

## 1. Executive Summary

The American Widget Association (AWA) is a trade association that represents practically all U.S. widget companies. Headquartered in Phoenix, AWA, has represented the widget industry since 1977.

AWA seeks \$341,617 in Federal funds for its three-year project, the Sinfonia Initiative. AWA will match the Federal portion with \$710,514. AWA envisions working closely with the following partners:

- C International Trade Administration (ITA):
  - Trade Development's Office of Gadget and Gizmo Industries
  - S Market Access and Compliance's Office of European Union and Regional Affairs
  - S Foreign Commercial Service's officers in Treble, Sinfonia.
  - S Export Assistance Center officials nationwide.
  
- C Audio Jamming Device Association (AJDA)

Summary of the Sinfonia Initiative:

- (1). Establish AWA office in Sinfonia.
  
- (2). Prepare promotional information for Sinfonian market.
  - S Translate association and company literature into Sinfonian.
  - S Create Sinfonian version of websites.
  - S Create web-based executive briefing on web content guidelines and e-business.
  
  - S Help U.S. companies to develop appropriate content for their listings on the Sinfonian web page.
  - S Counsel U.S. widget companies on website upgrades and exporting.
  
- (3) Take American widget-related companies to Sinfonia.
  - S Create web-based executive briefing on export financing, logistics, and other export topics.
  - S Hold two technical seminars in Sinfonia to showcase American widget technology.
  - S Lead two trade missions to follow up on technical seminars.
  
- (4). Bring Sinfonian potential customers to U.S. trade show WidgExpo.
  
- (5). Establish AJDA office in Sinfonia.

## 2. Background Research

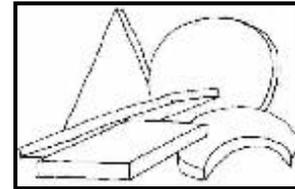
### a. Market Potential of U.S. Widgets

#### (1) The Industry

##### (I) Widget characteristics and Uses

The widget was developed by seismologist Rick Torr in 1970. Dr. Torr developed the widget to use in highly sensitive weight measuring equipment to counter the effects of localized ground vibrations. The company he founded, Rick Torr Scales, is still the industry leader in the helium measurement industry; however, widespread use of the widget did not begin until 1974, when inventor and amateur vocalist Eddy Sun proved that the widget was effective in detecting falsetto notes. His company, Sun Technologies, provides falsetto detectors to every opera house in the world that uses falsetto detection.

The widget industry did not take off until 1976, when Sun came out with its “B-G Jammer”. This device allowed radio listeners to selectively tune out music without adjusting the volume of their radios. By 1978, widget sales were in the millions and several companies had begun production to meet the demand of manufacturers like Sun. Several others began to produce jammers of their own design and brand name.

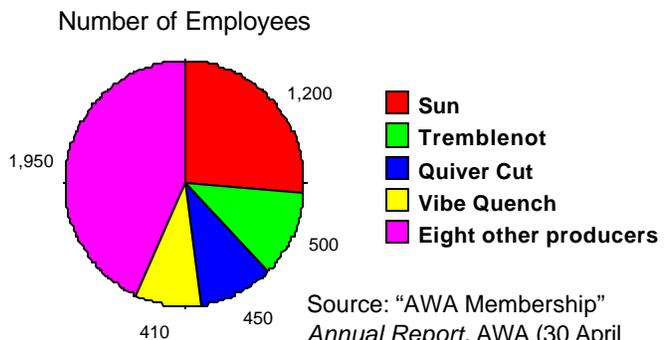


Manufacturers make widgets to meet a variety of customer specifications.

##### (ii) Widget Producers

Sun, with about 1,200 employees, and annual sales of \$400 million is by far the biggest player in the widget market in the U.S. and globally. The next biggest company is Shake Break, a UK firm with about 1,000 employees and \$350 million in annual sales. The rest of the U.S. producers, including Tremblenot, Quiver Cut, and Vibe Quench, are much smaller as illustrated in the chart.

### U.S. Widget Producers

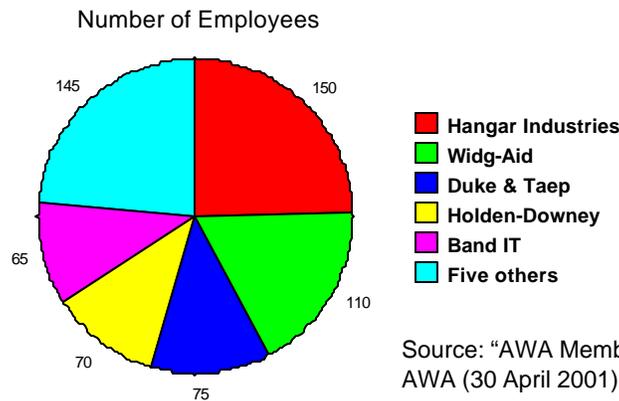


Source: “AWA Membership”  
*Annual Report*, AWA (30 April  
2001) at 17.

(iii) Widget After-Sale Service Providers

In addition to the producers, several U.S. firms have specialized in after-sales service of devices that employ widgets and the attendant technology. These include Hangar Industries, Widg-Aid, and Duke & Taep, Ltd. As summarized in the chart below, these after-sales service firms are all small- to medium-size operations.

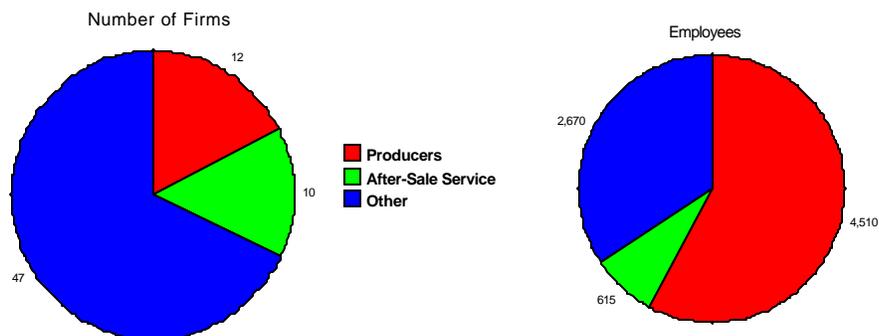
**U.S. Widget After-Sale Service**



(iv) Other Widget-Related Businesses

Several AWA members do not produce widgets or provide after-sale service support for widget-rich products. The biggest of these is Widg-bot, a 370-employee firm that specializes in robotic equipment for manufacturing widgets. Other firms in this category sell widget handling and special storage services, widget sleeves, inserts, mountings, and widget control devices. Forty-seven AWA-member companies fall into this basket category of widget related industries

**AWA by Category**



(v) U.S. Capacity Utilization

Production capacity has been driven by steadily increasing domestic demand from the vibration processing industry in the United States. Average capacity utilization was as high as 92% as recently as 1995.<sup>1</sup> While the widget industry continued to invest in plant modernization and research and development, the demand since 1998 has declined. In 2000, total U.S. production capacity stood at 99,700,000 units per year. That same year total U.S. widget production was 72,200,000. Industry leaders agree that this 73% capacity utilization rate is too low for a widget producer to be profitable in the long term. Financial analysts estimate that because of the high cost of capital investment, a long-term average utilization rate of a least 80% is required for profitability.<sup>2</sup>

The handful of companies in the 250-500 employee range have particularly low levels of capacity utilization, 66% on average. This amounts to 10,000 units per year of unused capacity for just these producers. The smaller producers have a much higher rate of 78%, mostly because they supply niche markets for scientific instrumentation that have not suffered from the downturn for mass-market consumer products.<sup>3</sup>

(2) Foreign Markets

(i) Worldwide Demand

In 1985, U.S. producers of vibration processing devices, the industry that uses widgets as components in its products, accounted for roughly 2/3 of world demand for widgets. By 2000, U.S. demand accounted for less than half of the world total. As indicated in the chart below, most of the growth in demand will come from Europe. European producers, prodded by state-subsidized research and development investments in the late 1970s and early 1980s have always had a substantial presence in the market. Korea's standing as a market player is due mostly to a joint venture with Sun in the 1980s<sup>4</sup>. After Korea beat Japan to market, no Japanese producers every materialized. U.S. and European producers have toyed with the idea of joint ventures or wholly owned subsidiaries in China,

---

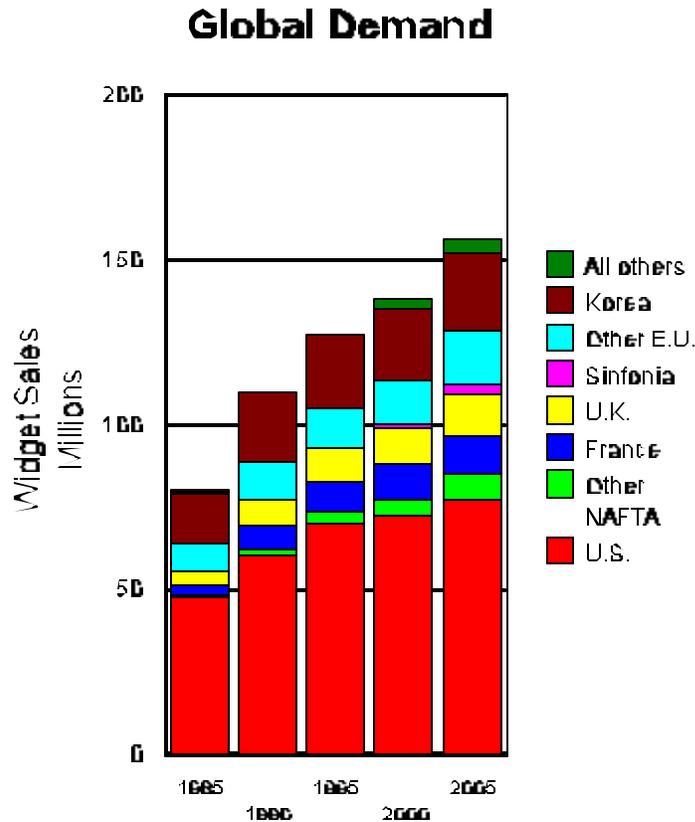
<sup>1</sup>In the late 1980s and early 1990s, industry-wide capacity utilization during some months was as high as 98%.

<sup>2</sup>"Overcapacity in Widget Industry?", Wall Street Journal (17 Jan. 1991) at A-1.

<sup>3</sup>*Widget Reporter*, AWA (5 Jan. 2000) at 5.

<sup>4</sup>Most of Sun's BG-Jammer product line is now produced in Korea. Sun's vertical integration is unique. It is the only widget producer worldwide that also produces an end-user product.

but nothing is currently planned. Because widget manufacture is capital-intensive with labor as a minor cost component, Both European and American producers have focused on getting better returns out of the capital investments they have already made.



Source: "Widget Demand," Widget Institute (15 July 2000) at 17.

(ii) Sinfonian Widget Market

As indicated on the chart, Sinfonia is just emerging as a market for widgets. AWA estimates that Sinfonia has imported as many as 100,000 widgets beginning in 2000.<sup>5</sup> Because of the variety of

---

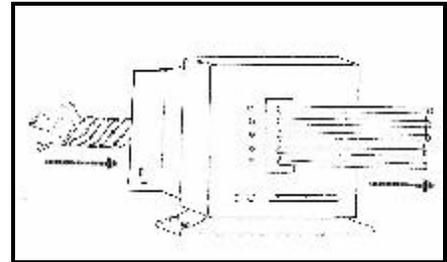
<sup>5</sup>AWA's estimate is based on a market research report commissioned through the Foreign Commercial Service in Treble, Sinfonia's capital, and sources familiar with the widget industry in Europe.

sources and the relatively small quantity, AWA believes that the imports are being used for trials and research and development.

Sinfonian labs are currently experimenting with technology that will allow mass processing of notal chords. These rare plants are the raw material used to produce the standard five-bar billets used in applications ranging from karaoke machines to coral arrangements (for both natural and cultured).

Sinfonian notal chords are of the highest quality in the world. Because of this, and the fact that Sinfonian hand processors are skilled, efficient, and inexpensive, Sinfonian companies have been able to charge a premium for their five-bar billets.<sup>6</sup>

Sinfonian labs are experimenting with widget-based technology in order to cut labor costs. Sinfonian industry leaders must recognize that, with admission to the European Union and accession to the World Trade Organization, labor costs will rise. Reducing the labor inputs in this highly profitable export is, perhaps, the most logical next step.



The technology for automated processing of notal chords was developed by the University of Baritona in 1999. The basic principal is to feed raw notal chord through a torque chamber whose chief feature is a serial widget array. The audio tension produced in a torque chamber extrudes the raw material into the five-bar billet.

In this artist's conception, a notal chord is shown entering the torque chamber housing, with a five-bar billet exiting the front of the device. Courtesy *Industrial Séance*, (15 Dec. 1999) at 78.

With the advent of automated notal chord processing, Sinfonia's demand for widget inserts should take off. Based on test results, Sinfonian processors should be able to achieve a consumption rate of 7/10 of a widget for every billet produced.<sup>7</sup> In 2000, Sinfonia sold 4,530,000 billets.<sup>8</sup> If these had been processed using widget technology, they would have translated into sales of 3,171,000 widgets. ( $4,530,000 * 0.7 = 3,171,000$ ). Based on AWA's understanding of the technology, we estimate that Sinfonia's billet production could be completely automated by 2005. Because the annual growth rate in billet demand worldwide is about 2%, Sinfonia could easily need 3,500,000 widgets per year by

---

<sup>6</sup>In the mid-1980s, a French company considered growing and processing notal chords in Madagascar, but abandoned the project early on due to low plant quality and difficulty finding or training qualified personnel. See *Plantation Today*, (17 Sept. 1988) at 17.

<sup>7</sup>*Industrial Séance*, (15 Dec. 1999) at 78.

<sup>8</sup>*Républiqa Sinfonia Commerciastatistica*, (30 June 2000) HTS no: 456.999.00034.

2005.<sup>9</sup> (3,171,000 increased by 2% over 5 years.)<sup>10</sup>

Sinfonia's adoption of automated billet production should translate into a new widget market worth over \$70 million per year. (3,500,000 widgets per year \* \$20 per widget.)

Automation of notal chord processing is more than a technical possibility. It is almost certain to become economic reality. Economists with the European Bank for Reconstruction and Development reviewed the notal chord processing industry in 1999. EBRD determined that the current labor-intensive production methods, new technology and new access to capital through EU membership makes this industry "ripe for automation."<sup>11</sup>

(iii) Choice of Sinfonia as Target Market

Although the Widget Institute's widget demand statistics on page 5, show very low widget consumption currently in Sinfonia, its adoption of automated notal chord processing technology will increase its demand dramatically. In fact, of all the markets, Sinfonia shows the best potential for short-term growth, with demand more than tripling in five years.<sup>12</sup>

(iv) Longer Term Strategy

The \$70 million Sinfonian market is not the biggest market, but it is the most promising. AWA estimates that with the drop in production cost, Sinfonian billet-makers will increase production. This, in turn, will increase Sinfonian demand for widgets.

Sinfonian billet producers are not the only target customers for widget technology. As Sinfonian affluence increases, so will the market for audio jamming devices.<sup>13</sup> These devices are the more

---

<sup>9</sup>*Républiqa Sinfonia Commerciastatistica*, (30 June 2000) HTS no: 456.999.00034. See historical trends on page 321.

<sup>10</sup>The 2% growth rate is low. It was calculated before sumo karaoke products were announced. See page 15, for a less conservative analysis of demand that projects the effect of this new product.

<sup>11</sup>*Notal Chord Processing in Sinfonia*, EBRD (15 June 1999) Pub No: 007099.

<sup>12</sup>Most of the Widget Institute's funding comes from AWA.

<sup>13</sup>The experience of the European Union is telling. Wealthy countries France, the U.K., Germany, and Sweden all saw sales of personal audio devices (a category that includes audio jamming devices) rise fairly quickly after introduction of products in the market. Less wealthy consumers in Greece and Portugal are adopting more slowly. Ireland, whose consumers had fairly low per capita GDP

traditional use of widgets. Because of this prospect, the Audio Jamming Device Association (AJDA) has joined this project as our partner. AJDA's export success may not be as imminent as AWA's, but now is the time to start preparing to exploit this potential market. Sinfonia can also serve as a base for increasing widget-related sales to the rest of the European Union.

(3) Marketing

The marketing channels for Sinfonia are not much different from those in the United States: relatively small companies operating their own production facilities for products that require widgets. The major difference is that in the beginning, practically all of the widgets sold to Sinfonia will be consumed in the manufacturing process instead of incorporated into finished product. Eight AWA members have already developed and sold widgets to customers that use widgets as consumables instead of as components. Several other AWA members that do not actually produce widgets, specialize in services for the budding consumable widget industry.<sup>14</sup>

The biggest challenge to selling to Sinfonian executives is usually Sinfonian business etiquette. In Sinfonia, business is never discussed over a meal, at least not until the non-Sinfonian has proved themselves in the sauna. Like Russians and Finns, Sinfonians are famous for stripping down and enjoying a sauna together. What makes them peculiar is their love of sauna karaoke. With very few exceptions, Sinfonians buy only from vendors who are willing to bare all and bear their soul at the same time. As business consultant G. Lee Rose notes, "If you won't sing 'My Way' in your birthday suit, you can't do business in Sinfonia."<sup>15</sup>

In preparation for this MDCP application, AWA's board polled its member executives about their willingness to do business in Sinfonia with the understanding that sauna karaoke may be required to ensure success. Questionnaires were sent to executives from all 69 member companies, which we followed up with phone calls. We received responses from 63 companies. Only two companies could not come up with at least one executive willing to do sauna karaoke in order to make a significant sale.

---

when personal audio devices first hit the market in the early 1980s has seen sales of such products take off as its per capita GDP has increased dramatically in the 1990s. See "Personal Audio Device Adoption in the EU: 1980-2000", *EU Today*, European Commission (15 October 2001) at 34-38.

<sup>14</sup>All of the AWA members in the consumable widget sector are CE Mark certified and ISO 9000 compliant.

<sup>15</sup>*Doing Business in Sinfonia*, G. Lee Rose (Maximillion, New York, 1998) at 41. Rose goes on to acknowledge that this odd business practice is destined to disappear as Sinfonians open more to traditional West European business practices.

(4) U.S. Competitive Position

In March 2001, after consulting with our International Business Development committee and the Finance committee, AWA's board identified Sinfonia as the most promising area for sales growth worldwide. With current unused capacity to produce another 27,500,000 widgets per year, the U.S. industry is poised to establish new export markets. As AWA's Chairman of the Board, Mona Kull put it, "If we don't increase exports, we don't survive."

AWA brings more than the will to succeed to the project. Eight AWA member companies are already able to produce the consumable widgets the Sinfonia chord processors will need. Moreover, the Sinfonia Initiative is based on a long-term strategy that should continue to help widget industry companies for some time to come. Gaining a foothold in Sinfonia for the consumable widgets will lay the groundwork for sales of durable widgets used as components in jammers and other next-generation products.



**b. Competition**

(1) Sinfonian Producers

There are no widget producers in Sinfonia. Widget production demands a highly skilled labor force, high capital investment costs, and a healthy amount of research and development. It is difficult to imagine Sinfonia overcoming such barriers to entry in the near term. Credit, though more readily available now, is too expensive for many companies. Equity is still viewed with suspicion,. And, the scientific and university communities lack both the funding and expertise required for widget research and development.<sup>16</sup>

(2) Third-Country Producers

Of the 100,000 widgets Sinfonia imported for testing and evaluation in 2000, only 100 came from a U.S. widget producer. The rest came from the U.K. and France. This is not surprising given Sinfonia's lack of exposure to U.S. widget producers or even to products that employ U.S. widgets. (Audio jammers are practically unheard of in Sinfonia.)

(i) Advantages for Third-Country Producers

AWA suspects that Shake Break, the second largest producer in the world, is the source for most of the widgets Sinfonia has imported. This is not surprising given its proximity and product familiarity. Treble and Baritona are both served by non-stop one-hour flights from London's Hedgerow Airport.<sup>17</sup> Moreover, Shake Break manufactures the only widget-based product sold in Sinfonia: the wild boar caller, introduced in 1995. Too expensive for the average Sinfonian hunter or wildlife photographer, business executives and high government officials have all abandoned their traditional ram-horn callers for the new technology.<sup>18</sup>

(ii) Advantages for U.S. Producers

The widgets used in Shake Break's boar caller certainly provided the company with an "in" with Sinfonian business executives. It underlines the Europeans' dominance in the mammal signaling sector

---

<sup>16</sup>"Sinfonia in the World Economy", Economist Intelligence Unit (19 April 2000) at 62.

<sup>17</sup>Sinfonia's accession to the European Union also makes interchange easier. U.K. citizens, unlike their American counterparts, do not need visas and can work and live in Sinfonia for unlimited amounts of time. See "Primer on EU Labor and Immigration", *Europe Today* European Commission (7 June 2000) at 73.

<sup>18</sup>"Boer-dom Yields to Excitement Over Game Call", *Field and Scream* (30 Aug 1998) at 117.

of the industry. However, no European producer has gotten a long-term production contract for providing consumable widgets.

U.S. producers Quiver Cut and Vibe Tech are the only two producers in the World to have landed prime contracts for this budding market sector. They already supply Malaysian and Taiwanese producers of sculpted Mylar. Of the six other U.S. firms that can produce consumables, four are currently pursuing long-term supply contracts in China and Thailand.

Another advantage U.S. firms have is the depth of experience among companies that do not actually produce widgets. Four or five AWA companies have already developed specialities as subcontractors to turn-key integrators who build plants that use consumable widgets. A few other AWA companies specialize in consumable widget waste disposal, handling, and packaging. AWA is not aware of any such capability in Europe, although member-company executives have heard reports from East Asia clients that Shake Break and a French company, BougePlus, are offering some consumable-widget support services.

**c. Economic Situation and Export Prospects**

Situated in the Atlantic Ocean between Ireland and Spain, Sinfonia is an Island nation about the size of Ireland. It is difficult to compare Sinfonia with its neighbors. Sinfonians have a reputation for being proud about what distinguishes them from their better-known neighbors.

Although it is the westernmost country of Western Europe, Sinfonia has not benefitted from the region's high level of prosperity. The per-capita gross domestic product (GDP) is much higher in the UK, France, Ireland, Spain, and Portugal. However, the per-capita figures are misleading. They result primarily from large families that usually feature one parent in full-time paid employment and one in the home.<sup>19</sup> When this demographic distinction is considered, household income is much closer to Western European norms than per-capita income alone indicates.

Sinfonia's uniqueness is based in history as well as economics and demography. For centuries, Sinfonia defied the great powers that surround it. In the 1500s and 1600s, it annoyed Spain by tolerating British pirates and privateers. During the Napoleonic wars, it confounded France by refusing to yield to rule by Napoleon's third cousin. In the 20<sup>th</sup> Century, Sinfonia remained neutral in WWII and rejected EU membership several times before finally joining near the end of the century. Things have begun to change. Now, Sinfonia is reaping the benefits of integration, including a new power grid, made possible

---

<sup>19</sup>Sociologists have speculated that Sinfonia's average of 3.6 children per family is most likely the direct result of frequent black-outs. "If children are a blessing" quipped Dr. Pershans N. Meades, "then Sinfonia's unreliable electrical grid has showered the country with more than its share of blessings." See *Economy, Demographics, and Sociology of Sinfonia*, University of Bilbao (12 April 1998) at 24.



Sinfonia's recent membership in the European Union has been greeted with open arms by many Sinfonian business people. Foreign entities can invest with very few restrictions now. Local firms, though still underfinanced, are more likely to get loans if they do decide to borrow. Some are even warming to the idea of selling equity shares. Since the demise of the Pranoistas in 1993, the clef, after five years of instability, has been fairly stable in relation to the U.S. dollar.<sup>22</sup>

(2) Microeconomic Considerations

(a) Sinfonian Industrial Customers

In the past, Sinfonian companies in all sectors shared one obvious impediment to business expansion: lack of capital. The regulations and lack of available capital that characterized Pranoista governments before the early 1990s hurt all Sinfonian companies. Current Prime Minister Felipe Harmonia's government has, under the banner of complete European integration, liberalized the banking and securities industries. Since 1999, foreign banks have had practically no restrictions on operating in Sinfonia.<sup>23</sup> Treble's tiny stock exchange has also benefitted. Since 1998, it has been affiliated with London's stock exchange.<sup>24</sup>

(b) Sinfonian Widget Consumers

AWA's near-term target is industrial consumers of disposable widgets. However, AJDA is confident that within a few years, per capita income and consumer attitudes will have changed enough to make Sinfonia a viable market for widget-based consumer products. On average, economists have found high-end consumer audio products to be viable in markets where average per-capita GDP reaches \$12,000 per year.

(i) Ability to Buy

At \$7,600 per year, Sinfonia has a ways to go to reach that level. Sinfonia will probably become viable as a market before reaching the \$12,000 threshold. Because Sinfonians have such large families, they benefit from economies of scale in household income. This frees up more disposable income than the standard per capita figure indicates.

More importantly, AJDA calculates that demand in Sinfonia will take off as soon as the average

---

<sup>22</sup>"Sinfonia in the World Economy", *Economist Intelligence Unit* (19 April 2000) at 32.

<sup>23</sup>"Sinfonia Bank Restrictions Fall", *Economist* (7 February 1999) at 45.

<sup>24</sup>"Sinfonia Plays FTSE", *Economist* (27 May 1998) at 41.

Sinfonian has the means to buy audio jammers. Although the Pranoista regime is now a thing of the past, there is still a fair amount of nostalgia for some Pranoista traditions. One of these is the playing of “Sin Salsa” in restaurants, stores, and other places of public accommodation.

(ii) Interest in Product

While many older Sinfonians love to hear the old music playing, most young people despise it. With the average age of legislators at 53, the likelihood of banning Sin Salsa from public places is not good in the short-term.<sup>25</sup> The legislators are old enough to like Sin Salsa but not so old as to be politically vulnerable. Until young Sinfonians come into their own politically, they will want to do all they can to jam Sin Salsa sounds. U.S. audio jamming products, based on widget technology, promise to be a big hit in Sinfonia.

(3) World Demand for Sinfonia Products that Rely on Widgets

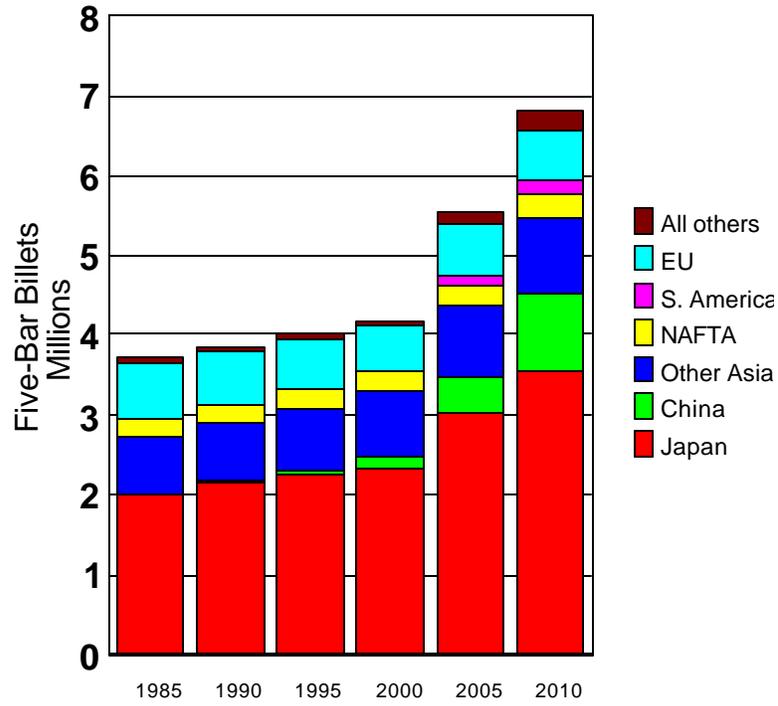
When Sinfonia automates its notal chord processing, it will be able to make several times the number of five-bar billets that it currently produces. Fortunately, the primary market for these billets, karaoke, should be able to absorb the likely increase in production. Karaoke has taken off in China in the last year. Moreover, in Japan, a new sumo-karaoke is coming out that produces much higher volume by consuming five-bar billets at a rate three times the traditional machines.<sup>26</sup>

---

<sup>25</sup>“Stil Out of Touch in Treble?”, *Economist* (17 March 2001) at 24.

<sup>26</sup>“New Product Will Meet Rising World Demand”, *Karaoke Monthly* (16 June 2001) at 32.

## Global Demand



Source: "Billet Demand," *Karaoke Today* (15 July 2001) at 19.

### **3. Project Description**

#### **a. Work Plan**

A chart summarizing the staging of the work plan is provided in Appendix 1.

##### (1) Establish AWA Office in Sinfonia.

Because of their proximity to Sinfonia and the marketing of at least one widget-based product in Sinfonia, our competitors from the UK and France are already “on the ground”. The U.S. industry must have a presence if it is to succeed. Part of the U.S. industry’s strategy with this Sinfonia Initiative is to build on AWA’s short-term success with longer-term success by AJDA, which will establish its Sinfonian office in the third year of the project.

##### (2) Prepare Promotional Information for Sinfonian Market

AWA, AJDA, and widget industry companies all need to be prepared to present general information about their companies and their products to Sinfonians in Sinfonian. This includes translation of brochures, which will be subsidized through the Sinfonia Initiative. It also includes basic export and e-commerce considerations for U.S. executives. These will be developed in cooperation with the Software and Information Industry Association (SIIA), which just completed a series of seminars across the United States on how to use e-business to export. The individual activities are listed below.

- C Translate association and company literature into Sinfonian.
- C Create Sinfonian version of websites.
- C Create web-based executive briefing on web content guidelines and e-business.
- C Help U.S. companies to develop appropriate content for their listings on the Sinfonian web page.
- C Counsel U.S. widget companies on website upgrades and exporting.

##### (3) Take American Widget-Related Companies to Sinfonia

U.S. widget industry companies are eager to go to Sinfonia (as evidenced by the willingness of company officials to sing sauna karaoke). AWA and AJDA will organize the initial effort to get U.S. officials to Sinfonia through the activities listed below.

- C Create web-based executive briefing on export financing, logistics, and other export topics.

- C Hold two technical seminars in Sinfonia to showcase American widget technology.
- C Lead two trade missions to follow up on technical seminars.

(4) Bring Sinfonian Potential Customers to U.S. Trade Show WidgExpo

Although the economic restrictions of the past have been lifted, Sinfonian companies are still pretty undercapitalized compared to most of their EU colleagues. Lack of money by Sinfonian executives should not keep them from WidgExpo in Las Vegas. One component of the Sinfonia Initiative is to pay the travel expenses of eight Sinfonian executives to WidgExpo in October 2004. AWA would choose the executives to travel. These executives would pay only for their registration fee. AWA and AJDA feel that it is very important to get Sinfonian executives away from our UK and French competitors. WidgExpo will show the Sinfonians a sampling of the widget industry worldwide. We are confident that they will come away impressed with the U.S. industry.

(5) Establish AJDA office in Sinfonia.

Establishing an AJDA office is a natural next step for the U.S. widget industry. Audio jamming devices represent a much larger potential market than the industrial widget customers that Sinfonia currently has to offer. The opening of the AJDA office won't come until the third year of the project. This will allow AJDA to build on AWA's experience. It will also allow AJDA to wait until Sinfonian per capita income is high enough to establish a viable market for audio jamming devices.

**b. Performance Measures**

AWA currently tracks sales information through quarterly reports submitted via email by member companies. Members' responsibility to report accurately and in a timely fashion is stated in the terms of membership. AWA has a 95% response rate since it began using this approach in 2000. AWA will add to the report requirements, both categories of performance measures listed below.

(1) Applicant-Designed Measures

The initial Sinfonian customers will be notal chord processors that must automate their plants before they will buy large quantities of consumable widgets. Accordingly, the ultimate measure of our success during the three-year project period will be the signing of memoranda of understanding (MOU). Actual export sales in any volume will not occur before mid- to late 2005, the earliest that automated processing could begin. Currently, there are 22 notal chord processors in Sinfonia, each of which account for about the same amount of market share.

(a) Contracts or MOUs by End of 2005: 22

Because U.S. companies are the only ones currently selling consumable widgets, and because of the perception of U.S. widget products as technologically superior, we can confidently expect to secure supply contracts or MOU with over half of the Sinfonian producers by the end of 2005.

(b) U.S. Participants in Technical Seminars/Trade Missions:  
4 Consumable Widget Producers and 8 widget-Related Firms

In order to have 22 MOUs or contracts by the end of 2005, U.S. companies need to be busy getting the word out in Sinfonia. Two of the eight U.S. makers of consumable widgets have already notified AWA that pursuing the Sinfonian market does not fit in their business plans at the moment. AWA has preliminary commitments from the remaining six to participate in the technical seminars. Because the schedule has not been nailed down for the technical seminars, we are being conservative, estimating that perhaps only four of the six will actually be able to attend.

Of the 47 widget related companies, 21 have indicated that they could invest travel time and funds in the Sinfonian market. Based on our 34 years of experience matching the intentions and the actions of our members, we estimate that a little more than half of these companies will actually participate. We use the goal of eight companies as a conservative goal since it also represents the average number of widget-related services that consumable widget customers use.

(2) Government Performance Measures

As noted above, AWA will collect from its members on a quarterly basis, the information described below.

- (a) Perception of value to U.S. businesses including:
  - (i) level of awareness and understanding of ITA products and services,
  - (ii) satisfaction with the quality of ITA products and services,
  - (iii) ease of use of ITA's Internet portal,
  - (iv) ease of access to ITA export and trade information and data.
- (b) Number of deals executed by U.S. businesses.
- (c) Dollar value of exports of U.S. businesses.
- (d) Number of U.S. businesses that are new to export.
- (e) Number of U.S. businesses that are new to market.
- (f) Brief description of each partnership between ITA and a public or private entity that is established or enhanced.

- (g) Number of export activities undertaken by U.S. businesses including the examples of initiatives outlined in Section IV.A.1. of the MDCP Federal Register notice (66 Fed. Reg. 16176 at 16182 (23 March 2001)).

**(3) Performance Measure Recording and Reporting**

As noted above, AWA will collect performance measurement information in its quarterly reports from members. This information will be reported to ITA in AWA's quarterly program reports.

**c. Partnership with ITA and Other Entities**

(a) Trade Development's Office of Gadget and Gizmo Industries

AWA and AJDA have discussed the Sinfonia Initiative with officials from Trade Development's (TD) Office of Gadget and Gizmo Industries. Some of the elements of the initiative resulted from those discussions. We believe that this office's participation in the technical seminars and trade missions will impress Sinfonians and be a great help to AWA and AJDA. We would also find TD's help with our e-business strategy to be very useful. TD's partnership with SIIA on using e-business for exporting will guide us.

(b) Market Access and Compliance's Office of European Union and Regional Affairs

Because of Sinfonia's recent absorption into the EU and the WTO, we do not anticipate any significant market access issues. However, we welcome the opportunity for a quick briefing from Market Access and Compliance well in advance of our first technical seminar.

(c) Foreign Commercial Service's Officers in Treble, Sinfonia.

The Senior Commercial Officer has already advised us informally about setting up an office in Baritona, Sinfonia. We will purchase the International Partner Search to identify candidates for our office director position as well as a few initial widget industry contacts to use for advertising our technical seminar.

(d) Export Assistance Center Officials Nationwide

Wherever we can arrange it, we would like to have an official from the nearest Export Assistance Center (EAC) accompany AWA officials during visits to member companies to discuss the Sinfonia Initiative.

(e) Audio Jamming Device Association (AJDA)

As outlined in the work plan, AWA will be cooperating with AJDA, with AWA taking the lead. The Sinfonia Initiative culminates with the opening of AJDA's Sinfonia office in the third year of the project.

**d. ITA Priorities and Project Priorities**

(1) Broaden Awareness of Export Programs

The Sinfonia Initiative will broaden the participation in exporting, in part, by making smaller companies aware of ITA programs. Our partnership with ITA offices will be evident to participating companies. These should be reassured to have ITA on their side.

(2) E-Commerce

The Sinfonia Initiative has e-commerce as an important component for reaching and maintaining links with the market.

(3) Export Education and Assistance

Through the Sinfonia Initiative, we will develop educational tools and provide company-specific assistance in exporting.

**4. Credentials**

**a. Description of AWA Membership/  
Qualifications, Structure, and Composition**

As noted above, AWA membership is divided into three categories: producers, after-sale service, and other widget-related businesses.

**b. Degree to Which AWA Represents the U.S. Widget Industry**

AWA represents all U.S. widget manufacturers. All the after-sale servicers certified by Underwriters Lab are AWA members. As regards the "other" category, the definition of which companies should fall into the category is less precise. Most of the companies sell products and services to customers outside of the widget industry as well as to those inside. AWA estimates that at least 90% of companies that provide "other" widget-related products and services are AWA members.

**c. The Role Foreign Membership Plays in AWA Affairs**

One AWA company, Linkletter, Ltd., is a Canadian after-sale service provider. Another Canadian company, LaFleur, Ltd., is an AWA member that falls into the “other” category. Neither company sits on any AWA governing committees. If involvement by either of these foreign companies on an AWA committee would jeopardize the Sinfonia Initiative, AWA requests that ITA notify it immediately.

**d. History of U.S. Widget Industry Competitiveness in International Markets**

U.S. widget companies made their first foreign sales to Canada in 1975. The first foreign sales beyond Canada were to Mexico in 1984. An AWA member established a joint venture in South Korea in 1987.

**e. AWA’s Export Promotion History**

AWA began export promotion in 1984 when we did a technical seminar in Monterrey. Since then, on an ongoing basis, AWA has counseled its members on exporting. In 1988, AWA brought one of its members together with a Korean firm to establish the first overseas widget joint venture. Since then, AWA has sponsored at least one trade mission per year. Destinations have included France, the UK, Germany, Korea, Italy, and Mexico.

**f. Partner’s Export Promotion History**

The history of AJDA is outlined in its annual report, attached as Appendix 2. In the last ten years, AJDA has sponsored public relations campaigns in several EU countries, North America, Japan, and South Korea. AJDA has also organized trips to several trade shows in Europe and East Asia.

**g. Resumes**

**(1) Project Director**

The primary contact and project director will be AWA’s Marketing Manager. Curriculum vitae is provided in Appendix 3.

(2) **Principal Staff**

Curriculum vitae for the principal officials is provided in Appendix 3.

h. **Projection of Time Each Professional Will Devote to the Project**

See budget worksheets provided in Appendix 7.

5. **Finance and Budget**

See Appendices 4-8.

6. **Forms**

See Appendices 14-17.

7. **Other Appendices**

See List of Appendices.

<b>List of Appendices</b>			
<b>#</b>	<b>Title</b>	<b>Included in Example</b>	<b>Notes</b>
1.	Work Flow Chart	<b>X</b>	See notes for Appendices 4-8.
2.	AJDA Annual Report 2000		Should include most recent audited financial statements.
3.	Curriculum Vitae for Key AWA and AJDA Personnel		Includes Exec. Dir., Mkt. Mgr., as well as position descriptions for Sinfonian Office Dir. and Assistant.
4.	Budget Information (Form 424A)	<b>X</b>	<p>Developed as a linked spreadsheet, which is available in Lotus (.wk4) and Excel (.xls) formats. Feel free to use this spreadsheet file as the basis for creating your own budget. Note the following features that may help you to read the worksheets:</p> <p>Green-numbers are entered.</p> <p>Red numbers are <b>calculated</b> automatically in the spreadsheet.</p>
5.	Budget for Project Award Period	<b>X</b>	
6.	Calculation of Fringe Benefits and Indirect Costs	<b>X</b>	
7.	Personnel Expenses	<b>X</b>	
8.	Non-Personnel Expenses	<b>X</b>	
9.	AWA Annual Report 2000		Must include most recent audited financial statements.
10.	AWA List of Members		
11.	AJDA List of Members		
12.	Letter of Eligibility		A one-page letter from MDCP Mgr. If you don't have one, contact Brad Hess A.S.A.P.
13.	Letters of Partnership		Letter from AJDA's Exec. Dir. certifying agreement with MDCP application.

<b>List of Appendices</b>			
<b>#</b>	<b>Title</b>	<b>Included in Example</b>	<b>Notes</b>
14.	Application for Federal Assistance (Form 424)	<b>X</b>	One of the pages from the linked spreadsheet described under Appendices 4-8 above.
15.	Assurances - Non-Construction Programs (Form 424B)		See instructions at: <a href="http://www.export.gov/mdcp">www.export.gov/mdcp</a> (application kit)
16.	Applicant for Funding Assistance (Form 346)		
17.	Certifications: Debarment, Responsibility Matters; Drug-Free Workplace & Lobbying (Form 511)		
18.	List of Media Contacts		<p>You do <i>not</i> need to submit this as hard copy:</p> <ul style="list-style-type: none"> <li>o Send it as an email attachment to <a href="mailto:Brad_Hess@ita.doc.gov">Brad_Hess@ita.doc.gov</a>. Or, include it on a diskette submitted along with your application on.</li> <li>o Use a spreadsheet or database format(.123, .wk4, .wk1, .xls, .dbf).</li> <li>o The most important information is: <ul style="list-style-type: none"> <li>- Name of media outlet</li> <li>- Email address</li> <li>- Fax number</li> </ul> </li> </ul> <p>Why do we want this information?</p> <ul style="list-style-type: none"> <li>o We need to report on the use of taxes.</li> <li>o Our press release sent directly to media in your area and your industry will help your own PR effort.</li> </ul>

<b>Other Appendices As Needed or Desired</b>		
<b>#</b>	<b>Title</b>	<b>Notes</b>
o	Anecdotes that Demonstrate Export Success for Small Businesses	Often, the best way to demonstrate your vision for the project is to relate a brief story that illustrates how individual companies will benefit from your project. This can be based on actual experience with a smaller company or it can be projected as a model scenario for what you hope to accomplish. Whether you rely on an actual example or make one up, it should demonstrate your vision of what you want to accomplish with your project. You may include anecdotes as appendices or as part of you main text.
o	Brochures.	The information in an organization's annual report often provides enough general information about its mission. If you don't have an annual report or if yours does not include such information, include a copy of a brochure that describes what you do. We do <i>not</i> need to see a copy of everything you have ever published.
o	Letters of Support from Private Companies	Letters from executives of selected small companies that will participate in your project can help to illustrate that you have the support of the business constituency that you claim to represent or wish to help. A sampling of companies should suffice. You do not need to submit a letter from every company. Include such letters in your appendices. Your MDCP application will <i>not</i> be considered more favorably if you submit such letters directly to government officials.
o	Disclosure of Lobbying Activities (Form LLL)	Only required if, as explained in CD-511, 3.(2), the MDCP project includes lobbying the Federal Government.

<b>Other Appendices As Needed or Desired</b>		
<b>#</b>	<b>Title</b>	<b>Notes</b>
o	Support Letters from Public Officials	<p>Sometimes a letter of support by a public official is highly relevant to the viability of your proposed project. For example, if you are partnering with a state government agency or using state funds, a letter from the governor, state agency head, or comptroller would be required.</p> <p>Considerations for public official support letters:</p> <ul style="list-style-type: none"><li>o Except as noted above, these letters of support from public officials are neither required nor expected. MDCP awardees are selected pursuant to our published evaluation procedures.</li><li>o If you provide support letters, include them as appendices. This increases the likelihood that all reviewers will see them. Letters submitted separately after your application will be inserted into your application. Because this usually occurs after we have already sent application copies out for evaluation review, it is often difficult to ensure that all reviewers see all such letters of support.</li><li>o Letters can be addressed to the Secretary of Commerce.</li></ul>
o	Other documentation	<p>You may wish to refer the reader to additional explanation in the appendices; however, the essence of your application must be included in the narrative and the budget appendices.</p>