



# Exporting Locally: A Strategy for Regional Small Business Growth

Bridget Kearins

## Introduction

An outward looking economy and the creation of internationally competitive industries are integral to economic development policy at all levels of government in Australia. Large businesses will contribute most to productivity growth but small businesses are significant contributors to economic development. It is important that they are able to develop export markets and more effectively compete on domestic markets against overseas competitors. The participation of Australian small businesses in export markets has been growing. However, many small businesses face a greater degree of difficulty in planning for, and achieving, export success. This paper shows that small businesses can expand their role in the global economy, but they need help to effectively access export assistance.

One approach to providing export assistance to the small and medium size enterprise (SME) sector, the Regional Export Extension Service (REES) implemented in South Australia, represents a departure from traditional approaches. It is a regionally based model working through local government to provide tailored and flexible export solutions to the business sector. The model aims to foster the development of an export culture among small and medium businesses in a region and to help them overcome obstacles to exporting. The REES experience demonstrates that small businesses require more flexible and direct enterprise level support and that a regional

approach to delivering this support is effective. The experience also indicates that the benefits of providing export development assistance regionally extend beyond success in export markets because it also addresses some enterprise development needs, internationalisation of business outlook and product and market innovation – all important ingredients for adapting to change in the global economy.

## Small Business as Global Participants?

There has been a great deal of research on whether small businesses can be effective participants in global markets. Much of the discussion has focused on the relationship between firm size and export activity and performance (for example Bonaccorsi 1992, Calof 1994, Aaby and Slater 1989, Moen 1999). A basic assumption of this relationship is that 'internationalisation requires appropriate resources (personnel, financial etc)...(and that) smaller firms are at a resource disadvantage when compared to larger firms and may therefore not be able to invest in the hiring and training of international personnel' (Calof 1994, p. 368). It is difficult to draw conclusions from past research about the extent and strength of the relationship between firm size and export performance. However, as summed up by Calof, empirical studies reported in the literature 'imply that very small firms are not likely to engage in

export activity but – beyond the very small classification – size may not be an important factor’ (Calof 1993, p. 61).

In Australia recent research into firms in the food and beverage industry (Philp 1997) points to a relationship between firm size and export activity. However, when other variables were taken into account – such as commitment, attitudes, attributes of decision-makers and firm’s perceived competitiveness in the market – the findings indicated that ‘the size variable is not a significant discriminator of export propensity at all’ (Philp 1998). This suggests other attributes can be developed within small businesses to overcome size and resource constraints. This is encouraging for Australia where 96 per cent of all businesses (excluding agricultural businesses) employ fewer than 20 employees (DEWRSB 2000).

There are many small to medium sized businesses that are yet to enter export markets. As reported by AUSTRADE (2002a), approximately 3.5 per cent of all businesses are currently exporting and it is estimated that less than 4 per cent of small to medium sized businesses export. This suggests that new measures may be required to assist small businesses plan for and activate export markets.

## Regional Export Extension Service - A Different Approach

### *Overview of the REES program*

The Regional Export Extension Service (REES) is an export enhancement program that has been piloted in two regions in Adelaide. The program was developed to identify export potential among businesses in the region, identify what support businesses need to start or expand exporting, and deliver assistance to improve their export performance. The program was initiated by local government and received funding support from State and Federal sources.<sup>1</sup> The approach was developed and implemented by a private consulting firm, INSTATE Pty Ltd.

<sup>1</sup> For instance, in the case of the Onkaparinga REES, funding support was provided by the South Australian Department of Industry and Trade and Department of Employment, Workplace Relations & Small Business.

The original pilot of the program took place in the north west region of metropolitan Adelaide (comprising the Cities of Charles Sturt and Port Adelaide-Enfield) where the program was delivered between 1994-1995.<sup>2</sup> The second pilot was delivered in the City of Onkaparinga, in southern metropolitan Adelaide, where the full program – with extension – was completed mid-2001.

Early work on the REES program found:

- substantial unexploited export potential in these regions;
- a communication and relationship gap between firms at the regional level and the government agencies which are providing export assistance; and
- an element of ‘psychic distance’ among firms in relation to overseas markets.

The REES program was developed to bridge these information and resource gaps and facilitate the flow of information on markets, export logistics and government programs directly to the businesses.

An additional need for specific assistance was identified in the Onkaparinga region due to its distance from the central business district and location of government support agencies, the lower level of export propensity compared to the national average and the existence of few export ‘leaders’ in the region to act as mentors. Manufacturing industry development has lagged behind other regions in Adelaide, as it has not traditionally been the focus of industrial and infrastructure development plans. The corporate base is disparate and there is a high proportion of small, owner-operated and relatively new businesses that are not likely to have the resources to develop the export function independently (INSTATE 2000).

### *REES Methodology<sup>3</sup>*

There are 3 major elements of the REES model. Phase I consists of a comprehensive survey of firms in the region to define the corporate character of the region and to identify export potential, the obstacles to achieving this potential and what practical assistance to firms might be required to achieve an overall improved export performance in the region.

<sup>2</sup> Due to space limitations, the North West Adelaide REES is not discussed in this paper. It will be discussed in Kearins, B. (forthcoming), Export Assistance in the North West of Adelaide.

<sup>3</sup> Developed by INSTATE Pty Ltd.

Phase II consists of the implementation of an export extension service. The objectives of this phase are to:

- Build an export culture in the region;
- Address the information and connectivity needs of individual firms by providing an 'at the elbow' extension service (essentially a mentoring service);
- Match public sector resources with private sector needs;
- Build the firms' confidence to take on export challenges; and
- Establish a base group and early stages of an Exporter's Club, which represents the on-going resource.

In Phase II firms requiring assistance, identified from Phase I, are provided with direct export advice to address individual export needs as well as the opportunity to participate in larger group information sessions providing more generic advice and assistance.

Phase III builds on the support work and the group built up during Phase II and involves the formal establishment of an Exporters' Club to provide a long term focus for export development in the region. This is an important next step after the extension service given the long term nature of exporting and the need to provide some continuity for firms seeking to improve their export prospects. It is also important for continuing to build an export culture in the region.

### *Application of REES to the City of Onkaparinga*

At the end of Phase I, 52 businesses in the City of Onkaparinga were identified as having unexploited export potential and an interest in receiving help to realise this potential through a regionally based export enhancement program. These businesses became the core group of REES 'members'. The main characteristics of this group were:

- Participants came from a range of industries, primarily from the manufacturing sector;
- The majority of firms were small in size, with annual sales of less than \$250,000 and employing fewer than 10 employees;

- There was an even split between exporters and non-exporters. Of the exporting businesses, 16 were established exporters, eight were recent exporters and two were exporting with some difficulties;
- The majority of firms already exporting had export sales of less than \$250,000;
- Overall, the business decision-makers were found to be largely untrained in export matters with limited hands on experience;
- A strong interest was expressed by this group in regional export development initiatives, such as the export extension service, particularly strong among the non-exporters.

(INSTATE 1999)

During Phase II, as the REES team began to work closely with individual firms, it also became clear that as small and mostly owner-operated businesses, time represented a major constraint to learning about and planning for exporting. The principal of these businesses was the key to nearly every component of the businesses' activities and this individual lacked the staff to whom he/she could delegate the task of developing the export function. This was a key consideration in the tailoring of REES assistance for the REES participants during the extension phase. It involved being 'in the business' (or 'at the elbow') to provide direct advice and support to businesses as they developed export activities. It also involved taking on tasks on behalf of the businesses to help progress export learning and strategy development, such as undertaking market research and identifying potential market opportunities. Where the participants could use the resources of State or Federal Government programs to assist in the development of export activities, the REES team identified relevant programs and contacts to facilitate the building of these linkages.

Generic export information sessions were also incorporated into the Phase II Extension Service. One element of this service was the Export Forum, a large scale event to bring participants of the program together with export service providers and government agencies. A series of Export Briefings was also held. These were smaller and more informal sessions, held on 'neutral territory' at a local restaurant after business hours. Particular topics were identified for discussion at each meeting in a 'round table' format and were led by guest speakers.

Throughout Phase II, the number of REES participants grew from the original 52 to 105, consisting of firms with varying levels of need in relation to exporting and interest or involvement in the program. A core group of approximately 65 firms emerged as more active users of the program. This group included firms with a general interest in exporting and in developing capabilities to handle exporting, but which were constrained in doing so as domestic market development was still their priority. It also included early stage exporters.

Phase III of REES began with the official launch of the Onkaparinga Exporters' Club in August 2001. Since the launch, the Club has been formally established with a Board of Directors and General Manager appointed. A physical presence for the Exporters' Club has also been established to provide an information resource centre and a physical point of contact within the region. A program of fortnightly Export Briefings has provided the focus for Club activities. On-going funding support has been provided by the City of Onkaparinga while membership builds and the Club progresses towards taking more responsibility for funding through membership dues and sponsorship.

## Evaluation of Onkaparinga REES

An evaluation of the REES program was undertaken through in-depth/semi-structured interviews. Fifty-two businesses were interviewed, drawn from the total pool of 105 REES participants. Across the

group of Onkaparinga REES participants interviewed, 31 were exporters and 21 were non-exporters. Of the exporters, the majority (20) were new exporters, having been exporting for five years or less. Nearly 90 per cent of those interviewed employed fewer than 20 employees, with 40 per cent employing fewer than five. The majority of the group had an annual turnover of less than \$1 million. The businesses covered a range of manufacturing industries, including furniture and decorative furnishings, timber building products, boat building, food and wine production, engineering and tool making, mining equipment, auto electrical, sporting goods and medical products.

The businesses had varying levels of involvement in REES. The breakdown of the group interviewed is given in Table 1. A relatively even split was sought between those businesses that were moderate to high level participants and those that had limited or no involvement in the program.

No clear pattern emerges at first from Table 1 regarding the intensity of use and export experience. However, the exporting category includes experienced as well as new exporters. On further analysis it emerges that of the 16 moderate to high users of the resource that are exporters, 12 had commenced exporting in the previous five years. Thus the majority of businesses that drew on the program with a greater intensity were either non-exporters or new exporters at the outset.

**Table 1:** Intensity of Use of REES as a Resource for Export Development

Intensity of Use of REES	Exporters	Non-Exporters	Total	Proportion of all firms interviewed (%)
None at all	6	4	10	19
Limited	9	6	15	29
Moderate	10	6	16	31
High	6	5	11	21
Total	31	21	52	100

Those businesses with limited or virtually no involvement in REES elected to stay in contact with the program and be informed of program developments. These were the more experienced exporters that had limited need for outside support and were more interested in the Exporters' Club rather than intensive assistance, those who thought exporting might be an option 'one-day' and those that were yet to be convinced about exploring exporting as an option for their business. As a result of their on-going contact, albeit limited, they had a high level of awareness of the program and its objectives. They were interviewed to assess the reasons for their limited involvement in REES.

Interviewees were asked to identify (from a list of prompts) the reasons for their initial expression of interest in the program. The responses are presented in Table 2. Generally the responses indicate a low level of awareness of, or problems with, access to government export programs, a

desire for a regional structure to bring together businesses interested in exporting and a need for assistance with specific export tasks. Half the businesses interviewed were also interested in using REES as a vehicle to explore the viability of exporting for their firm. A high proportion of the interviewees (42 per cent) indicated they were planning to export but did not know where to start. This compared with just 14 per cent who indicated that they were 'exporting but experiencing difficulties'. Also emerging very strongly was the need identified – unprompted – by 19 businesses or 37 per cent of interviewees for 'general information'. Clearly businesses had poor access to information on the export function and the export process. This may have arisen from either a lack of awareness or a lack of interest on the part of the businesses. It may also reflect the failure of existing programs to reach businesses of this type.

Table 2: Reasons for Initial Involvement in REES

Type of Impact	Mean Response*	Ranking
Wanting to find out more about assistance available to exporters	4.04	1
General interest in opportunities to network with exporting companies in the region	3.89	2
Seeking assistance from export advisers with specific exporting tasks	3.83	3
Opportunities to interact with government agencies that provide assistance to exporters/SMEs	3.67	4
General interest in a regional initiative	3.57	5
Wanting to find out if exporting is a viable business strategy for the firm	3.37	6
Planning to export but not knowing where to start	3.26	7
Exporting but experiencing difficulties	2.91	8
Needing assistance with developing a domestic market strategy	2.55	9

\* Mean responses based on a scale of 1 to 5, where 1 is strongly disagree and 5 is strongly agree that each statement reflects initial interest in participating in REES.

The identified needs of the majority of the group were used to shape the REES program content. The advice and information function was designed to guide the businesses through the export decision process (strategic planning) as well as informing the group of the export process. REES also assisted in addressing business development issues as they became 'export ready'. The REES team worked with the more active and export focused businesses to identify market opportunities, undertake market research, make contact with potential customers in the markets, work through feedback from the markets in terms of product specifications and requirements and to guide them to close export deals. For more experienced exporters, assistance was regarded as less important for planning and building export readiness, but more important in helping with specific input into the businesses' export tasks. REES also addressed the need for improved awareness of, and access to, government programs.

The assistance was delivered by the REES team via one-to-one contact as well as via larger group sessions.

An important instrument was the series of Export Briefings which, along with the Export Forum, was the most commonly used vehicle for seeking assistance through the program and rated the most valuable (see Table 3). Businesses revealed that they valued the Export Briefings because they were small in size, informal in nature and provided the right environment to share information and learn. This provided effective access to information and advice on a range of topics relating to exporting as well as general business development. It was also a means to bring government agencies into the region to provide information on programs of assistance and how to get access to them. Businesses indicated that, as a result, they were better informed about developing export opportunities, the export process and where to go to for help.

Table 3 Value of types of REES assistance

Type of Assistance	Mean Response *	Ranking
Information sessions (Export Briefings, Export Forum)	4.04	1
Information on government programs	3.92	2
Direct export advice	3.81	3
Establishing in-market contacts	3.76	4
Advice on export process	3.70	5
Market information	3.62	6
Improved access to government assistance	3.52	7
Networking	3.38	8
Assistance with general business management	3.36	9
Assistance with strategic planning for export	3.32	10
Assistance with domestic market expansion	3.06	11

\* Based on a scale of 1 to 5, where 1 is not at all valuable and 5 is extremely valuable.



Another valuable element of the Export Briefings identified by interviewees was the ability to mix with other businesses in the region. Many found this beneficial for improving their linkages with other regional businesses. Many participants felt that it was important to learn from the experiences of other firms. Finding that they were not alone in the difficulties they faced was also important to many businesses – ‘like therapy’, according to one participant. A recurring theme expressed by the participants was that it provided them with confidence to go ahead and take on the challenges of exporting, knowing support was there if and when needed.

Businesses found the REES program to be a valuable source of information on government agencies, programs and assistance (Table 3). This indicates that the program effectively addressed the dominant need reported by businesses as the rationale for their involvement in REES. The businesses found REES valuable for improving access to these agencies and programs as it brought the deliverers out of the CBD and into the region.

A high proportion of the Onkaparinga REES interviewees believed they received valuable direct export advice. Overall this was rated the third most valuable type of assistance received (Table 3). Other valued elements of REES were establishing in-market contacts, advice on the export process and help obtaining market information. These interviews indicate that while general export-related information was a strong need of businesses, REES proved to be a useful vehicle for businesses going beyond the general information level, to proceeding with identifying export opportunities and commencing exporting.

Time constraints were the most commonly cited explanation for why some businesses had limited involvement in the REES program. For the non-exporters with limited or virtually no involvement in REES, this mostly related to difficulties that the principals of the businesses had in devoting time to planning for, or learning about, exporting. This was particularly the case if exporting was not an existing priority for their business. While REES had attempted to provide a resource that would alleviate the time constraint for many businesses, there were some that felt they were just too busy. Others took a strategic decision to focus their

resources on domestic growth. Two businesses stated that REES helped them realise they needed to focus their attention on priority domestic markets before tackling exports. Some of the more experienced exporters said they were ‘too busy doing it to spend time talking about it’.

Another reason given for low degrees of involvement was that principals of some businesses felt REES was not targeted to their company’s level of experience. The more experienced exporters felt that the program was focusing on territory – that is, the export basics – that they had already covered. They also indicated that they were at the stage where they had little need for outside assistance. Some other businesses said if they did need assistance they were able to access it through other avenues, such as through existing industry structures. This factor was particularly relevant for two larger wine businesses interviewed.

Despite their limited active involvement there was a positive perception of REES and its objectives among these firms. Experienced exporters in this group indicated that REES and the Exporters’ Club would have been beneficial for them during the early stages of export planning and development. They were interested in continuing to remain informed of the program, particularly once the Exporters’ Club was launched. Some of these businesses were also interested in what they could offer the inexperienced businesses in terms of sharing their experiences and helping less experienced firms to avoid pitfalls. Most non-exporters with limited or no involvement in the program indicated that they were comforted knowing the resource was there if or when they were in a better position to consider exporting.

### *Impacts and Outcomes*

Overall, Onkaparinga REES participants interviewed indicated strongly that the program addressed their needs. According to the participants, REES contributed to some favourable outcomes in the area of increased export activity, expansion into interstate markets, improved business management and greater levels of confidence, all of which enhanced business development and growth. Exposure to higher levels of competition in export markets and different – often higher-order – consumer expectations can result in firms learning

to do things better both in export and domestic markets. They acknowledged that information and feedback received from alternative markets could be used for product development, identification of wider product applications in domestic and overseas markets and the improvement of marketing strategies.

Outcomes of the REES program are both tangible and intangible. Some are evident in the short term, while others impact over a longer time frame. For these reasons the outcomes are difficult to quantify. However, the interviewees reported the following changes in their businesses over the two year implementation period of the REES Phase II:

- 17 businesses interviewed (of the high to moderate users of the program) experienced a change in market focus from a primary concentration on the local or state market to either interstate, overseas or e-commerce markets or a mixture of the three;

- 11 participants commenced exporting during the implementation of REES;
- Another 4 businesses expanded their presence in export markets;
- Among the medium to high users of REES, the number of people employed increased from 201 to 229;
- 17 businesses were anticipating increased employment levels over the 12 month period following the interviews and 23 were anticipating growth in sales;
- 23 of the 27 businesses indicated improvements in profitability over the two year period.

It can be argued that these developments may have occurred regardless of outside assistance. However, Table 4 indicates that REES has had an impact in achieving these outcomes.

Table 4 Expected Longer Term Impacts of REES on Onkaparinga Participants

Type of Impact	Mean Response*	Ranking
Help to determine if, or where, exporting fits in your business	4.00	1
Result in enhanced export performance	4.00	2
Help to become an active exporter	3.96	3
Help create greater employment opportunities in the business	3.81	4
Contribute to improved business management	3.77	5
Contribute to business growth	3.77	6
Contribute to greater overall profitability	3.73	7
Contribute to improved domestic market performance	3.33	8

\* Mean responses based on a scale of 1 to 5, where 1 is strongly disagree and 5 is strongly agree that each statement is a long term impact of participation in REES.



It was not surprising that interviewees indicated one of the greatest benefits of the program was in helping them to determine the place of exporting within their overall business development plans. From Table 4, it is also clear that REES has had (or will have) a strong impact in terms of contributing towards improved export performance and helping some businesses become active exporters. REES also had an impact on employment expansion as well as enhancing business management, business growth and profitability and domestic market expansion.

As a further measure of the impact of the REES program, participants were asked what may have happened in the absence of the program.

Responses to this question (Table 5) highlight the more intangible benefits of the program.

Table 5 indicates that REES has had the greatest impact in the area of information provision and fast-tracking the businesses' export activities. For a minority of the group, this translated into new export sales or making market contacts that yielded export sales. For others it provided greater clarity on exporting tasks and sources of assistance. The savings for the businesses were also a significant outcome, as businesses recognised they may have had to pay other providers for the assistance sought through REES or would have made mistakes that would have proven costly.

Table 5 What would have happened in the absence of REES?

Explanation Cited	Number of Times
Would have meant more costs to the business in terms of time and money (to get to the same place)	10
Would have been slower to activate export markets	9
Would still have 'been floundering' and 'exports would still be in the too-hard basket'	7
Would not have established certain export market opportunities	5
Would not have the confidence to manage the business as well (or have been exposed to people that provide good ideas for business development)	5
Would not have as much knowledge about exporting	5
Much the same as happened with REES, but may not have gained knowledge that did with REES	5
Would be experiencing greater difficulties, made exporting mistakes	4
Would not have recognised the need for, nor adopted, a focus on the future, a good planning approach	4
Would not have found out about assistance available which would have resulted in an increased cost to the business	4
Would not have made contacts that were made through REES	2
Reduced business growth	2
Would have had more of an emphasis on the domestic market	2
Would have been slower to expand interstate markets	1

One group of interviewees indicated that they would not have managed their businesses as well had it not been for REES. Four businesses stated that they would not be thinking into the future, would not be placing emphasis on planning or would not have changed market and business horizons in the absence of REES. These elements resulted in the intangible benefit of improved business confidence. They may also have had tangible benefits as this translates through to better customer service, production, sales or improved profitability.

The REES program achieved its goal of building an export culture in the region. As a consequence of REES, many businesses have a greater understanding of what exporting is about and what is required of them to do it well. This improved understanding and the building of an export culture is important for the long term if businesses are to commit to being successful exporters. Part of this is knowing where to go to for help and advice, which some businesses indicated they would not have been confident about without REES.

The establishment of the Onkaparinga Exporters' Club provides the long term structure for continuing to build an export culture in the region and on-going support for REES participants and other local businesses. At the time of the interview, there was support among the interviewees for the establishment of the Club with at least 29 businesses planning to join and another nine businesses considering it. REES interviewees identified the key benefits of joining the Exporters' Club as being able to learn from the knowledge and experience of other firms, being able to access continued support at the local level in relation to exporting and business challenges, and being able to access up-to-date information and stay abreast of developments in markets and assistance programs.

In summary, the REES program in the City of Onkaparinga has contributed to:

- Increased export activity;
- Building an export culture through greater understanding and knowledge of export markets, export process and avenues for assistance;
- Growing businesses;

- Stronger, more informed and supported businesses;
- Connected businesses – better connected with each other, with service providers and government agencies.

### *REES as a model for delivering assistance*

The results indicate that Onkaparinga REES participants have a very positive perception about the program and its effectiveness. It has contributed to results for businesses in export markets, domestic markets and also business development and growth. In evaluating REES as an alternative model for delivering export assistance, it is relevant to ask what it is about REES that makes it effective. Does it shed light on what type of assistance works best for small to medium sized businesses?

It has emerged from this research that it is not just the content and quality of advice that is provided, but also the way it is packaged and delivered. Compared with other more traditional forms of export promotion, REES is a departure from the norm. State and Federal government programs are largely centralist in their delivery, generally apply eligibility criteria, often have conditions attached relating to turnover and employment targets, tend to apply the one-size-fits-all exporter model and rely on businesses coming to them. They have also been targeted at the 'export ready' market. REES, on the other hand, was driven by local government, was located in the region, available to all businesses at no cost and without conditions and was delivered directly into the businesses. While funded by government, the assistance was delivered by a business advisory firm with specialist commercial expertise in strategic planning and export market development.

REES is not designed to take the place of State and Federal agencies but, rather, to work with them, integrate them into the regional vehicle and disseminate information relating to their programs. Interviewees were asked about their experiences with government programs and agencies and responses were mixed, though some issues emerged strongly. Where businesses had positive experiences, there was a strong emphasis on the content and focus of the programs and the relevance of those programs to the needs of the businesses. Businesses also valued a high level of

personal involvement by staff within the government agencies delivering programs. They valued the building of relationships as these facilitated the provision of advice and information exchange. An understanding not just of the business, industry and markets but also the constraints that small business operate under was also seen as important.

Businesses reported problems with government-provided export assistance where there were mismatches between what the business was seeking and what the agencies provided. Such mismatches resulted in ineffective action from the agency and prevented businesses from obtaining useful assistance. A lack of understanding of the business/industry/market was also mentioned by respondents, as was a lack of commercial reality in the advice or information provided. Difficulty accessing people within organisations and a general lack of relevance for smaller businesses were also frequently cited reasons for receiving ineffective assistance.

Compared with other avenues of assistance, REES offered the following advantages:

- An informal and less intimidating format – particularly with respect to the Export Briefings;
- Being more flexible and able to respond to the needs of businesses;
- Accessibility of people delivering the program and the information;
- More ‘user-friendly’;
- Regional – incorporating a local focus and local relevance; and
- More attuned to the needs of small business – practical, commercial in focus, hands on, direct and time efficient.

The interviewees were asked what they felt contributed to the effectiveness of the REES program. They highlighted:

- The commitment and support of the City of Onkaparinga;
- Regional delivery – regional level contact with export advisers, exporting businesses and being able to find out about assistance available without having to leave the region;
- Accessibility of information and advice – being ‘in the neighbourhood’ as well as being face-to-face with businesses meant that information was adapted to specific needs;

The delivery of assistance via mentoring also enhanced accessibility. Businesses were able to seek assistance and advice on specific tasks, such as identifying market opportunities, dealing with inquiries, pricing for export, getting product to the market and getting paid;

Confidence in the skills and experience of the team delivering the advice. The fact that the program was delivered not just by staff from a private company but also by advisers with first hand experience in export markets was important. It overcame an underlying negative attitude to the public sector by small businesses;

A structure that allows businesses to come together to discuss exporting problems and solutions so as to learn from each others’ experiences, particularly in an informal environment.



## Conclusions

The REES experience has demonstrated that small businesses can increase their participation in global business. Participation in the global market may include exporting but also includes internationalising business thinking and decision making, being aware of potential opportunities and threats of globalisation in home and overseas markets and being equipped with skills and knowledge to remain responsive to these challenges. While some small businesses can and will do it on their own, many others (often the smaller ones) need help. A REES-style program can be applied in many parts of Australian metropolitan and non-metropolitan areas where there is a commitment to increasing the number of export-ready firms. One of the outcomes of the Onkaparinga REES was that there was a positive response in what might be described as a ‘non-export ready’ region.

REES highlights a degree of ‘market failure’ in the delivery of export and business development assistance. There was a clear need among the majority of Onkaparinga businesses for a specific regional vehicle to educate and inform them about exporting and to help them through the export decision process on the path towards becoming export ready. It also supports the case for tailoring assistance to businesses according to their status

in the export development process (Welch and Wiedersheim-Paul 1979, Moini 1998).

While these events are not linked, AUSTRADE's recent move towards developing a policy framework to 'identify, encourage and support businesses that could become sustainable exporters over time' (AUSTRADE 2002a, p. 55) does validate the REES approach. As it works towards its target of doubling (to 50,000) the number of Australian exporters by 2006, improved access to programs at the regional level has also received greater attention from AUSTRADE through expansion of its TradeStart program (AUSTRADE 2002b). It is important to note, however, that there are other lessons emerging from the REES experience particularly regarding the value placed by interviewees on the features that contribute to the program effectiveness. REES shows that as well as building a broad information base, it is important to have direct access to the information and advice required to guide the business through the export decision and export development process – specifically a mentoring approach to provide flexible and direct assistance delivered by people with practical experience in exporting. While this is a resource intensive approach, with this type of support available, businesses have the confidence to develop and execute export plans knowing back up is there when it gets difficult. Essentially this takes away some of the risk for small businesses which may otherwise be discouraged from attempting to export.

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