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FORUM

Companies must ply global markets

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You may reason, speculate, complain, form mobs, spend your life railing at Congress and your rulers, but unless you import less than you export, unless you spend less than you earn, you will be eternally poor.

— **Noah Webster, 1786**

In these economic boom times, it is difficult even to consider that there is still a threat to our prosperity. The country is back to the mid-1980s, when we used to spend more than we earned and generated trade deficits of more than $200 billion per year. Times are good, and nobody is paying much attention to this potential danger signal.

Special-interest groups are promoting trade legislation to reduce the burdensome deficits by closing the borders or imposing high import duties or quotas.

Global commerce is too interdependent today, and enacting such legislation could plunge the world into a 1930s-style depression.

U.S. products and technology find a ready market around the world. However, most companies do not have the talent to pursue this business opportunity. Internationalists and global managers are a rare breed. Most companies neglect to develop such talent, concentrating on the home market only. Management overlooks the fact that there is a vast potential other market with lucrative business opportunities: the world market.

Going global provides a powerful extra source of growth and spreads the risk. If one market or one economy is down, another one is very likely to be up. This cycle has occurred many times over the past decades.

Above all, exports create well-paying jobs, mainly in manufacturing. If one counts the subsuppliers and dependent service industries, each $1 billion in additional production for exports creates between 10,000 and 15,000 extra jobs. Ohio exports $27 billion worth of goods per year. The income of more than 300,000 Ohioans depends on these exports. Many of them are high-paying manufacturing jobs.

Before a company enters the global markets, a concept and plan are needed to assure that the expansion will bring the expected results. Without such a plan, a company new to international business simply will get lost in the uncharted waters.

A company must be not only export-willing, but also export-ready. Essentially, every company is export-willing, but few are export-ready. The first step must be the appointment of an international manager in tune with the differing cultural, economic and business conditions found around the world. Business conditions in South America, Europe, Asia or Africa are totally different from those in Columbus or New York City. To become a qualified internationalist can take years, and the wrong individual never will become one. A business must prepare itself to deal with people in various regions of the world before trying to develop a market in a specific place, so as not to alienate or offend future business partners.

A company that enters the global marketplace and withdraws when the results after just six months are not promising is ill-prepared. Some staying power is required, and the greatest disservice that a company can do itself is constant withdrawal and re-entry into certain markets, depending on business conditions. Customers and partners will lose confidence in such a company, and eventually re-entry into a market will become a virtual impossibility.

Such moves reflect poorly on the company and even more so on the country. A disappointed business partner or customer soon will forget the name of the company and the people he dealt with. He will not soon forget, however, the nationality of that company. Other companies from the same country will have a much harder time establishing a business base there.

Management of most companies continues to focus on short-term performance, rather than on building and maintaining market share at home and abroad. This contrasts with the high export priority of European and Japanese competitors, who cling tenaciously to market footholds, particularly during business slumps, and build on this basis when the economy recovers.

The fear and reluctance of industry to enter world markets must be overcome if we want to reduce or eliminate the trade deficits and provide a sound economy for the next generation. We cannot mandate legislatively that the world buy U.S. products. By adopting a global outlook and preparing future businessmen and businesswomen for their role in a global economy, however, international opportunities will abound.

We will not be able to eliminate the trade deficit in the short term. We can reduce the deficit significantly through re-education and create globally thinking business people who can cope with worldwide competition in foreign markets and the United States. The domestic economy will see a slowdown again one day. If a company is ready by then to address the world markets, a domestic slowdown will have much less impact on it.

Companies, large or small, are urged to make a commitment to get out into the world. Unless we can interest them in seeking markets beyond our borders, the trade-balance problem will remain with us until it becomes catastrophic.

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