

SMALL BUSINESS

Soap maker cleans up its export act

A special training programme has proved vital for enterprises hoping to start trading overseas

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Clarke said she began sending her handmade soaps to overseas customers in envelopes, but has upped her export game thanks to taking part in a course run by the Irish Exporters Association and InterTradeIreland

Suzanne Clarke set up Clarkes of Dublin, a producer of natural, handmade soaps, six years ago. A sculptor by vocation, she developed an interest in soapmaking when the recession took a toll on her artwork.

Such is the demand for her handcrafted products that she is due to feature in a US television show about Irish crafts this autumn. She is now scrubbing up on her exporting skills.

“In the beginning I’d get orders from overseas and just head down to my local post office to send off soap in envelopes,” said Clarke. “Then I’d find out the packages had split open.”

With the promise of a television documentary due to air on America’s PBS channel, she decided to get serious about developing export markets.

She signed up for the inaugural Export Knowledge Programme, a small business initiative run by the Irish Exporters Association (IEA) and the cross-border development agency InterTradeIreland.

“I had a million questions, about how to build currency fluctuations into pricing, and about business structures and logistics,” said Clarke. “I was busy in my studio, making soap, and not knowing who to ask.”

While she may not have known much about exporting, she knew she needed to get it right. “I know I can’t afford to make a mistake and pour money into the wrong market. I needed to get this right.”

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Clarke is one of 20 graduates of the programme, which finished in mid-July. Participants from a range of sectors attended workshops on export-related topics, including trading safely overseas; legal and intellectual property issues; international financial management; ecommerce and social media; and international logistics. They were also schooled in how to find opportunities overseas, research markets and tender for overseas contracts.

For Robert Hallam — who set up 250Kal, a Wicklow healthy treat confectionery company, with his sister Denise in 2014 — exporting was always part of the business plan. The opportunity arose before he had devised an export strategy.

He was selling his products through Insomnia coffee shops and SuperValu supermarkets in the domestic market when he began getting phone calls from British food service companies. They had searched online for healthier confectionery options and found 250Kal.

“Given the advent of the sugar tax on fizzy drinks, and the rising costs of dental care for children on the NHS, interest in low-sugar treats is growing there,” said Hallam.

The most valuable part of the programme was learning about business structure options, such as going with a distributor or selling direct to retailers, said Hallam. He is now in negotiations with outsourced producers with a view to ramping up production.

“A contract manufacturing solution is the best way for us to scale up without having to invest significantly in machinery or personnel,” he said. “The course covered all the areas we have to know, including legal and compliance issues, intellectual property issues and registering brand names in various territories.”

Lir Analytical, founded by chemist Micheal Savage, was set up with exporting in mind. He raised €1m in investment and bank finance to launch the company in April 2014, providing a range of biosecurity products and services to the food and dairy sectors.

High-performing chemical disinfectants form part of the range. “A lot of the products currently in use in food and dairy plants have been on the market for 30 years and have seen no focus on innovation, yet demand for biosecurity is growing month by month,” said Savage, who employs 15 people in Longford.

The right disinfectant used in milking parlours can result in a reduced use of antibiotic medication in cows.

“When it comes to dairy, everyone looks to Ireland and New Zealand to see how things are done. It’s why a company like Dairymaster [a maker of milking machines], from a tiny Kerry village, can achieve 30% market share in Germany,” said Savage, whose direct competitors include multibillion-euro players such as Ecolab. “We have developed a high-end product that can compete in any market, as long as we’re competitive.”

The Export Knowledge Programme highlighted a raft of export supports. “The first things all start-ups do when they want to export is jump on a plane and go to a trade show,” said Savage. “There are people out there — business accelerators such as Business Boost in Wexford — that can help you find the right person you need to talk to and then put you in front of them.”

Trade shows can take up a lot of time, he added. “When you’re already busy with manufacturing, distribution and R&D, you can’t afford to waste time.”

One programme session included input from the Department of Foreign Affairs on how first-time exporters can make the most of Ireland’s ambassador network, using embassy staff to check out potential clients.

“Also there are countries where Enterprise Ireland might not be so well known, and the ambassador can carry more weight in terms of making introductions,” said Savage.

Another rookie mistake was shared by a representative from ABP, the Irish meat giant: falling for the first distributor at a trade show. “The next thing you know they’re tied up in an exclusivity deal for 12 months with someone who turns out to handle a competitor,” said Savage. “Just hearing about what can happen is invaluable, particularly from a company as successful as ABP.”

Simon McKeever, chief executive of the IEA, said first-time exporters should be clear about their objectives. “Do your desk research first; know exactly where you want to sell and who you want to sell to,” he said. “Before you start, establish where the opportunity lies and avoid wasted energy chasing the wrong markets.”

He also says that companies should “trade safely”. Export credit insurance is quite cheap. “With exporting, make a mistake and you can very easily lose €20,000 or €30,000 — which, for a small business, is a huge hit.”

For Sarah O'Connor, co-founder with Isolde Johnson of the food company Cool Beans, launching in the home market was the best way of “tweaking” the product to get it right. “We found our sweet spot that way, changing our pack size for example from 400g to 300g and increasing our bean content.”

With sales growing steadily at home, she started exporting to Britain in November and Northern Ireland in August. For her, the IEA programme was an opportunity to swap war stories.

“Some people would never use a distributor while others found that the right one transformed the value of their business. It was really interesting to hear all that,” said O'Connor. “And while it’s one thing to be aware of the need to hedge your currencies, for example, it’s another thing entirely to learn how to manage it.”

Jacqui Kelly of Kelly’s Mountain Brew cut her exporting teeth selling her craft beer to a pub in Russia — owned by a friend of a friend. “I’m just back from a mini-expo in Moscow,” she said. “I can see there is a lot of interest in extreme beers there.”

Moscow alone has a population of 12m, she said. “There’s no point sticking with your comfort sales, the ones you know you can rely on every week,” said Kelly.

“My husband Ronan and I have put everything we have into this business. We don’t want to be wishing later on that we had tried harder. You’ve got to think big and that’s a lot of what the course was about, encouraging you to think big.”