

Oklahoma Small Business Enterprise Exchange for International Partners

Friday, April 30, 2004

Summaries from the Morning Breakout Sessions

10:15-11:30 a.m. Sessions - Small group interactions with focus group questions related to defining small business enterprise roles.

Focus questions

As you have heard, the small business enterprise sector plays a critical role in the development in the economies of “emerging states.” In Oklahoma this sector represents the majority of businesses in the state and in new job creation and entrepreneurial potential. At the same time, globalization opens the prospect of new and larger markets and opportunities. Small business generally and Oklahoma businesses specifically have not been involved in much international business development. In this pre-conference, we are seeking to identify ways that small business enterprise can be helped in both considering and moving into some of these potential opportunities with other countries. Obviously, in the long run our intent would be to establish business to business partnerships and alliances; and, to provide infrastructure and support systems that will enhance Oklahoma’s businesses capacity in the international arena.

During these sessions, we would like to have you serve as a high level focus group that will identify strategies and services that would assist small business in moving in this direction. To facilitate this first focus group discussion, we have listed some of the following questions for your consideration and are asking our facilitators to summarize your discussion for the larger group. Your comments and ideas also will be collected and provided to the participants, policy makers and service providers as the state pursues this initiative.

1. What do you think are the **common problems** that small businesses world wide face?
2. What do you think are the **common principles and practices** that bind small businesses together world wide?
3. Are you **involved in any international business**, trade, outsourced manufacturing, etc. currently and if so, what is it? What has facilitated your doing that business?
4. What would be the best way for you to have information about contacting possible international business partners, other governments, and markets?
5. Recognizing problems with language, distance, etc., **what countries/geographic regions** (if any) would you prefer in developing business?
6. Are you currently involved in any kind of association or business group that helps you with international business opportunities? Which one?

7. If you could **design some sort of supporting organization** for small business enterprise world wide, what would it look like?
8. What are the core principles or characteristics that you would like to have in such an association?
9. Other comments, ideas, suggestions?

Room J

**Facilitators: Jim Hromas, Oklahoma State University
Julie Weathers, Oklahoma State University**

Focus questions:

Common problems small businesses face world wide include communication, regulatory, and 'know how' barriers; standardization; financial issues; and the lack of a support system. Small businesses need overseas offices but this isn't always feasible.

Commonalities among small businesses world wide include emphasis on making profit, finding the most direct route to profit, trust and the KISS (simple is best) principle.

Oklahoma Department of Commerce's ability to send reps overseas helped a cosmetic business gain Korean customers. Advertising in the Global Contact, Inc. registry was also beneficial. Trade shows, word of mouth, face-to-face networking, product demand and government-funded education have also facilitated business overseas.

The best way to access information would be through a centralized department of commerce office. Contact information on potential mentor companies who have been doing business overseas for 4-5 years would be helpful to companies looking overseas for the first time. CD roms containing information on specific companies worldwide and country regulations on importing, internet portals between countries, and a database of all small businesses in OK including contact info and what they manufacture/want to export would be helpful. Ron Wilson of ODOC is a resource for this kind of information.

Doing business with European and other English-speaking nations, South America, and Latin America is preferred. Asia is an area of high-growth, and therefore of interest, although some businesses have had negative experiences working with China.

Beneficial organizations include the Oklahoma Department of Commerce, the International Franchising Association, Manufacturers Alliance, the U.S. Department of Commerce and the District Export Council.

A supporting organization would be efficient, trustworthy, provide updated financial and market research on countries, and have a central depository of industry specific information. It would utilize the best business practices specific to each area. Incorporating a process for introducing international guests to Oklahoma culture would be an asset.

Comments: The Encyclopedia of Trade Associations in Professional Organizations is a good resource. The United States puts less into international business development than do other countries.

Room K

Facilitator: Mark Rose, University of Oklahoma

Worldwide businesses face many similar problems: lack of capital, lots of ideas but difficulty in channeling them into solid products and services, the challenge of connecting buyers to sellers, diverse languages to work in, lack of mentors and the need for perks for younger employees, inability to retain key employees, and excessive regulations from different governments.

Small businesses are bound together by many common principles and practices. The element of competition is always present as well as the profit motive. All businesses must have a market to offer products and services to. They all must be flexible in adapting to changing economic circumstances, and they usually end up helping each other. They experience a lot of freedom but almost always remain under the shadow of big business.

Small businesses are facilitated in international business by information gleaned from the Internet. The Oklahoma Department of Commerce has been helpful to some businesses, but international embassies usually are not. It is very important to find out what the written rules and perhaps more important what the unwritten rules are in international business.

There is no single source of international information to assist small businesses, but increasingly there are web sites that provide various kinds of information. A central web site should be organized by a nonprofit entity or a university with information about every country to facilitate small businesses in seeking partners and prospects, and the cost to access it should be minimal. Toll-free phone access would also be helpful. A central nonpolitical international database is greatly needed, with contact persons identified for vetting customers.

Participants said they would like to expand their business activities to both stable countries and areas in the early stages of developing, including China, Europe, Russia, Southeast Asia, Central America, Mexico, and the Middle East. The International Chamber of Commerce and the Licensing Executive Society have been helpful to some of the participants in this session.

Room L

Facilitator: Steve Miller, Oklahoma State University

This focus group session centered mostly on the introduction of participants in the session, the problems facing small business owners, the design of a supporting organization for small business enterprise and the difficulty of building these organizations across industries. Throughout the discussion, the participants agreed that networking between business owners was key to small business success.

After the initial introductions where participants discussed their business affiliations and interests, the dialogue quickly turned to the problems facing small business owners. Although the participants all came from disparate business ventures, common themes ran throughout the discussion. The tension between exporting and importing business and the impact on small business owners was mentioned, specifically the idea that business owners may want to import products whereas government should focus on helping in-state and in-country business develop in-state and in-country, not outsource. A representative from the Oklahoma Department of Commerce commented that his job is to grow and preserve Oklahoma jobs and the Oklahoma economy. A participant pointed out that sometimes small business must import in order to export.

Also, small business product protection was offered as a problem for small businesses. The legal expenses involved in patent litigation were a general problem for the participants who have tried to protect products of their own invention. Also, the integrity of patents across international borders was brought up. One participant said a way her business avoided patent and product duplication and corruption was by copying the lead of larger business, like Coca-Cola. Another commented that business owners simply had to accept that different countries had different laws governing intellectual property.

Two other problems small business faces are the stabilization of currency when doing business internationally and labor unions. For both of these issues, one means of resolution to these issues was highly accessible information on the topics. The representative from Bulgaria mentioned that an organization he is involved with in his home country provides protection for small businesses, particularly when it comes to the expenses involved with labor union disputes. The European Union, he said, overprotects labor and countries who join the EU must take their regulations as they are. An Oklahoma business owner mentioned that one way he learned to avoid union disputes was to ensure his employees were treated fairly and to nurture the lines of communication between leadership and lower-level employees.

The participants expressed the benefits of being in-touch with the chambers of commerce in the communities and countries in which they do business. International trade organizations were also helpful to the participants. In this portion of the discussion, networking was again emphasized for its benefits. A few of the organizations participants pinpointed as helpful were the Chambers of Commerce in Latin American countries, the International Organization of Accountants, IMAC, Young President's Organization, and National Association of Directors and National Association of Corporation Directors. Also, the Internet was discussed as a valuable resource for information for small business owners.

Finally, a few participants noted the conferences lack of using Oklahoma resources, such as Oklahoma-bottled water or food, seeing the revenue generated will go out of state.

Room N

Facilitator: Jim Vidmar, University of Oklahoma

Small group interaction with focus group questions related to defining small business enterprise roles.

Summary: The mission of this focus group was to “identify strategies and services that would assist small business in moving toward” successful relationships with international partners. Rather than discussing specific strategies, participants focused on the “big picture”, addressing the common general concerns of each small business represented.

Participants discussed a list of focus questions provided by the conference coordinators. The first of these questions addressed common problems small businesses face worldwide. Participants expressed concerns about language and cultural barriers, as well as making the connections necessary to determine what countries and/or companies need the product or service they specialize in. The same connections are needed to find those who products and services can be purchased from internationally. The transference of funds and the patenting of intellectual property were also noted as common problems.

The second question addressed the common principles and practices that bind small businesses together. Most participants agreed that the idealistic principles of personal fulfillment and financial independence, as well as the desire to maintain one’s own professional integrity, inspire people to start small businesses. Yet despite these driving forces, the need to sustain a business while turning a profit ultimately determines the success of every small business.

The ability to adapt to a variety of situations significantly aids in the achievement of this goal.

Participants continued by discussing their previous efforts to establish their businesses in the international market. Those who have had success attribute it to their ability to network internationally and to language acquisition. It was suggested that despite the use of English throughout the world, learning a second language, no matter what that language may be, gives those in small business a comparative advantage over their competitors. Suggestions on where to gather information concerning possible international business partners, government practices and global markets included the United States Department of Commerce and other US governmental agencies. They can help to facilitate partnerships with potential business partners, business foundations

and organizations dedicated to fostering business partnerships. The same can be said of local and state Chambers of Commerce, consultants and, another undeniable resource is the internet, which not only aids in research, but gives companies the ability to market themselves all over the world.

When questioned about which countries participants would be most likely to do trade with, English speaking countries were listed most often. One participant pointed out that this tendency is highly common, giving the statistic that some 95% of small business chose to initially expand their business to other English speaking countries (Canada, Australia, United Kingdom, etc.). Delegates present from other countries also pointed out that the same is true in their home countries as well. A company in Portugal, for instance, is much more likely to foster a relationship with other businesses in Brazil than say, China, because of the common language and culture shared by both countries. When asked about business prospects in developing countries as opposed to those in countries with stronger economies, many participants agreed that working with developing countries may be a more viable option due to factors such as the lack of competition and the possibility to take advantage of a previously undeveloped market in that country.

Many of the participants present are involved with associations and business groups that help small businesses find international business opportunities. The Manufacturer's Alliance, Oklahoma State Chamber of Commerce and Women Impacting Public Policy were among those mentioned. One participant suggested that the most important thing any association or group can offer to a small business is the opportunity to work together with other small businesses toward a common goal with regards to economic policy and development.