



# Targeting Smaller Markets Yields Big Growth for Manufacturer

It's not easy for a small business to stand out in the competitive world of fabrication – an industry crowded with companies of varying sizes that offer services ranging from cutting metals and glass to reshaping and assembling parts.

But Nu Dimensions Fabricating and Manufacturing Ltd., a five-person operation in Delta, B.C., has had no problems setting itself apart from the competition. The young company, founded in 2011 by Sean Taylor and Ben Boogaerts, established a point of difference from the start by investing in an advanced waterjet cutting system capable of ultra-precise incisions and complex cuts such as bevels, countersinks and three dimensional shapes.

"There are plenty of jet cutters in the city, but we're one of only two companies with 3-D capability," says Mr. Boogaerts, Nu Dimensions' chief financial officer. "The big advantage for our clients is that they no longer have to do any machining after, because we can cut precisely to virtually any shape they want."

With their specialized equipment – they now have two of these machines – Mr. Boogaerts and Mr. Taylor could easily have grown their business by focusing on large sectors. But while Nu Dimensions does serve major industries such as metal manufacturing, food processing, oil and gas, and aerospace, it has also pursued customers in niche markets such as signage, theme park manufacturing, architectural fixtures, as well as art and design.

This niche-driven strategy has certainly paid off. In its second year, Nu Dimensions doubled sales to \$1-million, and in the following year saw its revenue climb to just under \$1.5-million.

Anthony C. Taylor, principal at SME Strategy Consulting in Vancouver, says focusing on a niche market is one way a small business can stand out in a crowded space. But it does come with a risk: if that market slows down or collapses, so can the suppliers serving that niche.

He commends Nu Dimensions for building a diversified client roster.

"This is a really smart strategy," he says. "When one industry is down, others will be up and vice versa."

While there may be less competition in a niche market, getting a foot in the door can be hard because prospective customers will likely have tight, long-standing relationships with a select group of suppliers.



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Nu Dimensions' chief financial officer Ben Boogaerts says that investing in specialized equipment and pursuing niche markets has been a profitable strategy for his B.C.-based fabricating and manufacturing company.



"If they've been using the same suppliers for years, the odds of you getting in there are pretty small," he says. "Unless you have a significant differentiator, which seems to be the case with Nu Dimensions."

Today, as B.C. faces the revival of its shipbuilding industry and the emergence of a new liquefied natural gas (LNG) sector, Mr. Boogaerts and Mr. Taylor are gearing up for work in these sectors. They're planning to buy a more powerful waterjet cutting system that can handle bigger dimensions. They're also looking to move from their 3,500 square foot facility into a much larger space that will accommodate three machines.

"The new machine will cost us anywhere between \$500,000 and \$600,000, and we'll need about \$1-million to buy an industrial space that will suit our needs," says Mr. Boogaerts. "We would also have to double the size of our team."

While entering a new industry can be a significant challenge, Sean Taylor says Nu Dimensions' work with shipbuilding and LNG clients won't be much different from serving customers in other sectors.

"We're already doing work on projects that are submersibles, and for the most part, it's about being able to read drawings and determine whether or not a design is going to work," says Mr. Taylor. "We're also very well connected in terms of sourcing materials. It's one of the tougher parts of our business, and we're very good at it."

Expanding into shipbuilding and LNG will likely boost Nu Dimensions' revenue by about 25 per cent over two years, says Mr. Taylor.

"We're really excited about these opportunities," he says. "I think the next several years are going to be very busy for us."

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## CIBC Tips: Achieving Success in a Niche Market

1. **Identify customer needs** To find profitable new niches, extensive research, planning and staying engaged with your target market are essential. Listen to your customers carefully to identify their unmet needs, which represent an opportunity to provide your expertise and expand your customer base.
2. **Define your target market** When starting a new venture or choosing to expand your business, it's important to understand your core competitive advantage. Choosing to market a specialized service or product to a narrowly defined target market would allow your niche company to stand apart from competitors within the industry. However, be sure that your chosen niche is not already being fulfilled by an alternative and better solution.
3. **Focus on quality and innovation** Serving a niche with special needs can be profitable and sustainable as it focuses your attention on the needs of your selected group of customers. However, niche businesses are not immune to competition. To ensure long-term success, focus on consistently producing quality and innovative products that give you room to diversify and increase your chance to appeal to a larger market.

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