

GOING GLOBAL IN ALABAMA

Exporting products and services can be beneficial, but there are pitfalls that can occur if the importing countries' customs are not understood. Learning as much about another country can be achieved with help, and a plan put in place to make sure the new partnership is successful.

BY RICHARD E. WALLACE

"We are moving toward a global economy. One way of approaching that is to pull the covers over your head. Another is to say: It may be more complicated — but that's the world I am going to live in, I might as well be good at it."
— Phil Condit, ex Boeing Co. chairman and CEO

Have you every considered the value of exporting products or services? Before you say no, there are a few things you might want to consider.

- 96 percent of the world's population lives outside of the United States.
- The estimated gross world product for 2005 was \$59.38 trillion.
- The world economy doubles approximately every 15 years.

These facts are interesting, but how does that affect a company in Alabama? To begin with, nearly 3,000 businesses in Alabama, that employ Alabamians, sell their products and services overseas. Of that, 75 percent are small- to medium-size businesses, according to the U.S. Chamber of Commerce Traderoots. Additionally, Alabama exported \$10.795 billion with a 19-plus percent increase over 2004.

The purpose of this article is not to tell you everything you need to know to do business globally, but to share



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with you the resources that will help you get started, and some of the lessons that others have learned.

WHY GO GLOBAL?

For most small- to medium-sized businesses, the U.S. market is big enough to expand almost indefinitely. However, if you do want to sell globally, all you have to do is spin the globe, and you can find an opportunity.

There are a number of benefits for going global with your products and services. For example, entering the international market can protect you against the risk of decline in domestic markets and, most important, significantly improve your overall growth

IN 2005, THE TOP FIVE COUNTRIES TO RECEIVE SERVICES AND PRODUCTS FROM ALABAMA WERE CANADA, GERMANY, MEXICO, JAPAN AND CHINA.

potential. Here are just a few other reasons:

- Extend the sales life of existing products and services by finding new markets to sell in
- Reduce dependence on the U.S. markets
- Exploit company technology/innovation
- Establish countercyclical market

to balance out seasonal demands

- Learn how to compete in the global marketplace

In 2005, the top five countries to receive services and products from Alabama were Canada, Germany, Mexico, Japan and China. Another consideration is India, which is the fastest growing free-market democracy in the world. The 1 billion-plus population presents lucrative opportunities for exporters. In 2005, India placed 11th on the Alabama export list, but the dollar amount grew 39 percent over 2004.

WHERE TO BEGIN, AND WHO CAN HELP?

The thought of selling your products or services globally sounds daunting, but the good news is there are a number of resources to help you define a global vision and achieve success.

One of the best resources is the Alabama's Resource Guide, which can be downloaded or printed at www.ado.state.al.us/int_trade.asp. The guide provides contact information for local, state and federal agencies, as well as information on how they will assist you. The same website also provides information on trade seminars, trade leads, a database of Alabama companies that export products/services and more. Here is a sample of the contacts in the resource guide:

- U.S. Department of Commerce
- Alabama Development Office
- Alabama Export Council
- Alabama International Trade Center
- Alabama World Trade Association
- Alabama Germany Partnership
- Japan American Society of Alabama

A group not listed in the resource guide is the Alabama India Business Partnership, which has a website at www.alabamaindiabusiness.com.

LESSONS LEARNED

One of the biggest mistakes companies make is failing to plan. While small businesses are particularly vulnerable to poor planning, larger organizations are often guilty, also. You may not have the time to plan

properly; however, do you have the time to fix the problems caused by poor planning?

Other lessons learned include:

Don't underestimate the need to conduct a due diligence — It is never fun to find out that a business associate is dealing with legal, financial or some other problem. Don't make assumptions — check it out.

Poor assumptions about marketing — Don't make the assumption that if it works in the U.S., it will work anywhere. If you want to be successful, you will need to tailor your sales and marketing efforts to each country. Don't ignore the cultural differences that shape the marketplace. The same is true for pricing, shipping, payment terms and packaging.

Here is an experience shared by an Alabama company that exports marketing products and services. "We had originally planned to use black and gold in a marketing brochure until we learned that black in their culture means death, and gold is reserved for royalty. What might have appeared to be a small thing, could have been disastrous for our marketing initiative."

Don't assume business will be done in English — Familiarize yourself with the local language as much as possible. However, if you can't speak the language, bring your own interpreter. If they provide an interpreter, the interpreter will have the other person's interests at heart, not yours. It is not polite to expect potential clients to learn our language so you can do business.

According to Richard Newton, an international business attorney in Birmingham, selecting a legal adviser that knows the culture of the country that you want to work with can save time, money and improve negotiation outcomes.

UNDERSTAND THE CULTURE

Deals are often won or lost based solely on the ability or willingness of a businessman to observe the traditions of a potential client. One big difference between doing business domestically and internationally is culture. According to Hilka Klinkenberg, founder of Etiquette International in New York City, less than 25 percent of U.S. business ventures abroad are successful. "A lot of that is because Americans don't do their homework or because they

think the rest of the world should do business the way they do business," she says.

The Japan American Society of Alabama (JASA) is an organization in Alabama that helps businessmen and women learn about Japanese

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culture. The organization provides tips to help business professionals avoid making costly mistakes in an international business meeting.

Here are just a few examples that were provided in a recent Japanese Business Etiquette seminar provided by JASA.

- To impress the Japanese, you must dress according to your status.

- Avoid using large hand gestures, unusual facial expression and any dramatic movements.
- A smile can have double meaning. It can express either joy or displeasure.
- The Japanese are not uncomfortable with silence. They use it to their advantage in many situations.

Mary Jane Curry, Ph.D. with Trans-Cultural Solutions Inc., says, "We tend to interpret other speech and body language as if their intent is exactly what ours would be if we did or said the same thing."

The thought of going global is daunting. However, if you will adapt to the cultural differences of the country that you will trade with, and take advantage of the resources that are available, you can achieve great success. •

Richard E. Wallace is the founder and managing director of Organizational Success Management (OSM), a company whose primary objective is helping decision makers increase profits, and optimize productivity utilizing strategies that deliver long-term sustainable results. To learn more about OSM, visit www.osmconsulting.com or call 205-567-6305.

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