

Slice of American pie

India and China may be the flavours of the month but the US is still, by far, the biggest single market for British-made goods. **Elliot Wilson** reports on how to make a dent Stateside.

| 46

Allyson Stewart-Allen remembers the moment she walked into a Carphone Warehouse outlet in London's Mayfair and spotted the difference between Brits and Americans.

Inside the doorway was a roll of white stickers bearing an image of an outsized fly and the strapline: "Please don't bug me – I'm browsing." Customers were invited to fix one to their clothing, allowing them to wander the shop unpestered by store attendants. "What struck me was the implicit message," says Stewart-Allen, whose consultancy International Marketing Partners (IMP) teaches UK executives how to sell to our American cousins. "In America, the sticker would say the opposite: 'Please come and bug me, I'm browsing!'"

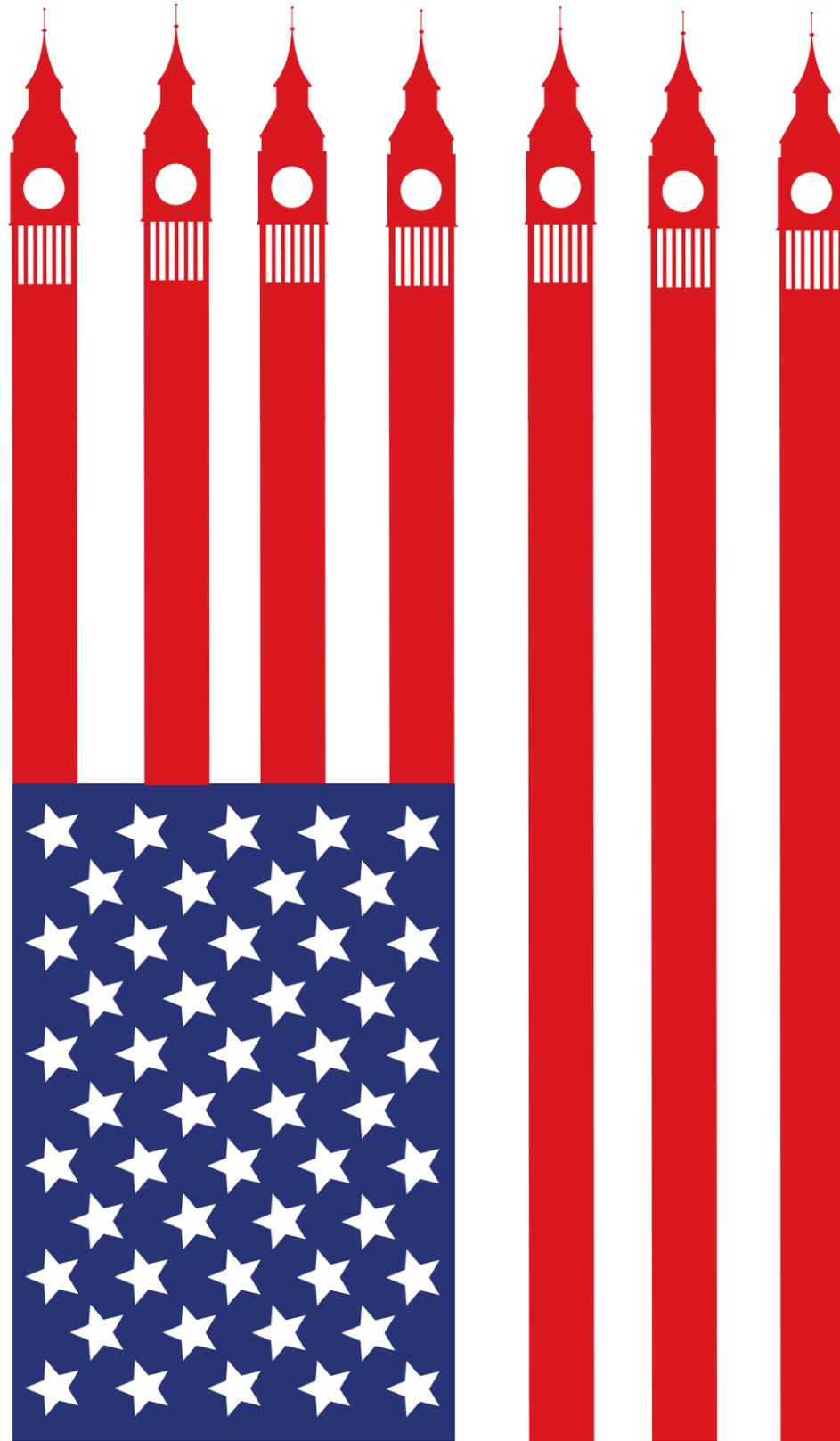
In the UK, she estimates the marketing "volume" is typically turned up to about a five. We don't shout loudly about our products, so that in a place as dauntingly vast as America, where the sound is ratcheted up to a ten, our products get missed, even ignored.

"Few British companies, let alone brands, succeed in mainland USA," comments Will King, the entrepreneur behind the King of Shaves grooming products (see page 54). "They think they can go into the States and make it

big, all by themselves – and they end up getting blown up by the competition."

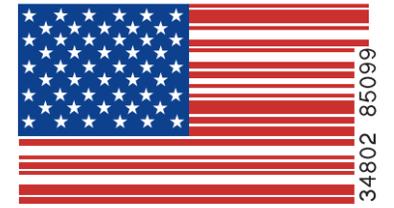
The first stage is simple: think hard about where to locate your headquarters. Take Leicester-based Mark Group, a £100m-turnover renewable technology firm specialising in energy-efficiency products for the home and office. In 2010, the firm expanded into the States, basing itself in Philadelphia. Within 12 months, it had hired more than 50 people out there. "We chose Pennsylvania because it's a cold northeastern state perfectly suited to our home-efficiency products," says Chris Brazendale, president of international operations at Mark Group. "From here, we'll expand across the northeast, and then to the mid-west. Hotter states like Texas and Florida will be the later cabs off the rank."

If you're a technology firm, set up shop in northern California. Biotech specialists should head for California, Boston or North Carolina's Research Triangle Park. For fashion, you have to be in Manhattan. The cost of leasing an office (always rent – never buy) will vary wildly depending on where you're based. At Regus, a firm that provides office accommodation worldwide (and lets you hire workspace with a



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Source: UKTI



one-month break clause), the cost of hiring a ten-man, full-service office starts out at \$1,000 a month (Oklahoma City), through to \$3,000 (Wacker Drive in Chicago), to \$23,000 (central Manhattan).

Second, understand the broader market. The US, unlike deeply centralised Britain, is a federation of states, each with its own laws, institutions and regulations. "Don't go in blind," says Alastair Mitchell, chief executive of Huddle.com, a London-based software firm that recently opened a Silicon Valley office after securing \$10m in venture capital. "Familiarise yourself with the geography, and invest in good lawyers." America is much more litigious than the UK, and because of that, contracts are very thick. If you make a tangible product, product liability and insurance are essential. Companies setting up in the US tend to incorporate themselves legally in Delaware, a state that offers generous tax breaks and, more importantly, legal protection against insolvency.

Healthcare is another potential headache. America lacks universal healthcare, so costs can run to \$500 a month and beyond for PPO (preferred provider organisation) cover. You'll need to cover dental, vision and health for your employees as standard. Good providers include the likes of Oakland-based Kaiser Permanente, with 8.7 million members. But there is huge competition in the HMO (health maintenance organisation) industry, so shop around for a few quotes – it could save you thousands in the long-run.

Finally, remember that political

networking is key in the States. "You need decent links to politicians, at the state and the federal level," says Mark Group's Brazendale.

These simple rules are invaluable for any British firm looking to crack America. And judging by the latest available statistics from the Office for National Statistics (ONS), we aren't doing too badly. America remains by far the biggest single market for British-made goods, followed by Germany and France. Total bilateral UK/US trade in goods and services combined reached £119bn in 2010 – that's a seven per cent increase on 2009 figures.

America certainly has a fondness for British products and brands. Especially those wrapped lightly and stylishly in a Union Jack.

September's export figures were notable in including a big jump in American sales of UK-made cars, particularly Land Rovers and Jaguars.

Dyson's bagless vacuum cleaners are a staple on American supermarket shelves, tied to product recognition and reliability, but also the entrepreneurial flair and soft British charm of founder Sir James Dyson. Topshop, meanwhile, is connected in the American psyche to the swaggering figure of Sir Philip Green.

Gary Scott, chief executive of Scott Logic, a Newcastle-based financial software firm founded in 2007, believes that Americans seem to trust Brits more than anyone else. "I think

the 'Made in Britain' tag goes down well," he says. It certainly doesn't seem to have hurt his company. Scott Logic is on track to generate £8m in revenues next year, around one-fifth of which will be generated in America. Scott's next move is to sell a new range of financial software to tech firms in Silicon Valley.

The UK continues to profit in other areas too, notably when it comes to the export of visual media and television – note here the huge attraction of BBC Worldwide and programmes from *Top Gear* to *Doctor Who*. Then there's the music, stretching back to the days of The Beatles, the original breakthrough British brand. In America's creative world, the attitude is: "If it's British, it must be good."

There are, of course, failings. Britain's cosmetics and toiletries industry, wielding considerable clout in the UK, has largely failed to make a dent in a nation that associates fragrance with France and Italy.

And there are language issues. Brits tend to code their language, hiding meaning under verbal rocks and leaves. That doesn't work in the United States, a country that prefers straight talking.

But the "special relationship" between the UK and US is still strong. David Cameron may single out the likes of India and China as markets that hold the key to British exports. But it is to an old market, once described as the New World, that many aspiring British business owners still look.

| 47

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