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AND IRS AUDIT TO WIN TOP EXPORT HONORS

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GEORGIA'S PEACHY

AND WORKING HARD FOR EXPORTERS
LIKE SASCO CHEMICAL GROUP
[BY JERRY DEMUTH]

LOOKING AT THE POSSIBILITY OF EXPANDING INTO A NEW SITE IN 2009, the third generation owners of Albany, Georgia-based SASCO Chemical Group Inc., Marc and Rusty Skalla,

turned to a local representative of the state's Department of Economic Development (DEcD) for help.

The manufacturer of anti-tack and mold-release agents did receive help, but it was in expanding its international sales. At the time, company president Marc Skalla admitted to having no idea the

▲ CHEMICAL BROTHERS

Rusty (left) and Marc Skalla, third-generation owners of SASCO Chemical Group, turned to Georgia's DEcD to expand international sales.

DEcD's international trade team could help his company overcome the relative inexperience of its export program. SASCO had found some distributors in Asia and Mexico on its own, but with negligible results, those relationships amounted to nothing but "wasted" time.

A senior trade manager with Georgia's DEcD started by focusing on Mexico, where the department has an international office, and helped SASCO participate in a leading metalworking trade show in Monterrey, Mexico, early in 2010. The DEcD's director of international trade, Kathe R. Falls,



GEORGIA IS HOME TO ABOUT 3,600 INTERNATIONAL FACILITIES FROM 60 COUNTRIES. AND ABOUT 70 INTERNATIONAL GOVERNMENTS HAVE CONSULATES AND TRADE COMMISSIONS HERE.

has closely followed SASCO and calls the Monterrey show “a major turning point” for the company.

“The department introduced SASCO to key industry contacts that led to relationships that significantly increased SASCO’s international sales,” Falls explains. “Since that time, SASCO’s international sales have increased, primarily due to three new international representatives that were introduced to SASCO by the department and the U.S. Commercial Service [of the U.S. Department of Commerce’s International Trade Administration].”

SASCO expanded its original facility and opened a new research and development center. In October 2011, the company received the Governor’s International Trade Award for its ongoing success and exporting growth.

In addition to its Mexico City international office for trade and tourism, Georgia has offices in nine other countries.

“Those 10 international offices,” says Falls, “provide in-country appointments for companies and customized business partner-matching services. We do trade shows overseas, we have incoming delegations [and] we have a variety of other services.

“We have a lot of international ties within our state. Georgia is home to about 3,600 international facilities from 60 countries. And about 70 international governments have

consulates and trade commissions here. Add to that the world’s busiest airport and the Port of Savannah, which now hosts the most shipping services of any East Coast port, and you have a really good support system.”

The Georgia Chamber of Commerce also has become more active in promoting exporting.

“We host two events a year that bring in executives from around the world,” says Chris Clark, the chamber’s president and CEO, “and we’re doing webinars on export opportunities.”

Clark says the chamber has also started participating in international trade missions, and already has three under its belt. “We’re trying to reach out to those companies that maybe haven’t thought about exporting yet, getting them the information they need. It’s been well received, particularly in our rural communities where exporting might not have even been on their radar.”

Rick Marquardt is SVP of global operations at NCR, Inc., “a global technology company with self-service solutions for ATM machines and software, POS systems and software and airline check-in systems,” according to the company’s website. Marquardt says he “spent about a month and a half flying around to many different states looking for the best building, the best business environment and the best business partners,” as part of his search for a

state in which to locate the company’s first U.S. manufacturing facility. “In some states, a building facilities manager would meet me and that was it. Some would show up with a few business people. That was it.”

But in Georgia, Marquardt says he was met by a mayor, an entire city council, Chamber of Commerce officials, a utility representative and potential contractors, all for the initial 15-minute meeting.

“They brought out all the guns, which was quite impressive,” he explains. “Then when I met with them downtown with high-level executives, plus business development people, they actually flew their business development folks in from five cities to make one-hour pitches to me.”

In 2009, NCR moved its headquarters from Ohio to Georgia and built its first U.S. manufacturing facility in Columbus, Georgia, which produces the company’s ATMs, self-checkout machines, cash dispensers and other machines, all of which will be distributed in the U.S. and exported to Canada and Mexico.

Georgia, Marquardt says, “delivered on every single thing that they offered and more.”

The team approach also helped Georgia reel in Caterpillar, which is building a new Building Construction Products Division manufacturing facility in Athens. Memphis-based project location specialist J. Michael Mullis says a team of about 15 people from six



or seven Georgia departments—including transportation, revenue, environmental protection, community affairs and economic development—spent three months attracting the company to Georgia.

DEcD's Falls says this team approach to drawing companies to Georgia "has been evolving for the past several years" and is "something we feel very strongly about."

But a company looking to expand or move into the state easily can contact DEcD, the major utilities, economic development teams, job training leaders and others by simply going to one building—the RBC Building in Tech Square in downtown Atlanta—where a promised Export-Import Bank office also may locate.

Both NCR and Caterpillar are also benefiting from QuickStart, Georgia's free job training program run through

MONEY-MAKING MACHINES

Rick Marquardt cutting the ribbon on NCR's new Columbus-based ATM manufacturing facility.

the state's 25 technical colleges and the technical divisions of two universities.

The QuickStart training for NCR, done in cooperation with Columbus Technical College, was specific to learning the skills needed to produce actual NCR products.

"QuickStart was part of their sales pitch," says Marquardt. "Usually those types of things sell better than they actually perform. In this case it was just the opposite. They actually performed better than what they originally sold me."

"They mocked up our production line and created a mini-factory

three blocks from our real factory, putting potential employees through a rigorous course," he explains. "By the time they walked into our factory, they actually knew all the basic concepts." A second mock factory was later set up to train workers for NCR's second Georgia factory.

The QuickStart program is available at no cost not just to companies new to Georgia but also to those expanding that need to hire additional workers.

"Our biggest hang-up is finding qualified workers," says Steve DePriest, general manager for sales at Austell-based Georgia Hydraulic International, which manufactures hydraulic cylinders and other machined components for heavy equipment. "That's been the biggest issue we have had for stunting our growth."

Two or three years ago, as its export markets grew to account for as much as 20 percent of its sales, DePriest says Georgia Hydraulic turned to QuickStart, which now trains the company's future workers in computerized machining.

The huge pump systems that Brunswick-based Holland Pump Manufacturing produces and installs throughout the southern states may not seem like an exportable product. "They're too big for exports," admits marketing manager Sarah Long. Yet, with some state help, the company created LobePro, a subsidiary used to manufacture and market worldwide a new line of small rotary pumps that

“MARQUARDT WAS MET BY A MAYOR, AN ENTIRE CITY COUNCIL, CHAMBER OFFICIALS, A UTILITY REPRESENTATIVE AND CONTRACTORS, ALL FOR THE INITIAL 15-MINUTE MEETING.

handle mud slurries, sludge, waste water and corrosive chemicals.

Georgia also benefits from the presence of Hartsfield-Jackson Atlanta International Airport, from its Atlantic coast ports at Savannah and Brunswick, and from three inland ports—two linked to the Gulf of Mexico and one, which opened in October 2011,

sometimes two-to-one, even three-to-one, imports versus exports.”

And in cargo density, Savannah is second only to New York/New Jersey, Watson points out. It is also the single largest container terminal in the U.S.

“Port of Savannah,” says Mullis, “is one key reason Caterpillar is in Georgia.



STACY B. WATSON

General manager for economic and industrial development at the Georgia Ports Authority

linked to the Savannah port.

An extensive interstate highway system has also helped Georgia rank 12th among all states in the value of exported goods in 2011 (\$34.7 billion, up 20 percent from 2010, according to U.S. Census Bureau data).

In July 2012, the Savannah port was placed on a fast-track for a scheduled deepening, making the port capable of handling the larger vessels expected when the Panama Canal's expansion opens in 2014.

“Exporting through the ports is actually going up,” says Stacy B. Watson, general manager for economic and industrial development at the Georgia Ports Authority. “In the last 12 months, exports have been about 53 percent of our business. At other major container ports, it’s

“Whether it be water, rail or air, Georgia has a very integrated network that works exceptionally well. That’s a strong selling point. In today’s environment, particularly in manufacturing, you’re going to see a lot of inbound component material from around the world. And you’re going to see a lot of outbound finished product.”

At its Georgia facility, Caterpillar will produce small track-type tractors and mini hydraulic excavators for Canada, South America, Europe and the domestic market, according to Mary Bell, CatBCP vice president.

But Georgia’s top officials, chamber officials and businesses such as newcomer Caterpillar were dealt a setback last July 31. Voters rejected a proposed 10-year, one-cent sales tax to finance transportation infrastructure improvements, including those made to roads, which was seen as especially important for gridlocked Atlanta. But backers have vowed to try again.

DECD’s Falls says that the size of the companies assisted by her department has changed since she joined in 1984, when the companies receiving help had about 200 employees and were only considering exporting.

“Now, last year, about 55 percent of the companies we helped had less than 20 employees. And smaller companies require a lot more assistance.”

She says her office typically spends about three years with a company, learning its products, its current and potential overseas markets, and then helping the company tap into those markets.

As Georgia’s state and local officials recognize, helping grow export activity is important for the Georgia’s business climate.

SASCO President Skalla says that his company’s international growth “has challenged our company to be more rounded, efficient and innovative. The challenges with servicing customers abroad have helped build a stable platform for SASCO to grow from.” ■



KATHE R. FALLS

Georgia DECD's director of international trade