

**THE GLOBE AND MAIL** 



Josh Title, owner of Cate & Levi.

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The Challenge

## Stick to its knitting, or move in a whole new direction?

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*Every week, we will seek out expert advice to help a small or medium-sized company overcome a key issue it is facing in its business.*

It's been a wild ride for [Cate & Levi](#), a Toronto-based company that makes children's toys and accessories using recycled sweaters.

Since it began selling its first hand puppets and stuffed toys more than three years ago, the company has seen

sales grow to more than 40,000 units last year from fewer than 10,000 in 2009.

“Today, our products are sold in more than 1,000 boutiques in North America, and we also sell to customers worldwide,” says Josh Title, the owner and designer behind Cate & Levi, which has three full-time employees. “We’ve done really well in our niche market, which is all about higher-end, well-made, one-of-a-kind products.”

While demand for Cate & Levi products remains strong and the product line is always expanding, Mr. Title says he wants to take steps now to ensure his company continues to grow well beyond the next couple of years. So he is thinking of a whole new direction: launching a line of home decor accessories for the adult market, which would be sold under a new brand.

It’s an idea his wife came up with and which Mr. Title says made sense to him because it could take advantage of Cate & Levi’s promotion and distribution networks. As well, he says he’s been approached at trade shows by retailers who liked his products but did not sell children’s wares.

“Similar to the Cate & Levi brand, these adult lifestyle products would be produced locally, probably also using reclaimed material,” Mr. Title says. “What I like about this idea is that we can exhibit the new line of products in the same trade shows where we also display Cate & Levi products, and we can also tap into our existing distribution network for Cate & Levi.”

But launching a new brand is a big undertaking, Mr. Title acknowledges, and he knows he’d need to focus less on Cate & Levi while he got a new brand and product line off the ground.

“That’s the big question for me right now,” he says. “Should I take my attention away from Cate & Levi, where I’ve invested so much equity, to create a new brand, or should I just focus on broadening the Cate & Levi brand?”

**The Challenge: Should the company keep its focus on its current business, or pursue growth through a new line of products under a new brand?**

#### THE EXPERTS WEIGH IN

**Glenn Yonemitsu, chief executive officer of the [Canadian Association of Management Consultants](#) and president of [NEXT Strategic Advisors](#), London, Ont.**

While Cate & Levi has been successful with 40,000 units sold, this averages 40 units sold per retail outlet – successful, but still not at a level where they are top of mind for the retailer or achieving economies in their distribution costs. Expansion would answer some of these issues.

I’m unclear how adult lifestyle products build off Cate & Levi’s reputation in children’s accessories. It seems like a big jump from what they are known for. Instead, I would encourage Mr. Title to seek out growth opportunities that would leverage his company’s existing assets: reputation, retailers, distribution network, manufacturing capabilities, and industry knowledge.

Expansion doesn't only mean new products; it could mean new geographic territories. Broadening the sales and distribution reach could pay dividends for a lesser incremental investment of time and effort.

**Warren Coughlin, business coach, [ActionCOACH](#), Toronto**

I'm sure Mr. Title could create a new line of products and make a success of it, just as he did with the Cate & Levi brand. But if his goal is to grow his business beyond the next two to three years, then the question he should be asking is which of the growth strategies he is considering now presents the shorter distance to the goal line.

In my view, Mr. Title should look at growth opportunities in his current market, with his existing brand. He should continue adding new Cate & Levi products, increasing production volumes, and expanding his distribution network. He's in more than 1,000 stores now in North America; he should look at getting Cate & Levi into more stores throughout Europe and Asia, maybe consider taking on distribution partners in these regions.

**Klaus Wallner, owner and manager of [Rawganique Eco Apparel Ltd.](#), Denman Island, B.C.**

I see huge downside to another branding attempt. There's not only the financial risk this entails, which seems needless, since the company is doing well in its core market, but also the loss of focus on the core market. This is all the more important as the core capability seems to consist of one-of-a-kind, handmade, personalized production and service.

I recommend solidifying the success in the core market, by focusing on maintaining the current position, [and] investing in reputation and good will with current consumers. Another venture could dilute attention and put at risk what is on a promising path now.

### **THREE THINGS CATE & LEVI SHOULD DO NOW**

#### **Forget about a new brand**

The company is still growing and needs the full attention of its owner. He has invested too much in this brand to risk it failing because attention is focused elsewhere.

#### **Look for growth in existing market**

Boost sales by adding more products to the Cate & Levi line, increasing production volumes, turning to new geographic territories, expanding the distribution network.

#### **Consider distribution partners**

Use distribution partners to help put Cate & Levi into more stores elsewhere, for instance, in Europe and Asia.

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