LOUISIANA'S GLOBAL OPPORTUNITIES AND NEEDS

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EXECUTIVE SUMMARY

The intensely competitive global marketplace and the global economic competition which has replaced the Cold War have forced all nations to rethink their international trade policies. In the U. S., which has not formulated a comprehensive global trade agenda, individual states are often left to set their own international objectives. Within the state of Louisiana, 15 international trade assistance organizations serving the business community initiated a study for gathering and analyzing information to plan a systematic internationalization strategy.

Encompassing the first step in the process of accomplishing the internationalization strategy, this paper presents the results of a **survey** administered to the entire identified population of 2,415 Louisiana exporters and importers. The report includes 96 tables which are based on the information provided by the survey's 486 respondents. The first set of 17 cross tabulations identifies the respondents' most:

- distinctive characteristics (by size, ownership, scope of operations, and so forth),
- important export markets (i.e., Canada, Mexico and Latin America),
- important import sources (i.e., Canada, Mexico and Western Europe), and
- frequently used trade assistance providers (freight forwarders and the World Trade Center of New Orleans);

as well as the respondents satisfaction level with the various international trade services, ranging from trade missions (the lowest) to those services provided by freight forwarders (highest); international marketing, procurement and financial practices; and their international performance during the past five years (most have increased their revenues, exports and imports).

The initial analysis is followed by:

- a more specific contrast (in 15 tables) of the responses given by small and large firms;
- in-depth analyses (in 31 tables) of the relationships between the respondents' satisfaction with the international trade services they receive and their (1) international marketing experience, (2) the international procurement experience, and (3) the international trade support agencies with which they do business; and
- a concise analysis (in 10 tables) of their international payment practices and overall international trade performance.

The report concludes with a series of recommendations, including the need to improve trade missions and the services provided to small businesses. It emphasizes the need for continued coordination and collaboration of all private and public organizations serving the needs of Louisiana's international trade community.

The report was prepared by Joseph Ganitsky and Rajiv Mehta, both from the College of Business Administration at Loyola University New Orleans, with the cooperation of Paul Jenny (MBA student), Tanya Rasa, Delta Region U.S. Export Assistance Center, and Jack Walker, World Trade Center of New Orleans. The study was co-sponsored by 15 international trade support organizations.

New Orleans, May 6, 1998.

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New Orleans, May 6, 1998.

TABLE OF CONTENTS

LOUISIANA'S GLOBAL OPPORTUNITIES AND NEEDS

A. Introduction

The purpose of this report is to present the results of a survey that was initiated in June 1997 in concert with fifteen international trade assistance organizations serving the Louisiana business community. The intent of the survey was to assess Louisiana's global business opportunities and needs in an effort to enhance the State's international trade competitiveness. The survey's secondary objective was to give trade assistance providers pertinent information on current services and identify improvements and if new services are needed. The fifteen co-sponsor agencies (See **Exhibit 1**) collaborated to formulate the questions that were included in the survey. They also provided funding for the study. The Governor of Louisiana, Mike Foster, Jr. endorsed this project with his letter of support which accompanied the survey (See **Exhibit 2**).

This report is divided in four major sections. The first section examines Louisiana's international trade performance and challenges within the New World Order from a broad perspective. The second section describes the study's methods, and the third its main findings. The fourth section discusses the conclusions and recommendations emerging from these findings. The appendix includes references, exhibits, charts, figures, and almost 100 tables supporting this report's analyses.

B. Background

I. New World Order

During the 1990s three prominent changes significantly reshaped the global economy and heralded in a "New World Order:" First, the collapse of the former soviet block, which has redefined most national political agendas, altered the balance of power in international relations, and augmented the democratization process all over the world. Second, the dismantling of protective policies in most nations and sectors, which has brought a more interdependent and competitive global economic system where capitalism and market forces are thriving. And third, the increasingly faster pace with which technological innovations are diffused, has facilitated the information age revolution, which has in turn brought about greater freedom of speech worldwide and a renewed focus on the development of knowledge-based expertise for individual and collective progress.

Perhaps the greatest impact of this New World Order has been on the nation-state's sovereignty in terms of exploiting its vulnerabilities in financial markets and elsewhere. As a result, nations have been forced to redefine the extent of control over domestic fiscal and monetary policies, foreign economic policies, international business (Drucker, 1997), and their relations with multinational and transnational corporations, and other states (Slaughter, 1997).

Within this new, intensely competitive world order, both the public and private sectors—constrained by limited resources, and confronted with increased demands—have become more selective in their missions and strategies. Consequently, they have divested functions to other players who perform them more efficiently. In addition, they have become efficient in allocating and using resources, and have focused on exceeding the expectations of their constituents. Thus, instead of working in isolation and imposing unnecessary conditions upon each other, the public and private sectors, in concert, must configure new cooperative paradigms in the formulation and implementation of strategies for mutual advantage.

In this New World Order, development policies and strategies to enhance national and regional competitiveness need to be based in the proper identification and match of global opportunities with their distinctive sustainable advantages. In fact, Porter (1990), Enright et al. (1994), and Gutierrez (1996), among others, consistently assert that this identification and matching process implies that public policies should be set to encourage an environment which fosters competitive opportunities and pressures for continued innovation. Additionally, these scholars maintain that the development of specialized and advanced factors of production, superior product differentiation, and focus on under-served market segments need to be manifested.

II. Trade Policies

In most countries the most crucial trade development policies tend to be national. Yet, in the U.S., State and local policies are also paramount, as Maryland's International Strategic Plan—to mention the most recent—illustrates (Clearinghouse, 1997). As a result, states and regions not only compete with the rest of the world; they also compete with each other. Nevertheless, several national sectorial-targeting policies adopted by some countries have proven to be either shortsighted (Yoffie and Casseres, 1994) or only effective for limited periods (Tyson, 1991). Consequently, the limited scope and resources of governments in this New World Order calls for the creation of public-private alliances to foster global political advantage (Yoffie, 1988), knowledge through collaboration (Inkpen, 1996), and communities of leaders and learners (Senge, 1997). These communities and leaders—and they differ from location to location within nations—can thrive in the global economy when their efforts are focused on concepts, competencies, and connections (Moss Kanter, 1995).

The emerging framework for the enhancement of regional competitiveness, thus, is more comprehensive and demanding. Limited resources must be used more efficiently, foremost, by eliminating redundancies, focusing on key areas/activities, and leveraging everyone's expertise and networks towards common goals (see for example, Shanklin and Ryans, 1998). The obvious implication is that to develop real advantages different players need to learn to collaborate by developing relationships based on trust. The transition from the old to the new paradigm mandates a real challenge that needs to be better understood because transitions are notoriously complicated, which makes them a weak link in changing markets (Eisenhardt and Brown, 1998).

III. Louisiana's Transition

To make strides to enter this New World Order, both Louisiana's public and private sectors need to: (1) develop concepts, competencies and connections; (2) identify its global opportunities and sources of advantage; and (3) create and reinvent their future. These are crucial directions, because the Old World order's traditions and benefits still shape the behaviors of key players in most communities.

The lessons emerging from Louisiana's attempts to enter the New World Order might be relevant to other regions, especially when one leverages its international trade strengths and takes into account its international trade weaknesses. Specifically, during the past five years Louisiana exhibited a relatively good trade performance. Its exports per capita, which are the second highest in the U.S., trails only Washington State. In addition, Louisiana's international trade growth, after years of decline and neglect, has been growing at a much faster pace than most other U.S. regions (see **Chart 1**).

Concerted and aggressive efforts are being made by Louisiana's business, public, and academic constituents to develop trade leads and to position the region as a major trade center. These efforts are yielding already strong economic ties with various Latin American countries. Louisiana's infrastructure has been upgraded in large part by trade firms and support institutions. For example, the Port of New Orleans just finished a 5-year $500 million enhancement program (Blalock, 1995), and is planning to build over the next decade a 750-acre, half a billion dollars Super Port to capture 40% of next century's containerized traffic between North and South America (Darce, 1998).

During the last five years, an increasing number of trade facilitating agencies in Louisiana (e.g., banks, freight forwarders, transportation companies) have merged and/or re-engineered their operations to provide efficient and specialized services. Their diverse customer base includes a mix of well-established small local and foreign firms in the transportation, oil and gas, and agribusiness sectors. These companies have developed distinct competencies (e.g., in diving and environmental remediation services, seafood and hot sauces) that have allowed them, and the entire region, to succeed in their international pursuits (Ganitsky et al. 1997).

However, the above favorable indicators are misleading. They conceal the importance of Louisiana's strategic location at the mouth of the Mississippi. This is because the transshipment of goods produced and consumed in other locations does not necessarily translate into local prosperity. Moreover, the State's international trade volume is **not** generating as much value as it could, nor is it contributing enough to improve local living standards. As such, Louisiana still ranks next to last in most favorable national economic indices (e.g., GNP per capita), and social indices (e.g., education, age expectancy, safety).

Furthermore, the State's weaknesses are manifested in its manufacturing and technology bases, financial services, air cargo and passenger services, trade promotion efforts, and pool of trained human resources. For example, in greater New Orleans, approximately 6% of its businesses have international operations in comparison to 11% in Houston and 12% in Miami. Consequently, Louisiana's leadership in per-capita international trade volume continues to be threatened by other States.

Over the past two years, the State's private and public leaders, after a careful assessment of its internationalization strengths and weaknesses, have concluded that to surpass its domestic competitors and profit from its international opportunities, it must (1) develop new sources of sustainable competitive advantage, and (2) focus its strengths on those products and foreign markets offering the greatest potential benefits. They have also recognized that to formulate their joint strategies they would need to develop a cohesive framework based on thoroughly gathered and analyzed information. In the past, their instinctive response was to conduct economic studies independently. However, they soon realized that such efforts would lead to unnecessary duplications and likely limited relevance of their findings. Hence, fifteen of the State's trade supporting organizations decided to collaborate by undertaking the present study, which is described in the following section.

B. Research Methodology

I. Questionnaire Development

Several drafts of a questionnaire focusing on **Louisiana's Global Opportunities and Needs** were developed by incorporating **input** from all co-sponsors. The final questionnaire comprised of two sections (See **Exhibit 3**). The first section focused on each respondent's trading regions, support institutions used, and satisfactions with the services received. The second section elicited information on the company's scope of operations, performance, and demographic characteristics.

II. Sample

The survey was mailed to the entire population of Louisiana importers and exporters. The mailing list was compiled from the internal databases of the Delta Region US Export Assistance Center, the World Trade Center of New Orleans, the State's Department of Economic Development, MetroVision, Le Centre International (Lafayette), the Southern US Trade Assistance Center (SUSTA), and Shreveport's Department of Commerce, as well as the companies listed in Louisiana Manufacturer's Directory (Harris Guide), and the Port Import and Export Reporting System (PIERS).

III. Data Collection

Two weeks prior to mailing the questionnaires, the State's leading business media (e.g., City Business, Times Picayune, Louisiana's International Trade bulletin) published a press release to increase the business community's awareness of, and participation in the forthcoming study.

The survey was administered using a two-step procedure. In the first phase, a packet containing a cover letter, the survey and a pre-addressed, postage-paid reply envelope was mailed to the target respondents. The State Governor's cover letter explained the purpose of the study, importance of respondent participation, and the time frame within which to return the questionnaire. In an effort to obtain a high level of participation, respondents were offered an executive summary of the findings upon completion of the study. Moreover, all were assured that their responses would be kept confidential.

In the second phase of the data collection process, a survey was faxed to those study participants who had not responded within the first two weeks. The follow-up letter (See **Exhibit 4**) that accompanied the survey reminded participants to complete and return the survey within the pre-specified time-period.

IV. Response Rate and Sample Characteristics

Of the total 2,415 questionnaires distributed, 106 were returned undeliverable. A total of 486 surveys were received within the specified time frame, which yielded an overall response rate of 21%. Twelve surveys were considered unusable because of incomplete data and were removed from further data analysis. Thus, the usable response rate was 20.6%. In all likelihood, the length of the questionnaire suppressed the overall response rate.

As presented in **Table 1**, the data indicate that the majority (59%) of participants represented manufacturing firms, 19.8% were employed by distributors, 7% served marketing firms, and the remaining 14% worked for service-based organizations. Sixty-three percent of the firms marketed their products/services to industrial customers, 34% to consumers, and the remaining 3% to government organizations. More than 36% of the study participants considered their firms' scope of operations as global, 30% national, 21% local, and 13% regional.

As shown in **Table 2,** 50% of the companies were locally-owned, 28% were owned by individuals, 12% were subsidiaries of other U.S. corporations, and approximately 11% each were either subsidiaries of foreign corporations or partnerships. About a third of the firms had been in business between 11-25 years, another 34% had been operating for more than 26 years, while 20% had been operating less than 10 years.

It is evident from the data reported in **Table 3** that the respondents represented an evenly distributed cross-section of small- (below $2 million in annual U.S. sales), medium- ($2 million to $10 million in annual U.S. sales), and large- ($10 million and above in annual U.S. sales) sized organizations. Almost 19% of the respondents indicated that their state-wide sales were below $500,000, 11% reported that their firm's sales were between $500,000 to $2 million, and 25% had sales over $5 million. In addition, 20% of the study participants stated that their firms' international sales were under $500,000, 18% between $500,000 to $10 million, and 9% over $10 million.

In terms of the number of the firms' employees within the state, the results reported in **Table 4** indicate that 47% of the participants were in firms that had less than 50 employees, 21% had between 51-500, and 4.6% had above 500. On a national level, 17% of the respondents represented firms that had fewer than 50 employees, 10% had between 51-500, and 4.6% had above 500. Moreover, approximately only a fifth of the firms had employees abroad. Specifically, 12% of the participants were in firms that had less than 50 employees globally, 4.8% had between 51-500, and 4% had above 500. This group of companies active in international trade differs significantly from the general population of businesses in Louisiana (See **Exhibit 5**).

C. Findings

The findings of this study, which are presented in **Tables 1-96,** are discussed in the following four sub-sections. The first provides a broad overview of key findings. The second contrasts the responses given by large and small firms. The third examines, in depth, the respondents' satisfaction with the trade support services in Louisiana. The fourth analyzes the respondents' payment practices and performance in light of their distinct characteristics (e.g., ownership and scope).

I. Broad Overview

The first part of this study's analysis is based on **all** completed questionnaires. It gives a broad view of the areas of the world with which responding firms trade products and services, the organizations and services they use for their international trade activities, their overall satisfaction with these services, their international trade practices, and their international trade performance. Unfortunately, we were unable to identify and contrast responses by the type of products handled by the respondents or their sales volume, because the great majority of the respondents did not provide the pertinent information. For instance, rather than identifying each company's primary and secondary product lines, we requested their SIC numbers, which most respondents could not recall. In a similar fashion, only two thirds of the respondents reported the approximate number of employees in their Louisiana operations.

I. 1. Regions

The Regions or Countries to or from which the firms export or import products/services, respectively, are presented in **Tables 5 and 6**. South America, Mexico, Canada, and Central

America are the primary countries/regions to which products/services are exported. Other countries/regions that are considered export markets included the Caribbean, Asia/Australia, Japan, Africa, the Middle East and Western Europe.

In terms of countries/regions from which products/services were procured, Western Europe, Canada, and Mexico, are the largest sources of imports, each with more than 15% of the respondents. The data suggest that the respondents considered South America and Mexico as the two areas that offer the most attractive opportunities for exports (see **Table 7**). In descending order, Western Europe, Asia/Australia and Canada were also identified as most attractive for exports. In terms of imports, Western Europe (23%) and China (16%) were identified as offering the most potential for procuring products.

Respondents' ratings of countries/regions that offer the most attractive opportunities for exports over the next five years when compared to the past five years are shown in **Table 8**. The results reveal that South America, Mexico, Central America and others in Asia/Australia (excluding China and Japan) obtained the highest ratings (mean values equal or greater than 3.3 on a 5.00 point scale). With the exception of Japan (with a mean of 2.91), all other remaining countries/regions exhibit nearly similar ratings (3.03-3.19).

I. 2. Trade Assistance Providers

Respondents were asked to identify the export/import assistance providers that have aided their company. As **Table 9** shows, the most frequently cited service providers were freight forwarders/custom brokers (34%), followed by the World Trade Center of New Orleans (27%) and both the LA Department of Economic Development and the Delta Region U.S. Export Assistance Center (each with more than 20%). All other identified providers were less frequently used.

These figures are more revealing if one takes into account the number of respondents which actually use the ports of Louisiana for their international trade activities (see **Table 10**). Although more than 58% export/import through the State's ports, only 34% use freight forwarders. This 24% difference (i.e., 58%-34%=24%) suggests that a significant numbers of respondents handle their international trade activities internally. Moreover, in terms of the number of export and import shipments, most respondents handled less than 25 shipments in 1997 (See **Table 11**).

The respondents were also asked to rate their **satisfaction** with various State providers of export/import services that their companies may have used. The respondents used a five-point scale (1 “extremely dissatisfied” to 5 “extremely satisfied”) in rating their providers. The data presented in **Table 12** essentially indicate slightly above average ratings (mean values above 3.00 on a 5.00 scale) for basic export/import counseling seminars, workshops, training programs attended, ports, banks, Internet web sites, and freight forwarders.

The services provided by freight forwarders received the highest mean level of satisfaction (3.49), probably a reflection of their competitive market. With regard to the other services (such as trade leads, trade missions, and trade shows), the data suggest that various institutions and agencies involved with international trade need to do, on average, a better job, as users expressed some level of dissatisfaction with their services.

The lowest level of satisfaction was with trade missions (2.62). Nevertheless, the data presented in **Table 13** reveal that the bulk of the respondents (74%) have <u>not</u> participated in trade missions. The remaining 21% of respondents who have participated in trade missions identified: (1) the missions’ leading sponsoring organizations to be the Louisiana Department of Economic Development (36.3%), the World Trade Center (21.6%), and LeCentre International de Lafayette (12.7%); and (2) the most frequent destinations were identified to be Mexico (40%), Central America (21.3%), and South America (15.7%). Furthermore, respondents were almost evenly split on their interest in participating in future trade missions (See **Table 14**). Of the 42% that have expressed interest in future missions, the regions/countries identified most frequently include South America (30%) and Mexico (19%). These preferences are consistent with the regional perceived opportunities discussed in **Tables 7 and 8**.

I. 3. Marketing and Procurement

The results displayed in **Table 15** reveal that the primary international marketing practice is exporting directly to various markets overseas (41%). In addition, respondents indicated that they export via a third party (21%), use strategic alliances and joint ventures (9%), are involved in overseas marketing (7%), or have wholly owned production and marketing facilities abroad (4%).

In terms of international procurement practices, 27% import products directly, 19% via a third party, 6% have long-term contracts with suppliers abroad, and approximately 8% even have either their own procurement facilities or their own extraction/production facilities abroad. However, the bulk of the firms surveyed (41%) procure goods and services domestically.

I. 4. Banking Services

The data on financial services in **Table 16** shows that 53% of the respondents <u>actually</u> use Louisiana-based banks for international trade transactions. This leaves at least 10% of the respondents using banks based-elsewhere for handling their export commercial letters of credit (63.2%). Most respondents receive cash in advance for their exports (54.6%). Almost 40% have extended open account privileges to their foreign customers, while a fourth of the respondents use documentary collections as a method of payment.

I. 5. Performance

Respondents were asked to indicate their company's performance trend. Specifically, 67% of the respondents indicated that their firms' sales revenues have increased over the past five years, 21% remained flat, and 8% have experienced a drop (See **Table 17**). The bulk of the respondents (36%) also indicated that over the past five years their firm's trend in imports has remained static, while 27% reported that it had increased. Seven percent reported a decrease in imports as well. And finally, with respect to their past five years trend in exports, the majority of the respondents (53%) indicated that their firms have experienced an increase, 28% stated that their exports have remained flat, while the remaining 8% have experienced a drop. In summary, most respondents reported favorable outcomes in terms of exports, imports and revenues.

II. Key Differences Between Small and Large Companies

The above results relate to the entire universe of respondents. However, we considered important to contrast the responses provided by **small and large** companies. We hypothesized that they might exhibit different attitudes, assessments, and/or behaviors towards international trade. For purposes of this study, small firms are defined as those who employ in Louisiana less than 25 people. The remaining, with more than 25 employees in Louisiana, were grouped as large firms. Given that only 347 respondents identified the number of employees in their Louisiana operations, this section is based on this smaller sample which, nevertheless, is also representative of the entire sample. The following are 13 key differences in frequency (means) between the small and large firms.

1. Large companies tend to be more active in manufacturing, serve industrial markets, and have a broader geographic scope than smaller firms (See **Table 18**).
2. Most small firms are locally owned, while the majority of the large firms are owned by others. Large firms have been in business longer than small firms (See **Table 19**).
3. Of course, small companies (i.e., with less than 25 people) have significantly lower sales volumes in Louisiana, the USA, and the rest of the world than large firms (See **Table 20**).
4. A higher percentage of large firms market their products/services in any and all foreign markets than their smaller counterparts, but the difference is more significant for Mexico and Canada (NAFTA), Africa, and the Middle East (See **Table 21**).
5. Likewise, large firms procure from foreign suppliers more than small firms, but this difference is not significant except from Canada. This important procurement source among respondents is tapped almost twice as often by large firms (See **Table 22**).

6. Small firms have an about equal or more favorable perception of their best foreign market export opportunities than large firms for all markets, except for Western Europe, China and Mexico. An inverse relationship holds for import opportunities, except for Western Europe where small firms perceive brighter opportunities than large companies (See **Table 23**). However, export opportunities in the next five years for both groups are at about the same levels for all regions of the world (See **Table 24**).

7. As **Table 25** points out, small firms are less satisfied with most services than large firms, and this difference in means is particularly significant for the following services: trade and catalogue shows (0.36 = 3.07 – 2.71), Louisiana ports (0.27 = 3.22 – 2.95), and trade missions (0.23 = 2.7 – 2.47). Trade missions receive the lowest evaluation by both groups.

8. Export and import activities tend to be handled directly more often by small companies than large firms, whereas large firms tend to run their own overseas operations (strategic alliances, wholly-owned procurement, production, and/or marketing branches) (See **Table 26**).

9. The overall performance (whether measured by sales revenue, imports, or exports) during the past 5 years has been significantly better for large than for small firms (See **Table 27**).

10. Small and large firms have received about the same frequent assistance from all service providers. However, Small Business Development Centers and Le Centre International de Lafayette prioritize small firms. Meanwhile, the ports, trading firms, U. S. Customs, and freight forwarders provide more frequent services to large firms (See **Table 28**).

11. Large firms tend to participate in trade missions more than small firms, especially if these are sponsored by the State's Department of Economic Development and are destined to Mexico. Meanwhile, small firms have more frequently joined those missions sponsored by MetroVision and Le Centre International to Central America (See **Table 29**). Both

groups seem equally interested in participating in trade missions in the next two years (See **Table 30**).

12. Small companies have lower air travel budgets, import/export through Louisiana ports less frequently, and have fewer shipments than large firms (See **Tables 31 and 32**).
13. On the other hand small firms more frequently use the import/export financial services of Louisiana-based banks than large firms (See **Table 33**).

III. Satisfaction Analysis

We also generated 31 cross-tabulations to examine the relationship between the respondent's satisfaction with a set of specific international trade services, and the following three key factors (that we hypothesized might have a significant influence):

1. whether the respondent has been a **customer** of the specific service-provider agency(ies),
2. the respondent's **international marketing experience**, and
3. the respondent's **international procurement experience**.

Although in this sub-section we only discuss in detail some key findings, the reader is invited to examine the remaining findings by exploring the relevant Tables in the Appendix. **Table A**, in page 22, presents the **Table Number and Nature** of each cross tabulation, which compares **the respondent's satisfaction** with the above three factors.

We also generated cross-tabulations focusing on the respondents' satisfactions with:

1. trade missions by sponsors and destinations (**Tables 65 and 66**);
2. Louisiana's ports/airports by users of their services for imports/exports; their air travel budget; and their number of annual export and import shipments (**Tables 67 to 70**);
3. Export/import financial services by their users (**Table 71**);
4. Louisiana banks by the respondents' method of payment; ownership type; and number of employees in the State, the USA and outside the USA (**Tables 72 to 76**).

Table A: Table Numbers of Cross Tabulations in Appendix

Service	**Customer Of Agency**	**International Marketing Experience**	**International Procurement Experience**
Basic Import/Export Counseling	**34**	**43**	**54**
Trade Leads	**35**	**44**	**55**
Trade and Catalogue Shows	**36**	**45**	**56**
Trade Missions	**37**	**46**	**57**
Seminars, Workshops, Conferences, etc.	**38**	**47**	**58**
Freight Forwarders and Consolidators	**39**	**48**	**59**
Ports and Airports	**40**	**49**	**60**
Banks and Financial Services	**41**	**50**	**61**
Louisiana Trade Bulletin	**42**	**51**	**62**
National Trade Data Bank (NTDB)		**52**	**63**
Internet Web Sites		**53**	**64**

The following are the most significant findings emerging from these tables:

1. Respondents on average are more satisfied with the **import/export counseling services** provided by the less frequently used providers (i.e., Ark-La-Tex Regional Export Center and City of New Orleans International Trade Relations Office) than with the most frequently used providers of these services. The latter, (i.e., the Delta Region US Export Assistance Center, the World Trade Center, and Louisiana Department of Economic Development), exhibit similar satisfaction indices (See **Table 34**).
2. Regardless of who offers the international trade seminars, workshops, training programs, and conferences, the respondents mean satisfaction level is almost identical and fairly high (See **Table 38**).

3. The respondents most satisfied with the services from banks are the customers of the lines of credit of the Export- Import Bank, and the least satisfied are those who no longer use the financial services provided by the Louisiana banks (Sees **Tables 41 and 71**). Curiously, subsidiaries of other U. S. corporations are more satisfied than locally- and individually- owned firms (See **Table 73**).
4. Companies with their own sales and marketing offices abroad tend to be among the most satisfied with most of the international trade services surveyed (except for the Louisiana International Trade Bulletin), while those lacking any international marketing experience or those involved in franchising tend to be the least satisfied with these services (See **Tables 44 to 53**).
5. Similarly, among all companies surveyed, those with long-term procurement contracts with foreign suppliers are the most satisfied with all international trade services surveyed (except with those offered by the ports and airports) (See **Tables 54 to 64**).
6. Of all trade missions, those organized by the Louisiana Department of Economic Development and those destined to Vietnam were the most favorably rated. However, even these ratings were not too favorable (See **Tables 65 and 66**).
7. Satisfaction with the services rendered by the ports of Louisiana increases with the frequency with which respondents use these services (See **Tables 68 to 70**). In contrast, satisfaction with the airports services decrease with increasing travel budgets (See **Table 67**).

IV. Payment Practices and Performance

The last group of findings focus on two areas: overall performance and methods of payment.

We examined the relationship between the respondents performance during the past five years (using three measures: in revenues, exports and imports) and the following six distinct characteristics of each firm: primary activity, primary target market, primary scope of operations, ownership type, years of operation, and country/region offering it the most attractive opportunities for exports/imports. Regardless of company classification (i.e., by primary activity, scope of operations, ownership type, etc), over the past five years the great majority of respondents indicated that their **revenues** and **exports** had increased (See **Tables 77 to 81** and **87 to 91**); while the majority maintained or decreased their imports (See **Tables 82 to 86**). We also identified a correlation between the respondents performance during the past five years and their most attractive export or import regions during the next five years (See **Tables 87 and 88**).

Finally, we contrasted the respondents methods of import and export payment with the primary activity or the region with which they conduct these transactions. **Tables 94, 95, and 96** indicate that the number of methods used increases with the volume of trade of each region.

D. Discussion and Conclusions

Consistent with the concerted effort and steps that various public and private agencies are taking to increase Louisiana's international trade competitiveness, this study's purposes were to:

1. assess Louisiana's global business opportunities and needs,
2. give trade assistance providers pertinent information on the services they offer to the business community, and
3. identify improvements and/or new services.

The empirical findings demonstrate that the majority of the Louisiana firms responding to our survey do consider international trade (exports and imports) to be central to their businesses. The survey elicited information on the countries/regions that offer the most potential for international trade. Neighboring regions (i.e., within NAFTA) seem to offer the best export opportunities to firms based in Louisiana. However, one needs to be careful, as each firm's reported regional preferences may have been shaped more by previous experiences than a comprehensive analysis of its opportunities. Meanwhile, the State needs to significantly improve its airport services and information systems with which to pass promptly trade leads.

The findings also reveal that by and large the responding firms are only partially satisfied with the various export/import services that they have used in the past. Clearly, each international trade service provider can identify specific areas for future improvement by reviewing the tables presented in this report. The following are the three most salient:

1. **Trade missions** must be planned and executed better. Among others, this means that participants in trade missions before traveling need to (1) receive more guidance, (2) spend more time identifying and matching their strengths with opportunities abroad, and (3) develop a closer relation with the mission planners/leaders. These steps will lower the participants expectations, and help position the mission as a learning and development tool with which to advance each firm's internationalization goals. These conclusions indicate that "ready to export" firms should be the primary target for this activity, and service providers need to identify more specifically the needs and expectations of all participants before actually traveling abroad.

2. Although **small firms** are the majority and have the most favorable perceptions towards international opportunities, they are the least satisfied with the services being offered to them. In consequence, providers of all services supporting international trade activities, but foremost the ports and banks, need to focus and customize their strategies to the needs of different market segments. In particular, those small firms located out of the State's main urban centers need greater attention.
3. Geographic and cultural proximity continues being the key factors defining the most attractive opportunities abroad for the State's firms. While in the past most agencies providing international trade support services have given preferential attention to Latin America, the responses seem to indicate that **Canada,** as part of NAFTA, and **Western Europe** also offer very attractive opportunities (both for imports and exports) that require of much more of their efforts and attention.

None of the findings were unexpected. Yet, the emerging statistics lend support and specificity to similar messages viewed by business leaders in conferences, workshops, letters to newspaper editors, and discussions within their professional associations. Additionally, those gathering the information and reaching conclusions are service providers to the business community who finally are responding to market forces and are showing their willingness to cooperate with each other as well as with their customers. We hope that such behavior as well as their joint effort to share resources will be continued in the near future. Clearly, the New World Order forces all States, even including those with relatively good international trade performances, to constantly reformulate and implement more efficient strategies to enhance their global competitiveness.

In conclusion, Louisiana's experiences are valuable to others because they highlight the importance of

1. the process by which regional players learn to work together,
2. constantly redefining regional development strategies, regardless of previous successes,
3. creating and reinventing the future.

While a lot of work needs to be done to assist businesses in their internationalization efforts, it is clearly evident that trade assistance providers, by assisting firms to successfully enter international markets, are contributing significantly to enhance Louisiana's economic development. They must continue coordinating and integrating their efforts and resources into a comprehensive and consistent strategy that properly addresses the needs of their customers. Our recommendation to this study's sponsors and the business community is to make every effort to listen to and learn from each other's perspectives and viewpoints, and to further strengthen their communications channels. We consider that this study is a successful start in furthering strong communication channels between them. It must be followed with a decisive and cohesive plan, which needs to be jointly formulated by the leaders of the sponsoring organizations and other representatives of the business community. We will gladly assist them by bringing our expertise to all stages of such planning process.

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E. APPENDICES

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EXHIBITS

Exhibit 1: Study's Sponsors

Exhibit 2: Governor's Cover Letter accompanying Survey

Exhibit 3:
Survey's Questionnaire:

LOUISIANA'S GLOBAL OPPORTUNITIES AND NEEDS
SECTION 1

1. Please check all countries or regions to which your company markets its products/services.
❐ Canada ❐ Caribbean ❐ Western Europe
❐ Mexico ❐ China ❐ Eastern Europe
❐ Central America ❐ Japan ❐ Africa
❐ South America ❐ Others in Asia/Australia ❐ Middle East

2. Please check all countries or regions from which your company procures (or imports) products/services.
❐ Canada ❐ Caribbean ❐ Western Europe
❐ Mexico ❐ China ❐ Eastern Europe
❐ Central America ❐ Japan ❐ Africa
❐ South America ❐ Others in Asia/Australia ❐ Middle East

3. Assess your company's opportunities for exports to the following regions in the next five years compared to the previous five years.

		Significantly Lower				Significantly Higher
a.	Canada	1	2	3	4	5
b.	Mexico	1	2	3	4	5
c.	Central America	1	2	3	4	5
d.	South America	1	2	3	4	5
e.	Caribbean	1	2	3	4	5
f.	China	1	2	3	4	5
g.	Japan	1	2	3	4	5
h.	Others in Asia/Australia	1	2	3	4	5
i.	Western Europe	1	2	3	4	5
j.	Eastern Europe	1	2	3	4	5
k.	Africa	1	2	3	4	5
l.	Middle East	1	2	3	4	5

4. Please indicate one country that offers your company the most attractive opportunities for:
a. Exports ______________________
b. Imports ______________________

5. Please check the boxes below to identify the export/import assistance providers that have aided your company.
❐ U.S. Export Assistance Center ❐ Small Business Development Centers
❐ Louisiana Department of Economic Development ❐ Chambers of Commerce/MetroVision
❐ Ark-La-Tex Regional Export Center ❐ Port authorities
❐ World Trade Center of New Orleans ❐ Universities/Colleges
❐ U.S. or Louisiana Dept. of Agriculture ❐ Trading companies
❐ Southern U.S. Trade Association (SUSTA) ❐ Freight forwarders/customs brokers
❐ Louisiana International Trade Center ❐ U.S. Customs
❐ Le Centre International de Lafayette ❐ City of New Orleans Int'l Trade Relations Office
❐ Export-Import Bank ❐ Other: ______________________

6. Has your company participated in trade missions to other countries within the last five years?
❒ No ❒ Yes
If **Yes**, please identify the sponsoring organization(s) and the countries visited:

Sponsoring Organization(s)	**Country(ies)**
❒ Louisiana Department of Economic Development	❒ Mexico
❒ World Trade Center of New Orleans	❒ Central America (Honduras, Guatemala, El Salvador, etc.)
❒ MetroVision	❒ South America (Colombia, Venezuela, etc.)
❒ Le Centre International de Lafayette	❒ Caribbean (Haiti, Dominican Republic, etc.)
❒ Port of New Orleans	❒ Vietnam
❒ Other: ______________________	❒ Other: ______________________

7. Would your company be interested in participating in a trade mission in the next two years? If so, which country(ies)?
❒ No ❒ Yes, to:
____

8. Please rate your satisfaction with the following export/import services/sources that your company may have used:

		Extremely Dissatisfied				**Extremely Satisfied**
a.	Basic import-export counseling	1	2	3	4	5
b.	Seminars, workshops, training programs, and conferences	1	2	3	4	5
c.	Louisiana ports	1	2	3	4	5
d.	Louisiana airports	1	2	3	4	5
e.	Freight forwarders and consolidators	1	2	3	4	5
f.	Louisiana banks	1	2	3	4	5
g.	Trade leads	1	2	3	4	5
h.	Trade and catalog shows	1	2	3	4	5
i.	Trade missions	1	2	3	4	5
j	National Trade Data Bank (NTDB)	1	2	3	4	5
k.	Louisiana International Trade Bulletin	1	2	3	4	5
l.	Web sites on the internet	1	2	3	4	5

SECTION 2

1. Company Name: ____

2. Contact Name and Title: ____

3. Phone Number: ________________ Fax Number: ________________ E-Mail: ________________

4. Please indicate the SIC number and relative sales volume (as a percentage of total sales) for:
a. Your firm's **primary** product line: SIC: ________________ % of Total Sales: ________________

b. Your firm's **secondary** product line: SIC: ________________ % of Total Sales: ________________

5. Please indicate the number of years your company has been in operation. Years: ______________________

6. Please indicate your company's primary activity.
❒ Manufacturing ❒ Distribution ❒ Marketing
❒ Services

7. Please indicate your company's primary target market.
❒ Consumer ❒ Industrial ❒ Government

8. Please indicate your company's primary scope of operations.
❒ Local (Louisiana) ❒ National ❒ Regional
❒ Global

9. Which one of the following best describes your company's ownership?
❒ Locally owned (Louisiana) ❒ Subsidiary of U.S. Corp. ❒ Subsidiary of foreign corporation
❒ Individually owned ❒ Partnership

10. Which one of the following statements best describes your company's international marketing experience?
❒ None (only domestic marketing) ❒ Strategic alliances/Joint ventures
❒ Export via third party ❒ Overseas marketing (via own sales office located abroad)
❒ Franchising/Licensing ❒ Overseas production and marketing (wholly owned)
❒ Export directly

11. Which one of the following statements best describes your company's international procurement experience?
❒ None (only domestic procurement) ❒ Long-term contracts with suppliers
❒ Imports via third party ❒ Company's own procurement facilities abroad
❒ Imports directly ❒ Company's own extraction/production facilities abroad

12. Does your firm export/import through a Louisiana Port?
❒ Yes ❒ No

13. Does your firm utilize a Louisiana-based banking institution for export/import financial services?
❒ Yes ❒ No

14. Which method(s) of payment does your company accept for its exports? (Check all that apply)
❐ Cash in advance ❐ Consignment
❐ Commercial letter of credit ❐ U.S. Dollars (or foreign currency) draft under documentary collection
❐ Open account

15. Please **approximately estimate your firm's air-travel budget** for 1997: $ ____________________

16. Please **approximately estimate the number of shipments** in 1997 for your company's:
a. Exports ______________________ b. Imports ______________________

17. Please **approximately estimate** the following data for your company:

FOR 1997:	IN LOUISIANA	IN THE USA	REST OF THE WORLD
TOTAL SALES	$	$	$
NO. OF EMPLOYEES			

18. Please indicate the general trend of your firm's sales revenues over the past 5 years.
❐ Decreased ❐ Remained about the same ❐ Increased

19. Please indicate the general trend of your firm's imports over the past 5 years.
❐ Decreased ❐ Remained about the same ❐ Increased

20. Please indicate the general trend of your firm's exports over the past 5 years.
❐ Decreased ❐ Remained about the same ❐ Increased

THANK YOU FOR YOUR ASSISTANCE AND COOPERATION

If you would like to receive an Executive Summary, please enclose your business card. If you have any additional comments, please feel free to include them on a separate page.

Please forward the survey in the enclosed postage paid reply envelope to:
International Business Center, College of Business Administration,
Loyola University New Orleans, Box 15, New Orleans, LA 70118

Exhibit 4: Follow-up Letter Faxed to Non-respondents

Exhibit 5: General Population of Louisiana's Companies

Chart 1: U.S. Exports per Capita per States

TABLES