

# BUILDING PRODUCTS SUPPLIER SHARES EXPORTING SECRETS

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For small businesses worried about the inevitable ups and downs of the business cycle, here's a tip: there are great markets for U.S. products overseas. Over 97 percent of U.S. exporters are small or medium-sized businesses. Exporting makes good business sense for these companies—having customers around the world can insulate against market turbulence.

The most important? It pays to be cautious — check out your potential buyers to avoid surprises.

Piccolo is the President of Artcrete, a small Louisiana business. The company's signature product is a concrete finishing system that makes concrete look like brick, stone, slate, or tile — for a fraction of the cost. The magic is in a stencil. The process goes something like this: concrete is poured and a cardboard stencil is laid on top while

Piccolo didn't start out with exporting in mind. Instead, he set out with a smart goal: to diversify his customer base. In 1989, after being in business for several years and selling mostly regionally, Piccolo and his partner decided to expand their reach. The crash of the oil economy in the late 1980s meant that building in oil boom towns was slowing — a serious blow to Artcrete. Piccolo decided to raise Artcrete's profile with a booth at a major industry trade show, World of

## PICCOLO DECIDED TO RAISE ARTCRETE'S PROFILE WITH A BOOTH AT A MAJOR INDUSTRY TRADE SHOW, WORLD OF CONCRETE.

Frank Piccolo is one small business owner who sought out opportunities in global markets. He thinks the 2008 Olympics in Beijing could mean big business for his building products company as new construction projects take off in China. These days, he's selling not only to China, but also to buyers in Canada, Mexico, Japan, Hong Kong, France, Belgium and Saudi Arabia. But Piccolo wasn't always so confident about doing business in tricky markets like China. Nor was he so savvy about the risks. But in the ten plus years he's been exporting, he's learned some tricks of the trade.

it's still wet. Then a mixture of sand and pigment is tossed on top of the stencil — “just like chicken feed,” says Piccolo. The stencil keeps the pigment in place and ensures that the design looks realistic — concrete “bricks” have strips of white “mortar” in between and the striations in slate look like the real thing.

It's a product with a wide range of applications and Piccolo says he's sometimes had more inquiries than he knew what to do with. Even so, he says building his export business was a challenge — but one that paid off.

Concrete. He'd done his research and knew that trade shows can be a good way to reach a broad audience of potential buyers at once. But what he didn't expect was the huge interest that would result from the show — and the challenges he'd face in dealing with it.

### WHAT YOU DON'T KNOW CAN HURT YOU

Piccolo and his partner leveraged themselves heavily to make a good showing at World of Concrete. And it paid off — at first. Even before the show, an article about Artcrete in a

Photo courtesy of Artcrete



Frank Piccolo, owner of Artcrete, displays an example of their signature product

pre-show publication prompted 40 or 50 calls a day — says Piccolo, “the phone started ringing immediately.” And after an enthusiastic reception at the show, Artcrete was “swamped.” But after shipping out responses to 600 inquiries a week, Artcrete was struggling.

Then Piccolo got an inquiry from an Australian buyer with deep pockets. In exchange for distribution rights to the entire continent, the buyer purchased a huge order of 100 rolls of stencil. Just like that, Artcrete became an exporter. When the product reached Australia, “it was like the Hula Hoop,” recalls Piccolo. Sales took off and Artcrete began to ship containers as fast as they could fill them.

But at this point, how much did these Louisiana boys know about international business? Not much, says Piccolo. “We were flying by the seat of our pants,” he recalls. And unfortunately, they were headed for a fall.

### THE TROUBLE WITH SUCCESS

“We were trusting souls,” says Piccolo. He and his partner conducted business over the telephone and never met the international distributors they signed. Their instincts were good, but as Piccolo now warns other small exporters, good instincts aren’t enough. He learned this the hard way when he lost serious money on a deal with a crooked buyer in Brazil.

It was then that Piccolo turned to his local Export Assistance Center in Shreveport, part of the network of the U.S. Commercial Service, a Commerce Department agency that provides international business support to small and medium-sized U.S. companies.

### HELP IS AVAILABLE

At the Shreveport office, Piccolo met former director Norbert Gannon and current director Pat Holt — and found out he didn’t have to go it alone. Holt has colleagues in embassies around the world and with a phone call can do a background check on a foreign business. Piccolo says he’s never again done business without first checking out the potential buyer with Holt’s office.

Holt says that U.S. business owners need to carefully target the best markets for their products and then be prepared to deal with cultural differences, unfamiliar labeling standards, customs issues and a host of other challenges. “Helping navigate the exporter through the exporting process is a big part of what I do,” says Holt. She and her colleagues have access to a vast amount of market research; if more is needed to answer highly specific questions about particular markets and products, customized research is available from one of the Commercial Service experts around the world.

Holt says one of the things her agency excels at is bringing buyers and sellers together. Piccolo agrees, citing his experiences with the agency’s Gold Key Service, in which Commercial Service specialists overseas arrange meetings for the visiting U.S. businessperson with the best prospects in their market. Background checks and interpreting services are part of the package, which cuts preparation time for businesspeople like Piccolo. “All I had to do was show up,” he says. He recalls that a Gold Key Service in Shanghai consisted of 12 appointments in 2 days. For a small business owner, less time on the road means real bottom-line savings.

Piccolo now swears by the Gold Key Service, which he’s done in Mexico, Hong Kong and several other countries in between.

These days, Piccolo can stay at home and still find buyers. He says most of Artcrete’s international inquiries are generated from quarterly advertisements in *Commercial News USA*, a product catalog produced by the U.S. Commercial Service and provided free to international buyers.

### LESSONS LEARNED

Despite his years of experience, Piccolo still maintains a healthy caution toward international inquiries. He advises other small businesses to be scrupulous about checking the credit and reputation of potential international buyers and encourages them to enlist the help of their local Export Assistance Center.

Piccolo also recommends common sense and basic travel safety. He reads up on State Department travel advisories before he leaves the country and always registers with the American consulate in the country he’s heading to. In addition, he remains in close contact with U.S. Commercial Service specialists before, during and after his trip.

Shreveport director Pat Holt thinks that a world of opportunity awaits Louisiana small businesses. “95 percent of the world’s consumers live outside the U.S.,” says Holt. “And because the world’s consumers know U.S. products are excellent, our companies enjoy a competitive advantage. My job is to help local companies use that advantage.” ■