

Success Story

Preparing to Succeed on the Road Ahead

Giant Loop



The Company

Harold Olaf Cecil was in his early forties when he decided to start his own business in Central Oregon. His initial investment: \$2,000. That was back in 2008, just in time for the Great Recession. Six years later, he and a team of five employees are making world-class equipment carriers for motorcycles. Giant Loop is now in 21 countries with sales growing 20 percent per year.

Cecil has been riding motor bikes since he was a kid. Rugged trails in Oregon required rugged equipment. Problem was—there wasn't equipment available that was rugged enough. The metal boxes and racks, for example, would break. Plus, they added weight which made the bikes unstable. So his first product was the Giant Loop Saddlebag made of ballistic nylon. It was horseshoe-shaped and wrapped around behind the seat, bolting to the plastic fender and side panels of the bike. Because his designs position weight closer to the center of the bike, it added stability. Giant Loop now has 25 products, ranging in price from \$16 to \$700. All are made in the

United States, except some specialty straps from Canada.

His biggest markets after the United States are Canada, Germany, Australia, the UK, and South Africa. After that it's Chile, Colombia, Brazil, and Portugal. He also has sales in Italy, Latvia, all the Scandinavian countries, and Iceland. A distributor agreement in Japan is imminent.

The Challenge

"Everything is a challenge," says Cecil. "That's what makes it fun." The biggest challenge was getting the first few international orders. The company is growing with 70 percent of the business in the United States; 30 percent international; 20 percent via the web, mostly B2C and domestic. He says that strategically it's important to have a mix of international and domestic.

Another challenge was finding a manufacturer in the United States. Luckily, Cecil had experience in the outdoor industry and used those contacts to find companies in Arizona and California to make his products. There aren't many of them, he noted,

but they were willing to make the small lots he needed. Overseas manufacturers wanted much bigger orders. “I think it’s true that Americans are great at coming up with new ideas and solving problems. Asia will continue to have an advantage making certain kinds of products. That’s kind of the global division of labor.”

The Solution

When Cecil was looking for his first international sales, he was advised to try trade shows. He found one catering to motorcycles and equipment. One of the best is a motorcycle show in Milan, Italy, called EICMA. Cecil has been to the show for the last 3 years and has come away with distributor agreements every time. He said: “We exhibit in the U.S. Pavilion, and there we meet buyers from all over Europe and many other places. We meet them face-to-face; they can see, feel, and learn about our products; and we can learn about their needs.”

Cecil also makes full use of government export assistance agencies. About this assistance he says: “I couldn’t have done it without them. This is my first business. I’ve been a journalist, an ad copywriter, and a marketer. I’ve never manufactured anything. As I got started, our local Small Business Development Center helped me learn how to actually run a business. I still meet with one of the counselors every month to get advice.”

The U.S. Small Business Administration, which helps support the centers in Oregon and throughout the country, provides a working capital loan guarantee. “They came through when we couldn’t get a commercial loan from any bank.”

The state of Oregon was a big help through the Business Oregon program. They helped Cecil apply for and get a STEP grant, which partly covered travel to the trade show in Italy and to

one in Sweden. In addition, the U.S. Commercial Service in Portland, Oregon, connected Cecil with Commercial Officers and staff supporting the U.S. Pavilion in Milan. Cecil said: “The U.S. Commercial Service has provided great market data and seminars on export mechanics. And government agencies work together to help small businesses like mine. They are invaluable, top notch.”

Lessons Learned

Cecil has found that free trade agreements have been very helpful in making his products more competitive in those 20 countries that have agreements with the United States. One benefit of the agreement is that they lower or eliminate altogether import duty rates on products that meet the rules of origin of the particular agreement. This is an advantage of making the product in the United States. Lower duty rates reduce costs to consumers, making those imported products more attractive. Distributors tell Cecil that his product is at the high end of the market because of product costs and shipping. So any way he can shave costs helps offset the pricing disadvantage. He said the “Made in the USA” brand is perhaps worth a 10 percent premium for his type of product. So he has to rely on every advantage in addition to competing on quality, innovation, and service.

So important are his international sales that he vows to never abandon his international markets, no matter how much the domestic market grows.

“We added a full-time employee in January, and we plan to hire more seasonal workers. I feel really good about creating jobs. This part of Oregon was hard hit by the recession. Next, I want to provide a health benefit to my employees. All of us have dependents. The new healthcare law (the Affordable Care Act) will help me provide the benefit. I really look forward to doing it.”