

Growing global

Some local all-American companies now have most of their workers – and sales – overseas

By Mike Comerford

Daily Herald Business Writer

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Touted as the next generation of corporate America, a growing number of local firms employ most of their workers and get most of their sales abroad.

The United States still claims the title of world's largest consumer market, but our 300 million residents amount to a minuscule 6 percent of the world's population. It makes sense for companies to be in the growing marketplaces in China, India and around the world.

Still, it's a bit jarring to realize most employees at Deerfield-based Baxter International Inc, Oak Brook-based McDonald's Corp., Schaumburg-based Motorola Inc. and Chicago-based Wm. Wrigley Jr. Co. live and work outside the United States.

Each of those firms also sell most of their medical equipment, burgers, cell phones and gum outside the United States. Wrigley alone operates in 170 countries, where it garners 65 percent of its sales.

Indeed, U.S. multinational corporations hired workers overseas at a faster pace than here for the second year in a row in 2005, according to a Commerce Department study.

An estimated 310,900 people were added to U.S. multinational payrolls abroad, a 3.6 percent rise, to 9.1 million. Domestically, 238,000 workers were hired by U.S. multinationals, a 1 percent rise, to 21.5 million.

Foreign companies such as Japan-based Toyota have long learned the lessons of having a majority of their operations abroad.

The world's largest car maker last quarter, Toyota sells most of its cars abroad. It operates six factories in America and plans to add two more. By 2010, Toyota plans to make 2.2 million cars yearly in the United States.



“This is new for the United States but it isn’t for other countries,” said George Haley, director of the Center for International Industry Competitiveness at the University of New Haven in Connecticut. **“Look at Canada, Mexico, Britain, Japan. They all have companies with the majority of their sales outside the country.”**

Several local firms make about half their money abroad and their international side is growing the fastest.

Libertyville Township-based Abbott Laboratories, Peoria-based Caterpillar and Vernon Hills-based Zebra Technologies Inc. each will likely derive most of their sales abroad in the near future.

“We would expect our international sales will grow faster than our North American businesses,” said Douglas Fox, director of investor relations at Zebra, which makes bar codes and other product-tracking technologies.

Zebra’s international markets grew in the double digits last year while North American operations grew 7 percent.

Littlefuse Inc., the Des Plaines-based maker of circuit protectors and fuses, pulls in nearly 60 percent of its sales abroad.

“That’s where our customers want us, so they aren’t buying supplies from half way across the world,” said Dan Stanek, spokesman for Littlefuse. “We’re more keenly aware of that than even 10 years ago.”

Tilting toward international markets doesn't always mean loss of American jobs, Fox said.

At Zebra, all manufacturing happens in America. Only sales and distribution jobs exist overseas — making up 1 percent of all jobs.

Glenview-based Illinois Tool Works operates in 50 countries and posts 55 percent of its sales abroad. It still employs about 56 percent of its workers in the United States. Only a decade ago though, 65 percent of them worked in America.

"That doesn't mean we lost jobs in North America," said Alicine Donnelly, spokeswoman for ITW. "It means we grew our businesses in Europe and Asia."

Operating most of a company's business in numerous countries outside the U.S. also addresses business cycles.

"U.S. carriers haven't been buying a lot recently ... but Asian carriers are ordering a lot lately," said Anne Eisley, Boeing spokeswoman.

Caterpillar credits its international sales for its good first quarter.

"U.S. housing and on-highway engines were down but we still had a solid first quarter because other sectors around the world were doing better," said Rachel Potts, Caterpillar spokeswoman. "When some economies are down, others are not."

One manager at a local multinational said maybe the swing toward making international markets the top priority is good for the notoriously geography-challenged Americans. It will force them to brush up on cultural differences, he said.

Still, as difficult as it may be to turn a U.S. company into a majority international firm, it may be a matter of survival, according to Mark Barrett, vice president of U.K.-based international training and consulting firm AchieveGlobal.

"I look at it a bit like gravity," Barrett said in an interview from England. "It's almost inevitable. Large companies don't have a choice; they have to go global. The question is how you do it successfully."