

EVALUATION OF SBA'S STATE TRADE EXPANSION PROGRAM (STEP) OUTCOMES

DELIVERABLE 4.2 FINAL REPORT

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The analytical interpretations expressed in this report are those of 2M Research and do not necessarily represent the views of the Small Business Administration or Federal Government.

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LIST OF ACRONYMS

ESBC	Eligible Small Business Concerns
EQ	Evaluation Question
ME	Market Expansion
NTE	New to Export
OMB	Office of Management and Budget
PPR	Performance Progress Report
SBA	Small Business Administration
STEP	State Trade Expansion Program

EXECUTIVE SUMMARY

2M Research (2M) has been contracted by the U.S. Small Business Administration (SBA) to evaluate its State Trade Expansion Program (STEP). This Final Report, a deliverable under contract #73351019F0145, describes the purpose of the evaluation, details the approach and methodology, and answers the key evaluation questions (EQs).

SBA STEP, originally authorized under the Small Business Jobs Act of 2010, was created to allow eligible small business concerns (ESBCs) to “enter and succeed in the international marketplace.”¹ The program, managed at the federal level by SBA, offers competitive grants to all 50 states; the District of Columbia; and the Territories of Puerto Rico, the U.S. Virgin Islands, the Commonwealth of Northern Mariana Islands, Guam, and American Samoa. The first grants were offered in 2011; in 2018, there were 47 grantees (i.e., states and territories), with a total award value of \$18 million.²

STEP has the following primary objectives:

- 1) To increase the number of small businesses that are exporting
- 2) To increase the value of exports for small businesses that are currently exporting
- 3) To increase the number of U.S. small businesses exploring significant new trade opportunities

Measuring program outcomes and understanding which STEP activities are associated with the desired program-level objectives ensures that STEP meets these objectives and complies with requirements for results-based program management.

The key purpose of this study is to design a mixed-methods outcome evaluation that provides SBA with insights into how STEP grantees can increase exports. The outcome evaluation seeks to answer three key evaluation questions (EQs):

- 1) Are STEP grantees increasing the value of small business exports, reaching new clients, and producing new exporters?
- 2) Which STEP activities contribute most to client outcomes (e.g., increase in new-to-exporting ESBCs and increase in the value of export sales)?
- 3) What are best practices for STEP grantees that improve client outcomes?

To address the three key EQs, the 2M study team conducted a literature review, analyzed grantee data, and conducted interviews and focus groups with STEP leadership, grant managers, and grantees. The literature review included two primary components: (1) a review of relevant academic and policy literature and (2) a program scan. Although the 2M study team identified numerous programs like STEP, the results of the literature review and program scan illustrate a lack of coordinated services for small businesses in some states. This presents an opportunity for STEP to provide unified, targeted services to small businesses and the export community. In addition, the literature review and program scan

¹ Small Business Administration. (2020). *State Trade Expansion Program: 10 Years of Success*. <https://www.sba.gov/blog/state-trade-expansion-program-10-years-success>

² Small Business Administration. (n.d.). *2018 STEP awardees in state*. <https://www.sba.gov/document/support-directory-step-awardees>.

provided 2M with information to help SBA better understand how to identify and meet the needs of STEP grant recipients.

The second component consisted of analyzing available grantee data from fiscal years (FYs) 2014–2018 from the Performance Progress Reports (PPRs) and Client Reports. The grantee data analysis is central to understanding what types of activities grantees are implementing and which funded activities are most strongly associated with program outcomes. The analysis examined export sales, including total export sales and export sales by New to Export (NTE) and Market Expansion (ME) firms, federal expense (both awarded and utilized), Return on Investment (ROI), firm participation (both NTE and ME), unique clients, and client industry. The analysis also included a number of cross-tabulations that examined sales, firm participation, and ROI by state and STEP activities.

The grantee data analysis also provided the framework for drawing the grantee sample for interviews and focus groups. The data identified grantees with high ROI or a high client count (high-year group) in a given year or with low ROI or a low client count in a given year (low-year group). Ten interviews were conducted with these grantees: 5 with low-year grantees and 5 with high-year grantees. In addition, 2 focus groups were conducted with a total of 11 grantees from neither the high-year nor low-year groups. The 2M study team also conducted interviews and focus groups with STEP leadership and grant managers to elicit their thoughts on best practices, program successes, and program challenges.

The grantee data analysis helped answer the first EQ, which asks whether STEP grantees are increasing the value of small business exports, reaching new clients, and producing new exports. Several of the findings support that STEP grantees *are* achieving these objectives, but overall, results are mixed. Export sales for ME firms have increased steadily over the years and, in general, so have NTE export sales, although they are much lower than ME sales. The total number of STEP activities by firms participating in STEP peaked in FY 2015 but then slowly declined through FY 2017. Furthermore, the number of clients was greatest among states that had been in the program for more years. Grantee interviews also indicated that STEP is producing new exports. The program mitigates businesses' perception of the risk of attempting to reach new export markets and creates a global mindset.

To answer the second EQ regarding which STEP activities contribute most to client outcomes, the 2M study team used the data from the grantee analysis and the interview and focus group data. The answer appears to be influenced by whether or not businesses are NTE firms or ME firms. The most common activity for NTE firms to participate in is export training workshops. In contrast, ME firms participate in Trade Show Exhibitions at higher rates. Trade Show Exhibitions dominate overall sales at \$2 billion over the FY 2014–18 time period, with 49 percent of states reporting Trade Show Exhibitions as the STEP activity with the highest export sales for their state. Trade Show Exhibition sales are concentrated among a handful of high-year grantees. However, given the current COVID-19 environment, participation in certain STEP activities has changed significantly. Grantees noted recent shifts away from travel-related activities and increased funding for website translation/search engine optimization (SEO)/localization, marketing, e-commerce, and shipping.

The third EQ focused on best practices to improve client outcomes. A number of best practices were identified from interviews and focus groups with STEP leadership, grant managers, and grantees, as well as through the literature review. Interviews revealed that STEP leaders, grant managers, and grantees believed a well-established state infrastructure was a best practice. An example of a well-established state infrastructure could include an office that not only provides STEP funding, but that also deals with

international trade and economic development and leverages partnerships with other state, regional and local agencies. These offices can be effective at guiding their clients toward and creating synergies with, these other resources. Similarly, a lack of state infrastructure was expressed as a weakness in the literature review.

Grantees also expressed that marketing and outreach efforts were an important best practice, particularly personalized guidance, word-of-mouth referrals, and partnership with other agencies to “get the word out” about STEP funding. Finally, grantee efforts to fully utilize available funds was considered a best practice in that funding activities ultimately results in better client outcomes. SBA leaders stated that working closely with and monitoring grantees helps ensure that awarded funds are fully expended.

In addition to answering the EQs, the qualitative research also identified a number of facilitators and barriers to success for STEP. The facilitators to success include STEP having quantifiable metrics of success and making ROI more meaningful, availability of funding, close grant manager/grantee relationships, and clear and consistent communication at all levels (STEP program, grantees, small businesses, state and local partners). Barriers to success include high caseloads for SBA grant managers, limited funding and concerns about fund utilization, and administrative burdens.

INTRODUCTION

Program Overview

2M has been contracted by SBA to evaluate STEP. This Final Report, a deliverable under contract #73351019F0145, presents the findings from the 2M study team's evaluation.

SBA's STEP, originally authorized under the Small Business Jobs Act of 2010, was created to allow ESBCs to "enter and succeed in the international marketplace."³ The program, managed at the federal level by SBA, offers competitive grants to all 50 states; the District of Columbia; and the Territories of Puerto Rico, the U.S. Virgin Islands, the Commonwealth of Northern Mariana Islands, Guam, and American Samoa. The first grants were offered in 2011; in 2018, there were 47 grantees (i.e., states and territories), with a total award value of \$18 million.⁴

STEP has the following primary objectives:

- 1) To increase the number of small businesses that are exporting
- 2) To increase the value of exports for small businesses that are currently exporting
- 3) To increase the number of U.S. small businesses exploring significant new trade opportunities

To achieve these objectives, SBA provides state-level grantees with funding for nine activities, including participation in foreign trade missions, design of marketing media, and trade show exhibitions. Grantees vary in the array of strategies they employ to advance trade among small businesses in their states. The underlying premise of STEP is to supplement non-Federal entities' funds for export activities, not to use Federal funds to cover costs that grantees would otherwise cover. Ensuring the program meets these objectives and complies with requirements for results-based program management necessitates measuring program outcomes and understanding which STEP activities are associated with the desired program-level objectives. However, the data on the effectiveness of program activities are limited, which is why SBA seeks better information on the types of activities that promote exports among small businesses, including differences among business types. Such information would allow the STEP grantees and SBA to tailor their approach to each client, thereby increasing progress toward program goals.

Study Purpose

The key purpose of this evaluation is to design a mixed-methods outcome evaluation that provides SBA with insights into how STEP grantees can increase exports. The outcome evaluation will seek to answer three key EQs:

- 1) Are STEP grantees increasing the value of small business exports, reaching new clients, and producing new exporters?

³ Small Business Administration. (2020). *State Trade Expansion Program: 10 Years of Success*. <https://www.sba.gov/blog/state-trade-expansion-program-10-years-success>

⁴ Small Business Administration. (n.d.). *2018 STEP awardees in state*. <https://www.sba.gov/document/support-directory-step-awardees>

- 2) Which STEP activities contribute most to client outcomes (e.g., increase in new-to-exporting ESBCs and increase in the value of export sales)?
- 3) What are best practices for STEP grantees that improve client outcomes?

Literature Review/Environmental Scan

INTRODUCTION

The 2M study team conducted a literature review with two primary components: (1) a review of relevant academic and policy literature and (2) a program scan. The literature review and program scan illuminate ways that STEP may continue to meet grantee needs, foster economic growth within the United States, and provide effective export assistance for small businesses across the country. Obtaining an understanding of the policy landscape was a key factor in 2M's ability to carry out a high-quality evaluation that met SBA's needs. STEP may be uniquely poised to address the need for export programs that benefit small businesses and the overall economy. In addition, the literature review and program scan provided 2M with information to help SBA better understand how to identify and meet the needs of STEP grant recipients.

The 2M study team discussed in the literature review the linkages between exporting and growth at the national, regional, and firm economic levels; the positive externalities of growth and their connection to small business export practices; and potential best practices that export promotion programs could employ to facilitate trade more effectively.

These findings have direct implications for STEP. In the program scan, the 2M study team presented a comprehensive review of export promotion programs across the country. This scan situated STEP within the broader landscape of trade and export promotion programs in the United States. Although the 2M study team identified numerous programs like STEP, the results of the literature review and program scan illustrate a potential lack of coordinated services for small businesses in some states. STEP may be uniquely poised to address the need for export programs that benefit small businesses and the overall economy.⁵

Using the results of the literature review and program scan, the 2M study team provided SBA with a roadmap of potential ways to improve grant recipients' experience and performance. In addition, these results served as the basis for future project tasks, providing the 2M study team with valuable context about the benefits of international trade and export programs, as well as an understanding of other programs that are similar to STEP.

LITERATURE REVIEW

Methodology

To begin the review of relevant academic and policy literature, SBA provided the 2M study team with an initial list of 20 articles on topics related to STEP and international trade. The 2M study team scanned these articles to determine whether the focus was sufficiently related to STEP and to the literature review's purpose and scope; at this stage, the study team excluded many articles. Articles were excluded if they (1) focused on developing countries, (2) did not focus on the economic implications of trade and

⁵ Munch, J., & Schaur, G. (2018). The effect of export promotion on firm-level performance. *American Economic Journal: Economic Policy*, 10(1), 357–87.

exporting, or (3) focused on policies outside the scope of STEP (i.e., regulatory or financial policies). The 2M study team used the remaining articles to identify additional literature that illuminated the economic and policy implications of international trade. The academic and policy literature that the 2M study team reviewed represented a comprehensive—although not exhaustive—list of studies on the topic. The team submitted an in-depth report with the literature review findings to SBA in November 2019. The next section briefly summarizes the findings.

Economic Implications of International Trade

For decades, economists and policymakers have examined the relationship between international trade and economic growth. This relationship is particularly relevant because exports can have important national, regional, and firm level economic implications. From a macroeconomic perspective, at the national and regional levels, exporting can increase employment and gross domestic product; From a microeconomic perspective, exports can benefit individual firms by increasing innovation, organizational operation, and revenues, which can be reinvested in the business through physical or human capital.⁶

National and regional evidence suggests that robust international trade is associated with employment in high-wage industries. For example, in the 1990s, wages were approximately 11 percent higher for workers at exporting manufacturing companies compared to non-exporting companies⁷; and in 2008, more than 10 million jobs in the United States were supported by exports.⁸ Furthermore, U.S. businesses show significant potential for growth in international markets. Currently, only 1 percent of U.S. businesses engage in export activities (and less than half of those businesses export to more than one country). These international markets represent significant growth opportunities for U.S. firms and industries that are well-positioned to enter these markets, which could drive future economic growth.

While increasing exports at the firm level offers economic benefits, entering a new market (or country) can be expensive for firms. Moreover, firms may lack information about these new markets because such information would be costly for firms to gather on their own. One way to reduce cost-prohibitive barriers to market entry is through export promotion programs, which can serve as important information aggregators for firms.⁹ Furthermore, compared to large businesses, small businesses may have less developed technologies, less organizational development, and smaller revenues, and the export process may lead to advancements in these areas. There are key parallels between entrepreneurial processes and export development processes, which both contribute to overall firm-

⁶ Leonidou, L. C., Katsikeas, C. S., Paliawadana, D., & Spyropoulou, S. (2007). An analytical review of the factors stimulating smaller firms to export: Implications for policy-makers. *International Marketing Review*, 24(6), 735–770. <https://doi.org/10.1108/02651330710832685>

⁷ Bernard, A. B., & Jensen, B. J. (1999). Exceptional exporter performance: Cause, effect, or both? *Journal of International Economics*, 47(1), 1–25. <https://doi.org/10.1007/BF02707654>

⁸ Katz, B., & Istrate, E. (2011). *Boosting exports, delivering jobs and economic growth (Project on State and Metropolitan Innovation)*. Washington, DC: Brookings Institute. <https://www.brookings.edu/research/boosting-exports-delivering-jobs-and-economic-growth>

⁹ Lederman, D., Olarreaga, M., & Payton, L. (2006). *Export promotion agencies: What works and what doesn't*. Washington, DC: The World Bank. https://www.researchgate.net/publication/23550046_Export_Promotion_Agencies_What_Works_and_What_Doesn't

level growth.¹⁰ Entrepreneurial processes are “frequently associated with new ventures” and result in the use of resources to “exploit business opportunities.”^{11,12}

Implications and Best Practices: What Actions Can Governments, Grant Recipients, and Firms Take to Increase Exports and Improve Outcomes?

After reviewing the policy literature, the 2M study team identified several themes that illuminated the policy implications and best practices of trade and export programs: data and reporting, program funding, governance, firm-specific assistance needs, and state-specific assistance needs. Our findings in these key areas are outlined below.

Data and Reporting Requirements. Recommendations by SBA's Office of the Inspector General (OIG) (2017) suggest stringent reporting requirements could improve STEP performance.¹³ Implemented for FYs 2014 and 2015 grant recipients, new reporting procedures involved identifying spending for each designated export activity. While this policy resulted in improvements to STEP reporting, the SBA OIG 2017 report found that, on average, grant recipients left more than 25 percent of awarded funds unused. The report results suggest that improved oversight and reporting requirements, combined with better fund utilization rates, could improve grant recipients' outcomes and maximize STEP's potential.

Funding. Lowry (2016) noted that the states with the largest export value contributed a greater share of overall funding to STEP.¹⁴ Specifically, SBA provided 75 percent of total funding for most states, with the remaining 25 percent provided by the state. However, for the top three states in terms of export value, SBA contributed 65 percent of total funding, and the states provided 35 percent. This contribution structure is by design: SBA requires states with large export volumes to contribute more money to STEP.

Governance of Export Promotion Programs. Lederman et al. (2006) examined export promotion agencies across many developed and developing nations.¹⁵ Their strongest policy prescriptions focus on effective governance of export promotion programs by governmental bodies as opposed to sole reliance on the private sector. In addition, their analysis indicates that programs “are more effective when focusing on non-traditional exports, or have some broad sector focus (e.g., agriculture, manufacturing, tourism, high-tech)” rather than supporting overall exports.

¹⁰ Leonidou, L. C., Samiee, S., & Geldres, V. V. (2015). Using national export promotion programs to assist smaller firms' international entrepreneurial initiatives. In P. N. Ghauri & V. H. M. Kirpalani (Eds.), *Handbook of research on international entrepreneurship strategy: improving SME performance globally* (pp. 239–252). Northampton, MA: Edward Elgar Publishing, Ltd.

¹¹ Caruana, A., & Morris, M. H., & Vella, A. J. (1998). The effect of centralization and formalization on entrepreneurship in export firms. *Journal of Small Business Management*, 36, 16–29.

¹² Rundh, B. (2011). Linking flexibility and entrepreneurship to the performances of SMEs in export markets. *Journal of Manufacturing Technology Management*, 22, 330–347.

¹³ U.S. Small Business Administration, Office of the Inspector General. (2017). *Review of SBA's State Trade and Export Promotion Grant Program (Report Number 17-11)*. <https://www.sba.gov/node/1573390>

¹⁴ Lowry, S. (2016, November). *Small Business Administration trade and export promotion programs*. Washington, DC: Library of Congress, Congressional Research Service. https://www.everycrsreport.com/files/20140122_R43155_0cb3ba04af6c45223e053d47f0edc56ef00d371d.pdf

¹⁵ Lederman, D., Olarreaga, M., & Payton, L. (2006). *Export promotion agencies: What works and what doesn't*. Washington, DC: The World Bank.

Firm Characteristics and Assistance Needs. Several studies examined the relationship between business characteristics and their unique needs in terms of trade and export assistance. Many governments focus their export promotion programs on small businesses.^{16,17} International market penetration may pose particular challenges and present unique benefits to small businesses. In new international markets, smaller businesses tend to have unique internal obstacles, external challenges, and barriers, and these must be considered when developing specific export promotion programs.¹⁸ The primary barrier to small business exporting includes the costs of gathering information on new export markets.¹⁹ In particular, each aspect of exporting is relatively more expensive for small businesses because they do not have the capacity (financial, operational, personnel, etc.) of large businesses. Consequently, the potential gains for small businesses from exporting are relatively great as well, compared to larger businesses with higher revenues and established export experience.



The most successful trade and export promotion programs attempt to target the **unique needs** of each firm.

State Characteristics and Assistance Needs. Implementing export promotion programs presents certain challenges for states.²⁰ These challenges may provide insights into potential policy solutions. The size and success of export promotion programs fluctuate across states, often due to changes in budgets and policy priorities. Katz and Istrate (2011) illustrated states' three key weaknesses in running effective export programs: (1) states lack understanding of their export strengths, (2) state programs are "reactive, fragmented, and poorly financed," and (3) there is a lack of intra-state coordination among export-focused groups. In addition, the authors identify tendencies to focus on manufacturing and agricultural exports, not service-sector exports, which could provide an avenue for export growth.

PROGRAM SCAN

Methodology

For the second step in the literature review task, the 2M study team conducted a program scan to provide SBA with a better understanding of the trade and export promotion services available to small businesses across the United States. The program scan consisted of two phases: (1) program collection and (2) program review. After completing the program collection to develop an inventory of trade and export promotion programs, the 2M study team conducted a comprehensive program review of 97 scanned programs and identified 81 programs similar to STEP in scope and activities. This list represents

¹⁶ Lederman, D., Olarreaga, M., & Payton, L. (2006). *Export promotion agencies: What works and what doesn't*. Washington, DC: The World Bank.

¹⁷ Sousa, C. M., Martínez-López, F. J., & Coelho, F. (2008). The determinants of export performance: A review of the research in the literature between 1998 and 2005. *International Journal of Management Reviews*, 10(4), 343–374.

¹⁸ Leonidou, L. C., Samiee, S., & Geldres, V. V. (2015). Using national export promotion programs to assist smaller firms' international entrepreneurial initiatives. In P. N. Ghauri & V. H. M. Kirpalani (Eds.), *Handbook of research on international entrepreneurship strategy: improving SME performance globally* (pp. 239–252). Northampton, MA: Edward Elgar Publishing, Ltd.

¹⁹ Munch, J., & Schaur, G. (2018). The effect of export promotion on firm-level performance. *American Economic Journal: Economic Policy*, 10(1), 357–87.

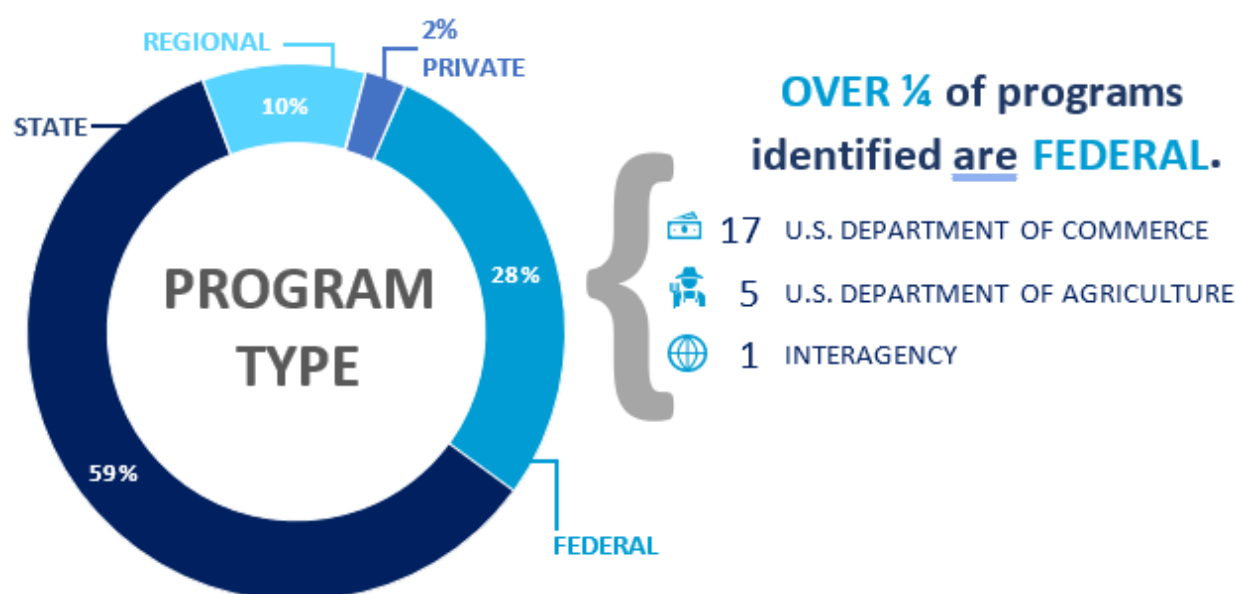
²⁰ Katz, B., & Istrate, E. (2011). *Boosting exports, delivering jobs and economic growth (Project on State and Metropolitan Innovation)*. Washington, DC: Brookings Institute. <https://www.brookings.edu/research/boosting-exports-delivering-jobs-and-economic-growth>

a comprehensive, though not exhaustive, accounting of trade and export promotion programs operating in the United States.

Results of the Program Scan

The programs included for review fell across four broad program types: state, federal, regional, and private. The 2M study team found export programs for 47 states and Washington, DC. While the study team did not find programs with similar scope to STEP in South Carolina, New Mexico, or Wyoming, all three of these states are current and previous STEP grant recipients. The study team further found that the majority (59 percent) of included programs were state based. Twenty-eight percent of identified programs were federal. Of the 23 federal programs identified, 17 were operated by the U.S. Department of Commerce, 5 by the U.S. Department of Agriculture, and 1 by an interagency program. Ten percent of programs identified were regionally based, and 2 percent were privately owned companies.

Exhibit 1: Program Types



The most commonly reported activities provided **networking and partnership** opportunities. Of the 75 percent of programs centered on networking and partnerships, the most commonly reported activities included provision of contacts to prospective exporters, trade missions, matchmaking appointments, and trade shows. Sixty-nine percent of programs reported providing **educational opportunities**. The most commonly reported educational opportunities were counseling and consulting, seminars, training and workshops, and online counseling and webinars. Fifty-two percent of programs reported providing **marketing** services, most commonly including market research, market intelligence, market builders, and market briefings. Twelve percent of programs reported providing **information sharing** services to prospective exporters. The most commonly shared materials included reports, lists of trade leads, printed materials and factsheets, and online resources and e-newsletters. Ten percent of programs reported providing **advocacy** services, most commonly between state departments of agriculture, the U.S. Government, and stakeholders; different levels of government; and coordinating resources within the U.S. Government. Twenty-two percent of programs report providing **other services** to prospective

exporters. The most commonly reported services included financial assistance, logistical support, and legal assistance.

Seventy-four percent of programs offered a combination of services to prospective exporters: networking and partnership opportunities, marketing opportunities, and educational opportunities (31 percent); networking and partnership opportunities and educational opportunities (14 percent); or networking and partnership opportunities, marketing opportunities, educational opportunities, and other (11 percent). Twenty-six percent of programs offered single-focus services: advocacy (six programs), information sharing (five programs), networking and partnerships (four programs), educational opportunities (two programs), marketing (one program), and other services (three programs).

Exhibit 2: Program Scan Findings

OF THE 81 PROGRAMS SCANNED:



Based on the 2M study team's scan, five programs explicitly stated on their websites that they targeted small businesses. None of these five programs, however, *exclusively* targeted small businesses: four also offered their services to medium-sized businesses, and one offered services to entrepreneurs. Furthermore, the study team found that 18 websites specifically referenced STEP as a resource for financial assistance. Fourteen programs explicitly stated on their websites that their services targeted the food and agriculture industry.

Evaluation Questions

The evaluation's key purpose was to design a mixed-methods outcome evaluation that was intended to provide SBA with insights into how STEP grantees can increase exports. The outcome evaluation sought to answer three key EQs:

- 1) Are STEP grantees increasing the value of small business exports, reaching new clients, and producing new exporters?
- 2) Which STEP activities contribute most to client outcomes (e.g., an increase in new-to-exporting ESBCs and an increase in the value of export sales)?
- 3) What are best practices for STEP grantees that improve client outcomes?

The exhibit below maps the EQs to the STEP evaluation activities.

Exhibit 3: EQs Mapped to Activities

EQs	Activities
Are STEP grantees increasing the value of small business exports, reaching new clients, and producing new exporters?	Grantee data analysis
Which STEP activities contribute most to client outcomes?	Grantee data analysis; interviews and focus groups
What are best practices for STEP grantees that improve client outcomes?	Literature review; grantee data analysis; interviews and focus groups

The following section details the 2M study team's approach to the evaluation and provides details on activities to address the EQs.

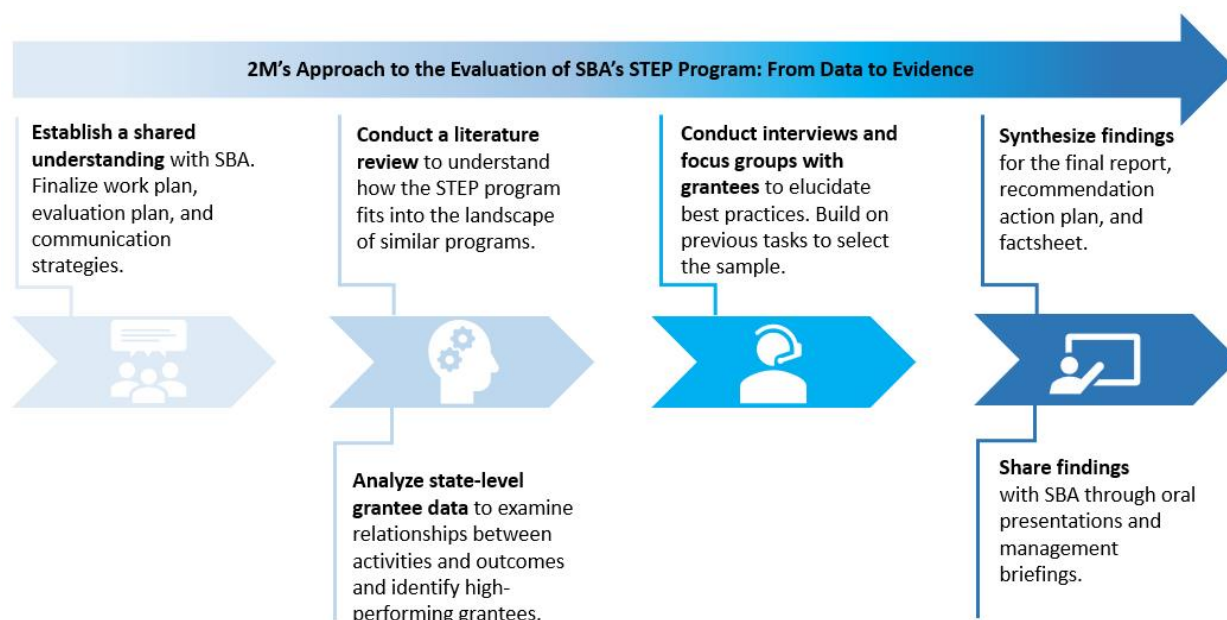
Methods

The 2M study team implemented a rigorous mixed-methods evaluation to provide SBA with evidence to demonstrate the extent to which STEP grantees are achieving program goals and the most effective ways that grantees are reaching these goals. The study team understands that SBA plans to use the evaluation findings to help grantees tailor their approaches and better serve small businesses in grantees' states.

The fundamental components of the evaluation are presented in Exhibit 4. First, the 2M study team worked with SBA to establish a shared understanding of the work and to finalize the workplan. Then, the 2M study team conducted a comprehensive literature review to situate STEP within the landscape of similar programs—both public and private and across federal, state, and local levels. For the third step, the 2M study team analyzed available grantee data from FYs 2014–18 from the PPRs and Client Reports. This grantee data analysis was central to understanding what types of activities grantees are implementing and which funded activities are most strongly associated with program outcomes. Concurrent with the grantee data analysis, the 2M study team interviewed STEP leaders and grant managers to elicit their thoughts and feedback on successes, challenges, and best practices for the program. The 2M study team presented findings from the STEP leadership and grant manager interviews and focus groups to SBA staff in December 2019 and presented findings from the grantee data analysis in July 2020.

Another component of the approach was the grantee data analysis, which provided the framework for drawing the grantee sample for interviews and focus groups. The 2M study team conducted virtual interviews and focus groups in October 2020. Participants could choose to be on camera or use the audio-only option. The 2M study team shared findings with SBA in a presentation and final report.

Exhibit 4: Approach to STEP Evaluation



SAMPLING FOR GRANTEE DATA COLLECTION

The 2M study team discussed with SBA the sampling strategy for the grantee data collection using the findings from the grantee data analysis. The proposed grantee sample was based on the 2M study team's rankings of grantees on key program-level outcomes: ROI²¹ and count of total participating firms. Rankings were based on available PPR data for grantees from FY 2014–17. Data for FY 2018 grantees were limited compared to other FYs because grants are awarded for 2-year periods and, at the time of the study, only 1 year of 2018 grant outcomes was available. Consequently, data for FY 2018 grantees were excluded for sampling purposes.²²

The 2M study team identified grantees with a high ROI or a high client count in a given year and referred to this group as “high-year grantees.” Grantees with a low ROI or a low client count in a given year are referred to as the “low-year grantees.” Ten interviews were conducted with these grantees: 5 with low-year grantees and 5 with high-year grantees. In addition, 2 focus groups were conducted with a total of 11 grantees in neither the high-year nor low-year groups.

The 2M study team randomly selected five high-year grantees and five low-year grantees for initial recruitment. Interviews were conducted with the initial 10 grantees selected, and the 2M study team did not need to recruit additional grantees. Grantees not included in the interview sample were offered the opportunity to participate in the focus groups.

²¹ ROI is calculated as annual total sales divided by the total award of STEP funds for that grant year. This approach may differ from ROI calculations presented in other SBA reports.

²² One notable exclusion as a result, and an outlier amongst FY 2018 grantees, is Alabama, which reported an ROI of 416.23. If FY 2018 data were included, Alabama would be part of the high-year sample.

DATA COLLECTION AND INSTRUMENTATION

The 2M study team prepared documentation to be submitted under SBA's generic Information Collection Request Clearance for the evaluation's data collection efforts. The package included a memo describing the purpose of the data collection, an estimate of respondent burden, data collection activities, and data collection instruments (see Appendices A-D). Also included were the interview guides for grantees and recruitment materials.

The initial plan called for data collection using the grantee interview guides to commence shortly after receiving Office of Management and Budget (OMB) clearance. The project received OMB clearance in April 2020; however, due to the COVID-19 pandemic and the uncertainties and challenges grantees faced assisting small businesses interested in exporting during the pandemic, SBA decided to postpone data collection activities for approximately 5 months.

Data collection began in September 2020 with an initial email from the STEP grant managers to the sampled grantees in their respective states. Shortly after the emails from the STEP grant managers, the 2M study team sent emails to each of the 10 randomly sampled grantees to schedule the interviews. The 2M study team conducted all interviews and focus groups in October 2020. The 2M study team conducted interviews with 10 grantees and conducted two 1-hour focus groups, with 11 total grantees participating. Table 1 lists the grantees who participated in the interviews and focus groups.

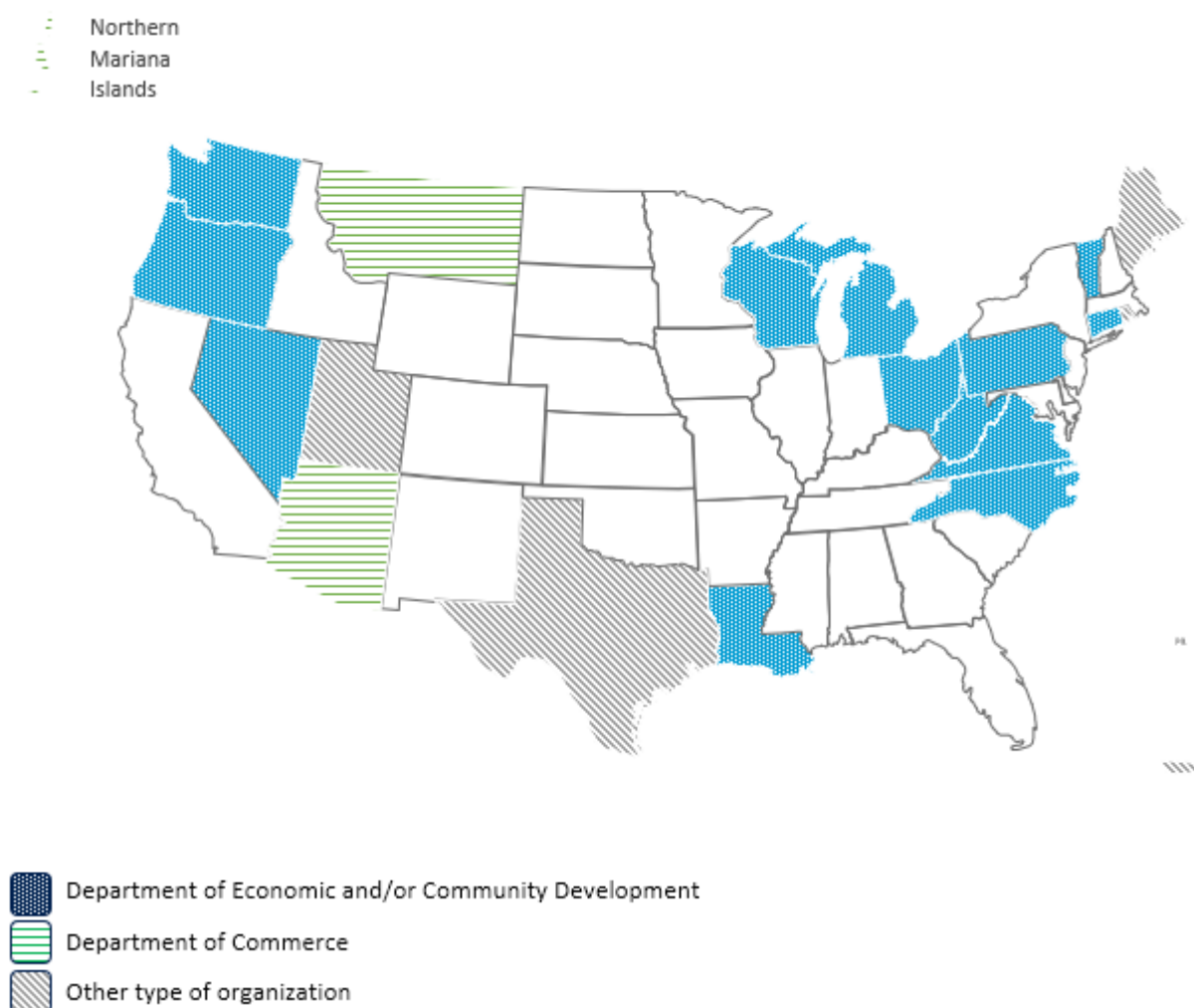
Table 1: Interview and Focus Group Grantee Participants

State	Interview/Focus Group Participant	All FY Grants for State	Governing Agency
Arizona (AZ)	Focus Group	2016–2018	Dept. of Commerce
Connecticut (CT)	Focus Group	2015–2018	Economic/Community Development Dept.
Louisiana (LA)	Interview	2016–2018	Economic/Community Development Dept.
Maine (ME)	Interview	2015–2018	Other type of organization
Michigan (MI)	Interview	2014–2018	Economic/Community Development Dept.
Montana (MT)	Focus Group	2014–2018	Dept. of Commerce
Nevada (NV)	Interview	2015–2018	Economic/Community Development Dept.
North Carolina (NC)	Interview	2014–2018	Economic/Community Development Dept.
Northern Mariana Islands (MP)	Interview	2017–2018	Dept. of Commerce
Ohio (OH)	Focus Group	2014–2018	Economic/Community Development Dept.
Oregon (OR)	Focus Group	2014–2018	Economic/Community Development Dept.
Pennsylvania (PA)	Interview	2014–2018	Economic/Community Development Dept.
Puerto Rico (PR)	Focus Group	2015–2018	Other type of organization
Rhode Island (RI)	Focus Group	2014–2018	Other type of organization
Texas (TX)	Focus Group	2016–2018	Other type of organization
Utah (UT)	Interview	2014–2018	Other type of organization
Vermont (VT)	Interview	2014–2018	Economic/Community Development Dept.
Virginia (VA)	Focus Group	2015–2018	Economic/Community Development Dept.
Washington (WA)	Interview	2014–2018	Economic/Community Development Dept.
West Virginia (WV)	Focus Group	2015–2018	Economic/Community Development Dept.
Wisconsin (WI)	Focus Group	2015–2017	Economic/Community Development Dept.

Interviews and focus groups were conducted using Microsoft Teams. Transcriptions were imported into NVivo for analysis and were then coded and reviewed by a senior analyst on the 2M study team.

Exhibit 5 displays the participating states and depicts which agency within the state administers STEP. The most common agency was a department of economic development and/or community development (Connecticut, Louisiana, Michigan, Nevada, North Carolina, Ohio, Oregon, Pennsylvania, Vermont, Virginia, Washington, West Virginia, and Wisconsin). A department of commerce administered the STEP grant in Arizona, Montana, and the Northern Mariana Islands. Other organizations (e.g., Department of Agriculture or a nonprofit trade corporation) administered the STEP grants in Maine, Puerto Rico, Rhode Island, Texas, and Utah).

Exhibit 5: Governing Agency of Grantees Participating in Interviews and Focus Groups



Most of the participants in the grantee interviews and focus groups (66 percent) had been in their role for 1 to 3 years. The remainder had been in their role for more than 3 years. Some of their roles included STEP Project Director, award management, strategic direction, marketing/promotion/outreach, foreign companies, and other non-STEP responsibilities.

METHODOLOGICAL LIMITATIONS AND DATA QUALITY

SBA initially provided the 2M study team with PPR for each grantee for FY 2014–17 Quarter 4 for the grantee data analysis task and Client Report data for FY 2015–17. The 2M study team reviewed each document for completeness and accuracy and created a comprehensive datafile for the analysis. Discrepancies that could affect the analysis were noted in a memo to SBA. The discrepancies included STEP activities that were combined for reporting purposes, incomplete grantee numbers, funding dollar mismatch between USA Spending and the reports, missing or incorrect report dates, missing or incorrect data, missing client characteristics, and outdated reports. In addition, FY 2014 Client Reports were not required of grantees. Although many were provided, the data for FY 2014 were not as complete as other FYs. The 2M study team and the Lead Program Evaluator agreed on an approach to addressing each of these discrepancies. Many of the data errors were fixed, and many of the missing or outdated reports were replaced with more recent versions. However, not all discrepancies were reconciled. Because SBA did not think the 2014 Client Reports would be useful for the analysis, SBA decided to forgo delivering the reports to the 2M study team.

After the 2M study team created the initial data analysis file, SBA provided the team with more recent reports. Specifically, SBA provided PPR and Client Reports for FY 2017 Quarter 8 and FY 2018 Quarter 4, collected from grantees between October 2019 and January 2020. Also, the 2M study team reviewed these new reports for accuracy and missing data, then worked with the Lead Program Evaluator to address discrepancies noted in the new reports. Data from FY 2017 Quarter 8 and FY 2018 Quarter 4 were added to the analysis file to create a final comprehensive file for the grantee data analysis task.

The 2M study team then selected a sample of grantees from the high- and low-year states for the one-on-one interviews and invited grantees from the remaining states to attend one of two focus groups. In total, 21 respondents participated in an interview or focus group. However, 52 states received grants during the FY 2014–18 period. The qualitative analysis could have benefitted from a larger group of grantee participants, but the study's scope and timeline only allowed for a sample of grantees to participate in the interviews and focus groups.

Finally, the COVID-19 pandemic impacted the study timeline and delayed the grantee interviews and focus groups. The grantee data from the PPRs and Client Reports are pre-pandemic data and reflect the STEP activities utilized prior to the restrictions on foreign travel and trade shows. Discussions with the grantees conducted in October 2020 reflected the realities of the COVID-19 export environment for small businesses and are, therefore, somewhat disconnected from the export and activity data collected prior to the pandemic.

ANALYSIS AND FINDINGS

EQ1. Are STEP Grantees Increasing the Value of Small Business Exports, Reaching New Clients, and Producing New Exports?

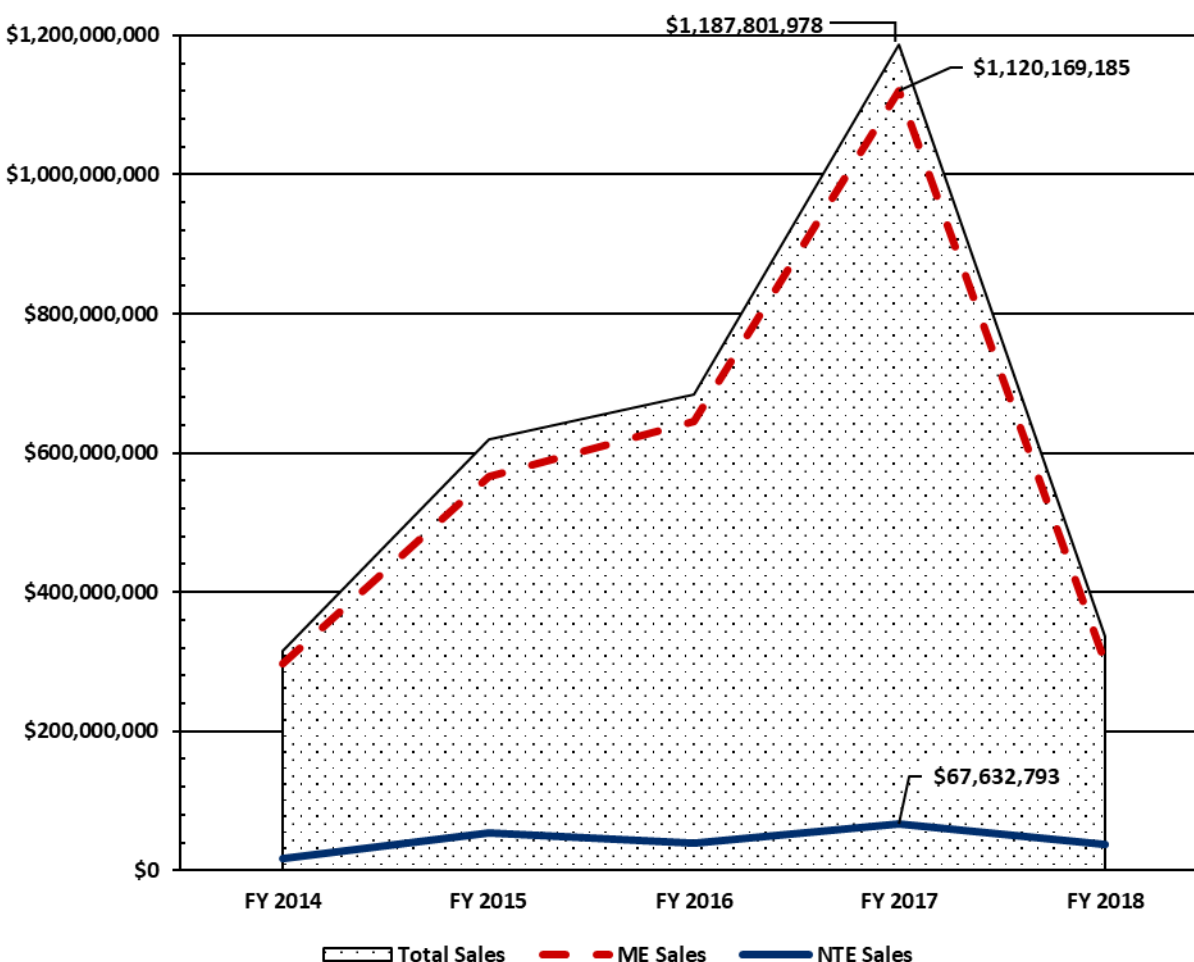
GRANTEE DATA FINDINGS: SALES, FEDERAL EXPENSE, ROI

The 2M study team analyzed available grantee data from the PPRs and Client Reports to determine whether the STEP grantees are increasing the value of small business exports, reaching new clients, and producing new exports. As an initial step, the 2M study team focused on export sales data and federal expense data to calculate an ROI metric. The 2M study team analyzed the data by state and by grantee year; however, there are a few considerations to note when comparing the data across years. The number of grantees has increased over the years, and while the number of grantees in FY 2015–18 ranged from 40–45 each year, there were only 24 grantees in FY 2014. Another consideration is the length of the grant (1 year vs. 2 years) and the availability of PPR data for the second year. For FY 2014–16, the grant period was 1 year; however, in FY 2017, the grant period was changed to 2 years, and the 2M study team was able to analyze grantee PPR data from Quarter 8 (a 2-year time period). Although FY 2018 was a 2-year grant period, the 2M study team only had data through Quarter 4 for this analysis (see Table 2).

Table 2: Number of Grantees by Year

Fiscal Year	Number of Grantees	Data Availability
2014	24	4 Quarters
2015	40	4 Quarters
2016	43	4 Quarters
2017	44	8 Quarters
2018	47	4 Quarters

Increasing export sales for NTE and ME small businesses is a central goal of STEP. NTE firms are small businesses that have not started exporting, and ME firms are small businesses that are currently exporting but want to expand their exports into new markets or want to export new product lines. The 2M study team analyzed the export sales data grantees reported in the PPRs for FY 2014–18. As mentioned earlier, 2018 data were limited and only available through Quarter 4. Therefore, 2018 figures are much smaller than 2017 sales figures, which were reported through 8 quarters (2 years). Exhibit 6 below shows ME export sales, NTE export sales, and total export sales from 2014 through 2018. ME export sales have increased steadily over the years and, while NTE export sales are much lower than ME sales, NTE sales have generally increased except for a small decline in 2016.

Exhibit 6: Total, ME, and NTE Sales by Year

In addition to total export sales by type of firm, ME or NTE, the study team analyzed the grantee-reported export sales data by state, taking into consideration the number of years the grantee had been in STEP during the FY 2014–18 period. In Exhibit 7 below, there are 20 states with 5 years of sales data. Michigan has the highest total sales, reporting \$967 million in export sales data over the FY 2014–18 time period. Of the 14 states with 4 years of sales data, Missouri has the highest reported sales at \$110.4 million. Texas's reported sales of \$95 million are the highest among states with 3 years of data. Arkansas (\$7.4 million) and Florida (\$9.8 million) report the highest sales in their respective categories. Florida's 1 year of sales is noteworthy because they are higher than states that have 2 years of sales data.

Exhibit 7: Total Sales by State

A grantee's ROI is another critical outcome metric for STEP. The ROI can be calculated in a number of different ways; the figure below shows ROI calculated as the sum of federal expenses aggregated over the number of years of available grantee data divided by the sum of the reported sales aggregated over the number of years of available grantee data. Federal expense is the amount of federal dollars spent as reported by the grantees in the PPRs. Exhibit 8 details the ROI by state and includes the number of years each state has participated in STEP or, alternatively, the number of years of available STEP data for each state. Among states participating in STEP for 5 years, Michigan's ROI of \$256.55 far exceeds the other states with 5 years of data. Alabama's ROI of \$126.58 is the highest among states in STEP for 4 years. Louisiana, Arkansas, and South Dakota are the high ROI performers in their respective categories.

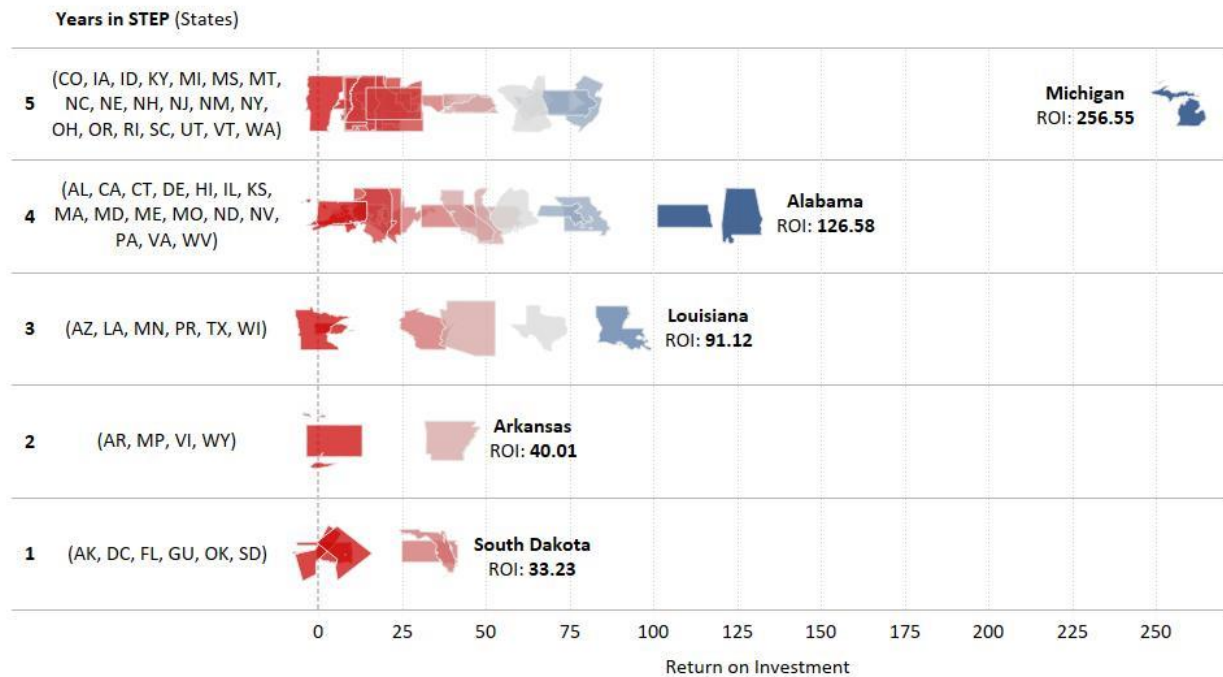
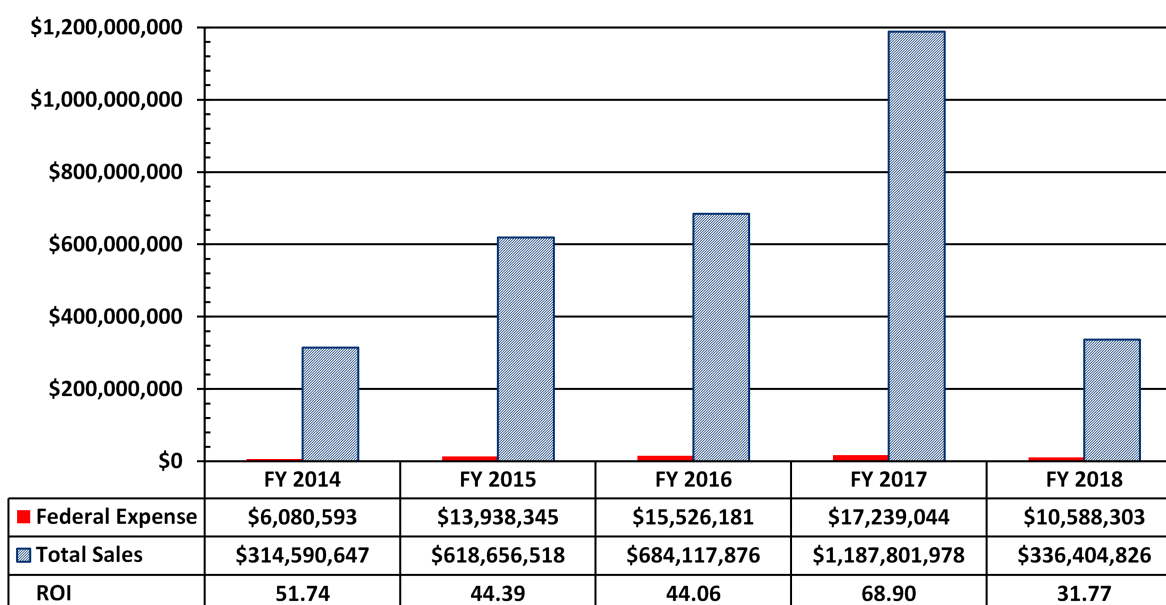
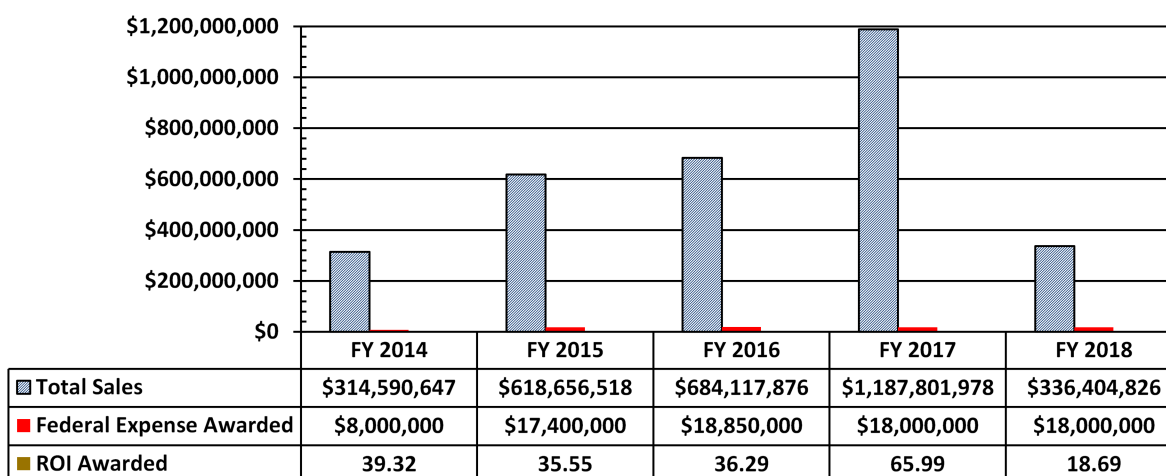
Exhibit 8: ROI by State

Exhibit 9 below depicts the changes in total export sales, federal expense, and ROI between FY 2014 and FY 2018. Total sales in FY 2017 are much higher than other years because FY 2017 included 2 years of sales data (Quarter 8 PPR numbers). FY 2018 was also a 2-year grant period. However, federal expense and total sales are only included through the first year (Quarter 4 PPR numbers) due to the availability of data. FY 2017 has the highest ROI at \$68.9, followed by FY 2014 with an ROI of \$51.74. FY 2014's federal expense is much lower than the other years, and although sales were lower in FY 2014 compared to FY 2015, FY 2016, and FY 2017, the ROI for FY 2014 is relatively high due to the lower federal expense.

Exhibit 9: Total Sales, Federal Expense (Amount Spent) and ROI

Similar to Exhibit 9, Exhibit 10 below depicts the changes in total export sales and federal expense over the FY 2014–18 grant years; however, this exhibit uses different figures for federal expense and provides an alternative calculation of ROI. Unlike Exhibit 9, which uses federal expense numbers self-reported by grantees in the PPRs, the federal expense numbers used in Exhibit 10 were provided by SBA and are the amount of funds **awarded** to grantees, not the amount spent. Not all funds awarded to grantees in a given year are utilized; however, in recent years, utilization of funds has become a priority for STEP, and grantees have been working to utilize all funds awarded to them. Using funds awarded and calculating ROI, FY 2017 still has the highest ROI at \$65.99, but ROI in each year is less than when ROI is calculated with funds awarded as opposed to funds spent. ROI is considerably less in FY 2014 when calculating ROI using funds awarded.

Exhibit 10: Total Sales, Federal Expense (Amount Awarded), and ROI

In FY 2017, grantees spent 96 percent of the funds awarded, but in FY 2014, grantees had difficulties spending their awarded funds and only used 76 percent of their funds. Fund utilization rates were slightly better in FY 2015 and FY 2016: 80 percent and 82 percent, respectively. The ROI in FY 2018 does not reflect the true ROI because sales data were only reported through Quarter 4, leading to a much lower—and misleading—ROI.

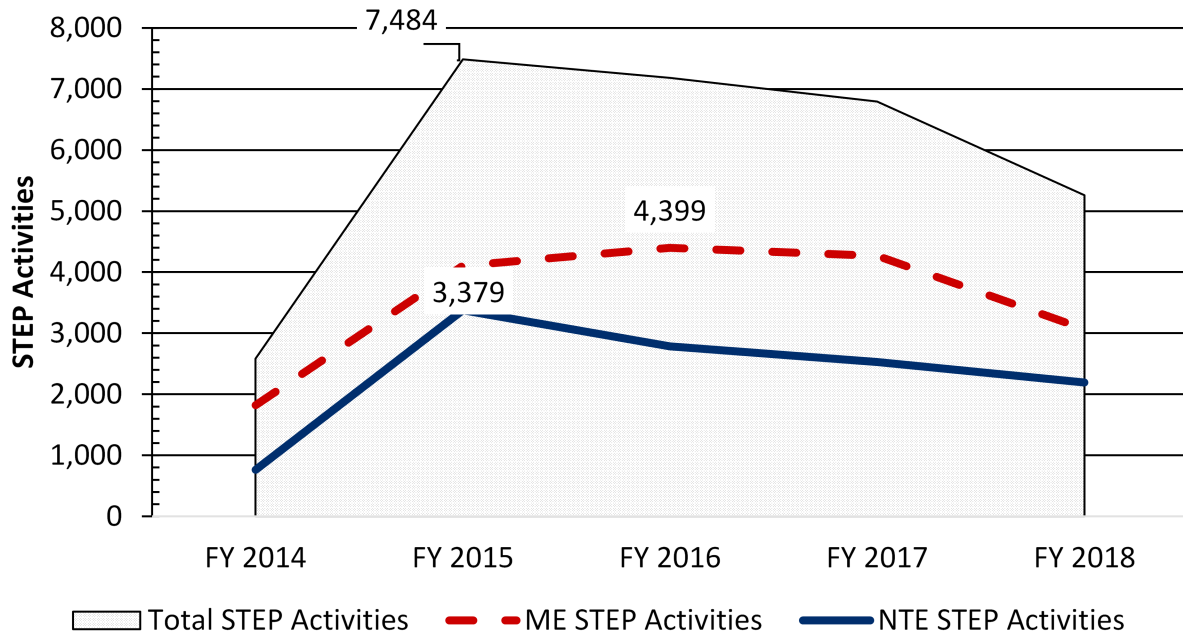
Table 3: Utilization of Awarded Funds

Fiscal Year	Federal Expense Funds Spent	Federal Expense Funds Awarded	Percentage of Funds Utilized
2014	\$6,080,593	\$8,000,000	76%
2015	\$13,938,345	\$17,400,000	80%
2016	\$15,526,181	\$18,850,000	96%
2017	\$17,239,044	\$18,000,000	96%
2018	\$10,588,303	\$18,000,000	59%

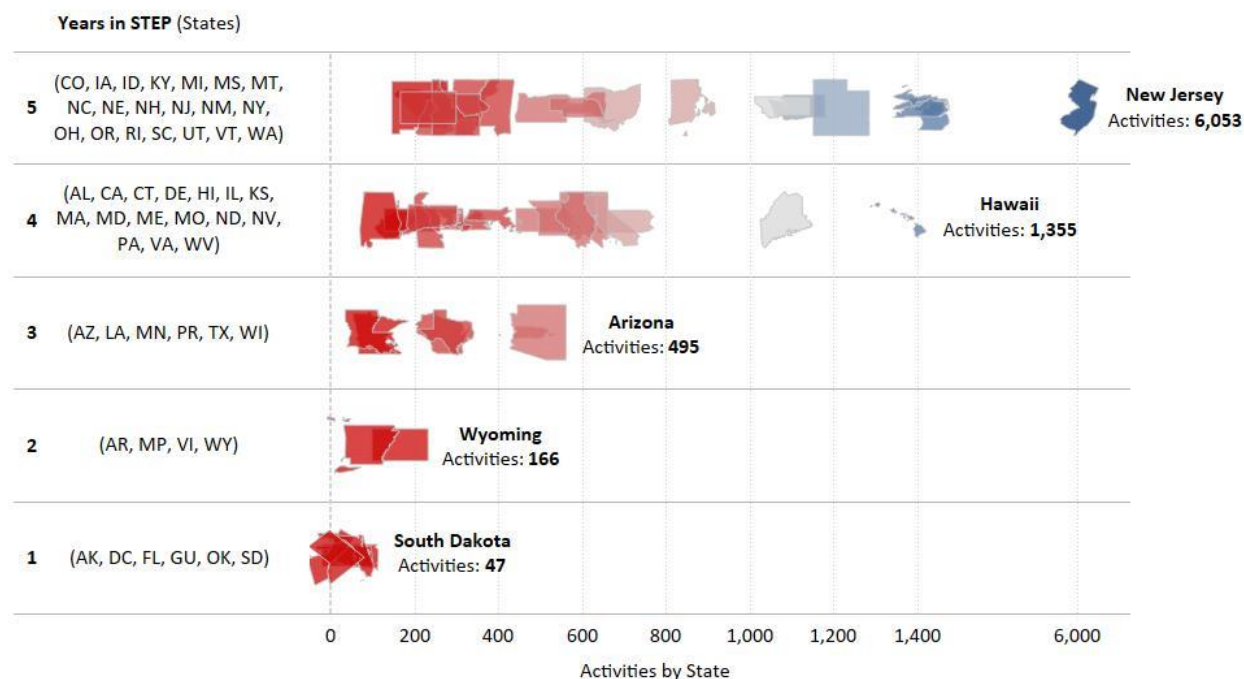
GRANTEE DATA FINDINGS: FIRMS PARTICIPATING IN STEP ACTIVITIES

After analyzing sales and federal expense data and calculating ROI, the 2M study team examined the number of firms participating in STEP activities to determine whether STEP increased the number of small businesses exporting. The data for these analyses were derived from PPRs which grantees are required to submit on a quarterly basis. These PPRs are cumulative within a grant year. For example, in the FY 2016 Quarter 4 PPRs, grantees reported on funds spent, export sales, and firms participating in total activities and by activity type for all four quarters of the FY 2016 grant period. The PPRs included counts of firms participating in activities only; there were no business names associated with the counts, and firms were counted multiple times within a grantee's PPR if the firm participated in more than one STEP activity (trade show and Commerce subscription service) or if the firm participated in multiple events within the same activity (attended two or more export training workshops). The counts reported for firms in the PPRs, and the counts used in the following exhibits, do not represent unique firms.

Exhibit 11 below shows the number of ME activities, NTE activities, and total activities among firms participating in STEP by year. The total number of activities in which firms participated peaked in FY 2015 with 7,484 STEP activities. New Jersey accounted for 27 percent (2,022) of activities in FY 2015. FY 2015 was also the year with the highest total number of activities in which NTE firms participated.

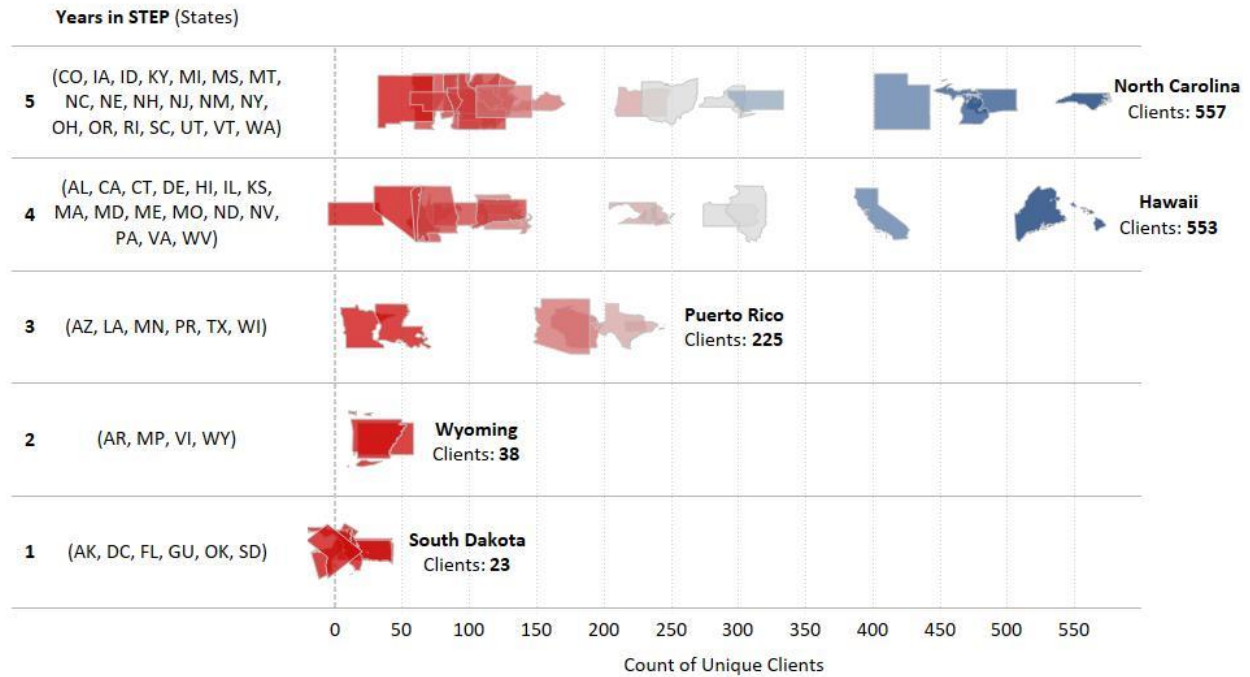
Exhibit 11: STEP Activities by Year

In addition to examining the changes in STEP activities over the FY 2014–18 time frame, the 2M study team analyzed activities by state. As mentioned earlier, not all states were awarded STEP grants in each year (FY 2014–18). There are 20 states with 5 years of participation data. Of those 20 states, New Jersey reported the highest number of activities (6,053), which is more than 4 times the number of activities in the next-highest-reporting states (Michigan, Kentucky, and North Carolina—each with 1,410). Hawaii reported 1,355 activities, the highest number within the group of states with 4 years of data. Arizona (495; 3 years of data), Wyoming (166; 2 years of data), and South Dakota (47; 1 year of data) reported the highest number of activities among their respective groups.

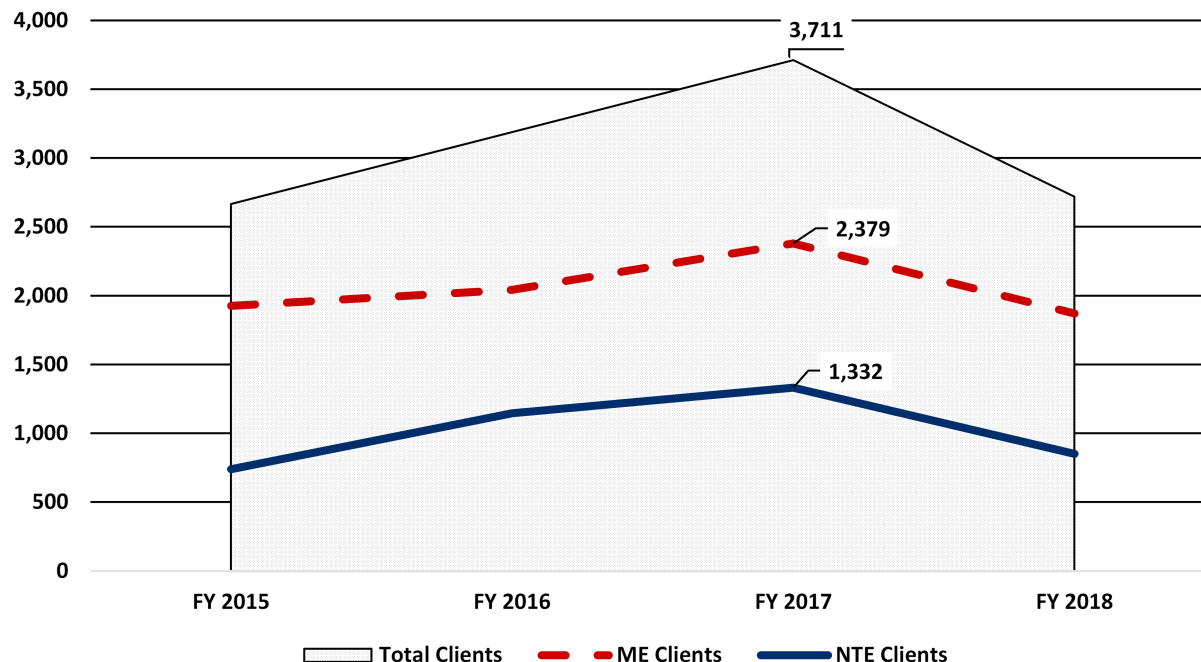
Exhibit 12: Activities by State**GRANTEE DATA FINDINGS: REACHING NEW CLIENTS**

In addition to using data that grantees provided in the PPRs, the 2M study team also collected, collated, and analyzed grantee data provided in the Client Reports. Unlike PPR data, which provide counts of activities in which firms participate, Client Reports provide client business names, which allowed the 2M study team to remove duplicate clients and create a unique file of clients participating in STEP activities. Exhibit 13 below contains unique client counts by state, aggregated over the number of years the state participated in STEP during the analysis period. North Carolina and Hawaii have the highest total number of clients: 557 and 553, respectively. Hawaii, however, has 4 years of participation in STEP, and North Carolina has 5 years of participation. Puerto Rico has the highest number of unique clients among grantees participating in STEP for 3 years ($N = 225$), while Wyoming has 38 clients, the most among grantees participating for 2 years. South Dakota has 23 clients, highest among the 6 grantees participating for just 1 year.

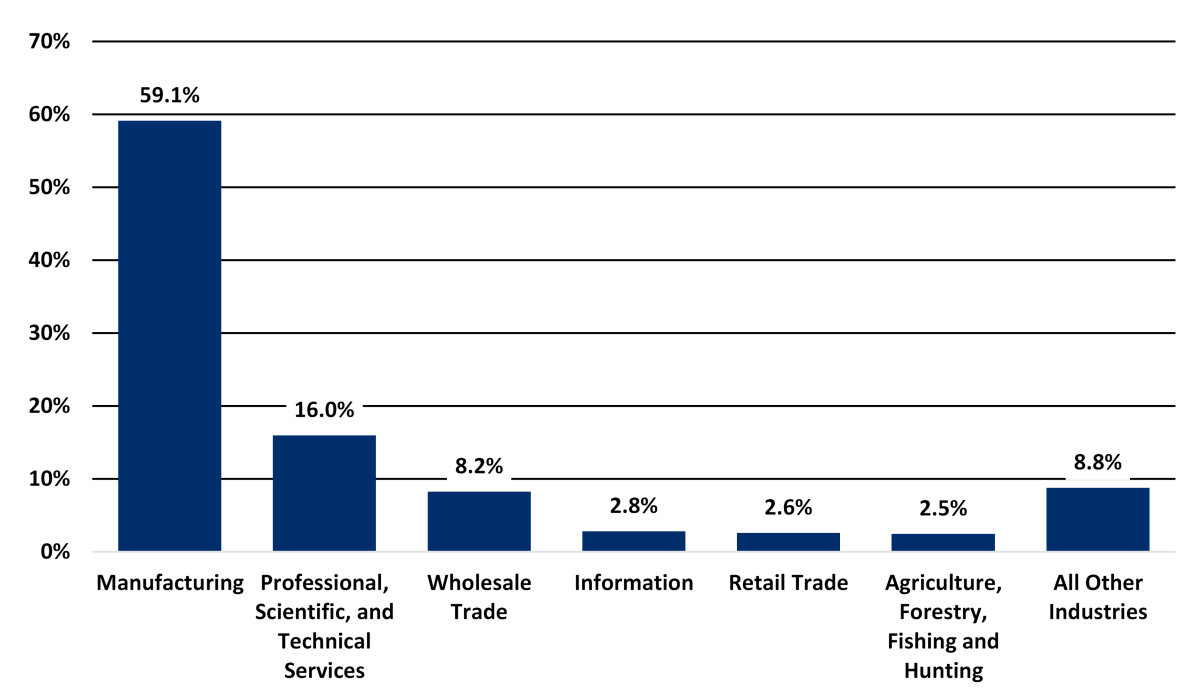
Exhibit 13: Count of Unique Clients by State



Client reports for FY 2014 were not available, but the 2M study team examined the counts of ME and NTE clients for years FY 2015–18. Exhibit 14 below shows that the number of total clients peaked in 2017, with grantees reporting 3,711 unique clients participating in STEP. The number of NTE clients increased steadily between FY 2015 and FY 2017, while the number of ME clients fluctuated during the analysis period. Client numbers appear lower for FY 2018 because not all client reports for the second half of the grant period were available for analysis.

Exhibit 14: ME and NTE Clients by Year

Grantee client reports for FY 2015–18 contained information on the client’s primary industry. This information was missing for some clients; however, using the available data, the 2M study team examined the industries represented by clients participating in STEP. In the Client Reports, industry is reported using the 20 major categories under the North American Industry Classification System. Manufacturing clients represent more than half of all STEP clients during the FY 2015–18 period, with 59 percent of all reported STEP clients coming from the manufacturing industry. Clients in the professional, scientific, and technical services industry represent the second largest industry with 16 percent of all STEP clients, followed by wholesale trade with 8 percent of STEP clients. The information; retail trade; and agriculture, forestry, fishing, and hunting industries each represent between 2–3 percent of STEP clients. The remaining 16 industries account for less than 9 percent of STEP clients. California leads grantees with 329 manufacturing clients, 7 percent of all total manufacturing clients reported. Washington had the greatest number of clients in the professional, scientific, and technical services industry, reporting 148 total clients (12 percent of the total).

Exhibit 15: Unique Clients by Industry**INTERVIEW AND FOCUS GROUP FINDINGS**

The study included interviews and focus groups with (1) STEP leaders and grant managers and (2) grantees to provide additional insights into the EQs. The statistical data presented in this report show states' differing results for ROI and for number of clients and sales. However, the interviews aimed to provide insights into an overall assessment of the program's impact on exports, new clients, and new exports.

STEP leaders and grant managers believed that STEP led to an increase in the number of small businesses exporting. Grant managers believed that STEP encourages thinking about exports as a new channel for a business's growth. Grant managers stated that, without the program, some businesses would not have thought of exporting their products because they are a small business.

The primary aspect and what we promote the most is the risk and the cost to share. Well, mostly the risk share, in that companies are willing to do things and try things that they wouldn't have maybe risked 100 percent of their own budget on. - Grantee

Grantees echoed the sentiments of STEP leaders and grant managers. One of the key impacts grantees identified was **inspiring a global mindset** among businesses through participating in trade missions, exploring new markets, and being engaged internationally. STEP **reduces the risk** of trying a new sales approach as an exporter. While the financial assistance may not be a large dollar amount, receiving funding is significant for businesses that are reluctant to invest their own funds into a speculative

international endeavor. One grantee noted that, although a grant of \$2,000 may not seem like a lot of money, for some small businesses, such funding is impactful. Also, receiving such funding helped this grantee begin thinking about how to expand sales internationally.

I don't know if it'll happen virtually, but when you take a group of businesses overseas. . . and they have common interests, sometimes they're competitors. But I would say more often than not, they end up working together and their businesses can often complement each other, and they come back and work together in other ways. – Grantee

Perhaps the greatest impact of expanded focus into exports was the **building of networks and relationships**. According to one grantee, relationships with potential clients outside of the grantee's state was one of the greatest benefits of the program. Relationship-building was not limited to international clients but extended to other businesses based in the United States. The exposure to other businesses exploring international sales has resulted in the growth of relationships between domestic companies.

You see companies that you've worked with over the years that started from barely exporting to now shipping cargo containers' worth of product to an international market, or you see companies that started with a low number of employees that now have a bunch of additional staff and have expanded their buildings. - Grantee

Grantees believed this international focus ultimately **led to company growth**. This impact included growth in sales, hiring, and capacity, particularly over time, as illustrated by the quote above.

SUMMARY OF EQ1 KEY FINDINGS - ARE STEP GRANTEES INCREASING THE VALUE OF SMALL BUSINESS EXPORTS, REACHING NEW CLIENTS, AND PRODUCING NEW EXPORTS?

For the first EQ, several findings support that STEP grants are achieving these objectives, but results are mixed. ME export sales have increased steadily over the years—and while NTE export sales are much lower than ME sales, NTE sales have generally increased except for a small decline in 2016. Generally, as states spend more time in STEP, the value of their exports has performed above mean exports attributable to STEP.

The total number of firms participating in STEP peaked in FY 2017 with 3,711 firms participating in STEP activities. The number of clients was greatest among states that had been in the program for more years. ME clients demonstrated larger counts than NTE clients over all fiscal years examined.

Grantee interviews indicate that STEP is producing new exports. The program decreases businesses' risk perception of attempting to reach new export markets and creates a global mindset. According to grantees interviewed, STEP provides opportunities that create new exporters.

EQ2. Which STEP Activities Contribute Most to Client Outcomes?

STEP allows grantees to award funds to eligible small businesses for approved activities. The following nine activity types are allowed under STEP:

Table 4: Export Activities Allowable under STEP

Activity ²³	Brief Description ²⁴
Activity 1: Foreign Trade Mission	Eligible small business travel, with more than one person traveling together with similar accommodations to the same location in a foreign country, that will enable them to explore or expand international business opportunities.
Activity 2: Reverse Trade Mission	Bringing buyers to the United States to meet with potential suppliers of U.S.-manufactured goods and services.
Activity 3: Commerce Subscription Service	Utilization of services available from the U.S. Commercial Service, the trade promotion arm of the U.S. Department of Commerce's International Trade Administration, to assist eligible small business with entering or expanding their markets.
Activity 4: Website Translation, SEO, Localization	This activity includes translation of websites into foreign languages, localization for foreign markets, and SEO for eligible small businesses.
Activity 5: International Marketing Media Design	Marketing media includes the following: brochures, social media platforms, websites, billboards, newspapers, branding and advertising, posters, and advertisements in international magazines.
Activity 6: Trade Show Exhibition	An exhibition for eligible small businesses to showcase and demonstrate their products and services. This exhibition includes both foreign and domestic trade shows.
Activity 7: Export Training Workshops	Workshops and courses that directly benefit and assist eligible small businesses in gaining credible knowledge of export policies, regulations, and/or best practices.
Activity 8: Export Consultancy Service	Only allowable after an eligible small business consults with the U.S. Department of Commerce to avoid duplication of services.
Activity 9: Other Export Initiative	Must be determined appropriate by SBA's Office of International Trade. Foreign market sales trips are an appropriate use of funds under this activity.

GRANTEE DATA FINDINGS

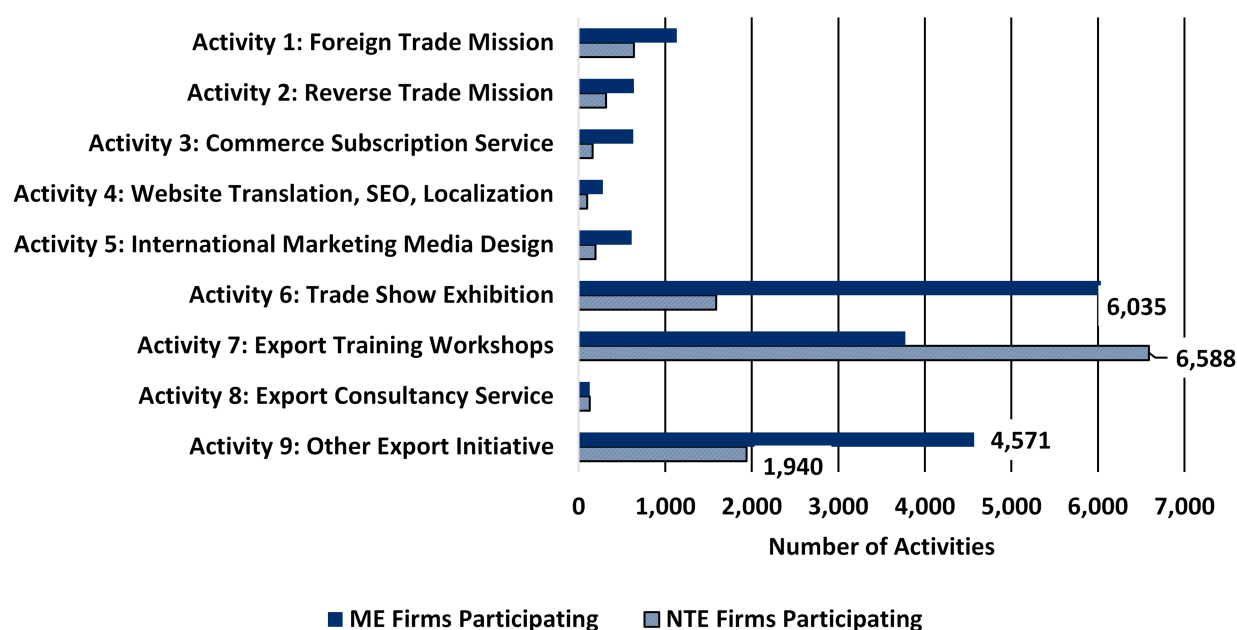
A goal of the STEP outcomes evaluation is to determine which of the approved STEP activities have the highest utilization by small businesses and which of the activities contribute most to program goals: namely, increasing the number of small businesses exporting and increasing the value of exports by

²³ The activities in Table 6 apply to the grantee data analyzed in this report. More recently, in response to challenges caused by the COVID pandemic, SBA expanded allowable activities to include those that aligned with emerging commercial practices such as hosted virtual trade missions, expanded eCommerce, additional website activities, and greater funding for shipping sample products.

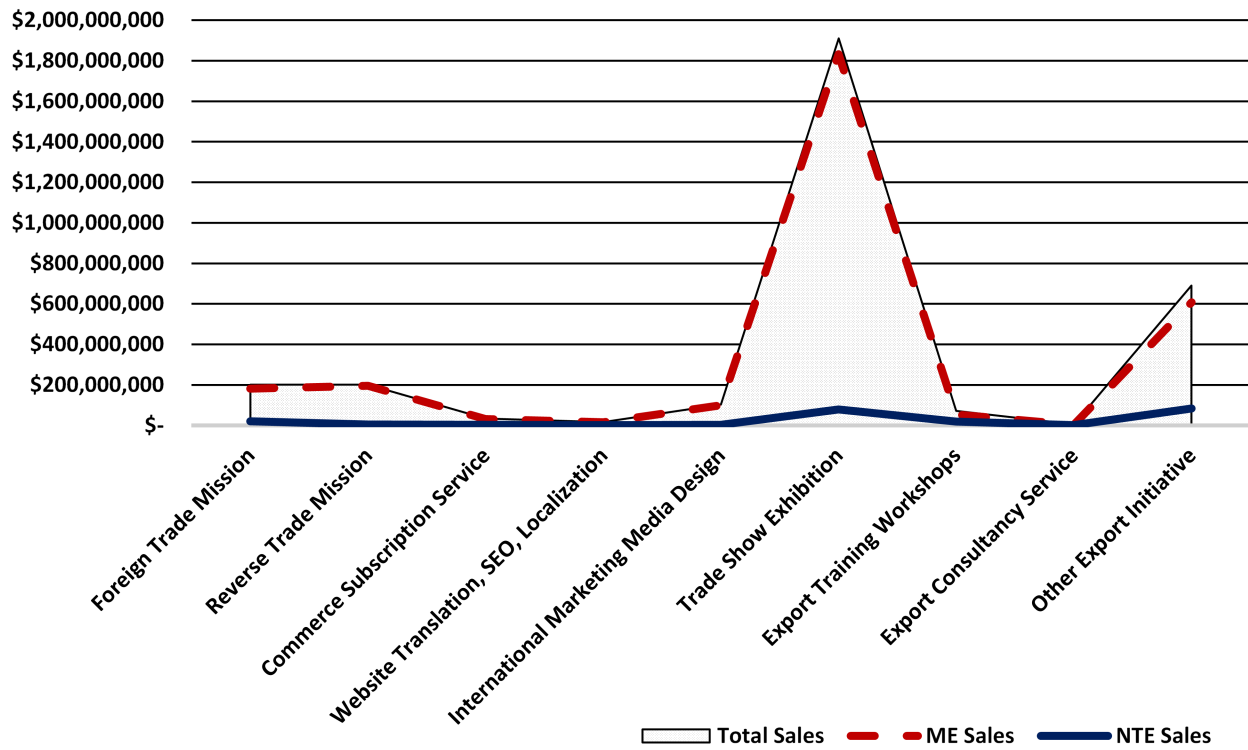
²⁴ Small Business Administration, Office of International Trade. (2020). *Notice of Funding Opportunity No. OIT-STEP-2020-01 - FY2020*. <https://www.sba.gov/sites/default/files/2020-02/STEP%20FY2020%20NOFO%20-%20FINAL%20-%20508%20Compliant.pdf>

small businesses. The 2M study team used the data grantees provided in the PPRs to examine the number of firms participating in each activity, export sales by activity, and ROI by activity. Exhibit 16 below shows activities by participating firms. Firms can participate in more than one activity. Therefore, the counts shown in Exhibit 16 are not unique counts. According to grantee data as reported in the PPRs, the most common activity that NTE firms participate in is export training workshops. NTE firms are small businesses that have not started exporting; therefore, it is realistic to expect that many are starting out in STEP by first participating in workshops on exporting. In contrast, ME firms (firms that are already exporting) show higher rates of participation in Trade Show Exhibitions. ME firms also participate in large numbers in Activity 9: Other Export Initiative, which includes foreign sales trips.

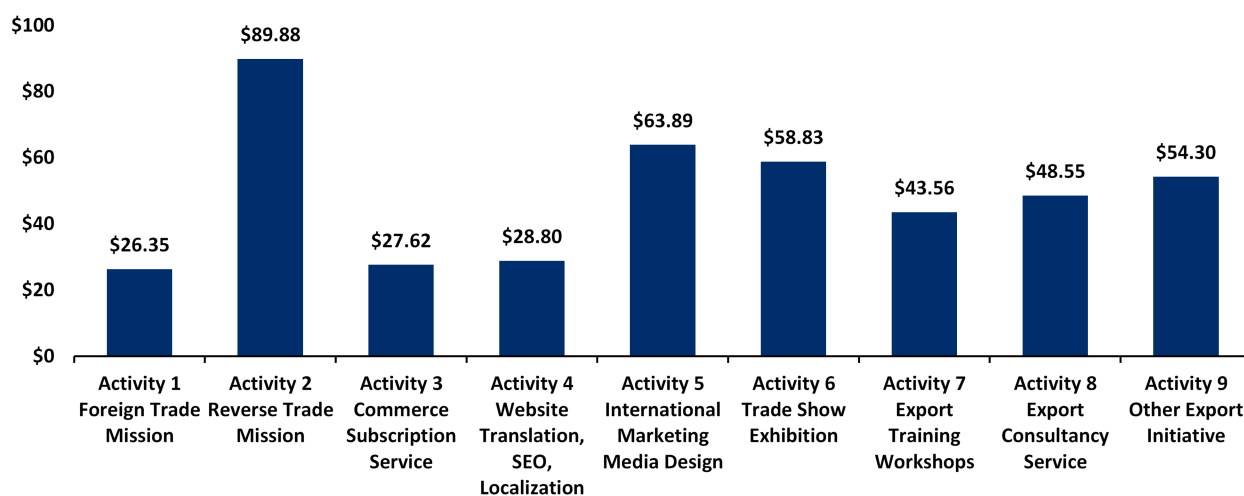
Exhibit 16: STEP Activities by Firms Participating



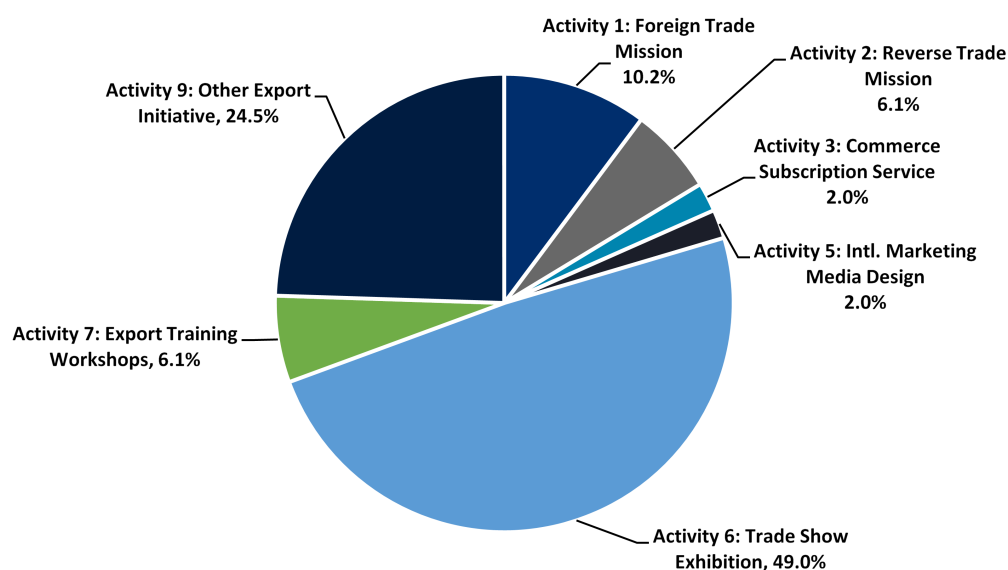
In addition to examining which activities have the highest rates of firm participation, the 2M study team also analyzed export sales data by activity type. Exhibit 17 below shows export sales aggregated over the FY 2014–18 time period. Export sales as a result of participating in Trade Show Exhibitions dominate overall sales, generating nearly \$2 billion. These sales are driven by ME firms, which participate heavily in trade show activities. Activity 9: Other Export Initiative, which includes foreign sales trips, is second in generating export sales with \$600,000,000 in export sales over the FY 2014–18 time period. Foreign Trade Missions and Reverse Trade Missions each contributed approximately \$200,000,000 in total export sales. Trade Show Exhibition sales are also concentrated in a handful of high-year grantees. Sales from Michigan's small businesses account for 36 percent of all trade show exhibitions sales, and just four states—Michigan, Washington, New Jersey, and North Carolina—account for 68 percent of all sales in this activity.

Exhibit 17: Export Sales by STEP Activity

As mentioned earlier in the report, ROI is a key metric for evaluating client and grantee STEP performance. In Exhibit 18, ROI is calculated using funds spent (as opposed to funds awarded) for federal expense. Activity 2: Reverse Trade Mission, has the highest ROI at \$89.88 among the nine STEP activities, followed by International Marketing Media Design and Trade Show Exhibition with ROIs of \$63.89 and \$58.83, respectively. Foreign Trade Missions have the lowest ROI among the approved STEP activities, with a calculated ROI of \$26.35.

Exhibit 18: STEP Activity by ROI

Although the STEP activity Trade Show Exhibitions only had the third highest ROI, 49 percent of states reported Trade Show Exhibitions as their STEP activity with the highest export sales. Other Export Initiative, which includes foreign sales trips, was reported by nearly 25 percent of states as the single STEP activity with the most sales for their state. Foreign Trade Mission was reported by 10 percent of states as the STEP activity with the most sales. No states reported Activity 4: Website, Translation, SEO Localization or Activity 8: Export Consultancy Service as the STEP activities with the most export sales for their states.

Exhibit 19: Percentage of States Reporting Highest Sales by Activity Type

INTERVIEW AND FOCUS GROUP FINDINGS

There's been a huge uptick in website development, search engine optimization, and web localization in international markets; translation of marketing materials; export training type work that can be done virtually. - Grantee

Grantees were asked to comment about the types of activities they funded. Their responses affirmed those presented in the grantee data; however, grantees did note changes in the types of funding after adjusting to businesses' needs during the COVID-19 pandemic. Grantees reported more diversity in activities being funded, with website translation/SEO/localization mentioned most often. Website translation/SEO/localization was followed by marketing, e-commerce, and shipping. This diversity shift contrasts with pre-COVID-19 activities involving travel, such as trade shows, foreign sales trips, or trade missions.

SUMMARY OF EQ2 FINDINGS - WHICH STEP ACTIVITIES CONTRIBUTE MOST TO CLIENT OUTCOMES?

The answer to the second EQ appears to be influenced by whether businesses are NTE firms or ME firms. The most common activity for NTE firms to participate in is export training workshops. In contrast, ME firms—firms that are already exporting—participate in Trade Show Exhibitions at higher rates. ME firms also participate in large numbers in Activity 9: Other Export Initiative, which includes foreign sales trips.

Trade Show Exhibitions dominate overall sales at \$2 billion over the FY 2014–18 time period, with 49 percent of states reporting Trade Show Exhibitions as the STEP activity with the highest export sales for their state. Trade Show Exhibition sales are concentrated among a handful of high-year grantees. Foreign Sales Trips, Foreign Trade Missions, and Reverse Trade Missions also demonstrated high sales. Although demonstrating high sales numbers, Trade Show Exhibitions only had the third highest ROI. The highest ROIs were for Reverse Trade Missions and Marketing Media Design.

These findings may undergo some change in a post-COVID-19 environment. Grantees noted recent shifts away from travel-related activities and increased funding for website translation/SEO/localization, marketing, e-commerce, and shipping.

EQ3. What are the Best Practices for STEP Grantees that Improve Client Outcomes?

Best practices were addressed in interviews and focus groups with STEP leaders, grant managers, and grantees. The following section addresses the main themes among these participants.

INTERVIEW AND FOCUS GROUP FINDINGS

Successful states take a holistic approach to the myriad reasons that a small business would not be exporting, attack those reasons for not exporting, and then turn the small business into an exporter and a job creator. -STEP Leadership

STEP leaders and grant managers believed that a **well-established state infrastructure** was an important best practice. For instance, a well-established infrastructure might be an established office in the state that oversees international trade and economic development and that has partnerships with other state, regional, and local agencies. With such an infrastructure, a state office can leverage STEP funding with other federal state or local resources.

One state was named as an example of a state with a well-established infrastructure that has various resources available for clients, such as small business development centers, state economic services, and trade finance. According to one SBA grant manager, applying for the STEP program in this state was like “sign[ing] up for an all-of-state-government approach to supporting exports, and it has produced incredible results.”

Other states described how they work in partnership with regional partner networks. For example, one state noted that regional export partners can engage with the client to guide them accurately through the STEP process. When a regional partner asks a question and the state STEP program clarifies it, STEP staff distribute that clarification to the entire regional export network. This promotes communication and connection among the groups in the network.

We have a network that we also support through our non-federal dollars. . . to generate activity within each region. We have this tight network [of four Regional Export Networks] so that we are amplifying each other's messaging and amplifying that there's resources like STEP available, but we're not duplicating each other's work. -Grantee

Another best practice identified by STEP leaders and grant managers is effective **marketing and outreach** efforts. High-year states sell the program, make small businesses aware of the program, and make small businesses aware of the funds available to them. Some of these practices included providing multiple small conferences for small businesses; when businesses show interest in the STEP program, grantees explain the funding opportunities and guide businesses through the funding application process.

Several [grantees](#) provided additional insights into their marketing and outreach efforts, describing efforts that they engaged in most frequently and thought were successful. Partnering with regional development authorities, local chambers of commerce, U.S. agencies, and local governments to spread awareness of STEP funding was considered one of the most effective outreach efforts. Marketing and outreach to small businesses was also conducted through communications on social media, email blasts, press releases, and agency websites. However, the value of direct contact to businesses through word-of-mouth, referrals, virtual events, and in-person events was also a key component to outreach. For example, one grantee emphasized developing ongoing relationships to educate and assist businesses. In these relationships, the grantee continuously has discussions with clients and encourages them. Grantees considered continuously encouraging small businesses and linking them to other resources to be a best practice, even if these businesses do not realize sales gains in the short term.

[STEP leaders and grant managers](#) believed that another best practice was **fully utilizing funds available to small businesses**. Some leaders and program managers noted that grantees do not always spend all their funding. However, grant managers working closely with and monitoring grantees helps ensure that awarded funds are fully expended. Leaders and managers considered it important for program staff to work closely with grantees to ensure they use all funds.

When they utilize their funds and we see a high return on investment of the STEP dollars, especially as it relates to supporting a number of small businesses, expanding to new markets, and export sales. . . that demonstrates real success with the program. -STEP Leadership

[Grantees](#) also noted some difficulties in fully using allocated funds. One difficulty is trying to adapt a business's desired activity into an existing allowable activity category. In some cases, grantees found that the business's desired activity matched the spirit of the STEP program, but the grantees were unsure whether the pitched activity fulfilled the categories provided. Grantees stated that, in these situations, a grantee's close relationship with the STEP grant manager—which one grantee described as “constant communication”—is helpful. The language of permitted activities is subject to interpretation; therefore, grantees' ability to quickly consult the STEP grant manager about these interpretations helps grantees serve their small businesses more effectively.

Grantees noted that following up with businesses is another best practice to ensure that businesses are able to spend all their awarded funding. If small businesses are unable to spend the funding, the grantee must have the business communicate that information so that the unspent funds may be awarded to another applicant. Small businesses have found utilizing funds during the COVID-19 pandemic to be particularly difficult because funds that were used for travel and shows now must be used for other allowable categories.

SUMMARY OF EQ3 FINDINGS - WHAT ARE THE BEST PRACTICES FOR STEP GRANTEES THAT IMPROVE CLIENT OUTCOMES?

For EQ3, interviews revealed that STEP leaders, grant managers, and grantees believed an office that leverages a **well-established state infrastructure** that is connected to other resources not only provides STEP funding but can also guide clients toward other state and federal resources. In contrast, a lack of infrastructure was expressed as a weakness in the [literature review](#) by Katz and Istrate (2011), who

noted that there is little intra-state coordination among export-focused groups in state-led export promotion programs. The authors suggested leveraging the resources of other organizations involved in export promotion including creating export councils or partner alliances, collaborating with other states or foreign partners, and actively engaging with the Federal Government.

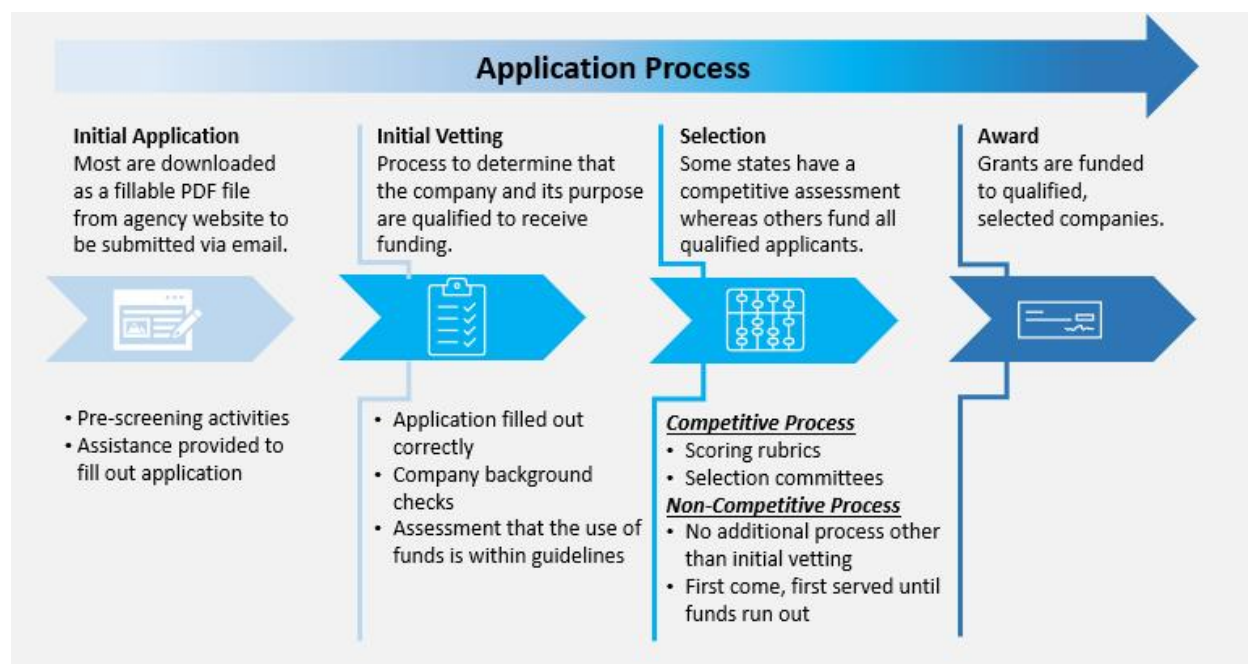
Grantees also expressed that **marketing and outreach** efforts were an important best practice, particularly personalized guidance, word-of-mouth referrals, and partnership with other agencies to “get the word out” about STEP funding. These qualities were emphasized over less personal (but still important) mass-marketing approaches, such as email blasts and social media use. Finally, grantee efforts to fully utilize available funds was considered a best practice.

Other Study Findings

Other topics were included in the interview and focus group discussions that did not address the EQs directly. However, examination of facilitators and barriers to program success provides insights that may help STEP fulfill its goals. Discussion of this examination takes place after a brief description of how the application process is administered among states that participated in interviews and focus groups.

APPLICATION PROCESS

Grantees discussed their application process for clients seeking STEP funding (Exhibit 20). All states had an **initial application** for small businesses to fill out. Some states offered assistance for filling out the application. A few states offered a preliminary application that collected minimal information, which would be used as a prequalifying application. In such cases, potentially qualified small businesses were provided instruction and login information for a portal that collected more detailed information. Some states only sent applications to businesses referred by a partner agency in the state. However, most states were open to accepting an application from any interested business. Most of these applications were a fillable PDF form that small businesses could complete and submit by email.

Exhibit 20: STEP Application Process Among States

States then conducted an **initial vetting** of the applicant to determine whether the business was qualified to receive funding. The initial vetting would include reviewing the application to determine whether it was filled out correctly and to ensure that the proposed use of funds was within program guidelines. Background checks on the companies were also commonly conducted.

Selection of small businesses for awards were determined on a competitive or noncompetitive basis. For states with a competitive process, grantees' evaluation of applications involved such measures as scoring rubrics and/or selection committees to determine which businesses were awarded funding. Other states had a noncompetitive process in which companies that passed initial vetting were awarded funds until the funds are depleted.

FACILITATORS FOR PROGRAM SUCCESS

The simplicity of quantifiable measures of success embedded in the statute are great. They keep us all very, very focused on what matters. -
STEP Leadership

STEP leaders and grant managers believed that one key facilitator of program and grantee success was **having quantifiable metrics of success**. These respondents believed that quantifiable measures provided an important opportunity for evaluating success at both the state and federal levels.

It's hard to gather [ROI] information from them because they're not seeing sales on a trade show floor or within the first 6 months of going to a new trade show. . . . [It] takes time to develop relationships. . . . I think their ROI could actually look a lot higher if we were given a longer window with which to report.

- Grantee

While *grantees* did not disagree with this sentiment, several grantees offered feedback on **making ROI measures more meaningful** or more effective. In particular, some grantees thought that the program would benefit from ROI measures that examined a longer timeframe than the export sales recorded in the current funding year. They expressed that relationships and, ultimately, sales exports resulting from STEP funding may take longer to develop than the time available during the current funding year.

STEP leaders and grant managers also believed that having **relationships with grantees**—being available and accountable to provide financial and technical assistance—was an important facilitator of success. This sentiment was echoed among *grantees* who stated that accommodating grant managers were an important facilitator of success. Grantees valued grant managers' flexibility and their availability to answer questions and provide assistance.

Grantees also emphasized the importance of **communication at all levels**. This included building relationships with local and state offices, engaging in direct and frequent contact with SBA, providing businesses with guidance toward other programs' resources, and promoting STEP among the business community.

BARRIERS TO SUCCESS

We are a small team with a big mission, which has stifled our ability to really go out there to visit the small businesses and our states because we just don't have the manpower to always be out there doing the monitoring that we would like to. -Grants Manager

STEP leaders and grant managers expressed that **staff capacity at the federal level** was a barrier to success. High caseloads among federal staff result in significant time devoted to monitoring (reviewing PPRs, Client Reports, reimbursements), which takes away from time managers could spend promoting the program.

Grantees' funding concerns were more related to being **able to utilize funding**, particularly during the COVID-19 pandemic. They noted challenges with fitting businesses' desired activities into existing allowable activity categories and challenges reallocating unused funds.

This finding echoes findings from the SBA OIG 2017 report discussed in the *literature review*. The results of the report suggest that improved oversight and reporting requirements, combined with better fund utilization rates, could improve outcomes for grant recipients and maximize STEP's potential.

STEP leaders, grant managers, and grantees discussed **administrative burden** as a barrier to the program's success. *STEP leaders and grant managers* mentioned that an excessive number of forms for grantees to fill out every quarter. *Grantees* echoed this sentiment, stating that forms can be a complicated quarterly requirement; businesses can be late reporting, and reentering data into provided spreadsheets or an online program is challenging. Some grantees noted that the use of an online management platform could help reduce administrative burden for application approvals and reimbursements. Grantees noted that the reimbursement process was time consuming and that some businesses do not submit documentation in a timely fashion.

This administrative burden may have been increased by the new reporting procedures implemented in 2014 and 2015 as result of OIG or GAO reviews, as discussed in the *literature review*. Indeed, STEP leaders and grant managers mentioned that program changes and improvements have added to both grant manager and grantee burden.

SUMMARY/CONCLUSIONS

The objective of STEP is to increase the number of U.S. small businesses that export, increase the dollar value of exports, and increase the number of U.S. small businesses exploring significant new trade opportunities. STEP is administered through SBA's Office of International Trade, the mission of which is to build the capacity of current and future small business exporters to compete in the global marketplace through capital, counseling, and advancement of commercial interests at home and abroad. In order to evaluate STEP's effectiveness and determine whether the program is meeting its goals, SBA contracted 2M to conduct a mixed-methods evaluation to answer key program outcome questions.

Are STEP grantees increasing the value of small business exports, reaching new clients, and producing new exports? Several findings support that STEP grantees are achieving these objectives, but results are mixed. ME export sales have increased steadily over the years—and while NTE export sales are much lower than ME sales, NTE sales have generally increased except for a small decline in 2016. Generally, as states spend more time in STEP, the value of their exports has performed above the value of mean exports attributable to STEP.

The total number of clients participating in STEP peaked in FY 2017, with 3,711 clients participating in STEP activities. The number of clients was greatest among states that had been in the program for more years. ME clients demonstrated larger counts than NTE clients over all FYs examined.

Grantee interviews indicate that STEP is producing new exports. The program decreases businesses' perception of the risk of attempting to reach new export markets and creates a global mindset. According to grantees interviewed, STEP provides opportunities that create new exporters.

What STEP activities contribute most to client outcomes? The answer to the second EQ regarding STEP activities appears to be influenced by whether or not businesses are NTE firms or ME firms. The most common activity for NTE firms to participate in is export training workshops. In contrast, ME firms—firms that are already exporting—participate in Trade Show Exhibitions at higher rates. ME firms also participate in large numbers in Activity 9: Other Export Initiative, which includes foreign sales trips.

Trade Show Exhibitions dominate overall sales at \$2 billion over the FY 2014–18 time period, with 49 percent of states reporting Trade Show Exhibitions as the STEP activity with the highest export sales for their state. Trade Show Exhibition sales are concentrated among a handful of high-year grantees. Foreign Sales Trips, Foreign Trade Missions, and Reverse Trade Missions also demonstrated high sales. Despite high sales numbers, Trade Show Exhibitions only had the third highest ROI. The highest ROIs were for Reverse Trade Missions and Marketing Media Design.

These findings may undergo some change in a post-COVID-19 environment. Grantees noted recent shifts away from travel-related activities and increased funding for website translation/SEO/localization, marketing, e-commerce, and shipping. This shift may be an area for future research if travel activities are significantly curtailed for the next couple of years.

What are the best practices for STEP grantees to improve client outcomes? A number of best practices were identified through the literature review and through interviews and focus groups with STEP leadership, grant managers, and grantees. Interviews revealed that STEP leaders, grant managers, and

grantees believed a well-established state infrastructure was a best practice. An example of this infrastructure might be an established office in the state that oversees international trade and economic development and that has partnerships with other state, regional, and local agencies. With such an infrastructure, a state office can leverage STEP funding with other federal state or local resources. Lack of such infrastructure was expressed as a weakness of many states in the literature review.

Grantees also expressed that marketing and outreach efforts were an important best practice, particularly personalized guidance, word-of-mouth referrals, and partnership with other agencies to “get the word out” about STEP funding. These qualities were emphasized over less personal (but still important) mass-marketing approaches, such as email blasts and social media use. Finally, grantee efforts to fully utilize available funds was considered a best practice.

In addition to answering the EQs, the qualitative research also identified a number of facilitators and barriers to the success of the STEP program. The facilitators to success include quantifiable metrics of success for STEP awards and longer periods in which to assess ROI, funding availability, close grant manager/grantee relationships, and clear and consistent communication at all levels (STEP program, grantees, small businesses, state and local partners). Barriers to success include heavy caseloads for SBA grant managers, limited funding, concerns about fund utilization, and heavy administrative burdens.

RECOMMENDATIONS

The findings of this study inform the following recommendations:

- 1) **Review with grantees the best practices identified in this report.** SBA managers should communicate with grantees the identified best practices to assess how they could be implemented at the state level.
- 2) **Coach grantees to develop networks with federal, state, regional, and local resources.** Grantees with a well-established state infrastructure were believed, by both SBA grant managers and grantees, to be more effective in connecting clients with the most beneficial resources. Future research should explore this theme more closely:
 - a. What are the concepts that define and metrics that identify a “well-established infrastructure?”
 - b. What is the impact of a well-established infrastructure on ROI and client counts?
- 3) **Find and facilitate ways that STEP grantees can utilize all their STEP grant funding.** *Grantees’* funding concerns were most related to being able to utilize funding, particularly during the COVID-19 pandemic. They noted challenges with fitting businesses’ desired activities into existing allowable activity categories and challenges reallocating unused funds. Grantees that actively engaged with their clients to facilitate the full usage of funds reportedly had more success in having funds spent. How grantees successfully facilitate this process is an area of future research that could examine methods of facilitation in comparison to expenditures of awarded funds.
- 4) **Reduce administrative burden by streamlining the process for application approvals and reimbursements.** STEP leaders and grant managers expressed there were an excessive number of forms for grantees to fill out every quarter. Grantees echoed this sentiment, stating that forms can be a complicated quarterly requirement. Some grantees noted that the use of an online management platform could help reduce administrative burden for application approvals and reimbursements.

APPENDIX A: GRANTEE INTERVIEW DISCUSSION GUIDE

Note: These discussions are designed to elicit feedback that can be used to improve STEP program service delivery both from the SBA to STEP awardees and from STEP awarded organizations to small businesses.

Introduction

Thank you for taking the time to talk with us today about the State Trade Expansion Program (STEP). My name is [NAME OF INTERVIEWER], and I'm a researcher at 2M Research, a consulting firm specializing in research, program evaluation, and technical assistance. On the phone with me is my colleague [NAME OF NOTE TAKER], who will be taking notes during the interview.

SBA has contracted 2M to conduct an evaluation of STEP outcomes. As part of our evaluation efforts, we're conducting interviews with SBA leadership, STEP grant managers, and a sample of STEP grantees. This interview will focus on your perspective on the program, the process for implementing STEP grants in your state, your work with small businesses, your perspectives on the impact of the program in your state, and your recommendations for SBA. The information will be used to develop a better understanding of the program, share best practices with SBA, and inform SBA's work moving forward.

Confidentiality

Your personal information will be kept confidential. We will organize responses from the interviews into general themes, and no individuals will be identified by name in reports.

Permission to Record

We'd like to record today's interview so that we can ensure that our notes are accurate. We will not share the recording with anyone outside of the evaluation team. Do we have your permission to record?

[IF YES] Thank you. We'll start the recording now.

[IF NO] That's fine. We'll rely on our notes for this interview.

Do you have any questions before we begin?

Background

I'd like to start our conversation by discussing the process in your state for managing STEP grants, and your role in that process.

1. What office or department within your state manages STEP grants?
2. What does your role entail?
 - a. How long have you been working on STEP?
3. Does your state have any other similar export programs?

Working with Small Businesses

Let's talk now about your work with small businesses.

4. What marketing and/or outreach activities do you use to advertise STEP and to encourage small businesses to apply?
5. What is the application process for small businesses that wish to receive STEP funds?
 - a. What guidance is provided to small businesses completing the application process?
 - b. What criteria are used to select small businesses to receive funds?
 - c. What, if any, feedback is provided to declined applicants?
6. What types of activities do small businesses participate in using their STEP funds? (*Interviewer note: These activities should be one or more of the nine funded STEP activities; see end of protocol for list.*)
 - a. Of these, which activities are most common?
7. What do you consider to be best practices for implementing your STEP grant? (E.g., comprehensive screening process, strong partnership network, automation/online tools, export promotion programs are high priority.)

Impact of the Program

And finally, I'd like to ask about your perspective on the impact of the program.

8. From your perspective, what impact have you seen from STEP on small businesses in your state? (E.g., sales, number of small businesses new to exporting, increased number of exports, return on investment.)
 - a. [IF NEEDED]: What do you think is working particularly well in your state?
 - b. [IF NEEDED]: What challenges have you encountered?
9. How does SBA facilitate your work with small businesses (specifically regarding STEP)?
10. Do you have any recommendations for SBA for ways STEP could be improved?
11. Is there anything else about the program you think is important to share with us?

That completes our interview. I appreciate you taking the time to speak with me today. Thank you again!

Interviewer Notes

STEP activities include (1) foreign trade mission; (2) reverse trade mission; (3) commerce subscription service; (4) website translation, SEO, localization; (5) international marketing media design; (6) trade show exhibition; (7) export training workshops; (8) export consultancy service; and (9) other export initiative.

APPENDIX B: GRANTEE FOCUS GROUP DISCUSSION GUIDE

Note: These discussions are designed to elicit feedback that can be used to improve STEP program service delivery both from the SBA to STEP awardees and from STEP awarded organizations to small businesses.

Introduction

Thank you for taking the time to talk with us today about the State Trade Expansion Program (STEP). My name is [NAME OF INTERVIEWER], and I'm a researcher at 2M Research, a consulting firm specializing in research, program evaluation, and technical assistance. On the phone with me is my colleague [NAME OF NOTE TAKER], who will be taking notes during the interview.

SBA has contracted 2M to conduct an evaluation of STEP outcomes. As part of our evaluation efforts, we're conducting interviews with SBA leadership, STEP grant managers, and a sample of STEP grantees. This focus group will ask about your perspective on the program, the process for implementing STEP grants in your states, your work with small businesses, the impact of the program in your states, and your recommendations for SBA. The information will be used to develop a better understanding of the program, share best practices with SBA, and inform SBA's work moving forward.

Confidentiality

Your personal information will be kept confidential. We will organize responses from the interviews into general themes, and no individuals will be identified by name in reports.

Permission to Record

We'd like to record today's interview so that we can ensure that our notes are accurate. We will not share the recording with anyone outside of the evaluation team. Do we have your permission to record? [ASK PERMISSION OF ALL PARTICIPANTS]

[IF ALL STATE YES] Thank you. We'll start the recording now.

[IF ONE OR MORE STATE NO] That's fine. We'll rely on our notes for this interview.

Do you have any questions before we begin?

Background

Let's begin by taking a minute or two for introductions. Please tell us your name, your state, and your role in implementing STEP grants in your state.

Working with Small Businesses

Let's talk now about your work with small businesses.

1. What marketing and/or outreach activities do you use to advertise STEP and to encourage small businesses to apply?

2. What types of activities do small businesses participate in using their STEP funds? (*Interviewer note: These activities should be one or more of the nine funded STEP activities; see end of protocol for list.*)
3. What do you consider to be best practices for implementing your STEP grant? (E.g., comprehensive screening process, strong partnership network, automation/online tools, export promotion programs are high priority.)

Impact of the Program

And finally, I'd like to ask about your perspective on the impact of the program.

4. From your perspective, what impact have you seen from STEP on small businesses in your state? (E.g., sales, number of small businesses new to exporting, increased number of exports, return on investment.)
5. How does SBA facilitate your work with small businesses (specifically regarding STEP)?
6. Do you have any recommendations for SBA for ways STEP could be improved?
7. Is there anything else about the program you think is important to share with us?

That completes our interview. I appreciate you taking the time to speak with me today. Thank you again!

Interviewer Notes

STEP activities include (1) foreign trade mission; (2) reverse trade mission; (3) commerce subscription service; (4) website translation, SEO, localization; (5) international marketing media design; (6) trade show exhibition; (7) export training workshops; (8) export consultancy service; and (9) other export initiative.

APPENDIX C: GRANT MANAGER INTERVIEW DISCUSSION GUIDE

Introduction

Thank you for taking the time to talk with us today about the STEP program. My name is [NAME OF INTERVIEWER] and I'm a researcher at 2M Research, a consulting firm specializing in research, program evaluation, and technical assistance. On the phone with me is my colleague [NAME OF NOTE TAKER] who will be taking notes during the interview.

2M has been contracted by SBA to conduct an evaluation of the STEP program. As part of our evaluation efforts, we're conducting interviews with SBA leadership, STEP grant managers, and a sample of STEP grantees. This interview will focus on your perspective about the program; your knowledge about the grantees; their activities, outcomes, and best practices; and what you see as the facilitators of and barriers to program success. The information will be used to develop a better understanding of the program and inform the work of the evaluation team moving forward, particularly with respect to interviews with STEP grantees that are planned for later this year.

Confidentiality

Your personal information will be kept confidential. We will organize responses from the interviews into general themes, and no individuals will be identified by name or role in reports.

Permission to Record

We'd like to record today's interview so that we can ensure that our notes are accurate. We will not share the recording with anyone outside of the evaluation team. Do we have your permission to record?

[IF YES] Thank you. We'll start the recording now.

[IF NO] That's fine. We'll rely on our notes for this interview.

Do you have any questions before we begin?

Background with STEP

1. I'd like to start our conversation by discussing your role in the program.
 - a. How long have you worked with SBA on STEP?
 - b. What does your role in the STEP program entail?
2. Let's discuss the progress being made toward the program goals of increasing small businesses that are exporting and increasing the value of their exports. From your perspective as grant managers, what impact have you seen from the program on small business exports?
 - a. What do you think is working particularly well?
 - b. What challenges have you encountered?
3. What is the application process in the states that you manage? What kinds of requirements do states have for applicants?

Expected Outcomes of the Program

4. Let's talk now about outcomes of the program. What outcomes do you expect to see for grantees participating in the STEP program?
 - a. What outcomes do you expect during the grant period?
 - b. What outcomes, if any, after the grant period has ended?
5. What are your thoughts on the reporting process for grantees?
 - a. What helps you understand the activities and outcomes of the grantees you manage?
 - b. What else would you like to see included in grantee reports?

Best Practices

6. Now I'd like to talk about best practices. From your perspective as grant managers, what practices do you consider to be associated with grantee success (that is, grantees that are high performing)?
 - a. What does high performing mean to you?

Facilitators of and Barriers to Program Success

7. And lastly, I'd like to talk about facilitators of and barriers to program success. From your perspective as grant managers, what do you consider to be facilitators of:
 - a. The program's success (that is, meeting program goals)?
 - b. The grantees' success (that is, grantees that are high-performing)?

(PROMPT IF NEEDED: A couple of examples of facilitators reported by grantees are: funding and participation in trade shows.)

8. What do you consider to be barriers to:
 - a. The program's success?
 - b. The grantees' success?

(PROMPT IF NEEDED: A couple of examples of barriers reported by grantees are: policies/regulations and communication about their grant.)

9. Is there anything else about the program you think is important to share with us?

That completes our interview. I appreciate you taking the time to speak with me today. Thank you again!

Interviewer Notes

STEP activities include 1) foreign trade mission, 2) reverse trade mission, 3) commerce subscription service, 4) website translation, SEO, localization, 5) international marketing media design, 6) trade show exhibition, 7) export training workshops, 8) export consultancy service, 9) other export initiative.

APPENDIX D: LEADERSHIP INTERVIEW DISCUSSION GUIDE

Introduction

Thank you for taking the time to talk with us today about the STEP program. My name is [NAME OF INTERVIEWER] and I'm a researcher at 2M Research, a consulting firm specializing in research, program evaluation, and technical assistance. On the phone with me is my colleague [NAME OF NOTE TAKER] who will be taking notes during the interview.

2M has been contracted by SBA to conduct an evaluation of the STEP program. As part of our evaluation efforts, we're conducting interviews with SBA leadership, STEP grant managers, and a sample of STEP grantees. This interview will focus on your perspective about the program; its goals, expected outcomes, and best practices; and what you see as the facilitators of and barriers to program success. The information will be used to develop a better understanding of the program and inform the work of the evaluation team moving forward, particularly with respect to interviews with STEP grantees that are planned for later this year.

Confidentiality

Your personal information will be kept confidential. We will organize responses from the interviews into general themes, and no individuals will be identified by name or role in reports.

Permission to Record

We'd like to record today's interview so that we can ensure that our notes are accurate. We will not share the recording with anyone outside of the evaluation team. Do we have your permission to record?

[IF YES] Thank you. We'll start the recording now.

[IF NO] That's fine. We'll rely on our notes for this interview.

Do you have any questions before we begin?

Background with STEP

1. I'd like to start our conversation by discussing your role in the program.
 - a. How long have you worked with SBA on STEP?
 - b. What does your role in the STEP program entail?
2. Let's discuss the progress being made toward the program goals of increasing small businesses that are exporting and increasing the value of their exports. From your perspective as a member of the leadership team, what impact have you seen from the program on small business exports?
 - a. What do you think is working particularly well?
 - b. What challenges have you encountered?

Expected Outcomes of the Program

3. Now let's talk now about outcomes of the program. What outcomes do you expect to see for grantees participating in the STEP program?
 - a. What outcomes do you expect during the grant period?
 - b. What outcomes, if any, do you expect after the grant period has ended?
 - c. In your experience, does the length of the grant (1 year versus 2 years) have an impact on grantee outcomes?

Best Practices

4. Now I'd like to talk about best practices. From your perspective as a member of the leadership team, what practices do you consider to be associated with grantee success (that is, grantees that are high performing)?
 - a. What does high performing mean to you?

Facilitators of and Barriers to Program Success

5. And lastly, I'd like to talk about facilitators of and barriers to program success. From your perspective as a member of the leadership team, what do you consider to be facilitators of:
 - a. The program's success (that is, meeting program goals)?
 - b. The grantees' success (that is, grantees that are high-performing)?

(PROMPT IF NEEDED: A couple of examples of facilitators reported by grantees are: funding and participation in trade shows.)

6. What do you consider to be barriers to:
 - a. The program's success?
 - b. The grantees' success?

(PROMPT IF NEEDED: A couple of examples of barriers reported by grantees are: policies/regulations and communication about their grant.)

7. Is there anything else about the program you think is important to share with us?

That completes our interview. I appreciate you taking the time to speak with me today. Thank you again!

Interviewer Notes

STEP activities include 1) foreign trade mission, 2) reverse trade mission, 3) commerce subscription service, 4) website translation, SEO, localization, 5) international marketing media design, 6) trade show exhibition, 7) export training workshops, 8) export consultancy service, 9) other export initiative.