

Exporting successes

Getting a new export venture running can be exhausting, but with the right networks, rewards can flow. **Josh Robertson** writes

Opening up an export market is hard, says Austrade chief economist Tim Harcourt. Queensland companies might well have the skills and expertise in their fields to be globally competitive.

But getting the venture rolling in countries with different languages, legal frameworks and political climates can be exhausting at best and fruitless at worst.

Riding the resource wave

Geoff Gault, managing director of JK Tech, a mining technology and services company in Indooroopilly, says the state government has “absolutely been a help” to his business in these respects.

As an exporter of mining technology, software and services, JK Tech has profited from the worldwide resources boom.

JK Tech’s export growth over the two years to June 2006 was an extraordinary 400 percent, with links to 28 countries across nearly all continents.

“Anywhere there’s mining, we’re generally selling either a service or a product,” managing director Dr Geoff Gault says.

The company’s performance culminated in a 2006 Premier of Queensland Export Award in the small to medium manufacturer category.

However, Gault hopes the company’s association with the University of Queensland’s prestigious Julius Kruttschnitt Mineral Research Centre — whose industry-funded research it commercialises — means a future that extends far beyond this boom and the next.

The fact that the world’s major mining companies fund the research and are waiting for commercial outcomes means JK Tech always has a ready-made market, says Gault.

The company did not even have a qualified marketing manager until recently.

The centre’s worldwide reputation has helped JK Tech “get in through a lot of doors”, says Gault.

“It gives whoever’s using our technology the confidence that we’ve got back-up in the research centre, that’s bringing through new tools, methodologies and mathematical models that are going to be of benefit to our products, which will then be of benefit to that mine,” he says.

The other advantage JK Tech enjoys in developing international business relationships is the multicultural make-up of its own staff of 50, plus the other 95 researchers and students at the centre.

“If you name a nationality, we’ve got it,” says Gault.

“That’s certainly helped us in gaining introductions into local markets not just in a marketing sense but actually doing installations.

“When we commissioned the system in China, we took one of our leading programmers, who was Chinese,” he says.

“So while it’s not always possible, we’ve actually got a range of language skills that can help us.”

This can be crucial, says Gault, who nominates language as one of the largest barriers to doing business.

“That’s across literature, across software, across the manuals that you provide — just in normal communications, it can be a challenge,” he says.

Although it represents a small proportion of its overseas sales, JK Tech’s project in China is a fine example of how a company can capitalise on its in-house cultural expertise.

The project came about after a delegation from the Jinchuan group — Asia’s largest nickel, cobalt, platinum producer — approached the company in July 2004 looking to buy a suite of technology.

This included JK Tech’s flagship Mineral Liberation Analyser, a world-class piece of equipment that analyses polished mineral sections through a scanning electron microscope.

The MLA was invented by JK Tech senior manager Dr Ying Gu, who happens to be Chinese.

“The key step was to develop a relationship,” says Gault.

“The thing that aided in that was that the developer of the technology that we were selling was Chinese.

“As the inventor of the technology, Ying carried a lot of credibility.

“He and I made four visits to China prior to signing the contract, and that was all about building the relationship and for them to feel comfortable with us and who we are, and the technology.”

The fact that the company’s business analyst is also Chinese removed the usual concerns exporters might have had with the unfamiliar legal system and intellectual property apparatus.

“Ying and I looked after the contractual side as far as signing the contract and going through it,” Gault says.

“Once it came to execution and dealing with letters of credit and so on, having the direct communication through our business analyst helped ease a lot of the issues that we would otherwise have had in the commercial sense.”

Simply building up a relationship and trust can play a part in easing concerns, Gault adds.

What is bagasse?

The Cairns-based Kristevfourspace Ussy (KFSU) is a classic case of a business stumbling across an export market by accident.

According to Austrade research, this is how half of all new exporters start out, often by leveraging from their existing networks.

In September 2005, KFSU managing director Gordon Edwards was in Okinawa, Japan, trying to line up deals to sell mango puree, when one of these companies asked him about bagasse.

“My colleague and I looked at each other and went, what’s bagasse?” he says.

Bagasse is a sugar cane by-product which was first identified as a quality source of dietary fibre in processed foods by Professor Shinto of Okinawa’s Ryukyu University.

Less than 18 months later after hearing about the product, Edwards is back in Japan negotiating deals to sell bulk volumes to some of the country’s major processed food manufacturers and suppliers.



Geoff Gault

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The bagasse — with a value 10 times that of bulk sugar — will be produced by Mossman Central Mill, which itself will benefit from increased diversification.

One of KFSU’s main Japanese customers will be the Bourbon Corporation, which has ordered a hundred tonnes to produce “guilt free”, high-fibre chocolate.

This has led to talks with major food and drink manufacturers Suntory and Asahi, which points out a major factor in doing business in Japan — success with big players lends instant credibility.

“The beauty of landing the Bourbon contract is that one of the first questions you get asked is, who else?” says Edwards.

“As soon as you land a big one, that’s when everybody sits up and takes notice.”

This year will see KFSU’s bagasse put into primary school lunches in Okinawa, with the company also pushing hard to link up with bread manufacturers on the Japanese mainland.

To do this, KFSU has had to learn about the school lunch supply network and make its pitch at the appropriate level — so as not to “cut anyone’s lunch”.

Awareness of local industry factors like this is the province of Austrade staff on the ground in Japan.

Senior trade commissioner Jarrod Waring and Okinawa district manager Yasushi Miyazono have done “a good job pushing our company’s agenda”, says Edwards.

One of the real challenges of developing new exports to Japan is the time involved, with Japanese networks typically cautious about taking up new relationships.

This can make things tough for a company that must commit start-up capital while waiting for the pay-off.

“Everyone keeps telling us that in 14 months to go from a piece of paper as a concept to establishing markets is lightning speed and it probably is,” Edwards says.

“But sitting from where we are with start-up company expenses and no income, it’s pretty slow.”

Top 10 destinations

1. Japan
2. Republic of Korea
3. India
4. China
5. Taiwan
6. USA
7. Netherlands
8. UK
9. New Zealand
10. Indonesia

