

Shipping Digest

FLUSH WITH OPPORTUNITIES

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Exports boost sales of Falcon's waterfree urinals

A water shortage spurred the idea. Trillions of gallons of fresh water are literally flushed away in urinals around the world. There had to be a better way—so thought Ditmar Gorges, inventor of a waterfree urinal. Now, thanks to his company, Falcon Waterfree Technologies, little cartridges that absorb urine without the need for water are becoming a staple in male restrooms across the globe.

It took more than a good idea to build a successful business and a patented product, says Gorges, a mechanical engineer by training who went back to school for a master's degree in economics. "We began with the intent of retrofitting toilets and saving users a lot of money in water and sewer fees," he said. "Water is scarce and becoming scarcer in many parts of the world, and it's too costly in economic and environmental terms to flush it down the drain."

Los Angeles-based Falcon Waterfree sells in 48 countries worldwide. The company manufactures the housing for the urinals in Los Angeles. The cartridges are made in China, and the urinals themselves all over the world, including China, the UK, Mexico, Singapore, India, Turkey and Japan, according to Jamie Krug, the company's chief executive.

The company had a record year in 2008, with sales up 50 percent over the previous year. Although the construction industry is way down, Krug says the investment in the waterfree urinals could be paid back in six to 18 months. Prices range from \$150 per urinal to \$400, depending on the manufacturer and the country where the product is made.

Exports account for about 50 percent of the privately held company's annual sales, Krug said. He declined to give that figure.

Together with its partner, Sloan Valve Co. of Franklin Park, Ill., Falcon has about 85 percent of the world market, he said. The product is marketed under both the Sloan Waterfree and Falcon Waterfree brand names.

Despite Falcon's growth, Gorges is far from complacent. "Our technology seems bulletproof at the moment, but we need to constantly improve. We are working to make the cartridges last longer and to be 100 percent recyclable. That's the next innovation—within the next few years."

Gorges credits the U.S. Commercial Service with helping a small firm like his enter and find buyers in multiple markets around the world. For example, when Gorges targeted the Philippines, he received word from the Commercial Service office in Manila that the McDonald's franchiser there wanted to overhaul bathrooms in all the Manila restaurants. "Somehow, the Commercial Service got wind of this, knew our product, and called us with the lead," says Gorges. "Meetings were arranged for us, introductions were made, and it wasn't long before we had the contract."

Other benefits followed. McDonald's put a sign over the urinals touting their environmental friendliness. The owner of a five-star hotel in Manila was so impressed that he ordered them installed in the hotel's public restrooms.

The Commercial Service has also helped Falcon expand its sales in China. Restrooms in the passenger terminals at the Beijing Capital International Airport are among the locations in China where its products are used.

Gorges signed up with the Commercial Service office in Japan for long-term technical assistance that included research on building codes, meetings with government officials, and introductions to the best people to talk to in companies that could make suitable business partners. "Companies in Asia and elsewhere in the world seem to respect the U.S. government presence in our meetings. You get the sense that they are on their best behavior," says Gorges.

A Commercial Service representative attended 24 meetings between Falcon Waterfree and a Japanese urinal manufacturer that became the leading suitor. In the end, a deal was signed, and Falcon Waterfree now has a strong foothold in this important market. Says Gorges, "The Commercial Service was invaluable to us. They gave us insight on the business culture and how the Japanese viewed the terms of the contract. They had unbelievable market intelligence. In market after market, they knew. No one else did."

Krug is equally enthusiastic. "It's one of the single best things the U.S. government has done for business. We love them," he said. Falcon is currently receiving assistance from the Commercial Service with projects in Abu Dhabi and Istanbul, Turkey, he said.

Falcon is receiving some other high-powered help. Former Vice President Al Gore and former House Majority Leader Dick Gephardt both serve on the company's board of advisors. In addition, Falcon was one of the exhibitors at a Green Borders conference convened by Gov. Arnold Schwarzenegger last summer for governors of bordering states. Officials from Mexico also attended the meeting.

Gorges was particularly pleased when his Japanese partners told him later, "The Japanese government doesn't provide us this level of assistance. When we go to places like China, we are on our own. You Americans have the edge. You are lucky."

Thus far the company has sold about 150,000 urinals, according to Randy Goble, Falcon's vice president for marketing. Each of them typically saves an average of 40,000 gallons of fresh water per year. Besides saving water, the waterfree urinals also save on maintenance costs, according to the company..

At home, U.S. government agencies and school systems are among Falcon's customers. The U.S. Army Corps of Engineers, the United States Postal Service, and the National Park Service have included non-water using urinals as an alternate specification for all new construction, according to Falcon's Web site.

Subhed: Lessons Learned

Gorges finds that adapting his product to new markets has been among the most useful lessons he's learned. Different cultures have different "bathroom cultures," and recognizing these differences was key to adapting the product. Gorges explains that urinals are round in European countries and square in Asian countries. Also, different cultures clean toilets differently. Europeans use sponges and cloth wipes, but Japanese prefer to keep their distance from the cleaning surfaces and tend to use brushes. These differences are important when writing instruction manuals for use of the products.

He also learned that different cultures have shorter time horizons for getting to know you and deciding to buy. In Europe and some Asian countries, this process can happen quickly. But other places take more time. In Japan, for example, it took Falcon Waterfree five years to make its first major sale.

A final lesson is how quickly and profitably a small company, which has grown to 167 employees, was able to generate sales in international markets. He says of his company's many accomplishments, "With a small team, you can accomplish great things."

How can your company accomplish great things? Here are some ideas:

- Read more about how the Commercial Service can help you find international partners. Visit www.export.gov/tradeleads.
- For more information about best prospects in Austria, China, India, Japan, and the Philippines, consult the Country Commercial Guides in the Market Research Library at www.export.gov/mrktresearch. In addition, you can link to the Commercial Service Web sites in these and more than 80 other countries at www.export.gov.

PUT THE REST OF THIS IN ITALICS.

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