

# LOCAL INGENUITY

DEVELOPS NATIONAL/INTERNATIONAL MARKETS

By Patrick Garmoe

## NORTHLAND COMPANIES FIND EXPORTING PRODUCTS CAN BE BUMPY, BUT FRUITFUL, JOURNEY

As a more global economy blossoms, Twin Ports businesses are increasingly trying to manufacture or sell products outside northern Minnesota and Wisconsin. While statistics don't single out the Twin Ports, exports from Minnesota increased by 6.2 percent – or \$1 billion – between 2007 and 2008, the latest year

**F**or one company, it was a matter of getting the recipe just right. Another business had to expand into new markets to grow sales, while a third pursued an international sales strategy from the start.

the information is available. In total, according to the Minnesota Department of Economic Development, in 2008 the state exported about \$17.3 billion in products and raw materials.

“We are an international port,” said Tony Barrett, an economics professor at The College of St.



Scholastica. “A significant one.” Barrett said Duluth is a big exporter of service products as well, like education and health care. “When a college kid comes in, his or her money’s coming in. Education’s going out,” he said.

Whether it’s raw materials, services like education or products designed here and manufactured overseas, the Twin Ports export scene is thriving, thanks to many local businesses like Lance Reasor’s Reasor Products, Inc., maker of bags customers warm their pajamas in, and a caulk-warming product.

### NETWORKING LOCALLY PAYS OFF INTERNATIONALLY

When Reasor initially launched the pajamawarmer.com line three years ago, he figured he was going to ship his products internationally, thanks to the Internet. He also hired a representative who sold the product to companies who would then resell it.

Reasor advises anyone interested in

exporting products to spend a lot of time networking locally, like at the Twin Ports Inventors and Entrepreneur Club’s monthly meetings. In addition, he said several contacts within the University of Wisconsin helped him navigate getting products manufactured in China. A major challenge is making sure there’s enough time to get them produced and delivered.

“We never seem to start soon enough. And it seems at the last minute we always are scrambling,” Reasor said. For his pajama warmer line, three months typically go by between putting in the orders and seeing the finished products.

### YOU HAVE TO BE THERE

Reasor also relies on a local contact here to travel regularly to China, in order to work directly with the manufacturer on his company’s behalf.

Chester Creek Technologies has also contracted with a European marketing company to help it sell its unique keyboards for children and those with special needs in overseas markets. While Jack Kosmach,

director of operations for the company, still spends a significant amount of time early in the morning and late at night talking with foreign distributors, having a local representative in the area who speaks the language, has the contacts and lives in the same time zone as the clients really helps smooth the process, company officials have found.

While now the company has connections, clients and manufacturers all over the world, it’s a network that grew slowly and included some overseas trips to conventions to make those initial introductions. It’s critical, CEO Jim Gustafson said, to actually at some point meet face to face with the people you’re doing business with. Gustafson said the Minnesota Department of Trade helped demystify doing business overseas for this company.

### GOOD IDEAS SPREAD NATURALLY

But you don’t have to always have a physical product to export. Domestic Abuse Intervention Programs gained national attention after Duluth became the first city in America to implement a coordinated agency approach for stopping domestic violence, now called The Duluth Model. Because it was so successful,





communities throughout the nation and the world have replicated the programs and now world-famous "Power and Control" wheel.

"Because domestic violence is a phenomenon everywhere, there was a need, a hunger, a thirst for something that worked everywhere," said Linda Riddle, executive director of Domestic Abuse Intervention Programs.

The organization's classic Power and Control wheel, which breaks down the elements of abuse – economic, intimidation, emotional abuse, etc. – was created in 1984.

"I still get several requests every week to either use the wheel, or permission to modify or translate it," Riddle said. The wheel has been translated into more than 40 languages.

The concepts are universal and easily understood, which helped drive the message further, Riddle said.

## DON'T COMPROMISE ON QUALITY

It took two years before Grandma's Restaurant Company figured out how to replicate the exact quality and taste of the soups served in their restaurants for its grocery store product line. Until the company could do that, there was no way it would try and sell soup in grocery stores, said Brian Daugherty, president of Grandma's Restaurant Company.

"It was a homemade product, and trying to get that intricate recipe of chicken-wild rice – and translate it to large batches – was a much bigger task than I ever thought," he said. "It literally took us going on-site and showing large manufacturers how to properly cook our very specific products."

While some experts in the grocery industry coach restaurants to compromise on the taste of products destined for mass production in grocery stores, Daugherty said it was not only a point of pride, but also a belief that premium quality would ultimately pay off, if his company could say the grocery store soups were the exact same product as what was served in the restaurants.

"We knew that the success of the product would certainly depend on its authenticity," Daugherty said.



And it worked. Now the company has 13 flavors of soup products in grocery stores throughout Minnesota, surrounding states and Illinois. The products have gross sales about equal to an average Grandma's restaurant.

## VENTURING BEYOND CANOE COUNTRY

Tom Sega, president of Duluth Pack, put in place a plan nearly three years ago to make the company a global distributor of clothing and bags for everyday use, because the market for traditional canoe packs and camping gear was saturated, Sega said.

"We've made a conscious effort to reach out beyond that," Sega said, and is now focused on school packs, lots of new clothing items, women's purses and a complete line of products for business professionals.

"What we're best known for around here – the canoe packs – is actually one of our smaller markets," Sega said. Much of the recent success comes from directing considerable resources into research and development, he noted.

Duluth Pack has come out with 50 new products over the last two years. And the company is increasingly beefing up its Web site; shooting more video because they've found customers really enjoy hearing the stories of the various products, and interacting with many potential customers through social media platforms like Twitter and the company's blog.

"We're running somewhere in the range of 70-plus



percent of people to the Web site are first time people. A lot of people are getting there because of our social networks," Sega said. Over the past year Web traffic to the site has also doubled, he said. That's also thanks in part to a couple mentions this year in The New York Times.

Now the business regularly ships bags all over the country and world. The company receives just as many orders from New York, California, Texas or Florida as Minnesota, Sega said.

Sega advises businesses with an eye toward exports to first make sure you can deliver everything you're selling, and spend significant time researching and copying what's worked for other companies in your industry.

## CHANGING EVERYTHING FOR THE CUSTOMER

Louise Russell, owner of Dogbooties.com, sends clothing for dogs to the coldest locales on the planet, but didn't even make products for dogs initially. When she launched her business in 1993, Russell envisioned it as providing outdoor fabric to men and women who wanted to make or repair their own gear, like sleeping bags or tents.

But customers kept asking for dog clothing, so in 1999 she began catering primarily to that niche. Much of her international following began through mushers swapping stories about what worked best for them to keep the snow out of the pads of dog paws. Now she also places a few ads in an Alaskan mushing magazine and mushing Web site, in an effort to sell to a sizeable niche of dogsledders who are geographically very scattered.

"People thought that we should get larger quicker. That's something I did not want to do," Russell said. She's always preferred to grow in small increments, allowing her to remain on top of all aspects of the business. She advises businesses to research

your potential item thoroughly before deciding to offer it. It's far easier to sell 12 items 4,000 times

than 12,000 items four times each, she said. And don't buy too much material too quickly. Otherwise, you may get stuck with lots of extra inventory when tastes change. "Stay focused on what you want to do, and don't try to do absolutely everything," Russell said. **D**

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