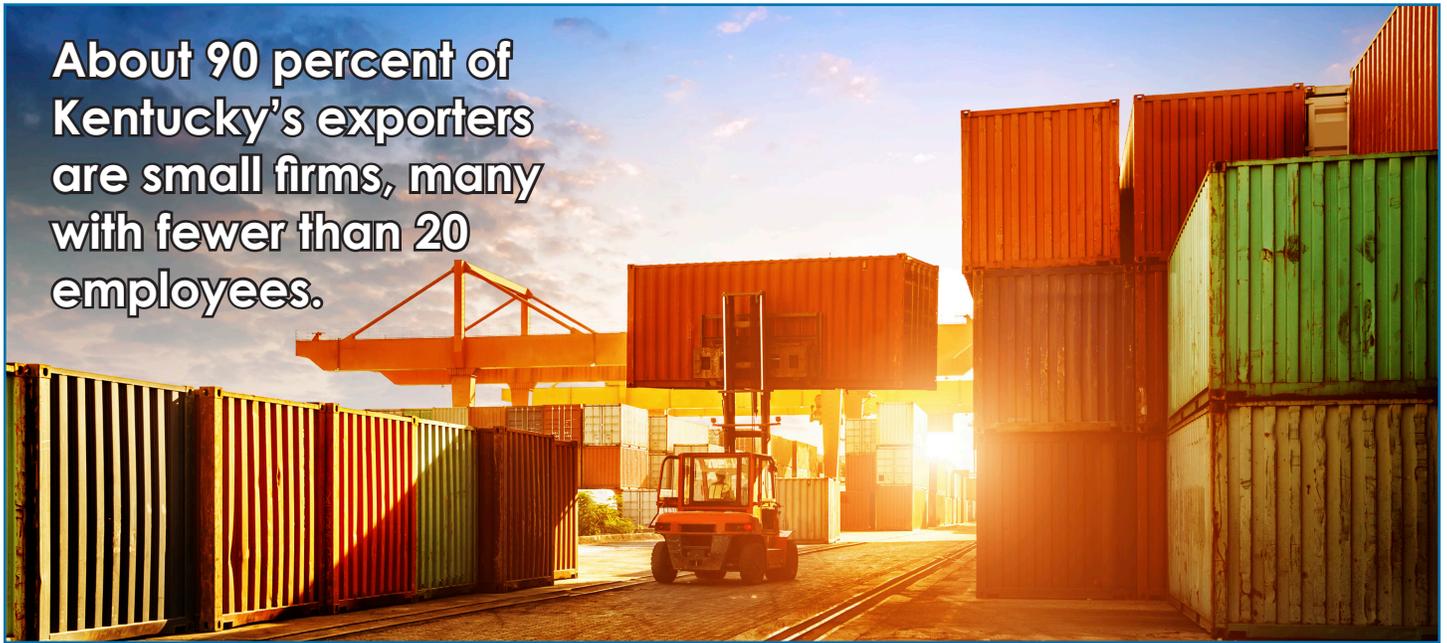


# Export: Is Kentucky ready for the world?

**About 90 percent of Kentucky's exporters are small firms, many with fewer than 20 employees.**



By Kelly Watkins

More than 80 percent of the world's purchasing power lies beyond US borders. Economic growth for Kentucky will increasingly depend on conducting some type of global business. Even if you don't go to the world, the world may be coming to you.

## Who is exporting?

Gov. Steve Beshear's office announced Kentucky's export growth rate was the second highest in the US for 2013. Global sales of Kentucky-made products and services reached \$25.3 billion in 2013. This represents a 14 percent growth in exports since 2012.

The leaders in Kentucky's export growth are aerospace products (\$5.6 billion), motor vehicles and parts (\$5.5 billion) and synthetic rubber and resin (\$1.4 billion). On a fun note, while Kentucky ranks only 18<sup>th</sup> nationally in agricultural exports, it ranks number-one in "other livestock." It's a safe bet those are horses.

## Opportunities

Robert Brown, chair of the District Export Council/Kentucky & Southern Indiana, said exporting

is an opportunity to find new customers. "If you reach a maturation point in your US sales, then you should be looking beyond the US," Brown said.

Kentucky industries which had significant gains in exports last year include communications equipment, and audio and visual equipment. Another fast-growing export category is medical equipment, increasing 55 percent since 2002.

According to the Bluegrass Economic Advancement Movement, "Exporting firms are able to grow faster, pay better wages, and weather economic changes better than non-exporters." Global business isn't limited to big business. About 90 percent of Kentucky's exporters are small firms, many with fewer than 20 employees.

For example, Armag Corporation, based in Bardstown, is a small company that manufactures secure modular buildings. According to Paul Haydon, president, their products are used in 10 countries.

In 2013, Kentucky's top trading partners were Canada (\$7.7 billion), Mexico (\$1.9 billion), United Kingdom (\$1.8 billion), China (\$1.3 billion) and Brazil (\$1.1 billion). The largest increase was to Saudi Arabia, where exports jumped 381 percent.

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## Export continued

### How to export (resources)

“We’re from the government, and we’re here to help.” Don’t laugh! When it comes to exporting, the government offers many valuable services. In fact, there are so many resources, it can be overwhelming. Here are a few key players.

The **Kentucky Export Initiative (KEI)** brings together agencies and organizations across the state to facilitate international trade. [www.KYexports.com](http://www.KYexports.com)

Another initiative in Kentucky is the **Bluegrass Economic Advancement Movement (BEAM)**, which brings together 22 counties surrounding Lexington and Louisville to encourage regional economic development. BEAM recently closed a round of grants that provided up to \$4,500 to small companies to assist with exporting. [www.LouisvilleKy.gov/BEAM](http://www.LouisvilleKy.gov/BEAM)

The **District Export Council/Kentucky & Southern Indiana (DEC/KY)** is comprised of global business experts and advocates who serve as an Advisory Group to the Department of Commerce. DEC’s mission is to increase global trade awareness. [www.KentuckyExport.com](http://www.KentuckyExport.com)

The **US Commercial Service** is the trade promotion arm of the US Department of Commerce. According to Peggy Pauley, USEAC director for Louisville, there are Export Assistance Centers (USEAC) in Lexington and Louisville. They provide

small and medium-sized companies with export assistance, including consulting and market research. [www.Export.gov/Kentucky](http://www.Export.gov/Kentucky) They also have a great blog. <http://blog.trade.gov/>

While the **World Trade Center Kentucky (WTC-KY)** is not a government entity, it is an association that works closely with state and federal government partners. They are the leading provider of trade education and consulting across the state. [www.WTCKY.org](http://www.WTCKY.org)

### Cultural challenges

When it comes to exporting, it’s not all finance and logistics. It’s also crucial to understand how to communicate across cultures.

English is a funny language - as in strange, as well as funny - as in humorous. For example, why do we call a vegetable “eggplant” when there’s no egg in it? Or, call a meat “hamburger” when there’s no ham in it? Even worse are the prepositions. A building can burn *up* as it burns *down*. You put *out* the fire by pouring water *on* it.

Imagine the potential pitfalls faced by people who don’t speak English as their first language. Or, picture the difficulties you may incur when communicating through interpreters.

One useful technique is to avoid words that don’t translate. Here is the favorite example of my audiences – the word “get.” This word has so many

definitions that it’s difficult to decipher.

Here are a few samples. “Get the phone” = answer; “get the newspaper” = retrieve; “get the joke” = understand; “get the stain out” = remove; “get upset” = become. When communicating internationally, simply replace the generic word “get” with a more specific descriptor.

### Global perspectives

There is a lot to consider when conducting business internationally. When speaking to groups on global leadership, I reassure them not to panic. There may be many differences between cultures, but there are also similarities.

I experienced this during one of my first trips to Dubai. I was standing in a long taxi line at the mall (as in 200-plus people). Dubai is arguably the most diverse city on the planet. The line of people resembled a United Nations convention on “Bring Your Family to Work Day.” There were at least 20 countries represented.

While standing for almost two hours, I observed people speaking different languages and wearing all types of clothing from black abaya robes and veils to shorts and flip flops. I was immersed in looking at the differences, until ...

A small child started to cry – loudly. He was lost and was trying to make his way to the security guard at the front of

the line. Upon hearing his cries, all 200 people became silent. The sea of people parted, and the crying child easily made his way through the line. No one said a word until that poor child reached the security guard.

At that moment, I realized – forget the differences. Some things are universally similar, including concern for a child.

The lesson here is to acknowledge differences, but to seek similarities. As you learn to lead in a world that’s becoming smaller, you will need to recognize and adapt to differences. However, you can be reassured that we all share

some common bonds. You may be amazed to discover how much you have in common with your global customers ... and how rewarding it is to become acquainted with them.

### Conclusion

As a globally-aware CPA, you can make a positive impact. You can promote the concept of exporting, as well as share resources.

Even if your clients or employers don’t export, the world is still coming to Kentucky. So, you can recommend that your clients, employers, employees,

and colleagues obtain both the technical and soft skills necessary to compete in a global market. With your recommendations, they can navigate the world.



*About the author:*  
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