

the world trade center

OF GREATER PHILADELPHIA

By Linda Mysliwy Conlin



The Export Finance Workshop brings the latest financial products to exporters. Thomas Cummings, Northeast and Mid-Atlantic Regional Director, Export-Import Bank of the U.S., addresses attendees.

In 1933, President Franklin D. Roosevelt designated the third week in May as "National Foreign Trade Week," stating that "Foreign Markets must be regained if American producers are to rebuild a full and enduring domestic prosperity for our people." Fifteen years later, in 1948, a poster promoting "World Trade Week" heralded the benefits of international trade with the message, "World Trade Makes Good Neighbors," underscoring that, in this post-World War II period, when trade crosses borders, armies are less likely to do so. U.S. exports now account for 14 percent of our country's gross domestic product. With 95 percent of the world's consumers living beyond our borders, global trade

remains, as it was 80 years ago, a vital tool to help rebuild our nation's and the world's economy.

This holds true for Greater Philadelphia where exports are an important engine of economic growth and job creation. In fact, Pennsylvania and New Jersey rank among the nation's top 12 exporting states. According to the U.S. Department of Commerce, in 2011, Pennsylvania reached a record \$41 billion in merchandise exports, a 17 percent increase over 2010, while New Jersey recorded exports of \$38 billion, representing a 19 percent increase over the prior year. It is also interesting to note that, in both states, at least 90 percent of exporting companies were small and medium-sized businesses, and that over one-sixth of all manufacturing workers depend on exports for their jobs.

The Greater Philadelphia metropolitan area was among the nation's export all-stars, earning the designation as the 11th largest export market in the United States in 2011, with merchandise exports totaling \$26.2 billion, reflecting a solid increase of \$3.4 billion over 2010 exports. Top markets for the region included Canada, the United Kingdom, China, Mexico, and Germany, with chemicals, petroleum and coal products, computer and electronic products, transportation equipment and machinery among the leading merchandise exports.

So, when it comes to export growth, it should come as no surprise that metro areas like Greater Philadelphia are leading the way. According to the Brookings Institution, which is spearheading a Metropolitan Exports Initiative, "the 100 largest metropolitan areas in our country in 2010 produced 65 percent of U.S. exports, including 75 percent of service exports and 63 percent of manufactured goods sold abroad." For this reason, public and private sector leaders are working together, according to Brookings, "to make exports and

Linda Mysliwy Conlin is president of the World Trade Center of Greater Philadelphia. (lconlin@wtcphila.org)

DRIVING REGIONAL ECONOMIC GROWTH AND JOBS THROUGH EXPORTS

From its Center City Philadelphia location, the World Trade Center of Greater Philadelphia, a bi-state non-profit and membership organization, like its counterparts worldwide, serves as a single, powerful source of international business support for companies in the Southeastern Pennsylvania and Southern New Jersey regions. Experienced in more than 75 international markets, the WTCGP staff, on an annual basis, works with some 300-400 companies. Though the organization offers a range of trade services to meet the needs of its global business clients, the WTCGP focuses primarily on helping companies develop and execute successful export strategies. The success stories mentioned in this article are just a few of the hundreds generated by the WTCGP.

global engagement a central, consistent part of broader regional economic strategies.”

As the region’s leading global business resource, the World Trade Center of Greater Philadelphia (WTCGP), in its decade-long history, has helped area companies generate over \$800 million in export sales, supporting 10,665 jobs. The organization is working with metro leaders and state and federal partners to integrate exports into a broader regional economic growth, job creation, and global competitiveness strategy.



PA Lt. Governor Cawley greets NY Canadian Consulate John Prato at meetings between Canadian Oil Sands companies and Southeastern PA manufacturers.

WORLD TRADE CENTERS: THE POWER OF A GLOBAL NETWORK

In 1959, David Rockefeller, as chairman of the Downtown-Lower Manhattan Association, initiated plans to construct a permanent building where, according to twin towers biographers, James Glanz and Eric Lipton,

The United States and foreign business and financial interests can meet to do business; where representatives of the United States and foreign governments are available for consultation and aid; and where facilities are available to expedite business transactions.

In 1973, David Rockefeller’s dream became a reality with the construction of The World Trade Center Twin Towers in New York, which served as the first home for the World Trade Centers Association (WTCA), spawning similar hubs for global commerce around the world. Today, 42 years after it was first established, the WTCA oversees a powerful network of more than 750,000 member companies belonging to more than 300 world trade centers in 100 countries, each sharing a common mission, reminiscent of that first “World Trade Week” slogan, of advancing peace and prosperity through trade.

Many of the centers offer commercial office, retail, and business conference space and services, some are associated with Chambers of Commerce and leading universities, but all are dedicated to providing a comprehensive roster of international trade services and programs to expand global opportunities for their business community. And, from a development perspective, many world trade centers, such as the Seaport

World Trade Center in South Boston, have been an integral component in successful urban and port revitalization strategies.

THE REGION’S GLOBAL BUSINESS RESOURCE

From its Center City Philadelphia location, the World Trade Center of Greater Philadelphia, a bi-state non-profit and membership organization, like its counterparts worldwide, serves as a single, powerful source of international business support for companies in its region – Southeastern Pennsylvania and Southern New Jersey. WTCGP funding is derived through membership, grant funding, and corporate giving.

With a core mission of providing international trade services and key global connections to help companies succeed in global markets, the WTCGP contributes to economic growth and job creation in the region as a whole. Through individual trade counseling, educational programs, trade missions, and business networking events, the WTCGP helps companies target opportunities, develop market-entry strategies, and identify partners to sell into worldwide markets.

Experienced in more than 75 international markets, the WTCGP staff, on an annual basis, works with some 300-400 companies. Though the organization offers a range of trade services to meet the needs of its global business clients, including assisting importers with sourcing challenges and facilitating incoming foreign investment missions, the WTCGP focuses primarily on helping companies develop and execute successful export strategies. In this regard, the WTCGP serves as the Commonwealth of Pennsylvania’s official Regional Export Network (REN) representative charged with helping companies in six counties of Southeastern Pennsylvania expand their export sales.

With a total of ten REN partners throughout the state, linking Pennsylvania companies with 21 representatives stationed in major markets around the world, the WTCGP belongs to what is nationally recognized as the most comprehensive state trade development program of its kind in the country. In fiscal year 2011/12 the *World Trade PA* program helped companies generate in excess of \$831 million, supporting some 6,900 jobs statewide.

The WTCGP was responsible for nearly 20 percent of that total, or \$161 million, helping Pennsylvania companies increase sales in markets such as China, Mexico, Germany, Brazil, and South Korea, among others. According to Pennsylvania Department of Community and Economic Development Secretary C. Alan Walker,

Growing private sector jobs is a top priority of the Corbett administration. Increasing the number of Pennsylvania businesses that are exporting will create new job opportunities in the state. Through working with our Regional Export Network partners like the World Trade Center of Greater Philadelphia, Pennsylvania’s export assistance program continues to be the national model for providing businesses with the support they need to grow and create jobs.

GROWING EXPORTS AND JOBS: ONE BUSINESS AT A TIME

Behind the number of exports generated and jobs created are the real life stories of the companies that have broken new ground in promising markets around the world. Seventy-five years ago, Harold Beck conceived of a process for improving the temperature controls of large industrial furnaces. With this early form of automatic process control, he won his first order a year later with the Carnegie Illinois Steel Company in Pittsburgh, going on to secure sales with other steel companies in Pittsburgh and Illinois.

Today, Harold Beck and Sons, Inc., is run by the third generation of the Beck family, Doug Beck, who oversees the Newtown, Bucks County, Pennsylvania company, producing state of the art actuators for important applications at coal-fired power plants across the United States. Under Beck's leadership, what began in the steel mills of Pittsburgh and Cleveland now includes installations in more than 70 countries around the world.

According to Bob Kritzer, director of Harold Beck and Sons' International Division, his company's success is based on having a high-quality product that fits an important niche, in addition to long-term and very dedicated employees, who, for example, despite a lack of power at the facility due to outages caused by Hurricane Sandy last fall, returned to the plant to process an order for an important customer. Maintaining a technically and highly-skilled workforce is critical; so Harold Beck has joined manufacturers in two suburban Philadelphia counties to form the Bux-Mont Manufacturing Consortium focused on developing a talent pipeline to train for and fill future manufacturing jobs.

With Canada and Mexico currently top markets for Harold Beck and Sons, Kritzer sees future growth in markets like China and India. Working with the WTCGP's staff and Pennsylvania's international trade representative in India, in 2005, the company was able to access valuable market research and assistance in organizing meetings in Delhi and Mumbai with key public and private sector leaders in the power, cement, and steel sectors.

"The WTCGP," Kritzer stated, "provided an important stepping stone for us to enter into the India market. Even today, we are still benefitting from those early contacts arranged by the WTCGP and the overseas representative in India. The work was so on-target that it has lasted." Selling directly into markets like India has helped Harold Beck and Sons more than double their international business, and, given today's challenging U.S. domestic market, has enabled the company to retain employees whose jobs, otherwise, may have been in jeopardy.



2013 Global Business Conference with (l to r): Eric Olson, Principal Commercial Officer, US Consulate Recife, Brazil; Linda Conlin, President, WTCGP; Anthony Bartolomeo, Chairman, WTCGP; PA State Senator Mike Brubaker; Thomas A. Shannon, U.S. Ambassador to Brazil; and Andrea Townrow, Executive Vice President, WTCGP.



Philadelphia Mayor Michael Nutter and Fred P. Hochberg, Chairman and President, Export-Import Bank of the U.S., attend WTCGP Global Business Conference at Drexel University.

CustomChill, Inc. is a Philadelphia-based company and manufacturer of thermoelectric chillers and cooling solutions for use in a variety of industries including medical lasers, orthopedic rehabilitation, industrial lasers, laboratory research, microprocessor cooling, and food service. According to CustomChill President Nathu Dandora, a friend contacted him to start a new company that, unlike conventional refrigeration, would apply a precision cooling and heating thermoelectric process for use in laser manufacturing or laser surgery.

Currently with 10 employees, CustomChill's secret to success is embodied in its name – designing products to meet the individual and specific needs of its customers. The company predominantly targets advanced markets with developed manufacturing and medical facilities in North America, Japan, and Europe, including customers manufacturing sophisticated lasers in Spain, Austria, and Germany.

A WTCGP trade specialist recommended that CustomChill participate in Pennsylvania's Pavilion at the November 2010 MEDICA Trade Show in Dusseldorf. Working with Pennsylvania's representative in Germany, meetings were organized with potential buyers that resulted in CustomChill landing a major, multi-million dollar sales order from an Austrian company.

Dandora states, "The contacts that the WTCGP has with the State, world trade centers and international organizations are unique and very beneficial for businesses.....everyone starts small – it's difficult to do on your own, and on your own you won't know where to go fishing – with the help of the WTCGP, you will locate areas where there are fish. Also, you don't stop there. (They) will provide assistance afterwards as well." CustomChill's growth in international sales has led to the hiring of staff to develop new products and expand sales and marketing efforts.

K'NEX Brands, LLP, a privately held company with headquarters and a manufacturing facility in Hatfield, Pennsylvania, is recognized as one of the most innovative and fastest growing construction toy companies in the world. Growing out of the Rodon Group, a plastic injection molding company founded by Irving Glickman, K'NEX was the brainchild of son Joel Glickman. After tinkering with straws at a wedding party, he conceived and developed what have become the elaborate construction toy sets of today, fueling the imagination of children of all ages with their abundance of wheels, pulleys, gears, and all manner of moving parts.

The company's products are now distributed in over 30 countries worldwide. If you ask K'NEX Brands President and Chief Executive Officer Michael Araten the secret to his success, he would say, "We grow and succeed because K'NEX is a culture of innovation, integrity and entrepreneurship totally focused on Building Worlds Kids Love."

You would also hear him say that international sales have become a growing part of his business, anticipated to reach some 15 percent of overall sales in 2013, and directly supporting and enabling him to add to the K'NEX workforce, which now totals some 175 employees. The WTCGP, together with Pennsylvania's international representatives, helped the company identify a new distributor in Australia and, as a result of a WTCGP-organized trade mission to Brazil in October, 2011, K'NEX made its first sale with a major buyer in Sao Paulo, shipping two containers of its products to Brazil just six months later in April.

K'NEX is also re-shoring, returning manufacturing jobs from China, creating jobs locally, and supporting the local economy indirectly with the many print and production vendors and suppliers with whom it will be working as a result of this shifting of manufacturing back to Pennsylvania.

K'NEX President Michael Araten is an enthusiastic champion for the region, stating that, "The Greater Philadelphia Region is an amazing place. It has rich history, as the birthplace of our nation. It is home to a diverse, educated and motivated workforce. Perhaps most notable, Greater Philadelphia has a network of business leaders that

Photo credit: K'NEX



President Barack Obama joins Michael Araten (second from left), President of K'NEX and member of WTCGP, for a tour of their Hatfield, PA, plant.

help each other and their community even as they drive growth in their own business. I love living here!"

GAINING A COMPETITIVE EDGE: COLLABORATING AND SHARING BEST PRACTICES

To augment its core trade services program, the WTCGP also organizes a roster of educational programs and business networking forums to help guide the global business strategies of companies, offering timely market information and opportunities for area firms to collaborate, share insight, and learn from one another. Examples include the award-winning CEO's *China Operations Club*, where companies active in the China market meet to hear presentations from leading experts on topics ranging from intellectual property protection to global banking issues and labor regulations. Informal discussions complement the formal sessions, where members share best practices and learn from one another.



WTCGP offers students an opportunity to engage in high-level international business networking and educational events.

With the *International Design and Engineering Consortium (IDEC)*, leading architectural, engineering, design, and construction management firms collaborate to strengthen and present winning bids for large, global infrastructure projects. And through its series of *Export Finance Workshops*, the WTCGP collaborates with leading international lenders such as HSBC, PNC, TD Bank, UPS Capital, and Wells Fargo Bank and government agencies like the Export-Import Bank of the United States and the U.S. Small Business Administration to mitigate risk and access capital and global banking solutions to support export sales transactions.

A WORLD-CLASS REGION: FOCUSING ON ITS STRENGTHS

In addition to Pennsylvania's Department of Community and Economic Development and New Jersey's Business Action Center, state agencies that support export development, the WTCGP has worked in partnership with local, county, and federal organizations to advance the global competitiveness of key technology and growth sectors for the region.

With the overall mission of "leading the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for

growth and success in the worldwide economy,” the U.S. Economic Development Administration (EDA) understands that economic development takes place within a *global economy*. In partnership with the EDA and the region’s leading technology investment and commercialization organizations like Ben Franklin Technology Partners of Southeastern Pennsylvania and the University City Science Center, the WTCGP developed export seminars to advance the global leadership of companies in the life sciences, biotech, and nanotech fields, and in the energy and environmental sectors. By aligning with the region’s established growth drivers, the organization strengthens its role as a catalyst for regional economic growth.

Finally, Greater Philadelphia is home to over 100 colleges and universities. The WTCGP has helped attract and recruit international students to the region’s campuses. Seeking to align classroom theory with practical experience in the conduct of international business, the organization created the “Export for Scholars Program,” where graduate business students work alongside exporting companies, providing market research and participating in trade missions and sales meetings. The WTCGP is committed to working in partnership with leading institutions like Drexel University and its LeBow College of Business, Saint Joseph’s University, Villanova University, Rutgers, Richard Stockton College of New Jersey, and Temple University’s Fox School of Business and Center for International Business Education and Research, among others, to help prepare the next generation of global business leaders.

The Philadelphia region is looking outward, proud to promote its rich history and cultural attractions, centers of technology leadership and innovation, institutions of

higher learning, its quality of life, and its people. Initiatives such as *World-Class Greater Philadelphia*, undertaken by The Economy League of Greater Philadelphia, have brought together business and civic leaders to craft and implement strategies to position Greater Philadelphia as a global leader. Following this trend, the Philadelphia City Council appointed Councilman-at-Large David Oh to chair a Committee on Global Opportunities and the Creative/Innovative Economy. Embarking upon his second term, Philadelphia Mayor Michael Nutter addressed a Greater Philadelphia Chamber of Commerce luncheon saying,

My Administration’s approach to economic development, education, government reform and infrastructure renewal reflects a consistent philosophy that is aggressive, global in scope....Philadelphia’s marketplace is global, integrated and increasingly competitive. ..we need to market ourselves globally.

To achieve this vision of a “world-class” city and region, and, according to the Brookings Institution, “fully maximize the benefits of global trade and demand, exporting needs to be promoted as a key economic strategy within the region, as well as better integrated into existing regional economic growth strategies.” Visiting Philadelphia’s Sister City of Tianjin, China, and Beijing in November, 2012, Mayor Nutter is already making good on his second-term priority of advancing global trade and investment as important drivers of economic growth and jobs. Count on the WTCGP to be a key player in positioning Greater Philadelphia as a world-class destination and center for global commerce – one successful business at a time. ☺



IEDC Members Only blog

The District of
Economic Development
Federal News and Other Happenings for the Economic Developer

www.iedconline.org