

# Success Story

# Cast a Wide Net to Catch New Opportunities

## Spancrete Machinery Corporation



### The Company

Spancrete Global Services Incorporated, a division of the Spancrete Group, employs 45 people in its Waukesha, Wisconsin, production facility. The company, founded by Henry Nagy, manufactured the first precast hollow-core slabs in North America in 1952. Spancrete sells its equipment worldwide under license agreements and direct sales. In the last 5 years they've entered India, the Middle East, Kazakhstan, and, more recently, the Russian Far East.

### The Challenge

Spancrete entered China in the late 1980s. The company wanted licensing agreements, but the Chinese government forbade such arrangements. So the company opted to sell the machinery outright. At first, customers were state-owned enterprises, and the Chinese government encouraged them to expand into the precast construction business, despite their limited knowledge of that sector. Those companies started by producing floor slabs, Spancrete's most basic product, but local architects and engineers had limited experience with precast products of

this type. Even in a state-controlled economic system, companies need effective marketing to generate sales.

### The Solution

To better support the companies, Spancrete began assisting with seminars for these state-owned enterprises and the construction community in general.

According to Terry Deitrich, the international marketing director, the next achievement was to establish the China Spancrete Association, probably the first organization of its kind. The association is a nonprofit support organization for Spancrete's Chinese customers, assisting them in technical, production, and marketing procedures. "At first, the Chinese didn't understand the concept of a professional association," Deitrich said. "They said, 'Why should we pay dues to belong to something like this? Why should we cooperate with people outside of our own enterprise?'"

Working through the association, Spancrete pooled the existing knowledge for the benefit of

all members. The association tackled the lack of codes and standards, making recommendations on matters like the loads that floors can safely carry and conducting research on seismic and fire-safety issues. Ultimately, the company, with the association, achieved the registration of Spancrete-China products in the national building and design code.

Business processes are changing rapidly in China, and competitors are getting more aggressive. Also, the economic boom has moved south and west of where it started, creating more opportunities and challenges. Said Deitrich: "Today, China is doing okay businesswise. The long-awaited and sweeping new building code has taken ages to approve. The codes should be released soon, at which time another boom is possible, and we're ready for it. It's not how they operated. Now they can see the value and continue to expand the association's efforts."

## Lessons Learned

The big lesson is the importance of thinking globally. Deitrich said there are too few companies that do.

"The mentality of Americans is to be satisfied with the North American market. It's just plan shortsighted. Their competitors in the other markets are making money, and sooner or later they'll be here, more competitive because of their experience in some of these developing markets. Even in a downturn in the domestic economy, getting U.S. companies to go overseas is like pulling teeth. Saudi Arabia has billions of dollars to spend on construction projects. We're not there. The Chinese are there. We're sitting in North America wondering, 'Is it safe over there?'"

To illustrate, he said he brings his suppliers to construction trade shows in the Middle East, and all of them made sales. Dietrich contacted over 100 companies, but only eight committed to coming, and they all made sales. In contrast, he said: "The Germans will bring 300 of their

companies to a trade show—lawyers, finance guys. The German prime minister will fly in to cut the ribbon to open the show. We don't have that kind of horsepower going for us."

Despite shortcomings, another lesson for Spancrete is that the world is hungry for U.S. products, technology, and know-how. "Around the world, we see construction design and standards improving. The engineering is becoming more skilled. The public is demanding safer construction. Many developing countries are emulating western and U.S. standards, which are best implemented using U.S. equipment. Markets are demanding faster, cheaper, sustainable. All are strong suits of U.S. suppliers."

Another lesson is the value of working with U.S. and state government export assistance programs. "Recently, I used the Commercial Service's business matchmaking and Single Company Promotion program in seven Chinese cities. The Commercial Service identified local companies interested in purchasing our equipment systems and coordinated meetings with key government officials. They've been helpful in India, Russia, and Kazakhstan. The Service is amazing."

Lastly, Deitrich believes that exporting has made Spancrete a better company. He said: "The experience in international markets has made me a more effective professional and the company more competitive. There's just no doubt that selling overseas has made us a more effective exporter and our products more competitive in all the markets we are in and will be in. We simplified our product right down to our software so everything is easier to operate, no matter the conditions or the language spoken. Our key personnel have grown from the international experience, and we continuously bring ideas back home and apply them throughout the company. Competition is tough in these markets, but that's where the opportunities are. Exporting is no longer an option, and America's export future lies in these markets."