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# Linking Public Institutions of Higher Education (Business Schools), State Trade Agencies and Private Enterprise: A Model and Method for Scaling Global Trade

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**ABSTRACT**

**In 2015, the Governor of the Commonwealth of Virginia, Mr. Terry McAuliffe, accepted the advice of companies that were located in Virginia who said they could use state support to export their goods and services. From this discussion, a the Virginia International Trade Alliance (VITAL) was created to help those companies expand and succeed in the international marketplace (see - https://augustafreepress.com/governor-mcauliffe-announces-creation-of-virginia-international-trade-alliance/ ) This initiative is now managed by Virginia's Department of Commerce (through its economic development agency, known as the Virginia Economic Development Partnership - VCDP). Over the last 5 years, in partnership with Virginia private businesses, the state's Chamber of Commerce, and Virginia's public institutions of higher education, the program has created public-private partnerships that benefit – 1) large, medium and small companies (with strategic access to global markets), 2) public universities (particularly participating business schools that are educating the next generation of savvy international business managers), and 3) Virginia itself (with more tax revenues realized from enhance international trade, more jobs related to such trade, and more awareness of the Virginia "brand" around the world, as traded goods and services from Virginia become better known and appreciated). In short, meaningful and well thought out public-private partnerships have led to "win-win" realities for all involved. Virginia Commonwealth University School of Business (VCU-SB) has participated in this program (along with 9 other public Virginia universities) since the inception of VITAL, and to-date the VCU-SB has undertaken over 25 graduate business student VITAL projects (see - https://business.vcu.edu/centers-institutes-and-labs/center-for-international-business-advancement/ ). Each project has focused on analyzing and selecting international markets for private Virginia companies, and advising them with respect to marketing strategies in promising global markets. This has all taken place, while also educating VCU-SB's participating graduate students on the nuances of global market analysis, and strategies and management practices related to global business success. This conceptual paper represents an overview of how VITAL projects are selected, researched and completed. The paper provides series of figures to highlight the theory, practice and necessary steps related to VITAL's success. The paper concludes with a call for other states and other countries to create their own form of VITAL (in general, labeled Vibrant International Trade Alliances) and to extend the underlying partnerships that this model represents to**

**like-minded entities around the world. The overall objective is to develop a global network of public/private linkages to scale global trade even further. We begin with a brief discussion of the motivating force for the VITAL model, namely "globalization."**

## GLOBALIZATION – THE FORCE BEHIND VITAL

To provide the context for the focus of this paper, a brief look at "globalization," including what it is and what it means is useful. Modern globalization has been described as a " force" that has ignited global connectivity among nations, societies, cultures and trade at a level rarely seen in human history. For business, particularly private, for-profit business, this force and its effects has been and continues to be substantial (Friedman 1999, 2005; National Geographic December 2019, Wood, et. al., 2019). And despite the setbacks driven by the Coronavirus pandemic, which, by some estimates, has negatively impact global economic growth by 2.4% during 2020, a growing consensus is that a recovery (albeit with altered economic opportunities and challenges) will commence once the spread of the disease is brought under control (https://medicalnewstoday.com ; Soergel 2020)

Between 1989 and late 2019, the world's GDP (Gross Domestic Product), driven considerably by global trade, rose from approximately $21 trillion to approximately $92 trillion, with the emerging markets of China, India and Brazil joining the developed markets of the USA, Japan, Germany, United Kingdom, France, Italy and Canada in the top 10 countries by GDP worldwide (International Monetary Fund: World Economic Outlook 2019). The private enterprises that caught the wave of this force benefited greatly (Wood, et.al., 2017; Wood, Franzak and Pitta 2019).

Globalization has become the "super-story" of our time. With this has come the willingness of organizations of all sorts (for profit, not-for-profit, MNCs, SMEs, NGOs, etc.), to venture into the far reaches of the planet to explore markets, secure supply chain alternatives, and benefit from and also aid those markets said to be at the broad "bottom of the population pyramid" - those which would not have been considered viable markets in the past (Pralahad 2004; *The Economist 2010;* Wood 2018). Clearly, global trade is and will continue to be a driver of development and wealth creation around the world. For many observers, it is apparent that all companies, states and institutions of higher education should be exploring how they can become a bigger part of the globalization phenomena and actively benefit from it potential bounty (Wood and Gillpatrick 2015). Enter the Vibrant International Trade Alliance (VITAL) model. To further elaborate, the following discussion and corresponding set of figures is presented to explain a process that may lead to enhanced global trade guided by the VITAL model.

### VITAL - A Model for Scaling Global Trade Through Government Supported Agencies, Public Universities and Participating Private Enterprise

Most governments (be they at the federal, state or county level), offer some support in one form or another to business organizations wishing to explore and possibly enter international markets (Whipple and Frankel, 2001). Many of these offers of support represent services from poorly funded agencies that themselves might not have the backgrounds or the personnel to truly make an impact on private business success in the international arena (Moen and Servais, 2002). However, most if not all countries and states do support public institutions of higher

education where a wealth of knowledge and a thirst for opportunity to apply such knowledge exists. Linking 1) government agencies with international trade responsibilities, 2) public institutions of higher education and 3) private business has proven to be a valuable mechanism for global trade enhancement (https://augustafreepress.com/governor-mcauliffe-announces-creation-of-virginia-international-trade-alliance/ ).

**Figure # 1** details the VITAL model (Vibrant International Trade Alliance) as first presented by Wood, et.al. (2019). In short, the VITAL model represents a research and professional alliance created to bring state supported trade agencies together with state supported public institutions of higher education for purposes of private business growth in the globalized business world. As shown, and as elaborated earlier in the literature, the model theorizes a series of antecedents, and moderators to arrive at international success for government agencies charged with enhancing international trade and investment (GAITIs), public institutions of higher education (PIHEs) and private enterprises (PIs). It also posits that participating university students, by participating in at VITAL research undertaking, gain the needed knowhow to become confident future international business managers. Finally, the model theorizes that the sum of these parts also results in enhances international brands of all participants (private enterprises, public institutions of higher education and states as a whole). How are such alliances created?

**Memorandum of Understanding (MOUs) Between Government Agencies Responsible for International Trade (GAITI) and Public Institutions Higher Education (PIHE)**

Once a Vibrate International Trade Alliance (VITAL) is authorized by a sanctioned state authority (again see the VITAL model shown in Figure #1), the next step is the creation of a Memorandum of Understanding (MOU) that formally links a government agency charged with enhancing international trade and investments (GAITI) and a public institution of higher education (PIHE) charged with educating the next generation of globally competitive business leaders. Figure # 2 depicts an example of MOU that may be utilized by any authorized state agency wanting to create a VITAL project with an approved university. As shown, the MOU lays out the responsibilities and rewards for participating universities and other details surrounding the agreement. As the process continues, next question becomes - what procedure guide the actual approval and scope of research of a VITAL project?

**Guidelines for Qualifying and Selecting Participating Private Enterprises (PE) to be the Focus of VITAL Research Projects**

**Figure # 3** lists the requirements that private companies (known as 'clients") must meet in order to be considered for a VITAL project. As shown, four requirements are to be met in this regard, including – 1) the client's current readiness to export, 2) the client's length of time in business, 3) the level of the client's current sales, and 4) the number of current employees working for the client. These requirements are meant to ensure that all participating clients have the necessary background and track record to more fully realize the trade potential that student researchers will be recommending. Clearly, additional requirements can be added to this list as required by participants.

Once these requirements are established an "application" and "scope of work" document is then submitted by the public institutions of higher education representative (typically a university

business professor). Figures # 4 and # 5 represent examples of a VITAL "application" and "scope of work" documents utilized by the Virginia Economic Development Partnership (VEDP) and participating Virginia universities to arrive at an approved VITAL "client." Figure # 4 focuses on general information on potential VITAL clients, and asks for such companies current involvement with international trade. As shown, the Vital Scope of Research Form (Figure # 5), focuses on identifying the participating university, primary contact there-in, participating students and professors, the project's expected completion date and again, participating company information. It also calls for the identification of research tools (databases) and research methods (secondary and primary) to be incorporated into the project. Finally, signatures of participating authorities (from the university, private company and state agency) are secured.

Following a companies' approval as a VITAL "client," that actual global market research is undertaken, again typically guided by a professor overseeing a team of graduate business students. A key consideration at this stage of the process is - what initial guidelines should be provided to ensure the research undertaken is properly focused and results in useable insights and recommendations?

**Initial Guidelines for Researching Promising Global Market for a VITAL Approval "Client."**

**Figure # 6** depicts a general set of initial instructions provide to the student research team responsible for finding promising international markets for an approved client. Such instructions aid each student research team in fully understanding their client's focus and competitiveness and why their assigned client might be successful in specific world markets. Each team must fully grasp their client's value proposition, their strength and weaknesses and the global business environment that potentially bodes well (or presents challenges) for their client in the global business arena.

Once a student team's understanding of a "client's focus and competitiveness" is grasped, the next step in the process becomes – how does the research team arrive at the most promising international markets and its related recommendations for moving forward? The answer starts with the use of world-class data-bases.

**Data-Bases for VITAL Research – Where is the information?**

**Figure #7** shows some of the world-class data-bases available at Virginia Commonwealth University (VCU) utilized by student researchers focusing on global markets of promise for an approved VITAL client. These data-bases are becoming more common at research focused universities and can often be shared with partnership universities around the world. A wealth of information is contained in these sources of information, and any international business student should not consider him or herself fully educated without being exposed to them and having an opportunities to use them in a "real world" application such as a VITAL project. Information contained in such data-bases, including an international market's history, economic and political conditions, in-depth country reports, specific industry analysis, competitor analysis and statistical links and other indicators of global business potential, to name but a few is invaluable to VITAL type-research being undertaken for by the student team. The insights coming from these and other data-bases directly effects the ultimate final report - written and presented - to the client.

Once the full scope and breadth of a VITAL study has been concluded the next important issue in this process is - what might the report to any given client and the conclusions of such a report look like? Figures # 8 and # 9 are provided as a general global trade report template and visual depiction of final recommendations of international markets of promise. The figures are offered as examples for any student research teams focusing on any client seeking insights into international markets of promise.

## GLOBAL TRADE REPORT TEMPLATE

**Figure #8** depicts a typical table of contents that a given VITAL report might look like. While variance on this content structure will be used, depending on the research objectives and client of focus, the final report of all past VITAL studies overseen by the author has more or less followed this structure. Advice given to participating student team, based on this structure include – a) the "executive summary" must be compelling and thus enhance the client's desire to read the full report, b) the "introduction" must show the full scope and purpose on the research with which the student team has been charged, c) the" company overview" must convey that the team full understands the clients reason for being, its value proposition and why the client is particularly suited for international success, d) the "SWOT analysis" (strengths, weaknesses, opportunities and threats) builds on the company overview and details the full array of positive and negative realities facing the client as it contemplates international market expansion, e) the methodologies for "determining and ranking promising international markets" and for "determining and ranking promising strategic alliances" detail the models, processes, methods and dimensions used by the team to arrive at both the recommended international markets and the recommend international partners that represent the ultimate core value of the research undertaken, f) the "analysis results" represents the research recommendations and contains a compelling synopsis of why these recommendations will result in international business success for the client, g) "international marketing plan going forward" presents the clients with next-step options in its global business journey (here the controllable variable – produce, place, price and promotion options are details for each recommended international market), h) the "final recommendations and future research" sections of the team report presents a focused overview of the research and recommendations as a whole and suggests addition areas where further information of value might be needed, and finally i) a full set of "appendices" (tables, graphs, etc.) derived from the team research and all "references" used in the research are provided.

**Figure 9** depicts perhaps the most compelling figure (located in the report appendices) that should be prominently displayed and elaborated upon in the competed research and final presentation. It represents a parsimonious visualization of how the most promising international market compare to each other, and which of these markets are the top contenders for further consideration and possible entry by the client. This figure is based on complex set of variables (e.g., market potential, political considerations, legal dimensions, economic, infrastructure actualities, cultural considerations, etc.), measures of those valuable and modeling considerations that together allow the research team to arrive at each international markets relative standing on "country attractiveness" and "competitive strengths" dimensions.

## CONCLUSION – SCALING THE VITAL MODEL WITH INTERNATIONAL PARTNERS

The Vibrant International Trade Alliance Model (VITAL) represents a proven means by which international trade can be scaled up through the partnering of institutions of higher education (particularly business schools within those institutions), state trade agencies and private enterprise. As elaborated in this paper, if properly developed and fully supported by all involved, VITAL can result in "win-win" scenarios for each of the key stakeholders (higher education and participating students, states in general and private enterprise). This paper has attempted to more fully detail the necessary consideration and steps involved in the creation of successful VITAL partnership than previously discussed in the literature.

The next step in the evolution of this model is the formation of Global Vibrant International Trade Alliances (G-VITALs), involving the partnering of public institutions of higher education, government sponsored trade agencies and private enterprise in and between representatives around the world (e.g., the U.S., Latin America, Africa, Asia, Europe, etc.). By leveraging a broader array of such potential partners into an even great network of relevant, collaborating alliances the scale and benefits of global trade can only be further realized.

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## FIGURE # 1: A CONCEPTUAL MODEL OF VITALS (VIBRANT INTERNATIONAL TRADE ALLIANCES)

bringing together - 1) expertise from government agencies charged with enhancing international trade and investment (GAITI), 2) public institutions of higher education (PIHE) charged with educating the next generation of globally competitive business leaders and 3) private enterprise (PE) seeking real growth in the globalized business environment.

## FIGURE # 2: MEMORANDUM OF UNDERSTANDING

This memorandum of understanding is made as of July 1, 20xx by and between UNIVERSITY ABC, hereinafter referred to as "ABC", and the STATE ECONOMIC DEVELOPMENT AUTHORITY, hereinafter referred to as "SEDA". WHEREAS, SEDA and University ABC desire to increase international trade, which will lead to increased job creation and economic diversification in the state, and educate the next generation of competent global trade managers-NOW, THEREFORE, SEDA and University ABC agree as follows:

1. University ABC will identify and recruit companies to participate in the VITAL program. Target companies will be those that have international business as a key corporate strategy and can be prepared for future international sales.
2. To be accepted into the VITAL program, a company must complete a VITAL Application and the VITAL Application must be approved by SEDA.
3. University ABC will provide companies with customized business plans and market research to improve their international trade readiness and/or performance.
4. University ABC will submit a scope of work to SEDA for approval of each company project.
5. University ABC will receive a stipend of $XYZ from SEDA for each of the companies that participate in the VITAL program.
6. This Memorandum of Understanding can only be amended or modified by a writing signed by both parties hereto.
7. This Memorandum of Understanding is effective through June 30, 20??.
   WITNESS the following signatures and seals, all duly authorized, effective as of the date first above written:

**UNIVERSITY ABC** By: _____ Name/Title: _____
**STATE ECONOMIC DEVELOPMENT AUTHORITY** By:_____
Name/Title: _____

## FIGURE # 3 - VITAL PROJECTS REQUIREMENTS OF PRIVATE COMPANIES

Four requirements are to be met by any private company under consideration as a VITAL "client."

1. The "client" must be already exporting, or expressed interest in selling their products or services to international customers,

2. The "client" must have been in business for 18 months or longer (registered with state or local gov't and have established websites),
3. The "client" must have annual sales of $50,000 (U.S.) or more, and
4. The "client" must have five or more direct, full-time employees (or contract employees).

**FIGURE # 4 - VITAL APPLICATION FORM**

**Company Information**

| | | | |
|---|---|---|---|
| Company Name | | | |
| Address 1 | | City, State, Zip Code | |
| Address 2 | | Website URL | |
| Number of employees | | NAICS Code(s) | |
| Number of employees in Virginia | | What % of sales are international? | |
| Phone Number | | | |

Has your company done market research to determine if its products/services are exportable? ☐ Yes ☐ No

Do your products/services require export licensing? ☐ Unknown ☐ Yes ☐ No

| | |
|---|---|
| Please briefly describe your company's products and/or services. | |
| Please list the countries in which your company currently has/is pursuing international sales. Put N/A if none. | |

**Primary Point of Contact**

| | | | |
|---|---|---|---|
| Name | | Title | |
| Email | | Phone | |

**Submitted By**

| Name/Date | | Title/Signature | |
|---|---|---|---|

**FIGURE # 5 - VITAL SCOPE OF RESEARCH FORM**

**University Information**

| | | | |
|---|---|---|---|
| Virginia University | | | |
| Primary Contact at University | | Title | |
| Email | | Phone Number | |
| Team Members (Students, professors, etc.) | | | |
| Expected Completion Date | | | |

**Company Information**

| | | | |
|---|---|---|---|
| Primary Contact at Company | | Title | |
| Email | | Phone Number | |

| | |
|---|---|
| **Company Overview**<br><br>Company background and description of product or service that is the focus of this research. | |

**Figure # 5 -** Vital Scope of Research Form (Continued)

| | |
|---|---|
| **Sources**<br><br>Identify resources to be used to conduct the research (e.g. databases, interviews, etc.). | |

| | | | | | |
|---|---|---|---|---|---|
| **Approved and accepted by:** | | **Approved and accepted by:** | | **Approved and accepted by:** | |
| Name | | Name | | Name | |
| Date | | Date | | Date | |
| On behalf of: | *(University)* | On behalf of: | *(Company)* | On behalf of: | *(VITAL)* |

**FIGURE # 6 - INITIAL STUDENT GUIDELINES FOR VITAL RESEARCH PROJECT**

Each student research team should fully answer the following questions before undertaking in-depth research for a "client."

1. What is the "value proposition" of each of these companies (what needs are they focusing upon, and/or what problems do their product(s) and/or service(s) address)? And how might this value proposition be viewed in international markets?
2. What are the competitive strengths and weaknesses, opportunities and threats of each of these companies (what company attributes and environmental realities that bode well and poorly for these companies in the international market arena?)
3. Why do you, as a team, believe the time is ripe for these companies to consider entering the international business arena (what global or regional trends bode well for the potential success of these companies?)?

**FIGURE # 7 – GLOBAL MARKET RESEARCH DATA BASES**

A major key to fully educating future global business managers is a full emersion of world class data-bases including the following:

**Research Countries**

- ***globalEDGE***

A great place to "research nearly any international business question." From the International Business Center at Michigan State University (IBC), it covers history, economy and political conditions and more for over 200 countries.

- ***Business Source Complete***

Search with the name of your country to find articles and country reports.

- ***EIU Country Reports***

The EIU Country Reports examine and explain the important political and economic trends in a country. Each of our Country Reports contain in-depth and ongoing analysis and forecasts of political, policy and economic conditions in a country.

**Research Global Markets**

- ***Passport GMID***

Provides statistics and analysis across industries, countries and consumers.

- ***BCC Research***

Global market research reports focusing on science and technology sectors including biotechnology, engineering, manufacturing, pharmaceuticals, safety and security, information technology and food and beverage.

**FIGURE # 7 – GLOBAL MARKET RESEARCH DATA BASES (CONTINUED)**

**Research Companies and Industries**

- ***Uniworld Online***

Information for multinational companies with headquarters in over 200 countries and 20,000 industries.

- ***IBISWorld***

Reports for over 7000 U.S. industries. Also includes China and global industry reports.

- ***more…***

Research Trade Statistics and Data

- ***International Trade Administration***

Resources to help U.S. businesses compete in the global marketplace. Look under Data & Analysis for the statistics link.

- ***World Bank - Data***

Search or browse World Bank data including trade and economic indicators.

**FIGURE # 8 - FINAL VITAL REPORTS: PRESENTATION AND RECOMMENDATIONS**

After a full semester of student team research, a final presentation with recommendations is made to the client with state agency representations present. **Slide # 8** depicts what a typical Report might contain.

**VITAL Client Company International Expansion Final Report**

Report Contents
Executive Summary
Introduction
Company Overview
SWOT Analysis
Methodology for Determining and Ranking Promising International Markets
Methodology for Determining and Ranking Promising Strategic Alliances (International Allies) In Promising International Markets

Analysis Results – Global Markets of Promise, Strategic Alliance Selection and Formation, International Marketing Plan Going Forward
Final Recommendations and Future Research
Appendices
References

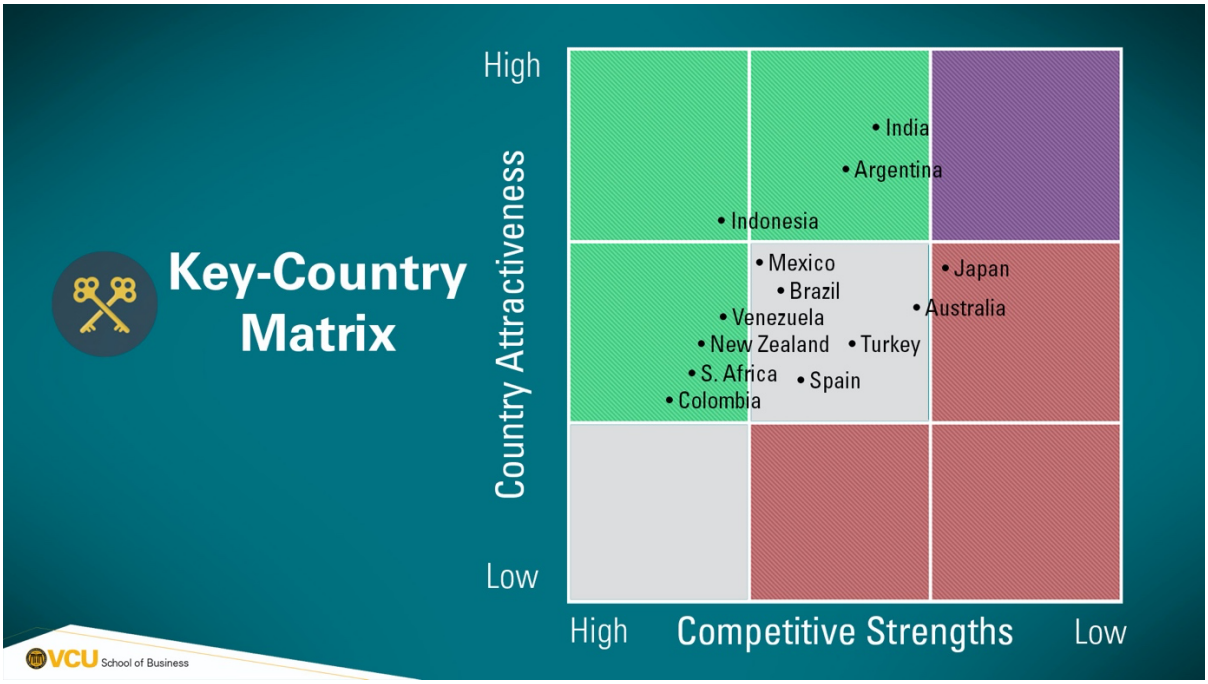



**Figure # 9 International Markets of Promise – A Graphic Depiction**