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COLUMBUS BUSINESS FIRST

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Hague water softeners find growth in overseas arena

Business First of Columbus - by [Lori Murray](#) For Business First

Central Ohio companies are looking for ways to weather the economic storm. For Groveport-based **Hague Quality Water International**, a manufacturer of water conditioning equipment, exporting to international markets is a strategy that seems to be helping.

"We've had no layoffs, and I partially credit international sales for helping me to prevent that," says President Bob Hague.

He says the domestic market for his product has softened, mainly because of tightened lending standards and because the product is tied to housing starts. Nevertheless, over the past five years, Hague's international sales have increased by 87 percent. Exports account for 20 percent of the company's annual sales of about \$30 million, and the segment is growing fast.

There are several reasons why this is happening, Hague says.

First, the new-home construction market appears to be holding up better overseas. Perhaps even more significant, he says, market saturation for the product is lower overseas. So, there is a high demand for the product internationally, especially in countries such as France, which is Hague's biggest international customer. In fact, this summer Hague will open a sales office in France to accommodate the growth.

Hague Quality Water was recently named the 2009 Small Business Environmental Exporter of the Year by the **Export-Import Bank of the United States**, a government agency that assists U.S. companies that sell goods overseas. The company received the award for its expansion into fast-growing international markets with environmentally beneficial equipment that creates clean drinking water and promotes energy efficiency.

"Ex-Im Bank insures our receivables, and this lets us extend terms to international customers that we wouldn't otherwise be able to offer," Hague says. "It lets me stick my neck out knowing that if they default, I still get paid."

That assurance takes on greater significance as the economy toughens. Ex-Im Bank officials believe it has a special role to help companies diversify their businesses through international sales.

"In 2008, 86 percent of the total transactions we did supported small and midsize businesses," says Linda Conlin, first vice president and vice chairwoman. "We want to be available and to make financing available so they can grow their business in global markets."

Keeping current

Hague Quality Water was founded more than 40 years ago by Bob's father, William Hague. Much of what the company does today has evolved over time. Originally, Hague purchased products from other companies and sold them locally. In the early 1970s, the company began to assemble equipment, and in the 1980s, Hague started to manufacture its own products, complete with patents for its own designs. Today, the company's residential water treatment is a product that facilitates exporting.

Meeting the growing demand for its product requires the company to remain flexible and use foresight when developing its product line.

Selling overseas is a task that comes with the challenge of education about other cultures, languages and how different countries do business. But Hague says there is no shortage of assistance in these areas.

"We try to anticipate requirements we will have in the international markets, such as different plumbing requirements, different languages and different regulations," Hague says. "At the same time, our product is compact, and we know that's good for the European market because they generally have less space."

Deborah Scherer, director of the global markets division at the **Ohio Department of Development**, encourages Central Ohio businesses to diversify their markets by exploring overseas opportunities.

"If you are considering entering into any market outside the U.S. and you have not done so yet, now is the time to start building those relationships," she says. "When the market turns around, you'll be ready."

Ohio is often considered a "hidden gem" for its many available resources to assist companies that want to initiate international business, she says. With 95 percent of the world's population and two-thirds of the world's purchasing power located outside the United States, the potential is enormous.



Janet Adams | Business First

Hague Quality Water International's Bob Hague says using the Export-Import Bank has helped his company grow. The bank ensures businesses get paid should their overseas clients default on a contract.

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Looking ahead

Although the company's exporting business is a bright spot, Hague says he continually looks for ways to remain competitive back home at the two Groveport facilities – the headquarters and manufacturing plant – where 100 people are employed. Part of that effort is finding ways to trim expenses.

"We take advantage of all the technology we can to be competitive," he says.

Outfitting the plant with high-efficiency lighting, for instance, is one expense-saving step Hague says he hoped would cut lighting costs by 50 percent.

When that wasn't enough, lights were turned off in areas of lower traffic, programmed to automatically turn on when a worker enters the area.

Next, Hague initiated a water reclamation project in which the water used for product testing is recycled into the plant's water cooling towers and when necessary, it's also used to sprinkle the lawn.

Hague, a mechanical engineer, hasn't always been at the company helm. He spent 17 years working for large paper companies.

Still, he understands how factories work, and as a kid he used to help install the water treatment systems for his father.

The privately owned company is a family affair, co-owned with his brother, David, the CFO. A third brother, Jeff, owns a separate company down the street. He is a water treatment specialist and one of Hague's customers. Their father still works a couple days a week.

Bob Hague says the company receives frequent inquiries from private equity firms that want to purchase the company, but he's not selling. Quite the opposite.

He says the economic downturn is an opportunity to realign the company for the future.

"I believe the economy will recover," he says. "We're trying to be a bit more aggressive and look for new business, and when the economy recuperates, we can capitalize on it."

Lori Murray is a freelance writer.

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