

## **5 Reasons Why US Companies Should Export**

By: Tatiana Bertolo, EXIM Small Business Group

Are you thinking about exporting your goods and [services abroad](#) because you're being pulled in by international buyer interest? Are you looking to find new cash flow streams? These are some major questions that businesses get faced with, but pulling the trigger to export is not easy for many, so we've listed 6 reasons why U.S. companies (small or large) should consider entering the exporting world:



### **1. Exporting Can Accelerate Company Valuation**

Exporters enjoy higher valuations than their non-exporting peers. One of the key factors that determines the Valuation Multiple is market risk. Because exporting companies operate in more than one economy, they spread their market risk, and thereby reduce it. This causes the Multiple to go up. Additionally, the majority of exporters enjoy higher margins and that raises their earnings before interest, taxes, depreciation and amortization (EBITDA).

### **2. Exporters Become More innovative 2 Years After Starting to Export**

A study done by professors at USC and the University of Minnesota found that 2 years after exporting, exporters file 7 times MORE patents and deliver 4 times MORE product innovations than their non-exporting peers. That's because exporters can often access diverse knowledgebase not available in the domestic market.

### **3. Exporters Enjoy Higher Productivity**

Exporting plants with less than 250 employees had 1.9 times more revenue than non-exporting plants according to the U.S. Census. The U.S. International Trade Commission found that U.S. small and medium sized enterprises (SMEs) manufacturing exporters earned more per firm than non-exporters. Also, labor productivity as measured by revenue per employee was over 70% greater for manufacturing SMEs.

### **4. Exporters Enjoy Stronger Workforce**

In the analysis of 94 of the largest 100 metropolitan areas, for every \$1 billion in exports of a metro area industry, workers in that industry earn roughly 1 to 2 percent higher wages, including employees without high school diplomas. This wage effect can be seen even adjusting for worker characteristics, occupation, or the characteristics of the metropolitan area. Firms that export have been shown to be more skilled and capital-intensive, more productive, and pay higher wages than non-exporting firms, regardless of their size.

### **5. Exporters Grow Faster**

The U.S. International Trade Commission, in examining the domestic and global operations of SMEs, found that U.S. exporting SMEs outperform their non-exporting SME counterparts by several measures. Whether they deal in services or manufacturing, exporting SMEs show higher total revenues, faster total revenue growth, and higher labor productivity than their non-exporting SME counterparts.

### **6. The Scale of the Export opportunity is Huge**

About 95% of consumers and 84% of spending power resides outside the U.S. As the middle class grows around the world, an increasing share of spending power will be outside the U.S. The majority of the SMEs who do export are reactive or passive exporters rather than strategic exporters.

Please be aware that there is assistance available that can help your company enter the exporting world and help secure international sales. These include services offered by the U.S. Department of Commerce, the Small Business Administration and the Export-Import Bank of the U.S. For more information on how EXIM Bank can help you grow global sales, please contact your EXIM [local business development office](#).

*Note: the information above is credited to the [Metropolitan Milwaukee Association of Commerce's World Trade Association](#)*