OVERSIGHT OF SBA’S STATE TRADE EXPANSION PROGRAM

HEARING
BEFORE THE
COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP
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The Committee met, pursuant to notice, at 2:30 p.m., in Room 428A, Russell Senate Office Building, Hon. Ben Cardin, Chairman of the Committee, presiding.


OPENING STATEMENT OF CHAIRMAN CARDIN

Chairman CARDIN. The Small Business and Entrepreneurship Committee will come to order. Our subject for today’s hearing is the oversight of the SBA’s State Trade Expansion Program, the STEP program.

Let me just point out that there are two votes currently going on on the floor of the United States Senate, so I expect members will be coming in and out. We are going to get started, so I just welcome everyone to today’s hearing.

Today’s Senate Small Business Committee will conduct oversight on the Small Business Administration’s State Trade Expansion Program, also known as STEP. Though not as well-known as other products and services operated by the SBA, STEP is a vital part of the Federal Government’s toolkit for supporting small businesses.

As we continue to recover from the COVID–19 pandemic, international trade has the potential to be a major catalyst for growth for American small businesses, but they are going to need some help. Currently less than 1 percent of America’s small businesses export their products and services. This is a missed opportunity. Ninety-five percent of the global consumers live outside the United States. This is a major market that American small businesses have not yet engaged with their fullest capacity.

Small businesses typically work with razor-thin profit margins and fewer staff. They cannot always afford trips abroad to connect with potential trading partners or pay for the professional consulting on how to navigate the rules that govern international trade. Some companies may not even know how to translate their website into another language.

These barriers are why Congress created STEP in 2010. I want to thank Senator Shaheen for her foresight and leadership on this issue at that time. She led the effort to make STEP permanent
when it was a pilot program, as well as the reauthorization effort in 2016. She continues to be a fierce advocate on behalf of small businesses in the international export market.

STEP provides grants to state economic development agencies which then help small businesses attend international trade shows and connect with customers in foreign markets. The grants also fund consulting and training to help small businesses navigate the complex rules of international trade, many of which are new concepts to small business owners, like tariffs.

More than a decade after its creation, the data confirms that STEP is one of the best investments Congress can make in the American economy. A 2020 performance report of STEP found that for every dollar Congress invested in the program, it returns $42 in international sales to small businesses. That is quite a return.

Now is the time for Congress to double down on the success of STEP by reauthorizing the program and providing funds to meet the demand for all small businesses. Last year, states requested a total of $39 million in funding through STEP program, but Congress only funded the program at $20 million. As a result, my home state of Maryland, which requested $900,000, only received $600,000 in grants.

Put another way, we currently see a 42-to-1 return on investments in STEP. This past year, STEP only had funding to grant half of the total amount that was requested by state governments. Our inability, our failure to fund the second half of these requests cost small businesses an estimated $1 billion in sales in the export market. Again, this is a missed opportunity.

Helping our small businesses succeed in the international market is vital to our nation’s success on the world stage. Other countries invest heavily in expanding their small businesses to new international markets. By failing to invest in the export capacity of American small businesses, we are losing ground to foreign competitors.

So I am looking forward to an informative discussion with our witnesses today about why this program is worth investing in and what we can do to make it even better. I am especially interested in hearing from Shaun Akhavan, who is the Director of Exports at Allied International, a family-owned food distribution company based in Glen Burnie. In 2016, Allied International used a STEP grant to attend trade shows in France, Germany, and Dubai. Prior to receiving the grants, exports were a limited portion of the company’s revenues, but today it is a major growth area for the company that has allowed them to increase the size of their workforce.

I am also looking forward to hearing from Grace Preston, who was named Exporter of the Year for New England by the SBA in 2019. Grace leads international sales for Geophysical Survey Systems in Nashua, New Hampshire. The company has taken advantage of STEP, which has produced great results.

Congress has an opportunity to help other small businesses mirror the growth and job creation of Allied International through exports. We cannot let this opportunity pass us by.

I want to thank each of our witnesses for joining us today so we can learn more about the program, and I look forward to hearing your testimonies.
I just really want to point out that in cooperation with the Ranking Member, he has indicated that we can proceed and we will do that. There are conflicts in schedules but he asked me to continue the hearing.

And we will now go directly to our first witness. We have two panels today. We are going to hear first from Mr. Gabriel Esparza, who is the Associate Administrator of the Office of International Trade, U.S. Small Business Administration. I must tell you I just had a chance to have lunch with Administrator Guzman. She says very nice things about you, so let us see if you can live up to her expectations. I would be glad to hear from you.

STATEMENT OF GABRIEL ESPARZA, ASSOCIATE ADMINISTRATOR, OFFICE OF INTERNATIONAL TRADE, U.S. SMALL BUSINESS ADMINISTRATION, WASHINGTON, D.C.

Mr. Esparza. Thank you, Chairman Cardin, Ranking Member Paul, and distinguished members of the Committee. Thank you for honoring me with the invitation to come before you today to discuss the work of the Office of International Trade at the U.S. Small Business Administration.

For America’s small businesses, exporting is an engine for growth that allows our firms to reach new customers in an increasingly interconnected global marketplace. Data shows that small businesses that export are more resilient, expand faster, and create higher-paying jobs for Americans. Raising awareness of the availability of trade assistance through the SBA requires shifting our frame of reference for what an export looks like today. The advent of digital tools, e-commerce engines, and maturing payment networks has reduced barriers to entry for small businesses to export both products and services.

At the SBA, Administrator Guzman has prioritized leveraging these digital technologies to create a whole new generation of exporters. During the pandemic, e-commerce increased in the United States and small businesses adopted digital strategies to survive and grow their revenues, often finding customers all over the world. We are driving transformational change so that the SBA can help these accidental exporters become intentional exporters by expanding and growing their businesses to new markets.

I am proud to bring my lived experience working around the globe to SBA’s mission to help small businesses grow internationally. Prior to joining the Administration, I helped lead a startup small business that built a modern 911 emergency technology platform. Our company launched in the U.S. and expanded around the world. Prior to that I spent 13 years at American Express, working with small businesses, and eventually leading global business development for their Commercial Payments Division.

Over the course of my 26-year career I have lived, studied, and worked around the globe, now almost 70 countries in total, while at the same time being deeply intertwined in the small business arena. In that connection, I have seen the power of American entrepreneurship on a global scale, and I work each day at SBA to ensure that our small businesses can find new customers to grow and compete internationally.
One of our office's primary responsibilities is providing education and training to small businesses that are interested in exporting. We help businesses prepare for navigating the complexities of international sales including customs, trade credit insurance, and foreign exchange. Our efforts are supported by a range of partners throughout the SBA, across the Federal Government, and with certain public-private enterprises.

After a business has established a solid idea, product, or service, often including a track record of successful domestic sales, they need access to capital to fund and grow their overseas expansion. SBA's lending portfolio provides guarantees on loans and credit lines originated through the private banking industry. The Office of International Trade is authorized to provide higher guarantees on these facilities due to the unique circumstances faced by exporters, namely increased buyer work, country risk, and currency risk.

The SBA's Office of International Trade also focuses on providing grants to small businesses in the form of export expense reimbursement through the State Trade Expansion Program, or STEP. This year we are proud to be celebrating the 10th anniversary of STEP, which, over the last decade, has awarded over $200 million to all 50 states and 6 territories. The STEP program has supported 12,000 small businesses and generated approximately $5.5 billion in export sales.

Demand for STEP resources from the states is strong. This year, STEP applications were the highest ever, both in terms of states and territories applying as well as the total dollars requested. In 2022, we will have a record 48 states and 4 territories participating in the program. Our partnership with the state as well as with external advocacy groups like the State International Development Organization, or SIDO, is critical to the efficiency, relevancy, and impact of the program.

The last piece of the puzzle for most small businesses as they seek international opportunities is access to foreign markets. SBA is deeply involved in the interagency trade apparatus of the Federal Government. It is there that we advocate for small businesses for all matters related to trade policy and trade agreements, bringing to life the real life experiences of small business owners that we meet every day.

SBA is committed to ensuring that the core offerings of our International Trade Office, education, capital, and market access are available to the growing universe of small business exporters. Across the agency, Administrator Guzman has tasked us with developing more customer-centric approaches to our work that meets our small business customers where they are. That is why the SBA is focused on increasing awareness for trade by connecting to a broader audience of small businesses who are currently exporting or could potentially be exporting.

I am humbled by the opportunity to serve at the SBA, and I am excited about the future of our nation's small businesses to export American-made products to customers throughout the world. I appreciate the invitation to appear before you today, and I look forward to your questions.

[The prepared statement of Mr. Esparza follows:]
Gabriel J. Esparza
Associate Administrator
Office of International Trade
U.S. Small Business Administration

Before the

U.S. Senate Committee on
Small Business and Entrepreneurship

Hearing on

“Oversight of SBA’s State Trade Expansion Program”

September 21, 2022
Testimony of Gabriel J. Esparza
Associate Administrator, Office of International Trade
U.S. Small Business Administration

Chairman Cardin, Ranking Member Paul, and distinguished members of the Committee, thank you for honoring me with an invitation to come before you today to discuss the work of the Office of International Trade at the U.S. Small Business Administration.

For America’s small businesses, exporting is an engine for growth that allows our firms to reach new customers in an increasingly interconnected global marketplace. Data shows that small businesses that export are more resilient, expand faster, and create higher paying jobs for Americans. That is why Administrator Guzman has prioritized expanding the SBA’s export services. As part of the Biden-Harris Administration’s commitment to equity, we are also focused on ensuring that every community that is interested in exporting has the opportunity and tools they need to grow, especially in traditionally underserved communities.

Raising awareness of the availability of export assistance through the SBA requires shifting our frame of reference for what an export looks like in the small business marketplace today. Most people associate the typical U.S. export with big business. Indeed, big business represents two-thirds of all U.S. exports by value. But that story is evolving, and the role of small business exporters is starting to impact the marketplace in ways previously unseen. The advent of digital tools, e-commerce engines, and maturing payment networks has reduced barriers to entry for small businesses to export both products and services – including software, digital entertainment, and other technology.

At the SBA, Administrator Guzman has prioritized leveraging digital and e-commerce technologies to create a whole new generation of exporters. During the pandemic, e-commerce increased in the U.S. and small businesses adopted digital strategies to survive and grow their revenues. When small businesses create an online presence via their e-commerce website or e-commerce platform, they often find interest from customers all over the world. Administrator Guzman is driving transformational change so that the SBA can help these “Accidental Exporters” become “Intentional Exporters” by expanding and growing their businesses to new markets. Whether its providing assistance at a local SBA field office or working with one of our resource partners, we want SBA to be the first and best resource for America’s small businesses to expand abroad.

I am proud to bring my lived experience working around the globe to SBA’s mission to help small businesses grow internationally. Prior to joining the Administration, I helped lead a start-up small business that built a modern 9-1-1 emergency technology platform. Our company launched in the U.S. and expanded around the world. Prior to my work at a startup, I spent 13 years at American Express working with small businesses and eventually leading global business development for their commercial payments division. Over the course of my 26-year career, I have lived, studied, and worked around the globe – now almost 70 countries in total, while at the same time being deeply intertwined in the small business arena. In that connection, I have seen the power of American entrepreneurship on a global scale and I work each day at SBA to ensure that our small businesses can find new customers to grow and compete internationally.
One of our office’s primary responsibilities is providing education and training to small businesses that are interested in exporting. We help businesses prepare an export plan to provide support for navigating the complexities of customs, trade credit insurance, and foreign exchange. Our efforts are supported by a range of partners throughout the SBA, across the Federal Government, and with certain public/private enterprises. When a small business has an interest in exporting, SBA plays a critical role in ensuring that American products reach new shores and markets. And with every American product that reaches a new export market, we are helping to build a future Made in America.

After a business has established a solid idea, product, or service – often including a track record of successful domestic sales – they need access to capital to fund and grow their overseas expansion. SBA’s lending portfolio provides guarantees on loans and credit lines originated through the private banking industry. The SBA is authorized to provide higher guarantees on these facilities due to the unique circumstances faced by exporters – namely increased buyer risk, country risk, and currency risk. The increased loan guarantees extended under our programs also allow community and regional banks to build export financing capacity.

SBA has successfully partnered with the private sector: In Fiscal Year 2021 alone, more than 92 percent of international trade loans were made by community or regional banks. Our team places a particular emphasis on working capital lines because both sales cycle and cash conversion cycles are naturally longer and subject to more volatility for exporters. Under Administrator Guzman’s leadership, we are continuing to look at the data and our customers to ensure that we continue to evolve our policies and our products to align with the needs of the export and trade finance marketplace.

The SBA’s Office of International Trade also focuses on providing grants to small businesses in the form of export expense reimbursement through the State Trade Expansion Program, or STEP. This year we are proud to be celebrating the 10th anniversary of STEP, which over the last decade, has awarded over $200 million to all 50 states plus 6 territories. The STEP program has supported 12,000 small businesses and generated $5,480,291,665 in export sales. Demand for STEP resources from the states is strong: This year’s STEP applications were the largest ever, both in terms of states/territories applying as well as the total dollars requested. In 2022, we will have a record 48 states participating in the program. Our partnership with the States, as well as with external advocacy groups like the State International Development Organizations (or SIDO) is critical to the efficiency, relevancy, and impact of the program.

The last piece of the puzzle for most small businesses as they seek international opportunities is access to foreign markets. SBA is deeply involved in the interagency trade apparatus of the federal government – namely through our seat on the Trade Promotion Coordinating Committee on matters related to trade promotion and Trade Policy Staff Committee for trade policy development and trade negotiation. It is there that we advocate for small businesses for all matters related to trade policy and trade agreements – bringing to life the real, lived experiences of small business owners that we meet every day.
SBA is committed to ensuring that the core offerings – education, capital, and market access – of our Office are accessible to the growing universe of small business exporters. Across the agency, Administrator Guzman has tasked us with developing more customer-centric approaches to our work that meets our small business customers where they are. That is why SBA is focused on increasing awareness for exporting by connecting to a broader audience of small businesses who are currently exporting or could potentially be exporting. We are increasing our marketing of the importance of exporting by focusing on partnerships and events as well as other channels and mediums to reach new audiences. We are focused on creating new, intentional small business exporters that will drive economic growth by tapping into the global marketplace.

I am humbled by the opportunity to serve at SBA and I am excited about the future of our nation’s small businesses to export American-made products to customers throughout the world. I appreciate the invitation to appear before you today and I look forward to your questions.

Thank you.
Chairman CARDIN. Mr. Esparza, first of all thank you very much for your service. You bring 25 years of experience to this task, and you have seen it from both sides, working on behalf of the City of Los Angeles as well as the private sector with American Express. So I think you bring unique perspectives here.

We know that export business is challenging for any small business that does not have the staff capacity to understand the intricacies of international trade to make the connections, to deal with the foreign regulations, to deal with export rules here in the United States. But it is particularly challenging in traditionally underserved communities.

Do you have any recommendations as to how the STEP program can be better tailored to deal with small businesses located in traditionally underserved communities?

Mr. ESPARZA. Thank you, Mr. Chairman. It is actually an explicit part of the Notice of Funds Opportunity every year that we gather applications from the states that one of the criteria is, in past performance, how much has been done to provide STEP grants and reimbursements to exactly the small businesses that you are talking about, those from underserved communities generally, rural communities, veteran small businesses, women small businesses.

So it is an explicit part of the application that a track record of past performance on providing reimbursements to these underserved communities helps in a successful application. That is number one.

Number two is our ability to market the program, to get the word out, and in partnership with the states it is fundamental to being able to connect with all potential applicants. And so Administrator Guzman has tasked all of us across the agency not only to be as customer-centric as possible in all the work that we do but to have an equity lens that dictates we are going to find small businesses, and those specifically from underserved communities, to target them for programs like STEP.

Chairman CARDIN. I thank you for that. That is certainly extremely encouraging. I would urge you to make available to us and to make available in your public disclosures the progress you are making. We know the baseline is going to be pretty low in this area, so we do not expect miracles overnight. But it would be good to see the demographics of the businesses that you serve so that we have a better understanding of how well we are meeting our goal of serving all small businesses in an opportunity for international trade.

So we would appreciate if you would get that information to us in a granular way so we can help you in achieving the objectives that you are trying to achieve.

Mr. ESPARZA. Of course.

Chairman CARDIN. We have also heard that there are administrative challenges in dealing with the STEP grant. Can you just share with us whether you have dealt with that concern by grantees and what efforts you are making to try to make sure the process is as easy to administer as possible for those that are participating in the program?

Mr. ESPARZA. Thank you, Mr. Chairman. I have heard that feedback, and I find it particularly important in my conversations with
states and the state directors managing the STEP program that indeed there are occasions in which they have found challenges with both the application process as well as the reporting requirements.

I acknowledge that feedback, I am listening to it, and, in fact, I have tasked my team and our office to look into those matters. And what we ask for is some version of what are we asking the states for in terms of data, how are we asking for it, what platforms, how frequently are we asking for it, and then when we do get it, what do we do with it?

And so I have asked the team to look into these matters, and where we can find opportunities to improve our processes we will absolutely do so. I find that any business transformation process that we can endeavor to improve the efficiency and efficacy of the program we will continue to make every effort to do so.

Chairman CARDIN. I have met with many small business owners that tell me it takes multiple years before you can develop the type of connections in the international arena to be able to establish a viable export business. Obviously, to be able to make that networking connection at a trade mission is a critical first step. But it does not always end with the success. It takes more work than just one visit to a trade mission.

Can you just elaborate a little bit on that as to the time needed for small businesses to be able to mature in export markets?

Mr. ESPARZA. Thank you, Mr. Chairman. Yeah, not only have I heard that directly from small businesses that are using the STEP program, for example, but in my own experience working in small business. I know that international sales, by definition, take a long time. And so part of the mandate of the Office of International Trade is to make sure that all components of that journey are something that we can touch and assist small businesses on.

It starts with education, training, consultation on just how to navigate international sales. Secondarily, we provide access to capital to make sure that the financing journey of finding international sales, working capital in particular, access to working capital, is critical. And then third, that access to foreign markets is an important component, so that we are driving small businesses to markets where they are most able to find good opportunities.

And it is along that journey that we consult and work with small businesses across the country, in order to help accelerate as many of these international sales cycles as possible.


Senator MARSHALL. Thank you, Chairman. Administrator, welcome. My staff gets tired of me saying this, but if you cannot measure it, you cannot manage it. How do you measure success? What type of metrics are you looking at?

Mr. ESPARZA. For the STEP program in particular, Senator?

Senator MARSHALL. I think if you want to expand it to your entire, everything you oversee, that is fine. I am open-minded here.

Mr. ESPARZA. For the STEP program and for the bulk of what we do in the Office of International Trade, Senator, we start with, first and foremost, how much and how many export sales are we driving out of our programs. Secondarily is how many jobs are we sustaining or creating. And then collectively across the work that we do is what is the return on investment. The Chairman men-
tioned the 43-to-1 return on investment for our STEP program. We find that to be a perfect example in support of how viable and important these programs are.

Those are the primary measures. We have some secondary measures in terms of——

Senator MARSHALL. What are you using for like a baseline then, like the last 5, 10 years, and what do your numbers look like at this point for 2022?

Mr. ESPARZA. So we are always looking year over year, but we are starting to see, of course, the trend analysis. At least for the STEP program we have 10 years of data now.

Of course, Senator, you will appreciate that the last few years, during the pandemic, it has been challenging. The trade shows and trade missions that the Chairman mentioned were something that we were simply not able to do.

Senator MARSHALL. Right. So where are we today compared to pre-COVID, without those other years, as far as the baseline?

Mr. ESPARZA. Yeah. We are still coming out, Senator, of some of the implications of the pandemic, so we are still in that trough and starting to turn the cycle in terms of being able to——

Senator MARSHALL. Are any industries hurting more, any sectors, than the other ones as you see us coming out of it?

Mr. ESPARZA. That is a good question. I do not know if I can put my finger on one particular industry per se. What I will tell you, though, is that what we did find, and I mentioned it in my opening remarks, is that there were so many small businesses, in fact 80 percent of the nation’s small businesses are sole proprietors, single individuals.

And as a result of their work in just being resilient and finding opportunities to have a side hustle or whatever it might be for them to continue to compete during the pandemic is they would create a website, they would have an e-commerce engine, and they would start to get international orders. Lo and behold, they did not expect that. The Administrator has deemed these accidental exporters. Our work is to try to be able to make some of those accidental exporters intentional exporters. So wherever they are in their journey, we are providing these tools to help them on that journey.

Senator MARSHALL. Great. I want to talk about access to capital for a second. Certainly as I go out and talk to businesses their biggest concerns and challenges right now are input costs—inflation, supply disruption—and then just not getting people to come back to work. You know, there is this low labor participation rate still going on out there. Two or three million Americans are still not back to work where we thought they would be if we would go back to pre-COVID labor participation rate.

But access to capital certainly is a big, big challenge, especially for small businesses, and I would think even so if you are trying to get into this international trade. What advice would you give a young, upstart business that wants to get into international trade? What type of opportunities are there for access to capital?

Mr. ESPARZA. Well, we have, at the Office of International Trade, Senator, over 100 lending partners. These are primarily regional banks and community banks. We have a few larger banks in the
mix, but these are very local banks. And these are part of our partnership with the private banking industry. This is not us. This is through the private banking industry, where they are ready, willing, and able to lend, often with just conventional loans. It does not have to be with an SBA guarantee.

But where a particular small business is risky, or in the specific case of exporting small businesses, because of the unique dynamics with international trade, if that risk merits an SBA guarantee then the private banking industry will work with us to make sure that those apply.

Senator MARSHALL. Thank you. You used the term “banks are ready, willing, and able,” but Mr. Chairman, I would be curious how your state is doing, but my community banks do not seem very willing, ready, or able to do this. Most banks throw up their hands and say, “We do not want to do these SBA loans.” Are you having any challenges in your home?

Chairman CARDIN. I think we have a good demographic banking community for SBA loans. International trade is a different story. It is not as easy in international trade. Yeah, that is much more challenging for community banks and regional banks, and I am somewhat disappointed that you do not have more larger banks that are interested because they engage more internationally than some of our regional banks.

But I think your point is well taken. I will give you more time.

Senator MARSHALL. Thank you. I am happy. I appreciate the time. I yield back.

Chairman CARDIN. Senator HIRONO.

Senator HIRONO. Thank you, Mr. Chairman. I have been a supporter of STEP as a way to help small businesses market their products overseas, and of course during the pandemic a lot of the STEP money in Hawaii went for things like trade shows, overseas trade shows, and obviously during the pandemic that did not happen, so the small businesses had to become a lot more creative and improve their ability to improve their websites, et cetera.

How can programs like STEP help businesses build their customer base through online platforms? What does SBA do to help the small businesses?

Mr. ESPARZA. Indeed, Senator. One of the reimbursable categories that we have is website development as well as translating elements of the website into other languages so that they are as relevant as possible to overseas customers.

At the same time, the Administrator has developed a Small Business Digital Alliance at the SBA. We are working in partnership with a number of big tech companies, including payment processors and others that are engaged quite vigorously in overseas commerce.

So it is the totality of these tools, the grant programs that we have, the loans that we have, these types of partnerships, that provide resources and opportunities for small businesses to compete, and especially as the SBA transforms and the economy transforms into a much more e-commerce and digitally driven economy.

Senator HIRONO. So Hawaii has received about $5 million to date for STEP. I think it is to date. I am not sure. I am just curious to know what kinds of—generally these are products, not services.
I do not know. Maybe it could be services and products that can be exported overseas. Are they mainly products that are exported?

Mr. ESPARZA. Thank you, Senator. About two-thirds of the export economy is goods. One-third is services. Services is growing, and digital services are a growing component of that as well.

Senator HIRONO. So in terms of products, I think for Hawaii companies, overseas, they generally have been selling to Japan or Korea, South Korea. So do you have any kind of—I am curious to know—countries where the market expansion can occur for businesses to really focus on certain markets, in certain countries? Is that something that you all provide?

Mr. ESPARZA. Sure, Senator. Wherever a small business believes their products or services are most relevant, we will support them in understanding through market research and buyer match and all those things that can support a given small business.

Of course, there are 20 free trade agreements in effect in the United States, and so where those particular relationships and partnership have the least friction and the most robust ability for small businesses to trade we often will direct small businesses to those particular markets. But wherever there is a market that a small business is interested in trading, we will support them in that effort.

Senator HIRONO. Do you have any kind of longitudinal information on the small businesses that have been helped by STEP and how long they last? Because, I mean, is that not one of the indicators of success is how long the business lasts? You said that a lot of them are individuals entrepreneurs. I have very little sense of how long they are able to maintain their businesses in this environment. Do you have any kind of data along those lines?

Mr. ESPARZA. Senator, as a headline, at least, we know that small business exporters are more resilient, are larger employer firms. Again, the Chairman said the important stat here which is that 95 percent of the world’s consumers live outside of the United States. So exporting companies, by definition, have greater markets to go after, and over the long term are more successful.

Now specifically with respect to longitudinal studies, I am not familiar with any one that we have done in particular, but I am happy to continue that conversation with you and your office about the areas in which you would like to see some of that research.

Senator HIRONO. Well, when we think that in Hawaii this program is mainly administered through the State Department of Business, Economic Development, one would hope that they have some data along these lines. To me, the long-term existence of these entities is a desirable goal.

Thank you, Mr. Chairman. I yield back.

Chairman CARDIN. Thank you, Senator Hirono.

I want to sort of qualify my response to Senator Marshall’s inquiry about Maryland, but broaden it to the national issues as it relates to access to capital through the SBA.

Our experiences in the CARES Act in establishing the Paycheck Protection Program, we recognized there was going to be a challenge with commercial banks, particularly in a pandemic, that there would be a challenge as to whether they would be interested in these loans, and that we were concerned that there would pri-
ority-setting on larger loans, larger small businesses, and those with priority-existing relations.

That proved to be correct, despite the fact that we put in the CARES Act language specifically directing the SBA to make an effort to make sure that the potentially underbanked community received priority treatment.

So we ended up allocating money to CDFIs to try to deal with those that had more interest in working with smaller small businesses and with those in underbanked and underserved communities, and that worked, to a certain degree. Our later numbers were much more successful, and quite frankly, I think Administrator Guzman is very sensitive on this issue and she has really reached out to get to underserved communities.

So I mention that because in the area of international trade it is even more challenging because you do not have the same number of banking institutions that are even interested in dealing with international issues that may involve them being complicated in their regulatory environment or in their collection environment.

So talk a little bit about how we can strengthen the tools within the SBA to be sensitive to the smaller small businesses, those in underserved communities, particularly as it relates to those that want to have a presence in international export.

Mr. ESPARZA. Well, if I may, Chairman, you started on the banking component, and that is sort of, of the two sides of the coin one is what we do for small businesses, one is what we do for the lenders.

Part of our opportunity is to make sure that our products and services are as relevant as possible to the banking industry as it is to the small businesses who borrow from those banks. And as you can probably imagine, a bank looks at a typical small business and says, “Is this small business credit-worthy or not? Should we lend to them or not?”

And when it comes to exporting, it is seldom that a small business is 100 percent an exporter. There is always some combination of domestic sales and international sales that they have. Nevertheless, our products are restricted to only international sales or exports. Therefore, a bank looks and says, “Well, unless there is a specific purchase order, unless there is a specific amount of inventory that is being purchased, we have to give them a conventional loan or a regular SBA 7(a) loan.”

As such, one of the things that we, of course, would want to continue to work with you and this Committee on is evolving our product set and the authority we have to work with lenders such that in this case, instead of 100 percent nexus to international sales, could it be some version of a majority, 51 percent or more, that allows us to have greater appeal to the lending market just as much as an applicability to the small business market?

Chairman CARDIN. Does that require a statutory change?

Mr. ESPARZA. I believe so, yes.

Chairman CARDIN. Well, we welcome your suggestions. As we are looking at the reauthorization of the STEP program, these are areas—we want to get broader into the international trade arena. So I think we would be interested in your recommendations in this area.
We would hope that the traditional tools, the 7(a) loans, would be available to help those businesses that have a hybrid type of business, but I can appreciate the fact that when you had the special tools available to international commerce, we want to make sure they are available, particularly for a young company that is starting out, that may only have a very small percentage of international commerce but wants to grow to a bigger percentage.

Mr. Esparza. And indeed, Chairman, my team, over 20 export finance managers who are spread around the United States, do actually have expertise on the regular or non-international specific loan products in the 7(a) portfolio. And I am thinking, in particular, of the working capital products, the CAPline product, such that we actually track and measure them on being able to offer and underwrite both products.

Because we know, again, wherever there is a product that is useful to a small business, we want to make sure we are accomplishing their needs or fulfilling their needs wherever appropriate. So whether it is a specific loan product that is from our office, or our sister offices in the SBA, we are happy to satisfy those interests however possible.

What I am simply suggesting is that we could continue to evolve the Office of International Trade products in order to make them that much more appropriate and relevant to both small businesses as well as the lending community as well.

Chairman Cardin. And what is your relationship with the resources partners such as the Women’s Business Center or the Veterans Outreach Centers, in order to try to get a more diversified group of small businesses engaged in international trade?

Mr. Esparza. So Administrator Guzman has tasked us with fulfilling a one-SBA mindset. So we work very specifically and closely not only across the SBA with resources that you talked about, the Women’s Business Centers, Veterans Business Centers, the district offices around the United States, generally, but we are in a unique position in the Office of International Trade to be able to work across government, for purposes of supporting exports from small businesses. That includes the U.S. Commercial Service from the Commerce Department. That includes the U.S. Trade Representative’s Office. That includes the State Department, the Agriculture Department, so many other agencies of the Federal Government that all touch trade in some form or fashion.

So we are plugged into those discussions, have a seat at the table, and I find it personally fulfilling and a deep responsibility to advocate for small businesses in all of those interactions and discussions across the Federal Government.

Chairman Cardin. Thank you, Senator Rosen.

Senator Rosen. Thank you, Mr. Chairman. I was presiding and I appreciate you waiting for me to get here from the floor. First, thank you for being here and for the work that are doing.

I want to speak a little bit about some of the burdensome reporting requirements in the State Trade Expansion Program. We will just call it STEP. It is a lot easier. It has been essential for Nevada’s small businesses and for our expansion into foreign markets, and STEP has provided needed resources to strengthen Nevada’s economy, our global competitiveness, and including half a million
dollars in STEP funding that we received earlier this month. So thank you for that.

In 2021 lone, Nevada exported $10.6 billion in goods to foreign markets. We serve 191 countries and territories. But even with that great success, those billions of dollars, I have heard from STEP grantees with concerns about what they fear are SBA’s complex and burdensome reporting requirements and some oftentimes unclear processes.

So, Mr. Esparza, I have also heard concerns from the State Trade Offices about problems with the A-STEP online reporting system, which they use to report expenses. Flaws in the system can create costly administrative costs.

And so I am interested in hearing what you and your team are doing to improve the A-STEP online reporting system for both grantees and the trade offices.

Mr. Esparza. Thank you, Senator. As a general principle, I find it important to make sure that I am listening to the states, to all of our partners that provide feedback on how our programs, products, and services are functioning, and you have pointed out one in which I have heard, on several occasions, and acknowledge.

With respect to A-STEP, which is the platform that we use to gather information from the states on a quarterly basis, it is a platform, a piece of technology that I give my predecessor in the prior administration great credit for having had the foresight and adopted. Prior to A-STEP, we were simply collecting Excel spreadsheets from all the states, an even worse process. And so I give him credit for having established and had the foresight to invest in and establish the A-STEP platform.

Now like all technology its rollout can be complicated with hiccups, so we acknowledge those and continue to work through that.

I will tell you that I have, not only through feedback sessions, heard this feedback from the states. But I have now acted upon that by setting my team out on a mission to understand exactly, at the nth degree of detail, what these processes are. And where we can either improve from a technology standpoint or other processes to eliminate some of the burden and create more efficiencies, we will make those changes and recommendations.

We are happy to follow up with this Committee on what those are, but you have my commitment that we will continue to look for every opportunity to create more efficient processes.

Senator Rosen. I appreciate that. Our businesses do too. Along that I would like to talk about expanding the allowable expenses for our STEP grantees. I am the proud Chair of the Subcommittee on Tourism, Trade, and Export Promotion in the Commerce Committee. And so like everyone else, everyone here, including the Chairman, we all know the importance of small businesses receiving the resources they need to reach and thrive, of course, in the foreign markets.

So through the STEP grants, Nevada small businesses are able to participate in export promotion activities such as export trade shows, exhibits, trading, market sales trips, and other things to help diversify their global clientele.

However, in order to fully empower grantees to achieve STEP program objectives, and for the SBA to meet key program metrics,
including increasing the number of small businesses assisted, the value of export sales and return on investment grantees, well, they just need more flexibility to ensure full utilization of the grants they receive.

So with this in mind, do you plan to expand the list of eligible STEP-funded activities and add new allowable expenses to support our small businesses? If you are not, will you come and engage with some of my businesses that are working on this? And just how do I help Nevada businesses, and thus all businesses across this country, grow in this area?

Mr. ESPARZA. Thank you, Senator, and indeed, international tourism is an export.

Senator ROSEN. Oh, it sure is.

Mr. ESPARZA. It is simply the presence of a foreign buyer, so people bringing their foreign dollars.

Senator ROSEN. Come to Las Vegas any time. We will show you.

Mr. ESPARZA. Absolutely. The original statute had nine expense categories in STEP, and the tenth being “any other category that the associate administrator deems appropriate.” So I am consistently listening to and open to feedback.

In our partnership with SIDO, one of the organizations that I mentioned in my opening statement, we are hearing very specifically in some of the forums that we conduct what are some of the ideas of other expense categories that would be relevant. I continue to listen to those suggestions, and where we find frequent suggestions of the same category we will take those under consideration. And I hope to be able to, in spirit, to provide as many reimbursable expense categories as possible.

Senator ROSEN. If you need input, I have Nevada businesses who are ready to have that conversation.

Mr. ESPARZA. We would be happy to take that input.

Senator ROSEN. Thank you. Thank you, Mr. Chairman.

Chairman CARDIN. Thank you, Senator Rosen, and thank you very much for your testimony today. I appreciate everything you are doing on behalf of small businesses.

We will now go to our second panel. And again, thank you, Mr. Esparza. First let me introduce Shaun Akhavan, the Director of Exports, Allied International, from Glen Burnie, Maryland. Allied International Corporation is a leading purveyor of packaged foods with exception value and quality. For over four decades, Allied International Corporation is leading purveyor of packaged foods with exception value and quality. For over four decades, Allied International Corporation has gathered the necessary experience and expertise in this field and has established a remarkable reputation in the United States and around the world.

Our second witness is Grace Preston. Grace Preston is an international sales and marketing executive with more than 20 years of experience. Throughout her career, Grace has helped several U.S. companies expand their sales into international markets. In 2019, Grace was awarded the SBA’s Exporter of the Year from New England for her work with a New England manufacturer.

Grace joined Geophysical Survey Systems in early 2022, to take their international sales to the next level. She has traveled to more than 60 countries and all 7 continents.

Welcome to both of you. I want to tell you, we appreciate you both being here. We certainly heard from the Administration. It is
nice to people who are experiencing this firsthand, who have gone through the struggles of trying to deal with international commerce. So thank you for sharing your experiences with us today.

We will start with Mr. Akhavan.

**STATEMENT OF SHAUN AKHAVAN, DIRECTOR OF EXPORTS, ALLIED INTERNATIONAL, LLC, GLEN BURNIE, MD**

Mr. AKHAVAN. Thank you, Mr. Chairman. I would like to thank Chairman Cardin, Ranking Member Paul, and distinguished members of the Committee for your time and for allowing me the opportunity to testify here today on behalf of Allied International Corporation, in support of reauthorizing the Small Business Administration's STEP grant initiative.

Again, my name is Shaun Akhavan, and I am the Vice President of Export for Allied International Corporation based out of Glen Burnie, Maryland, a small family-owned business that was established over 41 years ago and has been serving the food industry. Since starting, we have become a trusted purveyor of quality products both domestically and abroad. Our portfolio maintains over 400 items that we offer under the private label brands that we have created from the ground up.

We credit much of our success in our export sales to the ability to attend international trade shows. At these international trade shows, we have been able to meet many potential buyers which have been instrumental to the longstanding growth of our export business.

We applied for and received our first STEP grant in 2016. These funds helped us to exhibit at SIAL Paris trade show in October of that year. SIAL Paris is one of the world’s largest international food exhibitions and has been held biennially since 1964. The funds covered a significant portion of our registration fee and travel expenses. These funds, directly and indirectly, generated over $200,000 in new export sales revenue in the fourth quarter of 2016 through 2017.

Our success at SIAL Paris 2016 began a new phase for Allied International's export efforts. Increased export revenue encouraged us to exhibit at more international trade shows such as Gulfood in Dubai, FoodEx in Japan, Seoul Food & Hotel in South Korea, SIAL Shanghai in China, Anuga in Germany, and others.

Since 2016, we have seen our export sales increase from just 8.5 percent of our total sales in 2016, to 20 percent for the current year. In addition, we have opened up distribution in over 20 new markets including Mexico, Central and South America, the UAE, the greater Middle East, South Korea, Japan, China, and the Philippines, to name a few. Due to this success, we applied and were approved for the STEP grant to use toward our upcoming exhibition at the SIAL Paris 2022 trade show next month. Upon our return, the funds that will be reimbursed to us through this grant will help us greatly in furthering our business.

In reviewing Allied’s history, where we came from, and where we are today, we are extremely grateful for the support we have received, especially when we were just starting our organized export and did not have a substantial understanding of the nuances of exporting or a wide network of business partners.
A grant such as the STEP grant, early on for the start of a company’s export program, will allow the opportunity, confidence, and financial assistance to the company for starting an export program that they may not have otherwise started on their own. Even though the benefits of attending a trade show are many for a company that wants to start or expand its export reach, sometimes the companies need a little extra support to take the first step.

A small business can use the STEP grant money in many ways to help with the expenses of attending an international trade show. The money can of course help with any of the travel expenses. However, in addition to the travel expenses, it can help with hiring a translator to help with the language gaps, or it can be used for paying for other learning opportunities such as workshops, lectures, and seminars to expand one’s knowledge of exporting.

One of the most important investments that a company can make is in a website for international marketing and networking. Companies can put their names, their brands, and their products on the web to reach a worldwide audience. They can introduce their company and its products to customers with whom they normally would not have the opportunity to connect with in person. Even in this day and age where technology is so heavily relied on, many international companies do not have an adequate presence on the internet and are not easily accessible to those who do not attend international trade shows.

In working with many countries in various parts of the world, I know firsthand that there are many opportunities to capture the business of overseas customers that are very eager and excited to import American-made products and welcome the opportunity to connect with American companies. When attending and exhibiting at an international show, businesses like Allied International can learn firsthand about these different markets and what their specific needs are. They can build their export knowledge to build strong bonds with these eager customers that will continue for years, if not decades.

The benefits are numerous when I think of the knowledge, connections, and confidence that is to be gained from attending an international trade show, as well as working internationally in general. Providing any support to give small businesses a leg up to reach these resources can be instrumental to the success of their export program.

Finally, I would like to commend Michael Howley and the entire Maryland Department of Commerce for assisting us with our STEP grant applications.

Senators, Chairman, once again I thank you for all of your efforts on behalf of the U.S. small business community, and for the opportunity to appear before you today.

[The prepared statement of Mr. Akhavan follows:]
Testimony of Shaun Akhavan
Director of Exports, Allied International Corp.
Senate Committee on Small Business and Entrepreneurship
“Reauthorization of the SBA’s International Trade Programs”
Sept. 21, 2022
2:30 PM EST

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Senators, once again I thank you for all of your efforts on behalf of the US Small Business community, and for the opportunity to appear before you today.
Chairman Cardin. Thank you very much for your testimony. Ms. Preston.

STATEMENT OF GRACE PRESTON, INTERNATIONAL SALES MANAGER, GEOPHYSICAL SURVEY SYSTEMS, INC., NASHUA, NH

Ms. Preston. Chairman Cardin and esteemed members of the Small Business and Entrepreneurship Committee, thank you for allowing me to be here today to provide testimony. My name is Grace Preston. I am the International Sales Manager at Geophysical Survey Systems, Inc., GSSI. We are based in Nashua, New Hampshire.

GSSI manufactures Ground Penetrating Radar, GPR, for a variety of applications such as underground utility location, concrete inspection, road and bridge inspection, geological assessment, archeology and forensic discovery. Our products are essential in maintaining the health of our infrastructure and for advancing scientific understanding of the natural world. GSSI products can be found in use in over 100 countries and on all 7 continents.

I am here today to speak about the importance of the SBA STEP grant funding to small businesses like GSSI. Frankly, without the assistance provided to us through the STEP grant as well as other state and Federal programs, we would not have enjoyed the sustained level of growth necessary to succeed in an increasingly competitive marketplace. In short, the resources available to us through these programs have enabled us to have a presence, be competitive, and succeed in worldwide markets.

Like most small companies, GSSI has limited resources dedicated to growing business outside the U.S. We are too small to have a direct presence in foreign markets and must seek partner companies to promote and distribute our products. A commitment to play in the international space requires an immense undertaking involving different languages, different cultures, and often different business practices. But also huge potential if one has the patience and the right help to tackle it. For us, an indispensable part of that help has come in the form of the STEP grant and the programs offered under this grant.

GSSI first utilized the STEP grant in 2016, to assist in finding a new partner in Korea. Our feeling was that we were not realizing the full market potential, but had no way of tapping into it. The STEP grant was used to fund a Gold Key Matchmaking Service through the U.S. Department of Commerce’s U.S. Commercial Service. We have found the Gold Key service to be the single most effective method for finding a local partner. This service allows us to put forth the ideal profile of a local partner/reseller and detail our goals for the market.

Lacking the resources and local “street cred,” the U.S. Commercial Service staff based in Korea worked their local contacts and knowledge of the market to provide a short list of companies that they believed to be a match to help us grow our Korean business. From this, we found one company that rose to the top, and we can happily report that we have grown our business in Korea by more than 300 percent. We would have not achieved this immediate, effective growth without the STEP funding and the programs offered under the grant.
I want to share one really key metric for you. It speaks volumes. We sold $1.1 million worth of our products in Korea through this new partner in 2020, at the height of COVID. Imagine where our company might have been in 2020 COVID time had we not found this key partner, all as a result from the STEP grant and the dedicated professionals at the U.S. Commercial Service offices in Korea and in our home state of New Hampshire.

Other examples of how the STEP grant has helped GSSI include funding another Gold Key Matchmaking Service in Mexico through the U.S. Commercial Service as well as an Initial Market Check in Panama. The net result of these two activities was that we established a new partner in Mexico that today generates more than $100,000 in annual sales.

For Panama, we realized that the market was not right for us, and it allowed us to limit our expenses and our efforts, and we turned those resources and efforts elsewhere where they were more needed. Could we have accomplished this on our own? Absolutely. However, it would not only cost us exponentially more, but could have taken years to achieve a potentially similar outcome. And as we all know, time is money, and must be used wisely.

Market intelligence is also a critical foundation to succeed in any market. When you are not able to physically be in a market more than one week a year it is difficult to get a full picture of what that market has to offer, where the government spending is focused, who the key players are, and what the competitive landscape looks like.

This year, GSSI was able to fund a market research report via the STEP grant that provided valuable insight on three markets—Spain, Norway, and the Philippines. The information we received, particularly on the Philippine market, has enabled us to basically “trust but verify” some understanding we already had and positioned us very well in a competitive bid situation. We are confident that this information will help us win the first major project with a Philippine Government Authority. Had we not performed this research, it is doubtful our bid would have been taken seriously. Just another example of how a little help can provide long term success and growth.

The STEP grant has helped us compete on the worldwide stage against European, Canadian, and Chinese companies. With some of these companies supported by their governments, the competition can be tough. The STEP grant has helped to level the playing field, giving us the opportunity to get superior American-designed and American-made products into the hands of an ever-increasing number of customers around the world. In recognition of our export success, GSSI was the proud recipient of the President’s E Award for Exports in 2019.

Since the initial use of the grant, GSSI continues to utilize the programs funded through the grant to catapult not only our export growth but GSSI’s overall growth. Today, GSSI’s export sales contribute to approximately 50 percent of our overall company revenue, and we look forward to continued growth in the coming years. This has enabled us to add more jobs. Since 2015, we have increased our employee count by 20 percent, and we currently have
several open positions in sales, engineering, manufacturing, and support.

Our export-driven success also contributes to our greater ecosystem through supporting local, regional supply chain vendors, many of which are within 100 miles of our facility, to offering an annual $10,000 college scholarship to an employee's family member.

The success beyond our borders helps to contribute to our local community. Bottom line is that more Americans are working in good-paying jobs and our local communities are reaping the benefits as a direct and indirect result of this valuable program.

Exports matter. I have built my career on it. Help in achieving those exports faster and easier is invaluable to GSSI and other small businesses. Thank you, Chairman.

[The prepared statement of Ms. Preston follows:]
Testimony of Grace Preston, International Sales Manager, Geophysical Survey Systems, Inc. (GSSI) 40 Simon St. Nashua, NH 03060

Presented to United States Senate Committee Small Business & Entrepreneurship Committee September 21, 2022
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Other examples of how the STEP Grant has helped GSSI include funding another Gold Key Matchmaking Service in Mexico through the US Commercial Service as well as an Initial Market Check in Panama. The net result was that we established a partner in Mexico that today generates more than $100k in annual sales. As for Panama, we were able to determine that this was not the right market for us at this time and allowed us to limit our expenses and resources in a market that would not produce a significant return. Instead, we quickly pivoted resources elsewhere. Could we have accomplished this on our own? Absolutely. However, it would not only cost us exponentially more, but could have taken years to achieve a potentially similar outcome. And as we all know, time is money, and must be used wisely.

Market Intelligence is a critical foundation to succeed in any market. When you are not able to physically be in a market more than one week a year, it is difficult to get a full picture of that market – what it has to offer, where the government spending is focused, key players and what the competitive landscape looks like. This year, GSSI was able to fund a market research report via the STEP Grant that provided valuable insight on 3 markets – Spain, Norway and the Philippines. The information we received on the Philippine market has enabled us to “trust but verify” some understanding we already had and positioned us very well in a competitive bid situation. We are confident that this information will help us win the first major project with a Philippine Government Authority. Had we not performed this research, it is doubtful our bid would have been seriously considered. Just another example of how a little help can provide long term success and growth.

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Exports matter. Help in achieving those exports faster and easier is invaluable to GSSI and other small businesses.

Thank you.
Chairman CARDIN. Well, I want to thank both of your testimony. You know, we talk about how important small businesses are to our economy and community. You all have demonstrated that by your success in using ingenuity, dealing with the challenges of today, and figuring out a better way to get a product onto the market and being able to get that product into the international marketplace. As a result, you have created jobs, you have strengthened our economy. You have done everything we believe small business can do.

But when you are in international commerce, as you both point out, there are additional hurdles: How do you make the connections? How do you deal with the language barriers? How do you deal with the knowledge of the international marketplace? And you have given us concrete information as to how the SBA, and particularly the STEP program, but also the International Trade Office has helped in that regard.

As I said in my opening comments, the member of the United States Senate that is responsible for the STEP program is Senator Shaheen. She has been the champion of this program. She has seen it. She has made it permanent. She has expanded it. She promotes it. And I want to thank her for her extraordinary leadership. I think we have two companies here today that have benefitted from her leadership, and I will now call on Senator Shaheen for her comments or questions.

Senator SHAHEEN. Well, thank you very much, Mr. Chairman, for that glowing introduction. I really appreciate that, and I appreciate the testimony of our two witnesses today, particularly Ms. Preston, who you have given us not only your experience at GSSI, which I can also attest has amazing technology, having visited there, but your personal experience with exporting and the challenges that small businesses faced.

I am sorry I missed our other witness testimony today, but I know you were equally eloquent.

One of the things that I think is important about the STEP program is that it is the only Federal program that supports small businesses and exporting. And we know that 95 percent of markets are outside of the United States but only about 1 percent of small and medium-sized businesses export. So the more we can do to help provide that assistance to small businesses in identifying those markets and getting into them, the better. And as you point out, Ms. Preston, that is one of the things the STEP program has helped GSSI do.

I wish the Assistant Administrator were here to have heard your testimony, because one of the concerns that we have heard in New Hampshire about the STEP program is the potential for it to coordinate better with other Federal agencies. So I wonder, Ms. Preston, if you could speak to what your experience has been and whether you see ways in which STEP can better coordinate with other Federal programs.

Ms. PRESTON. Thank you for the question, Senator, and thank you for all of your efforts for the great state of New Hampshire.

I think the program, it is evolving, and what worked 10 years ago is not necessarily working today. So we have eliminated a lot of the bureaucratic barriers to accessing the funding and accessing
the programs. I would just say continue on that, and what might work for GSSI may not work for another small companies. So listen to the companies. If they are coming to the table with a program that they want to use the funding for, I would just recommend being open to that and eliminating barriers to using the grant to get to those markets that have potential.

Senator Shaheen. And you mentioned the bureaucracy and the paperwork that has often been involved in getting a STEP grant. Can you talk about what you see that could be done to help reduce some of that paperwork and how that would be helpful to the company?

Ms. Preston. I think we talked about it earlier when you were not in the room, Senator. I think the SBA is looking at ways to automate it and make it easier, but it is not a light-switch moment. So I think making it easier to just kind of submit all the requirements for the funding would help most companies, because we do not have the resources. We do not have a big staff of people that can do the work. So it is usually somebody like myself in an organization that is submitting all of the paperwork and the receipts and the requests.

Senator Shaheen. Thank you. Mr. Akhavan—is it Akhavan?

Mr. Akhavan. Akhavan, yes.

Senator Shaheen. Do you have anything to add to that?

Mr. Akhavan. I either have very, very efficient assistant or the program is extremely easy to apply for the STEP grant. I never had a problem. As I mentioned earlier, Michael Howley from Maryland has been extraordinarily helpful, and I think it depends on the individual that is helping us. It has been very straightforward, very painless, I would say.

So I do not have anything but good things to say about the program and the way we have been applying for it.

Senator Shaheen. Good. And I assume that both of you would agree that fully funding the program to the authorized level would be very helpful. As I look at the performance data for STEP, I think it is important to point this out into the record, Mr. Chairman, that STEP had a return on investment of 42–to–1 for the dollars invested, that STEP grants led to $974 million in export sales, that assisted over 7,000 small businesses, and enabled nearly 3,000 new-to-export small businesses to explore significant new trade opportunities.

So I think in the last year of funding we have significantly underfunded the program. We have not been to its authorized level of $30 million a year. Would that be helpful if there were more funding available? Do you think we could see an even bigger return on those STEP dollars? Ms. Preston?

Ms. Preston. Thank you, Senator. I think for us, definitely. It just helps us with the resources that we have, our limited resources that we have to reach more markets and to talk to more people and get our products out there.

Senator Shaheen. Thank you. Thank you, Mr. Chairman.

Chairman Cardin. I want to thank both of you again. Mr. Akhavan, you particularly point out, it is impressive that you went from, if I remember correctly, 8.5 percent to 20 percent of your sales in exports over a period of years, that you received some as-
sistance from the SBA over several years. It was not just a one-off situation.

Mr. AKHAVAN. Yeah. Since 2016. So up to this year it has been——

Chairman CARDIN. And the reason I underscore that is that, yes, we want to help you to attend a trade show. You can make connections. But that is not the end of the assistance you need in order to be able to expand your export market.

Mr. AKHAVAN. Well, Chairman, the more we attend the trade shows, the more credibility we have in front of our buyers abroad. The first time they see us excited, want to do business with American companies and buy American products. But the more they see us at these trade shows, and most of these trade shows are annually. Some of them are every couple of years.

So it really helps with these extra funds for us to be able to attend more trade shows than we possibly can with our own resources. And there are other programs as far as trade missions, help with data, that you mentioned, and intelligence, market reports. And I think that also helps us with the market for exports.

Chairman CARDIN. Impressive results. Both of you, impressive results. As I said, you are the model. We know small businesses will lead our economy. When you go through tough times it is a little more challenging. And to get into new markets it is always more challenging. So I think your testimonies have been extremely helpful.

Well, our champion, as a small business owner on this Committee, is Senator Hickenlooper, having gone through the trials and tribulations as a small business owner. I am going to turn the gavel over to Senator Hickenlooper so I can go cast my vote, and I thank him for his leadership on this Committee.

Senator HICKENLOOPER [presiding]. Thank you, Mr. Chair, for the gavel and all your hard work putting this together, and so many other good meetings together. I am so glad I made it before we closed down.

And Ms. Preston, I used to be in the oil and gas business, and I was a good friend of a guy name Rutt Bridges who created, or helped create, was a large part of creating the first desktop processing, you know, desktop computer processing for seismic lines, way back when in the 1983, 1984, 1985 period, when people did not do that kind of thing. And his was a very small business that grew to be a pretty large business.

Anyway, my small business, we spent a lot of time dealing with government agencies. When I first started I got several SBA loans and support. But obviously—I owned a bunch of restaurants—I did not do international trade administration-related stuff.

But I did see much of the red tape and bureaucracy and the time it takes to work through some of these processes. You know, you worked through a number of government agencies. What is your view—and I ask this all the time—of how can we streamline the process? How would you suggest someone like me, who is interested in that efficiency, what should I prioritize?

Ms. PRESTON. Thank you for the question, Senator. I am happy to be here. Thank you. I think we have a unique situation in the state of New Hampshire because we do have a couple offices that
lead that charge, so they champion navigating, helping us navigate through the system. So for us, in New Hampshire, we do have bureaucracy but we have people that are helping us along, and I think that is very helpful.

I do not know if you have anything to add to that. I think you had the same experience in Maryland as well, that you have a champion in Maryland that is helping you through.

Mr. Akhavan. Absolutely. We have not had any problem. Actually, it has been pretty easy, and as I mentioned earlier, painless to apply and get these grants and work with Small Business Administration.

Senator Hickenlooper. I love that. That is the best answer I could hope for. It is not the common answer.

Mr. Akhavan, you know, critical to any assistance program that we put out there—I can ask this of both of you—you know, are most small businesses aware of the array, say, the STEP grants, and what kinds of outreach should we be contemplating to try and make sure more people are aware of what is out there?

Ms. Preston. Thank you again, Senator, for the question, and I think that is a challenge. I think there are a lot of people out there that do not know what programs are out there. And in the state of New Hampshire, the Office of International Commerce from the state and the U.S. Commercial Service part of U.S. Department of Commerce, as well as the local SBA office do a lot to outreach and get the message out.

Again, we are a state of million people. We are spread out quite a distance, but we have a very small business community. So again, with the state of New Hampshire I think we are doing very well with the state and Federal partners we have in getting the word out.

And also I think reading success stories like GSSI helps people understand that there is money out there, you know, to help them along the way, and to help them achieve success in other markets.

Senator Hickenlooper. Yeah, I think you are right. Mr. Akhavan.

Mr. Akhavan. Well, in fact, we have been pretty lucky in the state of Maryland. We have constantly been contacted by the Department of Commerce, asking us what kind of help we need, and it has been refreshing. A few years back, going to maybe 10 years ago, when our offices were in Virginia before we moved to Maryland, they were equally as helpful, equally as avant-garde in coming and encouraging us to be part of the export market. And it has just been their encouragement that actually helped us expand our export sales from 8.5 percent of our total sales in 2016, to over 20 percent this year.

Senator Hickenlooper. Let me ask one last question, and you will hear it just from me. So if you are ready to go you can just raise your hand and I will let you slip away.

Have you guys worked with any of the fintech companies in terms of helping you to establish expansion of your export businesses? Because I have heard a couple of people who have said that they were more willing to give loans to help expand international trade than most of the banks were. That is anecdotal. I am still collecting my anecdotal evidence.
Ms. Preston. For GSSI it is really not a good fit for us. It does not really apply to our market. So I would say no, we have not.

Senator Hickenlooper. Okay.

Mr. Akhavan. My experience with the export market and our customers, they are willing to pay 100 percent beforehand. So actually financing has never been a problem. If they really want to have us help them they will come up with a 30 percent deposit, and once we start manufacturing for them and before shipping they will send the 70 percent.

So I do not think financing is a major problem with export because people around the world, especially in food products, they would just love to buy. And as a matter of fact, we were just making a joke in the office that we came back from a trade show in Dubai in February, and few markets, especially Saudi Arabia, we just have four or five people just want our products. And we ended up saying, “Okay, we are going to give you all the products, but we are going to give you different labels,” which has really helped us capture that market. Still, to this day, when we just came back from a trip to Singapore—I have been traveling—another customer from Saudi Arabia said, “We need your product.”

So at this time it is refreshing to see that people around the world want U.S.-made products, because it is equal to quality. And price has never been a problem because although we are in a very competitive price market here in the U.S., the price of food is much higher in the rest of the world, so we really do not have that competition.

Senator Hickenlooper. Wow. That is good to hear.

Mr. Akhavan. Absolutely.

Senator Hickenlooper. Thank you all. We will keep the record open for two weeks to allow for statements and questions for the record. So with that this hearing is adjourned.

[Whereupon, at 3:51 p.m., the Committee was adjourned.]