



CRBJ Cover Story: ON A MISSION

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By Ellen Williams-Masson www.ewmmedia.com | Posted: Thursday, October 29, 2009 3:00 pm | No Comments Posted



[Buy this photo](#) From left, Larry Wang, CEO of Tomoknife in Beijing; Fred Robertson, CEO of TomoTherapy, Gov. Jim Doyle, Yinhe Qin, president of PLA 301 General Hospital; Degong Wen, Political Commissar; and Xiaohong Chen, PLA 301 vice president mark the installation of TomoTherapy's Hi-Art Radiation Treatment System at the hospital in Beijing in September 2007. Courtesy of TomoTherapy

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As Gene Anguil was climbing the Great Wall of China in 2007, he realized that the opportunity for business growth was literally breathtaking.

"It was very impressive to see the Great Wall, but the air quality going up and down the sections of the wall (was poor)," Anguil said. "You could feel the effect of the smog and particulate from a breathing standpoint."

Smog, which is caused by chemical reactions of volatile organic compounds (VOCs) in the atmosphere, is Anguil's business. Anguil Environmental Systems Inc. in Milwaukee engineers, fabricates and installs technology to reduce the emission of VOCs and other air pollutants. With \$20 million to \$25 million in gross annual sales, Anguil recently formed a joint venture partnership with an associate in Taiwan to expand his business into mainland China.

Anguil visited Asia as part of a 2007 trade mission with Gov. Jim Doyle, one of three missions the governor has led to China and Japan.

"China has very serious air pollution control problems, so subsequently we see that as an area for continued and significant growth over the next decade or so," Anguil said. "My objective (on the trade mission) was to meet some of the people in their Environmental Protection Agency to understand the rules and regulations, and then to initiate the process of finding manufacturing representatives which could offer our products throughout the country."

Gov. Doyle's most recent venture to Asia, which included the annual meeting of the Midwest U.S.-Japan Association in Tokyo, took place in mid-September and provided delegates the opportunity to meet with key government and business officials in both China and Japan.

The governor was accompanied by Commerce Secretary Richard Leinenkugel and Agriculture, Trade and Consumer Protection Deputy Secretary Randy Romanski, along with the state's international trade and investment team. Promoting trade as well as Japanese and Chinese investment in Wisconsin businesses were dual goals of the delegation.

Sachin Tuli, co-director of International Programs and a lecturer in the UW-Madison School of Business, said that "trade missions help you get off on the right foot."

"It's about expediting, in some ways, what is a very long-term process," Tuli said. "You have to take the time to do your due diligence, find the right partners and understand the culture so you can adapt products and meet the needs of local customers."

Pursuing foreign markets can be a breath of fresh air for businesses struggling in a stagnant economy. According to figures provided by the Wisconsin Department of Commerce, the state's exports totaled \$20.6 billion in 2008, more than double those of a decade ago. China, with \$1.2 billion in exports, was Wisconsin's third-largest customer, and Japan ranked fifth with \$724.4 million.

Despite worldwide economic woes, the Chinese economy is responding to a \$585.5 billion stimulus package enacted in November 2008.

"China has been growing at a phenomenal rate, but that growth has been limited to coastal China, predominantly," Tuli said. "There is a whole swath of Chinese yet that haven't been touched by the reforms, but as they grow wealthier they are going to want some of the things our companies are well poised to provide."

Tuli believes that insurance products, financial services, health care management systems, biotechnology and environmental services will be in growing demand, and that Asian consumers will also be poised to "just do it."

"Broadly speaking, Chinese consumers are hungry for brands," Tuli said. "They want higher consistency and quality, and they know the U.S. products typically provide that."

The Chinese government is investing heavily in health care technology, which opens up a "very attractive market opportunity" for TomoTherapy Inc. The Madison-based company installed its first Hi-Art radiation treatment system at PLA 301 General Hospital in Beijing, the hospital of choice for government and military officials, during a ceremony attended by Gov. Doyle and Chinese dignitaries during the 2007 trade mission.

"As we have looked at the global market opportunities, China, India and Japan all represent very interesting opportunities for growth," said Fred Robertson, president and CEO of TomoTherapy. "China and India because they are quite similar in terms of being underserved in technology, and Japan being a country that historically has been the world's second-largest capital equipment market."

"Japan is a large market for us even when times aren't as good as they had been in the past," said Mary Regel, director of the Bureau of Export Development in the Department of Commerce.

"We do have Japanese investment here in Wisconsin, and we are meeting with Japanese companies that we hope will expand into Wisconsin even further."

Toshiba International Corp., majority owner of ReGENco in West Allis, is one example of Japanese investment, and the state recently hosted a delegation of potential Chinese investors.

Madison-based Neoclone has been selling monoclonal antibodies through a Japanese distributor, CosmoBio, since 2003 and is negotiating to begin distributing product in China. CEO Deven McGlenn went on the 2007 trade mission with the governor and advises Capital Region businesses that those trips are "all about marketing and relationship building, not about direct sales. The direct sales will come later."

"Know your product and know the competitive landscape there," McGlenn suggested. "If you have basically the same product as a local person there and think you are going to get any serious market penetration, you had better have a very clear story on how your product is differentiated."

Thomas Loftus, former U. S. Ambassador to Norway, serves on the board of Cellcura, a Norwegian biotechnology and stem-cell research company that opened a location in Madison two years ago. Loftus visited the University of Tokyo's stem-cell center during Gov. Doyle's 2007 trade mission to test the waters for potential collaboration between Cellcura and the Japanese research center.

Loftus, who received numerous trade missions as ambassador, also participated in trips during his 20 years in the Wisconsin Legislature. He urges businesses in the Capital Region to "take advantage of the governor" in creating opportunities overseas.

"The state and the governor are door-openers of the first magnitude," Loftus said.

He accompanied Gov. Lee Dreyfus on the state's first trade mission to China in 1983 in his role as Speaker of the House. Along on the trip was Bill Litton, president of Promega Corp.

"At the time, he was Promega, and that was the start of their business in China, which is now quite substantial," Loftus said. "That gives an idea of the long-term relationships. He probably worked on China for 10 years after that before he even got to first base."

Wisconsin delegations to Japan are often hosted by Kikkoman, a centuries-old company that opened its first facility outside of Japan 37 years ago in Walworth, Wis. The Walworth facility was the first Japanese-owned manufacturing company in the United States. In September 2008, the company also opened the Kikkoman Research and Development Laboratory at University Research Park.

Loftus, who serves on the UW Board of Regents, said he was surprised at the number of UW alumni he met in China and Japan who are "very eager to help U.S. businesses do business" with their native countries.

"You have a step up if you need to engage a lawyer or consulting firm and someone in that firm, or the head of it, is a

Wisconsin alumni, because several hurdles are crossed already," Loftus said.

Universities are common conduits for international business relationships. Karen Nielsen, director of the Babcock Institute for International Dairy Research and Development, has been on two trade missions to China and works with state officials to host leaders from the Chinese dairy industry for seminars here.

"China's dairy industry is booming," Nielsen said. "We are trying to open markets in China for agricultural products from Wisconsin.."

Tom and Gin Kestell of Ever-Green-View Farms in Waldo were among the first U.S. businesses to export bovine embryos to China. As the largest exporter of embryos in the U.S., Kestell estimated that 25 percent to 30 percent of their \$1.5 million gross farm income comes from sales to China, and about 5 percent to 10 percent from Japan.

The Kestells had also been exporting registered Holstein bulls for more than two decades when the discovery of a cow with Bovine Spongiform Encephalopathy (BSE) in the state of Washington in 2003 led to an export ban in the United States.

"We had live animals and 2,000 embryos ready to ship to China - like three-quarters of a million dollars worth of product - and nothing ever went, so it was really a devastating thing," Tom Kestell said. "There's always the risk of something happening to interrupt trade."

A saturated domestic market has motivated Jane Dauffenbach, president of Aquarius Systems in Milwaukee, to go on several trade missions in recent years. The manufacturer of surface water management equipment has hundreds of weed harvesters in Wisconsin lakes and has sold equipment to more than 40 countries that have "needs, weeds and money."

"Reaching out internationally is a no-brainer for us. We must do it to sustain our business," Dauffenbach said. "I challenge other Wisconsin companies to do the same. We can't just depend on circulating our money locally."

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