The Apparel Innovation Centre is a rare success story in diversification. For other manufacturers to do the same, they will need to develop a strategy that is tailor-made to their needs.
“FOR QUITE SOME TIME, ALBERTA-BASED MANUFACTURERS HAVE HEAVILY FOCUSED ON SERVING ONE PARTICULAR INDUSTRY. DUE TO THE CURRENT ECONOMIC STRESS, THEY’RE NOW LOOKING FOR NEW OPPORTUNITIES ACROSS CANADA AND IN INTERNATIONAL MARKETS. AND ATB IS THERE TO HELP.”

- QASIM RASI, DIRECTOR, STRATEGIC MARKETS, ATB FINANCIAL

Manufacturers need to clear three main hurdles to thrive in the current market, Rasi says.

First, companies will need to seek out new markets; second, they need to innovate processes and products; and third, they must find the capital needed to fund expansion.

Due to its expertise in the local market, Rasi says ATB is particularly well-positioned to help manufacturers achieve all three steps toward growth. Rasi says the ability to clear the first two hurdles is largely tied to a company’s ability to find valuable partnerships. “It’s not solely about money,” he says. “We can help you find market opportunities, we can help you find new sources of R&D funding and we can help you bring in new partners from industry or from academia. We are reaching out proactively to make sure [our clients] are aware of all the amazing resources that are at their disposal in Alberta.”

Rasi says there are numerous programs, organizations and institutions that companies can draw on when attempting to enter a new market or develop innovative technologies. Government offices like Export Development Canada (EDC), Global Affairs Canada (GAC) or the Canadian Trade Commis-
While ATB can help manufacturers enter new markets and develop innovative technologies, it can also lend a hand in clearing the third hurdle: access to capital. As any company knows, market diversification and innovation are impossible without capital funding, whether it be through conventional means like debt or equity injections, or through unconventional methods like venture capital or crowdfunding. ATB understands that every manufacturer requires a unique funding model. That’s why the bank launched ATB Capital, a $100 million private equity fund that will take minority equity positions in Alberta’s best managed companies.

The fund will be headed by Terry Freeman, the Director of Investment at ATB Capital, who has a long career in finance, including a management position at a boutique private equity firm. Freeman says ATB Capital will focus on three distinct investment opportunities in Alberta. First, the fund will approach companies that are in the midst of “legacy management buyouts,” or when a company is forced to pay out retiring management members. “There’s an opportunity to partner with the management of those firms to keep them alive and thriving without

**“We’re not using a generic, by-the-book approach with our clients, during this downturn, we’ve put a tremendous effort into making sure all of our manufacturing clients have access to the type of funding opportunities and partnerships that meet their needs.”**

- QASIM RASI, DIRECTOR, STRATEGIC MARKETS, ATB FINANCIAL
having to do buyouts,” Freeman says.

Second, the fund will target companies that are in “inflection points,” or at a point where they have just signed a new contract or are targeting an asset for acquisition that requires capital on a scale that can’t be supplied under their existing debt structures. Third, ATB Capital will look to invest in companies in Albertan markets outside of Edmonton and Calgary, which typically absorb the majority of the attention from private equity funds.

And yet, despite the positive opportunities ATB Capital provides companies, Freeman says the main purpose of the fund is to bolster the bank’s already deep expertise in funding capabilities. “We have a fantastic roster of clients that are successful and have been involved with ATB for decades,” he says. “And we’re able to use our relationships with them to cut to the chase and find those prospects more quickly.”

To achieve success through a diversification strategy, Alberta manufacturers will need to define new targets for growth, innovate their processes and acquire the necessary capital. In doing this, these companies will need a bank that understands their business and can connect them to the funding and knowledge that is abundant in Alberta.

**WE HAVE A FANTASTIC ROSTER OF CLIENTS THAT ARE SUCCESSFUL AND HAVE BEEN INVOLVED WITH ATB FOR DECADES.”**
- TERRY FREEMAN, HEAD OF INVESTMENTS, ATB CAPITAL

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**KEY TAKEAWAYS**

**ATB Financial experts weigh in on how manufacturing companies should approach the current market**

**ON WHY NOW IS A GOOD TIME TO INVEST IN INNOVATION:** “It is at times like this that novel innovations in operational efficiencies, manufacturing methodologies, supply chain, logistics and R&D emerge as a coping mechanism to remedy the effects of the economic stress. So instead of waiting for the economy to turn around, this is actually the best time to actively seek out new opportunities (internally and externally) and plan for post-recession success. Research has shown that companies that embrace innovation, retain talent and improve operational efficiencies do much better than those that try to defensively mediate the effects of downturn by introducing dramatic cost cutting measures that ultimately impact innovation”

- Qasim Rasi

**ON HOW ATB CAPITAL CAN HELP MANUFACTURERS ACCESS CAPITAL:** “The cost of the acquisition of assets is dramatically lower than it was in the last two years. ATB Capital is going to help clients understand what a future financial profile should look like: it will help them understand how the addition of capital and assets will build value for both themselves and ATB Capital. Additionally, it will help them understand what kind of organizational additions they might need to be able to execute on growth.”

- Terry Freeman

**ON HOW COMPANIES SHOULD APPROACH DIVERSIFICATION OPPORTUNITIES:** “Diversification is a critical component of a company’s growth strategy. With the current uncertainty in the oil and gas market, seeking new markets or re-adapting existing products and expertise to new uses or new opportunities is an important step to ensure long term success. Alberta has a wealth of talented people who know the manufacturing industry extremely well. So my advice would be to make sure you reach out to these mentors who have a highly specialized understanding of your business. And if you don’t know who they are, ATB can help make those introductions”

- Qasim Rasi

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**DOES YOUR BUSINESS NEED ASSISTANCE?**

Get specialized help from our team of experts by calling ATB’s Business Banking Centre at 1 855 941 4912 or by visiting us online at atb.com/business. Follow us on Twitter @ATBBusiness