

How Government Can Help Manufacturers Export, Part 2



This is part two of a two-part piece. [Part one can be found here \[1\]](#).

By MIKE COLLINS, Author, *Saving American Manufacturing*

Another owner of a small manufacturing company has similar thoughts about government assistance. Hal Hickman is President of Powerhammer, Inc., which makes large pneumatic hammers that are designed to knock risers (pouring spouts) off large castings in foundries. Hal was literally forced into the export business because most of the foundry business moved offshore to low cost countries around the world. His customers are now foundries in Asia, South America, and Eastern Europe and he must visit them in their markets to sell his hammers.

He has found the best method to get his products in front of International buyers is to attend foundry trade shows around the world and exhibit his various types of pneumatic hammers. He is fortunate because the foundry industry has trade shows that are very specific to foundry products and is attended by very specific foundry buyers. But these trade shows are in China, Brazil, Turkey, and all over the world, so getting to the show and bringing products to display is a significant cost.

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Hal is much like Jason Stoeker in that he feels small manufacturing companies cannot afford to do market research or strategic planning. To decide to attend a foundry trade show he needs to believe that his prospects will be at the show and that he has a strong chance of getting some very good quotes or will eventually place an order that will justify the trip. Hal also believes that the best thing that governments can do to help manufacturers export is to help offset the costs of getting there. He was assisted by the State of Oregon's Global Trade Department and they paid 50 percent of his travel and trade show booth costs for various countries.

Another viewpoint on the export business comes from Chad Summers. He is a consultant and President of the firm 2 Lane Marketing in Oregon, which focuses on helping SMMs grow. Chad has a lot of experience both exporting and importing because he used to be CEO of wood products business headquartered in the Northwest. Chad feels that government's role in helping manufacturers export is to do more in assisting them with legal issues and technology protection. Chad says, "It can be scary not knowing where to turn if an agreement is broken and what options you have available to protect your business when not on U.S. soil." In his experience as a company owner and consultant he has found that small and midsize manufacturers do not really understand industrial marketing and most cannot afford to pay for market research. While he feels government research is sometimes interesting, "it is usually too broad and rarely provides specific market data most businesses require to take action and secure business abroad."

From his own experience, Chad feels that most SMMs can find out how to target a country or specific customer by following U.S. companies overseas, finding out where competitors are selling, or to talk to a U.S. consulate in a foreign country. Whether through an introduction from another U.S. company to an overseas market or through the help of a U.S. consulate in a foreign market, the objective is to find a guide who can introduce you to specific potential partners or customers for your goods and what challenges to watch out for. He says "nothing beats face to face contact and going there." Visiting foreign countries is much more expensive than making a sales call in the U.S. and offsetting those travel costs with government assistance could help lower one of the barriers for SMMs to begin selling abroad.

If SMMs are going to be the targets for the government's goal of doubling exports then government agencies should take a hard look at who they are and what they do. The following chart pretty much sums up the point of this article.

Manufacturing Type	Employees	Total Establishments % of total
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Type 1 MICRO 4	115,521	1 to 37.39%
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Type 2 FAMILY OWNED 99	168,899	55 to 54.67%
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Type 3 MID-SIZE 999	23,653	100 to 7.66%
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Manufacturers with less than 100 employees are about 90 percent of the manufacturing establishments. Yes, there are going to be manufacturers who want to do market research and an export plan but they are in a small minority (mostly Type 3s). If we are really going to make progress in doubling exports, governments need to do some market research of their own to find out more about Type 1 and Type 2 manufacturers and what they really want and need to get into the export game.

I am very encouraged by the fact that some state governments have figured out that offsetting travel and tradeshow costs is something small and midsize manufacturers want and need. and is already achieving results.

What's your take? Please feel free to comment below!

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