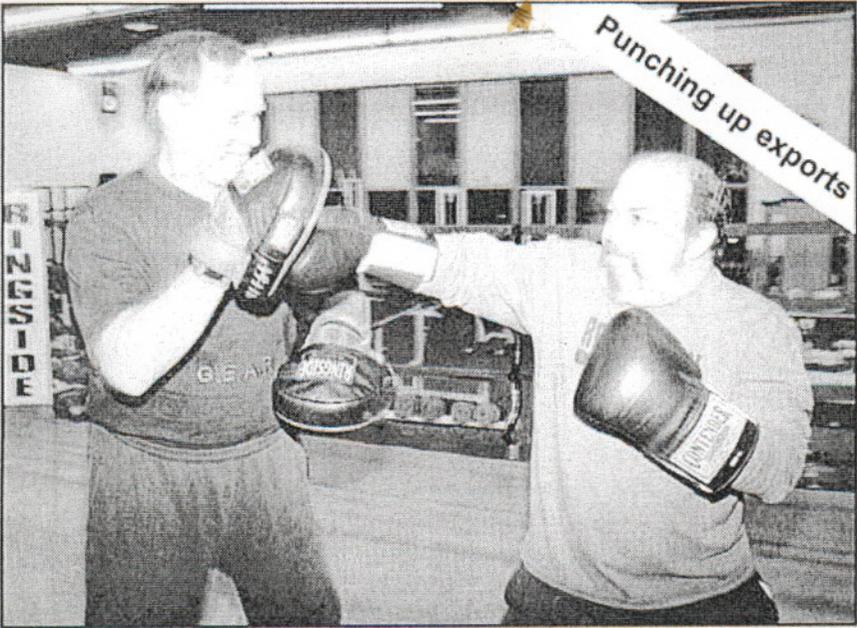


StatelineBusiness

Vol. 4, Issue 2

February 2004



Local companies taking a global view

By Hillary Wundrow
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Moving like a roving tank across the ring, Don Metz is impenetrable to his students punches. This owner of Metz Tool and Die in Rockford by day and boxing teacher by night said the real fight, however, is keeping companies from moving to China.

After his company, a mold maker for auto parts, hardware and toys, took an economic blow to its sales volumes, Metz called Rep. Don Manzullo and asked what to do.

Manzullo's Deputy Chief of Staff, Bryan Davis along with Pat Hope, director of Rockford's U.S. Export Assistance Center quickly rounded up group of companies, die casters specializing in auto parts, in Mexico that could use Metz's molds.

Now his sales to Mexico account for 30 percent of his business and have added close to a million dollars to his profits.

"We would have lost all that had we not gone there," he said.

Exporting and procurement can provide a steady stream of income for manufacturers struggling against market conditions and foreign competition, Rich Carter, spokesperson for Manzullo said.

Joining the global economy has never been easier according to local experts and the companies who have profited from it.

"When times get tough domestically, we need to look to procurement and exporting. Many of the businesses that have become involved in these opportunities have found something that really keeps their them going in both good times and bad," Carter said.

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The federal government spends more than \$200 billion a year in buying goods and services from private companies, Carter said.

"We need to make sure our businesses in Northern Illinois and Southern Wisconsin are part of that," he added.

From local experts skilled in international negotiations to step-by-step web sites, the good news is a plethora of local resources are available to guide business owners through the process of finding a distributor to closing the deal.

The Rockford Council of 100's international services director, Derek Sherman, is available to advise any community business owners wanting to learn how to export free of charge.

Owners need not be members of the Council for services rendered and the counseling offered is strictly confidential.

Sherman helps companies to do the things they normally don't do such as finding the appropriate market, country, financing and means of transporting the goods to their destination.

He also teaches relationship building, the nuances and details of dealing with a company operating under a different cultural context.

"Relationships matter in international negotiations."

Sometimes a business owner on a trade mission will have to "court" his buyer and get to know him or her before immediately tying up the deal.

"These relationships can prove fruitful in the long term with a continuous buyer," Sherman added.

Patrick Hope, director of the U.S. Department of Commerce's Export Assistance Center in Rockford, also wants to bring the world closer to area firms.

"We have all they need locally. They don't even have to go to Chicago," Hope said.

The U.S. Commercial Service, a division of the U.S. Department of Commerce helps businesses find out if they have an export qualified product, research markets,

locate foreign buyers and partners, regulations, investment climate, nontariff barriers and other factors before taking the plunge.

Hope provides the assistance to interested companies so more of them will discover the opportunities exporting holds. The firms he works with usually derive 10-15 percent of their incomes from selling their products abroad.

"There are a lot of opportunities out there and firms should be educating themselves," he added.

Hope deals most frequently with Canada, Mexico, Europe, China and the UK.

He often works with his colleagues the U.S. Commercial Division sections of American embassies and consulates to help find potential export opportunities.

Within the Commercial Section, the U.S. government employs trade experts, from the host country, to scout out business prospects for U.S. firms. Hope said he looks forward to providing this research to any firm interested in contacting him.

The Gold Key Program (GKP) is one of the center's most successful programs, according to Hope, and helps match up foreign business people with American firms looking for partners overseas.

For only \$600, a business person can have three to five pre-arranged meetings with representatives of overseas companies as per the request of the client.

Benefits of the GKP often include discount hotel rates or referrals for personal drivers and translators, provided through the embassy.

Metz used the U.S. Agency for International Development's global trade network of international contacts as well as using the Rockford Export Assistance Center for market research and advice during the process.

USAID worked with the consulate and embassy in Mexico city. to help him set up meetings with five companies in Mexico City and Monterrey.

Hope's office in conjunction with Manzullo's staff assisted Metz in arranging accommodations and translation services.

"Years of work was done in months," Metz said. "The real savings were the help in identifying the appropriate companies, something that could have taken me years."

Hope's office can also assist with performing background checks before or after the meeting as part of their international company profile (ICP) service.

"The ICP is a background check to see if the buyer is qualified and has a good reputation in the market," he said. "We also have assisted firms with recovering payment due to them by a foreign buyer. It is not a formal service we have, but we have done so."

Many owners don't realize tools are available to guard against financial wrong doings, Hope said.

For example, he often refers clients to Exim bank and Small Business Administration in Chicago which can provide working capital and export insurance coverage for international transactions.

Metz used the Small Business Administration to set up progressive payments in conjunction with his company bank, Amcore. Exim bank then guaranteed payments when the job was finished.

Although insurance is available, Hope said it's integral for a company to be financially committed to the process if they are going to succeed. Hope said it took 18 months for one company he worked with to get on their feet exporting, but it has been well worth it in the long run.

Most importantly, Hope said is for a company to be patient and have management committed to learning the export process before delving in.

"It's a decision that shouldn't be done on the fly. The firm should be proactive in their approach and they must be persistent. They can't give it one shot and give up," he said.

Learning the ins and outs of logistics, the North American Free Trade (NAFTA) agreements took some time to learn, Metz said.

"For one year I spent at least two hours a day working this. It was a big part of my day," he said.

Believing he's seeing signs of an economic turnaround Hope said he has seen a very positive upswing in firms looking into exporting. Metz agrees that most companies he's spoken with are starting to stick their toes in the global market.

Another local resource available to companies hoping to expand their markets is the Rock Valley College Procurement Technical Assistance Center (RVC PTAC).

Sponsored by the Department of Defense, the State of Illinois, the Department of Commerce and Economic Opportunity and Rock Valley College, the center helps business south of the Stateline cash in domestically by selling their wares to the federal government.

Awarded the best of its kind in the nation, the center has worked with 700 companies to secure more than \$300 million for their clients in sales for 19 years.

"There is enough out there for everybody and their father," said RVC PTAC director John DiGiacomo, who has helped area companies rope in \$50 million in sales to the government in 2003 alone.

The biggest obstacle to selling to the government are the outdated views surrounding it, according to DiGiacomo.

“Some business owners have this idea that the federal government doesn't pay, which couldn't be further from the truth,” DiGiamcomo said. “Actually, the federal company pays in less than 30 days. They have to by law.”

DiGiacomo also tries to erase is the misconception of excessive paperwork and bureaucracy surrounding government sales.

“Companies still view it as a huge octopus pile of paper out there to grab them. That is not true anymore. Dealing with the government now is almost paper less,” DiGiacomo said.

DiGiacomo will help a business owner create an online profile for their company and guide the company step-by-step through the process free of charge. RVC PTAC currently has 700 Rockford area businesses in their database.

The company profile is then uploaded into a an automated bid service.

“The service saves a company anywhere from \$5-20 thousand dollars,” DiGiacomo said.

Once a day a company in California then goes through and matches up all the bids from the federal government as well as Canada, information gleaned from more than 400 other web sites.

If a company manufactures nuts and bolts, for example, it would match up a bid from the government requiring nuts and bolts, he said.

DiGiacomo encourages small businesses owned by minorities, women and veterans to apply for federal contracts.

“Those business owners get preference and may have a bid set aside for a company that meets those qualifications,” he added.

Roughly 2,500 of those type companies are located in Wisconsin and 5,000 are in Illinois.

For those north of the Stateline, DiaGiacomo recommends they contact the Wisconsin procurement assistance representative, Ann Johns at ????????

“Any business in Southern Wisconsin needs to know her,” DiaGiacomo said.

DiGiacomo invites business owners to use the center's online bid service, a search engine used to find a government agencies to sell to, but recommends they come to him if they need help figuring out what words to search for.

“It's really good at finding things, but it's necessary to know what key words to plug in the search engine,” he said.

DiGiacomo recently spoke with a machine shop owners who used the service, and

typed in "machine shop" and couldn't find anything.

"In the last 200 years, the government has never bought a machine shop," he added jokingly.

DiGiacomo suggests typing in the products sold.

"I'm available to help a businesses owner develop the key words and get them though the process of getting the correct bids," he added.

Another untapped market for the area is selling products to the government for Iraq reconstruction.

"They need products crossing all sectors and all businesses," DiGiacomo said. "Manufacturing companies are in demand as well as service companies."

Rep. Manzullo has been working on getting a delegation from the Department of Defense to come to Rockford in December to instruct companies on how to pursue and qualify for federal contracts to help rebuild Iraq. He hopes to schedule the event for this spring.

If the companies can get the attention of the Defense Department, about 25 major contracts may be awarded to area companies, DiGiacomo said.

"We don't want to miss this opportunity to make quality transactions in Iraq," Sherman said. "There are billions of dollars to be spent and there is no reason we can't take part in it."

"Manzullo is making sure they will be available to our small businesses because we have been hit so hard," DiGiacomo said.

Metz said he will consider expanding his market to yet more frontiers and hopes to attend the conference. Whether in the ring, or the market, Metz said he likes to be where the action is.

Global business resources

To get more information on involvement in Iraq Reconstruction, Contact Bryan Davis in Rep. Manzullo's office at 815-394-1231

- Helpful webpages include:
- **www.export.gov**, an electronic entry point for U.S. exporters. Provided by the federal government, the site offers trade leads and free export counseling. Site visitors have the option of searching individual country markets.
- **www.buyusa.com**, an electronic matchmaking program for us and international companies. Overseas companies use the site to find U.S. suppliers and domestic companies can search for international business partners.
- **www.wingovcon.com**, which outlines the steps to gaining government contracts such as how to get listed in government databases, how to gain proper identification numbers that may help in the pursuit of a federal contract, and how to find web-based libraries of contractors.

Mailing addresses

- U.S. Export Assistance Center for Wisconsin USDOC, 517 E. Wisconsin Ave., Room 596 Milwaukee, Wis., 53202, phone 414-297-3473
- U.S. Export Assistance Center for Illinois Rockford, 515 N. Court St., Rockford, Ill., 61103, Contact: Pat Hope, director 815-987-8100 ext. 105
- Wisconsin Business Procurement Assistance Center, 3591 Anderson St., Suite 100 Madison, Wis., 53704, Contact: Denise Kornetzke, director 608-243-4490
- Rock Valley College Procurement Technical Assistance Center, 3301 North Mulford Road, Rockford, Ill., 61114, Contact: John DiGiacomo, director 815-921-2076