports. During these calls, the partners discuss what they are working on, including upcoming events, recruitment of small businesses for trade shows and educational seminars. They also talk about the status of the STEP program and potential client sharing.

North Carolina also draws attention to the fact that its strong partnerships are strengthened by the state's history of prioritizing export promotion programs. Even before the STEP program was implemented in North Carolina, the state had long realized that companies need to be globally engaged-not only in economic development but also in academics, healthcare, and in government. By the time the STEP program was implemented in North Carolina, export promotion and global engagement was already part of the state's business culture.

That foundation has allowed North Carolina to use STEP awards to expand and broaden its existing export promotion offerings, including introducing new industries into the export market, trying new markets for North Carolina exports, and exploring the export potential of other industries. For example, while North Carolina has always attended trade shows in the past, STEP grants now allow companies to attend trade shows on their own, as opposed to waiting for North Carolina to have the availability to include them in their trade delegation.

Similarly, North Carolina had provided basic "Export 101" education seminars before the STEP program was implemented but achieved mixed results as to whether such seminars actually helped companies to export. With STEP funds, however, North Carolina now provides tailored export education seminars by hiring a consultant known nationwide for his expertise in navigating export standards, regulations, and compliance. By regularly scheduling his services and allowing companies to sign up for one-hour sessions, North Carolina has seen increased interest in the seminars and has been able to provide concrete assistance to companies, which they can implement or incorporate into their export promotion plans.

Finally, for North Carolina, STEP is promoted by international trade managers who are focused on industries and provide support to all 100 counties. Notwithstanding each manager's focus on certain industries, NCITD leverages its export staff's comprehensive industry expertise to reach all industries. Thus, while managers may cover large industries, such as furniture, textiles, information communication technologies, and the automotive and aerospace industries, they also cover smaller industries like personal products, agribusiness, and the marine industry, and emerging sectors, such as nanotechnology, defense and clean/green products and service exports. Consistent with North Carolina's strong relationships with export promotion partners, it also partners with industry organizations and takes advantage of their multiplier potential. For example, High Point Market Authority operates the largest furnishings industry trade show in the world and North Carolina's active engagement with the organization allows it to market the STEP program extensively.