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SMALL BUSINESS GROWTH STRATEGIES

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Hisham Fawzi of Excel Holdings in Leesburg has found a global market for his creation, the WaterFinder, which condenses drinkable water from the humidity in the air.

Going global

Exporting offers world of opportunities for small companies

BY TIMOTHY MAZZUCCA, CONTRIBUTING WRITER

Some small businesses bite off a larger market share than they can chew. Others take nibbles at an industry and never reach their full potential.

The lucky ones, thanks to well-polished business plans, sink their teeth into a piece of a market that is a perfect mouthful.

WATER FROM AIR

Hisham Fawzi, founder of Excel Holdings in Leesburg, created something that has international interest. Fawzi developed WaterFinder (www.excelwatersystems.com), which is a modified dehumidifier that produces drinkable water

from humidity. Depending on the amount of humidity, Excel's WaterFinder can produce five gallons of water per day.

Fawzi came up with the concept in 1997, when everyone was starting to ride shotgun on the crowded bandwagon of Internet hopefuls. He wanted to make something that would produce something people can't live without.

"I started looking at what human beings need, like food, water, raw materials," Fawzi says, "and water is the most important."

For the next four years, he developed and produced a prototype, refined his business plan. Last year, he signed distributors and set up an interna-

tional sales network. With only five employees, Excel has two subcontractors that manufacture the WaterFinder units, which allows Fawzi to keep his office small and personal.

In March 2001, the makers of the WaterFinder signed an agreement with a Singapore distributor to deliver units to 13 Asian countries. The next month, the company landed a deal worth more than \$35 million to deliver 200,000 WaterFinders to Mexico after attending a trade show.

In November 2001, Fawzi's company was honored by U.S. Secretary of Commerce Don Evans. And in

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Small exporters sell goods to global villagers

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early April, he found his company used as an example of a successful small-business exporter in a speech to promote trade given by President George W. Bush.

But all the domestic attention has not led the company to enter the commercial U.S. market. Fawzi, an Egyptian native, admits the American market is easier to penetrate both geographically and culturally, but that doesn't mean that it's a safer investment, he says. And the United States does not have the water shortages of other countries.

Fawzi says it's easier to penetrate the American market but "you have to be very strong financially because you have competition," adding that to gain a strong position in the United States companies need to spend more on marketing.

However, Fawzi has approached the military as an avenue to the U.S. market and is still awaiting a response.

The ultimate goal is for Excel's WaterFinder to be an everyday household appliance like a microwave or dishwasher, Fawzi says.

"It depends on how long customers take to react," he says. "Drinking the air is not an easy thing to be absorbed right away."

GOVERNMENT ASSISTANCE

For a small business, entering international markets can seem like a monumental endeavor, complicated by meeting two countries' sets of regulations, tariffs and customer development. However, the billion export industry offers many profitable opportunities.

And as Fawzi found, government advice

can be invaluable in meeting international regulations for a product or service. To help Excel network and set up distribution channels, Fawzi enrolled in the Gold Key program administered by the International Trade Administration within the Commerce Department.

"We have access to a lot of other organizations," says Greg Sizemore, director of the Northern Virginia Export Assistance Center, the Virginia arm of ITA. "We can help with strategies for entering markets, and we can serve as a business trade counselor."

Gold Key links U.S. businesses with potential international partners or customers. For \$400 to \$700, the office will coordinate selective overseas meetings for a company, providing them with all the due diligence before they make the trip. Many of the contacts that are made are through embassies or one of the 120 offices abroad, Sizemore says.

Small businesses can make domestic networking contacts through their state's export assistance center and get free international research from their offices.

Market intelligence can also be inherited through partnerships with large distributors. However, those partnerships may cost a small business more than it can afford.

COATTAIL EXPORTING

"Entering a foreign market will always cost you more than you anticipated," says Iris Harvey, chief executive of Bethesda-based Marketing Strategies & Solutions (www.mssmarketing.com). "Many companies don't have the appetite—investment, management time, desire to customize products—to go international."

Harvey, an exporting consultant, has

helped Motorola, General Motors, Philip Morris as well as many small businesses penetrate foreign markets. She says sometimes the sacrifice for small companies is worth the risk.

"Large, multinational companies that succeed abroad usually have global select joint-venture partners that know how to deal with political and regulatory issues," Harvey says. "An exporter has to be sure that they are not breaking any U.S. export-control laws, and they are protecting their intellectual property from international competitors."

Alexandria-based Delta Electronics did just that by forging relationships with big-name contractors like Rockwell International, Harris and Marconi.

Delta Electronics (www.deltaelectronics.com) designs, manufactures and sells high-frequency communication equipment.

The company, founded in 1961, also got an early jump on competitors that are entering their market segment.

"We've been around so long and we're so niche that we don't compete head to head with anyone in particular," says Joe Novak, Delta Electronics' vice president of marketing.

Domestic work makes up about 40 percent of Delta Electronics' work, but the company is waiting for U.S. military work to trickle down, Novak says. But for now they have enough international work to keep the 22-person company busy.

"The U.S. is a large market, but it's mature," Harvey says. "To go into exporting, you have to have adequate marketing intelligence and view the world through a different cultural lens to succeed."

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■ CLOSE UP

The U.S. Department of Commerce maintains three Web sites that help businesses with an interest in exporting.

■ BuyUSA (www.buyusa.com) allows companies to search for potential partners and customers, and make contact lists.

■ International Trade Administration (www.ita.doc.gov) operates export assistance centers for small businesses in every state.

■ U.S. Government Trade Portal (www.export.gov) helps companies find partners, get counseling and provides online information.