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## Business News -- The Business: A U.S. Success Story, With Chinese Input

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### Abstract

[...]when Democrats and Republicans in this political season pillory big business and grumble about lost jobs, trade deals and an omnivorous China, they also by implication indict Chuck Resor -- and many American entrepreneurs like him. [...]rather than build a marketing staff, he kept it simple and cheap, handing out free samples at education conferences and counting on word-of-mouth to build demand. Candidates in this year's political campaigns have, at times, made whipping boys of China, the World Trade Organization, the proposed Trans-Pacific Partnership trade deal, and trade pacts in general, arguing that they steal jobs from the U.S. But Mr. Resor went to China before that country was allowed into the WTO.

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### Full Text

On this Labor Day weekend, when we celebrate the triumph of the U.S. worker, consider Chuck Resor. He's a man who represents all that's right -- and some would say wrong -- with modern American enterprise.

Mr. Resor lives in Jackson, Wyo., and runs a small business, the category of company that powers 50% of private-sector employment in the U.S.

He is an innovator, emblematic of American creativity. His product, an educational tool used by hundreds of schools, has social value. And he's successful: He says he has sold enough merchandise to live a financially comfortable life.

And yet, when Democrats and Republicans in this political season pillory big business and grumble about lost jobs, trade deals and an omnivorous China, they also by implication indict Chuck Resor -- and many American entrepreneurs like him.

Mr. Resor, 69 years old, makes FlashMaster, a handheld computer game that helps students learn basic arithmetic. The idea came to him in the early 1990s when his son was struggling with multiplication in the third grade. "I found some real low-hanging fruit, something there was a need for," he says.

The former lawyer spent the next few years on design and production. He says he has since sold some 270,000 units world-wide. The FlashMaster currently retails for \$54.95. Mr. Resor's markup averages around 200%. His risk-taking paid off.

But hold off on the Labor Day champagne: FlashMaster, for all of its success, employs just one person, Mr. Resor. "You got me in my office in the laundry room," he tells a caller.

The tiny company is a success because Mr. Resor played the market -- in this case the global market for talent, labor, and logistics. He may be small, but he acts like General Electric, chasing down low-cost suppliers and viewing the whole world as his resource base.

Rather than hire his own software designers, he outsourced the work to two consultants in Lubbock, Texas. "I wrote 40 pages, single-spaced of specifications," he says. "They did the programming."

Rather than manufacture in the U.S., he traveled to China and contracted with a factory near Shenzhen, which then sourced chips for his machine from Taiwan. "It was a no-brainer," he says. Producing in the U.S. would have been too risky, "my up-front costs too high."

And rather than build a marketing staff, he kept it simple and cheap, handing out free samples at education conferences and counting on word-of-mouth to build demand. "I was a Motel 6 kind of guy," he says of his sales trips across America.

By going global he captured critical efficiencies: cheaper labor, materials, logistics, and manufacturing. Those were cost savings that cascaded down to the customer.

Educators got a product they valued. Their purchasing departments got a cheaper price. Mr. Resor got a wider margin. The IRS collected more taxes. And America tallied yet another creative entrepreneur and successful enterprise -- albeit, a business with a single staffer (two when sales were more robust a few years ago).

Candidates in this year's political campaigns have, at times, made whipping boys of China, the World Trade Organization, the proposed Trans-Pacific Partnership trade deal, and trade pacts in general, arguing that they steal jobs from the U.S.

But Mr. Resor went to China before that country was allowed into the WTO. He'll be there whether or not the U.S. approves trade deals like the TPP.

Instead, some plain-vanilla factors are driving his decisions: Business will always pursue the lowest cost and best return. Advances in automation, communications, and logistics now routinely allow entrepreneurs in the U.S. to design in Palo Alto, develop in Berlin, manufacture in Kuala Lumpur, and ship via Singapore.

That's good for FlashMaster and American enterprise. But it can be a mixed bag for American labor, especially if that labor is priced out of the now-global market.

Asked if he would make FlashMaster in the U.S. if he had to, Mr. Resor says he never priced it. "I always assumed labor and other costs would be too much," he says.

Happy Labor Day.

Credit: By John Bussey

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## Details

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