



USTDA's Relationship with Small Businesses

Small businesses are the foundation of the U.S. economy. Over the last decade, the estimated 25.8 million small firms in the United States generated 50 percent of private, nonfarm gross domestic product (GDP), created 60 to 80 percent of net new jobs annually, and employed 50 percent of the country's private sector workforce. According to the U.S. Small Business Administration (SBA), small businesses represent approximately 97 percent of all U.S. exporters, and despite the recent economic slow-down, U.S. exports of goods and services jumped 12.6 percent last year. Hence, small businesses are at the forefront of the U.S. economy and play a critical role in the global marketplace. USTDA, through its unique foreign assistance program, is proud to support U.S. small businesses by helping them expand into emerging economies.

In carrying out its mission, USTDA relies upon the technical expertise of small consulting and engineering firms to perform definitional missions (DM) and desk studies (DS), which are activities that help define projects, provide sector specific guidance, complete necessary due diligence, and conduct technical and economic evaluations for every project USTDA considers for funding. In fact, all DM and DS contracts are reserved for small businesses.¹

In addition to DM and DS contract opportunities, small businesses successfully compete for larger USTDA-funded projects such as feasibility studies (FS), training and technical assistance (TA) activities.² In fact, small businesses are awarded 50%, on average, of these larger international contracts that range from \$100,000 to \$1 million. Small businesses also receive the vast majority of work for trade capacity building activities such as in-country training and reverse trade missions or "orientation visits" and sector development activities such as conferences and technical symposia. Based on the demonstrated strength and breadth of experience of small businesses, their participation in USTDA-funded activities is increasing both in terms of dollar value and number of contracts won.

One of the key benefits of working with USTDA from the viewpoint of a small business is gaining access to international markets that are difficult and often cumbersome to navigate. As a result, many small businesses have been able to grow via the international contacts they have made while working with USTDA.

USTDA Small Business Facts:

- In 2008, USTDA awarded 94% of all FAR contracts to small businesses.
- 81% of USTDA's contracts for orientation visits, conferences, and technical symposia were awarded to small businesses in 2008.
- USTDA consistently surpasses the federal requirement of 23% for small business contracts.
- The success rate in terms of U.S. export generation for USTDA projects completed by small businesses versus medium and large size businesses is nearly equal.

¹Definitional mission and desk study activities are USTDA contracts that require a technical expert to evaluate a potential USTDA project either in the host country or from their offices here in the U.S. to help USTDA make more technically informed decisions on the viability of a project. These activities generally range from \$1,000 to \$100,000, and are reserved for small businesses as defined by SBA.

² The selection of the entity to perform the activities is made by the host country grantee.

Success Stories

Pythia International – Pythia International, a small U.S. consulting firm located in Fairfax, VA, specializing in information and communications technology (ICT) and e-government solutions, began working with USTDA as a DM/DS contractor in 2002. Originally Pythia was selected to conduct a DM to Romania to evaluate several ICT projects that USTDA was considering for potential funding. As a result of that mission, Pythia recommended three feasibility studies for USTDA funding consideration, and USTDA provided funding for all three. Following this successful project, Pythia competed for and won several other DM contracts from USTDA for missions to Bosnia and Herzegovina, Serbia, and several other missions to Romania. Pythia's performance was so well regarded that it established a very good reputation in the Southeast Europe region, especially in Romania. The firm then successfully bid on several feasibility study and technical assistance contracts (on projects that the firm had not developed as part of a DM) supported by USTDA's grant program. Again, when given the opportunity, Pythia performed so well that the Government of Romania requested that Pythia perform additional follow-on work outside of the parameters of the USTDA-funded study. Since that time, Pythia's workload in Romania has grown so significantly that the company opened an office in Bucharest in 2005.

Roeslein & Associates – In 2002, USTDA supported a small St. Louis-based company with manufacturing facilities in Redbud, IL, Roeslein & Associates, expand its export markets into Nigeria. Roeslein and Associates, a manufacturer of machinery to produce two-piece aluminum cans, became aware of a business opportunity to produce aluminum cans in Nigeria; however, at the time, Roeslein was experiencing financial difficulties and began reducing its staff and implementing pay cuts. As a result, Roeslein was in no position to aggressively follow-up on this opportunity. However, its team brought the project to USTDA who agreed to share the cost of a feasibility study of the project with Roeslein. The results of the study were positive and in early 2008, project financing was arranged with the help of an Ex-Im Bank guarantee. The project will result in the export of approximately \$30 million in U.S. manufactured goods and services and will reduce the Nigerian foreign exchange costs previously devoted to imported European cans.

FreightDesk Technologies - In 2005, the Jordanian Ministry of Transport and FreightDesk Technologies, Inc., a McLean, VA-based firm, jointly submitted a proposal for a feasibility study and pilot project for a National Freight Information and Transportation Hub (NAFITH) project in Jordan. FreightDesk is a small company that was founded in 2000 and is made up of only 22 employees. The NAFITH project was designed to create a privately-funded and publicly-supported freight transportation information utility that facilitates secure international trade through the Port of Aqaba. After implementing the pilot, FreightDesk signed a \$30 million ten-year agreement with the Aqaba Special Economic Zone to manage the Port of Aqaba. This contract represented a significant expansion of the company's portfolio and would likely not have been possible without the early stage support from USTDA.

Millennium Science & Engineering - MSE is a small company headquartered in Northern Virginia with an office in Salt Lake City. It has performed a variety of consultancies for USTDA in the last ten years, including project definition analyses, feasibility studies and orientation visits. MSE has been able to leverage their successful involvement in USTDA activities to win follow-on contracts funded by outside sources. For example, MSE performed a USTDA-funded project definition analysis for a Hungarian environmental project and so impressed the Hungarian sponsors that MSE was subsequently hired as the advisor to the financing bank during project implementation.