



your cart


[HOME](#) [EVENTS](#) [RESOURCES & TOOLS](#) [BLOGS](#) [MAGAZINES](#) [E-NEWSLETTER](#) [RADIO](#) [GROWTH STRATEGIES](#)

SMART COMPANIES THINKING BIGGER® | **Connecting growth-minded business owners with the strategies, resources and products to grow to the next level.**

SMALL BUSINESS TAKES ON THE WORLD

0

Business opportunities get bigger as the world gets smaller.

By David Conrads

Thanks to advances in technology, communication and transportation, the adage "It's a small world" has never been truer. But those advances also mean that global business opportunity has never been bigger.

That's the opinion of economists, governmental and private sector agencies and successful small business owners in Kansas City.

"I used to think a company had to have a lot of excess capital and resources and time to go after international business," said John Watson, director of the Trade Development Division of the Kansas Department of Commerce. "I don't believe that anymore. I would suggest that even a start-up company needs to have an international component as part of its strategic plan. Otherwise, they are in trouble from the start.

It's a global market and competition is going to come from everywhere."

Jeff Willis, founder of Fluentpages, a service that makes websites multilingual, and a veteran of international trade agrees. "You should be thinking about international from the get-go," he said. "It's diversifying your market. These days, we are moving into a much more global environment. If we aren't out there aggressively pursuing those external markets, I can guarantee you those guys are coming our way."

Apparently, that's a message most businesses need to hear. According to the U.S. Department of Commerce, only about 1 percent of U.S. companies export. Of those companies that do export, more than 50 percent export to just one county.

"The biggest challenge is awareness," said Chris Gutierrez, president of KC SmartPort. "The majority of the market—the customer base—is international, not domestic. There are raw opportunities out there. I think the biggest message we need to push out to small businesses is to take a look at exporting and do it."

Relying on Relationships

Foreign markets have always presented opportunities. The biggest problem for many companies, especially smaller ones, has been finding them. Now, trade shows and the Internet have made it cheaper and easier to determine where legitimate prospects are located before committing resources to international travel and everything else involved in making a sale overseas.

For companies new to exporting, Willis also recommends finding a good trade show overseas—of which there are many now—and simply walking the show. It is not always necessary to go to the expense of exhibiting in order to gain a toe-hold in the market. As an attendee, you can meet people, get literature, ask questions and make contacts.

Regardless of advances in technology and communication, there is no substitute for doing business face to face, and travel overseas, at some point, is inevitable.

"That's probably the biggest difference between doing business here and doing business globally," said Chris Kuehl, an economist and managing director of Armada Corporate Intelligence. "Business is kind of relationship driven in the U.S., but it is incredibly relationship-driven elsewhere. If you don't have a personal interaction and a network of contacts, it's very difficult to compete because people overseas do business with people they know."

Many global business cultures are simply uncomfortable doing business remotely, he said. In addition, the dearth of credit information in many other countries makes it difficult to know who is and who is not a reliable partner. Relationships are everything.

Face to Face at Futurallia

So, wouldn't it be nice if you could meet international business owners personally, and talk face to face about potential partnerships without leaving town? This month, many local business owners are seeking global opportunities right here in Kansas City. That's possible because a world of business is coming to town—literally. Approximately 800 business owners and representatives from more than 30 countries will be here May 18-20 for Futurallia, a global business matchmaking event.

But, with more than 190 countries around the world, where is a small business to start?

Look North and South

China, with its relentlessly expanding economy and exploding middle class, has been much in the business news of late. Does China represent a particularly good opportunity for a company looking to export?

"It all depends on the company," said Gutierrez. "China is a big market, but for any company that is not now exporting, or exporting to just one country, China is not where they should be looking. China takes a lot of commitment and a lot of patience. It's a great opportunity, but not for the novice."

The thought of jumping into selling overseas can be intimidating. Distance, travel costs, customs and regulations, tariffs and trade barriers, language and cultural differences, political instability, currency fluctuation, credit management, protection of intellectual property—the list of hazards is daunting.

For the novice, Gutierrez recommends starting in markets such as Canada and Mexico, our two biggest trading partners. Both countries have the advantage of proximity and a well-established trading infrastructure. In the case of Canada, our No. 1 trading partner, there are no language barriers and few, if any, significant cultural differences to deal with. By starting with one of these two countries, a business can get the lay of the land and start to understand the instruments of foreign trade.

Of course, exporting isn't a one-size-fits-all proposition. Robert J. Rebori's first international sale was to Lebanon. Rebori is president of Bio-Microbics, a Shawnee-based company that supplies wastewater and storm water treatment systems in areas without sewers. The company was founded in 1996 and has been exporting since its inception.

"It was part of our strategic marketing initiative from the beginning," Rebori said. "We realized that there was more opportunity in unsewered areas around the world than there was in our own country."

Today, Bio-Microbics exports to between 55 and 60 countries. Canada and Mexico have been consistently strong markets for Bio-Microbics. Today, exports account for about half the company's annual revenue, and that percentage has been growing every year.

"Our philosophy here has always been to treat inquiries from around the world just as seriously as we treat inquiries from the U.S.," Rebori said. "You never know where that next market is going to open up."

The world is a big place and the global markets are in constant flux. The countries that represent the best markets vary depending on the product or service a particular company is looking to export. But some generalizations can be made.

"Right now, the hottest markets for small business are in Latin America," said Kuehl.

He noted that Brazil has had 8 percent growth through the current recession and Colombia is growing even faster. There is a lot of money these days in Peru, which is enjoying a commodities boom. There also are opportunities in Chile, which has a large middle class and good credit system, making it easy to get paid. Costa Rica is the most attractive country in Central America because of its stability.

According to Kuehl, there is still a lot of money to be made in Mexico. Ninety-five percent of what Mexico imports comes from the United States. Despite the fact that its economy is in poor shape at the moment, Mexico is still an easy place to do business.

A Concrete Strategy

Western Forms, a Kansas City-based company that makes aluminum forming systems for concrete construction, has sold a lot in Latin America, especially in Mexico. According to co-owner Dan Ward, their system allows concrete structures to be built faster and better than typical methods, and at lower cost. With a focus on residential applications, developing countries with a housing deficit represent excellent markets for their products.

Ward's parents started Western Forms in 1955. Their first overseas order came from Nicaragua 19 years later in 1974, and they have been exporting their products ever since. Today, the company sells to about 40 countries around the world. Currently, more than 50 percent of their revenue is international, with Mexico and India accounting for the largest share of overseas sales.

Ward encourages small businesses not to shy away from exporting because of the challenges, saying the best way to get into the international game is "just to start."

"I'm not encouraging anyone to take more risk than they can afford, but I do encourage small and medium-sized companies to take that incremental step to pursue international opportunities," he said.

Even for companies that are not yet ready to tackle exporting to China, there are ways to tap into the world's second largest economy. Kuehl suggests that small businesses get into markets that are peripheral to China, but just as vibrant.

"People make a boatload of money in places like Vietnam and Malaysia and Singapore—countries that are connected to the Chinese economy, but are much more manageable," he said.

He said a similar situation exists in Europe. Russia is as enticing a market as China and equally as maddening to deal with. But the Russian market can be accessed by exporting to Estonia, Latvia and other Eastern European countries, whose dynamic economies feed into Russia.

"Instead of grappling with a big, unwieldy country, you're doing business with a country with a population the size of Independence," Kuehl said.

Seeking Support

President Obama thinks more businesses of all sizes should be exporting. In his 2010 State of the Union address, he announced the National Export Initiative, an ambitious program that aims to double U.S. exports by 2015. It's the first time the country has had a government-wide export strategy with focused attention from the president and his Cabinet.

There is plenty of help available to businesses seeking to dip their toe into international business waters. The International Trade Commission, World Trade Centers and Departments of Commerce in Kansas and Missouri, KC SmartPort, U.S. Commercial Service and the Kansas City Area Development Council are all valuable resources.

Then there are organizations such as the International Visitors Council of Greater Kansas City, the International Relations Council, Sister City International and other internationally minded organizations that encourage cultural dialogue to help the general public keep up on what's going on in the rest of the world.

David Conrads is a freelance writer in Kansas City. (913) 901-0205 // dconrads@sbcglobal.net

ADD YOUR COMMENT

Enter the two words you see below

THINKING BIGGER BUSINESS MEDIA INC. 2010

SITE DESIGNED BY BIGSHOT

MEMBER OF



[ABOUT US](#)

[CONTACT US](#)

[ADVERTISE](#)

[FAQ](#)

[SITEMAP](#)