

IDAHO MANUFACTURER RAMPS UP GLOBAL BUSINESS WITH HELP OF EX-IM BANK



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Situated on the scenic Snake River, Burley, Idaho, is a small town of some 10,000 people. While most businesses in Burley service the community or region, there's one in particular that dominates a niche market for agricultural equipment domestically and now has its sights set on becoming a global leader.

Pickett Equipment, founded by a farmer in the 1970s, is a behemoth in the domestic dry, edible bean harvest equipment market, according to Jonathan Price, the company's international sales manager. However, the 35-employee firm expects domestic revenue growth to hit a ceiling in the coming years due to the maturity of the U.S. market and is targeting Mexico, South Africa, Asia, Europe, and perhaps India for the bulk of its growth.

Developing countries high in bean production offer the greatest opportunity, Price says. “One of our machines replaces many laborers,” he offers. “As incomes in developing countries rise and farming practices improve, we expect sales of our equipment there to rise as well.” Pickett aims to double its \$1 million in overseas sales in the next four years.

That goal will be easier to achieve with the continued support of the U.S. Export-Import Bank (Ex-Im), which insures nearly one-third of Pickett's receivables from high-risk purchasers of its harvest equipment, which range in price from \$20,000 to \$50,000, and its combines, which cost between \$140,000 and \$200,000. Ex-Im also secures short-term financing provided by Pickett Equipment to foreign customers.

Should Congress allow Ex-Im's charter to expire at the end of September, Pickett will have to explore accounts receivables insurance from a private bank, which, if even obtainable, would most likely come with higher finance fees and a burdensome administrative process, says Price. “Without Ex-Im, we could suffer some percentage of lost sales,” he concludes. “Ex-Im is a very beneficial tool for us.”

Especially in a hyper-competitive global market. Because some of Pickett's machines are simply designed, copycats abound. The company's market share in Mexico, for instance, has declined significantly because cheaper Pickett Equipment look-alike machines produced outside of the U.S. have entered the market. “The Ex-Im Bank is a good government program that gives us a competitive edge in a difficult international market,” Price says.

