



**Ed Jones, President,  
Export Management Services, Inc.**

*Ed Jones is president and overall strategist for Export Management Services, Inc. (EMSI), a full-service export management services firm with offices in Austin and in Washington, D.C. EMSI specializes in clients who are small to medium-sized high technology firms. Among the many professional organizations to which he belongs, Jones is vice chair of the Camino Real DEC (U.S. Department of Commerce District Export Council), which provides information on exporting to businesses within its jurisdiction (Austin, San Antonio to Corpus Christi). Through the Greater Austin Chamber of Commerce, EMSI is doing a CEO-only, by-invitation-only, International Best Practices seminar in September. For more information about EMSI, go to [www.emsiusa.com](http://www.emsiusa.com).*

**Q: Why did EMSI come to Austin?**

A: Our corporate headquarters is in Washington D.C. In export, it is very important to have a presence there. [But] Our favorite clients are those who sell software or hardware or combinations and some value-added component. In other words, they do systems integration, systems engineering or custom software. We work with customers who have very complex products and services that are not only hard to sell domestically but hard to sell internationally. Austin has these kinds of companies. In Austin we saw the youth, entrepreneurship, vision, banking community and lifestyle that makes this an exciting place to be.

## EXECUTIVE INTERVIEW

by Emily Sopensky

### ED JONES PRESIDENT, EXPORT MANAGEMENT SERVICES, INC.

**Q: What size is your typical client?**

A: An average small company to us does \$5-10 million of business. Medium-sized companies do \$75-100 million. Big companies that have an existing international infrastructure may also have a division or component that can't get corporate attention to do something on an international level. So they hire us. And all of a sudden they have exporting capabilities. Xerox, for example, is an international firm; one specific division that we help does one specific thing.

**Q: What about evaluating prospective clients based on their cash flow or their net profit?**

A: That's an interesting question because in our methodology, one of the nice things about our company that appeals to the CEOs and CFOs of high tech companies is that we're process oriented. We do what we call a Phase 1 of a company. On occasion, we have reached conclusions at the end of that process that we wouldn't take any more of their money because the product is not exportable.

**Q: Are there actually companies that you refuse to represent?**

A: If a retail customer or an agricultural company came in here, I'd send them somewhere else because I don't understand their business. We don't do rigid shipping distribution channels either.

**Q: Can we talk about pricing? Is Phase 1 a set fee?**

A: Our business model is pretty simple. Phase 1 is the first step, which is typically done for a fixed price. Before we walk in the door, we know as much about our potential client as is legitimately possible. We look at all the elements of your business. We look at your competition, your products, your

business, and your strategic plan to see how it's going to fit into an export plan. We do database searches; we do press. If it's a publicly held company, our task is a lot easier, of course. I've been doing business for 40 years so I can relate to CEOs. I've been there, done that; I've had my own company. We come to them knowing what their business is. Once the survey is completed, we decide whether or not we should move forward. The Phase 1 deliverable is almost an export plan. If the products are not exportable or the company does not like the plan, then we walk away. We don't charge billable hours or expenses on top. It's a firm fixed price.

If the answer is yes, the first step of Phase 2 is to sit down and negotiate the cost to provide all of their export functions at a fixed price for research, marketing, trade financing (if necessary), export licensing and human resources. It's easier to say what we don't do. We're not lawyers but we have some great alliances with law firms to whom we will refer our clients. And we're not PR. We'll refer to a great PR firm. What the CEO walks away with is knowing what all his export functions will cost for the year. There are no add-ons for billable hours or expenses. We have modest fees that typically run \$5-10,000 per month.

**Q: How can you do business in places where the economy is in crisis—for example, in Southeast Asia—if you are on a firm fixed-price basis?**

A: The reason that we can do this work on a fixed-price without expense reimbursement is by multiplexing travel and serving more than one client [at the same time]. I go quarterly, typically, around the world. We have an internal Web site that our clients, associates, or management can access so that we can

be in constant communication with our clients and management team. The dips and peaks are smoothed by the fact that we're working for multiple clients.

Finally, we have a success fee based on sales. If we were negotiating just the fixed price, we could be lazy and we would eventually get fired. With commission, there's incentive to get out there and sell. Remember sales is our business. The first part is, I've gotta convince you to be my client. That's the first sale. The next is I gotta sell what you do. The cash flow for our business comes from two sources: the fixed fee and from commissions.

**Q: How do you find your clients?**

A: Good question. I've been around a long time. I serve on boards of professional associations. I do all the things you learn in marketing 101. Pro bono work. I volunteer at the Austin Technology Incubator, IC<sup>2</sup>. Not to patronize, but the Austin Software Council is one of our greatest associations. Cerise is great. I wish we could bottle her and sell her. We have a mutual admiration society.

Typically I sell at the CEO level. We usually know someone on the board, an investor, or an officer. For export, working with venture capitalists is very important. They see a business plan. Good product. Good domestic plan. And they ask, "What's your expertise in export?" When they get the answer, "We don't have any," venture capitalists often refer the company to us. And we often do the export part of their business plan. Makes those companies more attractive to venture capitalists. They get funded; we get a client.

**Q: Your senior associates, how do you attract them, develop them?**

A: There are two kinds of senior associates. We have

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domestic-based functional associates, such as the trade financing specialist, the human resources specialist. Then we have a network of over 40 global associates. These are business men and women around the world that my managing partner in D.C. and I have worked with most of our adult lives. They are natives of their country, they are business people, and most importantly they have worked with me for a long time. As you know, in high tech some of our younger entrepreneurs think they can jump on an airplane, fly to Bangkok, get off the airplane, and get a contract. That's when they call us to get them out of trouble. These entrepreneurs think their contacts are smart just because they speak fluid English. That's what they use as a test—they speak fluid English.

What we bring to the table are trustworthy business associates. I've lived overseas, I've worked overseas, I've started companies overseas. I started Export Management Services in 1995. We have the strategic alliances and we don't have a competitor.

What we find is that the singular engagement consultant knows a specific cultural area, has a language skill and will help you sell to that particular area.

**Q: What are some of the things you do to support your clients?**

A: We're pretty high tech. We have our own internal Web site that we built ourselves. My partner is a genius. We couldn't find anything out there so he built it. It sits behind our public Web site and is divided into clients, associates, management and a common area. A client can only get into their site, which has everything going on about their business—executive calls, action item lists, and progress reports. When we travel around the world, it's sometimes hard to get onto the Web. So we had a CD made up with all of our client's Web sites.

We work closely with banks and investors on trade financing. Many times a potential client cannot

afford a product but they need it. We bring the finance with us. A singular engagement consultant usually cannot do that slice of the action.

**Q: Which country do you see right now as being the hardest to do deals in?**

A: The hardest? Russia. Unless the company is into some basic commodity, it's hard, very hard doing business in Russia. On a scale of 1 to 10 with 10 being the hardest, Russia is a 10+. Some of the CIS (Confederation of Independent States) countries are also in that 10 category. These are some of the countries in the former Soviet Bloc.

**Q: What about China?**

A: China is difficult but not as hard as Russia. I lived in Hong Kong for several years and worked in China. There are also a couple of people in Austin who specialize in China.

**Q: What about Indochina?**

A: I wouldn't touch it right now. I worked with Mr. Habibe, but he's not going to stay. He's a caretaker. For anyone to touch Indochina now—no. There are a lot of opportunities in Southeast Asia. If you have a product or service that solves problems, you are golden in Asia today because they have serious infrastructure problems.

Korea, Malaysia, Thailand. All these countries had this terrible crash and are restructuring. If you're selling luxury goods, forget it. They're austere. But if you have a piece of software that helps people do better program management, you've got opportunity. If you've got an accounting system that is better; if you have quality control systems; if you have maintenance management systems; if you have a product that makes people more efficient, you've got a market in Southeast Asia.

For example, we're very high on Korea. They may be down, but they're not out. They are a tough, resilient people. We've worked in Korea for a number of years, and I have a great fondness for its people.

Korea and Taiwan are gangbusters. So is Singapore. Thailand and Malaysia are coming back.

**Q: What about Japan?**

A: We do very little in Japan, because they don't buy what we sell. They're very independent. They want to do it themselves. I'm very familiar with Japan, but it's not a big market for us. In Europe, Central Europe is where it's at. The three invited countries into NATO (Poland, Hungary, and The Czech Republic), Ukraine, Slovenia and Austria are all important markets.

By the way, the NATO approved countries are a wonderful opportunity, but don't think military. NATO expansion is only about one thing. It's about the European community. They want to be a part of it and NATO is the first step. If you can get into NATO, then the acceptance into the free European market will come with that.

**Q: Are there any central European countries going into the standards organizations?**

A: You mean the ISO? Oh they understand the importance of standards. They're just having trouble implementing standards.

The people in these countries are very smart and well educated. They understand information technology, but they don't have the experience to implement it. They had been under Soviet control and in that society they were told what to do. All of a sudden, they are coming into NATO and they're confronted with people who say, "We don't want to tell you what to do. This is a democracy. Let's talk about it." They are learning to deal with that. It's an enormous opportunity as is English language training. They cannot meet the NATO standards.

To the south we see lots of opportunity, specifically in Chile, Argentina and Brazil. These are wonderful markets for our clients. We serve a few countries in Africa—Egypt, Morocco. We just started with South Africa now that the embar-

goes have been lifted. I am not an expert on South Africa. For us, it is a market five years from now.

**Q: What U.S. high technology products or services are valued the most overseas?**

A: Products and services—we have a balance of trade deficit in products—not services. In services, we are a net exporter. I harp on that all the time. People in Austin believe they don't have anything to sell if they don't have products. "I can't export services," they think. Yes you can. In terms of information technology—which is the large part of services—the U.S. is the gold standard. Everyone looks to us. Everyone thinks Japanese cars or German cars are better, but everyone says we are the gold standard.

That doesn't mean that exporting services is easy. It's hard. Everyone has horror stories: "I was about to close the deal on my whole computer system and the prime minister got thrown out by a coup d'état after I had worked on it for 2 years. It was gone." Or "I was going to sell a simulator for a nuclear reactor and I forgot to get an export license." Or "I didn't know I needed an export license. I was doing a contract in the country's currency and I woke up one morning and the currency had been devalued 75%."

Our process mitigates those practices, because we're looking at those problems way up front. For example, export licensing is a big deal, but if you plan for it up front it is not as much of a problem. That is not to say that we don't have clients that come to us in the middle of a crisis.

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