

# TESTIMONY OF THE INTERVENTION



## PANEL I – INTERNATIONALIZATION, TRENDS AND CHALLENGES



### Entrepreneur Testimonials

#### Jorge Santiago



*“In England, as you might know, they drive on the right lane, which makes that their brakes are on the opposite side. It’s like that. We have to assemble them like that. Little things that we learn that if it doesn’t work we can’t sell it! And so, that’s the main notion of internationalization vs exportation, meaning, we have to know the markets where we are heading, we can’t have a product that pure and simply it’s exported.”*

“Good morning everyone,

We are mainly an exporting company that understands all issues that have been approached until now.

We export to Spain, France, Germany, U.K., Ireland and Italy. We export under contractors and we export our own brand.

We are, at the moment, developing the USA market, not directly but via Canada because we just signed an agreement named CETA - Comprehensive, Economic and Trade Association – that allows an easier entrance by Canada. U.S. didn’t sign that contract but since they have an agreement with Canada, it becomes relatively easier.

Explaining briefly, we’re the Órbita and Miralago. Two different brands and two different companies.

Miralago it’s basically an industrial company. It’s a factory, metalworking that works mostly at the subcontracting but also for the manufacture of Orbita own products.

One of our main clients it’s YAMAHA, based in France. So, I know quite well the problems of exporting raw materials to France. We don’t sell anything in Paris, we sell through Bordeaux or Lille.

Another big client, also French, it’s JCDecaux. Mostly, for being an area very important for us, the Bike Sharing, which are systems of shared mobility, precisely where Órbita acts.

Órbita essentially, it’s a bicycle brand.

Both are ancient companies, being Miralago formed in 1956 and Órbita in 1971.



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José Ribau Esteves



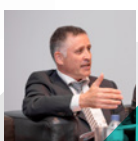
OPENING SESSION  
Fernando Castro



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José Carlos Caldeira



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## PANEL I – INTERNATIONALIZATION, TRENDS AND CHALLENGES

### Jorge Santiago

Right now, Órbita it's in an area of bicycles, where we usually speak of 3 different fundamental sectors: The standard bicycles, normal, day to day, since BTT, urban to children; we are, also, at this moment in a very important area of electric Bicycle development; and, at last, another area we are developing, that is related to the system of sharing mobility, the Bike Sharing.

We recently won the Lisbon Project that's about a project that includes 1500 bicycles at first and developing 5000 bicycles more at a second stage. Those are electric with a management system, that associates metal works with electronics and management software systems.

In the health branch we have two important lines. One line that we work with Vivafit, since we produce all the brand line worldwide and we also do its development. We also have a branch connected to "aquagym" and that's about a connection with physical recuperation that allows us to do gymnastics at pools.

For us, that are some problems. We are a Portuguese company that, as I already said, exports and we are not a very small company. I've bought the company 2 years ago and we are still reformulating. We are 146 people. A third joined in with me 2 years ago, another third has between 2 and 20 years working for the company, the final third has more than 20 years of experience. We're in Agueda and we experience some problems that have been talked about here.

In 2 years' time, we doubled our profiting and we plan on doubling it again in the next two years.

A problem we find in Portugal it's related to Funding vs Equity. Funding we mean banks and equity we are talking about investment in capital.

One of the greatest problems of Portuguese companies it's the weak structure of the own capital structure.

The capital structure has too much debt, but when we look for funding, there is none. The risk capital companies are inexistent in Portugal and the few of them that exist want to acquire companies. But that's not the idea. The idea is to become partners.

That's precisely one of the biggest advantages of the U.S.. There it's easy to find partners. In Portugal you can't. The same happens in France, we have investment banks and funding that work, but in Portugal they are still not working.

My biggest issue right now it's to get money for investment. Growth has to be financed.

The second issue is Internationalization vs exportation.

Majority of companies do exports. They have a product they want to sell in other countries. But that's impossible.

In my opinion, we have to adapt to various countries. For example, to sell bikes in Spain, France and England is different. As simple as, probably, you've never realized that, but in England, as you know, they ride on the right lane. That makes bicycles to have "reversed" brakes. We have to assemble it the other way around. Tiny differences we are learning and that if it doesn't work it won't sell!

So, that's the notion of internationalization vs exportation. We have to know the markets where we are going. We can't just have one product we export.



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A Portuguese Economy:  
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CLOSING SESSION  
Fernando Castro



CLOSING SESSION  
José Ribau Esteves



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Eurico Brilhante Dias



CONCLUSIONS

# TESTIMONY OF THE INTERVENTION



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**Jorge Santiago**

In our case, we sell bikes, but the models we sell in different countries are different. The specs we apply in various products are different. Sometimes, simple things like the colour. Since, it's not me that buys the whole products it's the client that has to work with it.

The third situation is, for us a very important point. The Industrial European Company vs China. As, you probably know, in this area a lot of companies disappear, here and all over Europe, in metalworks, bicycles because of China imports.

But now, we live a different moment, because China imports its expensive and it takes twelve weeks. We don't want to buy everything to China anymore.

We want a product with the CE brand. But most of it it's Chinese Export, not exactly European Union. Chinese Export it's cheap but low quality.

In Portugal this industry has been losing itself. People like to be at the office in front of a computer. It's still seen as a hard spot, dirty and hard but a factory isn't anything like that.

I have a hard time hiring top educated resources. I can hire aerospace engineers but it becomes complicated because people find it hard to be in this industry.

In Germany to work at the industry is good but here it's considered a bad thing.

That's exactly the main issue of Portugal vs the Image of Portugal. We don't have a foreign image of being product developers but we do so even better than anyone else.

The main issue isn't out there. The reactions I get from events it's always the same, "Portugal? Nice country! I like it." We here, have the problem. We need to guarantee that the reaction outside of Portugal is good and that we are considered to be good at what we do! We have to think of ourselves and be the first to understand how good we actually are.

I can tell by the young people that did Erasmus and spent some time abroad that they bring the idea with them that we are as good as everyone else.

Another important concept it's the Dimension vs National Markets. I said the European market was based in SME's but, let's discuss figures. The average SME in Portugal has less than 5 million Euro of income. In France or in Germany they get 25 million. How can we compete with these markets?

The First meeting I had after buying the company, at YAMAHA in France, was with the factory director, general director, quality director e production manager and they asked me how long it took me to develop a product. I answered it would take me ten weeks and the answer was: "you're out. Three weeks it's the maximum. If you can't do that in three weeks I'll find someone who can".

That implies I have the trained resources. An industrial company nowadays, if it doesn't have half by half between workers and production, development product resources and commercial, can't do business. That means dimension. But no one can achieve that size with only 5-million-euro income.

I have also an issue with people regarding the team assembling and that becomes a big problem. You have to train resources so they know how the team works and how we can evolve. That's culture creation.

# TESTIMONY OF THE INTERVENTION

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Jorge Santiago

We have our subcontracting on one side and the brand on the other, we are on both sides. We have organizational problems, we have to respond quickly.

The overwhelming majority of international companies presents a calculation of service charges, which relates to delays, quality, prices and quantity supplied.

When I joined the company, we had less than 60% and at the moment we walk between 90% and 92%. This is not complicated, it is an organization problem. It is a problem of R & D and the teams that do R & D. At the moment, we have ten people who only do product development and still subcontract people.

You have to be present in the markets. I travel one to two weeks a month. If we are not in the markets it is even more difficult. We also have to speak English, French and Spanish. I can't do Chinese, and German is also very difficult.

This allows us to reach cultures that are important and it's not that complicated.

I bring three articles related to us, one in the "Monopoly" which is one of the most important lifestyle magazines in England, where we displayed an old bike. A very interesting article, in The Guardian, about the Lisbon Project, in which they recognize what we accomplish. And lastly, the article that came out in the "Bomber", where although they do not talk about us, they mention something interesting about Portugal as being "one of the few places in the world where there is a better way of acting in the value chain".

Essentially, I wanted to give you the idea that we have a great possibility of export, contrary to what many people say. I think we are well located, we are central to Europe, the United States and South America.

In relation to my business, today, India and China are marginal. China is the world's largest manufacturer of bicycles and so it's not worth thinking about this market, it's like taking bananas to Madeira.

But nowadays, what is happens in the United States, the need of wanting to manufacture there, is also happening in Europe. There is a need to unite and to be together in this kind of situation. More and more I look for mergers. All the products we have are developed with someone, but we also need to ensure two more things.

First, we lose the fear of saying that we are Portuguese, we are Portuguese with a lot of respect. Orbita is called Orbita Portuguese Bicycles.

All of our road models have names of Portuguese cities and are sold like that worldwide, bearing in mind the history of the city and that's the reason we put the name of the city in that specific model.

Then, we urgently need to reshape our entire funding situation. Banks are bankrupt and unlike in the United States, there [in the U.S.] they buy a story, here they buy a past. If my past is good, they finance. If my past is bad I won't get funded. We urgently need to rethink how we finance our development, financing future projects, to stop funding a past."