

TWI Foods: Growing Global

'It's a big achievement for a company like ours to have an international footprint,' says owner Ali Kizilbash

A chemical engineer by training, Ali Kizilbash built a career with EXXON and Imperial Chemical Industries (ICI) in his native Pakistan, working on complicated chemical complexes, before he decided to follow his own entrepreneurial goals. In 1989, he started an industrial chemical business, growing it to 500 employees in just five years. In 1996, he moved to Canada, where he began looking for opportunities to use his global business experience in a new venture.

"My business back home was in a saturated market. I knew I wanted to build a business in a niche market where I could quickly grow market share," says Kizilbash. That focus led him to the food business. More specifically, he would build a brand that would cater specifically to the South Asian market. In 1997, he launched Mississauga, Ont.-based TWI Foods, a specialty food company that produces a range of high-quality cake-rusks, cookies, cakes and frozen foods. He started small, with a 1,200-sq.-ft. facility and one oven. "In effect, after having success in Pakistan, I was once again working at the beginning of what a business could be," he says.

The decision to grow outside Canada was always part of the plan. It was also necessary. The Canadian market represents just about 3 per cent of global GDP. When the focus is one particular demographic, the only way to grow is to sell beyond Canada's borders. That was Kizilbash's thinking when, within the first year of operation, he began exporting his Crispy Just Baked brand of products into the U.S. TWI Foods began exporting to South Asian markets in Singapore, England and Dubai soon after.

"The South Asian market in Canada is limited. The U.S. was the first step," says Kizilbash. "Now we're also available in Australia, Hong Kong and Germany. At the same time, we continue to expand our product lines and categories. We now have seven different lines catering to the South Asian community in markets around the world. Last month, a buyer from one of the major retail chains in the United Arab Emirates (UAE) approached us. It's a big achievement for a company like ours to have an international footprint."

It was also a smart move, says Brad Cherniak, partner at Sapient Capital Partners, a business advisory firm in Toronto. "In North America's slow growth market, the onus is on companies to find global growth opportunities. The business paradigm is shifting and it's becoming a risk to limit yourself to Canada and the U.S."

In many ways, the fact that TWI Foods is focused on a niche mar-

ket has made exporting easier because the distribution channels are defined. Here he shares three key questions business leaders should address before expanding into global markets:

- Why do you want to expand internationally? Is it pressure from investors, a problem in the core market, or to get bigger? "Understanding why you want to grow globally will help you define how many resources you will attach to it."
- Who will manage the global channel relationships? Will you add territories to your existing team? Will you hire someone locally? "Expanding internationally has to be managed as part of your core business."
- Does it make sense? "This comes down to understanding why your product/brand will do well in a specific jurisdiction.

Companies run into cultural differences all the time. Starbucks ran into problems in China because a lot of people don't like coffee there."

Still, says Cherniak, if it makes sense, growing global does represent a huge opportunity.

Now that it has established itself as a premier brand in this niche market, TWI Foods is in its next phase of growth. The company, which has between 250 and 300 employees, is also taking steps to move the brand mainstream in North America. In 2012, it opened its second plant, an 186,000-sq.-ft. space in Toronto that produces two new lines.

"We now sell naan crisps — a type of pita chip — in Costco, and we have started co-packing for three large U.S.-based food manufacturers," says Kizilbash. In Canada alone, the company's products are



Tim Fraser

TWI Foods has seen a 200 per cent increase in growth between 2010 and 2013. "In the next two months, we will have two more new lines with many projects in the works," says owner Ali Kizilbash.

sold in 2,000-plus retail outlets, including FreshCo, Loblaws and Walmart. "Our new plant in Toronto is producing a brand new line of multi-coloured cookies ... In the next two months, we will have two more new lines with many projects in the works." He is also in talks with retailers in Japan and Saudi Arabia.

Today, international sales account for 70 per cent of total revenue, while the domestic market continues to grow. The result: a 200 per cent increase in growth between 2010 and 2013 and a spot on the upcoming Profit 500 ranking of Canada's fastest-growing companies.



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CIBC Tips for Going Global

- 1 Investigate the opportunities and risks in the market you are entering. Ensure you will have strong demand for your product and few barriers to entry before you make a significant investment.
- 2 Understand the laws, standards, taxes and important legal obligations associated with doing business in a foreign market. Know how you will take your product to market, including distribution channels and cultural considerations.
- 3 Ensure you will get paid and/or get what you paid for. Importing and exporting involves longer cash cycles and has implications for cash flow. Talk to your financial adviser about financial solutions to minimize your risk.

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