



# Going global

## As I see it **Bruce Levitt**

*President, Levitt-Safety Limited*

There was a time for Canadian companies when globalization meant looking overseas to emerging markets for growth or outsourcing opportunities. Today, globalization means a lot more. It means fierce competition and major ongoing shifts with new key players from overseas here at home—because globalization has come to Canada. And ironically, some of the emerging competition here are companies from the very same emerging markets Canadian businesses have for some years looked at for growth opportunities.

But successful companies such as Levitt-Safety Limited, Canada's largest specialist supplier of safety equipment and services, are not just waiting for globalization to knock their front door down or hoping it won't. The company's president and CEO, Bruce Levitt, for example, keeps a keen, analytical eye on the internationally-driven shifts affecting his sector, and works with his team to implement proactive strategies.

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“Until recently, there were significant barriers to entry that prevented Asian companies from going after the manufacturing of the middle to higher range of products in our market,” says Levitt. “Many Asian companies weren’t comfortable going through the North American approval bodies and shepherding something through the process, which tends to be expensive, time consuming, requires regular dialogue between the approval agency and the company, and often for the agency to go visit the factory. But now we’re seeing some Asian manufacturers getting to the point where they are globalized enough that they are saying, ‘Maybe I’ll take a shot at doing that myself.’”

In the safety equipment sector, however, brand and the reputation, quality and reliability associated with it are vital. “So even if these companies do get the approvals for their product, do they then want to sell the product under their brand or do they come to a company such as ours and say, ‘I have approval on this respirator or fire extinguisher for sale in North America and I would be thrilled to private label it for you because I recognize you have a reach into the marketplace and a brand awareness that I lack?’”

For now, because his company is in a very specialized niche, Levitt doesn’t see a major push by foreign competitors towards branding their products—which means there’s an opportunity for Levitt-Safety. “But on the consumer product side, there’s been a big trend towards Asian companies building their own brands in

North America. My crystal ball says that it’s a matter of when, rather than if, this will happen, even in our segment,” says Levitt. “There is also the guy who makes a product in an emerging market, say a running shoe for \$5 which is sold at \$100 in North America, who eventually starts thinking, ‘Well, I can and do make a running shoe. Why don’t I try to sell it myself for \$25 in North America?’”

In addition to increased competition, profit margins are being compressed in the new globalized landscape, says Levitt. One way his company has addressed the new pressures has been to create an intermediary import company. “The company brings the product in and it immediately resells it to our distribution business,” says Levitt. “This way, our re-sale landed costs are visible to everybody in the company and our sales people can see the additional, slightly hidden costs you don’t often think about, such as inventory carrying costs, risk of dead stock, the wrong product coming in. And our intermediary company generates its own profit margin that buffers us and hopefully rewards us for the risks we take.”

Levitt-Safety is looking at other opportunities as well, including building a separate brand from Levitt-Safety. “Over the next few years, we’re trying to build up a product portfolio and a brand that can start to be recognized in the marketplace and we can sell to others in the industry, whether in the US or potentially our competitors in Canada.”

The company is also looking to expand its manufacturing business, NL Technologies, a separately-managed company that has grown since 1982 into a world leader in the manufacturing and design of the miner’s cap lamp and digital tracking technology. “We’re in some 15 to 20 global markets and we’re working on the combination of deeper penetration in those markets and thinking about what the next big ones we want to go after are going to be,” he says.