**Kentucky businesses setting export records**

*Bardstown manufacturer growing a global market*

By KIM HUSTON

When the U.S. Commercial Service (USCS) office in Louisville - the export promotion arm of the U.S. Department of Commerce, International Trade Administration - first approached Bardstown manufacturer Armag Corporation in 2009 about selling oversees, the company was busy running a well-known domestic business in a niche market. With products that can be up to 2,000 square feet in size and take a few months to build, exporting was not part of their business strategy.

Armag produces storage vaults for ammunition, weapons and explosives. The company started out selling to military installations in the United States, and later branched out with portable designs that serve a variety of uses from specialty laboratories to vet clinics for explosive detecting K-9 units.

Today, the company has international distributors in North, Central and South America and the Middle East. President Paul Haydon says he expects international sales to double in the next two years.

**Kentucky exports set state records**

Kentucky exported a state-record $27.5 billion in 2014, marking the fourth straight year of export growth. The Commonwealth has achieved a 9 percent annual growth in exports since 2013, far exceeding the average growth rate nationwide of slightly more than 2 percent.

According to the Kentucky Cabinet for Economic Development, aerospace leads Kentucky’s exports, followed by motor vehicles, parts, and bodies and trailers; synthetic rubber and resin; and pharmaceuticals.

Whiskey also ranks in the top ten, a category that includes the bourbon industry. The U.S. Census Bureau reports that Kentucky exported $301 million of whiskey in 2014, making Kentucky the second largest U.S. exporter behind Tennessee.

Exports sustain thousands of Kentucky businesses – the majority of which are small and medium-sized – strengthening the local economy and providing better job opportunities. In Kentucky’s 2nd Congressional District, exports support nearly 8,500 jobs, according to the U.S. Chamber of Commerce.

So, how does a company like Armag – operating in a lesser-known industry with few resources to research international options – succeed at exporting?

**Exporting takes patience and persistence**

When USCS approached Armag Corporation a second time in 2011, the domestic market had changed. U.S. military budgets were being cut, and Armag was slowly paring back its workforce. Company leadership remained skeptical that the business could succeed oversees, but given the current economic climate at home, they decided to try.

Assisted by USCS, Armag visited, interviewed and found its first international distributor in Saudi Arabia. They received their first order in 2013. With an international win and more experience, they quickly expanded their export business to other countries and now benefit from recurring orders from other markets around the globe. International sales now account for about five percent of their business.

“We’re getting better at selecting distributors and understanding how to market and analyze demand,” explained Haydon. “Our strategy is still developing. We are reinvesting profits and plan to hire someone focused on international sales only.”

Exporting has also allowed the company, accustomed to a cyclical industry heavily reliant on government agencies and the military, to keep skilled employees engaged year-round.

“We don’t want to lose talented employees, and exporting has allowed us to offset some of the peaks and valleys we experience domestically,” said Haydon. “Exporting takes patience, and it can be time consuming, but we are further along than I ever thought we would be.”

**Take the first step**

There are several resources available to companies interested in establishing or growing their export business. In addition to the U.S. Commercial Service, Armag credits local resources like the World Trade Center Kentucky, UPS and the Kentucky Export Initiative. Haydon is a volunteer member of the Kentucky & Southern Indiana District Export Council and recently co-hosted an export seminar for companies in Nelson and Washington Counties in conjunction with the Nelson County Economic Development Agency and Nelco Consortium. Haydon hopes to offer the seminar to other counties in the region who have an interest in learning about the exporting process.

“There are a number of resources available to help you understand trade agreements, taxes, international marketing strategies and cultures,” said Haydon. “These organizations also help you access available grant money that can be used to grow your export business.”

For example, Armag recently leveraged a grant made available by JPMorgan Chase through the BEAM initiative to travel to the United Arab Emirates.

Haydon offered advice for business owners who may be considering an export strategy.

“The first step is just to talk to someone, to make a couple of phone calls. You have to have confidence that you can do it and that it’s worth the effort. If you’re willing to stick your neck out, there are plenty of people willing to help and remove any apprehensions.”

*Kim Huston is president of the Nelson County Economic Development Agency (NCEDA). She serves as a member of the Lincoln Trail Workforce Investment Board.*