

CLOSING CASE

Vellus Products

Sharon Doherty founded Vellus Products in 1991 in Columbus, Ohio, to sell pet shampoo. Doherty's original insight was that shampoos for people don't work well on pets because the skin of most animals is more sensitive than that of humans and becomes easily irritated. A competitive dog exhibitor, she knew that most existing pet shampoo left dog hair unmanageable and lacking the glamour needed for a dog show. Working with her nephew, who had a PhD in chemistry, Doherty developed salon-type formulas that were specially suited to dogs (shampoo for horses was added later).

Doherty booked Vellus's first export sales in 1993 when a Taiwanese businessman, who had picked up Vellus shampoo in the United States, ordered \$25,000 worth of products he wanted to try to sell through dog shows in Taiwan. Before long, Doherty was getting calls from people around the world—most of whom heard about Vellus Products at dog shows—and a thriving export business was born.

As the volume of inquiries grew, Doherty realized she needed a better understanding of foreign markets, export potential, and financing options, so she contacted the U.S. Department of Commerce's Commercial Service offices in Columbus. "As business has grown, I have gone from ordering country profiles to requesting customized exporting and financing strategies tailored to maximize export potential," she says. Today, Vellus exports to 32 nations, although the bulk of the firm's international business operates through distributors in Sweden, Finland, Britain, Germany, Australia, New Zealand,

Canada, and Iceland, where the products are marketed at pet shows and exhibitions. The company has registered its trademark in 15 European countries, and international sales account for more than half the firm's total. "I credit the U.S. Commercial Service for helping me to expand my exports, as it would have been much more difficult on my own," says Doherty.

Reflecting on her international success, Doherty has some advice for others who might want to go down the same road. First she says, relationships are important to successful exporting. Doherty says she goes out of her way to give advice and guidance to her distributors, sharing her knowledge and helping them to be successful. Second, know whom you are dealing with. Having been duped by a man who claimed he knew the pet market when he didn't, she advocates doing background checks on potential business partners. "Gather as much information as you can," she says. "Don't make any assumptions; the wrong choice can cost your business valuable time and money." Third, Doherty believes that it is important to learn the local culture. Vellus products are adapted to best suit different grooming techniques in different countries, something that she believes has helped make the company more successful. Finally, Doherty says, enjoy the ride! "I love exporting because it has enabled me to meet so many people from other cultures. Exporting has made me more broad-minded, and I have developed a great appreciation for other cultures and the way others live their lives."³²

Case Discussion Questions

1. Why does Vellus export through local distributors rather than set up its own sales force in country? What are the risks associated with using local distributors? How can these risks be reduced?
2. Vellus's original entry into exporting was both reactive and serendipitous. Do you think this is the exception or the rule for small businesses? What might be done to make small firms more proactive with regard to exporting?
3. What lessons about successful exporting can be derived from the Vellus case?
4. How important has government assistance been to Vellus Products? Do you think helping firms such as Vellus represents good use of taxpayer money?



Dog shampoo and styling by Vellus.