**Small businesses look across borders to add markets**

By Paul Davidson, USA TODAY

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Executives at Osagian Canoes of Lebanon, Mo. never thought much about selling their product outside the U.S.

Shipping costs for the 17-foot long aluminum canoes seemed exorbitant. And John Carr, vice president of Osagian's parent company, Carmeco, figured he'd have to learn new languages and worried international sales contracts couldn't be enforced.

But since attending a workshop last year developed by the Commerce Department, Osagian has opened a small factory in Denmark and exports are on pace to comprise 15% of sales this year.

The workshop, called ExporTech, "opened my mind to possibilities," Carr said. "It's not that big of a world out there."

Commerce, along with the Small Business Administration and the Export-Import Bank, are making a big push to help small and midsized firms dramatically increase exports. The effort is part of the President Obama's National Export Initiative, which launched early last year and aims to double U.S. exports in five years and create 2 million new jobs.

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Small companies are at the heart of the effort since they create two-thirds of new jobs in an economic recovery, officials say. Yet they often lack the overseas offices, sales forces and cross-cultural knowledge to mine foreign markets, says Mark Zandi, chief economist of Moody's Analytics. Small and midsized companies produce half the nation's economic output but account for just 30% of exports. Overall, just 1% of the nation's 30 million companies export and 58% of those that do ship to only one country.

"So much of what America makes is in great demand," Commerce Secretary Gary Locke said in an interview. Small and midsize companies' "growth potential is outside the U.S."

According to a Commerce survey, small businesses' biggest concern is they simply don't know how to identify and sell to overseas customers. That's followed by worries that they won't be able to get financing and won't be paid by foreign buyers. Myriad other concerns include language and cultural barriers, shipping costs, theft of intellectual property, cross-border tax differences, and burdensome red tape.

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Osagian Canoes' Carr says the ExporTech workshop he attended taught him that, for a fee, the Export-Import bank provides insurance if an overseas customer doesn't pay a bill. He also discovered "the English language is the language of business. I thought I was going to have to learn to speak German."

Osagian executives looked across the Atlantic because U.S. sales have been stagnant, at about 750 to 800 canoes each year, mostly to resorts and camps. "We just felt maybe the U.S. market was a little bit mature," he says.

Carr didn't have to search too strenuously for his first customer. A kayak distributor in Denmark called and asked if he could sell Osagian's canoes to dealers in his country as well as Norway and Sweden. Osagian says he makes the only aluminum canoe whose hull pieces are welded rather than riveted, making it more durable.

Yet it occupies so much space that only 20 fit in a 2,500-cubic-foot shipping container. Delivery costs of $5,000 a shipment, or $250 per canoe, would add a 28% premium to a $900 canoe. But Carr realized that Osagian instead could open a small factory in Denmark and ship 200 unassembled canoes at about a tenth of the per-container cost. Osagian has made about 100 canoes at its two-employee Denmark plant; 22 have been sold.

Carr also attended an outdoor-equipment trade show in Nuremberg, where he met nine sales representatives who agreed to sell Osagian's canoes in Germany, France, England, Switzerland and Austria. All told, Osagian expects to sell about 175 canoes overseas this year, boosting sales 20%.

His next targets: southern hemisphere regions such as South America and Australia that enjoy summer when the U.S. is slogging through winter. That would help Osagian prop up sales in the U.S. offseason. Carr expects to increase foreign sales to about 500 a year by 2013. That would mean doubling his six-employee staff.