

# Getting Export Smart

## Exporter case study



### Fibre King

With 80 years experience in the engineering field, Fibre King prides itself on offering world-leading solutions to customers' packaging requirements.

The company is a designer and manufacturer of end-of-line packaging and materials handling systems for the food, beverage, household and personal care and petrochemical industries. The company's engineers and designers work with customers to tailor its packaging systems to suit individual customers' needs.

#### Motivations to export

Fibre King's exporting efforts began in the mid-1980s. The company was very successful domestically – a number of new machines it had designed and developed had great success in the Australian market.

The company's early efforts into exporting had varied success, as Amcor, a past shareholder in the company, had previously handled all export sales and service.

Fibre King's export sales have grown steadily throughout the South-East Asian region in recent years, and its products are now exported further afield.

#### Activities that contributed to its export success

Fibre King has ensured export success by concentrating on markets in similar time zones, such as Asia and the Pacific Islands. The company has not pursued the European market as strongly due to already well-established competitors, and European clients operating in time zones that are not advantageous to Fibre King.

The company is now looking to enter the US market with its newly developed crate-handling technology, which automatically erects returnable packaging crates for use by fresh produce growers. Fibre King has no competitors using this technology in the US market, and plans to employ sales and service staff on the ground in the near future.

Another strategy to ensure export success has been hedging against currency risk. When the customer is in position to place an order in a foreign currency, Fibre King takes out a forward contract to hedge against any currency risk. The company tries to build some flexibility into forward exchange delivery dates, given the possibility of delays in manufacturing or shipping.

### Lessons learned and mistakes made along the way

Fibre King has learned that export success takes planning and that it could not rely on a scatter-gun approach. At first, the company assigned agents in the various countries throughout South-East Asia, and did not spend a lot of time directly liaising with clients. Instead, it relied on agents to generate enquiries and then quoted on leads from the agents, without prequalification of these potential clients. The company learned this was an ineffective way to generate sales, as it wasted time and money quoting jobs that were not likely to proceed or that were expected to be quoted cheaper in-market.

Fibre King also recognises the importance of researching new markets before making a commitment. The company learned that it was vital to travel to the market and spend time on the ground talking to contacts in its industry, including retailers and government agencies.

### How exporting has benefited the business

More than 50 percent of Fibre King's turnover is now generated outside of Australia. Exporting has allowed the company to be involved in major projects worldwide and work with manufacturing partners in other countries. Exporting has also allowed the company to 'piggyback' on the reputation of more well-known brands and technology partners, fast-tracking its entry into overseas markets.

### Assistance received from the Queensland Government

Fibre King says that Trade Queensland has been instrumental in putting the company in contact with the appropriate people in the US market. The company sees the benefit of working with Trade Queensland when considering entering new markets, making the most of the Queensland Government's overseas network and joining trade missions to meet industry decision makers.

The company also suggests researching the training programs available to new exporters and participating in as many as possible.

### Words of advice for exporters

Fibre King recommends that new exporters talk to other companies and government agencies for information and advice if they don't have the skill set in-house to begin exporting. Trade Queensland offers free advice and Export Advisors are available to discuss your exporting strategy with you.

Fibre King also recommends you have your exporting strategy reviewed by as many people as possible, as you are then more likely to build a robust plan.

The company also believes you need to have a strong position in the domestic market to provide the cash flow to fund your export operations, unless your technology, product or service is not suited to the Australian market and you have identified strong opportunities overseas.

Fibre King says that exporting is a big challenge that companies should not take on lightly. If there are any gaps in staff or product quality, they will show up quickly as you move to export. Companies also need to be both flexible and scalable in their operations, as projects overseas may be a lot larger than those undertaken in Australia.

This case study was prepared for the **Getting Export Smart** workshop series.

For more information about the Queensland Government's export services contact:

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