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**Robeez Footwear:
Better by Design
November 2006**



**Small Business Policy Branch
Industry Canada**

Canada 

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Robeez Footwear: Better by Design

Burnaby, British Columbia

Est. 1994

www.robbee.com

BURNABY, BRITISH COLUMBIA — When Sandra Wilson learned that she would be laid off from her job at Canadian Airlines in 1994, she decided it was time to take stock. She had just returned from maternity leave after giving birth to her first child, and was looking for a business that would allow her to work from home and spend more time with her 18-month-old son, Robert. During that same period, unable to find baby shoes that would stay on her son's feet properly, she came up with an idea for a pair of soft-soled leather booties that wouldn't slip off. The lightweight, non-slip booties allowed her son to feel the floor through the soft leather sole of the shoe, making it easier for him to maintain his balance while he learned to walk. The elasticized ankles gave the booties a snug fit, making it difficult for him to tug them off his feet.

When her handmade booties drew rave reviews from family and friends, Sandra realized that she wasn't the only mother looking for suitable footwear for her young child. She named the shoes Robeez — after her son, Robbie — and took a few pairs around to local gift shops and children's stores to test the reaction.

The brightly coloured, soft-soled leather booties were a hit. “When I look back and wonder what kept me going in those early years, it was really so much positive feedback on the product,” says Sandra. “Everybody who either bought the product, or was able to experience the product, had nothing but great things to say about it,” she says. “People really seemed to fall head over heels in love with Robeez.”

Sandra was not a fashion designer. Nor was she a seamstress. Other than the first few pairs that she made to put into a couple of local stores to test-market, and the first 30 pairs or so for a trade show, she never sewed again. She was, however, determined to succeed. “I felt like I had a winner,” she says. “I thought, ‘I can do this if I work hard and put lots of effort into it.’”

That drive to succeed helped Sandra build a successful home-based business and then transform it from a cottage industry into a \$28 million manufacturing company with 430 full-time employees and sales in more than 6500 stores across Canada, the United States,

the United Kingdom and Australia. From the start, she knew she had a winning product that appealed to a large niche market. She also knew that, in order to take advantage of that market, she needed to establish a sales and distribution system capable of expanding into international markets, and she had to build a strong production force that could turn out top-quality, handmade products quickly and cost-effectively.

START-UP AND FINANCING

“I couldn’t just leave my job at Canadian Airlines and be a stay-at-home mom,” says Sandra. “That wasn’t an option for me. Even though I didn’t earn a penny for the first three years, in the long run, I needed to have a career.” Sandra had received a diploma in financial management from the British Columbia Institute of Technology in 1981 and later completed a Royal Bank of Canada management training program. She had spent the last few years at Canadian Airlines in management positions.

Sandra started her business out of the basement of the home she and her husband, Jim, owned in North Vancouver. Jim worked full-time while Sandra stayed at home with their son and worked on Robeez. There was little capital investment required in the beginning — a fax machine, some scissors and leather remnants from local suppliers. In fact, Sandra made her first pair of baby booties from an old leather purse.

“Running my own business was quite a major learning curve,” she says. The first few years were a crash course in manufacturing, sourcing suppliers, distribution, packaging, marketing, sales and financing. “I knew nothing about this business. I’d never worked in retail; I’d never worked in wholesale. I didn’t know how to manufacture; I didn’t even know what should go in the box when you ship an order. I learned it all on the job. It was very challenging.” Starting with just a handful of accounts, she built the business up gradually, learning as she went.

Sandra would draw her patterns by hand and then cut them out on a friend’s leather-cutting machine. “I’d haul all the leather and all my cutting dies over to his business and rent time on his cutting machine,” says Sandra. She would then drop the cut leather off to a seamstress to sew the shoes. She hired a woman who had an industrial sewing machine and worked out of her own home. Later, as business picked up, she arranged to have the cutting done by a small leather-manufacturing firm in downtown Vancouver. She finally bought a machine and put it in her garage, and did all the cutting there.

“You have to be incredibly resourceful. I definitely would look for help wherever I could find it, if that meant picking up the phone and making a cold call to somebody who had a business that I thought might be able to help me,” says Sandra. “I didn’t hesitate to pick people’s brains at any opportunity.”

A UNIQUE PRODUCT

“I think one of the neat things about Robeez is that it’s a fun product,” says Sandra. “There’s a lot of passion around the product and the brand, which we’ve had almost since day one. It’s really the moms’ word of mouth that has built this product and the brand awareness for us,” says Sandra. She attributes that passion to a combination of providing something that’s both fashionable and practical. “I think that’s what ‘wows’ moms. Not only are the shoes really cute but they stay on their baby’s feet!”

Robeez products have also received rave reviews from pediatricians, family doctors and orthopaedic surgeons who recommend them to their patients. According to information posted on the Robeez website, medical experts say that going barefoot is best for babies as it helps them to develop muscle strength in their feet and toes. Made from soft, durable leather, Robeez Footwear protects the feet and helps prevent slipping while allowing toddlers the same freedom of movement they would have if they were barefoot.

The company introduces about 12 new styles for each spring and fall season, and makes sure that any slow-moving items are discontinued and replaced with newer styles. In 2003, Sandra hired her first full-time designer who monitors the latest trends in baby fashions and comes up with new styles to fit today’s changing tastes. The Spring/Summer 2006 Collection, for example, introduced “airy sandals in five fresh colours,” featuring a “seaside theme” with red crabs, bobbing sailboats and fuchsia-coloured mermaids.

GETTING THE PRODUCT TO MARKET

“Anyone can make something,” says Sandra. “Making something is the easy part. Getting it to market is the hard part.”

When she launched her business in 1994, she took the 30 pairs of Robeez leather booties she had made to the Vancouver Gift Show, British Columbia’s largest wholesale show for the gift industry. It was a form of test-marketing. The response was positive: she signed up 15 retail accounts from the show.

That was September 1994. Buoyed by her success, she jumped at the chance to participate in the same show in March the following year, but the response was not as good. In fact, she had such a terrible show that she was almost ready to give up. Then, in walked Liz Mackay. Liz had recently quit her job as a real estate agent to start her own business as an independent sales representative. “She was a new grandma, and she was very excited about the shoes,” recalls Sandra. “She was looking for made-in-B.C. products to market to gift stores.”

Despite the initial success of Robeez at the Vancouver Gift Show in September, Sandra knew she couldn't rely on trade shows for all her sales. Her disappointing experience at the March show solidified that belief. “I think I knew I was going to have to find sales representatives, so when Liz came along and presented herself to me, that was great.”

Sandra met Liz for coffee a few days later, and signed her up on the spot. It didn't take long to see the results. “I remember the fax machine started to hum right away. It was quite immediate.” The positive sales results from Liz proved that Sandra was on the right track. She remembers thinking, “This is my model. This is how I'm going to build my business.”

While Liz concentrated on building sales in British Columbia and Alberta, Sandra looked at other key markets, such as Toronto and across the border to Seattle, Washington, which offered ready access to the large U.S. market. For Toronto, Sandra started by looking in the Yellow Pages under children's apparel representatives, contacted several representatives by phone and sent samples out to those who were interested.

As for Seattle, “The U.S. market was right there, so I thought I might as well get my feet wet on exporting, even though I hadn't come anywhere close to fully tapping the Canadian market,” she says. A few months earlier, Sandra had participated in a New Exporters for Border States program offered by International Trade Canada. The program provided practical information on exporting and included a two-day mission to Seattle where participants met with various brokers and distributors, visited Seattle's wholesale gift centre and showroom, and attended the Seattle Gift Show. She also took advantage of PEMD, the Program for Export Market Development, which provided funding assistance to companies that were entering new export markets.

The experience gave Sandra the confidence she needed to make the trip to Seattle on her own. Before leaving, she had received a referral for a multi-line representative based in

the Seattle Gift Center. She hired the representative after the first meeting. In hindsight, she realized she should have interviewed more than one representative before making a decision. The first representative didn't work out, so she found herself back in Seattle several months later, looking for another one.

However, Sandra soon realized that she wasn't completely satisfied with the results she was getting from traditional, multi-line sales representatives who were based in permanent showrooms. "We really look for sales agents who are out on the street, visiting the stores." She was looking for more Lizes, and eventually hit on a way to find them.

"I had a mom in San Francisco call me who had received a pair of Robeez as a gift," says Sandra. "She didn't have any sales background at all, but said that the product was so great, she'd love to get involved and would be happy to do sales in San Francisco." So Sandra took her on as a sales representative, and the same thing happened as when she hired Liz. "So then I started thinking, maybe I need more moms or grandmas — people who are just really enthusiastic about the product, use the product, and have some sales background and are looking for a part-time job."

She shifted her sales focus from apparel representatives to moms, using the company's website as a recruiting tool. Over the years, that approach has been refined and become much more structured. "At first, we would just hire any enthusiastic mom," says Sandra. "Then we realized it takes more than enthusiasm, you have to be able to sell as well. Then we started looking for enthusiastic moms with a sales background. And now we're looking for more of a commitment in terms of the number of hours they're willing to work, and the territory they're covering, and so on."

By 2006, the company's sales department had grown to more than a dozen full-time sales representatives with a worldwide network of some 60 agents.

TAKING IT TO THE NEXT LEVEL: MANAGEMENT SKILLS

"My goal in the early days was really to have my own business where I was my own boss and had flexibility so that I could work around my son's and my family's schedule," says Sandra. Her only concern at the time was to make enough money to cover expenses and match the salary she had received while working full-time at Canadian Airlines. The idea of expanding beyond a home-based business came later.

By 1999, Sandra found herself at a major crossroads. The business had doubled in revenue every year and she had three full-time employees working out of the basement of her home with six or seven independent seamstresses on contract. “I’d set a goal every year to double, and I knew what that dollar amount was, and I hit it—every year,” she says. Growing from \$40 000 to \$80 000 in revenues was relatively manageable. But as revenues continued to grow, Sandra realized that it would take more effort to continue growing at the same pace. She recognized that she needed to refocus and bring in additional resources that would provide Robeez with the structure it needed to grow and expand.

In particular, she knew that she needed some outside expertise to help manage the transition from a home-based business to a small manufacturing company. “I could have stayed a home-based business,” she says. “But it would have been a totally different kind of company.” For advice, she turned to Lorne Fingarson, a former Dean of Business at the British Columbia Institute of Technology (BCIT). Sandra first met Lorne in 1995 when she took a four-week entrepreneurial training program that had been offered by Canadian Airlines as part of its severance package. “Lorne was my instructor and told me to look him up if I ever needed advice,” says Sandra.

Four years later she decided to take him up on that offer. “Lorne really inspired me to grow the company and gave me the confidence that we could take it to the next level,” says Sandra.

After several meetings over coffee to bounce ideas around, Sandra invited Lorne to join the company as a partner, along with her brother, Greg Garrett. She knew that if the company were to grow, she needed to start building a strong management team. “The three of us have really been building the business since then,” she says. “It was probably then that we started to get a little more focused on where the company is going, what are the challenges, what is the potential.”

Lorne came on board first as a consultant and then as Vice-President of Corporate Planning. “Lorne is more of a big-picture guy,” says Sandra. As for Greg, he was thinking of a career change when Sandra approached him to help build Robeez North American sales network. Now Vice-President of International Development, he’s responsible for expanding the company’s overseas sales network while Sandra concentrates on day-to-day operations and maintaining the company’s vision and culture.

In May 1999, Sandra moved the company out of her home and into a 1200 square foot (110 square metre) facility in Burnaby, a suburb of Vancouver. It was barely large enough. A year or so later, they took over the unit next door and then another unit on the floor above, eventually spilling over into a second building across the street. By 2003, they had grown from 1200 square feet (110 square metres) to about 6000 square feet (560 square metres).

The company then moved to a new, 18 000 square foot (1670 square metre) facility a few kilometres away. Within a year, they had outgrown their new location and expanded into a nearby building. They now have 90 000 square feet (8360 square metres) of space spread over two separate production facilities about a block away from each other, and two office and warehouse/distribution facilities about a kilometre away from the production facilities. Having separate facilities was definitely not by choice, says Sandra.

Once Robeez moved into its new facilities, it realized that it was no longer possible to rely on the cottage industry model of using home seamstresses to sustain the growth of the company. They purchased two used industrial sewing machines and hired their first full-time seamstresses. Today, Robeez has more than 300 full-time seamstresses, leather cutters and production staff, all based at the company's main production facility in Burnaby, British Columbia, and, despite stiff competition from offshore companies, Sandra says she's committed to keeping production in Canada. "Manufacturing in Canada allows us the flexibility to be more responsive to our customers and ensure that our products meet the most stringent safety standards," she says. Having the design and manufacturing functions close at hand also gives her greater control over the final product. "There's no way we could be that responsible if we were offshore," she says.

BUILDING A STRONG PRODUCTION FORCE

"If you don't have good people, you don't have anything," says Sandra. In the beginning, Sandra did everything except the sewing, whether it was cutting the leather, overseeing quality control or hiring sales representatives, she was very hands on. "I think that did me well, because I know every aspect of this business," she says. "I remember when we had our first gal that started handling customer phone calls. At first, I sat two feet away from her and listened to every word she said to make sure that she was taking care of them the same way I took care of them!"

That close attention to customer service, and to maintaining a high level of quality control throughout every aspect of the business, has helped drive the company's success. Freed from much of the hands-on production work she did in the beginning, Sandra now spends much of her time on human resources issues and ensuring that the company maintains a strong corporate culture. Employees are encouraged to contribute new ideas and those who identify opportunities are rewarded with increasing responsibilities. One employee, a receptionist, came up with the concept and design for Robeez Booties, a leather boot with a warm, plush lining that became an instant hit with customers.

INTERNATIONAL EXPANSION

After her initial experience with the Seattle market and subsequent success in expanding into the United States, Sandra realized that selling to the United States didn't have any more complexities than selling in Canada. She also knew that the business had potential beyond North America, even though they had barely scratched the surface. She had a vision for building something larger. Europe was the next obvious market, and the United Kingdom was a natural because of its shared language, culture and history.

The company made its first overseas sales in 2000. A couple living in Belfast, Ireland, contacted the company about bringing Robeez to Ireland. "They just took one of their spare bedrooms in their home and set up an inventory of Robeez, and started going out and selling to retailers in Ireland," says Sandra. The product was well received, but Ireland was a fairly small, geographically restricted market. Robeez decided to expand to the United Kingdom.

They tried working with a distributor of children's products for about a year before parting ways. Robeez had once again realized it needed people who had passion and enthusiasm for the product. They turned to another mom who worked out of a home office in Wales. Her husband has since joined his wife in the company and is now head of operations for Robeez European division.

By 2005, exports to the United States and Europe accounted for 60 percent of the company's total sales. Of total export sales, European sales accounted for 5 percent. To better serve the growing European market, the company opened a warehouse in Wales. In 2006, they had 5000 square feet (465 square metres) of commercial space and 12 employees based in Wales, and a regional sales manager in Switzerland who manages the company's network of sales representatives in Western Europe.

Robeez made its first sales to Australia in 2003 and opened an office and warehouse the following year. By 2006, the Australian office was “developing very well,” says Sandra, and had expanded to three sales representatives.

In addition to its “enthusiastic moms” style network of sales representatives, Robeez relies on its website to help create brand awareness, provide consumer support and information, recruit new sales representatives and retailers, and generate sales. The company first entered the world of e-commerce in 1997 with a bare-bones website on a virtual shopping mall. They launched www.robbee.com, a stand-alone website, in 1999. As well as general information, the website provides online shopping in multiple currencies — Canadian, U.S. and Australian dollars, U.K. pounds, the Euro, Swiss francs and Norwegian kroners. A French-language version of the website was launched in 2005 to further strengthen the company’s presence in Canada and to provide additional support for developing the market in France and other French-speaking countries worldwide.

GROWTH AND EXPANSION

“The international office is growing exactly like we grew in North America,” says Sandra. “The only thing that’s different with the European operation is they don’t manufacture. We send everything finished from here. Otherwise, it’s a mini-Robeez, exactly the same as the one here. It’s like stepping back in time when I go over there.”

By 2006, Sandra had succeeded in transforming her home-based business into a multi-million dollar manufacturing company in just 12 years. “Three years ago we had just 45 employees,” she says. “Now we have almost 500.” For the fourth year in a row, Robeez has been ranked in the top 20 of *Profit* magazine’s annual list of Canada’s Fastest Growing Companies. “The last three years have been huge in terms of growth,” says Sandra. “We brought in a production manager in 2000, but Greg, Lorne and I basically ran the company until 2003.” They then began building a strong management team, hiring their first marketing manager in 2003 and their first human resources manager in 2004. In January 2006, Robeez appointed its first advertising agency to develop global marketing, advertising and branding strategies that will support the company’s continued growth and expansion.

Future plans include expansion of the company’s website and customer services to include additional countries and languages. While Robeez is well-positioned for continued growth in the North American, European and Australian markets, international

trade restrictions have required the company to re-examine its approach to the Asian market. In particular, Japan represents an ideal target market for Robeez products but the company's ability to expand sales in that country is limited by strict quotas.

Another challenge as the company continues to grow is maintaining its corporate culture. Sandra says that's something they're just beginning to tackle now, and will continue to focus on. "I make a couple of trips a year to the U.K. just to meet with employees and spend some time talking to them about what's going on in Canada or North America," says Sandra. "There's no question it's a challenge. It comes down to making sure our management in the U.K. and Australia are totally aligned with my management style. It goes back to the values of the company and how we treat people."

Shortly following completion of this article, Sandra Wilson sold Robeez Footwear to major U.S. retailer Stride Rite Corp. for \$30.5 million. Under the deal, Sandra Wilson is to remain a consultant.

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