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Discussing International Business with Mike Wetzel

by Mark Lesselroth

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The purpose of this column series has been to provide a platform for individuals that are involved in international trade to share their stories and experiences with those in the community who have products and services that have export potential, but haven't taken the leap yet.

In my latest interview, I chat with Michael Wetzel, president, and CEO of Air Innovations, a designer and manufacturer of process environmental-control systems for temperature control, humidity control, and air filtration for a variety of industries.

Today, half its business involves selling branded products and the other half includes customized and OEM (original equipment manufacturer) solutions.

LESSELROTH: When and why did Air Innovations look to expand its sales beyond the United States?



WETZEL: The first step into internationalism was with our Floratech brand back in the late 1990s/early 2000s. At the time, a member of our board of directors, a former VP at Carrier, introduced us to a friend of his in Denmark who helped us test out floral display cases in Europe. The truth is this wasn't necessarily a strategic move but rather an opportunistic one. I lived in France for four years and we had others in our company who had international experience and we thought it was worth a try. One of the challenges we faced was trying to sell a solution for which there wasn't necessarily a problem. Flowers in Europe were selling so fast that they didn't have to refrigerate them. After this experience we took a more strategic approach and looked at the wine industry in Europe, and how our Wine Guardian products could make a difference.

LESSELROTH: Why should any company look at the international market to expand its business?

WETZEL: Stability and diversification are two key drivers for why any business may want to look at what the international market has to offer. Not every product is international. If you have an international product, the one thing to recognize is that "made in the USA" is a positive that puts your product at a premium, which can have a positive impact on exporting internationally. Selling a premium product in the international market will allow you to make more money. Diversifying your business into global markets can provide stability and growth when the U.S. economy falters, or is flat.

LESSELROTH: What should a company be prepared to do if it is going to expand internationally?

WETZEL: I think doing some market research is important, but you also need to talk to people to understand if your product has global appeal, and if there are areas of the world that haven't been penetrated. If you have never done any international business, you have a learning curve in front of you. So, you need to get engaged with local resources that can help with that learning curve. I think there are two ways you can go international. You can be opportunistic and take it as it comes, or you can take a concerted effort and go after it. If you are going to make a determined effort, you will need to dedicate somebody and some capital resources. You won't make money your first year or two. It is an investment to get a return that's going to come back. If you are really lucky, you will make money in your first year. But, you probably won't be profitable initially, because you are going to put marketing resources into it — you will have people on the ground and you will be flying people over to visit potential distributors and reps.

LESSELROTH: You just opened up your first international office in Switzerland. What was the driving force behind this decision?

WETZEL: One of the key factors behind our decision to open up an international office was our strategy to be more diverse on a global basis. That is one of the reasons we felt it was important to support our Wine Guardian business in Europe by having a local presence. Another reason we opened up an office in Europe was so we could better position our product as a European product not necessarily a U.S. item.

LESSELROTH: How important is it to understand the foreign culture of a country in which you want to do business?

WETZEL: I think it is extremely important to understand the culture and views of a country toward American goods and services. This is what led us to putting boots on the ground in Schaffhausen, Switzerland. Europeans prefer to deal with a European company. Understanding their culture will allow you to build up the trust you need to conduct business successfully.

LESSELROTH: How has knowing a foreign language helped you with your international business endeavors?

WETZEL: It isn't a prerequisite, because there are other ways to skin that cat. It's probably as important to be sensitive of the international cultures. In fact, it may be equally if not more important than speaking some of their language. If you are in a negotiation, you will find that both parties will always want to sync to their native language, because it is the only way they will feel comfortable they are getting the clear

message across to the other side. Ultimately, you need to find someone who is in the middle who can translate the nuances, not just the language, even if you speak some of the language.

LESSELROTH: What are some of the challenges you faced when you decided to go international?

WETZEL: The first challenge is always deciding where to start exporting. A strategic approach (versus an opportunistic one that comes to you) will require that you do some research to determine the best places to start to ensure the greatest chance of success. Keep in mind that may change once you start. On several occasions, what we thought would be an ideal market didn't turn out to be as great as we expected, or our approach was wrong. The next biggest challenge is how to market and sell your product in that country. Will you need local representation, can you use a representative, or how about a distributor? Keep in mind that each country may be different. Our Wine Guardian products enter different countries through different paths. Be prepared to be flexible in your approach to each market; they will likely be different from your U.S. strategy.

LESSELROTH: What is your advice to other CNY-based businesses that are contemplating going international?

WETZEL: Do it. But, you have to do the research. If you know you have the right product that has cultural acceptance in other countries, it doesn't have to be the whole world. It is a little harder, but at the end of the day if you have a market opportunity then you should look to strengthen and grow your company. It does cost a little more, but you can also earn a little bit more. If you have a valid opportunity to move your products internationally then you owe it to yourself, your stakeholders, and your corporation to take advantage of it.

LESSELROTH: How has your involvement with the CNY IBA (International Business Alliance) helped other businesses to expand globally?

WETZEL: I think the group is doing everything it can to engage the conversation in the community among business leaders about the opportunities overseas. It's a tool to educate the community. The IBA is one resource among several resources to help businesses go global. A goal of the IBA is to be a clearinghouse to help businesses navigate these various resources. Most Americans have limited knowledge of international (culture, people, travel), which causes some fear. I think it is instrumental to have these groups in a community to help others overcome their fears.

Mark Lesselroth is founder and principal of Brenner Business Development, an international business-development consultancy focused on helping small- and mid-size businesses in the U.S. explore international opportunities as well as assisting foreign-owned companies gain market entry into the U.S. Contact him at mark@brennerbd.com

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