

Success Story

Manufacturing

International Success

Patton Electronics Company



The Company

Patton Electronics is an electronics manufacturing company started by Bobby Patton and his younger brother in 1984 when they were computer science students at the University of Maryland. They began by selling small, electronic widgets that would interface between dumb terminals and IBM mainframe computers. They now have about a thousand products in their portfolio, and the biggest selling are in voice-over-IP.

The Challenge

As the company grew, there was a need for sources of reliable buyers and of credit to expand production and to offer terms to new customers. In the IT business, some of the biggest buyers are foreign governments. For an outsider, it's difficult to understand procurement rules and to know whether they are applied fairly, especially if you are not located in the country whose government is doing the purchasing.

The Solution

Patton worked extensively with the Export-Import Bank of the United States, which has become a key component for the company in financing international receivables. "Domestic banks are going to be a little bit nervous about whether or not they'll be able to collect on receivables that are coming from Sri Lanka or some other country in the world that they're not familiar with," he said. "Ex-Im Bank provides some stability for the commercial banks in lending to organizations like mine," he added.

Patton also uses the U.S. Department of Commerce, notably when he's trying to penetrate new markets. He recently opened an office in Hungary, and he worked with the U.S. Commercial Service office at the embassy to understand how best to open up the market in Eastern Europe, especially understanding opportunities in the Balkans, Croatia, Bosnia, and Serbia.

Collection issues are not regular occurrences, but they do happen. Patton recalls a situation with a customer in Algeria, where the bank that

was guaranteeing the debt of the customer was corrupt. The officers of that bank ran away with all the money and left Patton holding the bag. He went to the Department of Commerce who contacted the U.S. ambassador. Patton recalled: "The ambassador went to bat for us in Algeria to try to recover that money. So that was a great benefit."

Patton also had competitive deals in Morocco that looked like they were not so competitive and appeared to be wired for a particular vendor. "We were able to exercise some U.S. Commercial Service consulting to have the U.S. ambassador there also talk to the minister of communications and let him know that the United States was very interested in this particular deal. Just knowing that other people were watching kept that on the up and up and made it possible for us to win some business in Morocco."

Lessons Learned

When the company started, Patton immediately began to look for international buyers. He used a direct mail campaign and also attracted inquiries from his website. Then he got on an airplane and went to Europe to see some of the contacts, and while there he found others in local phone books and called them from his hotel.

At that stage, exporting was a very small part of the business. Now, though, it has become about 75 percent of all revenue. Through persistence and planning, Patton now has thousands of resale channels in about 125 countries on nearly every continent. Devices are made in the United States and shipped around the world.

As the business grew, Patton added staff outside of the United States, mostly in sales and technical support roles. He explained: "A big part of our go-to-market strategy is to be able to communicate with our customers in their language. So we have local language capability for technical support and for sales as well."

Patton said he learned a lot about business, including the international side, from his dad, whom he calls "a serial entrepreneur."

"He modeled a lot of things for us. My father has 10 children, so a big family. And we used to gather around the dinner table, and he would have business meetings at the dinner table and a lot of us kids would be listening in. So it was just part of the culture growing up—conducting business at home and working with international reps and channels."

Patton is also an ardent believer in the power of U.S. manufacturing as a powerful brand. "I think the future for U.S. manufacturing is bright."

He said: "We have a competitive advantage just because of our brand recognition. So there's huge opportunity there. And the biggest thing that keeps people from entering into new markets and new spaces is fear. And it's mostly fear of the unknown. What I can say is that people are people everywhere I go, that it's really enjoyable to get to know people in other markets. They have families and kids too, and they are trying to make money, and they have a lot of the same motivations. And it's very easy to get along with people once you start talking the language of commerce."

