

**STATE EVALUATION OF FOREIGN
SALES EFFORTS**

by

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and
Cynthia Marie Kite**

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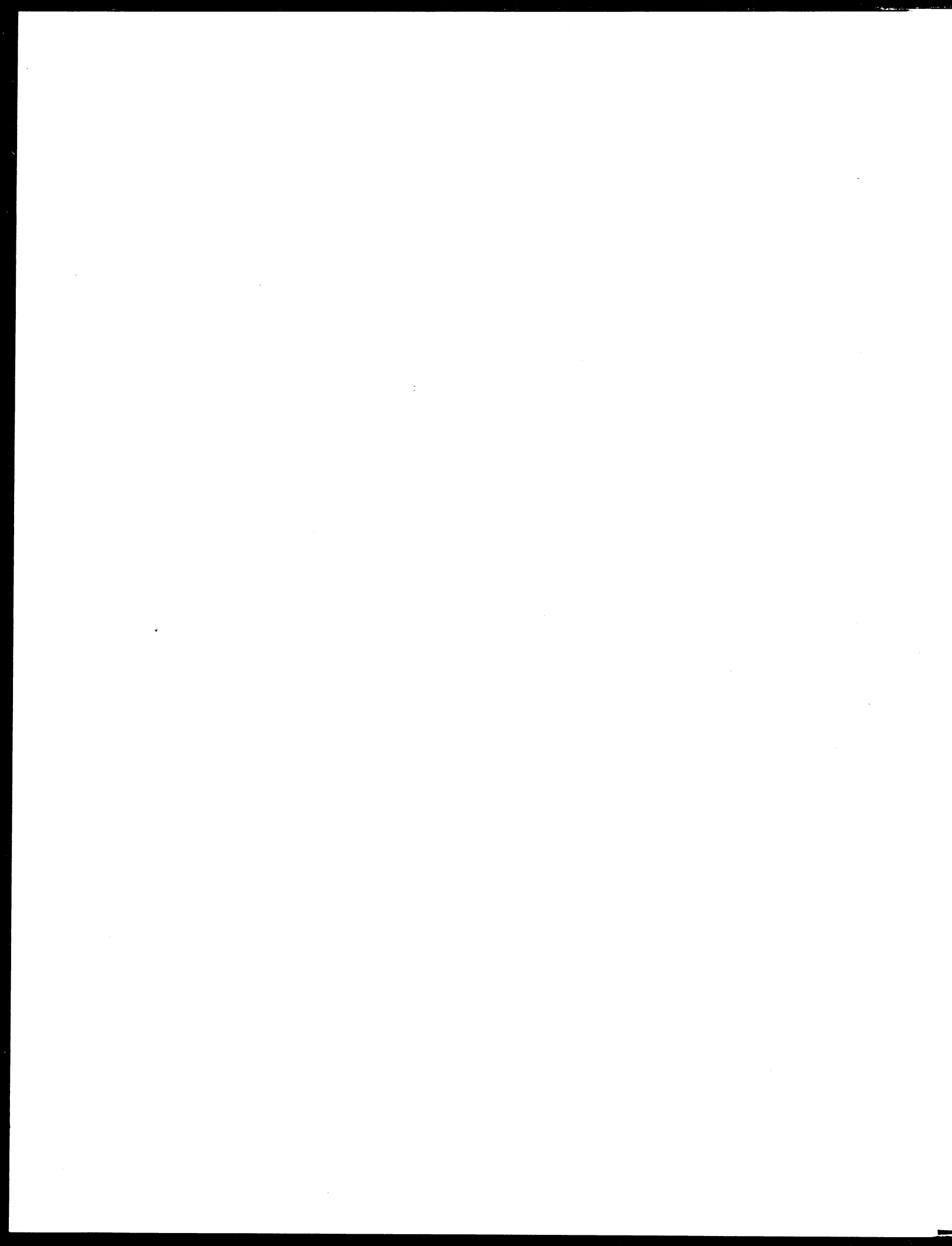
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Most of the data collection for this project was completed by September of 1986. More recent information is included only sporadically as it came to our attention while we were preparing the final report (which was completed in the summer of 1987).

We apologize in advance to all parties whose facts or wisdom have been distorted by the presentation that follows.

CHAPTER 1. STATE ACTION TO PROMOTE FOREIGN SALES

INTRODUCTION

The past fifteen years have seen a dramatic increase in state attention to foreign countries as a source of economic stimulation. This study treats the two main objects of state activity in this area: exports and incoming foreign direct investment (IFDI). In most of what follows we will refer to these two areas together as "foreign sales promotion." We justify the use of a single term for both types of activity because both do indeed involve sales to foreigners. The propriety of using the term for exports is obvious, but IFDI also involves the sale of domestic assets to foreigners. The difference is that in the case of IFDI, the assets are usually used in production within the United States.

Several years ago the state of Minnesota, after a long period of dormancy, began a series of activities aimed at taking maximum advantage of the international economy. Other states, however, had been attempting to promote exports and IFDI for many years. In the period since Minnesota began in earnest, even more states have joined the bandwagon and more experience has been gained. We sought to discover the extent to which the experience of other states in these two areas might offer lessons for Minnesota's growing efforts. Thus, we surveyed all of the states with a pointed set of questions about the extent of their activity and, in particular, how they have attempted to document results. What follows is the result of that research.

In this chapter we offer information and observations about states' efforts to promote foreign sales. The chapter offers some brief remarks about Minnesota's efforts and concludes with a few statistical results relating foreign sales promotion activity to characteristics of the various states.

In Chapter 2 we discuss the meaning of evaluation in the context of state foreign sales development efforts. We describe the character of our own data collection, and we present information that includes an exploration of the meaning of quantitative claims made by, or on behalf of, the various state programs. The chapter concludes with a discussion of the Department of Commerce "E" Award Program as an example of evaluation.

Chapter 3 reviews the evaluation experience of the states by activity in a comparative context. It draws conclusions about evaluation based on this experience. Chapter 4 discusses the problem of state foreign sales promotion efforts from the standpoint of the literature on evaluation methodology. After rejecting a number of classic approaches to evaluation, suggestions are made about the way in which state evaluation efforts of foreign sales promotion can be improved.

The specific problems facing the State of Minnesota are discussed in Chapter 5. The Minnesota Trade Office and its activities are reviewed, and some observations are offered about the evaluation of Minnesota's foreign sales efforts at the present time. We make suggestions about the improvement of the evaluation efforts in the state, and sample questionnaires are offered to demonstrate the directions we think some new efforts should take.

THE CHANGING AMERICAN ECONOMY

Increased state attention to export and IFDI promotion seems to have been driven by two major changes in the economic environments in which states make their policy decisions. First, the volume of trade and incoming direct investment for the nation as a whole has increased more rapidly than virtually any other part of the economic landscape. The volume of exports from the United States grew from about 5 percent in the early 1960s to 13 percent by 1981. IFDI over the period between 1965 to 1981 soared from \$8.8 billion to \$135 billion (data from National Governors' Association, 1985: 11)--even in constant dollars this increase was nearly 500 percent. By 1981, exports and IFDI had become extremely important parts of the U.S. economy by almost any criterion. In 1982 the Department of Commerce estimated that one out of every six U.S. non-manufacturing jobs and one out of every eight manufacturing jobs depended on U.S. exports (National Governors' Association, 1985: 8), while direct employment from IFDI was approximately \$2.4 million (Howenstine, 1985: 39). These developments have made exporting and attracting IFDI increasingly salient targets of opportunity for states seeking new sources of wealth.

The reality of new opportunities provides one part of the story. The other lies in the pervasive conviction that economic stagnation could be combated only through novel policy innovations. This belief did not affect all states: California, Texas, and Florida, for example, scarcely saw the specter of economic decline (although the fortunes of Texas have been subject to recent dramatic reversal). The average state, however, could scarcely avoid such a perception. Nationwide, the average unemployment rate was 3 percent in the late 1960s and stood at above 7 percent over most of the period after 1980. Frequently repeated estimates of labor productivity placed the annual rate of increase between 1973 and 1983 at .7 percent--a third of the rate in the previous decade (data from Vaughn, Pollard and Dyer, 1985: 3-2 to 3-4). The reality of a national economy arguably far stronger than these figures suggest (Vaughn, Pollard, and Dyer, 1985: 3-4 to 3-7) cannot obscure the trends that policymakers were perceiving and acting upon. Finally, federal budget problems threatened to push more activity to the state level at a time when many states were already in severe revenue difficulties.

Efforts by states to increase exports and IFDI should be seen in the context of their overall economic development efforts. Indeed, in forty-five states, activities in these areas take place in agencies with a broader mandate for economic development. The states offer a variety of general assistance to the private sector, but the four most common services seem to be the conducting of economic research; the provision of job training programs for the hard-to-employ; the giving of technical assistance to private, particularly small, business; and the offering of various grants and below-market loans to selected enterprises (Stagg, 1985: 1). The estimated total value of state economic development efforts rose from \$238,665,000 in 1982 to \$874,011,800 in 1986 (NASDA, 1982; 1986).

In light of the great political pressure for "jobs" that results from higher than accustomed levels of unemployment, this criterion naturally emerges most frequently in both the larger economic development efforts and those relating specifically to exports and IFDI. However, as sophisticated discussions reveal, the most appropriate economic objective for state action is an increase in the wealth of the state. Increased employment may frequent-

ly correlate positively with such an increase in wealth, but economists have often faulted state policymakers for making the wrong choice when the two objectives significantly diverge.

Many state economic development objectives fall into two broad categories: expanded activity by existing firms and the attraction of existing business to the state. A third, new activity by start-up firms, finds particular favor in some of the most careful development literature (for a prime example, see Vaughn, Pollard and Dyer, 1985).

This study's two concerns can fall into all three categories. The expansion of a firm because of an increase in foreign sales clearly falls into the first category; the attraction of IFDI most closely resembles internal relocation when the incoming firm is replacing imports with U.S. production, while IFDI parallels a start-up when the American market is being attacked for the first time.

The small fraction of all firms that export tantalizes policymakers. About 80 percent of current U.S. manufactured exports are accounted for by fewer than 1 percent of all U.S. manufacturing firms, a fact often interpreted to mean that U.S. firms as a whole are not taking advantage of international markets. The Department of Commerce has claimed that perhaps 200,000 other firms--mainly small and medium companies--have exportable products but are not presently engaged in exportation (National Governors' Association, 1985: 15). At the same time, the Government Accounting Office (GAO) claims this figure is 20,000 (U.S. House of Representatives; 1984: 3). This clearly indicates uncertainty about export potential, and our research found little reason to take one figure more seriously than the other. Nevertheless, both economic theory and voluminous research suggest that firm discretion is a major factor in decisions to export. Small firms in particular are frequently dominated by one or a few persons whose decisions may not reflect a careful consideration of exporting. Without much systematic thought, they conclude that the difficulties and risks of foreign selling outweigh any anticipated benefits. Much outside opinion has claimed that this pessimism could be dispelled by better information or other assistance. Therefore, if states could lower the perceived costs of exporting or increase the perceived certainty of return they might be able to increase the number of U.S. firms selling abroad (for a discussion of the export decision, see Hoenack and Kudrle, 1984).

Export promotion also boasts a characteristic that sets it apart from many state efforts at economic development. Most of the time, increased success at the state level is a national gain as well. Only when one state's export initiatives win business from other U.S. firms does the usual result break down.

This stands in sharp contrast to the frequently zero-sum game played by the states in efforts to woo or retain the facilities of both domestic and international enterprises. In particular, efforts to attract IFDI are unlikely to have as much positive-sum outcome for the nation as a whole as cost effective export promotion does. Situations in which a state convinces a foreign firm of its need to invest in the United States must be quite rare. Moreover, most foreign firms have sufficient size and sophistication to scan the entire United States for an appropriate plant or distribution site. There are exceptions, of course, and the recent overseas investment by mid-sized

family firms from Taiwan may present such a case (Richie and Oslund, 1986: 12A). Nonetheless, much of the activity of states in this arena must be less spectacular versions of Saturn-chasing: the offering of various concessions with the hope that one's state will be selected over others (Lindall, 1986). In fact, as is the case with state competition for domestic business location, specific concessions are usually far less important than elements of the state's appeal over which governments have very little short-run control (see, for example, State of Washington, 1984).

Despite these differences, an individual state sees both forms of foreign sales promotion as typically yielding not only increases in employment but also in wealth, provided that state subsidies to the new activities are not so large as to outweigh the gains.

STATE EFFORTS TO PROMOTE EXPORTS AND INCOMING DIRECT INVESTMENT

State efforts to encourage investment from overseas and to promote exportation of the state's products can, as previously suggested, be seen as part of an overall effort at the promotion of economic development. Table 1 shows the total 1984 expenditure on economic development and foreign sales promotion by state as well as the percentage relation between them.

Table 2 presents the data on 1986 foreign sales promotion (FSP) in greater detail. The first main heading of the table gives total state outlays; the second gives a percentage breakdown between export promotion and IFDI promotion (the remaining percentage to 100 in some cases may cover such related activities as tourism promotion). A glance at the data reveals the enormous variation in state attention to the two areas. Some states, such as Colorado, Oregon and Idaho, devote their entire effort to export promotion, while others, such as Tennessee and Virginia, spend most of their funds to develop interest on the part of foreign investors.

Widely varying state strategies may partly reflect different state attributes as potential sites for investors or sources of exports. One suspects, however, that an incomplete understanding of the impact of expenditures in one's own state and others may be leading to quite a bit of "shooting in the dark."

It must be kept in mind just how rapidly state expenditures in this area have risen. Complete data are unavailable for early years, but for the twenty-five states for which data were available in 1976, allocations for international business development increased from about \$3 million to over \$14 million in 1980. Even in constant dollars, the increase was over 200 percent. For all states such allocations rose from \$25.6 million in 1980 to \$39.2 million in 1986 measured in current dollars. This represents a real increase of about 20 percent (Berry and Mussen, 1981: 55,70; NASDA, 1986: 2). At the same time, however, efforts remain at a modest scale in total state spending. State expenditures on both export and IFDI promotion varied from .0005 to .025 percent of state budgets in 1986.

TABLE 1

STATE ECONOMIC DEVELOPMENT AND FOREIGN
SALES PROMOTION EXPENDITURES, 1984

STATE	DEVELOPMENT AGENCY BUDGET	FOREIGN PROMOTION (EXPORT, IFDI)	PERCENTAGE
Alabama	\$ 2,816,025	\$ 300,000	10.7
Alaska	9,421,100	537,500	5.7
Arizona	1,086,891	191,722	17.7
Arkansas	2,681,837	235,631	8.7
California	6,605,000	50,000	.8
Colorado	616,588	99,500	16.1
Connecticut	3,839,234	325,514	8.4
Delaware	3,231,600	75,000*	2.3**
Florida	6,409,346	611,247	9.5
Georgia	8,372,107	857,066	10.2
Hawaii	6,501,235	1,320,203	20.3
Idaho	1,828,000	13,500	.7
Illinois	29,629,400	1,544,691	5.2
Indiana	3,874,885	561,264	14.4
Iowa	3,408,884	333,910	9.7
Kansas	3,038,372	18,671	.6
Kentucky	4,348,200	838,500	19.2
Louisiana	6,173,410	94,478	1.5
Maine	1,735,138	NA	NA
Maryland	9,177,396	1,400,000*	15.3**
Massachusetts	NA	NA	NA
Michigan	12,000,000	1,480,600	12.3
Minnesota	NA	NA	NA
Mississippi	4,824,070	674,988	13.9
Missouri	2,592,412	670,758	25.9
Montana	29,858,481	68,179	.2
Nebraska	3,345,424	275,000	8.2
Nevada	1,195,000	160,000*	13.4**
New Hampshire	NA	NA	NA
New Jersey	6,228,500	574,000	9.2
New Mexico	8,212,000	125,000	1.5
New York	28,040,822	2,223,700	7.9
North Carolina	8,615,767	785,839	9.1
North Dakota	491,852	90,000	18.2
Ohio	30,651,864	1,909,041	6.2
Oklahoma	1,841,218	392,500	21.3
Oregon	3,390,531	654,845	19.3
Pennsylvania	61,300,000	885,000	1.4
Rhode Island	2,376,750	185,000	7.8
South Carolina	3,248,000	400,000	12.3
South Dakota	1,178,118	51,100*	4.3**
Tennessee	NA	NA	NA
Texas	2,173,086	308,343	14.1
Utah	1,239,900	143,448	11.5
Vermont	3,877,894	110,000	2.9
Virginia	5,500,000	710,000	13.0
Washington	4,217,517	960,729	22.7
West Virginia	9,129,536	90,000	1.0
Wisconsin	7,647,290	309,500	4.0
Wyoming	1,072,958	50,000	4.6

NA - Not available

* 1986 Figure (see Table 2).

** 1984 numerator, 1986 denominator

Source: National Association of State Development Agencies, 1984 State Agency Expenditure and Salary Survey (Washington, D.C.: National Association of State Development Agencies, 1984).

TABLE 2

STATE EXPORT AND IFDI EXPENDITURES

STATE	1986 BUDGET FOR FOREIGN SALES AND INVESTMENT PROMOTION	EXPORT PROMOTION (%)	IFDI PROMOTION (%)
Alabama	\$ 600,000	63	37
Alaska	790,000	na	na
Arizona	477,900	50	50
Arkansas	500,000	37.5	50
California	5,700,000	100	na
Colorado	220,000	68	na
Connecticut	629,000	50	50
Delaware	75,000	50	50
Florida	1,586,700	60	40
Georgia	1,296,200	23	77
Hawaii	225,000	na	na
Idaho	25,000	50	na
Illinois	2,632,000	40	60
Indiana	675,800	55	45
Iowa	500,000	55	30
Kansas	132,000	25	75
Kentucky	838,000*	90*	5
Louisiana	300,000	na	na
Maine		90*	10
Maryland	1,400,000	100	na
Massachusetts	437,500	75	25
Michigan	1,966,600	57	43
Minnesota	2,202,200	40	25
Mississippi	400,000	75	na
Missouri	900,000	40	60
Montana	86,000	na	na
Nebraska	275,000*	66*	33*
Nevada	160,000	na	na
New Hampshire	7,000*	10*	90*
New Jersey	1,600,000	50	40
New Mexico	125,000*	50*	50*
New York	3,040,000	40	60
North Carolina	950,000	40	60
North Dakota	80,000*	75	25
Ohio	2,500,000	70	30
Oklahoma	500,000*	70*	30*
Oregon	739,000	100	na
Pennsylvania	845,000	28	70
Rhode Island	275,000	20	60
South Carolina	375,600*	25*	75*
South Dakota	51,100	75	25
Tennessee	575,000	15	85
Texas	253,000	40	50
Utah	550,000	30	20
Vermont	na	100*	na
Virginia	900,000	20	80
Washington	1,940,000	na	na
West Virginia	na	na	na
Wisconsin	725,000	40	60
Wyoming	355,000	60	40

*Data for 1984

Note: Totals of export and IFDI promotion may not sum to 100 percent because some states include additional activities such as tourism promotion in their budgets.

Source: Data drawn from National Association of State Development Agencies, 1986 Export Program Data Base (Washington, D.C.: National Association of State Development Agencies, 1986). Where states did not respond to the 1986 survey, data are from National Association of State Development Agencies 1984 Export Program State Base.

Export Promotion Efforts

States' efforts to expand their exports may be classified in various ways. Table 3 gives a check list of certain activities by state. A distinction can be made between those activities that mainly concern the transmission of information and other types of support. Most state activities fall within the former category. Figure 1 categorizes state activities along two dimensions: the site of the activity and the actors at whom it is aimed.

Figure 1

LOCUS OF ACTIVITY FOR INTERNATIONAL BUSINESS DEVELOPMENT

	At Home	Abroad
Directed at domestic firms:	Holding seminars/ conferences Counseling one-on-one Disseminating trade leads Studying foreign markets Referring firms to local services Publishing newsletters and handbooks Financing exports	Identifying sales agents Developing trade leads
Directed at foreign firms:	Advertising exports and location advantage Hosting foreign trade delegations Financing foreign investors	Conducting trade shows and missions Advertising exports and location advantage

All states with export promotion activity conduct much of it at home. In fact, in response to our survey, most states reported spending the majority of their time engaged in activities directed at businesses in the state itself. Most states sponsor or cosponsor seminars and conferences (see Table 4).

Many of the offerings are designed for new-to-export firms, some acquaint exporters with recent developments in world trade, while others concentrate on specific foreign markets. In addition, forty-nine states assist exporters individually. In a recent survey, forty-one of forty-three states reported that they provide on-site counseling in company offices, a practice thought to be particularly useful for inexperienced exporters (NASDA, 1986).

TABLE 3

STATE EXPORT AND IFDI ACTIVITIES

STATE	INFORMATION ACTIVITIES			MATCHING BUYERS & SELLERS			IFDI	
	S/W	P	C	LEADS	SHOWS	MISSIONS	MISSION	INFO
Alabama	X	X	X	X	X			X
Alaska		X*	X	X	X			X
Arizona	X	X	X	X	X	X	X	
Arkansas	X**	X	X	X	X	X		X
California	X**	X	X	X	X	X	X	X
Colorado	X**	X	X	X	X	X	X	X
Connecticut	X	X	X	X	X	X		X
Delaware	X**		X	X			X	X
Florida	X	X	X	X	X	X		X
Georgia	X**	X	X	X	X			X
Hawaii	X	X	X	X	X			X
Idaho	X	X	X	X				
Illinois	X**	X	X	X	X	X		X
Indiana	X	X	X	X	X	X		
Iowa	X	X	X	X	X	X		X
Kansas	X**	X	X	X	X	X	X	X
Kentucky	X	X	X	X	X	X		
Louisiana	X	X	X	X	X	X	X	X
Maine	X	X	X	X	X	X		X
Maryland	X	X	X	X	X	X		X
Massachusetts		X	X	X	X	X		X
Michigan	X	X	X	X	X	X	X	X
Minnesota	X	X	X	X	X	X	X	X
Mississippi	X	X	X	X	X	X		X
Missouri	X	X	X	X	X	X		
Montana	X**	X	X	X	X	X		X
Nebraska	X	X	X	X	X	X		X
Nevada					X	X		X
New Hampshire	X	X	X	X	X	X		X
New Jersey	X**	X	X	X	X			X
New Mexico	X	X	X	X	X	X		X
New York	X	X	X	X	X	X		X
North Carolina	X	X	X	X	X			X
North Dakota	X**	X	X	X	X		X	X
Ohio	X	X	X	X	X			X
Oklahoma	X	X	X	X	X	X		X
Oregon	X	X	X	X	X	X	X	X
Pennsylvania	X**	X	X	X	X	X		X
Rhode Island	X**	X	X	X	X			X
South Carolina	X	X	X	X	X	X		X
South Dakota	X	X	X	X				X
Tennessee	X**	X	X	X				X
Texas	X**	X	X	X	X		X	X
Utah	X**	X	X	X	X	X		X
Vermont	X	X	X		X	X		X
Virginia	X	X	X	X	X	X	X	X
Washington		X	X	X	X	X	X	X
West Virginia	X**		X	X		X		X
Wisconsin	X**	X	X	X		X		X
Wyoming	X	X	X	X	X	X		X

KEY:

- C - Counseling
- P - Publications
- S/W - Seminars/Workshops
- X - Activity is pursued
- * - Being developed
- ** - Co-sponsor only

Source: Where possible, data drawn from National Association of State Development Agencies, 1986 Export Program Data Base (Washington, D.C.: National Association of State Development Agencies, 1986). This information was supplemented by data from National Association of State Development Agencies, 1984 Export Program Data Base.

TABLE 4

SEMINARS AND CONFERENCES

STATE	ANNUAL NUMBER			BASIC HOW-TO	TOPICS	
	STATE SPONSORED	CO- SPONSORED	TOTAL		SINGLE SUBJECT	FOREIGN MARKET
Alabama	2	16	18	NA	NA	YES
Arizona	10	7	17	10	3	4
Arkansas	0	22	22	13	3	6
California	0	15	15	NA	NA	NA
Colorado	0	16	16	4	8	4
Connecticut	Yes	Yes	Yes	Yes	Yes	Yes
Delaware	0	3	3	1	1	1
Florida	Yes	Yes	75	Yes	Yes	Yes
Georgia	NA	Yes	NA	NA	NA	NA
Hawaii	0	12	12	0	2	10
Idaho	3	10	13	Yes	Yes	Yes
Illinois	0	20	20	0	Yes	Yes
Indiana	1	12	13	6	5	1
Iowa	6	9	15	6	NA	NA
Kansas	0	10-15	10-15	NA	NA	NA
Louisiana	15	25	40	13	13	14
Maryland	8-10	12	20-22	8-10	12	0
Massachusetts	0	0	0	0	0	0
Michigan	NA	NA	30	10	10	10
Minnesota	25	2	27	Yes	Yes	Yes
Mississippi	3	3	6	NA	Yes	Yes
Missouri	Yes	Yes	24	Yes	Yes	Yes
Montana	0	2	2	1	0	0
Nebraska	8	7	15+	5	3-4	2
Nevada	NA	NA	several	NA	NA	Yes
New Jersey	0	20	20	3	7	10
New York	3	30-40	30-40	20-30	2-4	2-4
North Carolina	3	7	10	NA	NA	NA
North Dakota	0	6	6	NA	NA	NA
Ohio	5	45	50	30	10	5
Oregon	5	30	35	25	5	5
Pennsylvania	0	200+	200+	Yes	Yes	Yes
Rhode Island	0	3-4	3-4	NA	NA	NA
South Dakota	Yes	Yes	5	1	0	4
Tennessee	0	12	12	0	12	0
Texas	0	10	10	10	0	0
Utah	0	15	15	12	Yes	Yes
Virginia	Yes	Yes	12	Yes	Yes	Yes
West Virginia	0	25-30	25-30	Yes	Yes	Yes
Wisconsin	0	30	30	Yes	Yes	No
Wyoming	Yes	Yes	Yes	Yes	Yes	Yes

NOTE: Data reflect responses given by states in response to survey. Those states not listed did not return questionnaires.

SOURCE: National Association of State Development Agencies (NASDA), State Export Program Database, March 1986.

Most states provide written information for both exporters and foreign investors. Twenty-five states conduct studies of specific foreign markets. States also prepare general publications such as handbooks and newsletters. The handbooks provide general information on the export process, sources of official help, and, very frequently, the availability of private firms that support foreign trade: freight forwarders, specialized law firms, and the like. Newsletters have a wide variety of formats and may include a listing of trade leads, which are also disseminated in other media, including phone calls and individual mailings. These leads in turn are developed from the activities of states' overseas offices, from other state activity abroad, or from the intelligence of the U.S. Department of Commerce.¹ Eight states also make available so-called "language banks" which are frequently merely a listing of qualified translators in the private sector.

Some states provide special credit facilities. By 1980 only California assisted exporters in this way, but fourteen others, including Minnesota, had authorized such programs or actually had them in operation by 1985.²

Moving to the second row of the first column of Figure 1, many states advertise the availability of state products to foreign purchasers or potential sales agents and distributors.

Virtually all states take great pains to host foreign trade delegations. These delegations frequently close substantial deals while visiting the state, although in many cases preliminary work has already been done. We hypothesize that the paucity of data on delegation hosting reflects the inability of the state to control the pace and volume of such activity and its intermittent character. Indeed, of all substantial foreign sales promotion activities, this is the only one in which states typically cannot take the initiative.

Fewer types of activities take place abroad, but they are very important. Both the U.S. Department of Commerce and state overseas offices help potential exporters identify foreign sales agents; they also develop and transmit trade leads. Approximately thirty states now have direct overseas representation of some kind. These offices frequently assist in the planning and execution of short-term overseas selling ventures in the form of trade show participation and trade missions. In the former case, state firms are included in either one of the major foreign trade fairs or in an exclusively American presentation sometimes done in conjunction with other states or the U.S. Department of

¹ The same sources also provide vital information on distribution channels abroad.

² The development of Foreign Trade Zones (see USGAO 1984) is sometimes recorded as a state effort to increase foreign sales. When such zones were first legalized in the 1930s, they were intended to increase the U.S. trans-shipment trade by protecting goods not coming into final use in the United States from customs duties. At the present time about 80 percent of goods going through Foreign Trade Zones wind up in U.S. domestic commerce, and it is quite unclear whether the zones increase exportation more than importation. They do facilitate international trade. The eighty-seven zones in 1983 were the result of applications by public or private concerns to the federal government, however, and are scarcely an important part of state activity.

Commerce. Trade missions take various forms: delegations vary in size but usually include between five and ten persons and typically involve a number of short stops in several different countries. Delegations frequently combine state officials and private business people.

Two other state policies can also promote exports. First, states can provide special tax treatment for export earnings. Only one state, New York, reports doing so (Berry and Mussen, 1981: 38).

Some states also encourage the development of export trading companies (ETCs). These firms are essentially marketing arms for domestic firms which were allowed by 1982 federal legislation permitting the cooperative foreign selling of domestically competing products and allowing private bank financing. Several states have developed a role in such organizations, frequently through port authorities or other state bodies familiar with international trade.

The federal government, while largely neutral on the issue of IFDI versus activity by domestic investors, also provides many services aimed at the promotion of exports. These programs fall outside the scope of the present study but are substantial in their magnitude. Indeed, it was only in 1980 that the overall efforts of the states moved ahead of the federal effort (National Governors' Association, 1981: 1). Federal export promotion activities lie mainly in the U.S. Department of Commerce, especially in its Small Business Administration; the International Trade Administration; the U.S. Department of Agriculture, Foreign Agricultural Service (FAS); and the Export-Import Bank of the United States. (For a detailed discussion of the activities at the federal level, see Price Waterhouse, 1986: III-2 to III-6.)

IFDI Promotion Efforts

Although IFDI promotion efforts largely preceded the drive to increase exports, only ten states had programs prior to 1969; by 1979, only three states lacked such programs (Price Waterhouse, 1986: III-13). Most states do at least some location advertising abroad from their home headquarters, and virtually all states with overseas offices employ those offices to advertise and otherwise promote the locational advantage of the state. Table 5 shows the range of state support for new investors which are open to foreign firms.

Most states maintain at least the appearance of evenhandedness between foreign and domestic investors. The nominal availability of all investment incentives to all investors does not, of course, rule out specific incentives aimed at luring a particular project. The successful efforts of the state of Tennessee to get Honda's and Nissan's investments are cases in point. Interestingly, however, most surveys suggest that special incentives are a minor consideration in attracting IFDI relative to such considerations as location, labor costs, and the availability of an appropriate labor force (State of Washington, 1984).

TABLE 5

SUMMARY OF STATE INVESTMENT INCENTIVES

STATE	STATE LOANS OR GUARANTEES	INDUSTRIAL REVENUE BOND	TAX INCENTIVES FOR TARGETED AREAS	NON-TAX INCENTIVES FOR TARGETED AREAS	ENTERPRISE ZONE PROGRAM	CUSTOMIZED JOB TRAINING
Alabama	-	-	X	-	X	X
Alaska	X	-	X	X	-	-
Arizona	-	-	-	-	-	-
Arkansas	-	-	X	-	X	X
California	X	X	X	X	X	X
Colorado	-	-	X	-	-	X
Connecticut	X	X	X	X	X	X
Delaware	-	X	X	-	X	X
Florida	X	*	X	X	X	X
Georgia	-	-	X	-	X	X
Hawaii	X	X	X	-	-	X
Idaho	-	-	X	-	-	X
Illinois	X	X	X	X	X	X
Indiana	X	-	X	X	X	X
Iowa	-	-	X	-	-	X
Kansas	-	-	X	X	X	X
Kentucky	X	X	X	X	X	X
Louisiana	X	-	X	X	X	X
Maine	X	X	X	-	-	-
Maryland	X	X	X	X	X	X
Massachusetts	-	X	X	X	-	X
Michigan	-	X	X	-	X	X
Minnesota	X	-	X	X	X	-
Mississippi	X	-	X	-	X	X
Missouri	X	X	X	X	X	X
Montana	X	X	-	-	-	-
Nebraska	-	X	X	-	-	X
Nevada	-	X	X	X	X	-
New Hampshire	X	X	-	-	-	-
New Jersey	X	X	X	X	X	X
New Mexico	-	-	-	-	-	X
New York	X	X	X	X	-	X
North Carolina	-	*	-	-	-	X
North Dakota	-	-	X	-	-	X
Ohio	X	X	X	X	X	X
Oklahoma	X	-	X	X	X	X
Oregon	X	X	X	X	X	X
Pennsylvania	X	-	X	X	X	X
Rhode Island	-	X	-	-	-	X
South Carolina	-	-	-	-	-	X
South Dakota	-	-	-	-	-	X
Tennessee	-	-	X	X	X	X
Texas	X	-	X	X	X	X
Utah	-	-	-	-	-	-
Vermont	X	X	-	X	-	X
Virginia	-	-	X	-	X	X
Washington	-	-	-	-	-	-
West Virginia	X	X	-	-	-	X
Wisconsin	-	-	-	X	-	-
Wyoming	-	-	-	-	-	-

*Issued locally with oversight by the state.

Source: National Association of State Development Agencies, reproduced from Price Waterhouse, Strategies for Developing Effective State International Development Programs, final report prepared for U.S. Department of Commerce, Economic Development Administration, Research and Evaluation Division, Washington, D.C., June 1986.

World Trade Centers

In addition to state efforts to promote foreign sales through new or previously established agencies, some cities, states, and regions have placed considerable emphasis on activity conducted through world trade centers. There are now twenty-seven world trade centers either in operation or about to open in the United States, the most notable of which is the World Trade Center in New York.

Both the financing and operation of the centers include considerable variety, and a complete discussion lies beyond the scope of this study. For our purposes, it is sufficient to note that a world trade center, by its very existence, can make three unique contributions to foreign sales (see Hoenack and Kudrle, 1984). First, the "one-stop shopping" that results from the co-location of many public and private offices dealing with foreign sales may both increase interest in and lower the cost of foreign sales activities. Second, a world trade center may provide a focus for efforts that would otherwise be scattered. The location of a premier international trade reference facility at a world trade center may provide the example of this contribution. Third, evidence suggests that much of the impetus for firms to become engaged in international trade is generated informally. Nearly all world trade centers have attractive dining and meeting facilities which may provide the milieu in which non-exporters gain the interest and confidence to begin exportation. State export offices are typically housed in world trade centers.

MINNESOTA AND FOREIGN SALES PROMOTION

During the 1970s, Minnesota lagged in the movement of the various states to promote exports and foreign direct investment. In 1980, the state was forty-fifth among the states in the percentage of its budget devoted to export marketing; as late as 1982 the state was spending only \$190,000 to promote international trade and was in forty-ninth place among all of the states.

Some saw a connection between the modest promotional efforts in the 1970s and the fall in Minnesota's export ranking from sixteenth to twenty-third among the states between 1976 and 1980. Although no one appears to have established any causality whatever between lagging export promotion and a drop in Minnesota's export ranking, public and private interest in expanding official efforts was quite widespread in the early 1980s. This mood was captured by Governor Rudy Perpich in 1983 when he appointed a thirty-one-member group of business people and government officials to the Governor's Advisory Commission on International Trade (Governor's Advisory Commission on International Trade, 1983). The priority proposal of the Commission led to the establishment on March 1, 1983 of an interim International Trade Office consisting of nine persons. This office was to develop an informational scheme for potential exporters within the state, to promote Minnesota sales and foreign direct investment abroad, and to maximize the state's international efforts to export agricultural products. The two-year budget for 1983 through 1985 was about \$6.8 million, of which a finance authority was responsible for \$2 million, and agricultural trade \$1 million. The remaining \$3.8 million was divided roughly equally among activities concerned with export promotion, the provision of services to potential exporters, and

communications. The 1986 budget of \$2.2 million was divided approximately as follows:

International trade (includes shows and missions)	41 percent
Agricultural trade	18 percent
Export Services	17 percent
Communications	8 percent
Export finance authority (operation)	5 percent
Shared expenses	11 percent

The state's export performance has recently risen back to sixteenth place; no one has attempted to link this relative rise to official efforts.

Another of the recommendations of the original Advisory Commission on International Trade was the establishment of a World Trade Center. Additionally, there was a special Governor's Commission on a World Trade Center for Minnesota which reported on March 9, 1983 (Governor's Commission on a World Trade Center, 1983). After a spirited intra-state location competition that included several potential sites in Minneapolis, two in Bloomington and one in St. Paul, the St. Paul site was selected on January 10, 1984. At this writing, the initial preoccupations of those in charge of the World Trade Center with real estate promotion issues have given way to greater concern about the Center's services in support of foreign sales by Minnesota. Just what role the Minnesota World Trade Center will play in the state foreign sales promotion efforts, however, is yet to be established. (For more details on Minnesota activities see Chapter Five.)

STATISTICAL ANALYSIS

We attempted to explain the variation in state expenditures for international trade and investment promotion in the early 1980s through statistical analysis. Our purpose was purely exploratory, and the independent variables used were not largely policy manipulable, at least in the short run.

One set of equations aimed at the correlates of the total volume of foreign sales promotion expenditure and its components. Another attempted to analyze various ratios related to those elements. In both types of equations we employed the following independent variables:

1. State personal income per capita, 1980.
2. Percentage growth in state personal income, 1970-1980.
3. The fiscal effort of the state (total taxes as a percentage of state personal income).
4. Presence or absence of a "Right to Work" law (as a proxy for union strength).
5. Percentage of the work force unemployed in 1980.
6. Value of manufactured exports in millions in 1980.
7. Total personal income in billions in 1980.
8. State wages relative to the national average in 1980.

In the equations attempting to explain total expenditures by states, the only significant variables (at .10 or better for a two-tailed test) were manufactured exports and personal income, both of which are not included in

the equation because of their high correlation (.91). Manufactured exports ($\hat{\beta} = 79.7$, $t = 2.95$) explain about 37 percent of total international expenditures, and the relation with personal income is almost identical ($\hat{\beta} = 80.0$; $t = 2.94$; $R^2 = .37$; $\bar{R}^2 = .25$). This means merely that the economic size of the state alone explains nearly two-fifths of total variation in expenditure.

More interesting, the equation attempting to explain the ratio of IFDI promotion to total international business promotion expenditures found three significant variables: 1) the unemployment rate ($\hat{\beta} = -.05$; $t = -2.3$), 2) the percentage rate of growth 1970-1980 ($\hat{\beta} = -.002$; $t = -1.9$), and 3) the wage rate in 1980 ($\hat{\beta} = -.09$; $t = -1.9$). For the equation, $R^2 = .32$ and $\bar{R}^2 = .18$. This implies that the relative effort given to foreign direct investment was greatest in those states with low levels of unemployment, low wage rates, and a low rate of growth in the previous decade.

The ratio of export promotion expenditure to total state economic development expenditure was significantly explained by variation in the growth rate of income ($\hat{\beta} = .0008$; $t = 3.5$) and manufactured exports (or personal income) ($\hat{\beta} = -.5 \times 10^{-5}$; $t = -1.8$). For the equation, $R^2 = .42$ and $\bar{R}^2 = .28$. A high growth rate contributed to the ratio, while a high level of manufactures detracted from it.

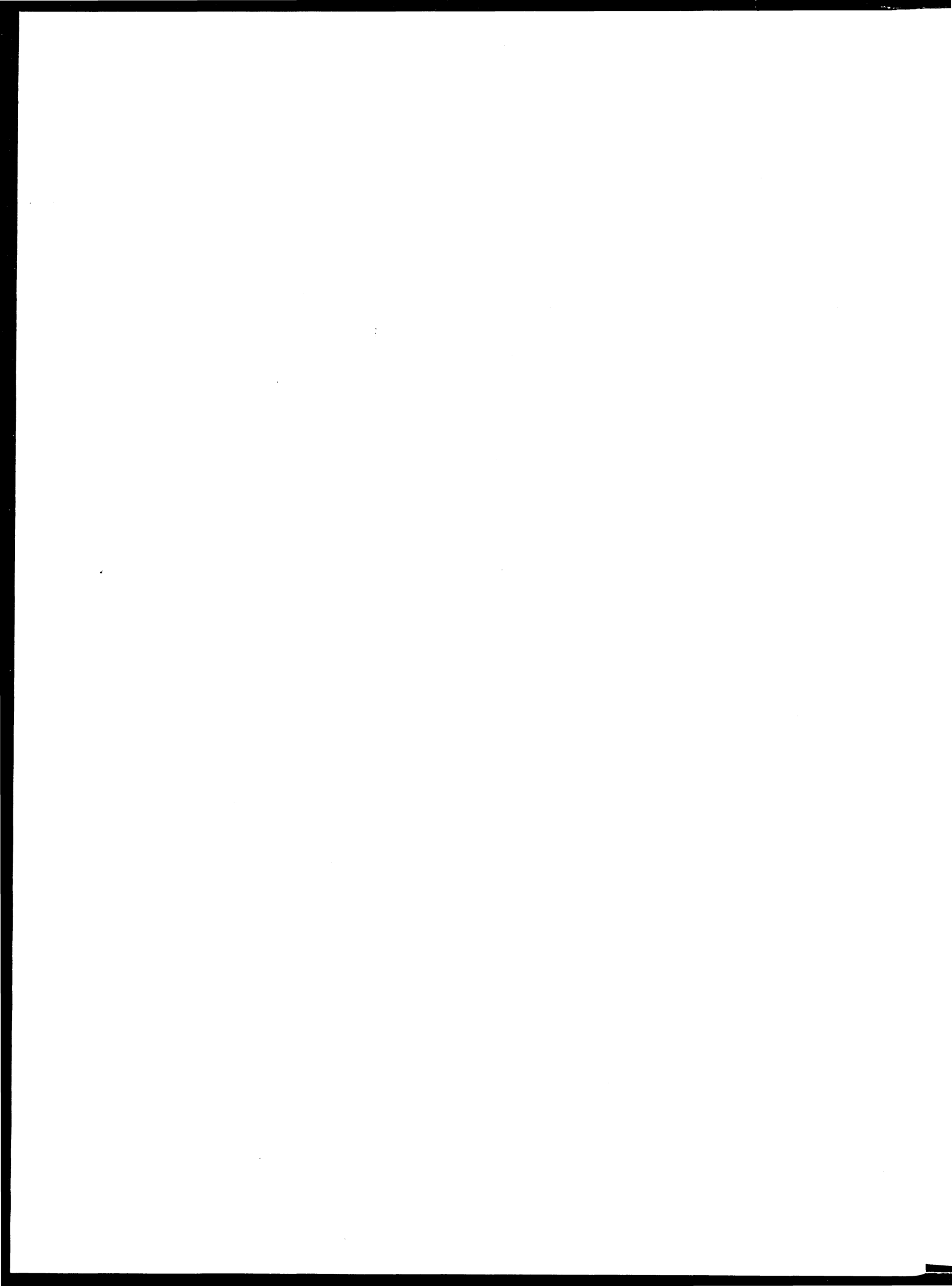
Only the unemployment rate in 1980 significantly contributed to an explanation of the ratio of foreign investment promotion expenditure to total development expenditure ($\hat{\beta} = -.01$; $t = -4.0$). For the equation, $R^2 = .42$ and $\bar{R}^2 = .28$, low employment was associated with a high ratio.

While these findings are not uninteresting, they suggest either that our variables are inadequate to compare systematic variation among the states or that such variation is highly idiosyncratic. We suspect the latter.

SUMMARY

The changed international environment with which the United States has struggled for the past fifteen years has generated an enormous increase in state-level activity to promote exports and foreign direct investment. States have differed substantially in the overall level of their efforts, the division of those efforts between foreign direct investment and export promotion, and the mix of activities within the two broad categories.

The State of Minnesota is a newcomer to the ranks of those states attempting to employ the state as an instrument of foreign sales promotion. Since 1983, however, state efforts have increased dramatically. The state is now attempting to coordinate and refine its activities.



CHAPTER 2. STATE ACTIVITIES AND THE MEANING OF EVALUATION

The previous chapter established that virtually all states are interested in promoting foreign sales. They have done so with quite different emphases, however. Great variation exists between export promotion and foreign direct investment promotion among the states, as well as within the wide range of activities geared to increasing exports. But to what extent do the different levels and mixes of activities result from the specific situations of the states rather than from differing views of, or guesses about, the intrinsic efficacy of alternative activities? Addressing this question requires information about what the states claim to know about the results of their activities.

How carefully do the states keep track of what they are doing and the apparent results of their activities? In other words, to what extent do states "evaluate" their performance?

EVALUATION AND FOREIGN SALES PROMOTION BY THE STATES

Michael Patton of the University of Minnesota, a leading evaluation scholar, has defined evaluation as "the systematic collection of information about the activities, characteristics, and outcomes of programs, personnel, and products for use by specific people to reduce uncertainty, improve effectiveness, and make decisions about what these programs, personnel or products are doing and affecting" (Patton, 1982: 15). Surely this includes the information needed to assess the appropriateness of state efforts to increase exporting and IFDI. However, the definition is so general and encompassing that one is not surprised to learn that different writers have concocted more than thirty distinct varieties of evaluation (Patton, 1982: 45-47). Nonetheless, some broad patterns emerge. According to one authoritative source, there are four major types of evaluation activity: 1) the initial design of a program, 2) the monitoring of program operation, 3) the assessment of program impact, and 4) the analysis of program efficiency (Rossi, *et al.*, 1979).

Design evaluations assess the merits of the links between program activities and goals and objectives. In the evaluation literature, a goal is an abstract statement "of desired states and social environments" (Rossi, *et al.*, 1979:54). We assume that the overriding goal of virtually all state programs is to increase the state's level of wealth or employment. An objective is a specific statement of what is to be accomplished. In this case, of course, the objectives are to increase exports and foreign direct investment.

Design evaluation will not be formally dealt with here. The initial steps each state took to relate its program and goals and objectives can only be inferred. Nevertheless, one aspect of this type of evaluation is related to our interests: "evaluability" (Wholey, *et al.*, 1975). To be evaluable, a program must have *measurable* objectives; there must be testable assumptions linking program activity to the accomplishment of the objectives, and those in charge must be in a position to alter the program to better meet its overall goal. Without a careful investigation of the inception of all of the state programs, it is not possible to determine the extent to which they were

designed with evaluability in mind. In any case, such a determination would now be of merely historical interest. Nevertheless, the programs reviewed here seem to meet all three requirements. Export and IFDI increases certainly admit to measurement, and few would doubt that increased information and sometimes financial subsidy could serve the objectives with at least some effectiveness, or that those in charge of the state efforts could alter the program if they deemed it appropriate to do so.

Program monitoring involves gathering data on a program and its clients to determine whether or not the program is functioning as it was intended and what the activity's outcomes are. There are two general types of monitoring: administrative and performance. Administrative monitoring involves gathering data about how the program is being implemented to determine whether or not the target groups are being reached. Output data, such as records of office activities, can be used to do this. For the activities under review here, this would include such things as number and types of seminars given, companies counseled, trade shows and missions sponsored, trade leads disseminated, and foreign investors contacted. Much of what follows in this chapter concerns the details of individual state attempts to monitor these components of their foreign sales programs.

Performance monitoring, which may also be regarded as the first step in impact assessment evaluation, involves an investigation of whether or not the desired *outcomes* are occurring rather than whether or not the outputs are (Poister, 1983:5). While output refers to the activities undertaken by the program personnel, outcome refers to measurements of indicators: conditions at which activities are aimed. For example, a state trade office report may list the number of trade missions and shows that it sponsored. This is output information. The same report might also include the estimated value of export sales of the participant firms following a trade mission. This is outcome information. It reveals a change in an indicator, export sales, arguably connected to the program.

Claims about program impact are frequently made the basis of such outcome information. Assuming such a connection is premature because assigning causal connection requires moving beyond monitoring to impact evaluation. This involves asking questions about whether or not similar indicator changes would have occurred in the absence of the program. Hence, to assess causality, performance or outcome monitoring must be combined with a second step in conducting impact analysis: creating a research design that provides some means of assessing what the indicators would have been in the absence of the program.

The final broad category of evaluation questions involves economic efficiency. The program may be logically sound with measurable objectives and goals, be properly monitored, and be associated with positive outcomes that are indisputably the result of the activities being evaluated. Nonetheless, there might still be a more efficient way of accomplishing the same result. A cost-effectiveness or cost-benefit analysis addresses this issue. In the present case where states employ a number of activities to serve the common goal of export promotion, it seems natural to wonder about the extent to which some of them might be producing greater results at lower costs than others.

STATE DATA COLLECTION

With these broad categories in mind we present data about state efforts to monitor and evaluate their export promotion and foreign investment programs. After explaining the origin of these data we will discuss our presentation of them.

We collected information by conducting phone interviews and mail surveys between July 1985 and March 1986. We began by consulting the Department of Commerce's *Business America* series on state international business activities to compile a list of potential contacts in each state. We then compared this list with information from NASDA's *State Export Program Database* (NASDA, 1984; 1986) and the Small Business Administration's publication, *State Export Promotion Activities* (USSBA, 1984) to identify the office in each state most responsible for international business. Once we had done this, we began phoning the offices. In some cases we were referred to other personnel. We were successful in contacting someone in every office (see list of contacts, Appendix A).

In the first round of phone calling we began conversations by explaining our interest in monitoring and posing the question: "What does your office do to measure the results of the various programs it sponsors?" Subsequent discussion depended on the response to this question. After several conversations, we developed a standard set of questions to ask each contact (see Appendix B). The questions were designed to elicit information about monitoring and evaluation in several ways to avoid missing any important information. For example, our question 6 asks states whether or not they have ever received the president's E or E* (subsequent recognition) award for Excellence in Exporting. This award is given to businesses or service organizations that are responsible for increasing exports. All states that received it must have filed a lengthy application that includes evidence that they were responsible for export increases. We expected these documents to provide the state's best evidence that its programs were having a positive impact on export behavior. We examined the several applications we received for information about monitoring and evaluation techniques (see the discussion at the end of this chapter).

After the first round of phone calling was complete, we conducted a second round to confirm our previous information, to clear up any uncertainties, and to fill in any missing information. At this time, the states that had been called prior to the development of the survey questions were asked anything that had been omitted the first time. Once this second round was completed, we wrote a summary sheet for each state in which we mentioned all of the information we had been told by the state contact. We then sent the summary to the state along with a questionnaire about its accuracy and completeness. A follow-up questionnaire was sent to those states that did not respond. In all, thirty-five states returned the forms. Some states were called again to clarify their responses. Finally, this information was used to write the state sheets presented in this chapter.

STATE INFORMATION

We present the data in two ways: by state in Chapter 2 and summarized by activity in Chapter 3. For each state we have prepared a separate presentation that includes some general quantitative data, and a narrative that focuses on monitoring and evaluation activities. Where available, we present quantitative statements about a state's programs in a table that also categorizes the data collection method used to arrive at the statements.

The general numerical data consist of six types of information. From the 1986 NASDA *State Export Program Database* we report each state's 1986 international activities budget and the percentages of it devoted to export promotion and IFDI attraction. From the 1986 *Statistical Abstract* of the U.S. we report total personal income for 1984 and the 1980 population. We include data about the volume of state exports from a 1984 Price Waterhouse Study (Price Waterhouse 1984:II-12). Finally, we report the 1984 value of IFDI in each state from the November 1985 *Survey of Current Business*.

We collected our quantitative statements from a variety of sources including books, periodicals, government documents, and materials provided directly by state offices. We have documented the source of each statement. Each one is classified either as monitoring (M), implied causal (IC), causal (C), or forecasting (F), depending upon the kind of information it conveys. We use "monitoring" here to refer to a statement of the kind we earlier called administrative monitoring: the information reports what the office is doing rather than what is happening because of its activities. An example of such a statement is: "In 1984 the number of exporters assisted by [the office] on a regular basis increased to 102 manufacturers and 40 agricultural." Clearly all states that keep records of personnel activity could produce an infinite number of such statements.

A statement is labeled "implied causal" if it suggests that there is a link between the office's activities and subsequent export or investment decisions but does not explicitly say so. An example of such a statement is: "Since Virginia opened its office in Brussels in 1969, more than 60 foreign firms with investments of more than \$450 million have provided Virginians with more than 11,500 direct manufacturing jobs."

Implied causal statements are uncommon. More commonly, states make "causal" statements that explicitly link state activity to subsequent export and investment activities. An example of such a claim is: "In Kentucky, after four years of operation of the International Division, the export sales (that were directly and indirectly attributable to the state's efforts) and foreign investment generated \$16 in tax revenues for every \$1 budgeted for international business development."

Finally, a "forecast" statement is one that links office activities with export or investment that has not yet occurred. An example of this is: "We anticipate that as a result of our participation in the Hannover Fair...four more companies will realize first time export sales or new-to-market sales."

In some cases, our classification may not be obvious to the reader. In virtually all cases, however, the context in which the statement was made guided our classification with little ambiguity.

As the following material demonstrates, virtually none of the statements seems to draw a distinction between a recording of outcomes (performance monitoring or the first step in impact assessment) and the establishment of a causal relation (impact assessment or the second step in such assessment). We find almost entirely output or outcome statements, yet the latter seem typically to assume causality.

In looking over the quantitative statements two points should be kept in mind. First, we make no claim that ours constitutes anything but a sample of all such statements. We present what we have found only in the hope that it gives some idea of the kind of quantitative statements being made. Moreover, it should not be assumed that those states for which there are more statements necessarily monitor their programs better. Rather, those states that provided us with written reports and summaries of their programs typically have the most statements, and we are indebted to them. It seems reasonable to conclude that states without written studies of the impacts of their various activities are probably not evaluating through systematic data collection and analysis, although other evaluation may be taking place.

Second, we do not suggest that quantitative claims are the only valuable evaluation data. We highlight them because they are so frequently used to justify state expenditures. Nonetheless, we concede that efforts to which a definite quantitative outcome cannot be attached, particularly those that cause firms to begin export, might ultimately be more valuable than those with directly verifiable quantitative outcomes.

We explain each quantitative statement by describing it as far as possible in a table that contains four dimensions: "data confidence," "scope of claim," "causality," and "relation of referent to object." Data confidence indicates the reliability of the quantitative data. It takes three values: "firm estimate," "independent confirmation of firm estimate," and "unknown." Firm estimate means that the source of the quantitative data is a firm or firms. Independent confirmation means that the information provided by the firm has been confirmed by data obtained elsewhere. An example of such confirmation is New York's process of trade lead evaluation in which both potential buyers and sellers are surveyed to determine the results of the program.

The "scope of claim" dimension indicates what portion of the client firms are included in the evaluative statements. This dimension takes four values. "Response from all participant firms" indicates that the statement reports on all firms who were exposed to the activity. "Response from some participant firms" indicates that the information in the statement is based on data from fewer than all participants. This differs from category three, "sample of participant firms," in that sampling involves purposive selection, either random or in some other fashion, to produce a group from which generalizations can be made. Category four, "example from a participant firm," refers to a case in which one (or more) firm's experience is reported without any attempt to claim representativeness. Category five indicates that the firms about which the statements were made were "unknown," i.e., we are uncertain about the status of the claim.

The "causality" dimension concerns state efforts to ascertain whether the state activity caused the quantitative change recorded or if it might simply

have taken place concurrently. "Change recorded" indicates that the statement is based on information about firms before and after their participation in state programs. There is no examination of the connection between the activity and change; it is merely assumed. "Attempt to verify link" indicates that the state took steps to determine the link between the indicator changes and the office activity.

The last dimension, "Object measured same as quantitative claim referent," concerns the relation between what has been measured and the subject of the claim. "Yes" means that the quantity measured is the quantity reported, e.g., sales statements from sales data. "No" means that the claim is not so simply related to data, but rather inferred from it, for example, job creation estimates based on sales data.

Information is recorded in the tables in the following way. The first row of the table indicates whether or not the state program involves organizing overseas events, disseminating leads, counseling firms, conducting seminars and workshops, and encouraging incoming foreign direct investment. An "X" in the table indicates that the state does engage in that activity. If we have no quantitative claims for the state or only administrative monitoring claims, then the table is truncated at this point because the rest of it is irrelevant to the state. If we have an implied causal, causal or forecasting statement it is described on the four dimensions by placing "X"s in the column of the table under the activity (i.e., show, leads, counseling, seminars, IFDI) being reported about and next to the dimension categories that describe it. For example, Nebraska provided us with quantitative information about its trade leads program. In the trade leads column of the Nebraska table we have put "X"s to indicate: 1) that the statement was based on firm estimates (data confidence dimension), 2) it represents responses from some participants (scope of claim dimension), 3) that the data report a change (causality dimension), and 4) that the data being reported are the same as the data collected (object measured dimension). If for any one state we have more than one statement about the same type of activity (e.g., two statements about Nebraska's trade leads program) then the statements are numbered. These numbers replace the "X"s in the table and have the same meaning.

The next section presents the summaries for each of the fifty states. This is followed by a discussion of the E and E* Awards which represent specific state efforts to prove to the federal government that their export programs have been successful.

ALABAMA

1986 international budget:	\$600,000	1983 volume of state manu-	
Percent used for export:	63	facturing exports (mil):	\$1,850
Percent IFDI	37	1980 population (mil):	3,990
1984 personal income (bil):	\$39.8	1984 IFDI (mil):	\$3,313

The state export program is administered by the Department of Economic and Community Affairs Office of International Trade with help their offices in Bern, Munich, London, Tokyo and Hong Kong. Some of the state programs are administered in cooperation with the Mid-South Trade Council. The office encourages exporting by organizing firm participation in office-sponsored overseas events, collecting and disseminating trade leads, conducting workshops and seminars, and providing individual firm counseling.

Surveying catalogue show participants is the only systematic data collection the office does. This involves administering a questionnaire to participants six months after a show. The firms are requested to supply data about any agreements signed or pending as a result of leads from the show.

The office claims to have other outcome information as a result of ongoing contact with client firms.

The office keeps records of the origin and destination of trade leads and plans to initiate a data collection effort much like New York's which involves surveying both potential buyers and sellers to determine results.

The state reverse investment program is administered by the Alabama Development Office and overseas offices, and involves extensive advertising of the benefits of locating in Alabama and meeting with potential investors. The state offers a variety of investment incentives including finance programs, site selection assistance, employee training subsidies, infrastructure development projects and tax exemptions and moratoria. The office keeps records of client decisions to invest in order to judge the success of these efforts.

	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

ALASKA

1986 international budget:	\$790,000	1983 volume of state manu-	
Percent used for export:	n/a	facturing exports (mil):	\$574
Percent IFDI	n/a	1980 population (mil):	.500
1984 personal income (bil):	\$8.6	1984 IFDI (mil):	\$11,636

The Alaska international business program is administered by the Office of International Trade with help from the state's office in Tokyo. The state efforts to promote exporting include organizing participation in overseas trade events, disseminating trade leads, conducting seminars and conferences to provide businesses with information about the export process, providing individual firm counseling, and publishing handbooks and directories. The office's efforts to promote foreign direct investment are devoted to advertising opportunities in Alaska, locating potential investors, and assisting potential investors in contacting other state and local government offices that assist businessmen with expansion and location projects.

Alaska's existing international business program is less than one year old. The office has not yet instituted systematic monitoring and evaluation mechanisms, though office personnel are studying the issue. In the meantime the office maintains informal contact with the business community in the state to develop a sense of the kinds of programs for which there is some interest.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

ARIZONA

1986 international budget:	\$447,900	1983 volume of state manu-	
Percent used for export:	50	facturing exports (mil):	\$1,349
Percent IFDI	50	1980 population (mil):	3.053
1984 personal income (bil):	\$35.5	1984 IFDI (mil):	\$3,459

The international business program is administered by the Business and Trade Section of the Office of Economic Planning and Development. The office devotes all of its efforts to promoting exporting by Arizona firms. The office organizes overseas trade events, disseminates trade leads, conducts seminars and workshops, provides individual firm counseling, performs market studies, and publishes handbooks and directories to assist exporters.

The office collects outcome data about overseas trade events by phoning participants between one and two months after the event to ascertain whether or not sales or other agreements have been finalized or are pending. The trade leads program has recently been computerized, so trade leads are disseminated by computer matching firm and trade lead SIC codes. A follow-up letter asking about sales generated by the lead is automatically sent out. The office staff also calls firms that have received leads to inquire about their usefulness and to offer assistance in pursuing them.

	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

ARKANSAS

1986 international budget: \$500,000	1983 volume of state manu-
Percent used for export: 37.5	facturing exports (mil): \$1,575
Percent IFDI 50.0	1980 population (mil): 2.349
1984 personal income (bil): \$22.8	1984 IFDI (mil): \$811

The international business program is administered by the International Marketing Division of the Arkansas Industrial Development Commission. The office encourages exporting by organizing participation in overseas trade events, disseminating trade leads, conducting seminars and workshops, offering to provide firms with market studies, providing individual firm counseling, and conducting direct mail campaigns (which involve sending Alabama companies' literature abroad). The state also staffs a foreign direct investment program designed to encourage foreign manufacturers to locate operations in Arkansas.

Output data about export activities are collected in monthly reports prepared by trade specialists about their own work during the period. Each specialist lists the number of trade leads collected and the number of workshops in which he or she participated and in what capacity. Specialists' reports also list companies that were provided with technical assistance. For overseas trade events, specialists report the countries visited, companies represented, and leads obtained. Specialists also report any outcome data they have, such as sales or other agreements that have been finalized or are pending. Trade specialists do not follow a formal procedure to collect these outcome data; the information comes mainly from ongoing contact between the clients and specialists as companies go through the export process.

The reporting system for the foreign direct investment efforts is much the same as for export programs. Staff keep records of their activities as well as information on the investment decisions of clients with whom they are working.

TYPE	STATEMENT
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- | | |
|----|---|
| C | 1. "In 1981 through the Arkansas Industrial Development Commission's service \$23.1 million in export sales was transacted." ¹ |
| IC | 2. "In 1982 export sales with the assistance of AIDC increased to \$62.8 million." ² |
| C | 3. "In 1984 the AIDC's export assistance program total was \$43,505,000." ³ |
| M | 4. "In 1984 the number of exporters assisted by AIDC on a regular basis increased to 102 manufactured, 40 agricultural." ⁴ |
| C | 5. "AIDC assisted export sales between 1981 and 1984: 1981--\$23 million, 1982--\$62.7 million, 1983--\$46.4 million, 1984--\$43.5 million." ⁵ |

1 Arkansas Industrial Development Commission Marketing Division, 1985, Application for the President's "E" and "E Star" Awards in Export Expansion, narrative, p. 2.

2 Ibid., p. 2.

3 Ibid., p. 4.

4 Ibid. Application form, item 5.

5 Ibid., item 8.

TRADE

SHOWS LEADS COUNSELING SEMINARS FDI PROMO UNSPECIFIED

PROGRAM ACTIVITIES:

DIMENSIONS

Data Confidence

- Firm estimate 1,2,3,5
- Independent confirmation of firm estimate
- Unknown

Scope of Claim

- Response from all participant firms
- Response from some participant firms
- Sample of participant firms
- Example from a participant firm
- Unknown 1,2,3,5

Causality

- Change recorded 1,2,3,5
- Attempt to verify link

Object Measured Same as Quantitative

Claim Referent

- Yes 1,2,3,5
- No

CALIFORNIA

1986 international budget:	\$5,700,000	1983 volume of state manu-	
Percent used for export:	100	facturing exports (mil):	\$16,580
Percent IFDI	--	1980 population (mil):	25.622
1984 personal income (bil):	\$367.5	1984 IFDI (mil):	\$27,114

The California export promotion program is administered by the state's World Trade Commission, an alliance of state personnel and business. The commission encourages exporting by organizing participation in overseas trade events, disseminating trade leads, conducting seminars and conferences, and providing individual firm counseling. Currently the only activities for which the office collects outcome data are overseas trade events. The office surveys participants as to the overall convenience and usefulness of the show, as well as the volume of sales finalized and pending, and other resulting agreements. Firm data are aggregated, combined with a description of the event, and disseminated as a trip report.

The office is currently computerizing its trade leads program. Once this has been done the office plans to survey recipients about sales in order to assess program results.

The state's foreign direct investment promotion program is administered by the Department of Business and Industrial Development and involves actively soliciting investors; providing site selection assistance; and assisting investors to obtain industrial revenue bonds, subsidized employee training programs, and tax abatement. The office compiles data about these efforts in what is called an expansion list which enumerates all business expansions or locations by investors with whom the state has worked. This list includes information about the type of operation, the location, the size of the investment and the number of jobs created.

TYPE STATEMENT

- C 1. "With 65 percent of the California participants responding to a WTC survey thus far, \$3 million is conservatively estimated in sales over the next twelve months as a direct result of their participation."¹

¹ California World Trade Commission, post-trip report--Made in USA Fair, March 11-14, 1985, mimeo, p. 1.

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	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence						
-Firm estimate	x					
-Independent confirmation of firm estimate						
-Unknown						
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms	x					
-Sample of participant firms						
-Example from a participant firm						
-Unknown						
Causality						
-Change recorded	x					
-Attempt to verify link						
Object Measured Same as Quantitative						
Claim Referent						
-Yes	x					
-No						

COLORADO

1986 international budget:	\$220,000	1983 volume of state manu-	
Percent used for export:	68	facturing exports (mil):	\$1,526
Percent IFDI	n/a	1980 population (mil):	3.178
1984 personal income (bil):	\$43.7	1984 IFDI (mil):	\$3,821

Colorado's international business program is administered by the Foreign Trade Office of the state Division of Commerce and Development. To promote exporting from and investment in Colorado, the Foreign Trade Office organizes participation in overseas shows and missions, gathers and disseminates trade leads, and engages in individual firm counseling.

The state gathers outcome data on overseas events by phoning participants to collect information about sales or other agreements concluded or pending as a result of contacts made overseas.

The office gets Department of Commerce trade leads via computer and disseminates them through direct mail and newsletters. The office currently has no procedures for collecting outcome data on trade leads. Information on them is generally limited to output data: the number disseminated and to whom.

Individual firm counseling is designed to introduce companies to exporting and includes analyzing a company's export potential, identifying key markets and customers, and advising about selling methods (e.g. direct agents, export trading companies). As with trade leads, the counseling efforts are monitored mainly on the basis of staff contact records. There is information on some firms' subsequent overseas activities as a result of informal, ongoing contact between the firm and the office.

The Foreign Trade Office promotes foreign investment by pursuing overseas contacts at shows and missions and providing information to companies that express interest in investing in the state. The office assesses the impact of its foreign direct investment efforts by judging the importance of its work in producing a favorable investment decision. This is done informally based on when the office got involved with the investor and in what capacity.

TYPE STATEMENT

- C 1. "To date, we can document approximately \$13,237,500 in expected sales from the trade shows and mission."¹
- C 2. "Increased exports from Colorado businesses create, or retain, jobs for Coloradans. An accepted measure in the international trade community is that each additional million in sales creates 25 jobs. The FTO has been able to document \$13,237,000 in anticipated sales. Based on the above formula, 331 jobs will be created from the increased exports."²
- C 3. "The FTO is responsible for over 13 million in export sales by companies assisted in its first full year of existence."³

1 Colorado Foreign Trade Office, 1984, Annual Report, p. 6.
 2 Ibid., p. 8.
 3 Business America, 13 May 1985, p. 12.

	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence						
-Firm estimate	1,3					
-Independent confirmation of firm estimate						
-Unknown	2					
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms						
-Sample of participant firms						
-Example from a participant firm						
-Unknown	1,2,3					
Causality	1,2,3					
-Change recorded						
-Attempt to verify link						
Object Measured Same as Quantitative						
Claim Referent						
-Yes	1,3					
-No	2					

CONNECTICUT

1986 international budget:	\$625,000	1983 volume of state manu-	
Percent used for export:	50	facturing exports (mil):	\$3,204
Percent IFDI	50	1980 population (mil):	3.154
1984 personal income (bil):	\$51.6	1984 IFDI (mil):	1,624

The Connecticut international business program is administered by the Department of Economic Development. The office encourages exporting by organizing participation in overseas trade activities, disseminating trade leads, conducting workshops and seminars, and providing individual firm counseling. The office encourages foreign direct investment by advertising the state, identifying and working with potential investors, and administering a licensing/joint venture program.

The office maintains files on client firms that contain information about the kinds of international activities the firm is interested in beginning or expanding, what the office has done to assist the firm, and what the firm has subsequently done to advance its objectives. The office collects the latter information by calling and writing to clients to determine whether or not they have successfully followed up on opportunities or benefited from information provided by the office.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

DELAWARE

1986 international budget:	\$75,000	1983 volume of state manu-	
Percent used for export:	50	facturing exports (mil):	\$704
Percent IFDI	50	1980 population (mil):	.613
1984 personal income (bil):	\$8.3	1984 IFDI (mil):	\$2,290

The primary state agency involved in promoting international exports and reverse investment is the Delaware Development Office. Delaware has organized participation in a few trade missions, but such activities are not yet part of an overall export promotion program. The past missions were mainly ceremonial, and there is no record of the results of the trips. The state sponsors seminars and conferences for Delaware companies interested in various facets of the export process as well as providing individual firm counseling and trade lead dissemination.

The existing foreign direct investment program is only a few years old. It includes standard services, such as approving revenue bonds, providing funds for employee training programs, and offering tax incentives. To date there has been no real effort to track program results, but since the office's opening the only foreign-owned company to move into the state is Barclay's Bank.

The head of Delaware's Development Office spends considerable time working with the Governor's International Trade Council to lobby the legislature to pass laws improving the state's business climate. Such laws include the International Bank Development Act, the Export Trading Company Act, and the Foreign Services Company Act. Passage is considered a success for the Development Office. The state then judges the success of the laws by keeping track of the number of companies of the type targeted by a law that have located in the state since enactment. This appears to be the extent of monitoring efforts.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

FLORIDA

1986 international budget:	\$1,586,700	1984 volume of state manu-	
Percent used for export:	60	facturing exports (mil):	\$3,343
Percent IFDI	40	1980 population (mil):	10.976
1984 personal income (bil):	\$137.8	1984 IFDI (mil):	\$8,138

The Florida International Trade Program is administered by the Bureau of International Trade and Development with assistance from the state representatives in Frankfurt and Tokyo. The state encourages Florida firms to export by organizing participation in overseas trade events, disseminating trade leads, conducting workshops and seminars, providing individual firm counseling, and publishing handbooks and directories for both exporters and foreign buyers. The office seeks to attract foreign direct investment by advertising the state, arranging and conducting site tours, and serving as a contact point between the state and potential investors. The state puts investors in contact with other state and local government offices that assist businessmen seeking to locate or expand operations in the state.

At the beginning of each year the office sets tasks to be accomplished (e.g., send out a certain number of trade leads, conduct a certain number of seminars). The office maintains records of all of its activities in order to compile quarterly reports on its outputs. The office collects information about state-sponsored participation in overseas events and the trade leads program. At the conclusion of each overseas event participants are asked about sales or other agreements concluded or pending. Companies are surveyed again by mail questionnaires after six and twelve months. The office estimates the sales generated by the trade leads program by conducting an annual mail survey of all recipients. The state quantifies its foreign direct investment efforts by maintaining records of clients with whom it is working and their investment decisions.

TYPE STATEMENT

- F 1. "An estimated \$44 million in sales of aircraft and components is anticipated within 12 months as a result of contacts made during the Paris Air Show."¹
- M 2. "Fifteen companies participated and a total of 745 trade lead referrals were obtained during the catalogue show at the Cairo International Fair."²
- M 3. "Through 1983 the Bureau sponsored or participated in a total of 23 trade-related events in Asia, Europe, Latin America, the Caribbean, Africa, the Middle East, and the United States. These included trade missions catalogue shows, domestic and overseas fairs or expositions and conferences ...The Bureau sponsored or cosponsored a total of 86 export seminars attended by 3,169 business representatives. The Bureau's Export Services Section conducted 321 telephone consultations on questions relating to trade via the department's toll free telephone number. In-plant consultation on international trade were provided for 507 companies."³
- C 4. "A recent survey of 7,500 companies reported a \$14 million increase in international trade directly attributed to the automated trade leads system."⁴

1 Florida Department of Commerce, 1985, "Florida Group Exhibit a Hit at the Paris Air Show," Commerce Communication, Vol. 1, No. 1, p. 5.

2 Florida Department of Commerce, 1985, "Mid-East Proves Profitable for Florida Products," Florida Economic Developments, Vol. VII, p. 3.

3 Florida Department of Commerce, 1983, Annual Report, p. 14.

4 California World Trade Commission, 1986, Trade Leads Survey, p. 3.

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	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence						
-Firm estimate	x	x				
-Independent confirmation of firm estimate						
-Unknown						
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms	x	x				
-Sample of participant firms						
-Example from a participant firm						
-Unknown						
Causality						
-Change recorded	x	x				
-Attempt to verify link						
Object Measured Same as Quantitative						
Claim Referent						
-Yes	x	x				
-No						

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GEORGIA

1986 international budget:	\$1,296,200	1983 volume of state manu-	
Percent used for export:	23	facturing exports (mil):	\$2,250
Percent IFDI	77	1980 population (mil):	5.83
1984 personal income (bil):	\$66.8	1984 IFDI (mil):	\$5,970

The International Division of the Georgia Department of Industry and Trade promotes the export of Georgia products, assists companies in licensing and joint ventures, and provides assistance to foreign investors interested in doing business in the state. Georgia encourages export promotion by organizing participation in overseas trade events, disseminating trade leads, conducting seminars and workshops, and providing individual firm counseling.

Overseas trade events are monitored by administering a questionnaire to participants. The office is in the process of creating a monitoring system for trade leads. When it is in place the system will automatically generate a questionnaire to recipients every six months, and receiving further leads will be contingent on returning the questionnaire.

Efforts to encourage foreign direct investment include compiling and distributing lists of Georgia companies interested in joint venture and licensing agreements; providing site location services; and assisting investors in obtaining investment incentive packages that might include, among other things, tax abatement, employee training subsidies, financing, and infrastructure development projects. Outcome data are gathered by maintaining contact with clients until an investment decision is made.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

HAWAII

1986 international budget:	\$225,000	1983 volume of state manu-	
Percent used for export:	n/a	facturing exports (mil):	\$173
Percent IFDI	n/a	1980 population (mil):	1.039
1984 personal income (bil):	\$13.3	1984 IFDI (mil):	\$1,599

The International Services Branch of the Department of Planning and Economic Development was established in 1967 to promote international trade and commerce for the State of Hawaii. To carry out this mandate, the office engages in a variety of activities under three program headings: information and publishing, public outreach, and international marketing and promotion.

Information and publishing involves conducting research and publishing information for business and includes responding about foreign investments, disseminating trade leads, and providing general information about business in Hawaii and various foreign markets. Public outreach activities include seminars, conferences, and roundtable sessions designed to create an awareness of international opportunities available for both Hawaiian businessmen and investors interested in Hawaii. International marketing and promotion involves organizing participation in international trade fairs and business promotions, sponsoring overseas business missions, and disseminating trade leads.

Hawaii's quantitative data are largely limited to detailed output information and examples of outcomes. International Services prepares in-house descriptive reports of the state's activities and the program participants and sometimes limited outcome information gathered from informal discussions with them. Companies are not required to provide any outcome information as a condition of participating in any of the office programs, though some do provide unsolicited feedback through letters or repeated contact with office personnel. These unsolicited outcome data are used as indications of the success of an activity.

	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

IDAHO

1986 international budget:	\$ 25,000	1983 volume of state manu-	
Percent used for export:	50	facturing exports (mil):	\$367
Percent IFDI	n/a	1980 population (mil):	1.001
1984 personal income (bil):	\$10.2	1984 IFDI (mil):	\$515

Idaho's Division of Economic and Community Affairs publishes an exporter/importer directory and will assist foreign missions that request help while visiting the state. The vast majority of international efforts in Idaho are conducted by the regional International Trade Administration, Office of the Department of Commerce and private business. Idaho does not have any programs to promote foreign direct investment.

	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:		x		x		x

ILLINOIS

1986 international budget:	\$2,632,000	1983 volume of state manu-	
Percent used for export:	40	facturing exports (mil):	\$6,362
Percent IFDI	60	1980 population (mil):	11.511
1984 personal income (bil):	\$158	1984 IFDI (mil):	\$6,967

The International Business Division of the Illinois Department of Commerce and Community Affairs administers a program designed to promote both exporting and foreign direct investment in the state. The state engages in four types of activities to promote Illinois producers: trade exhibitions and missions, catalog exhibitions, agent/distributor searches, and individual business trip assistance.

Trade exhibitions and missions are designed to encourage companies to send representatives overseas. The state identifies key international exhibits, organizes an Illinois pavilion and invites companies to display their products. Missions are held to cover promising markets not served by organized shows. These efforts are judged successful or not on the basis of written participant surveys in which companies estimate the sales they expect to make in the next twelve months as a result of their participation in the activity. The office administers subsequent surveys to compare actual results with the projections.

The overseas offices are responsible for catalogue shows and agent distributor searches which are designed to generate leads to be followed up by companies. The overseas offices arrange itineraries of cities for the catalogue exhibition and places in these cities where the catalogues will be displayed. Foreign business people visit the exhibitions and indicate companies they are interested in, then the Illinois office forwards these leads to the companies. The overseas offices are also responsible for preparing promotional mailings to go to countries in their service areas for the purpose of finding agent/distributors for firms that have requested them. Leads generated are then sent to the companies. These trade leads efforts are not evaluated in terms of sales generated due to the volume sent out and the lack of company records detailing where leads come from. The office gets unsolicited feedback on these efforts as a result of ongoing contact with companies.

The office conducts some workshops and seminars to provide general information about exporting to interested firms, but has no outcome data about these efforts.

The office also works with companies interested in investing in Illinois. This assistance primarily consists of providing information about the state, touring possible sites with prospective investors, working with local communities to help them sell their communities to foreign investors, and coordinating state services available to prospective investors. The department keeps records of those prospective investors with whom it works who ultimately do invest in Illinois, including data about the dollar value of investments and the number of jobs created.

TYPE	STATEMENT
M	1. "In the last decade, the International Business Division has accompanied over 350 companies to more than 70 major international trade events covering six continents." ¹
C	2. "...firms participating in the department's trade shows had nearly \$20 million in estimated first year sales." ²

	TRADE SHOWS	LEADS	COUNSELING	SEMINARS	FDI PROMO	UNSPECIFIED
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence						
-Firm estimate						
-Independent confirmation of firm estimate						
-Unknown	x					
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms						
-Sample of participant firms						
-Example from a participant firm						
-Unknown	x					
Causality						
-Change recorded						
-Attempt to verify link						
-Unknown	x					
Object Measured Same as Quantitative						
Claim Referent						
-Yes	x					
-No						

1 Illinois Department of Commerce and Community Affairs, International service Directory, p. 1.

2 John Kline, 1983, State Government Influence in U.S. Economic Policy, p. 61. State office could provide no information about the origin of this estimate.

INDIANA

1986 international budget:	\$675,800	1983 volume of state manu-	
Percent used for export:	55	facturing exports (mil):	\$4,000
Percent IFDI	45	1980 population (mil):	5.498
1984 personal income (bil):	\$64.9	1984 IFDI (mil):	1,968

Indiana's export promotion program is carried out by the International Trade Division of the Indiana Department of Commerce and the state's offices in Brussels and Tokyo. The office encourages exporting by organizing overseas activities; disseminating trade leads; and providing information on and assistance with exporting by conducting seminars and workshops, providing individual firm counseling, and publishing directories and brochures.

The state regularly plans and coordinates overseas trade missions and shows. These projects are evaluated by calling participants at regular intervals to inquire about agreements that are under negotiation or have been finalized as a result of the overseas activity. The office measures success by determining whether or not participants report meeting the goals they had set for themselves. For example, if a company's goal was to set up agent relationships, then judgements of success are based on whether or not, in fact, an agent was signed and the degree to which he/she satisfies the company. Similarly, if a company's goal is immediate sales, then the measure of success is whether or not a sale was made.

The state collects trade leads from various sources, including the U.S. Department of Commerce, and disseminates them by direct mailings. Once a month trade specialists call all companies outside of Indianapolis that received leads to find out whether or not they generated sales. Within Indianapolis, a non-profit organization promoting city growth follows up on leads every six months and passes the data on to the state.

The office keeps records of those firms that participate in seminars and workshops but does not follow subsequent international business activities. Information on the results of individual counseling comes from the files of specialists who work with the firms.

TYPE STATEMENT

- C 1. During the last trade survey of Indianapolis firms receiving trade leads, out of forty companies three reported sales, three said that they wanted no more leads, and the rest said that although they had had no results they were interested in getting other leads.¹

¹ Conversation with Julie Wischer, Trade Specialist, International Trade Division, Indiana Department of Commerce, July 1985.

	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x		
DIMENSIONS						
Data Confidence						
-Firm estimate		x				
-Independent confirmation of firm estimate						
-Unknown						
Scope of Claim						
-Response from all participant firms		x				
-Response from some participant firms						
-Sample of participant firms						
-Example from a participant firm						
-Unknown						
Causality						
-Change recorded		x				
-Attempt to verify link						
Object Measured Same as Quantitative						
Claim Referent						
-Yes		x				
-No						

IOWA

1986 international budget: \$500,000	1983 volume of state manu-	
Percent used for export: 55	facturing exports (mil):	\$1,807
Percent IFDI 30	1980 population (mil):	2.910
1984 personal income (bil): \$35.2	1984 IFDI (mil):	\$1,195

The international business program in Iowa is administered by the International Trade and Promotion Section of the Iowa Development Commission with help from the state's foreign offices in West Germany and Hong Kong. The office organizes participation in overseas trade events, disseminates leads, conducts seminars, engages in individual firm counseling, and publishes a variety of documents to assist exporters and investors.

The Iowa trade office organizes and conducts trade missions that cover three to five markets in one two-to-three week trip. The state also organizes participation in trade shows. Firms that participate in overseas activities are requested to fill out results questionnaires about their experience before they return to Iowa. The office continues to get informal feedback from any participant with whom it has ongoing contact but does not administer subsequent questionnaires.

Iowa uses both direct mailings and newsletters to disseminate trade leads collected from various sources, including the U.S. Department of Commerce. This program is monitored informally by periodically sending out questionnaires with the leads that include questions about their usefulness and whether or not they have led to sales. Such surveys are done less than once per year.

The Iowa office does some work to promote foreign direct investment, but it consists primarily of advertising the state's central location and other attractive features and arranging employee training programs for new and expanding businesses.

TYPE STATEMENT

- C 1. "Hawkeye Eagle Transport Equipment Company of Schaller has announced a multi-million dollar contract to sell trailers to Yanming Marine Transport Corporation of Taipai, Republic of China (Taiwan). Governor Terry Branstad said the the contract is probably the largest single purchase made as a result of a state of Iowa trade mission."¹

¹ Iowa Development Commission, 7 August 1985, "Trade Mission Pays Off for Iowa Company," NEWS, p. 30.

	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence						
-Firm estimate	x					
-Independent confirmation of firm estimate						
-Unknown						
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms						
-Sample of participant firms						
-Example from a participant firm	x					
-Unknown						
Causality						
-Change recorded	x					
-Attempt to verify link						
Object Measured Same as Quantitative						
Claim Referent						
-Yes	x					
-No						

KANSAS

1986 international budget:	\$132,000	1983 volume of state manu-	
Percent used for export:	25	facturing exports (mil):	\$1,144
Percent IFDI	75	1980 population (mil):	2.438
1984 personal income (bil):	\$32.5	1984 IFDI (mil):	\$997

The Kansas international business program is administered by the International Trade Development Division of the Department of Economic Development. The office conducts trade shows and missions, disseminates trade leads, provides individual firm counseling, and sponsors seminars and workshops on various export topics.

The office reports that there is a lack of effort on evaluation because it is difficult and time consuming to get sales information. The office's outcome data about trade shows and missions are quite mixed. The office has ongoing contact with firms that participated in the 1984 China trip and with a firm that attended a 1985 European show, so it has some outcome data about these trips. The office also has outcome data on the March 1985 "Made in U.S.A." show because a mail survey was done to determine the sales generated by trade leads collected. However, the office has no information about the results of its other overseas events, nor about its regular trade lead efforts.

Information about other activities is limited to output data that indicate what the office has done rather than what the outcome was in terms of sales, agent/distributor relationships established, or other agreements signed. The office's efforts to promote direct foreign investment involve providing general information about the state's investment incentives.

TYPE STATEMENT

- C or M 1. Contracts for sales of Kansas products totaling \$3.2 million were finalized with the Henan Province, People's Republic of China, on a recent sister-state mission headed by the leadership of the Kansas legislature.¹
- C 2. In June 1984 six Kansas businessmen went to China with Governor Carlin's delegation to introduce products and services to that market: flour milling, grain handling, plastic molding. All six businesses got letters of intent together totaling approximately ten million dollars in potential sales.²
- C or M 3. Governor Carlin led a Kansas agriculture and industrial trade delegation to Taiwan December 4-7, 1984 to promote trade and investment ties with the Republic of China. . .while there, Taiwan signed a contract for 109,000 metric tons of corn valued at \$14 million through Cargill, Inc.³
- M 4. The office conducted a mail survey to follow up the trade leads collected at the March 1985 Made in U.S.A. trade show. There was a 40% response rate. Only two or three companies said the leads were helpful, but all expressed interest in receiving more in the future.⁴

¹ Kansas Department of Economic Development, 1985, Kansas International, July, p. 1.

² Business America, 4 February 1985, p. 25.

³ Kansas Department of Economic Development, 1985, Kansas International, January, p. 1.

⁴ Conversation with Nancy Mahrk Adams, International Development Representative, Kansas Department of Economic Development, 13 November 1985.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence						
-Firm estimate	x	x				
-Independent confirmation of firm estimate						
-Unknown						
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms		x				
-Sample of participant firms						
-Example from a participant firm						
-Unknown	x					
Causality						
-Change recorded	x	x				
-Attempt to verify link						
Object Measured Same as Quantitative						
Claim Referent						
-Yes	x	x				
-No						

KENTUCKY

1986 international budget:	\$838,000	1983 volume of state manu-	
Percent used for export:	n/a	facturing exports (mil):	\$1,537
Percent IFDI	n/a	1980 population (mil):	3.723
1984 personal income (bil):	\$38.6	1984 IFDI (mil):	\$2,780

The state's export promotion program is administered by the Kentucky Commerce Cabinet's Office of International Marketing. The office's primary responsibility is to help Kentucky businesses market their products abroad. To that end the office organizes participation in overseas trade shows and missions, disseminates trade leads, conducts seminars and workshops on various export topics, and provides individual firm counseling. The state's efforts to attract foreign direct investment are administered by the International Division of the Department of Economic Development. The state maintains a variety of finance programs to encourage both location and expansion. The state also offers tax exemptions and moratoriums, employee training subsidies, site selection assistance, and infrastructure development programs.

TYPE STATEMENT

- C 1. In Kentucky, after four years of operation of the International Division, the export sales (that were directly and indirectly attributable to the state's efforts) and foreign investment generated \$16 in tax return for every \$1 budgeted for international business development.¹

	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence						
-Firm estimate						
-Independent confirmation of firm estimate						
-Unknown						x
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms						
-Sample of participant firms						
-Example from a participant firm						
-Unknown						x
Causality						
-Change recorded						x
-Attempt to verify link						
Object Measured Same as Quantitative						
Claim Referent						
-Yes						
-No						x

¹ National Association of State Development Agencies, 1984, Trade Development Catalogue, p. 4.

LOUISIANA

1986 international budget:	\$300,000	1983 volume of state manu-	
Percent used for export:	n/a	facturing exports (mil):	\$3,356
Percent IFDI	n/a	1980 population (mil):	4.462
1984 personal income (bil):	\$48.4	1984 IFDI (mil):	\$10,417

The state's international business program is administered by the Office of International Finance, Trade and Development. The office encourages Louisiana businesses to export by organizing participation in overseas trade events, conducting seminars and workshops, disseminating trade leads, and providing individual firm counseling. The office attracts foreign direct investment by advertising the state, participating in investment shows and conducting investment missions, providing potential investors with information about Louisiana, and assisting investors to arrange incentive packages that meet their individual needs.

The office's export efforts are quite new and as yet procedures to collect outcome data have not been established. The office judges the success of its efforts to attract investors by keeping records of the number of inquiries it gets from potential investors in the part of the world from which the state is actively seeking them, numbers of potential investors who visit the state after being contacted during an investment mission, and the number of clients who do eventually invest in the state.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

MAINE

1986 international budget:	n/a	1983 volume of state manu-	
Percent used for export:	n/a	facturing exports (mil):	\$481
Percent IFDI	n/a	1980 population (mil):	1.156
1984 personal income (bil):	\$12.3	1984 IFDI (mil):	\$1,920

Maine's International Business Program is administered by the State Development Office. The office encourages Maine firms to export by organizing participation in overseas trade events, collecting and disseminating trade leads, conducting seminars and conferences, and publishing newsletters. The state has a variety of programs designed to attract investors to Maine including financing, tax exemptions and moratoriums, site selection assistance and employee training subsidies.

The state office determines the success of its efforts on the basis of information in company files maintained by the staff. These files contain outcome data collected by phoning clients to determine whether or not their participation in a state-sponsored program led to subsequent sales or other agreements or investments.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

MARYLAND

1986 international budget:	\$1,400,000	1983 volume of state manu-	
Percent used for export:	100	facturing exports (mil):	\$1,060
Percent IFDI	--	1980 population (mil):	4.349
1984 personal income (bil):	\$61.4	1984 IFDI (mil):	\$2,536

The 1985 state legislature created the Office of International Trade for the purpose of increasing state exports. To that end the state organizes participation in overseas trade events, disseminates trade leads, conducts workshops, provides individual firm counseling, and publishes an importer/exporter directory. The bill authorizing the creation of the office calls for the staff to increase Maryland exports by \$300 million in three years, so a monitoring system that can provide such information is necessary. As yet it has not been established.

The Maryland foreign direct investment program is administered by the Division of Economic Development's Office of Business and Industrial Development and the state's European and Japanese offices. The office advertises the state, solicits prospects, provides information about the state, and arranges and conducts site inspection tours. The office also assists prospects in contacting other state and local government offices that can arrange investment incentives such as tax abatements, employee training subsidies and industrial park development. The office maintains client files in order to keep track of those who locate in the state and the value of their investment.

TYPE STATEMENT

- F 1. "The Maryland Department of Economic and Community Development brought six new companies to the commerce pavilion at the Paris Air Show, with at least \$5 million in resultant sales expected."¹

¹ John Kline, 1983, State Government Influence in U.S. Economic Policy, p. 73.

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	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence						
-Firm estimate	x					
-Independent confirmation of firm estimate						
-Unknown						
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms						
-Sample of participant firms						
-Example from a participant firm						
-Unknown		x				
Causality		n/a				
-Change recorded						
-Attempt to verify link						
Object Measured Same as Quantitative						
Claim Referent						
-Yes		x				
-No						

MASSACHUSETTS

1986 international budget:	\$437,500	1983 volume of state manu-	
Percent used for export:	75	facturing exports (mil):	\$4,889
Percent IFDI	25	1980 population (mil):	5.798
1984 personal income (bil):	\$84.5	1984 IFDI (mil):	\$2,524

The Massachusetts export and foreign direct investment program is administered by the Office of International Trade and Investment. Export efforts are concentrated on a few product sectors that the state thinks have export potential or that are sizable industries in depressed areas. The office establishes industry task forces composed of state personnel and industry people. The task forces determine the projects that the office will undertake to increase exporting. The staff member assigned to a sector is responsible for determining the results of the activities.

The most systematic collection of outcome data is done for overseas events. The office staff stays in contact with participants as long as the task force with which they are associated is part of ongoing office activities. When task forces are sufficiently developed to work on their own, the state stops devoting resources to it. The office considers a task force developed, and hence, successful, when it no longer requires state assistance to maintain industry exporting. Such a decision results from staff and industry recommendation and there are no firm guidelines for it.

The office targets a few countries in which to promote Massachusetts as a place for investing. The office is not involved in creating incentive packages for investors, but personnel do attend international business shows in targeted countries for the purpose of advertising the state. The state reports that it has no real way of measuring the impact this has on investment in Massachusetts.

	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

MICHIGAN

1986 international budget:	\$1,966,600	1983 volume of state manu-	
Percent used for export:	57	facturing exports (mil):	\$10,391
Percent IFDI	43	1980 population (mil):	9.075
1984 personal income (bil):	\$113.6	1984 IFDI (mil):	\$4,825

The Michigan export and foreign direct investment programs are administered by the Office of International Development within the Michigan Department of Commerce and the state's overseas offices in Brussels and Tokyo. The staff encourages exporting by organizing participation in international business events overseas, disseminating trade leads, conducting seminars and conferences, providing individual firm counseling and publishing directories and handbooks. The state has also enacted export finance legislation to make it easier for small- and medium-sized businesses to secure funds necessary to finance transactions. The foreign direct investment program provides potential investors with information on Michigan and assists them in locating potential sites and arranging for subsidized employee training programs, infrastructure development projects, tax exemptions and financing assistance.

The only component of the export program for which regular outcome data are collected is the state effort to promote exporting through participation in overseas trade events. The office contacts participants by mail, phone, or in person six, twelve and twenty-four months after the event to determine sales and other agreements pending and finalized as a result of their participation. These efforts usually get a 20 to 25 percent response rate.

The office keeps records of all potential foreign investors with whom it works and whether or not they eventually invest in the state in order to determine the success of their efforts. The state's strategic fund program is the only component of the foreign direct investment program that is evaluated on the basis of quantifiable returns to the state. This fund is used to award below-market-rate loans or grants to investors for the purpose of locating or expanding a business in the state.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

MINNESOTA

1986 international budget:	\$2,202,200	1983 volume of state manu-	
Percent used for export:	40	facturing exports (mil):	\$2,579
Percent IFDI	25	1980 population (mil):	4.162
1984 personal income (bil):	\$55.0	1984 IFDI (mil):	\$3,741

The Minnesota International Business Program is administered by the Minnesota Trade Office. The office has five divisions: International Trade, Communications, Export Services, Agricultural Trade, and the Finance Authority. The state encourages Minnesota firms to export by organizing participation in overseas trade activities, sponsoring seminars and conferences, collecting and disseminating trade leads, and conducting one-on-one counseling. The Trade Office encourages foreign investment in Minnesota by advertising the state while traveling overseas, maintaining offices in Stockholm and Olso, and putting interested investors in contact with state offices that help firms make location decisions.

The Trade Office's documentation procedure involves mail surveys and activity reports. Participants in all office-sponsored activities are supposed to be surveyed by mail at the conclusion of the program and every six months for two years. The surveys ask for both quantitative and qualitative data. The quantitative portion is a record of all results: distributorships, investments made, jobs created, joint ventures arranged, license deals concluded, clients lined up and sales made. The qualitative information is an indication of how satisfied the firm is with the Trade Office activity. For an extended discussion of Minnesota, see Chapter 4.)

TYPE STATEMENT

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|------------|---|
| IC | 1. "Assisted a group of Minnesota, Danish and West German investors to begin building a \$95 million cheese plant in Little Falls. The plant will employ 185 Minnesota workers and process Minnesota dairy products." ¹ |
| M or
IC | 2. "Co-sponsored activities during Japan Month in Minnesota that brought Minnesota businesses in contact with more than 200 executives of leading Japanese manufacturers and trading companies." ² |
| IC | 3. "Helped a Minnesota heart pacemaker manufacturer, Cario-Pace Medical, establish a memorandum of agreement with the Peoples' Republic of China. The agreement led to a \$2 million contract for technology and pacemaker component export to a factory in Shaanxi Province." ³ |
| M | 4. "Coordinated the planning and hosting of buying delegations from the Republic of China (Taiwan). These sales, during three different procurement missions to this region within a span of a year, amounted to almost \$150 million in grain, corn, soybeans and manufactured goods. During an April 1985 visit, the Taiwan delegation also purchased a \$530,000 hydraulics testing system from MTS Systems, Eden Prairie." ⁴ |
| IC | 5. "Assisted a Canadian developer that is constructing a \$4 million chopsticks factory in Hibbing for exporting the eating utensils to Japan. The factory will will create 76 new jobs." ⁵ |

1 Minnesota Trade Office, 1986, Progress Report, p. 8.

2 Ibid., p. 8.

3 Ibid., p. 8.

4 Ibid., p. 9.

5 Ibid., p. 9.

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- C 6. "Established contacts for a high-tech firm, FSI, during a trade mission to the Peoples' Republic of China province of Beijing. FSI, which manufactures equipment used in the production of computer microchips, considered the trade mission as the foundation for its monthly Asian sales of up to \$1 million. Export sales grew from 33 to 40 percent of the firm's total revenue."⁶
- IC 7. "Facilitated the decision by Pentax, a subsidiary of Asahi Optical of Japan, to open a plant in Minnetonka, that will produce a special multicoated lens used by the optical industry. The facility will employ 25 persons."⁷
- C 8. "Introduced a wild rice producer in Staples to a Japanese company. As a result, 20 tons of wild rice worth \$150,000 was bought by Japan."⁸
- M 9. "Received a request from Conklin Co. of Shakopee, to assist in negotiations with delegation from a People's Republic of China (PRC) machinery and equipment factory. The Trade Office offered technical advice and suggested protocol to Conklin. As a result, the Chinese and Conklin signed a letter of intent authorizing the installation of an ethanol plant in PRC."⁹

	<u>TRADE SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>BUYING MISSIONS</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence	6				1,5,7	4,9
-Firm estimate						
-Independent confirmation of firm estimate						
-Unknown		3				2
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms						
-Sample of participant firms						
-Example from a participant firm	6	3			1,5,7	
-Unknown						2,4,9
Causality						
-Change recorded	6	3			1,5,7	2,4,9
-Attempt to verify link						
Object Measured Same as Quantitative						
Claim Referent						
-Yes	6	3				2,4,9
-No					1,5,7	

6 Ibid., p. 9.

7 Ibid., p. 10.

8 Ibid., p. 20.

9 Ibid., p. 21.

MISSISSIPPI

1986 international budget: \$400,000	1983 volume of state manu-
Percent used for export: 75	facturing exports (mil): \$1,173
Percent IFDI n/a	1980 population (mil): 2.29
1984 personal income (bil): \$23.0	1984 IFDI (mil): \$1,851

The Mississippi export program is administered by the Marketing Division of the Department of Economic Development. Office activities include organizing participation in overseas trade events, disseminating trade leads, sponsoring workshops and seminars, providing individual firm counseling, and publishing directories and brochures to provide information. The success of overseas trade activities is determined on the basis of participant surveys that are conducted at the completion of the event and after six, twelve and eighteen months. The office conducts a mail survey to collect outcome information such as sales and distributorships with which to judge the trade leads program.

The state's foreign direct investment program is administered by the Industrial Division of the Department of Economic Development. The program activities include assisting investors to select sites for new and expanding businesses; arranging infrastructure development projects, employee training programs, tax incentive packages; and issuing revenue bonds. The state collects data, generally limited to the dollar value of investments and jobs created, from firms with which it works that subsequently invest in the state. These data are used in combination with estimates of future tax revenues to assess the returns to the state from investment in the incentive program.

TYPE	STATEMENT
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- | | |
|---|--|
| C | 1. "Companies subscribing to Mitleads [the Mississippi trade leads program] have reported a sales increase of \$16 million since January 1984." ¹ |
|---|--|

¹ California World Trade Commission, 1986, Trade Leads Survey, p. 6.

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	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence						
-Firm estimate		x				
-Independent confirmation of firm estimate						
-Unknown						
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms		x				
-Sample of participant firms						
-Example from a participant firm						
-Unknown						
Causality						
-Change recorded		x				
-Attempt to verify link						
Object Measured Same as Quantitative						
Claim Referent						
-Yes		x				
-No						

MISSOURI

1986 international budget:	\$900,000	1983 volume of state manu-	
Percent used for export:	40	facturing exports (mil):	\$2,869
Percent IFDI	60	1980 population (mil):	5.008
1984 personal income (bil):	\$60.7	1984 IFDI (mil):	\$2,443

The Missouri International Business Office of the Department of Economic Development operates an export development program to find foreign markets for Missouri products and a program to attract foreign investors to the state.

To promote exporting the office organizes overseas activities, disseminates trade leads, provides individual firm counseling, sponsors seminars and workshops, publishes directories and other documents, and provides loan guarantees to finance exporting. To date the office has organized participation in few overseas events and no evaluation procedures have been established. Only the trade leads program, EXMO, is routinely evaluated. Every four months the office sends questionnaires to all firms that received trade leads asking whether leads have resulted in sales or other agreements.

To promote foreign investment the office provides potential investors with a variety of services including disseminating information about the state and designing investment incentive packages that include tax credits, employee training programs and financial aid. The state judges the success of their efforts by maintaining a list of the investment decisions made by the investors with whom the office works.

TYPE STATEMENT

- C 1. "The Missouri International Business Office has implemented a new computerized trade leads program....After only one year, companies have reported sales of \$7,752,928 and other firms have reported 'pending sales' amounting to approximately \$325,000."¹

¹ Missouri Division of Community and Economic Development, "Missouri's Competition Link with World Traders Proves Successful," mimeo.

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	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence						
-Firm estimate		x				
-Independent confirmation of firm estimate						
-Unknown						
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms		x				
-Sample of participant firms						
-Example from a participant firm						
-Unknown						
Causality						
-Change recorded		x				
-Attempt to verify link						
Object Measured Same as Quantitative						
Claim Referent						
-Yes		x				
-No						

MONTANA

1986 international budget:	\$86,000	1983 volume of state manu-	
Percent used for export:	n/a	facturing exports (mil):	\$88
Percent IFDI	n/a	1980 population (mil):	.824
1984 personal income (bil):	\$8.4	1984 IFDI (mil):	\$1,904

The Montana export promotion program is administered by the International Trade Office of the state's Department of Commerce. The office encourages small businesses to export by organizing participation in overseas trade shows and missions, disseminating trade leads, counseling individual firms, and publishing directories and handbooks with information on available export resources and the export process.

The only activity that is evaluated on the basis of outcomes is state-sponsored participation in overseas trade events. This is done by contacting participants by phone or mail between four and six months after an activity to find out whether or not contracts were signed or are pending. While all participants are willing to say whether or not the activity produced tangible results, many will not report more than this.

Montana's International Trade Office has no program designed to attract foreign investors. The divisions of the Department of Commerce that are charged with the task of encouraging new investment work with foreign and domestic investors alike, arranging investment incentive packages with subsidized employee training, revenue bonds and tax exemptions.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

NEBRASKA

1986 international budget:	\$275,000	1983 volume of state manu-	
Percent used for export:	n/a	facturing exports (mil):	\$735
Percent IFDI	n/a	1980 population (mil):	1.606
1984 personal income (bil):	\$19.7	1984 IFDI (mil):	\$335

The Nebraska international business program is administered by the International Division of the state's Department of Economic Development. The office encourages exporting by organizing participation in overseas trade shows, disseminating trade leads, providing individual firm counseling, conducting workshops and seminars, and publishing directories and handbooks. The foreign direct investment program staff directs most of its efforts to advertising the opportunities available to invest in Nebraska and the advantages of doing so. The office helps investors arrange investment incentive packages that might include subsidized training programs, tax exemptions or reductions, and revenue bond financing.

Nebraska collects outcome data for state-sponsored overseas events and trade leads dissemination. The data on overseas events are collected by calling participants six months after the event to find out whether or not sales or other agreements have been signed or are pending. The trade leads program, NETLAS, is collected annually with a mail survey to all companies that receive leads. The response rate is approximately 55 percent.

The success of the foreign direct investment efforts is determined on the basis of files that the office keeps on all investors with whom it is working. These files include data on what has been offered to the investor and an estimate of the value of the offer, and estimates of the likely size of the investment and the number of jobs it will provide over a ten-year period. This information is not used in a formal review process though it does aid in assessing whether or not the incentives would be returned in tax revenue. The office does not believe that the benefits of the incentive packages awarded to date are difficult to show.

TYPE STATEMENT

- M,C 1. "In the short time since the [NETLAS] service has been available, 53% of our firms had a tangible response from foreign buyers. 33% of those reported sales or sales agreements resulting from NETLAS leads. This represents a 1-10% increase in their export sales figures since November 1983. Three firms indicated that their sales increased 10-25% during this time period."¹

¹ Susan Roach, Nebraska Department of Economic Development, "Summary Data on NETLAS Evaluation," mimeo.

	<u>TRADE</u>				
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>
					<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x
DIMENSIONS					
Data Confidence					
-Firm estimate		x			
-Independent confirmation of firm estimate					
-Unknown					
Scope of Claim					
-Response from all participant firms					
-Response from some participant firms		x			
-Sample of participant firms					
-Example from a participant firm					
-Unknown					
Causality					
-Change recorded		x			
-Attempt to verify link					
Object Measured Same as Quantitative					
Claim Referent					
-Yes		x			
-No					

NEVADA

IFIED

1986 international budget:	\$160,000	1983 volume of state manu-	
Percent used for export:	n/a	facturing exports (mil):	\$101
Percent IFDI	n/a	1980 population (mil):	.911
1984 personal income (bil):	\$12	1984 IFDI (mil):	\$676

There is one professional in the Commission of Economic Development who devotes half of his time to international business. The office emphasizes attracting foreign direct investment by advertising the state's business climate and putting potential investors in touch with other state and local government officials who administer programs to help those expanding or locating a business in the state. To determine the investments that result from these efforts, files are kept on all potential investors with whom the office works and their investment decisions.

Nevada has recently begun to encourage exporting by state firms. The office is currently working on a trade mission to Japan, Taiwan and Hong Kong to promote exporting as well as investment and tourism and plan initially to gather qualitative outcome data because initial contact is not expected to lead to signed agreements.

TRADE

SHOWS LEADS COUNSELING SEMINARS FDI PROMO UNSPECIFIED

PROGRAM ACTIVITIES:

x

x

NEW HAMPSHIRE

1986 international budget:	\$7,000	0 1983 volume of state manu-	
Percent used for export:	n/a	facturing exports (mil):	\$487
Percent IFDI	n/a	1980 population (mil):	.977
1984 personal income (bil):	\$12.8	1984 IFDI (mil):	\$461

The New Hampshire Office of Industrial Development in the Division of Economic Development provides assistance to New Hampshire firms interested in exporting and to investors interested in locating in the state. The state's role in export promotion is to provide technical and marketing assistance and to pass on the experience of those who understand the export process. The state reports that repeated contact with exporters have convinced them that firms have benefited from the knowledge of the export process that state specialists share with them.

Neither the Industrial Development Office efforts to encourage investment in the state nor its efforts to determine its success are separated into domestic and foreign recruitment. When approached by an investor, the office will provide information about areas of the state best able to support the proposed project and assistance in arranging for infrastructure development projects and financial support. The state maintains records on firm location in New Hampshire and the level of assistance provided by the office and has done studies to estimate the real estate taxes collected and jobs created by state-assisted new locations.

TYPE STATEMENT

- M 1. " (During the period July 1, 1981 and June 30, 1983) five foreign firms located operations in the state: 3 from Canada, 1 from West Germany, and 1 from Great Britain. These firms provided direct employment for 52 people, increasing the total employment of 71 manufacturing operations to 8,430 or approximately 7 1/2 % of total manufacturing employment.¹

¹ New Hampshire Division of Economic Development, Department of Resources and Economic Development, 1982-83, Biennial Report, p. 22.

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TRADE

SHOWS LEADS COUNSELING SEMINARS FDI PROMO UNSPECIFIED

PROGRAM ACTIVITIES:

x x x x x

DIMENSIONS

Data Confidence

- Firm estimate
- Independent confirmation of firm estimate
- Unknown

x

Scope of Claim

- Response from all participant firms
- Response from some participant firms
- Sample of participant firms
- Example from a participant firm
- Unknown

x

Causality

- Change recorded
- Attempt to verify link

x

Object Measured Same as Quantitative

Claim Referent

- Yes
- No

x

NEW JERSEY

1986 international budget:	\$1,600,000	1983 volume of state manu-	
Percent used for export:	50	facturing exports (mil):	\$3,670
Percent IFDI	40	1980 population (mil):	7.515
1984 personal income (bil):	\$114.8	1984 IFDI (mil):	\$7,886

The New Jersey export program is administered by the Department of Commerce and Economic Development's Division of International Trade. The Division organizes participation in overseas trade events, disseminates trade leads gathered, conducts seminars and conferences to explain the export process to interested firms, and publishes export services and exporter/importer directories. The office also encourages foreign direct investment in New Jersey through advertising, contacting potential investors, and routing potential investors to other state and local government offices that provide services for new and expanding businesses.

The state evaluates overseas activities by administering questionnaires designed to collect both quantifiable sales results and general information about participants' assessments of the show and the state's effectiveness in particular. In addition, the state conducts annual seminars for all companies that participated in shows to update quantifiable results on a yearly basis and to keep current on how else companies feel the state might assist them.

The office does not make any systematic attempt to collect sales data brought about by trade leads dissemination unless the leads came from overseas events, in which case recipients are part of the process just described.

New Jersey does attempt to measure the benefits of its foreign direct investment program relative to costs. The division keeps a record of capital investments, annual corporate and real estate taxes paid, and jobs created for New Jerseyans as a result of investment by foreign firms. These numbers are measured annually against the amount of industrial revenue bonds issued and the division's investment budget to determine benefits received relative to costs.

	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

NEW MEXICO

1986 international budget:	\$125,000	1983 volume of state manu-	
Percent used for export:	n/a	facturing exports (mil):	\$76
Percent IFDI	n/a	1980 population (mil):	1.424
1984 personal income (bil):	\$14.7	1984 IFDI (mil):	\$1,342

New Mexico's international business program is administered by the International Trade Section of the State Department of Economic Development and Tourism. The office encourages exporting by organizing participation in overseas trade activities, disseminating trade leads, providing individual firm counseling, and publishing and distributing abroad descriptions of products that state businesses are interested in exporting. The section also identifies and works with potential investors to attract foreign direct investment to the state.

The section does not systematically collect outcome information. When a company requests assistance, the office creates a file listing the company's request and what the office did in response. The office has gathered some outcome data in these files as a result of ongoing assistance.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

NEW YORK

1986 international budget:	\$3,040,000	1983 volume of state manu-	
Percent used for export:	40	facturing exports (mil):	\$8,786
Percent IFDI	60	1980 population (mil):	17.736
1984 personal income (bil):	\$250.4	1984 IFDI (mil):	\$11,397

The New York international business program is administered by the Division of International Commerce and the state's overseas offices in Tokyo, Montreal, Toronto, Wiesbaden and London. The office encourages exporting by organizing participation in overseas trade events, disseminating trade leads, providing individual firm counseling, and conducting seminars across the state to introduce exporting and new or timely export-related topics.

The office publishes a guide to New York state producers and their products which is distributed by embassies to importers around the world. The state publishes other handbooks and directories that provide information that ranges from how to export to how to locate New York producers from whom to purchase.

The office has a staff of eight that devotes all of its time to reverse investment. These individuals organize investment missions abroad, identify New York firms with joint venture potential and put them in contact with overseas companies, and provide potential investors with information about state programs available for those seeking to expand or locate a business within the state.

There are a variety of activities the office does to evaluate its export programs. A report is written on each trade show. Data for these reports are collected by periodically surveying participants during the two-year period after the activity. Because the number of companies involved is relatively small, it is not difficult to get reliable data about whether or not sales or other agreements were finalized, though complete information about the value of finalized agreements is difficult to obtain.

The office's trade leads come from various sources and are published in the Export Opportunities Bulletins (EOB) and sent to approximately 11,000 New York firms. The division issues about sixty bulletins a month covering eighteen SIC categories. Every year New York conducts a survey of foreign companies that were listed in EOB to gather information on resulting sales. If the foreign company confirms that they made a purchase or finalized some other agreement with a New York company, then the state contacts that company to confirm the information. If the New York state firm's response matches the foreign firm's then the transaction is listed as a trade lead program result.

The foreign direct investment program is judged on the basis of records the office keeps about clients who do invest, the value of the investment, and the number of jobs created as a result.

TYPE STATEMENT

- C 1. "The estimated total value of new sales of New York state products generated by the International Division's programs, from 1962 through 1982, exceeds \$1.8 billion."¹
- C 2. "During 1980 to 1982 the Division's research of its effectiveness attributed over \$43 million of business directly linked to leads in the EOB."²
- C 3. "Trade shows have been immensely profitable for most participating manufacturers. It is estimated that during this period (1980-82) over \$8 million was generated in export sales for New York state firms."³
- C 4. "240,000 overseas inquiries have resulted during the three year period (1980-82) in over \$43 million worth of export sales attributed to the Division's programs."⁴
- C 5. "Since 1980 more than 290 New York State firms have participated in over 50 international trade shows and generated more than \$10 million worth of business."⁵
- C 6. "New York state's representative in Tokyo reported that about \$10 million worth of export business is attributable to the office's operation there."⁶

	TRADE SHOWS	LEADS	COUNSELING	SEMINARS	FDI PROMO	UNSPECIFIED
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence						
-Firm estimate	3,5					1,4,6
-Independent confirmation of firm estimate		2				
-Unknown						
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms	3,5	2				1,4,6
-Sample of participant firms						
-Example from a participant firm						
-Unknown						
Causality						
-Change recorded						
-Attempt to verify link	3,5	2				1,4,6
Object Measured Same as Quantitative						
Claim Referent						
-Yes	3,5	2				1,4,6
-No						

1 New York State Department of Commerce, Division of International Commerce, 1983, Application for the President's "E" Star Award for Export Services, p. 3.

2 Ibid., p. 10.

3 Ibid., p. 11.

4 Ibid., p. 17.

5 Committee on Small Business, House of Representatives, 18 September 1984, State, Local, and Private Sector Small Business Export Initiatives, 98th Congress, 2nd Session, Report 98.1036, p. 34.

6 John Kline, 1983, State Government Influence in U.S. International Economic Policy, p. 61.

NORTH CAROLINA

1986 international budget:	\$950,000	1983 volume of state manu-	
Percent used for export:	40	facturing exports (mil):	\$4,526
Percent IFDI	60	1980 population (mil):	6.165
1984 personal income (bil):	\$66.3	1984 IFDI (mil):	\$5,977

The international business program is administered by the International Division of the Department of Commerce with assistance from the overseas offices in Dusseldorf and Tokyo. The export promotion efforts include organizing participation in overseas trade events, disseminating trade leads, providing individual firm counseling, and conducting seminars and workshops on the strategies and mechanics of exporting.

State services are available to all companies in North Carolina; however, the office tries to target its efforts on industries it identifies as having export potential. The state compiles a list of potential target industries by examining reports from agencies such as the International Trade Administration (ITA) and the Export/Import (EXIM) Bank to see what SIC codes are selling well in foreign markets. This list is shortened by eliminating those associated with markets that new-to-export firms might have difficulty penetrating and those that do not have a strong presence in North Carolina. The office then sends questionnaires to all firms in industries still on the list to ascertain the degree of interest in exporting and the services firms would want. From this information the state plans its various activities.

The progress being made by companies within targeted industries is closely followed by frequent phone contacts. Specialists provide clients with suggestions and proposals to increase exports and in subsequent conversation they ask the degree to which the suggestions moved the company closer to or led to exporting. At least once a month any firm that has received a trade lead or market contact is phoned to find out what outcomes occurred. These data are then verified by contacting the foreign buyer. Verified information is compiled monthly and analyzed to ascertain the effectiveness of specific leads and market contacts.

North Carolina has a variety of programs to encourage foreign direct investment including subsidized employee training programs, infrastructure development projects, and some financial assistance. The office compiles monthly reports on the investment clients with whom it is working. These reports include information on how each is being assisted and how close they are to actually investing. The office judges the success of its foreign direct investment efforts on the basis of how many clients invest in the state, the size of the investments, and the jobs created.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

NORTH DAKOTA

1986 international budget:	\$80,000	1983 volume of state manu-	
Percent used for export:	75	facturing exports (mil):	\$151
Percent IFDI	25	1980 population (mil):	.686
1984 personal income (bil):	\$8.6	1984 IFDI (mil):	\$1,542

The North Dakota international business program is administered by the state's Economic Development Commission. The office encourages North Dakota firms to export by organizing participation in overseas trade events, gathering and disseminating trade leads, conducting seminars and workshops, and providing individual firm counseling. The office attracts foreign investment by participating in investment shows, gathering investment leads when overseas for trade events, advertising the benefits of locating in North Dakota, and serving as a contact for potential investors.

The office determines the success of its efforts informally on the basis of information in client files. Each time a company requests export or investment assistance, a record of it is created. Requests that require subsequent contact are put in an active file indicating an ongoing effort. The office staff keep records of what the office is doing to help clients in the active files and gathers some outcome data on the basis of ongoing interaction.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

OHIO

1986 international budget: \$2,500,000	1983 volume of state manu-
Percent used for export: 70	facturing exports (mil): \$8,353
Percent IFDI 30	1980 population (mil): 10.752
1984 personal income (bil): \$132.4	1984 IFDI (mil): \$7,028

The international business program is administered by the International Trade Division of the Ohio Department of Development with assistance from offices in Brussels, Tokyo and Nigeria. The program includes a variety of activities designed to encourage companies to export and foreign investors to locate in Ohio by providing expertise in world economic issues and foreign languages; providing technical assistance; organizing trade missions and shows; gathering and disseminating trade leads; conducting seminars on international trade; assisting foreign buying delegations; providing ongoing agent/distributor searches; and working with local development groups, the U.S. Department of Commerce, and U.S. embassies to promote business in Ohio.

The investment specialists work with the state's overseas offices to generate leads on foreign firms interested in investing in the U.S. and then actively recruit them by advertising Ohio. The office provides interested investors with information on potential location sites, Ohio communities, utility costs, tax liabilities, potential suppliers, and available finance programs. The reverse investment specialists also accompany visiting foreign investors to possible location sites around the state and administer a joint venture/licensing program to identify potential Ohio joint venture candidates, licensees, and distributors for foreign manufacturers. In addition to these specialists the Ohio office has an extensive support staff that coordinates the internship program; publishes and distributes, among other things, the Export Services Directory and "International Business Opportunities," the trade leads publication; coordinates special projects; conducts public relations events and schedules itineraries for visiting delegations in Ohio and Ohio delegations abroad.

The office spends a great deal of time collecting outcome data with which to evaluate its efforts. Specialists are assigned to cover certain companies and countries. Trade specialists have considerable contact with their clients, and they keep extensive records of these interactions, including information about what the office is doing for the client and whether or not this is producing the results the client wants. Because of this constant contact the office is aware of sales or other agreements pending or finalized as a result of its assistance.

The office also knows when investors with whom specialists are working invest in Ohio both because of repeated contact and the public nature of much investment. The information collected and/or estimated about investments made include the initial dollar value, the projected investment over a several year period, the number of jobs created immediately and projections over several years, the cost of attracting the investment, and the estimated return to the state. This detailed information from trade and reverse investment specialists is used along with information from managers' files to compile the office's annual report which outlines the year's accomplishments.

TYPE STATEMENT

- C 1. "In 1983 sales generated by the IBO [International Business Opportunities] total approximately \$49,533,600 for Ohio Companies."¹
- M 2. "Of those receiving the IBO, 49% have actively pursued listed trade leads."²
- C 3. "The director of Ohio's International Trade Division estimated that \$1.00 of expenditures generated approximately \$260 in export sales for the state's companies."³

	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence						
-Firm estimate		x				
-Independent confirmation of firm estimate						
-Unknown						x
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms		x				
-Sample of participant firms						
-Example from a participant firm						
-Unknown						x
Causality						
-Change recorded		x				
-Attempt to verify link						
Object Measured Same as Quantitative						
Claim Referent						
-Yes	x					
-No						x

1 Pam Pataky, Department of Development, International Trade Division, 20 August 1985, correspondence.

2 Ibid.

3 John Kline, 1983, State Government Influence in International Economic Policy, p. 61.

OKLAHOMA

1986 international budget:	\$500,000	1983 volume of state manu-	
Percent used for export:	n/a	facturing exports (mil):	\$1,605
Percent IFDI	n/a	1980 population (mil):	3.298
1984 personal income (bil):	\$38.7	1984 IFDI (mil):	\$4,056

The Oklahoma international business program is administered through the joint efforts of the U.S. Department of Commerce's District Field Office and the International Division of the state's Department of Economic Development. The office seeks to increase exporting by state businesses by organizing participation in overseas trade events, disseminating trade leads, providing individual firm counseling, conducting seminars and workshops, publishing and distributing abroad descriptions of Oklahoma products, and publishing handbooks and directories for exporters. The office collects outcome data about its overseas trade events by administering participant questionnaires asking about sales and other agreements finalized or pending. If agreements are pending, the office maintains contact with the firm until they are concluded. Trade specialists engaged in individual firm counseling keep files that describe both the firm and the efforts to help it. The files might include outcome data that are used to determine clients' export progress.

The office encourages foreign direct investment by conducting mass mailings to advertise the state, providing information to potential investors, and serving as a link between potential investors and state, putting them in contact with other state and local offices that administer programs to encourage business location and expansion. The office maintains contact with the investor until a decision to invest or not is made. This information can then be used to judge the success of office efforts.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

OREGON

1986 international budget:	\$739,000	1983 volume of state manu-	
Percent used for export:	100	facturing exports (mil):	\$1,482
Percent IFDI	--	1980 population (mil):	2.674
1984 personal income (bil):	\$31.0	1984 IFDI (mil):	\$907

The export program is administered by the Economic Development Department's International Trade Division. Efforts to encourage foreign direct investment are shared by several divisions within the department, including the Business Recruitment and Financial Services Division. The Trade Division encourages exporting by organizing participation in overseas trade events, disseminating trade leads, and providing information to firms on the development of export strategies and the mechanics of selling products abroad at special seminars and conferences and through individual firm counseling. Specialists are assigned to work with companies within specific industries. They keep informal records of the clients' international activities based on phone contact at least every few months. These files are retained for information but there is no aggregation of these data for the purpose of assessing overall results of the office activities.

Efforts to attract investors to Oregon are jointly conducted. The Film and Video Recruitment Division is responsible for advertising Oregon as an investment location. The International Business Information Division compiles and distributes customized packages to prospective investors. These packages include information about Oregon, economic and industrial property, and potential site locations. The Business Recruitment Division locates and develops both national and international business investment opportunities, while the Financial Services Division provides access to or administers a variety of incentive programs to encourage business expansion and location. The state has information on those companies it assists that eventually locate in the state, but there are no formal analyses of these efforts, in large part because of the shared nature of the task, because foreign investment efforts are not organizationally distinct from domestic efforts, and because many incentives do not come from the state but from local governments and utility companies.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

PENNSYLVANIA

1986 international budget:	\$845,000	1983 volume of state manu-	
Percent used for export:	28	facturing exports (mil):	\$5,498
Percent IFDI	70	1980 population (mil):	11.901
1984 personal income (bil):	\$146.9	1984 IFDI (mil):	\$6,926

Pennsylvania's international business program is administered by the State's Bureau of Domestic and International Commerce. The office encourages Pennsylvania firms to export by organizing overseas trade events, gathering and disseminating trade leads, conducting workshops and seminars, providing individual firm counseling, and publishing newsletters and directories.

The Bureau and the state's overseas offices attract foreign direct investment by actively searching for potential investors, and providing those clients with both general information about Pennsylvania and specific information about what Pennsylvania has to offer them.

Office personnel report that they do not determine the successfulness of the export program primarily by gathering outcome data. The office does gather some sales data about its clients, but does not use it to judge the success of its efforts. Rather, since the office's task is defined as generating sales leads and business appointments for manufacturers to use in developing sales, it evaluates its efforts by counting the number of leads developed, companies counseled, office publications distributed, and seminars sponsored and co-sponsored.

To supplement this, the office does administer questionnaires to companies that participate in overseas trade events in order to determine output information such as sales or other agreements finalized or pending, as well as how useful the companies found the activity. The office also surveys seminar and workshop participants to judge the success of this output: that is, to find out if the session met participants' needs and how future ones might be improved.

The office judges the success of its foreign direct investment efforts in several ways, including the number of potential investors the office has identified and is working with, and specialists' judgements about how likely clients are to make decisions to invest. The office compiles a list of clients that have invested in the state. For each it records the value of the initial investment, the jobs created, and the firm's subsequent performance.

TYPE STATEMENT

- C 1. "The bureau has had occasion to host two visits by purchasing delegations from Taiwan since its 'Buy America' policy was initiated in 1978 to reduce its current trade surplus with the U.S. During July 1978 contracts totaling \$4.4 million were finalized in Harrisburg between several Pennsylvania firms and the procurement mission."¹
- C 2. "During the first four years of the bureau, 14 export promotion projects were conducted resulting in over \$25 million actual and projected export sales on behalf of nearly 100 Pennsylvania firms."²
- M,F 3. "Pennsylvania's Bureau of International Commerce arranged for five new electronics firms to exhibit equipment at a commerce event in Munich with \$1.7 million in sales forecast."³

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence						
-Firm estimate	3					
-Independent confirmation of firm estimate	1					
-Unknown						2
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms	1,3					
-Sample of participant firms						
-Example from a participant firm						
-Unknown						2
Causality						
-Change recorded						2
-Attempt to verify link	1					
Object Measured Same as Quantitative						
Claim Referent						
-Yes	1,3					2
-No						

¹ Pennsylvania Bureau of Domestic and International Commerce, 1982 Application for the President's "E" and "E Star" Awards in Export Expansion, narration, p. 8.

² Ibid., p. 3.

³ John Kline, 1983, State Government Influence in U.S. International Economic Policy, p. 73.

RHODE ISLAND

1986 international budget:	\$275,000	1983 volume of state manu-	
Percent used for export:	20	facturing exports (mil):	\$502
Percent IFDI	60	1980 population (mil):	.962
1984 personal income (bil):	\$12.2	1984 IFDI (mil):	\$414

Rhode Island's international program is administered by the state's Department of Economic Development with assistance from its overseas offices in Antwerp and London. The state's international activities include organizing participation in overseas trade events, disseminating trade leads, sponsoring workshops and seminars, hosting foreign trade officials, publishing brochures about exporting from and investing in Rhode Island, and assisting investors who are considering investing in the state.

The office sponsors participation in trade shows by renting space for Rhode Island companies to display their products. The companies can either send their own personnel to represent them or have a state employee do it. The state helps prepare video tapes on companies that choose to have the state represent them. These tapes are designed to give foreign buyers a better sense of the companies and their products. The state evaluates the success of the overseas activities by periodically calling participants to determine whether or not sales have resulted from contacts made at the show. Rhode Island also disseminates trade leads collected from a variety of sources, including those collected at these overseas trade events.

The office attempts to gauge the usefulness of its trade leads program by sending out letters with the leads that instruct the recipients to inform the office of any sales that result from the leads. The office sponsors workshops and seminars to provide businesses with information on topics from export financing to exporting to a particular country.

If foreign investors are to the point of considering Rhode Island as a location for new or expanding operations, the state office will assist in site selection, in arranging industrial revenue bonds, and in establishing both classroom and on-site employee training.

TYPE STATEMENT

- F 1. "We anticipate that as a result of our participation in the Hanover Fair...four more companies will realize first time export sales or new to market sales."¹
- C 2. "This effort [video presentations of Rhode Island companies] resulted in over 185 bona fide requests for further information on these 19 companies' products for European representatives and agent distributors."²
- F 3. "It is anticipated that agent distributor contracts and sales will amount to more than \$175,000 for those Rhode Island firms represented at the fair."³

1 Rhode Island Department of Economic Development, 1985, Application for the President's "E" and "E Star" Awards in Export Expansion, narrative, p. 2.

2 Ibid., p. 3.

3 Ibid., p. 3.

	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence						
-Firm estimate						
-Independent confirmation of firm estimate						
-Unknown	1,2,3					
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms						
-Sample of participant firms						
-Example from a participant firm						
-Unknown	1,2,3					
Causality						
-Change recorded						
-Attempt to verify link	n/a					
Object Measured Same as Quantitative						
Claim Referent						
-Yes	1,2,3					
-No						

SOUTH CAROLINA

1986 international budget: \$375,600	1983 volume of state manu-
Percent used for export: n/a	facturing exports (mil): \$1,748
Percent IFDI n/a	1980 population (mil): 3.300
1984 personal income (bil): \$33.2	1984 IFDI (mil): \$5,468

South Carolina's international business program is administered by the State Development Board. The office encourages South Carolina firms to export by organizing participation in overseas trade events, collecting and disseminating trade leads, conducting workshops and seminars, and providing individual firm counseling.

The state has a variety of programs designed to encourage foreign investors to locate or expand operations in South Carolina. In addition to advertising the state, the office can put together investment incentive packages that might include tax exemptions or moratoriums, site selection assistance, employee training subsidies, financing, and infrastructure development.

South Carolina maintains records of the companies it assists in order to judge the success of various programs. Like other states, South Carolina reports that it knows about investments their clients make because the office has ongoing contact with them, and uses this as a measure of success.

	TRADE	LEADS	COUNSELING	SEMINARS	FDI PROMO	UNSPECIFIED
PROGRAM ACTIVITIES:	SHOWS	LEADS	COUNSELING	SEMINARS	FDI PROMO	UNSPECIFIED
	x	x	x	x	x	

SOUTH DAKOTA

1986 international budget:	\$51,100	1983 volume of state manu-	
Percent used for export:	75	facturing exports (mil):	\$153
Percent IFDI	25	1980 population (mil):	.706
1984 personal income (bil):	\$7.8	1984 IFDI (mil):	\$371

South Dakota does not have an established program in international business. The state does have a staff person in the Department of State Development who works with state businesses that request information on exporting, sends out any trade leads that come into the state, and puts together an importer/exporter directory. State assistance to those businesses that request help is limited to seminars on the export process and individual firm counseling.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:		x	x	x	x	

TENNESSEE

1986 international budget:	\$575,000	1983 volume of state manu-	
Percent used for export:	15	facturing exports (mil):	\$2,770
Percent IFDI	85	1980 population (mil):	4.717
1984 personal income (bil):	\$49.1	1984 IFDI (mil):	\$4,707

Tennessee's international business program is administered by the Tennessee Export Office in the State Department of Economic and Community Development. The program is devoted exclusively to export promotion activities, including organizing participation in overseas trade events, compiling and distributing trade leads, providing individual firm counseling, conducting market study research, and publishing directories.

The office is not required to file reports about its activities because it is a very small part of the government. Companies that participate in overseas trade activities are contacted periodically by phone specifically for the purpose of determining whether or not contacts made at the event led to sales or other agreements. Companies that receive trade leads are requested to send the office copies of the initial correspondence between them and the potential buyer so that personnel can judge the usefulness of the program. For all firms with which the office works, files are maintained that describe the activities that they have participated in and their present export activities.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

TEXAS

1986 international budget:	\$253,000	1983 volume of state manu-	
Percent used for export:	40	facturing exports (mil):	\$11,486
Percent IFDI	50	1980 population (mil):	15.989
1984 personal income (bil):	\$202	1984 IFDI (mil):	\$31,047

The Texas international business program is administered by the International Development Division of the Texas Economic Development Commission. The office encourages Texas firms to increase their exporting by organizing participation in overseas trade events; disseminating trade leads; providing individual firm counseling; conducting seminars and workshops to introduce businesses to the export process; and publishing handbooks, directories and product description catalogues to be sent abroad. The office gathers data about clients' export progress by maintaining contact with them by phone and mail. Companies are asked to report sales or other agreements signed or pending as a result of participation in an office-sponsored activity as they occur.

The state's efforts to attract foreign direct investment have been modest because the favorable business climate makes vigorous programs unnecessary. The state does send out literature advertising Texas and puts potential investors in contact with other state and local offices that administer business assistance programs, but there are no well developed incentive package programs to entice investment. Because there has been little active effort, the office does not collect outcome data about these activities.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

UTAH

1986 international budget:	\$550,000	1983 volume of state manu-	
Percent used for export:	30	facturing exports (mil):	\$512
Percent IFDI	20	1980 population (mil):	1.652
1984 personal income (bil):	\$16.1	1984 IFDI (mil):	\$2,409

The international business program is administered by the Economic Development Division's International Economic Development Section. The office encourages Utah firms to export by organizing participation in overseas trade events, disseminating trade leads, providing individual firm counseling, conducting seminars and workshops on export-related topics, and publishing handbooks and directories both for and about exporting and exporters.

The office does not have any formal monitoring or evaluation procedures. There is some information about the export progress of clients available in office files. Systematic analysis of the results of the office's efforts is limited to a recent study of the returns of a trade mission. As a result of contacts made abroad, eleven ski-tour groups will be coming to the state. The office estimated the returns on the basis of how much the groups can be expected to spend while in Utah.

The office has only recently begun a foreign direct investment effort by hiring a Tokyo representative to attract interested investors. As yet there are no mechanisms for monitoring or evaluating this undertaking.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

VERMONT

1986 international budget:	n/a	1983 volume of state manu-	
Percent used for export:	n/a	facturing exports (mil):	\$377
Percent IFDI	n/a	1980 population (mil):	.53
1984 personal income (bil):	\$5.7	1984 IFDI (mil):	\$367

Vermont's international business program is administered by the Agency of Development and Community Affairs. The state's efforts in this area are limited to export promotion and are very new. The export program has one professional who devotes most of his time to assisting exporters and potential exporters on an individual basis when they contact the office. The program also involves co-sponsoring seminars and workshops to introduce Vermont companies to the export process and specific foreign markets. The only foreign trade event that the office has sponsored is a trade mission to Canada. Outcome data on the trip are being collected with a mail survey of all participants using a U.S. Department of Commerce questionnaire.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x		x	x	x	

VIRGINIA

1986 international budget:	\$900,000	1983 volume of state manu-	
Percent used for export:	20	facturing exports (mil):	\$2,740
Percent IFDI	80	1980 population (mil):	5.636
1984 personal income (bil):	\$73.6	1984 IFDI (mil):	\$3,972

The Virginia international business program is administered by the International Marketing Division of the State's Division of Industrial Development and the state's offices in Brussels and Tokyo. The office encourages Virginia firms to export by conducting workshops and seminars, gathering and disseminating trade leads, providing individual firm counseling, and organizing participation in overseas trade shows or missions and catalogue shows.

The state attracts foreign investment by locating investors who are interested in doing business in the United States, advertising the benefits of locating in Virginia, preparing site location studies, and arranging employment training programs.

The state judges the effectiveness of its export efforts on the basis of data collected from companies that take advantage of its various services. Every other month the trade specialists contact their clients to determine whether or not the assistance provided by the office has led to sales or other agreements. The effectiveness of foreign investment efforts is also judged on the basis of client files kept by specialists. These files contain data on the assistance the office is providing, whether or not the client has made a decision to invest, and, if so, the value of that investment.

TYPE STATEMENT

- IC 1. "Since Virginia opened its office in Brussels in 1969, more than sixty foreign firms with investments of more than \$450 million have provided Virginians with more than 11,500 direct manufacturing jobs."¹

¹ U.S. Department of Commerce, June 1977, State Government Conducted International Business Development Programs, p. 65.

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	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	
DIMENSIONS						
Data Confidence						
-Firm estimate						
-Independent confirmation of firm estimate						
-Unknown						x
Scope of Claim						
-Response from all participant firms						
-Response from some participant firms						
-Sample of participant firms						
-Example from a participant firm						
-Unknown						x
Causality						
-Change recorded						
-Attempt to verify link						
-Unknown						x
Object Measured Same as Quantitative						
Claim Referent						
-Yes						
-No						
-Unknown						x

WASHINGTON

1986 international budget:	\$1,940,000	1983 volume of state manu-	
Percent used for export:	n/a	facturing exports (mil):	\$7,590
Percent IFDI	n/a	1980 population (mil):	4.39
1984 personal income (bil):	\$55.4	1984 IFDI (mil):	\$2,864

The Washington international business program is administered by the Domestic and International Trade Division of the State Department of Trade and Economic Development. The export promotion program includes organizing participation in overseas trade events, providing individual firm counseling, disseminating trade leads, conducting seminars and workshops to introduce firms to exporting, compiling market information, and publishing handbooks and directories. Washington does not conduct any written follow-ups to its export promotion activities except a participant survey at the conclusion of overseas trade events to find out if firms were satisfied with the event and if they expect to sign agreements as a result.

The foreign direct investment program involves organizing investment missions overseas to generate contacts; providing general information about Washington's business climate; and assisting companies to contact other state and local government offices that can help with, among other things, site selection and financial arrangements. The state has information on the investment decisions made by those clients with whom it works and uses it to judge the success of its efforts. The state conducts surveys of foreign investors to determine the volume and type of investment in Washington and targets its efforts on similar investors.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

WEST VIRGINIA

1986 international budget:	n/a	1983 volume of state manu-	
Percent used for export:	n/a	facturing exports (mil):	\$726
Percent IFDI	n/a	1980 population (mil):	1.952
1984 personal income (bil):	\$19.2	1984 IFDI (mil):	\$5,212

The West Virginia international business program is in a period of transition. In the past, one individual within the Office of Economic and Community Development was responsible for encouraging firms to export. The services provided included individual firm counseling, dissemination of export opportunities and the Hardwood Export Marketing program. At this time there was no foreign investment program. The 1985 legislature approved an increase in both trade and investment activities, and the Office of Economic and Community Development is in the process of establishing new programs. Once they are in place, monitoring and evaluation procedures will be established.

	<u>TRADE</u>					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

WISCONSIN

1986 international budget:	\$725,000	1983 volume of state manu-	
Percent used for export:	40	facturing exports (mil):	\$2,942
Percent IFDI	60	1980 population (mil):	4.766
1984 personal income (bil):	\$58.7	1984 IFDI (mil):	\$2,772

The international business program is part of the Division of Economic and Community Development within the Department of Development. The office seeks to expand exporting by organizing overseas trade activities, disseminating trade leads, providing individual firm counseling, conducting seminars and workshops about the process of exporting, and publishing handbooks and directories. The office encourages foreign direct investment by advertising the state, generating investment leads at overseas events, and putting potential exporters in contact with other state and local government offices that work with investors to arrange financing packages, employee training subsidies, and site information.

The state export efforts are evaluated with information collected through frequent contact with program participants. The office supplements descriptions of its overseas trade events with information about sales finalized or pending. These data are collected by conducting post-event discussions with firms. The office also has data on the export progress being made by some of the firms receiving individual counseling.

The office gathers data on foreign direct investment program clients in similar fashion. By maintaining frequent contact with potential investors, the office learns when a decision to invest is made and the size of the investment.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

WYOMING

1986 international budget: \$355,000	1983 volume of state manu-	
Percent used for export: 60	facturing exports (mil):	\$17
Percent IFDI 40	1980 population (mil):	.511
1984 personal income (bil): \$6.4	1984 IFDI (mil):	\$2,232

The international business program is part of the state's Department of Economic Planning and Development. The office's efforts to promote exporting include organizing participation in shows and missions, conducting seminars and workshops to introduce firms to the process of and current issues in exporting, providing individual firm counseling, and disseminating trade leads. The efforts to promote foreign direct investment in the state involve identifying and meeting with business people abroad.

The number of clients with whom the office works is small so the staff can evaluate the various export and foreign investment projects through frequent phone calls to program participants. The office does not compile this information for general reports.

	TRADE					
	<u>SHOWS</u>	<u>LEADS</u>	<u>COUNSELING</u>	<u>SEMINARS</u>	<u>FDI PROMO</u>	<u>UNSPECIFIED</u>
PROGRAM ACTIVITIES:	x	x	x	x	x	

THE E AWARD PROGRAM AS EVALUATION

The Department of Commerce (DOC) recognizes public and private organizations that successfully assist manufacturers to increase the value of their exports by awarding E and E* Certificates for Export Service. To earn such an award, service organizations (such as state agencies) "must demonstrate novel and successful solutions to problems of export trade such as financing, transportation or marketing, and must have made significant contributions to marketing promotion programs over a 4 year period" (USDOC, ITA, 1981). The E Award application form instructs applicants to prepare a narrative of five to seven pages that includes a description of the promotional programs and *statistical evidence of the effectiveness of these programs* (emphasis added) (USDOC, ITA, 1978). Thirteen states received fifteen E Awards since 1969 (USDOC, ITA, 1978a, 80, 84).

Four states gave us the narrative portion of their applications.³ We assumed that E Award applications would give us specific information not only about the state efforts that have proven successful but also how states have demonstrated such success. Unfortunately, these applications provide no guide for evaluation. While the reports often contained interesting information, including quantitative claims, none of them included statistical analysis, and only one even mentioned how the quantitative data were collected.

All of the state E narratives include descriptions of the offices' activities. For example, one lists all overseas events it has participated in since 1974, describes its hosting of purchasing missions, lists the office's publications and discusses overseas representation. Another discusses the state's overseas presence, lists public awareness activities and seminars, conferences and workshops, and describes the office's participation in a regional trade council. The other two documents have similar sections that discuss output: those activities the office engages in.

Ostensibly, these descriptions serve to explain how states are meeting the export problems of their manufacturers. Unfortunately, the link between programs and problems is not explicitly addressed in any of the documents. That is, the DOC does not seem to require states to explain why the problems their exporters face led them to engage in some activities rather than others. For example, three of the four reports discuss the states' overseas presence. While there may be benefits from this activity, they seem to be assumed rather than explained. In fact, in one report, the discussion of overseas representation begins with the statement "Since the bureau's establishment it has recognized the need for an on-site presence overseas to fully develop export opportunities, particularly in conjunction with trade exhibitions," implying that the value of these efforts is self-evident.

³ We are indebted to these states for providing the basic information for the following discussion. Our criticisms are not intended to imply the shortcomings revealed in these documents are unique to these states. Indeed, these states seem to be among the better monitors/evaluators. Our critique is only meant to illustrate several problems that plague data reporting, problems that exist even in E Award documents, despite instructions about "providing evidence of successful export promotion." In light of this and because we do not wish to "penalize" states that were generous, we omit references in this section.

There is one exception to this looseness about exactly what problems states are attacking. Item 9 of the Award application explicitly asks the applicant what its key exporting problems were and how they were overcome. Only one state provided us with this part of the application. The key problem it identified was that small firms lacked expertise and funding for export efforts. It then listed ten services it provided to small firms to fill this void. Unfortunately there is no detail about how the state determined what the key problem was and how the programs were specifically administered to attack it.

This loose connection between programs and problems would be less problematic if the reports included the requested statistical analysis to prove effectiveness, but they do not. While every report includes some quantitative information, there is virtually no attention to data collection and none to the issue of causation.

One report includes a "results" page for the purpose of proving effectiveness. Information is provided about workshops and seminars, new company projects and firms called "new to exports" trade leads, and trade and catalogue shows for the years 1982-83, 1983-84, and 1984-85. Information on workshops and seminars and trade and catalogue shows is limited to the number sponsored and the number of participants. The number of leads obtained from the state's European offices is listed as the results of the trade leads program. The information listed under new company prospects and new to export includes number of new company contracts, number new to export, and new to market. It is not clear, however, what these categories mean. For example, in 1984-85, there were fifty-one new-to-export firms. The discussion provides no explanation of whether this means that fifty-one firms that have not exported before participated in state sponsored activities or that fifty-one made first time export sales.

This report includes some other quantitative results that are not particularly illuminating. For example, the report says that "the office anticipates that as a result of participation in the Hannover Fair...four more companies will realize first time export sales or new to export sales." There is no explanation of how this expected result was estimated except that it is based on "the interest generated by our European directors in the products to be displayed at the fair." At another point, the state describes its plans to participate in a trade show and justifies the activity because it "anticipates that agency-distributor contracts and sales will amount to more than \$175,000 for those...companies represented." As with the other statement, there is no explanation as to how the office determined this value. Further, when queried about it, a state official reported that participation in the show had been cancelled due to lack of interest!

In another report, the quantitative data were similarly unexplained as if they spoke for themselves. All data took the form of blanket statements of results by year. For example, "export sales with the [office's] assistance increased to \$62.8 million," "the number of exporters...[in 1982]...increased to 456 in comparison to 307 active exporters in 1978." In the latter claim, one cannot discern whether the statement refers to exporters assisted by the office or to exporters in general. In any case, the results are not linked to any specific office activity (e.g., trade leads program) nor are documentation

and measurement techniques mentioned. When asked about the origins of these data, office personnel first reported that there were no formal data collection procedures. On further inquiry, personnel reported that the figures are an aggregation of monthly reports written by trade specialists. The reports summarize their activities and any results they are aware of.

The most convincing data presented in these four E Award reports link results (outcome) claims with specific office programs. Two states do this. In one case, a state reports the results of its overseas exhibitions and missions by individual event. In each case, seven types of information are provided: the year, the name and location of the event, the dollar value of sales made at the show, projected twelve-month sales, and the number of trade leads collected. The office aggregates these data to obtain the overall return of its overseas events. In the only data collection statement in any of the four E Award narratives, the state explains that these "figures were provided by the participants themselves through a mail survey undertaken by the bureau."

In the other case, the state presents data that link results with categories of activities (e.g., overseas events) rather than individual events. Fourteen types of information are presented for the previous three years as evidence of success. Some of this information is about outputs. Included, for example, are the number of trade lead publications issued, the number of seminars co-sponsored by the office, and the number of overseas trade show appearances. However, there are also some outcome data including the dollar value of trade leads program sales, and the dollar value of sales associated with trade shows.

The report does not discuss how the state collects these data except by "research." However, in conversation, office personnel describe a quite detailed collection process. All foreign companies that are listed in the office's trade leads bulletin are sent a letter asking whether or not they made a purchase or concluded a deal from a state firm and if so, from whom. Positive responses are followed up by contacting the state firm mentioned by the foreign one. If the information received in this second step confirms the information from the foreign firm, the value is listed as a result of the lead program. Those who participate in overseas events are surveyed right after the event and then by mail every six months for twenty-four months.

Data that are presented by event provide clearer evidence that a link can be established between office-sponsored activities and subsequent export sales, but this does not directly address the issue of causation. There is no evidence to indicate whether or not the sales reported would have been made in the absence of state efforts. As we will suggest, establishing causality presents formidable challenges. While DOC may recognize this, complete inattention to causation remains puzzling. Moreover, we fail to see why states are not required to define their data collection and estimation techniques.

The E Award application form might sometimes include more detailed information than was presented in the narrative. Unfortunately, we received it from only one of the four states. The application form explicitly asks for export statistics. The instructions say that "statistics must be given for the most recent 3-year period to show a full 3-year growth picture with dollar

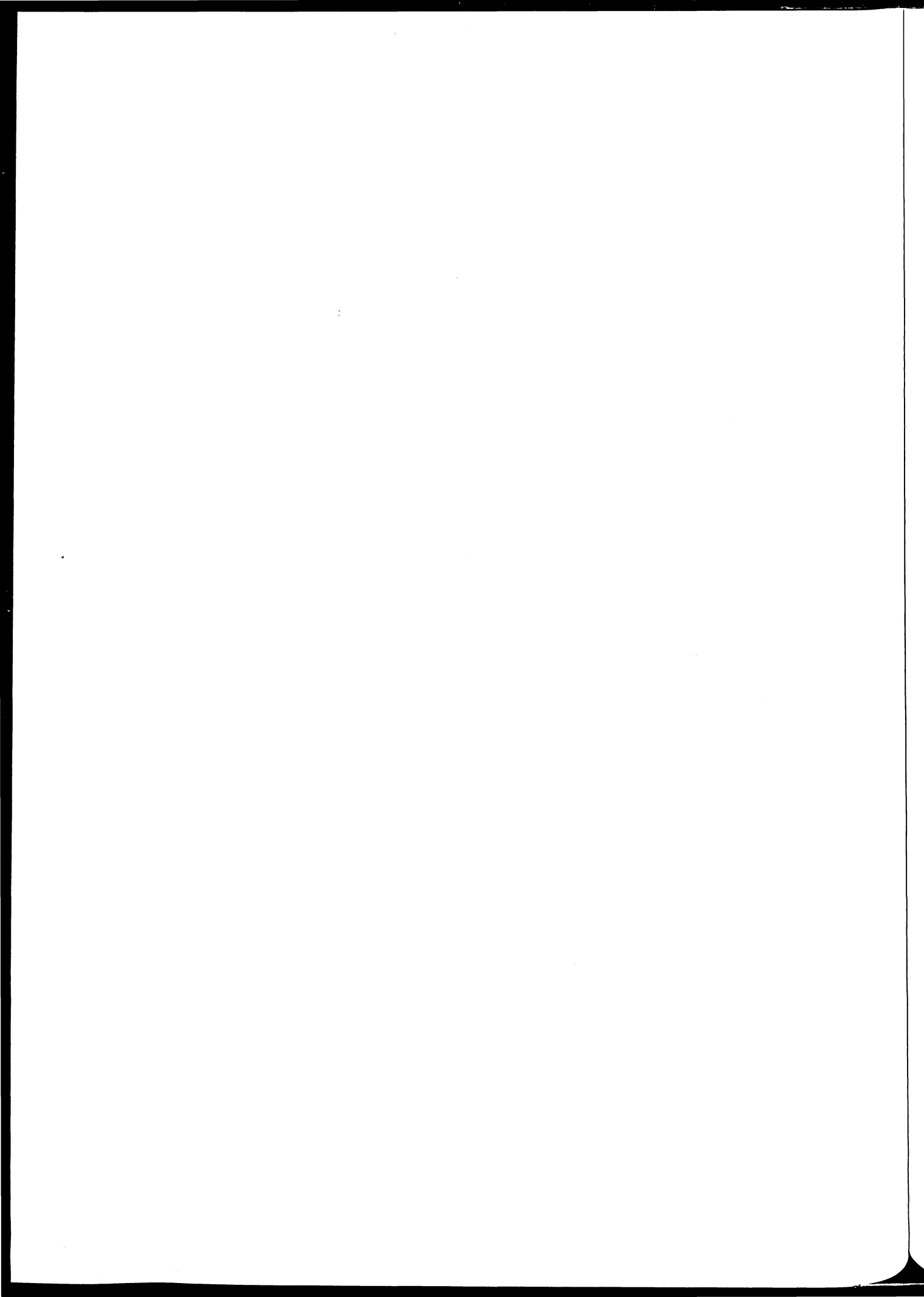
export sales figures representing exports from the U.S. only." Income from licensing agreements does not count. The instructions remind the applicant that "statistics which indicate a decline in exports or less than a significant year-to-year increase will not be favorably considered." It is somewhat unclear exactly how this relates to service organization applicants, but under "if applicant is an export management company" the instructions inform the applicant that "statistics must be given that demonstrate on a supplier or client account-by-account basis there has been a uniformly shared export expansion on a sustained basis."

It is possible that confidential client export data are provided by states under this question, but it is not clear that it is, or that it would add much to the application. The one application form we received listed aggregate figures for each of the previous three years. These data were then mentioned in the narrative but not explained. There is no mention in the other narratives that detailed state client results are presented in other parts of the application. Furthermore, even if they are, we are still faced with complete silence about data collection and causation. As will be explained, there are techniques and questions that can be asked to bring more rigor to data collection and analysis. The E Award documents demonstrate that these issues need not be squarely addressed to receive recognition of success.

SUMMARY

The states vary widely in the extent of their evaluation attention to sales promotion activities. Each stage of evaluation: design, program monitoring, performance monitoring, causality assessment, and efficiency has differing relevance for foreign sales promotion. All of the states were contacted in this project to determine the scope of their activities, but, most specifically, to ascertain the extent of evaluation. We categorized quantitative statements culled from various states evaluative claims. Each one was classified as monitoring (M), implied causal (IC), causal (C), or forecasting (F). We further categorized the quantitative statements by identifying the source of information, the scope of the claim being made, any attempts to verify causality, and the extent to which the quantitative measure is the same as the quantity about which a claim is actually made.

In addition to state attempts to evaluate their export activities, we also investigated the participation of state foreign sales promotion efforts in the Department of Commerce's "E Award" activity. We found that very little documentation was actually provided to verify the extent of success in state programs and that even where information was provided, its source and reliability were not documented.



CHAPTER 3. THE EXPERIENCE OF THE STATES:
A SUMMARY OVERVIEW AND LESSONS FOR EVALUATION

ACTIVITIES AND EVALUATION

Table 6 summarizes the efforts of the states to observe outcomes of the four major categories of activity with which the state discussions dealt. The information summarized there and the discussion in the previous chapter illustrate several points. First, efforts at recording outcomes vary greatly from state to state. Second, only monitoring is performed. Despite the way the data are sometimes presented, no systematic attempt seems to have been made to establish causality in a generally satisfactory way. Still less has there been any attempt to engage in cost-benefit analysis which must necessarily rest on a high level of confidence about causation. Finally, such monitoring efforts as have been made vary dramatically from one activity to another. In this section, we will briefly summarize monitoring efforts according to type of activity; this will form the basis for some general conclusions drawn from state monitoring experience.

Overseas Trade Events

As a group, states have more information on the results of overseas trade events than any other activities. Personnel in twenty-five of forty-eight states that sponsor overseas trade events indicated that their offices engaged in specific activities to determine their impact. By comparison, only ten states reported that their offices engaged in a specific attempt to determine the impact of their trade leads programs, and only three reported such activity for counseling and workshops. Even states that reported spending most of their time counseling firms were more likely to monitor overseas events than any other activity, suggesting that across states there is little or no relationship between allocation of total office effort and monitoring.

A variety of factors explain why states have more information on overseas events than other activities. First, the very nature of the activity assures considerable interaction between the firm and the state office. Overseas trips are discrete activities that generally involve only a small number of participants who are well-known by office personnel. Participants must explain the purpose of the participation in the trade event in order for the office to assist them. The office helps prepare firms for the trips, schedules appointments overseas and assists with displays at shows. The staff thus tends to be quite familiar with the firms and their immediate goals. Also, because there is a state representative leading the mission, the office frequently "sees" many results. In short, there are a variety of opportunities for the office personnel to interact with overseas trade event participants. Finally, this close relationship probably increases firm willingness to share data with office personnel involved in the mission even long after it is completed.

TABLE 6

THE EVALUATION OF STATE INTERNATIONAL BUSINESS DEVELOPMENT
PROGRAMS: SELECTED ACTIVITIES

<u>STATE</u>	<u>OVERSEAS EVENTS</u>	<u>TRADE LEADS</u>	<u>COUNSELING</u>	<u>WORKSHOPS SEMINARS</u>	<u>IFDI PROMOTION</u>
Alabama	E	1	1	1	2
Alaska	1	1	1	1	2
Arizona	E	1	1	1	0
Arkansas	E	E	E	E	4
California	E	1	1	1	2
Colorado	E	2	2	1	5
Connecticut	E	E	1	2	2
Delaware	1	1	1	1	2
Florida	E	E	1	1	2
Georgia	E	1	1	1	2
Hawaii	1	1	1	1	2
Idaho	0	1	1	1	0
Illinois	E	1	1	1	2
Indiana	E	E	1	2	0
Iowa	2	3	1	1	1
Kansas	2	1	1	1	2
Kentucky	1	1	1	1	2
Louisiana	2	1	2	1	2
Maine	2	2	2	1	2
Maryland	1	1	1	1	2
Massachusetts	2	0	2	1	1
Michigan	E	1	1	1	2
Minnesota	E	3	E	1	2
Mississippi	E	E	1	1	2,4
Missouri	1	E	1	1	2
Montana	E	1	1	1	0
Nebraska	E	E	1	1	4
Nevada	1	0	0	0	2
New Hampshire	2	2	2	2	2
New Jersey	E	E,1**	1	1	4
New Mexico	2	2	2	1	2
New York	E	E	2	1	2
North Carolina	2	1	2/1*	2	2,4
North Dakota	2	2	2	2	2
Ohio	E	E	2	2	E
Oklahoma	E	1	2	1	2
Oregon	2	1	2	1	2
Pennsylvania	E	3	2	7	E
Rhode Island	E	3	1	1	1
South Carolina	1	1	1	1	2
South Dakota	0	1	1	1	1
Tennessee	2	3	2	2	2
Texas	E	1	1	1	1
Utah	2	1	1	1	1
Vermont	E	0	1	1	2
Virginia	E	2	E	E	2
Washington	1	1	1	1	2
West Virginia	2	2	1	1	2
Wisconsin	E	1	1	1	2
Wyoming	2	2	2	1	2

* If the company being counselled is in a targeted industry, the trade specialists keep records of the assistance, otherwise files are not kept.

**If trade leads come from overseas trade events then their outcomes are monitored with the overseas events procedure.

Key:

- E - Specific monitoring/evaluation activity
- 0 - No such program
- 1 - No follow-up to determine impact
- 2 - No specific monitoring/evaluation activity but some information on impact available from specialists' company files
- 3 - Reply form sent with trade lead
- 4 - Some informal comparison of costs to benefits
- 5 - Some studies done in the past

SOURCE: These data were collected by the authors. For an explanation of the data collection method see page 19.

The relative ease of formal evaluation in the context of overseas missions provides yet another reason for its prominence. Participants are together and close to a representative from the state who can administer a written or oral questionnaire in person with an almost automatic 100 percent response rate. Because each event involves a small number of participants, subsequent phone or mail surveys require only a modest commitment of time and resources. The immediate impact of the mission can be ascertained by asking the firms questions about the extent to which they met their mission goals. Assuming that they met these as a result of appointments and trade show opportunities not otherwise available to the firms, this can be considered the outcome of the activity.

Of the twenty-five states that indicated they conducted a specific after-overseas mission survey, most said they depended on some combination of mailings and phone calls. States reporting the use of phone calls tend not to rely on a uniform set of questions but rather ask open-ended ones about general topics: the extent of ongoing contact with people met overseas and the nature and value of any contracts signed or pending. Moreover, it goes without saying that in the absence of a specific mechanism of control, foreign sales promotion will tend to take credit for mission-related sales even when other contacts are the real causal factors.

California provided samples of its efforts to determine event outcome in the form of trip reports on the "Made In USA" show and the Paris Air Show that included questionnaires given to participants. The questionnaires included questions typically asked by other states: quantitative assessments of results as well as qualitative responses about the usefulness of various aspects of the shows. Minnesota has used a similar questionnaire.

One aspect of overseas events somewhat complicates data collection: a time lag often exists between the trip and the signing of agreements. Some state officials even indicated that they discouraged firms from signing contracts on the spot with foreign buyers or investors with whom they were unfamiliar. This means that phone calls and questionnaires immediately after the event might seriously underestimate long-term quantitative returns. States seem to be handling this in two ways. First, in addition to asking about agreements signed, they ask about agreements firms expect to sign over a specified period of time, usually twelve months. Second, many states indicate that they try to contact firms at regular intervals for some period of time after the event, usually every six months for two years. While there is no reason to doubt that states aim for systematic follow-up, we did not see any data presented by categories according to the length of time after the event the agreements were concluded. Moreover, several states indicated a desire to do repeated trade event monitoring but had insufficient resources to do so. It seems that in many cases the offices learn of the conclusion of delayed agreements less through formal evaluation activities than as a fortuitous result of ongoing contact with participants. This form of outcome gathering, while certainly better than nothing, might well underestimate the results of the mission.

Trade Leads

As a group, states report that they engage in specific activities for the purpose of collecting outcome data about trade leads programs less than they do for overseas events but more than for counseling and workshops. Only thirteen states reported that their offices engaged in specific attempts to determine the impact of their trade leads program, although forty-seven states had trade leads programs in 1986.

Five states report that they occasionally send questionnaires with trade leads that ask recipients about both the overall usefulness of the leads and agreements signed as a result of them. No state could say what the response rate on these surveys has been. In an effort to get a more complete response, Arkansas has informed recipients that it will begin a leads follow-up survey and that failure to return survey forms will lead to expulsion from the leads program. Because this effort is so new it is impossible to say whether this has affected firm behavior.

One state, Indiana, calls firms that have received leads to determine their usefulness. The Indiana office is assisted in this task by a nonprofit economic development group in Indianapolis that contacts lead recipients in its area and passes the information on to the state.

Six states regularly collect outcome data about the trade leads by administering annual questionnaires. Four states sent us copies of their survey forms. All are designed to obtain quantitative and qualitative information similar to that collected for overseas trade events, but they have varying levels of complexity. Iowa's and Missouri's survey form is simple and restricted to questions designed to ascertain whether or not leads are useful and if agreements have occurred as a result. Nebraska's is a bit more complex in that it seeks to ascertain why a lead was or was not useful to a firm. New York's follow-up is the most complex, involving two steps. First, one year after New York listed a lead the state contacts the potential foreign buyer by mail to find out if it purchased from a New York firm. If so, the state sends a questionnaire to the New York firm to confirm the information. If the buyer and seller provide matching information then the state lists the deal as an outcome of the leads program.

It is relatively easy to understand why states gather outcome data about leads less than overseas events but more than other trade activities. Leads are harder to monitor than overseas events for several reasons. There are many more participants in the average trade lead program so contacting them is more time consuming. Also, states report that firms do not always remember the origin of leads because this information is unimportant to them. In addition, offices frequently have little or no contact with the recipients beyond the mailings, and, as many state personnel pointed out, the more infrequent the contact between the office and a firm, the less likely the firm will provide the office with any significant information about its international activities.

On the other hand, the straightforward purpose of trade leads provides an evaluation advantage over some other programs. The leads aim to put firms into contact with buyers or investors interested in the firm's products or its type of company. If the service encourages firms to conclude deals they would

otherwise not have known about, then it is succeeding. Unlike shows, lag time is not a major problem because leads not followed up quickly are lost. This lessens the chance that the state will underestimate the impact by premature data gathering.

Counseling

Many states claim to spend more time on individual firm counseling than any other single activity, yet only three, Arkansas, Virginia, and Minnesota, report that they systematically gather outcome data for this set of activities. When questioned by phone, most states report that they engaged in no specific follow-up to counseling though many reported that they have outcome information available in trade specialists' company files.

It is probably fair to say that, in all states, those who engage in individual firm counseling can discuss how they have helped firms export but that few efforts have been made to compile and analyze these data for the purpose of ascertaining the overall impact on firm behavior. A variety of factors may explain this lack of effort.

The label "counseling" is largely a catchall term for describing everything that is not an overseas event, trade lead, or workshop. It thus includes visiting firms, as well as working in the office to assist them with export regulations and mandatory forms, language services, market information, and a wide variety of problems. Doubtless, some of these activities take very little time and cannot be said to "cause" exporting, though they are undoubtedly valuable to the recipient. Others take more time, or are more focused so that cause becomes a reasonable issue. Counseling is thus an extremely heterogeneous notion for which the measurement of outcomes becomes a most difficult issue.

Workshops/Seminars

Like counseling, few states report any attempt to address the impact of workshops and seminars. Information about these programs tends to be limited to output rather than outcome. That is, states have lists of sessions they have sponsored but often do not even keep records of those who attend. Some firms may be prompted by a seminar or workshop to get individual counseling that subsequently leads to successful exporting. States will frequently know when this happens. This suggests that states may have some sense for how frequently education program participants go on to make use of the knowledge gained. Such information, however, is not systematically recorded.

Various problems plague the assignment of outcomes to workshops and seminars. First, it is not clear how a seminar can be said to be responsible for a sale. Rather, it is necessary to consider whether the outcome ought to be measured in another way such as by the number of firms that go on to participate in other office programs. No state indicates doing so.

IFDI

IFDI efforts combine unusually straightforward and particularly complex problems. The decision to invest cannot be hidden, so data collection is not a principal problem. But unique difficulties abound.

First, international offices seldom have complete responsibility for attracting and securing IFDI. Many firms are attracted by advertising which may be done by the international office, but they are subsequently assisted by state and local economic development agencies. The chain of causation and hence indicators of success become problematic. Some states resort to the use of output measures analogous to those frequently used for workshops and seminars to judge their investment efforts. For example, Pennsylvania and Mississippi use the number of investors contacted.

Secondly, investors' decisions rest on complex calculations and are seldom primarily, let alone exclusively, a result of state recruitment efforts. Surveys by Washington and Tennessee point to a large number of factors contributing to the location decision by a potential foreign investor, among which recruitment efforts by the states have low ranking. This leaves states with the vexing problem of trying to determine how they might measure the degree to which their efforts were necessary if not sufficient.

LESSONS FOR EVALUATION

Two central conclusions can be drawn from the material presented on state evaluation efforts. First, that states have not pursued with uniform vigor a documentation of the outcomes of the various programs they offer for the promotion of exports and foreign direct investment. This may be because the connection between assistance and specific sales is far easier to track with some services than with others. Second, no state seems to have moved beyond the level of outcome documentation or performance monitoring in the assessment of any of its activities. Although causal assertion abounds in some of the materials released by the states, a systematic attempt to exclude causal relations other than those associated with the state programs cannot be found.

Overseas missions and shows provide the most obvious opportunity for the systematic recording of results. Our data suggest that twenty-five states, just over half of the forty-eight states that have engaged in these activities, seem to have pressed virtually all participating firms into expressing some definite reaction to the service offered. Although our information is incomplete about the precise nature of the questions and responses in each case, we assume that most states gained either point estimates of the sales made in connection with the events (even when occurring up to twenty-four months later) or approximations (perhaps in ranges to provide greater confidentiality). This leaves twenty-three states that make no such systematic attempts. Some of these states may have been participating in overseas events only as an experiment, yet even here, we think a more formal effort would have been worthwhile. Such events provide the best possible opportunity to document sales (with some confidence about cause and effect, an issue to be examined presently). If states have any ambitions at systematically recording outcomes, overseas events seem a good place to start.

A somewhat less straightforward target is provided by trade leads. Of the forty-seven states with programs, thirty-two apparently do little to gauge the impact through systematic contact with the affected firms. As with overseas events, this seems an obvious missed opportunity for the documentation of success. We think that an annual survey of the recipients of trade leads can be justified by any state with such a program. Future research may suggest the efficacy of sampling, but until more is known about the frequency of success and the size distribution of sales, the surest path lies in surveying the entire population. Such an assessment can not only locate successes but in some cases can assist those in charge of the trade leads program with information on the utility of leads from varying sources. This, in turn, can be used to improve the efficiency of the program.

Program evaluation of counseling, workshops and seminars, and the promotion of foreign direct investment raises far more difficult issues because a connection with concrete economic results is frequently more difficult to establish. Suggestions for the improvement of monitoring for these activities can best be made in the specific context of Minnesota's evaluation efforts in Chapter 5.

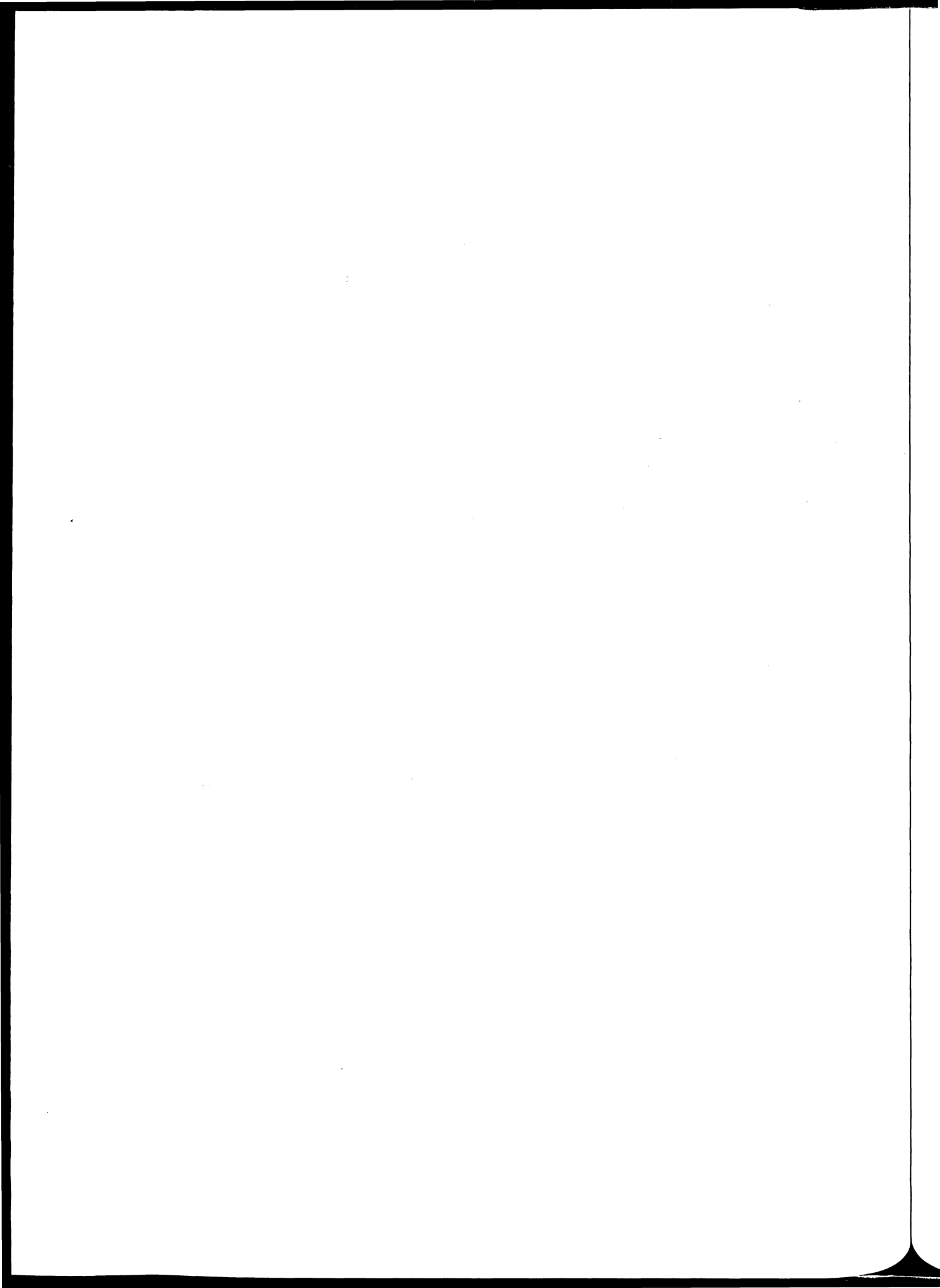
In the next chapter we will pursue the issue of systematic evaluation in a general way. In particular, we will discuss the most valid type of impact evaluation--that done by research design--and the less rigorous type--quasi-experimentation. The purpose of explaining these methods is not to recommend their use: they clearly require both information and control that states do not have. Nevertheless, discussion of them seems useful for explaining the logic that underlies all analyses of the impacts of government programs designed to alter the environment. It also serves as a useful introduction to our recommendations in Chapter 5 of how Minnesota can improve its analysis of impact.

SUMMARY

When the experience of the states is compared, some very definite conclusions can be drawn: Efforts at recording outcomes vary greatly from state to state, no state really establishes causality in its performance monitoring, and the extent to which the best monitoring takes place varies enormously from one activity to another.

We found overseas trade events to be the best monitored of all export promotion activities and can provide a plausible explanation for this tendency. Trade leads also found some systematic evaluation efforts aimed at determining sales increases. Monitoring here is more difficult for a number of reasons described in detail. Counseling, workshops and seminars, and foreign direct investment are much more sketchily evaluated in all of the states. This, in turn, may well be explained mainly by the relatively indirect contribution that these activities make to export promotion and promotion of IFDI.

We conclude that the states have not documented outcomes of their programs to the maximum extent either feasible or advisable. Secondly, we think that far too little attention has been devoted to the establishment of a unique causal relationship between state activities and increases in exporting or incoming foreign direct investment.



CHAPTER 4. EVALUATION METHODOLOGY

IMPACT EVALUATION

A rigorous social scientific impact evaluation of a public program is designed to answer the question: "Is the program causing the intended effect?" At the simplest level, the question can be broken down into two parts: First, what are the effects? This is the question that the outcome data collection discussed in the previous chapter is meant to address. Second, how much of the observed change can be attributed to the program? Here we face the issue of causality head on.

Research Design

The difficulty of isolating the net impact of the program arises because there are a variety of environmental forces that might change the condition and goal indicators over time regardless of the existence of a program. If the evaluator is insensitive to these sources of change and attributes all change to the program then its impact will almost certainly be misstated. Some of the most important of these environmental forces are secular drift, interfering events, maturation, and self-selection effects. (For a more complete list of variables that might create problems in determining net impact see Cook and Campbell, 1979.) Secular drift refers to a long term trend that might affect the conditions being used to measure the impact of the program. For example, if a state has a declining (or rising) industry that is losing (or gaining) competitive advantage, then there will be some change in the level and/or composition of exports regardless of the existence of the state export program.

Interfering events are discrete occurrences or shocks that affect the conditions to which the program is directed. For example, a change in the value of the dollar affects both exporting and incoming foreign direct investment. In attempting to assess the impact of a foreign sales program one would have to treat exchange rate changes as interfering events.

Self-selection effects refer to a problem that plagues all programs in which participation is voluntary and the indicators being used to determine impact are participant performance measures. Evidence has shown that those who volunteer to participate in a program are not a random sample of eligible participants, but rather are more likely to manifest the desired changes than non-volunteers. Self-selection effects thus lead to two problems. First, if the indicator data show a change, it is difficult or impossible to say whether or not this occurred because of the program or because of the characteristics of the volunteers. Secondly, as a further result of this, it is impossible to generalize from the volunteers to the whole population of which the volunteers are a part. This is clearly relevant to impact evaluation of export promotion activities because program participants are volunteers.

Experimentation

The research design problem arises as a result of the existence of these and other forces. Simply put, the researcher must create a scheme for study-

ing the participants that allows determination of what part of the change was caused by the program and what part by other forces. The classic solution to this is to design an experiment in which two groups, control and treatment, are alike in all respects except exposure to the program's "treatment." This is most commonly done using the pretest/post-test experimental research design:

R	O ₁	X	O ₂	(treatment group)
R	O ₃		O ₄	(control group)

Each row refers to a single group, and "R" indicates that the elements have been randomly assigned to groups. Randomization ensures that, given a sufficient number of elements, the average element in one group is comparable to the average in the other. "X" represents the exposure of a group to some treatment (in our case the public program). "O" represents observation or measurement of the conditions to be changed by the program.

The process of conducting a pretest/post-test experiment involves four steps: random assignment to group, measurement, treatment, remeasurement. The changes O₁ to O₂ and O₃ to O₄ are a result of all environmental forces and, in the case of the former, the treatment. The difference between O₂ and O₄ is what the evaluator is interested in because it reveals the difference the treatment makes, or, in other words, the impact of the program.

The logic of the pretest/post-test experimental design is driven by randomization: randomization produces comparable groups; these comparable groups are presumed to be equally affected by forces of change in the environment, so any difference in magnitude of change between them is attributable to the program. This approach and a variety of other experimental designs are, in theory, ideal to use to determine impact by ruling out rival explanations for change, but, as with all experiments, their strength rests entirely on randomization and comparison. (For a thorough discussion of experimental research designs, see Campbell and Stanley, 1963.)

Unfortunately, there are almost no public programs including export and IFDI promotion that can be evaluated by randomly assigning participants to one of two groups and treating one of them. Participation in most of the states' foreign sales activities is completely voluntary, while randomization requires that the evaluator have the ability to select participants from the target population and force them into one group or another.

Quasi-Experimentation

The difficulties posed by randomization have led to the use of two general types of quasi-experimentation: non-equivalent group and time series designs. The former involves comparing groups that are exposed to the treatment to those that are not, but without random assignment. (For a thorough discussion of quasi-experimental designs, see Cook and Campbell, 1979.) For example, the pretest/post-test quasi-experimental design differs from the experimental one only in that the elements of the group are given to the

evaluator, not assigned:

O ₁	X	O ₂
O ₃		O ₄

Non-random assignment makes it possible that the groups are not really comparable, and therefore, that variations in the levels of change between O₂ and O₄ cannot necessarily be attributed to the program. The evaluator must then consider the ways in which the groups might be different and assess the likelihood that these differences, rather than treatment, account for the variation in change. For example, in evaluating the impact of a public program one might want to compare the "condition indicators" of a group exposed to it with those of a group not exposed. "Condition indicators" means simply those characteristics in which the observer is interested. Here it would be some measure of interest or participation in international activity. The members of the groups were not randomly assigned by the evaluator; those who received assistance volunteered to participate. There is no way for the evaluator to be certain that the members of the groups are not systematically different. What the evaluator can do is outline the ways the groups might be different. A judgement can then be made as to whether or not these differences would result in the two groups being differentially affected by environmental forces, and thus lead to observable differences between the groups' condition indicators that are now caused by the program.

Quasi-experimentation seems infeasible for our evaluation problem because it is virtually impossible to gauge the extent to which firms that are the object of foreign sales promotion efforts resemble those not assisted by the state. The reason is simple: the closely-held business information mentioned in the section on performance monitoring include such data as total sales and total exports. Only for publicly-held companies are total sales generally known, and the exact levels of exports are frequently not disclosed even by large companies. One could never be entirely sure that differences in export performance subsequent to state interventions did not arise from differences in the initial positions of the two groups of firms.

Another approach that could be considered is interrupted time series analysis. The logic of interrupted time series rests on the assumption that it is possible to use past values of the condition indicators to determine what future values of the condition indicators would be in the absence of some treatment. The treatment is then applied, and the difference between the value expected by the evaluator and the value obtained is assumed to be the program impact. The crucial requirement of such a study, then, is sufficient data upon which to base a future value of the condition indicator in the absence of state activity. This is usually done by collecting data for a considerable number of time periods prior to the application of the treatment so that trend and cyclical changes can be identified as such and not attributed to the treatment. Of course, even very long time series do not rule out incorrect estimates of the future values of the indicators because the environmental influences that produced the series might change. But if environmental factors are judged to be relatively constant, the evaluator can make some judgement about the impact of the program.

Interrupted time series quasi-experimentation at the firm level would be bedeviled by largely the same problems mentioned in the previous section. The state must consider itself fortunate if firms are willing to report increases

in sales possibly attributable to state activities. The firms cannot be relied upon to provide data on such magnitudes as total levels of export sales before and after certain state interventions. Still less will they dependably provide data on quantities such as exports over a period of time long enough to allow for statistical confirmation of the significance of any increments possibly assignable to state interventions.

Some readers might think that an alternative approach would be to use interrupted time series at the aggregate level to attempt to determine whether or not total state promotional expenditures on exports in fact contributed to a shift in their total value. If state efforts were a major factor in state export activity, such an approach might have merit. But one must consider again the very small amount of resources actually devoted to export promotion.

As an example, consider the state of Alabama. In some recent periods, it has spent approximately .02 percent of its total estimated manufactured export volume on export promotion. (This order of magnitude does not make Alabama unique.) These relative magnitudes imply that if state export development expenditures were successful in increasing export activity at a rate of \$100 of exports for every \$1 expended (a purely hypothetical assumption), only about a 2 percent change in the total level of exports would be recorded. When one considers the myriad of variables determining the level of exports in any one year, it is difficult to imagine a statistical equation specified precisely enough that the impact of export promotion expenditures could be reliably estimated.

Suggested Approach to Evaluation

The preceding discussion may appear to be a counsel of despair. Our intention, however, is only to highlight key components of good impact analysis: measured indicator variables, treatments in the form of government programs, and competing explanations for change. The discussion does suggest that solutions to the evaluation problem must be modest. Our interest in providing practical advice leads us to suggest an admittedly less than ideal solution: it is actually a modification of the approach currently used by many states.

In their classic work, Rossi and his colleagues (1979) contrast what they refer to as "rigorous methods" of impact assessment, such as the experiments and quasi-experiments discussed above, with "approximate methods," such as the self-reporting of qualitative data. We propose that in the present circumstances, self-reported data--both qualitative and quantitative--be relied upon, but that the questionnaire be carefully designed to reject causes other than the state program. For export programs we encourage the use of questionnaires which ask for data that tend to confirm the causal link between state activity and certain outcome magnitudes estimated by the client firms. In particular, careful questioning about possible alternative sources of general information or contact between buyer and seller need to be included in the instruments. Examples of such questions are provided in the following chapter.

A similar solution seems the only feasible approach for the evaluation of IFDI promotion efforts under any circumstances. It is not clear what a quasi-

experimental design would look like. Questionnaires must be administered to relevant firms--perhaps not merely the ones that invest in a state but also those that considered doing so but did not--in an attempt to gauge the contribution made by the promotion efforts controlled by the agency whose efforts are being evaluated (remembering that the financial incentives to foreign firms are not typically subject to the control of the promoting agency).

One of the two major limitations of the questionnaire procedure results from the fact that export sales increases are reported rather than observed. Business people part with competitively relevant information only with considerable apprehension, if at all. The extent of trust established between the state agency and the business community in general--as well as with specific firms--appears to be the key to gaining maximum specificity and accuracy in the self-reporting of the results of trade promotion efforts. This means that in most circumstances, the only confidence one can have in the information gained rests on mutual trust between client and state official. Only in rare instances can the value of a transaction be confirmed independently through state contact with the firm buying from the state exporter.

Additional difficulties arise in attempting to establish cause. We are faced with one observation. This rules out the use of interrupted time series analysis in which many causal mechanisms could be effectively rejected by using control variables in the equation. The observer must thus attempt to establish the characteristics of the situation in which the export sales increase was observed and make certain that causes other than state export promotion can be ruled out. Moreover, because one is effectively dealing with only a specific episode of export activity, it is critically important to make certain that the observed sales represent a net increase and are not offset by a smaller volume of export sales either by the firm or by some other state firm. In the next chapter we will propose examples of carefully designed survey questionnaires which, if answered truthfully by participants, can uniquely establish the contribution of state action.

COST-BENEFIT ANALYSIS

Something must be said about the final stage of evaluation: cost-benefit analysis. This might seem premature given that so little systematic and causally sensitive data have been gathered. But some additional comments are in order because formidable difficulties await once an adequate export database is established.

Claims are frequently made in the literature such as "X dollars of exports are created for every dollar spent on export promotion" as if this datum itself were of evaluative importance. Many might assume that such a claim represents a cost-effectiveness ratio of some kind. It does not. The lion's share of the value of state exports are real costs which can scarcely be balanced against the additional costs of generating the demand for them. In fact, only incremental tax revenue and the saving from state expenditures that would otherwise have to be made (such as public assistance costs) should be counted as benefits. The additional net profits of the exporting firm, for example, are a purely private gain which cannot ordinarily justify public support.

SUMMARY

Those attempting to evaluate foreign sales efforts cannot generally employ the classically accepted procedures for evaluation: experimental and quasi-experimental design. The voluntary nature of participation precludes experimentation, and quasi-experimentation is bedeviled by difficulties of firm confidentiality. This same problem also plagues interrupted time series analysis.

We conclude that the most appropriate means for evaluation of foreign sales promotion efforts must rely on carefully designed questionnaires. In particular, these questionnaires must be sensitive to the issue of causality: they must make inquiries that effectively reject the possibility that what might otherwise be program successes could, in fact, be assigned to other causes.

CHAPTER 5. THE CHALLENGE TO MINNESOTA

The preceding chapters have outlined the experience of the various states in the development of foreign sales promotion efforts. This chapter will attempt to draw lessons from that experience that can inform Minnesota's efforts to develop a maximally effective foreign sales program. This chapter will begin with a discussion of the Minnesota Trade Office and its development. This is followed by a discussion of the monitoring and evaluation efforts that have taken place up until now. The chapter ends with some suggestions for the improvement of monitoring and evaluation efforts.

BACKGROUND ON THE MINNESOTA TRADE OFFICE

The Minnesota Trade Office (MTO) was created in July 1983 as part of the state's Department of Agriculture. The office was given a two-year budget of \$6.8 million, an enormous increase over the previous \$190,000 yearly budget for export programs. The office had one stated goal: to create jobs by increasing the number of Minnesota companies that export and by attracting IFDI. In December of 1986, the MTO became a part of the Department of Energy and Economic Development (DEED).

The MTO's activities are similar to those of many other states and are primarily designed to assist small- and medium-sized businesses identify and take advantage of business opportunities in western Europe and Japan. According to the head of the Export Services Division, MTO spends roughly a quarter of its time counseling firms; 15 percent of its time organizing and conducting overseas activities; 10 percent collecting, compiling and disseminating trade leads; 10 percent conducting seminars and workshops; 10 percent doing market research; and 5 percent promoting reverse investment. About 25 percent of the MTO's time is devoted to additional activities, including the collection of data on state firms and the preparation of publications.

The MTO has five divisions to carry out these tasks: the International Trade Division (ITD), the Export Services Division (ESD), the Export Finance Authority (EFA), the Agricultural Trade Division (ATD), and Communications. The state also has two overseas offices, one each in Sweden and Norway. After discussing what these divisions do, with particular emphasis on the ITD and the ESD, discussion will focus on the present state of monitoring the MTO's activities.

International Trade Division

This division is responsible for organizing participation in overseas trade shows and missions, which involves several tasks. First, the unit selects destinations by matching scheduled trade events with Minnesota's promising export industries. The division seeks opportunities for four industries in particular: medical products, high tech products (computers and electronics), software and agribusiness. From the set of potential trips the office then annually selects eight.

Next, the unit attempts to recruit between six and twelve firms to go to or be represented by the ITD abroad. The first step in the recruitment

process is to distribute letters that announce the activity and encourage interested firms to contact the ITD. Personnel then call as many potential participants as they can identify using the office's database of Minnesota's firms. The unit's written procedures require that each prospective participant be judged qualified to participate, meaning that it has the manufacturing and financial capacity to carry out successfully any contract it might sign abroad. Unfortunately, the ITD does not always find the resources to do this.

Once the unit has identified participants, it collects material with which to represent them or sets appointments for each depending on whether the event is a show or mission. This stage frequently requires an "advance mission" to locate contacts and finalize arrangements by the person in charge of the event. Finally, during the event the trip leader ensures that everything is displayed as planned, that meetings are attended, and that general assistance of all kinds is available to participants.

It has been recently decided that a smaller number of firms with a more focused and better prepared effort might be more successful. This pattern was employed by the Department of Commerce sponsored "Minlexport" venture that ended in 1984 after four missions (Atsatt and Pofertl, 1984).

Export Services

The ESD is responsible for two programs in particular: education and trade leads. Both of these programs are designed to generate interest in international opportunities and to provide firms with information needed to take advantage of them. The division also maintains a database of exportable goods and services (see Appendix C).

The education program offers two types of sessions. First, the division sponsors single-session seminars around the state to provide information about topics including financing, market entry strategies, and document preparation. Second, it offers an intensive seven-session program devoted to all facets of exporting. All sessions are day-long events involving the MTO and volunteers knowledgeable in the topic being discussed. Although the format varies, each session includes lectures by speakers and informal counseling for participants with particular problems.

The trade leads program involves collecting and disseminating trade opportunities to Minnesota firms. The unit gathers its own leads from several sources including the weekly U.S.D.A. *Export Brief* that lists export opportunities in Agriculture; *U.S. Development Business*, a publication that provides information about development projects in the Third World; and information from trade representatives traveling abroad or hosting foreign delegations visiting the state.

The program disseminates leads through its Trade Net service by matching them with state producers. Matching has been done rather imperfectly by SIC codes ranging in specificity from eight to four digits. Agriculture leads are almost always matched with eight, while manufacturing varies from four to seven. Unfortunately, even when the leads specify a seven-digit code, MTO's information on Minnesota manufacturers might not be that specific. Because of these difficulties, after a match is made an expert has gone through the list,

adding or subtracting companies to the notice list based on knowledge of firms. Recently, a keyword system has been employed in the matching process to supplement the SIC code. This has been introduced by the use of highly specific product information gathered by two staff specialists: one in med/high tech and the other in industrial/general manufacturing.

The unit does not engage in any untargeted mailings of trade opportunities. It sends out about 1,200 individual notices per month to selected firms. These notices represent a smaller number of leads, but the relationship between the two is variable. In conversations at MTO we were told that in one case 125 leads resulted in 502 notices, while in another 10 leads became 508 notices. The number of notices that go out on a lead depends almost entirely on how many firms in the state might be able to fill it.

Export Finance Authority

The EFA was created to address the problems that smaller companies encounter when trying to find financial support for expanding sales to foreign markets. The EFA has two million dollars it can use to guarantee loans to exporters who have an order but cannot raise the capital to fill it. Before applying for a guarantee loan, a company must be turned down by its own bank. The EFA can then guarantee up to 90 percent of a loan worth between \$25,000 and \$250,000 for up to one year. The period of the loan covers the time it takes to produce and ship the goods. Because sellers must have a letter of credit (a document written by the buyer's bank guaranteeing payment) to get a loan guarantee, the only real risk to the state occurs if the Minnesota firm invalidates the letter by violating its terms. No firm had defaulted on a loan by September 1986.

In the first three years of the EFA, it made only nine loan guarantees. This seems surprising given the widespread perception that inadequate financial resources keep small firms from exporting. According to people in the MTO, the low number of loans results from a problem of generating interest in the program rather than one of ineligible applicants. The firms that could most benefit from the program are located in rural areas; therefore, the MTO has spent a great deal of time contacting rural banks to inform them of the program and to encourage them to pass the information on to their business clients. Unfortunately, these banks seem unwilling to cooperate. This seems to be connected with the poor agricultural economy in recent years and the banks' fears that business expansion in the present economic climate will lead to more failures. Apparently, the rural branches of the large Twin Cities banks are not cooperating either. These offices are supposed to refer their clients with international needs to the city branches that have international divisions. These, in turn, can encourage use of the EFA program. However, the branches are sometimes reluctant to refer clients out of fear that firms will decide to move all of their banking to the Twin Cities. In short, the EFA program appears to be slow to catch on because of the absence of appropriate partners in the rural areas with whom to work.

The EFA also administers an insurance policy for the federal Export-Import (EXIM) Bank. This insurance is designed to provide a guarantee of payment to sellers between the time the goods are shipped and the payment is received under the terms of the agreement. The state has an "umbrella

policy," meaning that it can insure any number of companies under it as long as the value of the guarantees remains below the limit set by the EXIM Bank.

Communications

This division was created in September 1984 to be responsible for assembling displays and preparing brochures for the other divisions; for publishing the office's ten guides, directories and newsletters; and for handling media relations.

Agriculture Trade Division

This division conducts activities similar to those of the ITD and the ESD for the state's food producers and processors. It emphasizes the sale of breeding livestock, processed foods, horticulture crops, and agricultural technology. The ATD disseminates leads, organizes delegations to trade events, advertises the state's agriculture industry both at home and abroad, and promotes an Agricultural Development Grant Program.

Incoming Foreign Direct Investment

The reader may have wondered what part of the MTO looks after the recruitment of IFDI. The overseas offices have devoted considerable effort to IFDI promotion. But neither the MTO nor the Department of Energy and Economic Development has regarded foreign direct investment as a principal responsibility for which the state provides explicit funding. The MTO, while claiming to spend perhaps 5 percent of its time promoting foreign direct investment, really serves as an intelligence network for the (now parent) Department of Energy and Economic Development. Leads gathered in the field are passed on from MTO to other parts of DEED, where they are typically considered alongside other potential investment projects from outside the state.

The state boasts only one unit at the present time seriously devoted to promotion of foreign direct investment. This small office, a part of DEED proper, is staffed by one professional with research and clerical support. It devotes its entire attention to the promotion of direct investment from Canada. It does this by giving informational seminars in major Canadian cities which stress the way in which Canadian products can be marketed in Minnesota. The state is also promoted through direct mail advertising. Less focused advertising is regarded as excessively expensive. This office reports a high level of cooperation from public and private parties in Canada, and claims that four companies have located in Minnesota due, at least in part, to the efforts of the office. The office regards at least two of these locations as due almost exclusively to its efforts. Efforts are concentrated on four major industries: 1) electronic and communications equipment, 2) health care and products and services, 3) wood products, and 4) food processing.⁴ The

⁴ Existing labor force skills and business infrastructure suggest that the profile of foreign business activity drawn to the state will typically bear some resemblance to the type of activity already here. This, in turn, will at least occasionally lead to complaints that the state is encouraging competition with existing firms.

office claims 100 percent follow-up on the attendance at its Canadian seminars through a combination of phone and postal communication (DeWitt, 1986).

MONITORING IN MINNESOTA

Problems of evaluating an international program were recognized early in the MTO's history. The first director of the export information office (now ESD), reported that "There are major problems in accounting for how many jobs and how much money will be brought in by trade" (Willis, 1983). He said that information on the existing level of exporting was incomplete and inaccurate, that firms are reluctant to release data, and that follow-up business and "ripple effects" would be impossible to measure. The Governor's special trade representative suggested, however, that the state would be able to show results by "pointing to business done directly through trade missions and to individual companies that were not exporting before and started with the trade office's help. Since reverse investment--luring foreign business people to establish facilities here--is another trade office objective, a 'very visible result would be a number of new plants'" (Willis, 1983).

The MTO did establish a set of documentation procedures, but there have been some problems with implementation. After explaining these, we will examine what the office is currently doing to determine results.

The original plan for documenting results consisted of filing three types of activity reporting sheets: an Activity Plan, a Firm Results Record, and an Activity Results Record. This information was to be compiled in a Results Report. These documents were described as follows in a 17 July 1985 documentation memo: (MTO, 1985)

- o Activity Plan: a tool used to plan specific activities, including ongoing activities.
- o Activity Results Record: a tool used to summarize and document the results of specific activities that support program objectives.
- o Firm Results Record: a tool used to document the results for a firm that participates in a specific activity which supports a program objective.
- o Results Report: a tool used to summarize the actual results of all activities of the divisions and MTO which have been documented through the results documentation process (see Appendix D).

Each activity undertaken by the MTO was to be classified into one of seventeen categories and described on an Activity Plan sheet. This sheet required the office staff to record the purpose and cost of the activity as well as the anticipated results. After the completion of the activity, the office was to administer a Firm Results Record to all program participants. On this form firms were to report eight types of results: agent distributor agreements, investment, jobs, joint ventures, licenses, participants, volunteer hours provided to the activity, and sales. The firms were also to report their level of satisfaction with the program on a scale ranging from very dissatisfied to very satisfied. These Firm Results Records were to be administered to the firms right after the activity and once every six months for two years.

The Activity Results Records were to be an aggregation of the Firm Results Records. The staff member responsible for the activity was supposed to collect the forms from the participants and write up the total results from all participants and the overall level of satisfaction. According to the procedures, at the end of the two-year monitoring period the office would have the following information on an activity: the original Activity Plan with information on the anticipated results, five Firm Results Record forms for each participant, and five Activity Results Record forms.

When questioned, the personnel at the MTO reported that the formal procedures were not being followed. This became clear when the staff member attempted to gather the activity reports from others. A few individuals had good information, but most did not. Not only were personnel not using the forms, most were not keeping information by firm. This made it virtually impossible to construct the forms from available data.

Several factors seem to underlie the poor reporting. First, office personnel were frequently engaged in activities that were not included in the list of activities on the Activity Plans, or were only marginally connected with one that was. Second, the staff was quite busy, and recording results had not been pressed as a high priority. Perhaps most importantly, office staff believed the forms did not allow them to report an activity as successful even if they thought that it was. This seems to be mainly a result of the quantitative emphasis of the Firm and Activity Results records. For example, the forms required people to write down whether or not specific agreements were signed, and if so, their dollar value. If nothing was finalized, it appeared to denigrate the value of a "very satisfied" or "satisfied" rank on the qualitative scale. In the questionnaires suggested later in this chapter, we provide ample opportunity for firms to explain their reactions to MTO efforts whether or not measurable outcomes result.

The MTO has made or is making a variety of changes in order to respond to the existing problems in its documentation procedures. Activities are now planned so that everything the staff does, including routine tasks, is explicitly linked to one of seventeen activities on the Activity Plan. The office has switched to recordkeeping by firm. Furthermore, the office is in the process of computerizing its operations so that the staff has easy access to a firm record by name and can quickly enter information on results, thus reducing the volume of paper that people must maintain and, presumably, the time involved in recordkeeping.

In general, current documentation at the MTO seems uneven. Trade leads are monitored by sending cards to all who receive leads and asking whether the leads were followed up and, if so, whether or not a sale was made or expected. Those expecting sales are contacted three months later to see if a sale has taken place. Companies not responding to leads are urged to do so during periodic MTO visits to the firms. The office is working on (but has not yet implemented) a more complete trade leads follow-up program. The plan proposes a sampling technique that will identify approximately 10 percent of the trade leads recipients who will then be surveyed with a written questionnaire.

The office currently conducts surveys at the conclusion of education seminars which aim to determine whether or not the participants found the

sessions worthwhile. There is some evidence that these have provided staff with useful information. For example, the state adopted its intensive education program as a result of feedback from education seminar participants. Unfortunately, the surveys are not designed to provide any information on subsequent firm action. The office does not conduct further surveys to determine how, if at all, the firms went on to use the information and what the results were.

Finally, the state tries to follow the subsequent activities of participants in overseas events. The office knows about agreements signed in the course of the event, but other information is incomplete. Even if the office sends out follow-up questionnaires, it does not always get high response rates or complete answers to questions. Furthermore, it seems that the office frequently makes no inquiries at all. Two staffs of three people each take responsibility for the MTO's overseas activities in Asia and Europe. By the time one event is over the staffs are involved in the next, and there seems to be little time for careful evaluation of the completed events. In recognition of this time pressure, the office decided to reduce the number of overseas events from eight to six in 1987. While fewer events should provide more time, a serious commitment to systematic follow-up activity will also be necessary if evaluation is to improve.

It seems clear that the MTO recognizes the need to monitor its outcome performance but has not been very successful in doing so. In fact, the MTO may be doing too little, while aspiring to do too much in at least some areas. Personnel declare adherence to a goal of contacting all firms where some future action is expected or outcome anticipated every six months. When asked about their success in carrying out this goal, personnel say only that they are "very" far behind. In fact, given MTO's size, it may be impossible to contact so many clients and still have time for other important tasks. Furthermore, it is probably unnecessary: many people receive such a small level of assistance (e.g., a phone call or one education session), that repeated contact does not seem warranted. Our proposed recommendations take these constraints into account. Rather than attempting to contact a broad range of clients every six months, we suggest doing this only for those who participate in overseas events. Because there is a lengthy lag time between the event and the signing of a contract, ongoing office contact seems necessary to get accurate impact information. For workshops and counseling we propose annual mail surveys to those companies assisted within the past year. Trade leads should be followed up after approximately a month but, in general, only once per lead.

SOME POSSIBLE NEXT STEPS

The general means whereby the Minnesota Trade Office plans its activities, exercises administrative control, and reports most information within the office or to outside parties, lies beyond the scope of this study. What follows are a set of suggestions aimed at improving the evaluation of a specific set of Minnesota Trade Office activities. We should stress at the beginning that the suggestions made are only preliminary. In particular, while we will be suggesting the form and content of a series of questionnaires, we know from the literature (Sudman and Bradburn, 1985; Backstrom and Hursh-Cesar, 1981) that such questionnaires should be subject to careful preliminary scrutiny and testing before widespread introduction.

Because so little is known about the areas under investigation, and because the number of transactions to be traced is relatively modest by most standards, we suggest that, initially, an attempt be made to survey all firms with substantial contact in the specific areas addressed. At some point in the future, it might be possible for various sampling techniques to be used.

We also make some concluding remarks on the impact of office structure on evaluation. Our purpose is not to suggest a correct structuring--we are hardly qualified for that--but to highlight an issue that should be given some thought.

Data Collection for Evaluation of Export Promotion Activities

The MTO's activities in support of export promotion seem to fall into at least three categories. First, there are background activities that could seldom be linked directly with any final sales results. These activities include introductory seminars and the comprehensive seven-part seminar series. Second, there are activities related to quantitative outcomes, where those outcomes are not themselves increases in exportation. A prime example here is activity in support of the establishment of foreign distribution systems. Third, certain activities, including some of the activities of foreign missions and the trade leads program, may directly result in increased export sales.

We think the greatest weakness of the Minnesota Trade Office's evaluation efforts up until now has been the failure to gain as much information as possible from firms that have benefited from MTO activities. Hence, our efforts are primarily directed at improving that flow of information.

- A. Draft questionnaire on seminars and workshops and draft questionnaire on individual office contacts.

The following questionnaires are designed to elicit information on a broad range of subjects relevant to the recording of Minnesota Trade Office performance and its improvement. As will be clear, the probability that any dollar value could be assigned to the outcome of such a contact is almost always very low. Nonetheless, in the case of both questionnaires, we think questions are asked that will help the MTO staff judge the essentiality of their activities to the promotion of state export efforts. For example, if the overwhelming number of persons touched by one-on-one contacts or by the seminars and workshops regard those encounters as of minor significance in the development of their export activities, some thought might be given to shifting the resources presently used in these activities to areas that receive higher evaluation. While we have no way of knowing in advance what the outcome of such inquiries might be, it is interesting to note that the state of Illinois, one of the most active states in the field of export promotion, regards these kinds of activities as of such low priority that virtually no resources are devoted to them at all. See Exhibits 1 and 2.

EXHIBIT 1

DRAFT QUESTIONNAIRE ON SEMINARS AND WORKSHOPS

According to records at the Minnesota Trade Office, representatives from your firm attended at least one seminar or workshop during the past year. We have enclosed the number of questionnaires corresponding to the number of workshops our records show you attended. Please fill out one questionnaire for each workshop.

1. How did you find out about the Workshop?

2. Who made the decision that the firm should participate and decided upon which member of the firm would attend?

3. Who from your firm attended and what was that person's position at the time?

4. What was the exporting experience of your firm at the time of the seminar?
 - a. No experience
 - b. 0-3 years experience
 - c. 3-5 years experience
 - d. More than 5 years experience
5. What was the exporting experience of the person attending the seminar?
 - a. No experience
 - b. 0-3 years experience
 - c. 3-5 years experience
 - d. More than 5 years experience
6. If the state had not provided this service, what would you probably have done as an alternative?
 - a. Attempt to seek out advice from other exporters
 - b. Attempt to seek out advice on commercial terms from a private firm
 - c. Attempt to develop expertise within your own firm
 - d. Do without the information completely

7. In retrospect, how do you regard the contribution of the seminar or workshop?
- a. It made an essential contribution to the initiation of export activity (new-to-export firms only)
 - b. It made an essential contribution to the understanding of a new export market
 - c. It made an important contribution to the firm's export activity
 - d. It made a small but significant contribution to the firm's exporting activity
 - e. It made very little or no significant contribution to the firm's exporting activity

8. Since attending the workshop or seminar, have you made use of any of the other services of the Minnesota Trade Office?

Yes

No

9. If the answer to Question 8 is "Yes", please explain what services you have used.

10. The Minnesota Trade Office is always working to improve its presentations. We would value any comments that you have about the workshops or seminars you attended.

EXHIBIT 2

DRAFT QUESTIONNAIRE ON INDIVIDUAL TRADE OFFICE CONTACTS

The Minnesota Trade Office spoke with you at least once over the period _____ to _____. This questionnaire concerns your contact with the Trade Office.

1. What was your position at the firm at the time of your contact?

2. Who initiated your contact with the Minnesota Trade Office?

- a. My firm contacted the Trade Office
- b. The Trade Office contacted my firm

3. If the answer to Question 2 was (a), then for what purpose did you contact the Trade Office?

- a. Information on a specific country
- b. Information on a potential sales deal
- c. Information on a potential distribution possibility
- d. Other information about exporting (please explain)

4. If the Trade Office contacted you, what was the reason it gave for contacting you?

5. Why did you choose to contact the Trade Office rather than some other source of information or assistance?

- a. Other sources were attempted but proved to be inadequate
- b. Other sources were more expensive
- c. Trade Office was initially judged to be the appropriate source of information or assistance
- d. Other (please explain)

6. With which part of the Trade Office did you have most of your contact?
- a. Finance
 - b. Export Services
 - c. International Trade Division
 - d. Communications
 - e. Agriculture
7. How many persons did you actually deal with at the Trade Office?
- _____
8. Approximately how much time did the Trade Office staff spend with you
in person? _____
on the telephone? _____
9. What is the approximate annual sales of your firm? \$ _____
10. What is the approximate annual export volume of your firm? _____
11. At the time of your encounter with the Trade Office noted at the beginning
of this questionnaire, what was the situation of your firm?
- a. Not yet exporting
 - b. Exporting had begun within the past year
 - c. Exporting had been occurring for 1-5 years
 - d. Exporting had been taking place for more than 5 years
12. How would you characterize the contribution of your Trade Office contact
on your firm's activities?
- a. They made an essential contribution to the initiation of export
(for new-to-export firms only)
 - b. They made an essential contribution to the initiation of activity
in a new market
 - c. They made an important contribution to the firm's ongoing
exporting activity
 - d. They made a small but significant contribution to the firm's
exporting activities
 - e. They made very little or no significant contribution to our firm's
export activities
13. Please offer any comments you like that would assist us in improving our
contact with Minnesota business firms concerned with exporting.

B. Draft questionnaire on foreign missions and trade shows.

This questionnaire is designed to elicit information on the general issue of foreign missions, including not only estimates of direct results from the foreign mission on sales or distribution channels established, but also the firms' impressions of the adequacy of MTO preparation and conduct during the course of the trade mission. Special attention is paid to causality. See Exhibit 3.

C. Draft questionnaire on trade leads.

The next questionnaire deals with trade leads. This questionnaire is specifically designed to record as much as possible about the firm's reaction to a trade lead possibility up through and including an overseas sale, while paying careful attention to the issue of causality. Questions are asked that, when answered appropriately, virtually rule out the possibility that a sale resulted from any cause other than the trade lead sent out. We also suggest that all positively answered trade leads be independently confirmed with the purchaser abroad. This practice, employed so far only by New York, seems to us a low-cost but essential means of verifying the results of MTO activity. It would also allow discovery of any diversion of sales from one state firm to another. The foreign firm could be asked if the most likely alternative supplier was also from Minnesota.

Although we think the MTO should currently aim at identifying all successes--hence the necessity of following up all leads--it might be possible to use a shorter form than the one shown in Exhibit 4 for mailing to all firms on all leads. All successful leads could be followed up and other firms' experiences assayed by sampling.

If it is discovered that relatively few firms are willing to divulge a precise amount of their overseas export sales, the MTO should revise the response forms so that they can indicate the approximate value of those sales by marking a particular volume category. See Exhibit 4.

EXHIBIT 3

DRAFT QUESTIONNAIRE ON FOREIGN MISSIONS AND TRADE SHOWS

1. How was your firm approached concerning the possibility of participation in the foreign trade mission?

2. What was your principal interest in the foreign trade mission?

- a. Make foreign sales
- b. Find distribution channels
- c. Both foreign sales and to find distribution channels
- d. Other, please explain

3. Had your firm engaged in any substantial exportation prior to the trade mission?

Yes No

4. If so, how long had your firm been exporting?

- a. 0-3 years
- b. 3-5 years
- c. More than five years

5. At the time of the mission, were any export sales going to this region?

Yes No

6. Prior to this mission, had your firm made any serious plans to expand sales to the region?

Yes No

7. If the answer to Question 6 was "No", what were the principal reasons that you had not exported to this region before?

- a. Lack of information on markets
- b. Lack of information on exporting to the region
- c. Lack of financial resources
- d. Poor economic conditions in the region

8. How many contacts (either for distribution or sales) did you make in this region? _____

9. How many of those contacts resulted in definite positive outcome (either sales or established distribution)? _____

10. Approximately how much time was spent with each contact? _____

11. Overall, do you think the amount of time spent per contact was

- a. too little?
- b. too much?
- c. about right?

Comment? _____

12. Overall, did you feel as well prepared as you needed to be for this mission?

Yes No

13. If the answer to Question 12 was "No", what kind of additional orientation would have been useful?

14. Of all of the successful contacts made on the mission (either sales or distribution), how many were at least partly underway before the mission began? _____

15. What was the approximate total value of sales made during the mission?

\$ _____

16. Since returning from the mission, what volume of additional sales has been made directly connected to contacts made during the mission?

17. Are you in contact with people you met on the mission?

Yes No

18. Do you anticipate further sales from other contacts made on the mission but with whom you have not yet done business?

Yes No

19. If so, what volume do you expect? _____

20. What volume of business do you anticipate in the next two years from those mission contacts with whom you are already doing business?

21. Have any of your overseas sales resulting from the mission diminished your domestic sales (because of limited capacity, etc.)?

Yes No

22. If the answer to Question 21 was "Yes", approximately what was the volume of sales foregone?

23. If the answer to Question 21 was "Yes", do you anticipate such problems in the future?

Yes No

24. If so, to what extent?

25. How many definite distribution outlets did you make during the mission?

26. Since returning from the mission, how many definite distribution channels have you established? _____

27. Do you anticipate the establishment of further distribution channels?

Yes No

28. If so, what volume do you expect? _____

29. Based on your experience with the mission and since, have you modified any of the goals you set for your firm's export market?

Yes No

30. If yes, please describe.

31. Please offer any suggestions about the improvement of the Trade Office's overseas mission and trade show activity.

EXHIBIT 4

DRAFT QUESTIONNAIRE ON TRADE LEADS

Recently you received a trade lead on _____ from the Minnesota Trade Office.

1. Were you acquainted with this trade opportunity by any other means prior to hearing about it from the Trade Office?

Yes No

If yes, when did you hear about it?

- a. Within one week
- b. 1-2 weeks earlier
- c. 2-4 weeks earlier
- d. More than one month earlier

2. Did you hear about this trade opportunity from any other source after hearing about it from the Trade Office?

Yes No

If yes, when was it?

- a. Within one week
- b. 1-2 weeks
- c. 2-4 weeks
- d. More than one month

4. In response to the trade lead, what did you do?

- a. Took no action
- b. Made further inquiries
- c. Made a bid

5. If your answer to Question 4 was "a", what was the reason for your inaction?

- a. The trade lead was inappropriate for products currently being offered by our firm
- b. Our firm is not interested in exporting or in expanding its export activity at this time
- c. Our firm is working to capacity at the moment
- d. Other (please explain)

6. If your answer to Question 4 was "b", and you did not subsequently make a bid, what information did you gain from the inquiry?

7. If your answer to Question 4 was "c", did you actually make a sale?

Yes No

If not, do you know the reason and could you explain it?

8. If your bid was successful, what was the approximate value of the sale?

\$ _____

IF YOU DID NOT MAKE A SALE IN RESPONSE TO THIS TRADE LEAD, PLEASE GO DIRECTLY TO QUESTION 14.

9. Were you able to fill this order without sacrificing any other foreign or domestic business?

Yes No

10. If the answer to Question 9 was "No", what was the approximate value of the business foregone? \$ _____

11. Was your successful sale for

- a. a one-time supply arrangement?
- b. a continuing supply relationship?
- c. uncertain

12. Did this trade lead result in any other business for your firm (beyond the immediate scope of the lead)?

Yes No

13. If the answer to Question 12 was "Yes", can you tell us approximately what additional sales were made in dollar terms? \$ _____

14. We welcome any suggestions you might offer about improving the trade leads program. Thank you very much for your assistance.

Evaluation of Foreign Direct Investment

As noted earlier in the chapter, the formal promotion of foreign direct investment in Minnesota remains in a nascent stage. The recent assignment to the director of the Department of Energy and Economic Development of overall leadership in the state's international efforts, including the oversight of the Trade Office and the World Trade Center, may bring greater clarity to state efforts not only in the promotion of foreign direct investment but in the promotion of foreign sales efforts in general. In light of the unsettled state of activity in this area, suggestions about the improvement of monitoring and evaluation can be only tentative.

Many studies have been conducted in the past decade about the causes of locational decisions of FDI within the United States. These provide valuable general information to those concerned about FDI promotion. They also suggest that, unless very unusual questions are developed, little payout attaches to yet another survey of all foreign firms locating in the United States. We suggest that the base from which Minnesota make its approach to evaluation be those firms that initially showed any interest in the state. From that group, in any given year, it would be entirely feasible to conduct a survey establishing why those firms ultimately decided to locate in Minnesota or elsewhere. See Exhibit 5.

EXHIBIT 5

DRAFT QUESTIONNAIRE ON FOREIGN DIRECT INVESTMENT PROMOTION IN MINNESOTA

Your firm has been identified as one that considered Minnesota as a site for foreign direct investment. This survey is designed to gain information about your decision-making process, whether or not you decided to locate in Minnesota.

1. How did you first hear about Minnesota as a possible investment site?
 - a. Minnesota's overseas offices
 - b. Written advertising or promotional material from the state
 - c. Contacts with traveling Minnesota business people or officials
 - d. Word of mouth
 - e. Other (please explain)

2. As you approached your final decision, do you believe that you had sufficient information on all aspects of the Minnesota economic environment?

Yes No

3. If the answer to Question 2 was "No", what kinds of information might have been made more readily available to you?

4. Shifting your attention to the actual decision to locate in one part of the United States or another, you will find listed below a number of factors. For each item, please mark whether it was essential (meaning that the absence of the factor eliminated the site from consideration), important, of some value, or not considered (meaning that factor was not used in the decision.)

	<u>ESSENTIAL</u>	<u>IMPORTANT</u>	<u>SOME VALUE</u>	<u>NOT CONSIDERED</u>
Low wages	_____	_____	_____	_____
Low union influence	_____	_____	_____	_____
Level of non-wage worker benefits (e.g. unemployment ins.)	_____	_____	_____	_____
Skill of work force	_____	_____	_____	_____
Worker productivity	_____	_____	_____	_____
Right-to-work laws	_____	_____	_____	_____

	<u>ESSENTIAL</u>	<u>IMPORTANT</u>	<u>SOME VALUE</u>	<u>NOT CONSIDERED</u>
Co-location with existing production facilities	_____	_____	_____	_____
Access to new markets	_____	_____	_____	_____
Access to current markets	_____	_____	_____	_____
Access to raw materials	_____	_____	_____	_____
Low taxes	_____	_____	_____	_____
Tax concessions	_____	_____	_____	_____
Attitude of state government	_____	_____	_____	_____
Government financial support for building construction	_____	_____	_____	_____
Availability of credit	_____	_____	_____	_____
Government support for site acquisition, utilities connections, etc.	_____	_____	_____	_____
Cheap and available land	_____	_____	_____	_____
Cheap and available energy	_____	_____	_____	_____
Environmental regulation	_____	_____	_____	_____
Water supply	_____	_____	_____	_____
Quality of life	_____	_____	_____	_____
Quality of education	_____	_____	_____	_____
General level of public services	_____	_____	_____	_____
Low crime rate	_____	_____	_____	_____
Access to a major university	_____	_____	_____	_____
Rail transportation	_____	_____	_____	_____
Air transportation	_____	_____	_____	_____
Other factors (please specify)	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

5. Please use the following list to indicate the geographical spread of the sites that you actually considered for your investment. Please circle the most appropriate geographic description.

- a. All in Minnesota
- b. All in the Midwest or Northeast
- c. Mostly in the Sunbelt
- d. A combination of various sites in the United States
- e. Other (please explain)

6. Please shift your attention to the final site decision. Was Minnesota a finalist in your selection process?

Yes No

7. Please explain in as much detail as you would care to give, why Minnesota was or was not chosen as the site for your investment.

8. Firms use various methods to arrive at final choice of site. The following list contains strategies that are used with some frequency. Please circle all of the strategies which your firm used in making its final choice of a site.

- a. Used a consulting firm
- b. Formed a site selection committee or its equivalent
- c. Called on the services of an already existing site selection group in the firm
- d. Visited potential sites
- e. Consulted published sources for data on potential sites
- f. Relied on personal knowledge of management
- g. Consulted executives of other firms
- h. Solicited local support
- i. Other (please specify)

Questionnaire Response Rates

Despite limitations, we believe mail surveys to be useful for the MTO for two reasons. First, they have a number of advantages over other techniques. They are inexpensive, can reach members of widely dispersed groups, and tend to produce more valid responses than telephone and personal interviews because they enable respondents to think about the questions and verify their answers by checking other sources. There is also evidence that certain groups of people respond more favorably to mail surveys than to other types (Kanuk & Berenson, 1975). These include the MTO's target group, business people, who consider mail questionnaires less burdensome than other types of survey methods.

Mail surveys of the type we are recommending are susceptible to two types of non-response problems (Kanuk & Berenson, 1975). Total non-response occurs when participants do not return the survey. Item non-response occurs when participants return surveys with unanswered questions. These problems have the potential to seriously bias the survey results, making it impossible to draw valid conclusions from the data.

Research shows that there are a variety of ways to reduce the total non-response problem. First, response rates increase if the target group considers the survey to be salient to its interests (Heterlain and Baumgartner, 1978). It is reasonable to conclude that MTO's client population is interested in the office's programs, and the cover letter should stress the importance of the evaluation to the state's business success.

Three other factors have been shown to raise response rates: prior notification, special postage and stamped return envelopes, and, most importantly, follow-ups. Prior notification simply involves telling the participant about the survey before it is sent out. Research shows that prior notification by phone is most effective in raising response rates, but other methods work as well (Kanuk and Berenson, 1975). Since the MTO is surveying clients, by definition it has prior contact with everyone who gets a survey. Even if it is impossible to contact clients specifically for the purpose of telling them a survey is coming, it is certainly possible to tell them during other meetings that they will get one. Experiments also indicate that the provision of stamped return envelopes is an effective method of increasing response. In one study, the return rates with and without the inclusion of a stamped return envelope were 26 and 62 percent respectively (Kanuk and Berenson, 1975). At least until the state gathers its own experimental evidence, stamped self-addressed envelopes should be provided.

Reminders to return the survey have been widely used to increase response rates with good results. The common procedure is to send one or two follow-ups. In one study of the effectiveness of follow-ups, researchers achieved a 100 percent response rate by sending a prior notification and two follow-up letters (Kanuk and Berenson, 1975). Many other researchers have reported response rates of greater than 90 percent due to follow-up letters.

The item non-response problem may be more difficult for the MTO to overcome, especially since many international business offices report reluctance on the part of clients to answer certain kinds of questions about foreign sales. Nevertheless, if surveys regularly come back with certain items

unanswered, the MTO can speak with respondents to determine the cause of difficulty and redesign the questions accordingly. In any case, even a complete inability to gather some types of information should not be an excuse not to collect what is accessible.

Office Structure and Evaluation

In discussion with officials at the MTO, there were indications that some of the evaluation problems encountered in evaluating the office's efforts were independent of the oft-heard complaints about time constraints, uncooperative clients and the inherent difficulty of determining the impact of a program which we have thus far considered. These other problems seem to stem from the structure of the MTO and the location of the evaluation function. While the problem may admit to no simple solution, the present structure may pose a threat to evaluation even if new procedures are implemented.

The MTO is divided into several divisions, each responsible for some activities directed at the same objective: to increase exporting and IFDI. According to MTO officials the divisions operate quite independently from one another on a day-to-day basis. Each division is responsible for routine data collection and maintenance of records about its activities and their results. The overall MTO evaluation is the responsibility of an evaluator in the Export Services Division who is supposed to collect data from all divisions at regular intervals. These data are then to be used as bases of a report. The results of the evaluation procedure have been disappointing thus far.

According to the present evaluator, the heads of the separate divisions are formally responsible for collecting data to fill out activity forms. In practice, they accord this low priority relative to other responsibilities. Consequently, it also gets low priority at other levels within the divisions. Further complicating the matter, the overall MTO evaluator is assigned to and thus identified with one division and must rely on others' efforts to describe activities outside of it; he is not currently in a position to oversee the collection of these data. As a result, the evaluator typically does not know until it is too late that the necessary data have not been compiled.

In light of the above, a possibly beneficial administrative change would be to remove the evaluator from a position within one division and give that person full responsibility for overseeing and assisting in data collection necessary for evaluation. This would have several beneficial results. It would almost certainly encourage more regular data collection because someone would be assessing its quality on an ongoing basis. It would also make the evaluator sensitive to data collection problems, thus encouraging development of more effective techniques. It would enable that person to identify potential problems before evaluations were scheduled to be collected.

The evaluator might also be able to ease the work load by assisting with data collection. This is difficult under the current arrangement because of the independence of the divisions. With the evaluator assigned to the Export Trade Division and responsible for other tasks within that division, there is insufficient time to become familiar with the details of the activities of other divisions. This, in turn, makes it difficult, if not impossible, to assist the other divisions with data collection because the evaluator does not know enough about the activities to ask the appropriate questions.

Finally, to the extent that the Trade Office is trying to evaluate all of its activities, and at least some by questionnaire, an evaluator with fewer other responsibilities could oversee timely distribution of surveys and follow-ups. This would permit faster compilation of results and thus program improvement.

SUMMARY

The five divisions of the Minnesota Trade Office cover a broad range of foreign sales promotion. The problems of monitoring were recognized early in the MTO's development. Office-wide monitoring forms have proved unwieldy and have been used only to a modest extent. We suggest that a series of new questionnaires be developed for several of the MTO's major activities: seminars and workshops, individual office contacts, foreign missions and trade shows, trade leads, and foreign direct investment. The questionnaires must be geared to the specific type of activity. Some activities clearly provide mainly background and encouragement for exportation; others may play a direct but minor role in facilitating specific export activities; and still others may lead to identifiable sales, distribution, or foreign direct investment successes.

We present samples of the kinds of questionnaires that we think might be most appropriate for each activity. For those activities most likely to report final desired outcomes, we ask questions designed to exclude the possibility that the desired outcomes were not caused by state activity. Suggestions are offered about the way in which the traditional problem of the questionnaire technique, a low and perhaps representative response rate, can be minimized.

More serious evaluation of the MTO's efforts may require a restructuring of the evaluation function. We suggest that the evaluator be made independent of any single division within the MTO and that the person be encouraged to work with each of the divisions to improve the methods of data gathering and to promote a uniformly high level of evaluation effort.

- - - - -

The evaluation of state programs to promote exports and IFDI remains in its infancy. Some straightforward improvements could vastly increase our general understanding of program impact, improve the allocation of scarce state resources, and possibly dispel the doubts of skeptics in the years ahead. Here in Minnesota, the uneven character of other states' efforts to evaluate their international business promotion suggests that Minnesota has the opportunity to become a policy leader. The stakes for our state are especially high. Minnesota has a disproportionate share of goods--both sophisticated manufactures and agricultural products--that lie at the heart of United States export strength in the years to come. And while only certain types of foreign direct investment will find Minnesota an attractive base, some effort should undoubtedly be expended to make our attractions known.

Complementing the state's dynamic industrial and agricultural sectors, we are fortunate to have one of the country's most competent and progressive

state governments. What role that government should have in international business development is widely disputed. The issue will never be settled, but without far better evaluation, tentative positions will continue to be based largely on enthusiasm or suspicion.

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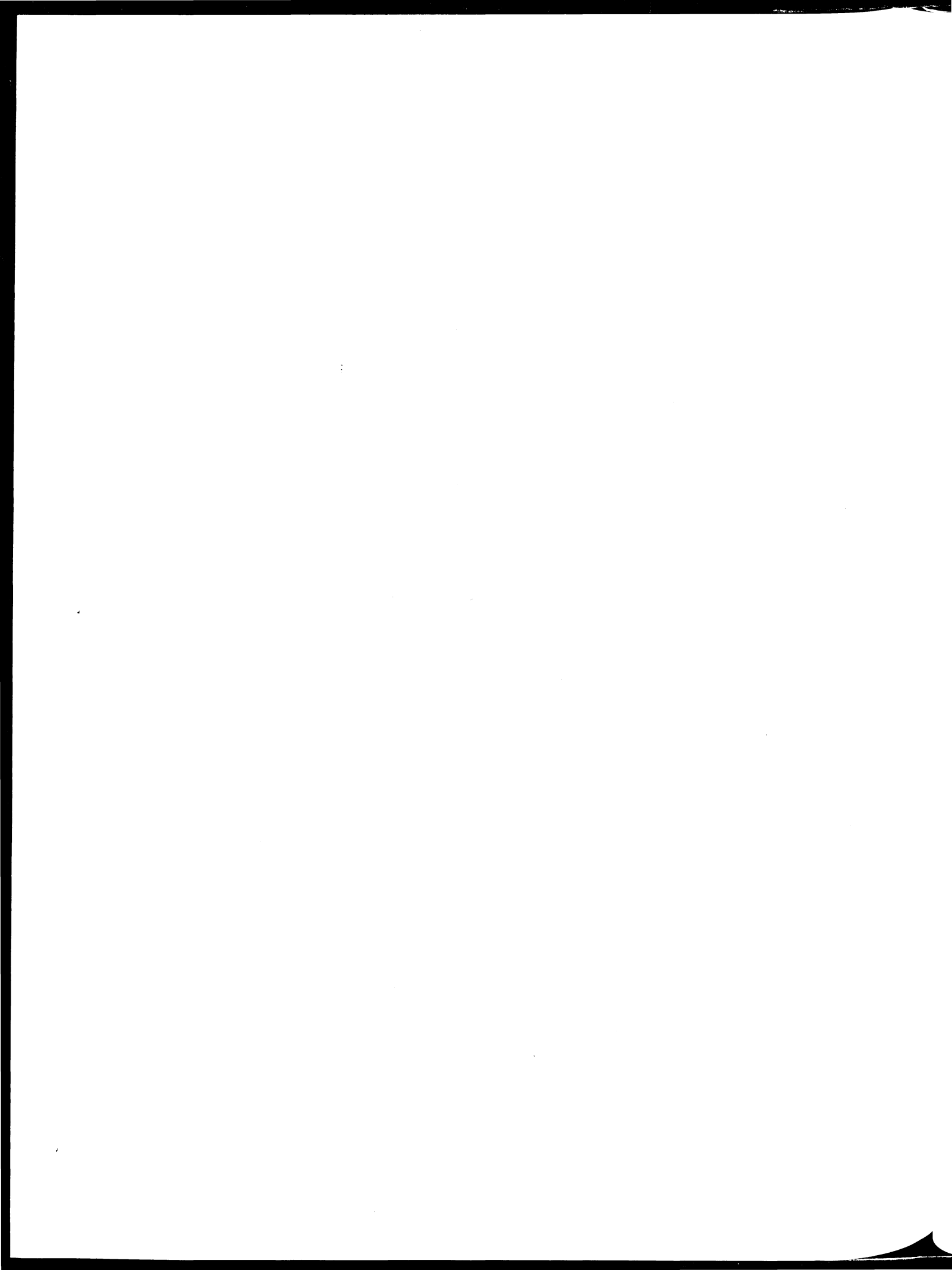
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APPENDIX A

Personnel Contacted by Phone and Mail

Alabama	Cheryl Mullins	International Trade Office
Alaska	Mary Fleming	Office of International Trade
Arkansas	Marcia Ellis	Industrial Development Division
Arizona	Doug Upshaw	International Trade Sector
California	Cary Walker and Brian McMahon	World Trade Commission, Dept. of Business Development
Colorado	Jack Olson	Foreign Trade Office
Connecticut	Sue Cavanaugh	Division of International Trade
Delaware	Larry Windley	Delaware Development Office
Florida	Jerry Wilson	Bureau of International Trade and Development
Georgia	Kathleen Dudos	International Division, Dept. of Industry and Trade
Hawaii	Robbie Cane	International Services, Dept. of Planning and Economic Development
Idaho	Jay Engstrom	Economic Development Division, Dept. of Economy and Community Affairs
Illinois	Katy Pendleton	International Business Division, Dept. of Commerce and Community Activity
Indiana	Julie Wischer	International Trade Division, Dept. of Commerce
Iowa	Max Olson	International Trade and Promotion Sector, Iowa Development Commission
Kansas	Nancy Mahrle Adams	International Trade Sector, Dept. of Economic Development
Kentucky	Ted Sauer	Office of International Marketing, Kentucky Commerce Cabinet
Louisiana	Jerry Medicus and Henry Spicer	Office of International Finance, Trade and Development, Dept. of Commerce
Maine	Virginia Manual	State Development Office
Maryland	Ray Carignon and Richard Moulthrop	Dept. of Community and Economic Develop- ment, Office of International Trade
Massachusetts	Pam Thompson	Office of International Trade and Investment
Michigan	Marc Santucci	Office of International Business, Dept. of Commerce
Minnesota	Sandy Renner and Gary Winget	Minnesota Trade Office
Mississippi	William McGinnis	Marketing Division, Dept. of Economic Development
Missouri	Rita Allee	International Business Office
Montana	John Maloney	International Trade Office
Nebraska	Susan Rouch and Blain Henry	Dept. of Economic Development
New Hampshire	Paul Guilderson	Office of Industrial Development
New Jersey	Dorothy Kaighn	Division of International Trade, Dept. of Commerce and Economic Development
New Mexico	Carlos Martinez	International Business Division

New York	Dan Wendleton	Division of International Commerce, Dept. of Commerce
Nevada	Jane Countryman	Dept. of Economic Development
North Carolina	Gordon McRoberts	International Division, Dept. of Commerce
North Dakota	Jack Minton	Economic Development Commission
Ohio	Pamela Pataky	International Trade Division, Dept. of Development
Oklahoma	William Maus	International Division, Dept. of Economic Development
Oregon	Jerry Egger	International Trade Division, Economic Development Dept.
Pennsylvania	Alberta Norton	Bureau of Domestic and International Commerce
Rhode Island	Edward Lenahan	Dept. of Economic Development
South Carolina	--	State Development Board
South Dakota	John Huminski	International Trade Center, University of South Dakota
Tennessee	Tom Turner	Export Office, Dept. of Economic and Community Development
Texas	Juan Vasquez	International Trade Division, Economic Development Commission
Utah	Gregory Gullet	International Business Division Office
Vermont	Louis Dworshak	Agency of Development & Community Affairs
Virginia	Paul Grossman	Division of Industrial Development, Dept. of Economic Development
Washington	Steve Odom	International Trade and Investment Division, Dept. of Commerce and Economic Development
West Virginia	Stephen Spence	Governor's Office of Community and Industrial Development
Wisconsin	Barb Kelly	Dept. of Development
Wyoming	Cindy Ogburn	Industrial Development Division

APPENDIX B

Phone Survey Sheet

I. State Activities

Catalogue shows _____
Trade shows _____
Trade missions _____
Sales leads _____
One-on-one _____

Workshops _____
Financing _____
FDI incentives _____
trade zones _____
training _____
site select. _____
infrastr. _____
tax incent. _____
loans _____

Other:

II. Objectives:

III. Evaluation

1. Preliminary surveys, written or verbal?

2. Written or verbal follow-ups?

3. Data collected in prelim. and/or follow-up

Total sales _____
% sales exports _____
cos. expting _____
New mkt. penetr. _____

△ Total sales _____
△ % sales export _____

Qualitative data on firms?

Other data?

4. Compile annual, semi-annual or quarterly reports evaluating activities? Must reports be filed regularly with legislature, other state officials?

5. Evaluative information in newsletters? (e.g. stories on businesses that have been helped)

6. E. or E* awards?

7. Documentation procedures for out-of-state offices?

8. Formal or informal cost-benefit, cost-effectiveness studies done on incentive packages?

9. Have state reverse investment efforts led to foreign investment?

10. Other information?

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**Minnesota
Trade
Office**

**BASIC
COMPANY
PROFILE**

90 West Plato Boulevard, St. Paul, Minnesota 55107 (612/297-4258)

Your cooperation in filling out and returning this form will be appreciated. The Trade Office is building a data base of Minnesota's products, services and technologies in order to promote sales in domestic and foreign markets. Please return the form even if you are not interested in exporting.

FIRM NAME _____

MAILING ADDRESS _____
Street Address If Different: _____

CITY _____ STATE _____ ZIP _____

TELEPHONE _____ TELEX _____ 800# _____

TYPE OF OPERATION (Check all that apply)

- | | | | |
|---------------------------------------|-------------------------------------|--|---|
| <input type="checkbox"/> Agriculture | <input type="checkbox"/> Finance | <input type="checkbox"/> Manufacturing | <input type="checkbox"/> Transportation |
| <input type="checkbox"/> Construction | <input type="checkbox"/> Government | <input type="checkbox"/> Retail | <input type="checkbox"/> Wholesale |
| <input type="checkbox"/> Distribution | <input type="checkbox"/> Mining (I) | <input type="checkbox"/> Service | |

TYPE OF FACILITIES IN MINNESOTA (Check all that apply)

- | | | | |
|---------------------------------------|-------------------------------------|---------------------------------|--|
| <input type="checkbox"/> Headquarters | <input type="checkbox"/> Laboratory | <input type="checkbox"/> Office | <input type="checkbox"/> Production Site |
| <input type="checkbox"/> Warehouse | | | |

CHIEF EXECUTIVE OFFICER _____ Title _____

SALES/EXPORT MANAGER _____ Title _____

TRADE LEAD CONTACT _____ Title _____

MAJOR PRODUCTS/SERVICES

(L=local; R=regional; N=national; E=export)

Descriptive Title	SIC Code	Mkt Segment /End Users	Currently Sold	Want export promotion assistance? Countries?
			LRNE	YN
			LRNE	YN
			LRNE	YN
			LRNE	YN
			LRNE	YN
			LRNE	YN
			LRNE	YN

--over--

CURRENT INTEREST IN TRADE OFFICE ACTIVITIES (Check all items of interest)

Seminars Newsletter Trade Missions Trade Shows Abroad
 Visitor Hosting Export Financing Meet With Buying Missions
 Export Mktg Assistance Other:

FIRM INFORMATION

Approximate Annual Sales \$ _____

Legal Status Corporation Partnership Proprietorship
 Other: _____

Year Founded _____

Average No. Employees _____

Parent Firm Name (if any) _____
State: _____ Country: _____

Subsidiary Names _____

COMMENTS

COMPLETED BY _____ Date _____

Thank you. Please return to the above address.

MINNESOTA TRADE OFFICE

FIRM RESULTS RECORD

Firm Name: _____ Code: _____

Contact: _____ Phone: _____

Activity Title: _____ Code: _____

Location: _____ Date: From _____ To _____

Responsible Staff Members: _____

Activity Type: (circle)

Buying Mission	Catalog Show	Education	Hosting
Information	Investment	Loan	Policy Dvip.
Promotion	Service	Trade Fair	Trade Leag
Trade Mission	Volunteer		Other:

Actual Results Type (circle)	As of 0 Mo.	As of 6 Mo.	As of 12 Mo.	As of 18 Mo.	As of 24 Mo.
Distribution	___/___	___/___	___/___	___/___	___/___
Hours	_____	_____	_____	_____	_____
Investments	_____	_____	_____	_____	_____
Jobs	_____	_____	_____	_____	_____
Joint Ventures	_____	_____	_____	_____	_____
Licenses	_____	_____	_____	_____	_____
Participants	_____	_____	_____	_____	_____
Sales	_____	_____	_____	_____	_____
Date Recorded	___/___/___	___/___/___	___/___/___	___/___/___	___/___/___

Level of Assistance: _____ Primary: _____ Secondary _____

Satisfaction: _____ VD _____ D _____ Neither _____ S _____ VS _____

Case Study Narrative on Other Side (optional): _____ Yes _____ No _____

Description of Activity:

Documented By: _____

Date: _____

120784

MINNESOTA TRADE OFFICE

FIRM RESULTS RECORD

Activity Title: _____ ID: _____

Firm Name: _____ ID: _____

Contact: _____ Phone: _____

Location: _____ Date: From _____ To _____

Responsible Staff Members: _____

Activity Type: (circle only one--see Activity Results Report)

Buying Mission	Catalog Show	Education	Hosting
Information	Investment	Loan	Policy Dvlp.
Promotion	Service	Trade Fair	Trade Lead
Trade Mission	Volunteer	Ins.	Adm.

Actual Results Type (circle all that apply)	As of 0 Mo.	As of 6 Mo.	As of 12 Mo.	As of 18 Mo.	As of 24 Mo.
Distributorships	___/___	___/___	___/___	___/___	___/___
Volunteers (Hrs)	_____	_____	_____	_____	_____
Investments	_____	_____	_____	_____	_____
Jobs	_____	_____	_____	_____	_____
Joint Ventures	_____	_____	_____	_____	_____
Licenses	_____	_____	_____	_____	_____
Clients	_____	_____	_____	_____	_____
Sales	_____	_____	_____	_____	_____
Date Recorded	___/___/___	___/___/___	___/___/___	___/___/___	___/___/___
Initials	_____	_____	_____	_____	_____

Level of Assistance: _____ Primary: _____ Secondary: _____

Satisfaction: _____ VD _____ D _____ Neither _____ S _____ VS _____

Case Study Narrative on Other Side (optional): _____ Yes _____ No _____

Description of Activity:

Documented By: _____

Date: _____

71685

ACTIVITY PLAN

Activity Title: _____ Code: _____

Location: _____ Date: From _____ To _____

Responsible Staff Members: _____

Coordinating Staff Members: _____

Activity Type: (circle)

Buying Mission	Catalog Show	Education	Hosting
Information	Investment	Loan	Policy Dvlp.
Promotion	Service	Trade Fair	Trade Lead
Trade Mission	Volunteer	Policy Dvlp	Other:

Anticipated Results Type (circle)	As of 0 Mo.	As of 6 Mo.	As of 12 Mo.	As of 18 Mo.	As of 24 Mo.
Distribution	___/___	___/___	___/___	___/___	___/___
Hours	_____	_____	_____	_____	_____
Investments	_____	_____	_____	_____	_____
Jobs	_____	_____	_____	_____	_____
Joint Ventures	_____	_____	_____	_____	_____
Licenses	_____	_____	_____	_____	_____
Participants	_____	_____	_____	_____	_____
Sales	_____	_____	_____	_____	_____

Level of Assistance: _____ Primary: _____ Secondary _____

Purpose: _____

Justification: _____

Cost (other side): _____ Direct \$ _____ Indirect \$ _____

Major Milestones and Dates:

Start ___/___/___

over

Budget Item	Direct Cost		Indirect Cost		Notes
	Div.	Amount	Div.	Amount	
Personnel	_____	_____	_____	_____	
Printing	_____	_____	_____	_____	
Services	_____	_____	_____	_____	
Communication	_____	_____	_____	_____	
Travel	_____	_____	_____	_____	
Supplies	_____	_____	_____	_____	
Equipment	_____	_____	_____	_____	
Other	_____	_____	_____	_____	
Special	_____	_____	_____	_____	

Total _____ \$ _____ \$ _____

Prepared by _____ Date _____

Division Director _____ Date _____

120584

MINNESOTA TRADE OFFICE

GSTR _____

ACTIVITY RESULTS RECORD

Dir. _____

Staff _____

Activity Title: _____ ID: _____

Location: _____ Date: From _____ To _____

Responsible Staff Members: _____

Activity Type: (circle only one)

Buying Mission	Catalog Show	Education	Hosting
Information	Investment	Loan	Policy Dvlp.
Promotion	Service	Trade Fair	Trade Lead
Trade Mission	Volunteer	Ins.	Adm.

Actual Results Type (circle all that apply)	As of 0 Mo.	As of 6 Mo.	As of 12 Mo.	As of 18 Mo.	As of 24 Mo.
Distributorships	/	/	/	/	/
Volunteers (Hrs)	_____	_____	_____	_____	_____
Investments	_____	_____	_____	_____	_____
Jobs	_____	_____	_____	_____	_____
Joint Ventures	_____	_____	_____	_____	_____
Licenses	_____	_____	_____	_____	_____
Clients	_____	_____	_____	_____	_____
Sales	_____	_____	_____	_____	_____
Date Recorded	///	///	///	///	///
Initials	_____	_____	_____	_____	_____

Level of Assistance: Primary _____ Secondary _____

Satisfaction Summary: VD _____ D _____ Neither _____ S _____ VS _____

Actual Cost: Direct \$ _____ Indirect \$ _____

Brief Description of Activity (continue other side):

Documented by: _____ Date: _____ 71685

Recommendations:

Expenses Item	Direct Cost		Indirect Cost		Notes
	Div.	Amount	Div.	Amount	
Personnel	---	-----	---	-----	
Printing	---	-----	---	-----	
Services	---	-----	---	-----	
Communication	---	-----	---	-----	
Travel	---	-----	---	-----	
Supplies	---	-----	---	-----	
Equipment	---	-----	---	-----	
Other	---	-----	---	-----	
Special	---	-----	---	-----	
Total		\$		\$	

EURA

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