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5 Lubertex Pivot in Canada

Abstract: This chapter tells the story of a family business in Canada. When the textile sector changed, this firm opted for a strategic that proved very successful.

Keywords: Canada, family business, fashion, pivot

Introduction

Heidi Luber is the CEO and fourth-generation owner of her family business, Lubertex International. Founded in 1937 in the city of Montreal, by her great-great-grandfather Ben Luber, this enterprise started out as a textile company. The business focused on importing, selling and also manufacturing fabrics. Over time, however, the manufacturing of clothes shifted from Canada to China (see Figure 5.1). Changing times prompted the CEO to pivot the firm to focus on the provision of bed linen to hotels.



Figure 5.1: Closed textile factory in Canada (photo: Léo-Paul Dana).

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Background

At first, fabrics were imported from overseas, primarily from Eastern Europe, and used to manufacture women's wear and home fashions in the Canadian market. Clients would often be denim jeans manufacturers, but products included men's trousers, as well as flour bags, mattress covers, pillow shells and printed cotton. As a teenager, Heidi began working for her father, not thinking that her family business would soon become her career. She expresses how important her involvement in the Jewish Montreal community was and how the community has shaped her career and her values. She began working in the textile industry surrounded by people she grew up with. Her cultural values became based on the city in which she grew up, and the multi-culture of Montreal. This has shaped many of the decisions she has made for the company, and the values she wants to portray to her customers. As Heidi describes, the textile industry was fast-changing, and Lubertex needed to be continuously evolving to stand the test of time. Luckily, her entrepreneurial and innovative skills are leading Lubertex Inc. towards a very bright future. In the following pages, we will be discussing Lubertex's factors of success, the resources used and some of the obstacles faced.

Perseverance is one of Heidi Luber's most vital qualities. Starting from a young age working for her father in the family business, Heidi was full of new ideas. Although working for her father was not her end goal, she soon found it to be a true passion. With many changes affecting manufacturers in Canada, there was a sense of fear. Her father's generation had never known the textile industry without manufacturers in the same city. With this new fear of the unknown, a decision had to be made on the company's future direction. When the going got tough, Heidi did not step down from the challenge. She had a vision for Lubertex and was not going to let a change in manufacturing bring them down. Heidi and her father made trips to China to begin building strong relationships overseas, which are still as strong as ever.

Being the fourth generation of a family business comes with a lot of pressure. Not only does she want the business to be successful, but she also has a reputation to maintain, and a family legacy to continue to build. With changes in manufacturing and more recent leadership changes, Heidi's motivation is what kept her and the company afloat. As her father began to get older, a change in leadership was coming. Heidi was determined to run the company and make her father proud. Her motivation to succeed created a chain effect throughout the entire organisation. Her ambitious goals for Lubertex motivated those around her, which led to greater success for the business. With Heidi in charge, she was able to gain many new clients throughout North America and parts of Europe. Then the hotel industry became hers to dominate, something that she never thought was possible through her family business.

Resources

In order to start pursuing an idea and building a company, there are many resources needed to make this dream come true. When thinking about resources, oftentimes, our brains automatically think about money. Money is a major resource needed to build a company, but there are also many non-financial resources detrimental to the success of a business. In the textile industry of which Lubertex is a part, resources like manufacturers, fabrics, transportation and connecting with people across various fields are important.

When Heidi Luber began working with her father, most of the firm's manufacturing was being done in Canada. They would import their fabrics from overseas and had many options to expand within the country by making different types of clothing and bedding. That is what her father had been used to and relied on. At the beginning of her time at the company, most of the textile manufacturing companies in Canada closed, since China was becoming the manufacturing powerhouse that it is now. Many of the Canadian manufacturers were out of business and could not compete with the Chinese prices. Heidi expresses that especially in a city like Montreal, which had a huge textile industry, it was very difficult for her father's generation to survive in textiles. This became a major challenge for Lubertex and required many innovative changes, including a change in the type of resources necessary for the company to survive. This required Lubertex to pivot, as Heidi explains: "We had to decide whether or not to change the business or maybe to close the business."

This pivot led to many changes, specifically changes to their fabrics, when it came to resources. At the time, she and her father flew overseas and decided to have all of their manufacturing done in China. They would not just be supplying the fabric, but making the final product. This change led her and her father to reinvent the organisation completely, and switch their focus by beginning to contact hotels and supply bedding.

Competitive Advantage

A core is something that allows an enterprise to deliver the benefits that customers value with much greater effectiveness than any other competitor. Lubertex has had many different types of customers, as their resources and focus have changed. Before Heidi worked for the company, many of its buyers were clothing manufacturers. Later, as manufacturing was no longer done domestically, their fabrics changed, and so did their focus. Heidi started to contact hotels. Lubertex has since partnered with many different hotel brands and offers bedding and hotel linens. As the company changed, so did its core. Lubertex's customer service and product differentiation give the firm a competitive advantage, and this helps in defining its core.

Firstly, Lubertex is very customer-centred. Most aspiring entrepreneurs can acknowledge that having a focus on the customer is crucial; it is something that is taught and experienced at all levels of business, ranging from working in fast food establishments to top tech companies. As Heidi mentions when discussing her values and the company's values, growing up in Montreal's Jewish community has significantly shaped who she is and how she treats her customers. Since Lubertex is a family business, treating her clients like family gives her an edge over other competitors.

Secondly, the products that Lubertex supplies hotels with are of superior quality to that of many other vendors. As stated on the Lubertex website, "We are strongly committed to supplying the best product at the best value." This is another example of how the firm delivers value to its customers.

Customer Value Proposition

One of the main elements in a business model is the customer value proposition, which is what the organisation promises to deliver to the customer. Six key resources are needed to deliver the value proposition, which includes people, technology, products, facilities, channels, and a brand. The resources necessary for running and maintaining a successful business in Lubertex can be related to the customer value proposition.

Heidi Luber describes her relationships with both her manufacturers in China and her clients as one of the keys to maintaining a successful business. The relationships created with her suppliers in China began during Heidi's time at her family business. She and her father were able to travel to China, more specifically to rural cities like Shikiazhuang, to meet with the owners of manufacturing companies and to begin to build a strong relationship. To this day, Lubertex has still maintained a relationship with the same manufacturers as they did over twenty years ago. The relationships Lubertex has with its clients are also very important in a customer value proposition. In order to deliver the best product possible, there must be mutual respect and understanding between parties. This will create a potential for many more years of business to be done together.

Maintaining a solid relationship with manufacturers and clients allows Lubertex to follow through on its promises to its customers. By maintaining these strong relationships, the final products will be up to par. Since both Lubertex and their manufacturers have spent time creating a strong relationship, they have formed a sense of trust. The manufacturer will not want to disappoint the company, and vice versa.

An Obstacle

Being the fourth-generation family member to take over a long-lasting family business can be a daunting task on its own, but being the first woman in the family to do so in an industry primarily dominated by men might be even more intimidating. When asked about the most significant obstacle she faced, Heidi describes this situation she was facing through a fascinating lens, in her words: “Honestly, being a woman in the industry and having to make a place for me and to prove that I could do at least what he [her father] was doing, if not more or better.” Heidi had a large obstacle to overcome; her challenge was not only to grow the family business, but as the first woman in charge, she most definitely felt some extra pressure to flourish and to make a big splash upon her takeover of the company.

At the time of her takeover, the textile industry was undergoing a large change in Canada, as most manufacturers shifted production to China. They had previously always run their operations locally. Heidi was immediately faced with a difficult problem, either changing the business and how it operated or closing it altogether after four generations of it being within her family. As a woman, fourth generation business owner, faced with a highly complicated and challenging decision, Heidi felt all kinds of pressure. She was facing what ended up being the largest obstacle to date in her career immediately upon taking over the family business.

Faced with an extremely impactful decision as a woman in an industry primarily dominated by men, Heidi explained how she overcame the largest obstacle of her career immediately after taking the reins of the generational family business. She ensured that she was well-prepared to be in a decision-making role by beginning to work for the company from a young age to be familiar with the ins and outs of the business. She started at the company’s bottom, answering the phones and familiarising herself with the business and the industry. Then, as she slowly worked herself into a position to be comfortable running the company, she was well-equipped with the requisite tools to make the correct decision in what, at the time, was a make-or-break moment for the company.

As a woman, Heidi felt as if she had something to prove, and not only did she make a splash by keeping the business open and re-inventing the way they functioned, she solidified herself compared to the males that preceded her, which was her goal from the start. She did this by not only making the difficult and correct decision of keeping their doors open during a tough transition in the industry but manoeuvring in a way that allowed the company to flourish like never before, by making the difficult decision to re-invent the company’s operations and move their suppliers from Canada, where they had been located since the company opened their doors, to China. From this, Lubertex was able to not only stay alive but flourish under the leadership of Heidi, the first woman to take control of the company since its inception.

In this re-imagination of the business, Heidi noted that acquiring a paying customer would no longer be possible with the high prices of her Canadian suppliers. In

order to be able to achieve competitive pricing and allow for her customers to be still willing to pay for her product, she noted that she had no other choice if she wanted to keep the business alive than to opt towards China's suppliers. An essential part of this step is identifying any obstacles or roadblocks that may hinder the selling of a business's product. Undoubtedly, keeping manufacturers of Lubertex in Canada was no longer an option as they would have to raise their prices to consumers to remain profitable. So, in order to continue acquiring paying customers, Heidi decided that she would move her suppliers to China, and allow her family business to continue to grow and acquire customers.

She successfully turned the situation into a positive one. Not only was she successful in overcoming the obstacle, but her company flourished as a result and has been thriving ever since. In a world where women in business are out-represented mainly by men in leadership roles, having the opportunity to hear uplifting success stories of female entrepreneurs is few and far between.

Competency and Growth

A product can be the most beneficial and useful item in the store. Still, if the target customers constantly select the product beside it, much information gathering and rethinking must be done, whether it be with regards to the presentation of the product or how it differs from its already-established competition. Something as trivial as packaging or presentation in a store could be the difference between a billion-dollar business and one that has to close its doors permanently.

While it can be seen as a tedious step, it is in fact underappreciated due to the amount of money it can save new ventures throughout the developing product, which is something they undoubtedly try to minimise.

When reviewing the potential designs for the product, it is paramount to take into account how the target customer would find each change, reinforcing our knowledge that every decision made must take into account how the target consumer would be impacted. If different departments are under opposing assumptions of the final product's design, many problems can arise, but having a model built by members of the venture ensures that everyone's perspective was taken into account while also having something physical to refer back to when making other decisions while the product is being made.

Lessons from Heidi

Heidi re-affirmed the importance of putting the customer first. Heidi mentions several times throughout the interview how important her relationships with people from the Montreal community are, as well as her relationships with suppliers and customers. This allows her to provide her customers with the best final product.

The obstacles she and her company had to overcome to get to where she is today were all driven by her motivation to succeed and her passion for her family business. No matter what is in your way, one can succeed just like Heidi if one understands the industry and what it takes to be a successful entrepreneur. She was the first woman in her family to take over the business in an industry largely dominated by men. She worked from the bottom up to be able to keep the businesses' doors open and thrive when faced with a make-or-break decision.

Among her many factors of success, shifting her venture from operating solely in Montreal to expanding its manufacturers to function out of China was successful in both making use of non-financial resources and overcoming the largest obstacle of Heidi's career. As the first woman to take control of the family company in an industry largely dominated by men, Heidi took advantage of her resources. She made the big decision to move her suppliers overseas, which allowed the company to keep its doors open and flourish in the process.

Conclusion

Under Heidi's leadership, Lubertex International is a successful firm with a focus on customers. An entrepreneur must have a successful product; entrepreneurs are not randomly born with some entrepreneurship gene. Impactful lessons from Heidi include: (i) an individual does not start a venture – a team does; (ii) an entrepreneur's main asset is the ability to have strong communication and salesmanship; and (iii) entrepreneurs are moulded and developed through experience. As the Canadian clothing industry shifted to China, Heidi pivoted such that her firm shifted its focus from fashion to bed linens for hotels.

