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CMTC
Creating Solutions

Sizing up the Opportunity for Small and medium-sized manufacturers (SMMs) to explore new markets

- ▶ SMMs accounts for 32% of California export value but less than 30% exports
- ▶ 80% of the global market is outside the U.S.
- ▶ Key exporting markets for SMMs in California are Mexico, Canada, Japan, China and South Korea
- ▶ 72% of SMMS sell products to less than 4 countries
- ▶ Manufacturers that export grow faster and are less likely to go out of business.



Main barriers to expanding into new markets

- ▶ Don't know enough about it and not sure where to start
- ▶ Exporting is costly and would not be profitable
- ▶ Products are not exportable
- ▶ Exporting is risky, too much worry about getting paid
- ▶ Cannot finance export sales



Elements of developing a program to explore and enter new markets

- ▶ Conduct research to determine the opportunity
- ▶ Strategic commitment to invest and dedicate resources
- ▶ Invest time to establish a plan
- ▶ Seek assistance to create and execute a plan



Exploring the opportunity to enter new markets

- ▶ What are the best countries to market your product?
- ▶ How competitive is your industry in the global market?
- ▶ Who are the target customers in the chosen market?
- ▶ What is the best method to export?
- ▶ How would you build a distributor or agent relationship?



Where do you seek assistance to learn about exploring new markets?

► Market and distributor information

- Industry trade shows
- Trade missions and matchmaking
- International buyer program
- Export.gov



● Financial Assistance

- SBA – Guarantees for loans, receivables, financing for equipment, materials, missions
- Ex-Im Bank – Foreign credit insurance
- Banks – Letter of Credit, Currency and payment guidelines



Where do you seek assistance to learn about exploring new markets?

► Export Plan development

- Small Business Development Centers
- Manufacturing Extension Partnership Centers



● Logistics and legal

- Forwarders – transport, costs, tariffs, taxes and customs
- Legal – pricing, contracts, foreign entity, Intellectual Property

Benefits of successfully selling into new markets are significant

- ▶ SMMs that exported grew by 37% verses (7%) for non exporters over a 7 year period
- ▶ Diversifies your customer base to weather changes in the domestic economy
- ▶ Buffers the impact of domestic competitors
- ▶ Extends product life cycles
- ▶ 33% of exporters see returns in less than six months



