

# COLUMBUS BUSINESS FIRST

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## Some firms hesitant to take export plunge

Business First of Columbus - by [Carrie Ghose](#)

Several years ago, a tiny Columbus scientific software company made a presentation at an international biotechnology conference in California. Representatives of a large Japanese corporation were so impressed, they followed the company's executives to the airport and made a deal for a \$500,000 contract, providing instant access to a foreign market.

Today, the 24-hour service demands on his software company have CEO Adel Mikhail pulling back on global trade for Rescentris Inc. But he is seeking more penetration in Asia for a different business, his DNA analysis venture, Phylogeny Inc.

His experience shows just how easy, and how difficult, it can be for a business with a few dozen employees to go global.

"It takes a lot more effort dealing with international business than you would expect in a small company," he said.

But even a tiny company can help the state by exporting, he said.

"Bringing money into Ohio is more positive than moving money around within Ohio," Mikhail said.

Small and medium businesses with 500 or fewer employees make up 88 percent of Ohio exporters, said Deborah Scherer, director of the Global Markets Division at the Ohio Department of Development. Especially with down times at home, small businesses should think now about global opportunities, she said.

"Small businesses have come to the realization that to grow their company and have a better reach for their product they have to look globally," said Vinita Mehra, attorney in international business practice at Columbus-based Kegler Brown Hill & Ritter Co. LPA. "A lot of the emerging economies like India and China have a very strong, growing middle class market."

The challenges are real but benefits palpable, Scherer said. Global competition leads U.S. companies to hone their products and processes, she said, and research shows exporters grow by at least 2 percentage points faster, are 8 percent less likely to go out of business and pay at least 13 percent higher wages than non-exporters regardless of size.

Weigh the complexity of going international against the potential revenue, said John Lewis Jr., vice president of BioOhio, a trade group for the biosciences, and the decision should be easy. "Why limit yourself?"

About a third of companies that don't export say they're waiting for information on market opportunities, and several government-backed programs provide it free or for minimal fees, Scherer said.

### More free help

Businesses too often get scared off by the thought of navigating import, tax and intellectual property laws, said Omar Diop, director of the state-federal International Trade Assistance Center based at Columbus State Community College.

"It's nonsense," he said. "It's about being educated. That's something that can easily be overcome."

The center helped about 100 businesses this year, said Diop, even though he said it hasn't marketed itself widely.

The Global Markets office a few years ago was a source for almanac-like packets on countries, Mehra said, not the full-on matchmaking service it operates now.

"They've done a better job of trying to understand what the companies in Ohio need," she said.

The U.S. Export Assistance Center in Columbus can help research if a commodity needs a special customs license and has country-by-country information on how to protect intellectual property. Both the state and federal offices can help find distributors – Global Markets has offices on every continent but Antarctica. Businesses also can get advice on regulations, marketing and financing.

"Our trade managers will sit down with them, talk through a strategy," Scherer said. "What we're able to do is a lot of the research and on-the-ground legwork that a small company might not be able to do themselves."

### Karaoke and other pitfalls

Those counselors and several small business representatives each said that exporting takes a long-term commitment.



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Adel Mikhail is the founder and CEO of Columbus-based Phylogeny Inc., a DNA analysis business. International clients account for 30 percent of the company's sales.

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“Major expenses are involved,” Mehra said.

A company needs to research tariffs, intellectual property laws, permit processes especially for biotechnology, the best shipping method and whether it's better to do the manufacturing or license the technology to an overseas partner.

“You make mistakes every day,” said Dave Martin, CEO of Bluegrass Farms of Ohio Inc., a Jeffersonville soybean farm and processor. “If you can survive, obviously it wasn't too big.”

Time zone differences don't erase high customer service expectations, Lewis said. “You have to have somebody answering the phone and responding to e-mails at 11 at night.”

Technology can help with some barriers, such as free Internet-based video communication services, said Joseph Wisne, president of Dublin-based Roto Studio, a design firm for museum exhibits and entertainment complexes. But cultural differences sometimes mean accepting late payments or doing a lot of up-front unpaid work before landing a customer.

“You simply have to choose if you want to take the risk,” he said.

Each culture has its own surprises, Mikhail said. Chinese customers tend to start negotiating terms after a contract is signed. In Japan, he had to learn the custom of closely inspecting a business card, rather than the American way of idly stuffing it in a pocket without a glance.

Also in Japan, he said, “They make you do karaoke, so I haven't been back.”

### Helping hands

- Global Markets Division: Ohio Department of Development office's services include market research, trade missions, help on selecting finance options and other advice; 614-466-5017; [development.ohio.gov/globalmarkets](http://development.ohio.gov/globalmarkets)
- U.S. Export Assistance Center: Commerce Department program services include export counseling and mentoring, market research including a customized report on potential overseas partners (for a fee), marketing and financing; 614-365-9510; [buyusa.gov/greatlakes/columbus.html](http://buyusa.gov/greatlakes/columbus.html)
- International Trade Assistance Center: Program of state Department of Development and U.S. Small Business Administration for Ohio businesses new to exporting, services include readiness assessment, marketing plans, market research, regulatory education and access to financing; 614-287-3850; [pdio@cscc.edu](mailto:pdio@cscc.edu); [globalohio.org/assistance\\_centers.htm](http://globalohio.org/assistance_centers.htm) and [sbdcfreeadvice.ning.com/group/ITAC](http://sbdcfreeadvice.ning.com/group/ITAC)
- Fisher College of Business International Programs Office: Ohio State University office can link Ohio companies with business, language and legal faculty experts and teams of business student consultants; 614-292-0845; [fisher.osu.edu/international](http://fisher.osu.edu/international)
- Other resources: industry associations, [export.gov](http://export.gov), [sba.gov/aboutsba/sbaprograms/](http://sba.gov/aboutsba/sbaprograms/)
- [internationaltrade](http://internationaltrade)

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