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**International Demand: The Market Share Mother Lode**

July 13, 2009

By Mark S. Masters

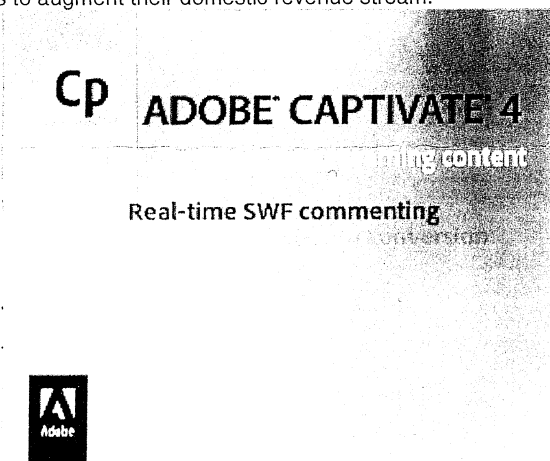
The grim economic news flooding our ears and airwaves these days has less to do with floundering performances among U.S. industries, and much more to do with flawed and poorly executed financing practices.

Companies large and small who've weathered the economic storm are no doubt performing at the same levels of competency they had in years past. It's just that now they have more restrictive rules with which to comply. The new challenge facing today's businesses is how to perform in spite of tighter lending terms...and how to stay afloat and on course until the private and institutional capital markets are satisfied the toxic backwash of speculation is in our wake.

As of March 19, Thompson Reuters reported \$7.5 trillion in funds on the sidelines—money market funds and savings—which equals 110 percent of the S&P market cap. Nor did this change dramatically in Q2. While public policymakers debate what to do about this stagnant and staggering sum, there are no hall passes for the rest of us, particularly those of us who reside on the "revenue" side of corporations (sales and marketing, specifically).

While others might be content to bide their time, waiting for the markets to clear up, what's demanded of the rest of us is that we have a well-defined, forward-thinking plan to will help our clients increase both revenue and market share.

So where do we take our organizations to add new revenue and grow? While international audiences are not the entire answer, they are a bona-fide "shovel ready" consideration for the rest of us. Consider the market activities of these two companies. They operate in different regions of the U.S. and are of varying sizes, but both have been investing in business activity abroad the last few years to augment their domestic revenue stream.



**Formtek**

In 2004, metal forming manufacturer Formtek, a wholly owned subsidiary of Mestek, invested \$1 million to set up a manufacturing facility outside of Beijing for their Lockformer and Iowa Precision brands. Despite more modest goals, through 2008 this business unit has generated \$23.5 million in sales and over a 20 percent return on investment each year starting in 2005.

"The business units in Formtek have sold products abroad for about 50 years, but we always manufactured domestically," explains Mestek CEO Bruce Dewey. "However, it became clear that the supply of international manufacturing and service presence, and the engineering talent required to build our specialized, high caliber equipment was becoming less available in North America.

"Our strategy began from a focus on technical strength and quality process to establish a reliable, lower cost supply chain, a flexible machinery assembly facility, and strong service capability to re-capture customers in Australia and East Asia. To our surprise, the Asian presence also attracted new customers in the Middle East, South America, Eastern Europe, and India, to name a few places."

Nor was that the end to the benefits. "A second pleasant surprise was that our presence in Asia also increased the demand for other machinery we only manufactured in the United States," says Dewey. "We generated more gross profit and there was virtually no change to the U.S. operations until the recent economic tsunami."

**RMB Products**

Since relocating from Simi Valley, CA, to Colorado Springs, CO, in 1992, RMB Products has grown from a \$3.5 million business to a \$16 million one. This manufacturer of high-performance thermoplastic resins serves multiple industries including aerospace, chemical processors, semiconductor equipment makers, defense, and a range of rapid manufacturing applications.

International volume currently contributes about 10 percent of sales. "We see that changing incrementally this year and next," says Randy Gardiner, CEO of RMB. "It would not be surprising for our international volume to represent 20 percent of sales by 2011.

"What the international opportunities mean for us is additional customer and global diversity that add up to a more stable revenue base," he elaborates. "This diversity

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is an absolute must for financial stability and should be a part of every company's long-term business plan. While the 'drive-by' news media continues to promote and paint a doom-and-gloom prospect for our economy, we see this as the opportune time to explore new markets—both internationally and domestically—and pursue strategic acquisition opportunities."

RMB knows there are regions of the world where they want to be a contender. In contrast to what is reported in the U.S., there are countries where the U.S. has a trading surplus (Norway and Switzerland, for example), and these are currently more stable for doing business.

So yes, opportunities do exist...though resourcefulness and diligence are needed in identifying and choosing your pursuits. There are several countries where consumer confidence is good, including India, Vietnam, China, and Denmark. As mentioned above, Norway and Switzerland's strong trade surplus with the U.S. suggests those countries will remain active.

Recently, the new CEO at Proctor & Gamble announced his ambitious goals for the years ahead: doubling sales in places like India and Africa. In thinking about new prospects, it should be encouraging to realize this big world really has become more accessible, provided we're willing to step out and introduce our brands and offerings.

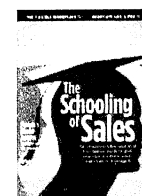
For all the negative economic news we are currently enduring, here's something you'd do well to recall: Many of the world's biggest companies began in what history has chronicled as tough periods for business. Many started out with a single product or service, growing not by big leaps, but incrementally; the choices they made yielded advances, especially when times were turbulent.

In all likelihood, the leaders of these companies are working hard at this very moment, trying to determine ways to take advantage of the current market environment. You can be certain their plans include a thorough look at whatever part of the globe might offer a competitive advantage, and you can be equally certain that this is the precise mindset that will help them grow and thrive.

Mark S. Masters is president of *MarketMotion*, a Colorado Springs-based market planning practice with multi-sector experience.

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