

INSIDE WISCONSIN

Tom Still: Portals for doing business abroad are wide open for Wisconsin companies



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WAUWATOSA – Neil Karolek, the gregarious yet all-business president of TLX Technologies in Pewaukee, is blunt when he talks about his company’s entry into international markets.

“Don’t do it like I did it!” Karolek told about 50 people at a March 12 meeting of the Wisconsin Innovation Network’s Milwaukee chapter.

Not that things haven’t worked out for Karolek and TLX — which operates a factory in Changshu, China, as well as a production facility in Pewaukee — but he wishes he had taken earlier advantage of Wisconsin programs designed to make doing business abroad easier.

TLX, which makes electromechanical solenoids, adjusters and control valves for the automotive industry and other industrial sectors, is a prime example of a Wisconsin-based company that has cracked into emerging foreign markets in recent years.

The reasons for doing business abroad usually have to do with cutting production costs or dodging taxes at home. Instead, for Karolek and many others like him, it’s all

about penetrating markets where simple demographics and a rising middle class spell opportunity for U.S. firms.

“We’ve helped make China richer through our (U.S.) imports over time,” Karolek said. “I’m there to try to earn back some of that money by selling our products to customers in China.”

That includes U.S.-based automakers, who now sell more vehicles in Asia than they do at home, he said.

Wisconsin companies exported about \$23.4 billion in goods and services in 2013, according to the Wisconsin Economic Development Corp.

Although the United States still rings up a massive trade deficit — meaning, it imports more than it sells overseas — Wisconsin’s export total continues to rise and is projected by WEDC to exceed \$45 billion within six years.

The rise of a global middle class is a major force behind the local export boom. The Asia-Pacific market, which includes China and India, will boast 66 percent of the global middle class by 2030. That compares to 21 percent in Europe and North America, according to a recent Brookings Institution report.

Rather than perceive that demographic reality as a threat to American prosperity, companies and government programs in Wisconsin are seizing the chance to bring quality products to areas that can now afford to buy them.

State programs help companies figure out what markets are right for them — the WEDC has trade representatives on call in 54 countries — and gain other market intelligence. The state also provides market access grants to qualified companies, links into U.S. Commerce Department programs, access to trade missions, other customized training and advice on what's often the trickiest part — getting paid without running afoul of regulations at home or abroad.

Roxanne Baumann, a former Harley-Davidson Motor Co. executive who now directs the global engagement program for WMEP, said the array of programs for Wisconsin companies seeking to enter foreign markets is as strong as its been in her 30-year career.

“The timing for Wisconsin companies has never been better,” Baumann said.

Exports are increasingly vital to the Wisconsin economy, which produces high-quality goods that are attractive to people in emerging markets. In 2013, according to federal figures, goods exports from Wisconsin supported more than 125,000 jobs.

While doing business abroad isn't for every company, it's a way to increase sales for companies willing to invest the time it takes to learn from those who have done it before.