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Vancouver manufacturer creates a buzz in apparel

John Shmuel – September 13, 2011

Changing the way an industry does business takes time, especially if there is a perfectly acceptable and entrenched way of doing things. Try doing it on your own and you may find more than a few closed doors, which underlines the importance of working with, not against, existing industry players.

A collaborative approach certainly is paying off for Naturally Advanced Technologies Inc. (NAT). Initially, it was primarily a hemp apparel manufacturer. But when industry veteran Ken Barker joined as CEO in 2006, he quickly realized the Vancouver-based company offered more potential than just selling T-shirts made from alternative fibres.

NAT first had to prove the hemp and flax fibres it manufactures, using enzymes to break down the raw material into fine strands, were a more effective, durable and sustainable alternative to cotton, which has been used to make clothing for millennia.

At the time, cotton was cheaper than alternative fibres even though it's a land-intensive crop that requires huge quantities of water and large amounts of pesticides.

Barker decided that if NAT was going to provide a viable alternative to cotton, which is used to make more than 50% of apparel worldwide, the company needed some help to prove its technology. The solution: Pitching joint-development agreements to other apparel companies.

NAT already had one successful collaboration under its belt. Originally founded in 1998 as Hemptown Clothing by current directors Jason Finnis and Larisa Harrison, the company was approached by National Research Council Canada in 2004 to develop hemp fibres for commercial uses, which led to a collaborative agreement being signed the same year.

Barker, who previously was head of apparel for Adidas' North American division, took the idea of collaborating up a notch. "NAT knew where the opportunity lay; I

think I just had the expertise and the global experience of knowing what it would take to execute the strategy,” says Barker, who has more than two decades of industry experience.

It took three years of pitching the benefits of NAT’s fibre technology before the company secured its first major deal, with Hanesbrands Inc. in 2009, the culmination of “persistence and a belief in our product,” Barker says. The deal paid off last May when NAT and Hanesbrands announced they had signed a 10-year supply agreement, realizing NAT’s dreams of commercialization.

By then, however, Barker had already signed several other joint-developments agreements, including ones with Levi Strauss & Co. and Ashland Inc., to develop its patented fibre technologies, which are marketed under the name Crailar. “We’re also in talks with a host of other potential partners,” Barker says.

NAT is now looking beyond apparel and talking to companies in a variety of industries, including medical, where flax could replace cotton in wound dressing because it better absorbs moisture.

Barker says the goal is to produce 400,000 pounds of Crailar fibres per week at facilities in South Carolina and Manitoba by the end of this year. While NAT is currently in a pre-revenue phase, he expects the company to start producing revenue early next year.

Until then, Barker is evangelizing flax and hemp fibre. “There isn’t an industry or category we’re not engaged in,” he says. “We have the first viable alternative to cotton, and we’re making sure everyone knows that.”

How to pair up

1. Remember your revenue

If your goal is to commercialize a product with the help of another company, don’t just hope that a big firm swoops in and picks up the bill. “Until you actually start generating revenue, run your business as if you’re running it out of your parent’s garage,” Ken Barker says. Even if joint-development agreements don’t materialize, keep steadily working to develop your product. In the worst-case scenario, be prepared to commercialize the product on your own. If that’s the case, make sure you are able to generate revenue to meet that goal, Barker says.

2. Position your product

Understand the market prior to securing a development agreement. It is simply not enough to develop a unique product and wait for other companies to come knocking, Barker says. “First and foremost, you need to understand your market and where your technology is going to be relevant.” And, he adds, be ready to communicate your findings to every potential partner. If you can’t explain how your product is going to get a

foothold in a market segment, don't expect a potential partner to do it for you.

3. **Pitch a partnership**

Do not go into a presentation selling a product if what you really want is a joint-development agreement. "Present it as collaborative effort, as opposed to selling them something," Barker says. If necessary, highlight past collaborations, especially ones that involved developing a product. NAT's partnership with National Research Council Canada showed the company had no problem leveraging a partnership to develop a product.