

Growing Naturally

Green company with local roots wants to build sales with hemp technology

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A new process to make hemp as soft as cotton could mean big business for Ken Barker, CEO of Naturally Advanced Technologies and co-founder of The Meriwether Group.



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Hemp's time has finally come, Ken Barker, chief executive of Naturally **Advanced Technologies Inc.**, likes to say.

For years, fast-growing and water-wise hemp has been touted as a sustainable alternative to cotton, arguably the most toxic crop on the planet and one of the most water-intensive. The catch: Hemp-based fabrics have lacked the softness and versatility of combed cotton.

Until now.

Canadian scientists have invented a process to make hemp as soft as cotton. And Barker's Vancouver, British Columbia-based company Naturally Advanced Technologies, has an exclusive 20-year license for it.

It's making products using the process under the name Crailar.

Barker, a partner at the Portland venture capital firm **The Meriwether Group**, and former head of apparel for **Adidas America**, has for two years served as CEO of Naturally Advanced Technologies.

Barker and David Howitt, Meriwether Group co-founders, have invested more than \$1 million in the enterprise, including personal cash and investments from their venture fund. The company expects to send its first organic and hemp-based Crailar fabrics into production in the first quarter of 2009, with hopes of hitting the market in fall 2009.

In addition to soft, simple fabrics for garments like T-shirts, Naturally Advanced Technologies is developing a line of hemp-based performance fabrics to wholesale to sports apparel companies, where Barker and Howitt have strong connections. They hope to bring the products to market in spring 2010.

Company leaders want the Crailar name to become an important product differentiator that signifies sustainability, with stand-alone name recognition similar to the performance fabrics Gore-Tex or Lycra.

"Sports apparel companies give us the best opportunity to create an emotional connection to the consumers," Barker said.

Publicly traded Naturally Advanced Technologies Inc. reported a revenue increase of 55 percent in the first quarter of 2008 to \$953,000, compared to the same quarter in 2006. It is not profitable. The business has a market capitalization of \$47.5 million.

Executives pledge to maintain "brutal transparency" and a triple bottom line -- which values human rights and environmental impact alongside fiscal responsibility.

It's an increasingly popular message.

"There's a definite trend of consumers seeking this out," said Bob Taylor, who represents a consortium of materials suppliers serving the sports apparel industry. "Several suppliers ... have reacted by creating green materials catalogues."

The international market for sustainable apparel reached \$3 billion in 2007 -- a tiny slice of the \$450 billion global apparel market -- but is projected to grow dramatically in 2008, according to Packaged Facts, a division of **MarketResearch.com** that publishes market studies on consumer products.

Even old-line clothing companies like Beaverton-based **Airtime Gear** LLC, which develops and manufactures outerwear for firefighters, search-and-rescue teams and police officers, are getting onboard.

The company will release its first line of jackets made from recycled plastic this fall. Leaders of the 22-year-old business said the strategy moves Airtime into an attractive niche, and that it's consistent with the Northwest's sustainability edict.

"The whole industry is going this way, but we see ourselves as pioneers in green, form-fitting outerwear," said Brian Beyer, spokesman for Airtime Gear.

However, some are less enthusiastic about sustainability.

"Sustainability is not something retailers are particularly interested in," said John Shanley, a footwear and apparel analyst with Susquehanna Financial Group LLP of New York. "They promote fashion first and foremost. Plus sustainability can work against them in pricing."

News that Portland-based sustainable clothing company **Nau Inc.** will shutter its five stores raises the question of business challenges for sustainable clothing companies.

However, most regional businesses playing in the sustainable apparel space are undeterred.

Naturally Advanced Technologies executives said the company's wholesale business model would protect it from pitfalls faced by Nau.

"We are trading into brands that are well established," Barker said. "We aren't relying on our own retail infrastructure to be successful."

Founded 10 years ago as **Hemptown Clothing Inc.**, the company changed its name to Naturally Advanced Technologies in March 2006 to reflect its expansion outside the apparel industry.

Naturally Advanced Technologies is essentially a holding company that operates three subsidiaries: Hemptown USA, **Crailar Fiber Technologies Inc.** and **HTnaturals Apparel Corp.**

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