

Success Story

Working Through the Pain

Avazzia

“Our sales generate increased cash flow that helps us meet payroll; so you might say I’m bullish on our export potential.”

—Tim Smith, Chief Executive Officer



The Company

Tim Smith helped put a man on the moon. Given that career highlight, what would be an appropriate sequel for a veteran manager who spent his career at Texas Instruments developing computer chips for the Apollo space program and major military systems?

“My dad taught me all the basics of electronics, so at the age of 12, I was hardwiring circuits in our home,” Smith says. “Then in high school I had a great electronics teacher, which motivated me even further and put me on my career path.”

After spending 21 years at Texas Instruments in chip design, manufacturing, and research and development, Smith was ready for a change. And after learning that a close friend had diabetic neuropathy, Smith thought he could help. Soon after leaving Texas Instruments, he learned about the Russian space program’s use of electronic devices to manage chronic and acute pain.

“Working out of my garage, I familiarized myself with the process of applying electrical signals to humans to turn on the body’s neuropeptides—the

body’s defense systems that promote the healing process and alleviate pain,” Smith says. “In doing so, I decided to start my own company, Avazzia, which means ‘beauty and freedom of health.’”

For Smith, it wasn’t about just making a profit; it was a quality-of-life issue. “One-third of Americans suffer from chronic pain, so there’s always a need,” he says. “Also, more Americans die from prescription painkillers than from street drugs. There’s real opportunity for making a difference in the lives of millions of people.”

Smith eventually hired staff and developed 11 varieties of therapy devices and 50 accessories. Marketing to hospitals, doctors’ offices, and rehabilitation centers, Avazzia also provides training to medical staff. In the United States, the devices are available only through prescription, whereas overseas, a prescription is not required. To date, his product has proven to be very effective. Smith reports that two-thirds of customers responding to his survey reported reduced use of pain medications and had improved sleep; many no longer needed to take oxytocin.

The Challenge

Smith first looked toward international markets in 2008 by selling to Taiwan. He's also had good success in Canada and Malaysia, and has made sales in Korea, Singapore, and England. To overcome import requirements, he began working with the U.S. Food and Drug Administration (FDA) and International Standards Organization (ISO) to obtain product quality and safety certifications; he also gained the CB internationally accepted approval for safety. With these approvals, his products are usually accepted in most countries, thus removing a major barrier to trade.

About a year ago, Smith started eyeing India as a potential destination due to its large English-speaking population and a growing middle class. But when he previously tried to start doing business in new markets, it took several months and costly trial-and-error to locate distributors. How could he quickly find a good distributor?

The Solution

At a local chamber of commerce event in 2012, Smith was introduced to Trade Specialist Richard Ryan of the U.S. Commercial Service in north Texas. Smith later took advantage of business counseling and learned more about entry strategies. Smith says, "I knew that India's population generally tries to avoid drugs, but the additional market research really reaffirmed the Indian medical community was very receptive to nondrug therapies."

Working with U.S. Commercial Service colleagues in New Delhi, India, Ryan helped Smith seek out potential Indian distributors. Avazzia's needs were matched with several prospective Indian distributors, then Smith flew to India.

"I interviewed several distributors and really 'clicked' with one in particular—we both had similar technology backgrounds," Smith says. "Having U.S. government backing also gave me

added credibility with him, so it worked out well, and I ended up signing him as a distributor."

The distributor purchased an initial stock of Avazzia products and showcased them at a trade show. Thirty Indian medical doctors came to Avazzia's booth, generating additional sales that continue to this day. Now, Avazzia is working on selling to a major sports injury rehabilitation clinic that treats 500 patients per week.

Lessons Learned

Smith originally assumed that international customers would be looking to pay the lowest price, regardless of quality. "But what I found is that if you have a quality product, people will lay out the cash to buy it," he says.

So what does the future hold for Avazzia? Smith's company has grown to 15 employees. "Exports account for 20 percent of our overall sales, a figure that could grow to 50 percent within the next 2 years," he says. His next big focus is Mexico, with plans to expand into Latin America, where the United States has several free trade agreements.

Oh, and what about Smith's friend who suffered from diabetic neuropathy? He continues to use Avazzia technology, which has dramatically reduced his need for painkilling medications.

Action

"If you have no previous international trade or export experience, do your homework first and take advantage of the U.S. Commercial Service. If I had known 10 years ago what I know today, I would have started selling to Europe early on.

"Leverage your business experience; you may have a greater skill set than you realize. For example, if you've sold here in the United States, that's a great asset to becoming a successful exporter."