



## Agency Priority Goal Action Plan

# Increase US Small Business Export Sales

### **Goal Leader:**

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# Overview

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## Goal Statement

- By September 30, 2021, increase the dollar of SBA's small business export sales to \$4.7 billion (FY 2018 baseline = \$3.1 billion).

## Challenge

- While 98% of exporters are small businesses, only 1% of the 30 million small businesses export. International markets provide untapped potential for the nation's small businesses.
- Nearly 33% of U.S. businesses find it difficult to access financing for international sales despite many of them being in export industries.

## Opportunity

- Small businesses that enter international markets have the potential to grow their revenues, diversify their customer bases, and increase their profits. Companies that export expand faster and create American jobs with higher wages. International trade has become a more integral part of the U.S. and world economy and constitutes 28% of the U.S. economy. Nearly 95% of consumers and more than two-thirds of the world's purchasing power reside outside the United States.
- This Agency Priority Goal advances the agency's mission to maintain and strengthen the nation's economy by enabling the establishment and vitality of small businesses. It aligns with the FY 2018-2022 SBA Strategic Plan Strategic Goal 1 to support small business revenue and job growth through Strategic Objective 1.2 to help small business exporters succeed in global markets.

# Leadership & Implementation Team

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## Core Team:

- Office of International Trade (OIT)
  - Associate Administrator/Deputy Associate Administrator
  - Director, International Trade Finance
  - Export Finance Managers (EFM)
  - State Trade Expansion Program (STEP) Team
- Office of Field Operations (OFO)
  - Lender Relations Specialists
- Office of Capital Access (OCA)
  - Financial Policy and Financial Systems
- Office of Entrepreneurial Development (OED)
  - Resource Partners
    - Small Business Development Centers (SBDC)
    - Women's Business Centers (WBC)
    - Veteran's Business Outreach Centers (VBOC)
    - SCORE
- Office of Communications and Public Liaison (OCPL)
  - Regional Communication Directors

# Goal Structure & Strategies

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## Implementation Strategy Overview:

1. Implementation of Partner Referral Protocols – The SBA will establish a process for how qualified export loan referrals will be made between the Trade Finance Division and key internal and external partners.
2. Lender Utilization – The SBA will institute a new business development and relationship management model between the Trade Finance Division and partners (OFO and OCA) to increase the number of lenders using the Core Export Loan Programs.
3. Manufacturer Outreach Campaign – The SBA will launch an outreach campaign to increase the number of manufacturers using SBA's Core Export Loan Programs, STEP grants, and international trade policy assistance tools.
4. STEP Data Management Improvement Project – The SBA will streamline the administration of its STEP grants through improvements in data management and processes. The SBA will use the resulting efficiencies to shift their state grantees' focus from compliance requirements to meeting performance measures (e.g., return on investment, utilization of funds, eligible small business concerns assisted, and new exporters assisted).

# Goal Structure & Strategies

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## External Factors and Mitigation Strategies:

- The under-utilization of the export loans by lenders and small businesses and lack of awareness of the resources provided by SBA and our resource partners poses a challenge. This awareness could eliminate the barriers to exporting cited by small businesses, including lack of export knowledge, concerns with receiving payment, regulatory barriers and complexity, and access to capital.
- Insufficient coordination among the various resource partners (STEP Grantees, SBDCs, WBCs, SCORE) to ensure small businesses receive full access to export-support products and services poses a challenge. The SBA will increase awareness of the trade services and products it offers, particularly the export loans, by engaging in systematic outreach to businesses and lenders and establishing business referral protocols between OIT's Export Finance Managers STEP Grantees, and SBDCs.
- Manufacturing has declined across the country and small business manufacturers may not be aware of export opportunities. The SBA will target this sector for its export loan products, holding webinars, meeting with trade associations, and distributing manufacturer-relevant content via our newsletter and marketing materials to increase awareness.
- STEP grantees can use their awards for approved activities described in the Trade Facilitation and Trade Enforcement Act; however, the SBA would like to better understand which activities are the most effective. The SBA will conduct an evaluation of STEP to help grantees better serve small businesses by having better information on what works.

# Key Indicators

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Key Indicator:

- Cumulative value of export sales (dollars)\*

Supporting Indicators (all measured quarterly):

- Cumulative number of Core Export Loans approved
- Cumulative number of Export Working Capital Program (EWCP) loans approved
- Cumulative number of small businesses counseled
- Cumulative number of lenders trained

*\*Data lag in STEP reporting by grantees is a challenge. Although export sales are reported quarterly, data is preliminary until the end of the grant (two full FYs of performance) and reported 90 days after the end of the grant.*

# Summary of Progress – FY 2020 Q4

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- Through FY 2020 Quarter 4, the SBA supported \$3.32 billion in export sales which represents 101% of the FY 2020 target.
  - The SBA supported \$2.5 billion in export sales through core export loans through FY 2020 Quarter 4.
  - The SBA supported \$794 million in STEP export sales through FY 2020 Quarter 4.
- The SBA approved 343 core export loans and 138 EWCP loans through FY 2020 Quarter 4.
- The SBA provided counseling to 3,078 small businesses and trained 4,136 lenders through FY 2020 Quarter 4.
- In Quarter 4, the COVID-19 pandemic has had a significant impact on the progress toward this Agency Priority Goal. State Trade Expansion Program (STEP) grantees have cancelled travel, trade missions and trade shows, and many lenders shifted attention to CARES Act (P.L. 116-136) programs. To support small businesses, the CARES Act extends the use of FY 2018 and FY 2019 STEP grants into FY 2021 and provides for the SBA to reimburse STEP grantees for any financial losses relating to the cancellation of foreign trade missions or trade shows due to COVID-19.
- As of May 2020, the U.S. Census Bureau and Bureau of Economic Analysis reported that exports decreased \$148.3 billion or 14.0%. The SBA reported one of its lowest months of SBA export loan volume for the month of May, which reflected the lower volume of U.S. exports. Additionally, export loan borrowers reported to the SBA that they experienced delays in the transportation of goods, restrictions at foreign ports, and challenges with receiving payment from foreign buyers.

# Key Milestones – FY 2020 – Q1

Milestone Summary			
Key Milestone	Milestone Due Date	Milestone Status	Comments
\$646 million in core loan export sales (25% of FY 2020 goal)	Q1, FY2020	Below Target	\$462 million in core loan export sales. A drop in core export loan volume impacted the volume of export sales supported. In Q2, SBA will implement: 1) new oversight tools to improve productivity of Export Finance Managers; and 2) new sales tools will be available to improve effectiveness of outreach.
\$180 million in STEP export sales (25% of FY 2020 goal)	Q1, FY2020	Below Target	\$168 million in STEP export sales. In Q2, SBA will refer STEP clients to Export Finance Managers to determine if additional export financing can increase export sales.
50 EWCP loans approved	Q1, FY2020	Below Target	31 EWCP loans approved. In Q2, SBA will start new outreach campaign to increase volume by marketing to prior EWCP loan recipients.
558 businesses counseled	Q1, FY2020	On Track	540 small businesses counseled. Sales tools will be available in Q2 will help SBA reach more businesses.
969 lenders trained	Q1, FY2020	On Track	1,255 lenders trained. SBA will continue to monitor progress and implement new strategies to increase loan volume from lender trainings.
Referral protocols with 2 STEP grantees	Q1, FY2020	On Track	Grantees in Utah and Arizona
Referral protocols with 2 SBDCs	Q1, FY2020	On Track	SBDCs in Texas, Washington, and Virginia
One of six forms (Standard Form 425) for the User Interface Project complete	Q1, FY2020	On Track	



# Key Milestones – FY 2020 – Q2

Milestone Summary			
Key Milestone	Milestone Due Date	Milestone Status	Comments
\$1.3 billion in core loan export sales (50% of FY 2020 goal)	Q2, FY2020	Below Target	SBA reported \$904 million in core loan export sales. Export sales volume was lower due to significant drop in International Trade Loans and lower than expected results in EWCP, compared to prior year. In Q3, SBA will: 1) assist exporters with COVID-19 funding; 2) work with existing export loan borrowers to manage delayed export sales; and 3) provide export financing to businesses who's existing financing dropped by lenders.
\$360 million in STEP export sales (50% of FY 2020 goal)	Q2, FY2020	On Track	\$330 million in STEP export sales
97 EWCP loans approved	Q2, FY2020	Below Target	66 EWCP loans approved. In Q3, SBA will be reaching out to lenders to help exporters who may lose private sector export financing.
1,116 businesses counseled	Q2, FY2020	Above Target	1,735 small businesses counseled. In Q3, SBA will continue to use full suite of new marketing tools to enable Export Finance Team to work with businesses.
1,937 lenders trained	Q2, FY2020	Above Target	2,579 lender trained. In Q3, SBA expects to train lenders on tools to help existing borrowers impacted by COVID-19 and structuring new export financing for exporters who lost private sector export financing.
Referral protocols with 4 STEP grantees, 4 SBDCs, one USCS Region	Q2, FY2020	Above Target	4 STEP grantees, 5 SBDCs, and a communique with the entire USCS (more than 100 US Export Assistance Centers)
Three of six forms for the User Interface Project complete	Q2, FY2020	Above Target	Six forms complete; awaiting final to be tested by States

# Key Milestones – FY 2020 – Q3

Milestone Summary			
Key Milestone	Milestone Due Date	Milestone Status	Comments
\$1.9 billion in core loan export sales (75% of FY 2020 Goal)	Q3, FY2020	On Track	\$1.68 billion in core loan export sales
\$540 million in STEP export sales (75% of FY 2020 goal)	Q3, FY2020	Above Target	\$644 million in STEP export sales
146 EWCP loans approved	Q3, FY2020	Below Target	99 EWCP loans approved
1,674 businesses counseled	Q3, FY2020	Above Target	2,578 businesses counseled
2,906 lenders trained	Q3, FY2020	Above Target	3,435 lenders trained
Referral protocols with 6 STEP grantees, 6 SBDCs, one USCS Region	Q3, FY2020	Below Target	4 STEP grantees, 5 SBDCs, 1 Nationwide

# Key Milestones – FY 2020 – Q4

Milestone Summary			
Key Milestone	Milestone Due Date	Milestone Status	Comments
FY 2020 Goal: \$3.3 billion in export sales, of which: <ul style="list-style-type: none"> <li>• \$2.6 billion in core loan export sales</li> <li>• \$720 million in STEP export sales</li> </ul>	Q4, FY2020	Above Target	\$3.32 billion in export sales: <ul style="list-style-type: none"> <li>• \$2.53 billion in core loan export sales (\$200 million higher than in FY 19)</li> <li>• \$794 million in STEP export sales</li> </ul>
195 EWCP loans approved	Q4, FY2020	Below Target	138 EWCP loans approved
2,232 businesses counseled	Q4, FY2020	Above Target	3,078 businesses counseled
3,875 lenders trained	Q4, FY2020	Above Target	4,136 lenders trained
Referral protocols with 8 STEP grantees, 8 SBDCs, one USCS Region	Q4, FY2020	Below Target	6 STEP grantees, 7 SBDCs, and 1 Nationwide
Completion of User Interface Project	Q4, FY2020	Complete	Completed automation of all forms and beta tested user interface.

# Key Milestones – FY 2021 – Q1 & Q2

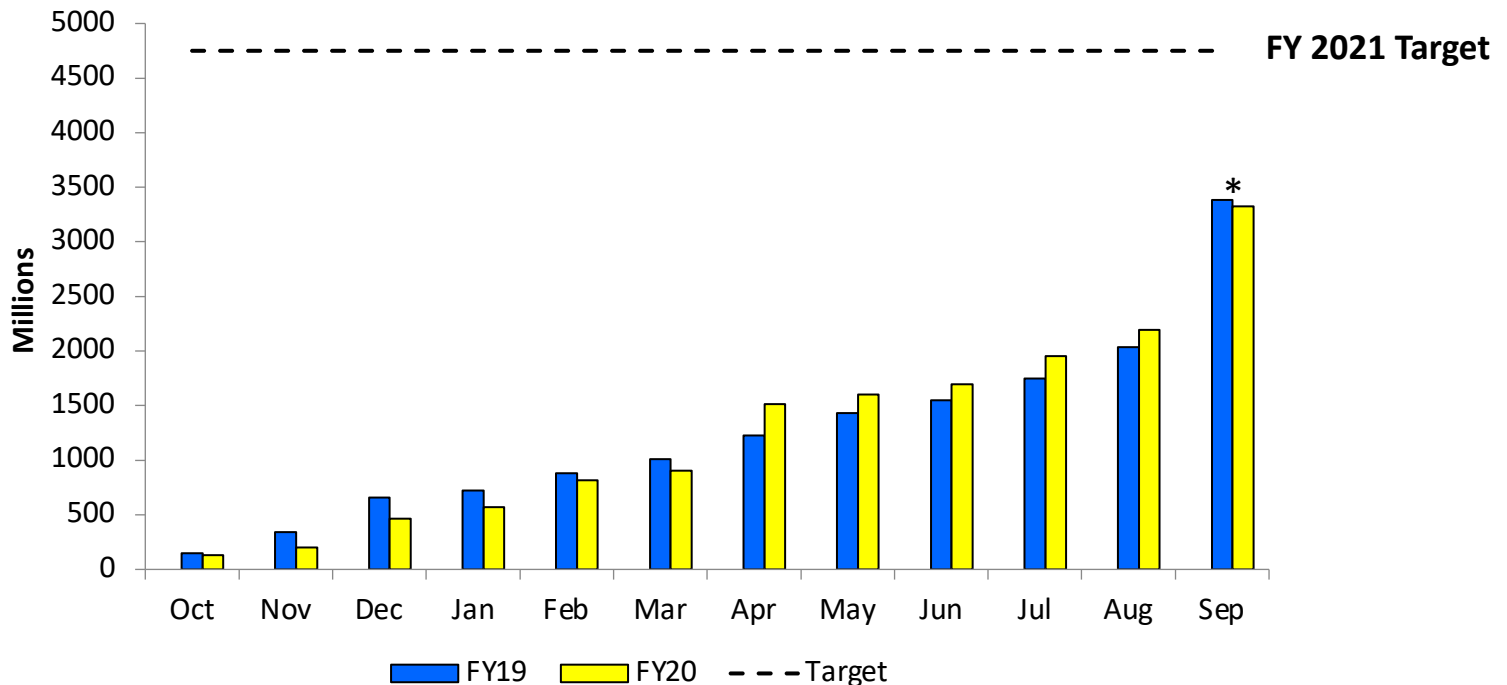
Milestone Summary			
Key Milestone	Milestone Due Date	Milestone Status	Comments
\$951 million in core loan export sales (25% of FY 2021 goal)	Q1, FY2021		
\$225 million in STEP export sales (25% of FY 2021 goal)	Q1, FY2021		
72 EWCP loans approved	Q1, FY2021		
630 businesses counseled	Q1, FY2021		
1,218 lenders trained	Q1, FY2021		
Referral protocols 2 STEP grantees, 2 SBDCs	Q1, FY2021		
\$1.9 billion in core loan export sales (50% of FY 2021 goal)	Q2, FY2021		
\$450 million in STEP export sales (50% of FY 2021 goal)	Q2, FY2021		
144 EWCP loans approved	Q2, FY2021		
1,260 businesses counseled	Q2, FY2021		
2,438 lenders trained	Q2, FY2021		
Referral protocols with 4 STEP grantees, 4 SBDCs	Q2, FY2021		

# Key Milestones – FY 2021 – Q3 & Q4

Milestone Summary			
Key Milestone	Milestone Due Date	Milestone Status	Comments
\$ 2.9 billion in core loan export sales (75% of FY 2021 goal)	Q3, FY2021		
\$ 675 million in STEP export sales (75% of FY 2021 goal)	Q3, FY2021		
215 EWCP loans approved	Q3, FY2021		
1,890 businesses counseled	Q3, FY2021		
3,656 lenders trained	Q3, FY2021		
Referral protocols with 6 STEP grantees, 6 SBDCs	Q3, FY2021		
FY2021 Goal: \$4.7 billion in export sales, of which: <ul style="list-style-type: none"> <li>• \$3.8B in core loan export sales</li> <li>• \$900 million in STEP export sales</li> </ul>	Q4, FY2021		
2,520 businesses counseled	Q4, FY2021		
1,218 lenders trained	Q4, FY2021		

# Key Indicators

## Progress Towards FY 2021 Goal: Cumulative value of export sales (millions)

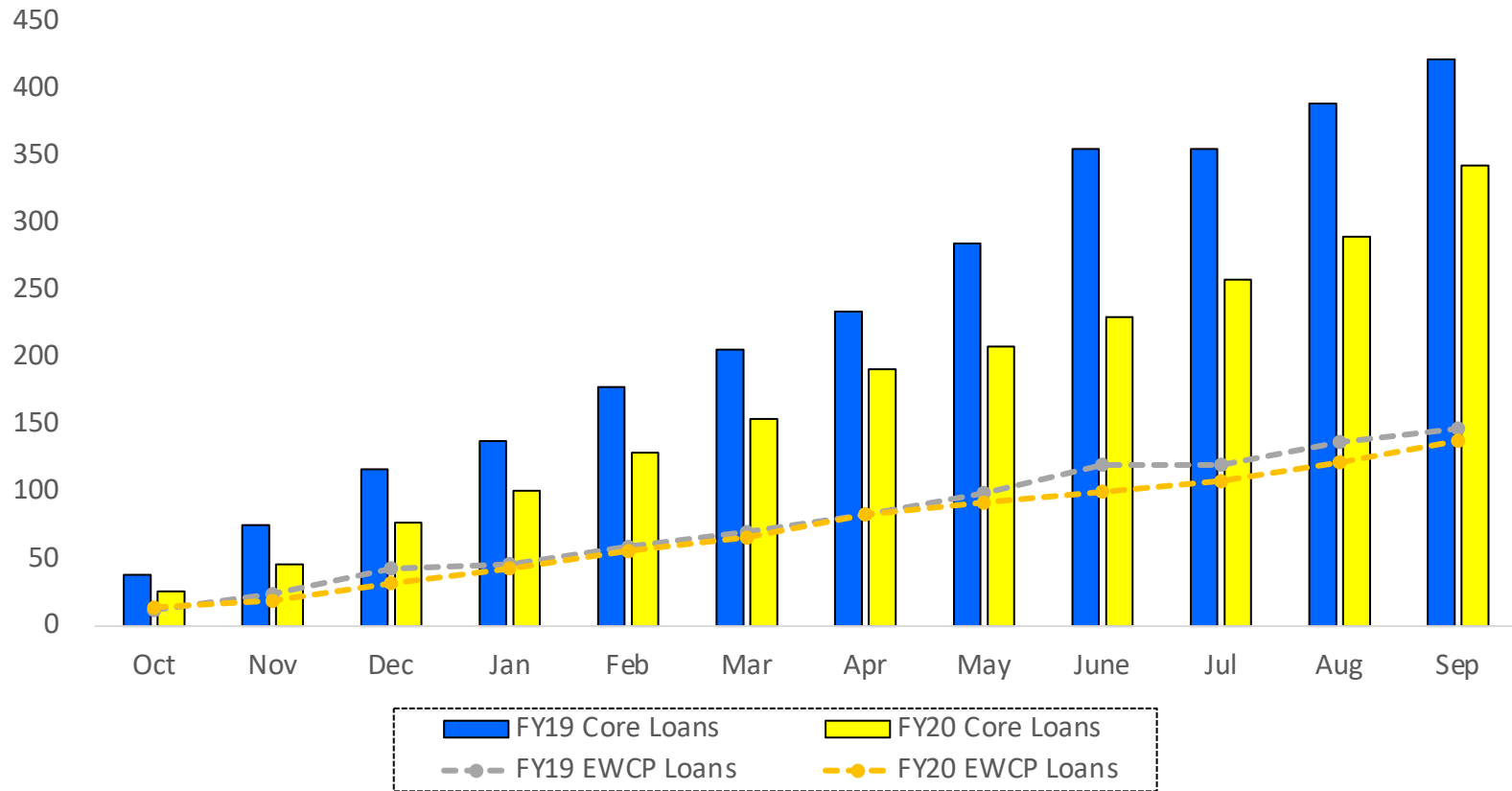


Through FY 2020 Quarter 4, the SBA supported \$3.32 billion in export sales which represents 101% of the FY 2020 target (\$2.5 billion in export sales through core export loans and \$794 million in STEP export sales).

\*September data represents final reconciled export sales data for the fiscal year (including STEP export sales data).

# Key Indicators

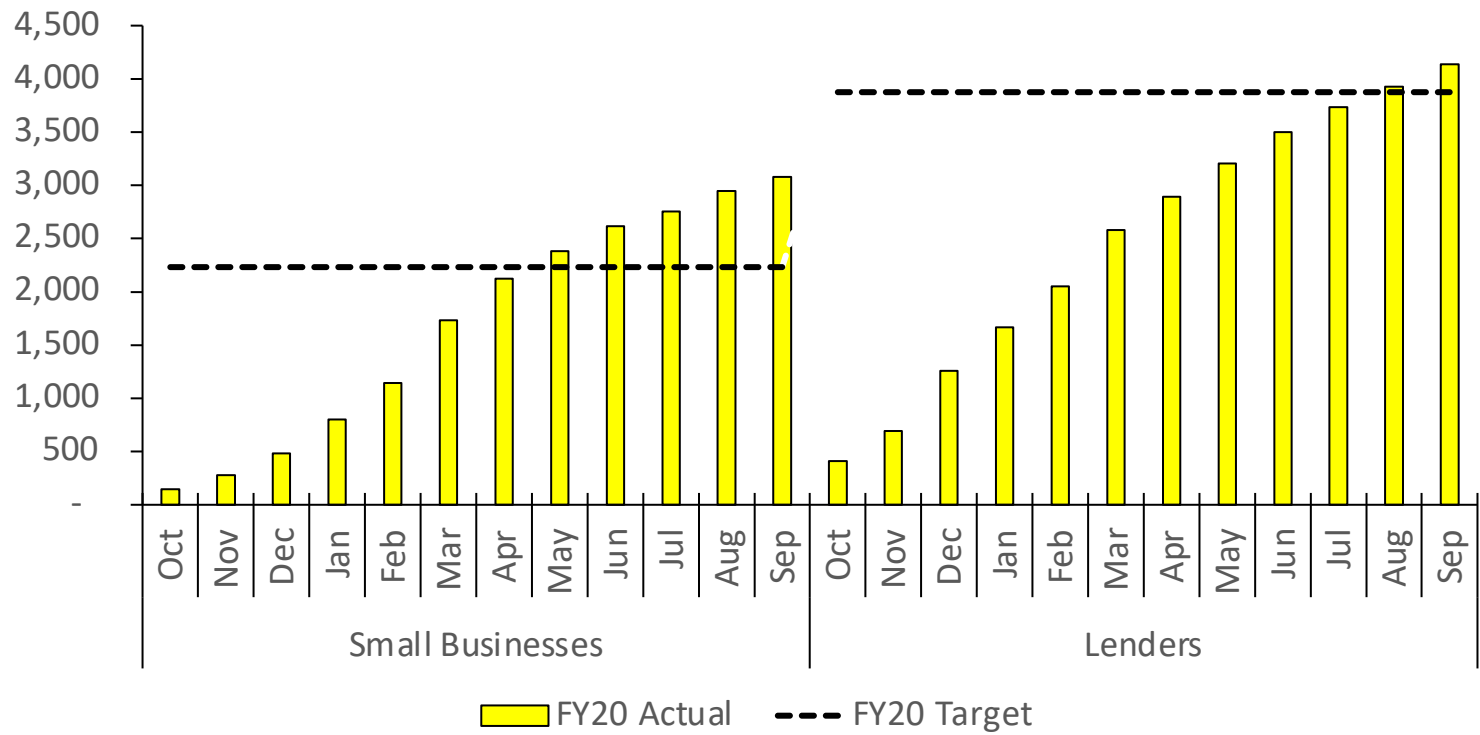
## Supporting Indicators: *Cumulative number of core export loans and EWCP loans approved*



Through FY 2020 Quarter 4, the SBA approved 343 core export loans and approved 138 EWCP loans.

# Key Indicators

## Supporting Indicators: *Cumulative number of small businesses counseled and lenders trained*



Through FY 2020 Quarter 4, the SBA provided counseling to 3,078 small businesses and trained 4,136 lenders.



# Data Accuracy and Reliability

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Export loan data are available in E-Tran. Export sales data are self-reported by the borrowers and loan data are provided by lenders. Numerous rules are built into the E-Tran system to minimize errors.

STEP data are available four months upon the close of each quarter and are not verified by SBA upon receipt from the grantee. Recipient data are reported to SBA on small business sales facilitated by STEP assistance.

Salesforce data are reported by the Export Finance Managers after consultation with small businesses and lenders.

# Additional Information

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## Contributing Programs

- 7(a) Loan and 504 Loan programs provide financial assistance to small businesses by providing access to capital.
- Small Business Development Centers (SBDC), Women’s Business Centers (WBC), Veteran’s Business Outreach Centers (VBOC), and SCORE help entrepreneurs connect with training and funding opportunities.
- State Trade Expansion Program (STEP) supports small business trade by making grants to states and territories to help them assist eligible small businesses enter and succeed in the international marketplace.
- US Export Assistance Centers (USEAC) provide front-line outreach and service operations for U.S. exporters.

## Other Federal Activities:

- The U.S. Department of Commerce, U.S. Export-Import Bank, the U.S. Department of Agriculture, and other relevant state agencies work to ensure that small businesses receive greater access to federal and state export programs and services.
- The Trade Promotion Coordinating Committee Small Business Working Group is an interagency task force that ensures the coordination and development of a government-wide export promotion plan.

## Stakeholder / Congressional Consultations

The SBA consulted with congressional appropriation and authorizing committees and with other federal agencies including the U.S. Department of Commerce.