

## 6 Reasons to Export

Small businesses account for 30 percent of all U.S. exports—nearly \$500 billion last year. The fastest growing segment of U.S. exporting companies--comprising 65 percent of all U.S. exporters--are firms with 20 or fewer employees, demonstrating that size is no longer a requirement for success in global markets

The following are six reasons why small firms should consider exporting as a way to expand sales base and lessen the effects of various challenges in the home economy.

### 1. Market growth.

Looking at world demographics, you'll find 95 % percent of the world's population is outside of the U. S. (Today the world population stands is 7.1 billion - up over 3 billion since 1973. It is estimated that this number will grow to 9.5 billion in 2050) If you have a product or service to sell, you want to go where the buyers are and, increasingly, that is outside the United States.

### 2. Economies of scale.

Assuming your small firm has excess production capacity, it will be marginally less expensive to produce 1000 units than 500 units, so your per unit cost will come down as you expand your sales into new overseas markets.

### 3. Extend product life cycle.

A product that may be nearing obsolescence in the US market may still have demand in Asia or South America. Exporting that product will extend the product's life cycle. Or, by licensing the technology to an overseas producer, a company could continue to generate a revenue or royalty stream from the product through off-shore production.

### 4. Moderate seasonal production cycles.

If your company produces products that are seasonal -such as ski equipment- you should be aware that there are two summers and two winters every year on the planet. Sell seasonal products south of the equator during your off season and moderate seasonal fluctuations in your production cycle.

**5. Faster growth,  
higher profits.**

Several years ago a comprehensive study was done that showed that exporters tend to grow 22 percent faster than non-exporting companies, that they have higher profits, and that they stay in business longer. Exporters are winners, by definition, because they have shown that they can "think outside the box" and successfully compete in global markets.

**6. Competition.**

The U.S. market is very competitive compared to many other countries where market share might be easier to obtain and profits might be higher. Due to increased competition within the U.S. market - which could come from either foreign or domestic companies, or both - a firm might decide it needs to enter other markets in order to grow the business. Also, a small business might explore international opportunities as a response to its chief domestic competitors doing so, in order to remain competitive in the long run.

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**Have you made international sales a part of your  
business strategy for 2014?**

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