

Draperies & Window Coverings

Top New Products:
WCMA Award
Winners

page 24

**Competition
Healthy for
Shutter Sales**

page 48

**Is the Web Good
for Business?**

page 56

**Our
Man in
China**

Richard Storch
**Storch
International Inc.**

page 32

Draperies &
Window Coverings

**25
YEARS**

1981-2006

A man with grey hair and glasses, wearing a dark suit, white shirt, and patterned tie, stands in a warehouse. He is positioned in the lower center of the frame, smiling. Behind him are tall stacks of wooden pallets on blue metal shelving. To his right, there are stacks of cardboard boxes, some with labels. The background features a large, colorful abstract graphic with red and blue tones. The overall scene is well-lit, suggesting an industrial or commercial setting.

East Meets West

Exporting or importing,
for Storch International
Inc. globalization is a
good thing.

By Howard Shingle
Photography by Jim Robinette

Say "China" and most people think "competition." Say it to Richard Storch and he thinks of a rapidly growing consumer market with the potential to outgrow the U.S. market over the next two decades.

Storch has 28 years of international business experience—26 in the window coverings industry and 19 as Storch International Inc., Madison, WI—and most of it has been focused on Asia, specifically Hong Kong and mainland China. He has been developing this market not as a buyer, but as a seller.

"Whenever I talk to people for the first time and they ask me where do we do business and I say our primary focus has been Asia, and in particular China, their first comment is, What are you buying from them? And I say, Well, up until this point we haven't been buying anything. We've actually been selling," Storch says. "I say we've been selling very high-end U.S., Canadian- and European-made window products to the newly growing, upper elite, young entrepreneurs in China."

This is the market Storch has been working as an agent representing U.S. window coverings companies or as a wholesaler by supplying raw materials to fabricators to make all types of blinds and shades. He has firsthand experience at gauging its potential.

"You can't forget, it's still a communist country and you have to deal with all the issues that are involved with that in terms of all the policies and requirements to export to Hong Kong and China. But there is a fast growing, and I mean a very fast growing, market of newly developing and developed small companies—the entrepreneurial young men and women who are educated, who see opportunities—because China has been a void in terms of entrepreneurial opportunities. There's just a huge area to be filled right now, and all of these young people with ideas are now starting to fill this void. Now when you go to Shanghai or you go to Beijing or you go to Guangzhou you see skyscrapers everywhere, BMWs and Mercedes everywhere, and that is the new young Chinese who are developing wealth on their own. The Chinese government knows that economy exists. It knows that it has to let that economy grow on its own. It's the fastest growing part of the economy, not only in China but in the world.

"Those people are the ones who are buying our particular high-end products. We have identified fabricators and distributors in Hong Kong and mainland China who cater to that type of clientele. They, then, are focusing on that high-end market and they're bringing USA-made goods and Canadian goods and European goods to these newly wealthy Chinese. There is a fast growing market for the export side to China and I think it has potential, it has nothing to do but grow upwards."

Potential? Even though China manufactures similar products on its own, many achieving European standardized ISO 9000 quality?

"There will always be, in my opinion, a demand for the imported product," Storch answers, "because it's simply a matter of status and styles. Styles and status are two very important things for this high-end

clientele and that's what we contrive to bring on a regular basis to our clients in China—the style and status of having a foreign-made product hanging in their house or apartment."

"The globalization of the world is not a bad thing," he adds. "It's a good thing."

THE NEW FRONTIER

Storch has focused on international business since his college years. Having lived 17 years in Spain and other parts of Europe no doubt had something to do with it. But it was as export manager to Latin America for Springs/Grabber 26 years ago that Storch got his first practical experience. From there it was on to Beijing, China.

"At the time people were still actually walking around in Mao suits, everybody was dressed the same. They were riding bicycles and you rarely saw cars," he recalls. "I felt there was a tremendous opportunity there that was long-term future growth. I asked, Where is the new frontier?

Where is the new potential growth area long-term? And I was convinced 25 years ago that it was Asia."

What gave Storch the incentive and the courage to start his own company was receiving the President's "E" Award while at Springs. Presented by the U.S. government, the "E" Award recognizes persons and companies that make significant contributions to increasing U.S. exports.

Storch International Inc. started out 100 percent as an exporting company simply representing various large companies as their export department overseas and making a commission on those sales. Along the way he worked with Comfortex, Joanna, Vertisol and Levolor Kirsch. Some companies were not interested in selling overseas directly because many didn't know about the international arena and didn't want to take the financial risk, he explains. They wanted to sell to Storch domestically and he then sold the products overseas and invoiced the customer directly. "They gave us a competitive price and we turned around and sold overseas," he says.

Slowly over the years, Storch built a portfolio of from three companies originally to 16 and in 2000, Storch International was named Wisconsin's U.S. Small Business Administration Exporter of the Year (see *D&WC*, April 2000). Meanwhile, the line of products he sold grew, too. "Some of my customers were calling and asking me for certain products that the existing manufacturers that I represented did not have—for example, one of the first ones was Kirsch drapery hardware. One of my customers in Hong Kong asked me for Kirsch drapery hardware and I wasn't carrying a drapery hardware line at the time, so I thought what do I have to lose? I ended up calling the Kirsch export department and asking them if I could buy from them and sell for them into Hong Kong and they said yes. So we started a relationship as a wholesaler."

"We are a supplier of the raw materials to make all types of blinds. That's essentially our business," Storch explains. "Today 90 percent of what we do is as a wholesaler and 10 percent is still as a commission agent. We work with manufacturers, many of them on an exclusive basis.



"Some of the companies we represent on a regional basis—like for Asia, or Latin America. So it's a hodge-podge or a mix of different relationships that we've built depending on the manufacturer's needs in terms of where do they have a void to fill on the export side and if Storch can fill that void, and then we enter into a relationship with them for that particular market."

Initially, new products were added if they fit into the lines Storch had. "One of the things that was very important in the initial success of our company was that every manufacturer that we represented or distributed for in the beginning was for complementary products—they were not competing with each other."

"Some of that has changed today simply because of the nature of the international marketplace," Storch says. "There is so much competition out there and so many customers requiring similar items."

NUANCE AND SUBTLETIES

Operating internationally is a complicated and complex business and is unlike doing things in the United States. Perhaps above all else, it requires patience. To get into mainland China, for example, Storch International began in Hong Kong where most of his Asian customers originally were based.

"We slowly developed the relationships with strong Hong Kong customers and these fabricators eventually moved their operations, fabrication facilities and their factories to mainland China simply to take advantage of the lower cost labor, then realized there was a growing market [there]," Storch says.

"From what I'm learning and understanding about the U.S. market is that we're much more straightforward. We'd rather just talk about the deal and then move on. In foreign countries there is a lot of extra things that get into it—a lot of dinners, a lot of getting to know you, feeling like you can be trusted, that you're a friend, that you're reliable. If you're going to do business with somebody in the United States then you would expect those things to be in place. In other markets they expect to learn those things about you as they meet you."

"In Hong Kong, from the time I made a first call on my most important customer today to his first order was five years. Most companies wouldn't take the time to keep calling on somebody for five years. But that particular customer is my single largest customer today," Storch says.

There were many practical matters to work out as well. Things like how do you get goods into China? How do you get paid? "We've figured out 'the system' and we have managed to successfully get into the market by establishing relationships with some of the stronger Chinese-based fabricators," says Storch. "It has been an interesting 19 years."



The private label Storch International product lines carry items such as roller and pleated shade fabrics for U.S. companies distributing in Asia and other parts of the world.

Argentina and Chile and Brazil. All of these are truly different—the cultures and influences. Every market is different and what sells in Columbia may not necessarily sell in Argentina and what sells in Argentina may not necessarily sell in Chile.

"One of the keys to exporting is understanding the nuances and the subtleties in the differences between the cultures and in the way they do business and in the way they would accept you. You have to approach them in different ways and learning that takes time."

More recently, Storch has been eyeing the potential of the market in the United Kingdom. He has met with some large customers there and is currently working with them. "We have product that is interesting and unique and different and competitively priced. It has opened doors pretty quickly and I have to go after it," he says.

Still, Asia by far is the biggest market for Storch International, representing 55 to 65 percent of its total volume. Over the last 10 years Storch has seen an exponential growth of fabricators and distributors there—people who see there are many opportunities within the window coverings industry. "With all the buildings and apartments and houses that are going up . . . everybody has windows and they have to cover them and it is the fastest growing market and will be for another 20 years in my opinion," he says.

This growth was the motivation for Storch International opening an office in Hong Kong. Storch made a commitment to display product in a professional manner, so he took out a 2,000-square-foot showroom on the 14th floor of a building with a nice view. The warehouse is just a few buildings away.

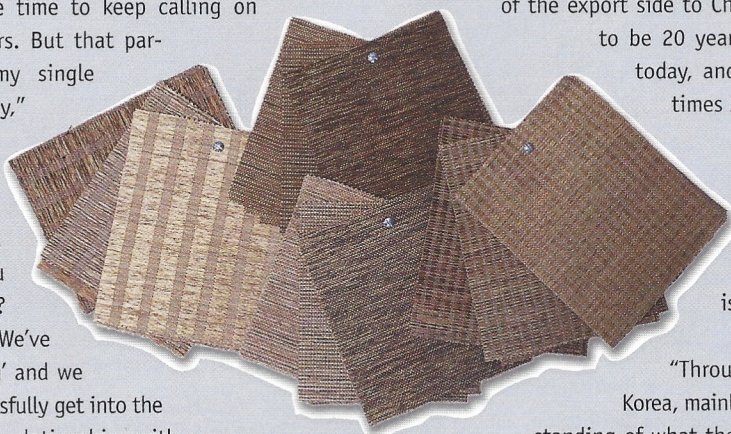
"All eyes should be on China in terms of the potential China has as a consumer market," Storch says. "Right now what we're doing in terms of the export side to China is only one-tenth of what it really is going to be 20 years from now or sooner. China is a major factor today, and 20 years from now it's going to be four, five times bigger than it is today in terms of the economy."

THE MOVE FORWARD

In an important sense, Storch hopes that his 26 years of export experience becomes only half of the story. Now, for the first time, he is turning his business toward importing.

"It was a natural evolution," he says.

"Through relationships with many of our customers in Korea, mainland China and Canada I was able to gain an understanding of what their plans were and what their growth ideas were and what their targets were. I watched them slowly grow as suppliers, then came a time when they got big enough and asked me if I would like to help them sell into the U.S. market or into the European



The suppliers, the products and the marketing tools are ready to bring new products to U.S. fabricators' attention.



Storch International continues to grow internationally because it is small and quick to react to changes and market developments. Now it is turning its years of experience onto the U.S. market.

market or the Latin American market.

"We've been able to put together a range of products that I source from Korea, from China, from Canada and from Europe that we feel will give us an edge in terms of exclusive relationships with suppliers and different designs—ones that I feel will be good sellers.

ADVANCED TRAINING

Richard Storch has been thinking globally most of his life. After spending his early years on Long Island, NY, he lived for 17 years in Spain and other parts of Europe and attended the University of Maryland, Munich campus. He returned to the United States to finish his bachelor's degree in business with a focus on international trade.

In the early 1970s, following military service and a tour of duty in Viet Nam, he attended Thunderbird, The Garvin School of International Management, Glendale, AZ, graduating in 1975 with a master's degree in international management with a focus on finance and marketing.

Thunderbird is the oldest graduate management school in the United States focused on preparing international business leaders. Ranked among the best in the world by *Financial Times*, *U.S. News & World Report*, *The Wall Street Journal* and *BusinessWeek*, the school's curriculum is based on the principle that to do business on a global scale, executives must not only know the intricacies of business, but also understand the customs of other countries and be able to communicate with different cultures.

"What was nice about that school was that the professors were not simply academicians," Storch says. "They purposely hired people from industry—private industry and big industry—and they came to teach and taught us young students all of their experiences in international trade and international business. So we had experienced people who could bring stories to the classroom that made it extremely fascinating."

"My whole challenge was to build an infrastructure to develop the market in the United States. We are now identifying top fabricators in the country and we are going to be approaching those fabricators with our products."

The import business was officially launched last month at the International Window Coverings Expo in Tampa, FL, but it's an idea that has been in the back of Storch's mind for the last three years or so. "We're a small company. We did not have the resources to focus on developing something as big as the U.S. market," he says. "Now we are in a position—we have the relationships with the suppliers, we have the products and there's no reason not to move forward."

The new venture is basically the same thing Storch International has been doing, only in reverse. And it's not like he's starting from scratch, either. Storch has been in the industry for 26 years, has gone to nearly every trade show, and has seen the exhibits and knows who the major fabricators are. It's just that the quickly expanding markets in Asia have kept him very busy there.

Storch knows importing might be slow at the start, but he has the patience—remember that five-year span between first meeting and then delivering his first sale to his biggest customer in Hong Kong? He also knows to stress quality products and customer service and not to compete on the low-end of the market.

One of Storch's first products to be introduced to the United States responds to an area that is becoming a top-of-mind issue for many homeowners: sustainability.

"It's a movement that started almost 20 years ago, but the U.S. market wasn't ready to listen at the time—the world wasn't ready to listen at the time! There were some window blind people who were pushing the concept, but it never really took until just the last couple of years," Storch says. "We feel that it is important. More and more people ask us about it—particularly architects and decorators.

"One of our products is PVC-free, it doesn't release gasses into the atmosphere, there's a lot of recycled material used in the product—we're going to push that story with a product that we're carrying from Europe that is called Novoscreen. I think that now people are more aware of the issues, aware of energy savings and the environment and this is just another step in the right direction toward which our country should be going." 🌟