

Testimony of Clifton Broumand 11 June 2019, Washington DC.

I want to thank the Chairwoman and the subcommittee for allowing to express my opinions here today about the importance of STEP and State support in Export sales.

My name is Clifton Broumand. My title at Man & Machine is “The Big Cheese.” I started Man & Machine, Inc (“MMI”) in 1982. MMI manufactures waterproof rugged keyboards and mice in Landover Maryland. We also integrate Privacy Filters into LCD Monitors for HIPAA compliance and additional data security.

In the 1990’s MMI was the largest LCD repair facility in the world. After recognizing that the price of LCD’s were dropping, my company looked to find another line of business. We started selling waterproof keyboards made in Germany in 2000. In 2003 we decided to start production in the USA. We are one of only 2 companies that manufacture keyboards in the USA. Almost all our competitors are in China or in Europe. We have an 18000 sq ft facility in Landover Maryland. Even President Bush visited our office and plant 12 years ago. We are very proud of our abilities.

MMI has 19 employees in Maryland with 10 of them directly responsible to produce these keyboards and mice. We also have 3 engineers in Landover and one in Taiwan to design and support our Really Cool Keyboards and Might Mouse products. We have 26 employees and direct contractors worldwide. On average, my associates have been with Man & Machine for over 18 years. I am proud that I have been indirectly responsible for many of my employees being able to buy homes, send their children to University and live a good life.

MMI customers include HP, Dell, GE, Boeing, Coors, Sara Lee and more hospitals than I can mention. Our gross sales are about \$6 million per year.

Over the past 6 years or more, 30% of our sales have been generated overseas. MMI has an office in The Netherlands which handles our sales and supports in the EU. We also sell our US manufactured products in the Middle East and Australia. In addition, MMI has lower cost keyboards and mice built in China based upon our designs sold that are all over the world. Export sales are imperative to MMI’s survival and success.

The reason I am here today is to discuss STEP and the successes and failures of the program in regards to a small business such as mine. Notice I also said failures. Because there have been times that some of the attempts with our grants and trade shows with the State of Maryland have not helped my with any sales. The analogy I use is in regards to baseball...If a batter hits .300 over a long enough career, he will go to the Hall of Fame. STEP allows small businesses to get to the plate. Frequently our new ventures we will not be successful, but over the long run, we will have the ability to grow and succeed. No business is successful 100% of the time.

MMI started selling overseas in the early 90's. My first overseas trip, I actually ended up in the Maryland pavillion at CeBit in Hannover Germany. For a small business, the support of our state has been very important. Small businesses such as mine have limited resources to expand overseas. But the interesting thing is that foreign customers prefer US designed or manufactured products.

Programs such as STEP help prime the pump to develop export markets and export sales.

STEP helps my company in 2 ways: First it helps with Export Grants that provide matching funds to allow small businesses to attend trade shows overseas to develop export sales.

Secondly, the STEP allows states to provide a framework in respect to State Pavilions at trade shows all over the world. These Pavilions take care of most of the effort needed to prepare for trade shows. Small businesses can pretty much show up with their products or services and develop a distributor network and potential clients. These pavilions also help bring together small business owners to help them learn best practices and learn where other companies made mistakes.

Sales rarely happen immediately. Unless you are really good or really lucky. It takes time to develop and nurture a distribution network that supports local clients. And it takes time to sell an overseas client. They need time and connections to feel comfortable with the US made products or services.

The Maryland Export Grants are matching grants that require us to pay for part of the trade show expenses. These grants are not just giving us money. We have to

pay to play. We as small business owners have to make decisions about the return of investments. These grants help us expand our export business.

We are also asked by the State for the sales that come from the trade shows to quantify the effectiveness of these grants. This question is normally asked right after the show and maybe a few months afterwards. I do not think that this can actually measure our success or failure since it can take upwards of years to make a sale. We are in B2B sales. We sell to dealers that sell to end users. And those end users are normally hospitals or health care providers. In addition, pure sales numbers do not tell about the networking and learning that can be done at the show.

So let's talk about our failures and successes in STEP. First the failures.... We have done the Paris Air Show with Maryland. We got exactly nothing from the experience other than great French food and seeing Paris. But our products, although used by Boeing in their Wing Fabrication Plant, did not evoke any interest that ended in sales. We also did the Hannover Messe Industrial Show a few years ago that really did not produce enough sales to justify the trip over. But we learned about what works and what doesn't work. Because of our failures, we have designed and now manufacture in the USA the only true Oil Proof Keyboard on the Market. Even our failures in the program allowed us to succeed at a later date.

Now to our successes. We have been doing Arab Health in Dubai for many years. Initially we tried to do the stand on our own, but the costs and time to do the trade show was prohibitive. The Maryland Pavilion and the Export Grants allowed me to continue and develop relationships with dealers all through the Middle East and even in Australia and Europe. Maryland takes care of the logistics, support and graphics. All we have to do is show up and sell.

The time frame to make a sale in the Middle East can be long. Upwards to 5 years from the time that someone first sees your products to final delivery for a new hospital in maybe Saudi Arabia or Lebanon. But if they don't continue to see you at the shows, they could choose another company. The Chinese have a huge pavilion and they subsidize 50% of their companies' costs.

On average we have sold about \$75,000 per year to the Middle East. Although this might not seem like much, the profit from these sales pays the bills.

Also by our attendance at Arab Health, we have been able to nurture relationships with other workstation manufacturers that we are leveraging in other markets such as Europe and Australia. These other vendors are going to show our products in their stands expanding our reach without additional major expenses. They even allow me to be in their booth without paying. This expansion via networking at the shows that I have attended with Maryland is difficult to quantify, but to me, it is worth 10's of thousands of dollars to my company.

There are other trade shows that Maryland has a Pavilion. For example, Maryland is at Medica, the largest medical show in the World. I first exhibited there 15 years ago in the Maryland Pavilion. They even supplied translators to help me. I did not receive a grant for that first show and honestly, I don't know if STEP was involved in the Maryland Pavilion so many years ago. But Maryland's support was the base of our growth in the Medical Marketplace in the EU and beyond. I see many of the same companies exhibit with Maryland year after year and hear they are successful and happy for the help. Maryland has even expanded due to its success.

If there was another "Ask" that I could add to this testimony, it would be to do more trade shows in other countries such as Japan, Malaysia and China. There is no reason that small American companies should fail to enter the Chinese markets. We have products and services that others want and will buy.

Since first exhibiting at Medica with Maryland, Man & Machine has gone on it's own and expanded and set up our own sales and warehouse in The Netherlands. Europe provides \$1.7 million in sales on an annual basis. Without export sales in Europe, Man & Machine would probably not exist.

Man & Machine has been helped by STEP and Maryland's Business Development Program. Could we have done it without the program? sure.. But it would have been more difficult and time consuming. I appreciate any help that we can get. I commend STEP and look forward to using the Program for years to come.