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LOCAL NEWS

Posted Oct. 23, 2003

Business officials attend UWO forum

By Nick Sargent
of The Northwestern

Doing business globally isn't easy, but three local executives explained why it's so important for their businesses to be involved in international trade.

As part of University of Wisconsin-Oshkosh's "Business in a Global Environment" forum, officials with Oshkosh Truck, OshKosh B'Gosh and DePere-based MEGTEC Systems explained how expanding global markets, domestic legislation and labor cost issues have caused traditionally domestic companies to become global players.

If MEGTEC Systems hadn't diversified its operations by acquiring a broader range of companies and expand operations to other parts of the world, Mohit Uberoi, president and CEO of the company said his company might not exist today.

"A lot of manufacturing companies in the region have had a tough time surviving," he said. "In the capital equipment business we had a lot of imports coming into this country (because of the strength of the Euro to the dollar)."

The company makes industrial drying and pollution reducing equipment for manufacturers, employing 400 people in DePere. With overseas operations, the company not only receives a cost advantage, but a sales advantage as well.

"It allows us to be very local," Uberoi said. "For the Europeans, we're European. For the Americans, we have an American presence. In China our staff is essentially all Chinese."

For OshKosh B'Gosh, evolving trade regulations have compelled the company to move all of their manufacturing operations overseas. It's a big change from 1984 when Cliff Thompson, senior vice president of operations, joined the company when it had 16 domestic plants and only a few facilities in Mexico and Latin America, he said.

But reductions in duties by the government and the passage of free trade legislation have opened markets that offer reduced labor costs to the company forcing the movement of plants overseas to stay competitive in the high state apparel trade.

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As quotas on China are removed, Thompson anticipates more cost savings for the company. But OshKosh will continue to diversify its overseas plants among different countries, he said.

"The Chinese market isn't the whole piece," said Thompson, who showed a graphic of the more than 20 countries where OshKosh B'Gosh clothing is made. "If anything, the SARS epidemic scared people and made them realize you don't want 100 percent of your business in any country. There's no place out there that's not prone to some kind of disaster that could wipe you out if you're not spread out."

For Oshkosh Truck, international business is more about expanding markets it serves than searching for cheaper labor costs, said John Roush, program manager for Truck's Egyptian and Kuwait Programs. Only 4 percent of the world's population resides in the United States, he said, displaying the market potential outside the country's borders.

He pointed to Truck contracts with United Kingdom's Ministry of Defense and potential business opportunities in Egypt.

He said the Egypt program will probably result in a partnership with a truck manufacturer there because of government standards. He noted the importance of American business officials to respect international customers, but he said it can't come at an ethical cost.

Even in countries that have more lax business standards than the United States, Roush said the company follows its strict domestic standards. The same holds true for OshKosh B'Gosh and MEGTEC, Thompson and Uberoi said.

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