Valley businesses learn to profit from exporting

By Stewart J. Wilson, Staff Writer
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Matthews Studio Equipment reversed a popular trade route to navigate the rising economic waters.

"We make stuff here and ship it to China," said a smiling Robert E. Kulesh, vice president of sales and marketing at the Burbank-based company, which makes a wide array of products used in film and still photography productions.

Kulesh’s simple explanation of how Matthews boosted its bottom line might set a good example for other San Fernando Valley area businesses struggling after the Great Recession.

At least that’s what officials of local economic development agencies and the Port of Los Angeles believe.

The Valley Economic Alliance, the Valley International Trade Association, Los Angeles County Economic
The Valley Economic Alliance, the Valley International Trade Association, Los Angeles County Economic Development Corp., and the U.S. Department of Commerce are among the entities encouraging businesses to view the world as one big marketplace.

The alliance, port and Commerce Department recently partnered in a "Trade Connect" workshop that highlighted the help available for firms that want to export. The event at the Anheuser-Busch brewery in Van Nuys drew a standing-room-only crowd of about 85 people.

Now planning is under way for a workshop in Northridge that will target the aerospace and manufacturing sector and another for businesses in the East Valley.

"I've seen more and more interest. Businesses need more sales, and exporting offers them an opportunity to increase their sales," said Peter Ruiz, the LAEDC's regional manager for the Valley area, based at the Alliance's Sherman Oaks office.

And it does seem like the world offers a rich sales target. According to the LAEDC, exports through the Los Angeles Customs District totaled $109.3 billion last year, an increase of 22 percent from 2009 and the second best year behind 2008.

But 85 percent of California companies currently don't export their goods and services and the number based in the San Fernando Valley area is likely higher, trade officials estimate. And 95 percent of the world's consumers are outside of the U.S., they say.

"We've been puzzling about this forever," Katherine Whitman, chairwoman of the Valley trade group and a professor of economics and international business at Mount St. Mary's College, said of the lack of local exporters.

"Perhaps most of the businesses in the Valley are small. But there is the chance of (export) success even for the smallest business," she said.

Matthews, a 41-year-old company now operating out of a 75,000-square-foot headquarters, distribution and manufacturing facility, offers a good example of export success.

The company, which has a 188-page product catalog, began exporting about 15 years ago.

"We realized we had pretty much filled the coffers with the production centers here and we saw that production was going offshore so we decided to chase it," Kalek said.

Today the company has customers in 73 countries with exports accounting for 43 percent of sales.

"Being a small company we couldn't do the whole world at once so we targeted Asia first. After about four or five years we targeted Europe and now our successes are in Central and South America," Kalek said.

Kalek, who travels about four months out of the year, often relies on the Commerce Department's regional office in West Los Angeles to help smooth the way when doing business on foreign soil.

The agency can prepare marketing reports on the sales potential of products or services in foreign countries, background reports on the people businesses will be dealing with, and do matchmaking - help business find a foreign partner.

Fees range from $550 to $1,500 for the latter.
"For that fee we will be your boots on the ground," said Julie Anne Hennessy, director of the L.A. office.

"We are the ones that actually do the search for you based on what you are looking for in a partner."

International trade is also a source of jobs for the Valley, said port spokesman Philip Samfield. The port generates 1,607 direct jobs here and 8,132 in indirect jobs, according to an economic analysis of the ports impact on the region.

"I think it’s a hidden jewel, the number one gateway to the world," said Jim MacLellan, director of trade development at the port.

The port has a lot of resources, including 13 shipping lines. And many of the ships that arrive here full leave with cargo space available, which means reduced shipping rates, he said.

As part of the Trade Connect project the port also offers a three-hour class designed to introduce businesses to the exporting experience and point out other sources of assistance.

Matthews Kulesh thinks Valley businesses should take advantage of these assistance programs.

"Businesses are missing out. If 95 percent of the world’s buying power is outside of the U.S. and you are not going after it, you’re not going after growth for your business," he said.

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