

Cover story

By Don Macdonald



The right plan

Reduce risk with a methodical
approach to growth

You can make better decisions, reduce risk and fulfill your growth ambitions. Karl Wirtz is doing it at his company and reaping the rewards.

Karl Wirtz had been struggling to keep a temporary employment agency afloat during the recession of the early 1990s. One day, he was dismayed to learn his last big customer was preparing to outsource packaging work rather than continue to use Wirtz's temporary employees.

If he lost the contract, his agency would soon be out of business. That's when he had the idea of pitching the customer on outsourcing the packaging work to him. Within a few weeks, WG Pro-Manufacturing was born.

Wirtz was just 29 years old when he took the leap to set up his packaging business. He rented a warehouse, brought in equipment and hired staff—all on the strength of that one contract.

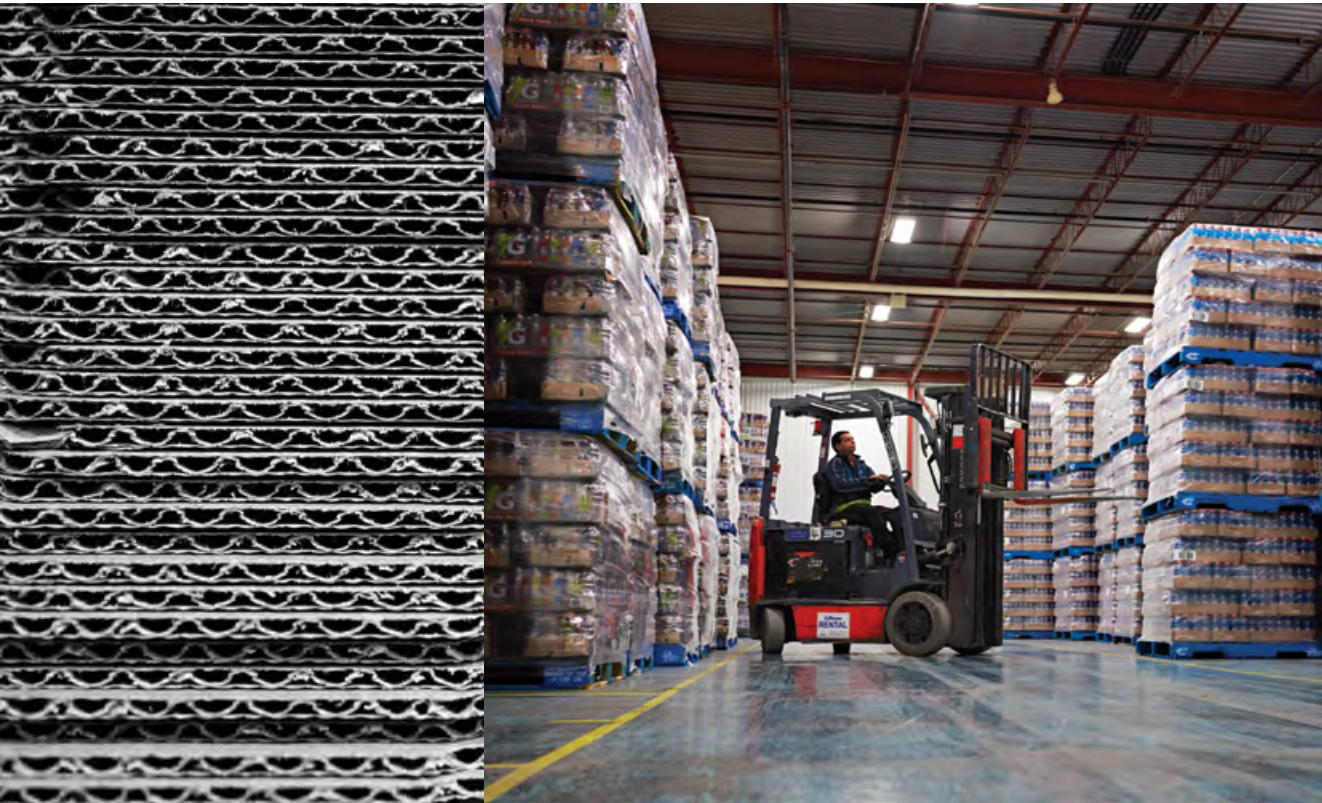




Karl Wirtz
WG
Pro-Manufacturing

“I just bulled ahead and built this plant—signed leases, created the company and hired people,” he says. “I remember about six months into it, I’m walking through the plant and a forklift drove by me. I stopped and looked at that forklift and thought: I’m in a plant I own, holding a clipboard and checking efficiencies on a production line. Wow.”

Wirtz says he was fearless in the early years of building WG Pro-Manufacturing, a Brampton, Ontario, company that packages products on behalf of manufacturers and also operates a bakery. He now employs 245 workers and will generate sales of about \$16 million this year from five production locations.



Superman mentality

“When you’re in your twenties, you’ve kind of got a superman mentality,” he says. “Risk didn’t bother me at all. I was very adventurous.”

Now at age 53, Wirtz admits he’s a different man. He’s still eager to grow his business, but with so much more on the line, he’s become more cautious. His family, employees, suppliers and customers are all counting on him to make the right decisions.

“You think: I don’t want to make a mistake and risk the downward cycle of our business, or risk having to lay off employees, or risk going out of business, God forbid,” he says. “So it’s amazing how fear tends to be very present in my mind where it wasn’t when I was much younger.”

Wirtz’s change in mindset hasn’t stopped him from embarking on a series of growth initiatives, including purchasing the bakery and targeting the U.S. market for its wares. He’s also opened a new packaging plant in Calgary to serve the Western Canadian market.

He’s found the confidence to make these bold moves by carefully researching the best growth opportunities available to his company and then planning how to capitalize on them. He’s done so by following a methodology devised by BDC’s Growth Driver Program, which is designed to help ambitious CEOs like Wirtz grow their companies faster and better.

Fearful of risk

Many entrepreneurs avoid growth projects because they’re uncertain about the risks involved in investing money, hiring staff and expanding operations. BDC Executive Advisor David Schincariol says the fear is understandable but can be overcome by doing the necessary research, strategic planning and follow-up.

“You don’t want to lose your house. So you need to feel that what you’re doing has predictable results, even if there are still risks,” says Schincariol, who advises Wirtz as part of his participation in the Growth Driver Program.

Schincariol, who built and sold his own successful company, says the program is unique in that participating CEOs benefit from an ongoing relationship with an executive advisor who has experience leading a growing company. “The program is not just about growing the company, but also growing the CEO,” he says, adding support continues through the implementation phase, when many growth plans go off the rails.

Wirtz says he signed up for the three-year program because he wanted to do a better job of identifying projects that would generate substantial profits. In the past, he admits he’s been too ready to jump at opportunities as they presented themselves—“saying yes to everything.”

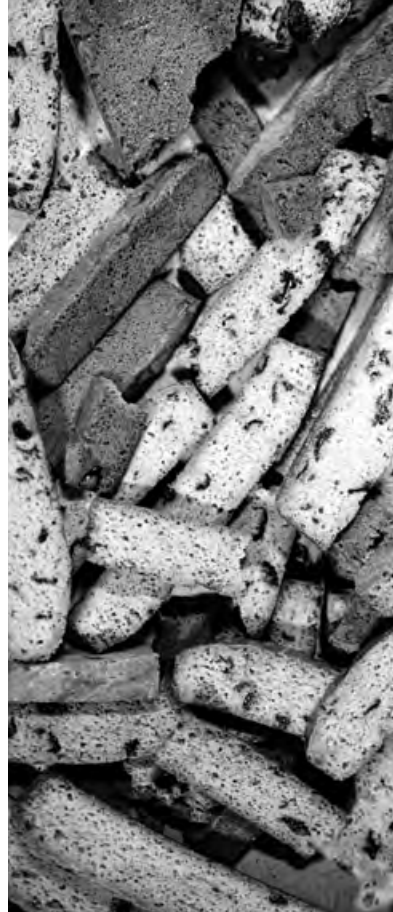
He explains, “I was tired of turning over dollars—growing and making a good income but not really a high profit. We needed to focus.”

As a first step, the BDC team researched the company, its industry and potential avenues for growth. Wirtz and his senior managers then participated in a series of workshops that helped them come up with 10 top growth opportunities.

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Promising options

After more research and discussion, these were winnowed down to the three most promising options:

- targeting the U.S. market for WG's baked goods, especially to benefit from its capability to produce nut-free products
- growing WG's co-packing business in the underserved Western Canadian market rather than in Ontario, where it is already strongly positioned
- increasing its business in co-packing for export to the U.S., allowing customers to benefit from Canada's lower dollar, skilled labour and cross-border access

These initiatives form the backbone of a three-year strategic plan that will guide WG Pro-Manufacturing. The company is now implementing its first-year action plan with such moves as hiring a U.S. sales director and opening the plant in Calgary. Senior management has a series of milestones and key performance indicators to monitor progress and make adjustments as necessary.

Schincariol says smaller businesses may not have the resources to plan with this level of sophistication but all entrepreneurs can benefit from strategic planning.

"It's taking the time to do some research and get some perspective," Schincariol says. "What are the opportunities? Can we quantify them? What are the risks? How can we define them?"

Outside advice

Wirtz encourages other entrepreneurs to get outside advice on planning their company's growth.

"Entrepreneurs tend to think they can do everything," he says. "But if you take a serious, hard look at yourself, you will quickly know where you're strong and where you're weak. Surround yourself with good-quality people who will make you stronger in areas where you are weak."

WG Pro-Manufacturing was already in a strong competitive position thanks to investments in high-tech machinery and the quality certifications it has obtained for the safe handling of food and confections, where it does the majority of its business. The company also packages a wide variety of other products, including electronics, cosmetics and pharmaceuticals.

Wirtz also points to the high quality of his workers, many of whom have been with him for more than 20 years, as a key strength.

He says the new growth projects are off to a strong start. He's already thinking about finding a larger space for his Calgary operation to meet demand, and the push into the U.S. for his baked goods looks to be a winner.

Renewed confidence

"I eliminated that ever-growing fear in my mind: 'What if we make the wrong choice?'" he says. "It's like: 'No, this is the right choice. We need to be here. We need to do this. This is where we're going to go and how we're going to do it.'"

"It's given me the confidence to boldly go forward." *



3 ways to reduce risk when growing your business

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Research

With your team, brainstorm growth opportunities. Be creative and bold. Explore areas outside your normal business. Now, reduce the number to a few top choices. Research each of these options carefully. Build business cases that include financial projections.

②

Diversify

Aim to diversify your company. A BDC study has found that diversification—whether measured in terms of products and services, geography, or number of customers—correlates strongly with financial success.

③

Get outside help

Advisors can bring fresh insights and ways of doing things that reduce risk and give you confidence.