

Your Business ... Your Burlington

Canada's fastest-growing companies

By Jim McElgunn | June 01, 2011

The Canadian economy seems to be mired in a prolonged period of subpar growth. Hardly a fertile climate, you'd think, for building growth stars.

Try telling that to the PROFIT 200. The firms honoured in the 23rd annual ranking of Canada's Fastest-Growing Companies have proven that even in a so-so economy you can expand at a blistering pace. The businesses profiled in these pages have generated five-year revenue growth averaging an extraordinary 1,464%. And the fastest-expanding company of all, Mood Media Corp., grew its sales from 2005 to 2010 by an eye-watering 72,384%. (See "Born to Run — Really Fast.")

How did the PROFIT 200 achieve such stellar growth in such a mediocre economic climate? One key was to venture abroad in search of sales. Fully 64% of these firms were exporters in 2010, up from 48% in 2005. And, as noted in the story "The 5 Winning Strategies of High-Growth Companies", the PROFIT 200 grew their exports more than twice as fast as their domestic revenue over those five years.

It's no surprise that the U.S. is the most popular export market, with 61% of the PROFIT 200 selling there (meaning that among the 64% of companies that exported, almost all had U.S. sales). But overseas markets also proved to be highly appealing. From 20% to 35% of the PROFIT 200 exported to each of the following: the U.K. and other Western European countries, Australia, the Pacific Rim excluding China and Japan, the Middle East, Mexico, Brazil and the rest of South America. (See the infographic here.)

Perusing the ranking tables makes it clear that exponential growth isn't something that's possible in only a few sectors. Yes, the ranking includes companies that are on the cutting edge of technology, such as Avigilon Corp. (No. 3), a maker of high-definition surveillance software and hardware; and Creaform Inc. (No. 114), a developer of 3D scanning software and hardware for some of the world's most sophisticated manufacturers. But by far the biggest category is business services — with 84 firms in all.

What's truly striking is the wide array of sectors in which companies found opportunity. This included officialCOMMUNITY (No. 15), which develops online communities for well-established music stars such as Santana, Blue Rodeo and James Taylor; and

Complete Crossings Inc. (No. 189), whose tightly focused niche is providing oilpatch clients with eco-sensitive ways to lay pipelines across rivers. And if you thought that the business of making things has become a dead zone for fast growth, consider that 27 manufacturers earned PROFIT 200 honours this year. These include ViXS Systems Inc. (No. 29), which produces advanced semiconductors for some of the world's leading makers of entertainment devices; and Canada Goose Inc. (No. 152), whose jackets designed to withstand the world's most intense cold have become today's hottest outerwear.

To make it onto the ranking, the PROFIT 200 had to overcome challenges common to companies in any line of business. For instance, even with a brilliant business idea you'll get nowhere if you lack the capital needed to run and grow a company. The PROFIT 200 turned to a diverse range of financing sources. (See "Growth Capital".) The top two are what you'd expect: founders' own capital (used by 72% of the companies) and Canadian bank financing (67%). Less expected was that so many firms — 43% — took advantage of the federal Scientific Research & Experimental Development tax-credit program. (See "The Credit You Deserve").

Another common challenge across sectors is how to attract and retain the talent you need. Although the recession provided a brief respite from the steadily worsening labour shortage, the talent crunch is making a fast comeback as employment rebounds and the supply of new workers lags behind demand. Companies must think carefully about which HR tactics it takes to stay competitive in today's labour market. (See "Perks and Practices.") Leading the way among the PROFIT 200 were benefits plans (91%), training programs (88%) and bonuses (84%).

These companies also boast a retention tool that may be far more powerful than the standard HR tactics: the pride and excitement that comes from working for such successful businesses. It's a marvelous thing to be able to say that you work for a company that's doing so many things right that it numbers among Canada's tiny galaxy of high-growth stars.

That's especially true of those who work for a firm that has made the ranking this year for at least the fifth time. (See chart below.) Leading the way in this elite group are Research in Motion Ltd. and Garda World Security Corp.; this year, each of these behemoths makes its 11th appearance among Canada's Fastest-Growing Companies.

Given that it becomes harder every year to remain on a ranking based on percentage revenue growth, this is a dazzling achievement indeed. And it's proof that even in an economy expanding at a pace that falls well shy of gangbusters, smart entrepreneurs can find opportunities for sustained rapid growth everywhere.

How we ranked them

Entrants were ranked by five-year revenue growth, with revenue and net income verified through financial statements. Growth rates were calculated using base-year revenue of at least \$200,000.

Entries were solicited through an entry form published in PROFIT and on PROFITguide.com. They were also solicited through the PROFIT-Xtra e-newsletter, L'actualité, Canadian Business and Maclean's magazines, through targeted direct mailing to Canadian growth companies and by the organizations that are thanked here.

The information published in this issue and at PROFIT200.ca is the only data that PROFIT will release on Canada's Fastest-Growing Companies.