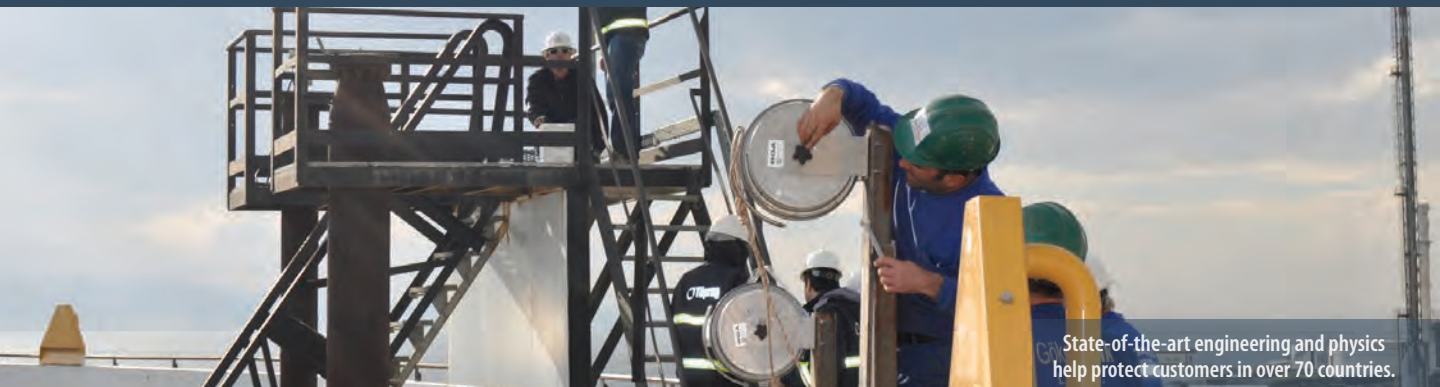


Success Story

Reducing Risk Through Science and Technology

Lightning Eliminators



State-of-the-art engineering and physics help protect customers in over 70 countries.

The Company

Lightning Eliminators is a Boulder, Colorado, company that does what its name says, according to chief executive Avrum Saunders, who oversees the supply of hardware and related services to protect their oil drilling rigs, storage tanks, airports, schools, prisons, and many other kinds of infrastructure in harm's way. The technology is designed around a principle called charge transfer. Basically, this is how lightning forms: Energy forms from the ground up and from the clouds down; where the two meet, you'll see the lightning strike or flash. Lightning Eliminators' equipment keeps the upward-forming energy from reaching enough strength to attract the downward energy.

The company has made sales in about 70 countries and boasts over 3,000 installations. International sales have comprised 63 percent of revenues and led to 200 percent growth over the past 4 years.

The Challenge

Saunders found that when dealing overseas—particularly in certain countries, such as Nigeria—there can be cultural and legal issues.

For example, the Foreign Corrupt Practices Act prohibits U.S. citizens from paying bribes. Competitors may not have such rules or they are not enforced as they are by their governments. Finding new business abroad was a challenge for the company in the beginning. How do you get in front of decision makers in other countries? And when you find them, how do you make sure you get paid? Saunders says that these concerns exist here in the United States but are more complex when dealing in different cultures, countries, and languages. He said: "You've got to understand people's business challenges and needs and models. And once we do that, then you have a conversation to figure out how you can help. But if you're not listening, you're going to miss it."

The Solution

Saunders says that his company has navigated cultural challenges by becoming very good at listening, and that involves "listening for what's not said as well as what is said." To illustrate, Saunders said he's done a significant amount of business in the United Arab Emirates (UAE). He said: "When you first look at UAE, lightning isn't a

particularly intense issue. So the question then is, 'Why are they interested in our equipment?' And that's where you have to start listening. And what we discovered very quickly is, one, they have the money. But they made a decision—a business decision to protect their people. They are going above and beyond the basics. And we had to really understand because in order to sell to a group like that, you have to understand what their business needs are. We've done several millions of dollars' worth of business in the United Arab Emirates."

The U.S. Commercial Service has been helping with the legal, payment, and new business development challenges. Saunders said: "The International Trade Specialists in Denver have been extraordinarily helpful to us. They have helped us open five or six new markets in the last 2 years. In fact my international sales manager was recently in Australia on a trip organized by the Department of Commerce, working with a local staff member in Australia to introduce our technology more fully and to help us find representation. That's been the single most important thing that they've helped us do, is find good representation in a number of different countries. The services they provide, you could not obtain for 20, 30 times the cost it costs us to work with them."

Lessons Learned

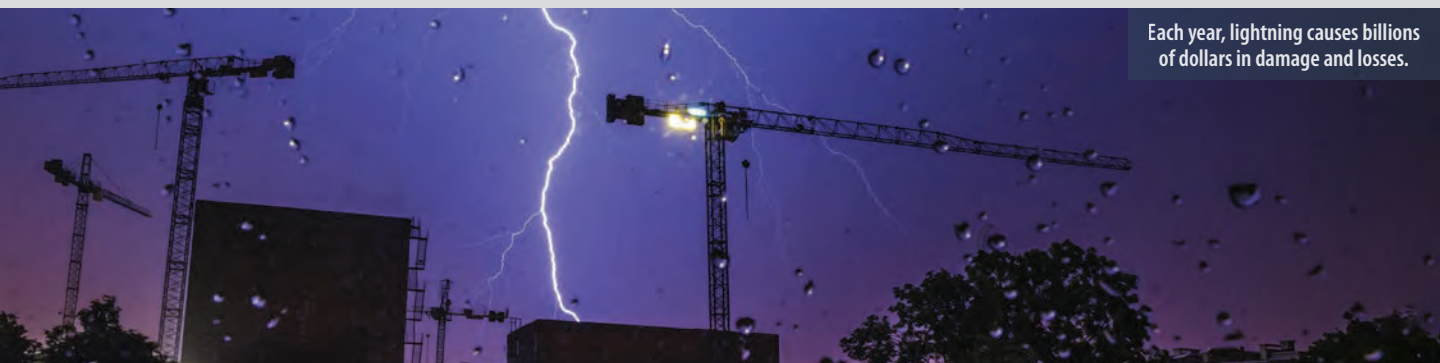
Saunders said the company has learned that because of the downturn in 2008–09 companies reduced costs and so can't afford downtime at any of their facilities. Spending now goes toward reducing the risks of a loss in productivity in a

climate of reduced costs. Companies that offer solutions will do well internationally.

You need quality representation on the ground in your target markets because you cannot, he argues, "fully comprehend what goes on day-to-day in a place like Nigeria. You just can't do it." He said you also have to focus on details such as financing instruments, including letters of credit and bank transfers. In addition, you have to understand the business culture. "There are things that we are constrained by, such as the Foreign Corrupt Practices Act. Very important to understand in places like Nigeria and other places like that where there are cultural differences that would run afoul of that law. You have to understand what's going on and you have to address those from the outset because otherwise you can get sucked into some very ugly situations."

Saunders says his company has high ethical standards. To his surprise high ethical standards are actually a business advantage rather than working against the U.S. company. What's more, the "Made in the USA" brand in general can be a competitive advantage.

"Foreign buyers really do appreciate, locally, the American technology and quality. We're doing some projects in Nigeria now where they insist on buying American because they've been burned by other companies of other nationalities. They just don't want to risk that. And so we do have that advantage. 'Made in the USA,' overseas, really does have some legs. But you can't do it in an arrogant way. You have to do it in a way that really supports their business models."



Each year, lightning causes billions of dollars in damage and losses.