Small businesses interested in exporting now have a new online tool to help them tap into the global marketplace to grow their business. Developed by the U.S. Department of Commerce and the U.S. Small Business Administration, Six Steps to Begin Exporting, http://business.usa.gov/begin-exporting, is a tool in the national Export Initiative Toolbox to help entrepreneurs to begin exporting.

The six-step process begins with a self-assessment to help potential exporters gauge their readiness to successfully engage in international trade. The self-assessment is followed by sections on training and counseling programs; resources to create an export business plan; information on conducting market research; assistance for finding foreign buyers; and investigating financing for your small business exports, foreign investments or projects.

Upon completing the self-assessment, businesses receive a score indicating their level of readiness. Based on the score, additional resources are identified fitting their specific needs, including SBA and its nationwide resource partners SCORE and the Small Business Development Centers, as well as Commerce’s U.S. Export Assistance Centers, which provide individualized support.

“This practical, interactive website is just the latest example of the commitment the Obama administration has made to helping American businesses – especially small business – sell more of what they make around the world, “U.S. Commerce Secretary Locke said. “Connecting America’s entrepreneurs and small businesses with new buyers and new markets abroad will help create jobs and spur sustainable economic growth.”

“With nearly 96% of the world’s customers living outside the United States and two-thirds of the world’s purchasing power in foreign countries, tapping into opportunities in the global market makes perfect sense and is more attainable than ever for small business owners,” SBA Administrator Karen Mills said. “One of the main hurdles potential exporters face is their fear that exporting is too complicated. This six-step process addresses and dispels that concern. Across the administration, we continue to strengthen the tools and
resources so we can be the best possible partner in helping small business owners grow their customer base beyond our borders and, in doing so, create new jobs here at home."

(For more information on export services for small businesses visit http://business.usa.gov/export or contact Kaskaskia College International Trade consultant Elizabeth Ahern, elizabeth@elizabethahern.net; cell 267-2578.)

**FIVE QUESTIONS TO ASK BEFORE MODIFYING YOUR PRODUCTS FOR EXPORT MARKETS**

Most companies realize that there are many international markets where they can export their products and services. But to maximize sales in another market, there are different requirements and expectations from customers. The question is: *HOW MUCH SHOULD YOU CHANGE YOUR PRODUCT FOR EXPORT MARKETS.*

One CEO believes that their product should only be sold in markets where no changes to the product are needed to sell it. As you would expect, (the company) has almost no international sales. Another CEO from the same industry is trying to maximize revenue and market share by creating different, localized versions of products for each market. In-country managers and/or distributors set the product specifications. As you might expect, revenues are high, but expenses to produce and manage so many product variations are even higher. The company is losing money in most of their markets.

These two scenarios set the extremes in localization. In truth, the optimal amount of localization is normally in between these tactics. Here are five questions to help you decide which product alternations to make and which ones to skip:

1. **What is the market opportunity?** If you sell products to manufacturing firms and there has been an increase in demand for your offering in Central America, this coincides with manufacturing’s continual rise in that region over the past few decades. How large is the market potential? If you are not sure, you can ask a government agency like the U.S. Commercial Service for the data. International industry associations are another great source of this type of information. So long as there are potential customers willing to pay a price that leaves your company profitable, then there is a market opportunity worth considering.

2. **What are the market’s legal requirements?** As most export managers know, the minimum set of product changes needed include any local or national regulations. This may include input materials requirements, labeling and certifications with local/regional/national compliance boards. It is so important to understand the local requirements before ever selling products into a new market in order to avoid unnecessary expense, loss of brand value, and key relationships.

3. **Are the local requirements and preferences things that can and should be added to the core product?** Sometimes localization is a simple change like adding a short translation on the company’s standard product packaging. If the product is available in several colors, then adding the product in a color heavily preferred by a large new market may be beneficial. But many times the expense of changing the product outweighs the additional sales the product would garner.

4. **What are the localization expenses?** Oftentimes companies consider the increased fixed and variable costs related to producing a unit of the localized product. Here are other factors to consider:
   - Cost of designing changes.
   - Time and expenses to receive required approval from any foreign regulators.
   - Cost of changing to multiple production batches.
• Translation/localization costs for any copy.
• Checks to see if the product variations affect any legal implications such as intellectual property

5. **How does localization fit in with your company’s overall strategy and corporate culture?**
   Any shifts in the amount of product localization needs to fit well with both your company’s strategy and culture. If the strategy focuses around growing market share and revenue ahead of plans to have the company acquired, then well-planned localization can help to **grow market share with increased demand in international markets.**

But if your company culture is one that resists change and embraces continuity of product design, then localization may be met with some resistance from within the company.

*(Information taken in part from International Trade Blog by Becky Destigter/Export Markets, Export marketing, Export Strategies. For more information about doing business in international markets, please visit THE INTERNATIONAL ENTREPRENEUR WEBSITE)*

**Twelve steps for Success with AES filing**

If your company exports, there is a good chance that you need to file the electronic export information (EEI) with the U. S. Census Bureau through the Automated Export System (AES). The Foreign Trade Regulations (FTR), 15 CFR 30, specifies when data needs to be submitted, what information must be included, and who must do the filing.

The regulations for mandatory AES were issued in 2008 and updated in 2013. The update included two additional data elements that must be reported in an EEI: the ultimate consignee type and the value of the export license, if relevant.

While exporters should read and act based on the minutiae of the regulations, companies must achieve the most cost effective method of meeting the regulation’s requirements. How can you be practical, compliant and protect your company when it comes to AES filing?

The Census Bureau seems to understand this need, and they have published the Automated Export System Best Practices guide based on the procedures used by some of the most successful export companies that file through AES. The author...has used the guide to create a checklist for ensuring success when filing through AES.

1. Download and review the AES Best Practices Guide.
2. Screen all the parties to all export transactions against the U.S. government’s restricted party lists (15 CFR Part 30.70-74, FTR, 15 CFR Part 764).
3. Twice a year review and update the Schedule B or Harmonized Tariff Schedule of the U.S. (HTSUS) codes for your products.
4. Create and maintain an efficient method of itemizing Schedule B or HTSUS codes with an accurate value per code. Accurately report the information.
5. Create and maintain an efficient method of identifying whether your products are domestic (D) or foreign (F). Accurately report the information.
6. For routed shipments (when the buyer selects the agent or freight forwarder), provide a Shipper’s Letter of Instruction with the required details.
7. For routed shipments, the U.S. Principal Party in Interest (USPPI), which is typically the seller, must provide the buyer’s agent or forward the following data:

- Name & address of the USPPI
- USPPI’s Employer Identification Number (EIN); State of Origin
- Foreign Trade Zone (FTZ) if applicable
- Commercial description of commodities
- Origin of goods indicator: D or F
- Schedule B or HTSUS classification commodity code
- Quantities/units of measure; Value
- Export Control Classification Number or sufficient technical information to determine the ECCN
- All licensing information necessary to file the EEI for commodities where the Department of State, Department of Commerce, or other U.S. government agency issues a license for the commodities being exported, or the merchandise is being exported under a license exemption or license exception, and...
- Any information known that will affect the determination of license authorization.

8. Utilize EEI filing exemptions when allowed. For example, do not file an EEI for shipments destined for Canada, unless required (shipments of used self-propelled vehicles or transactions subject to an export license). An exemption statement must be noted on the bill of lading when an EEI is not required; for Canadian shipments it is NOEEI 30.36.

10. Request an annual data report from Census and audit AES records.
11. Confirm an international Transaction Number (ITN) is received for each shipment submitted.
12. Review AES Administrator requirements.

This tactical checklist is often a starting point for a company’s AES administrator or the trade compliance professional to develop a procedure or policy to assist its team in a response to the export transactions for which they are responsible. For additional help with filing through the AES, take a look at a white paper: Filing Through the Automated Export System.

The modifications of the 2008 FTR, 15 CFR30, with immediate impact on exporters and EEI filers have been reviewed in various trade compliance publications. There are additional modifications to the rules that are worth reviewing for their impact on your firm. (Taken in part from International Trade Blog, Twelve Steps for Success with AES Filing by Catherine J. Petersen/Automated Export System (AES), Export Basics & http://www.shippingsolutions.com/blog)

**OBTAIN LOCAL ADVISEMENT AND CONSULTATION BY CONTACTING THE FOLLOWING:**

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Funded in part through a cooperative agreement with the U.S. Small Business Administration, the Illinois Department of Commerce and Economic Opportunity and Kaskaskia College. All opinions, conclusions or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA or DCEO)