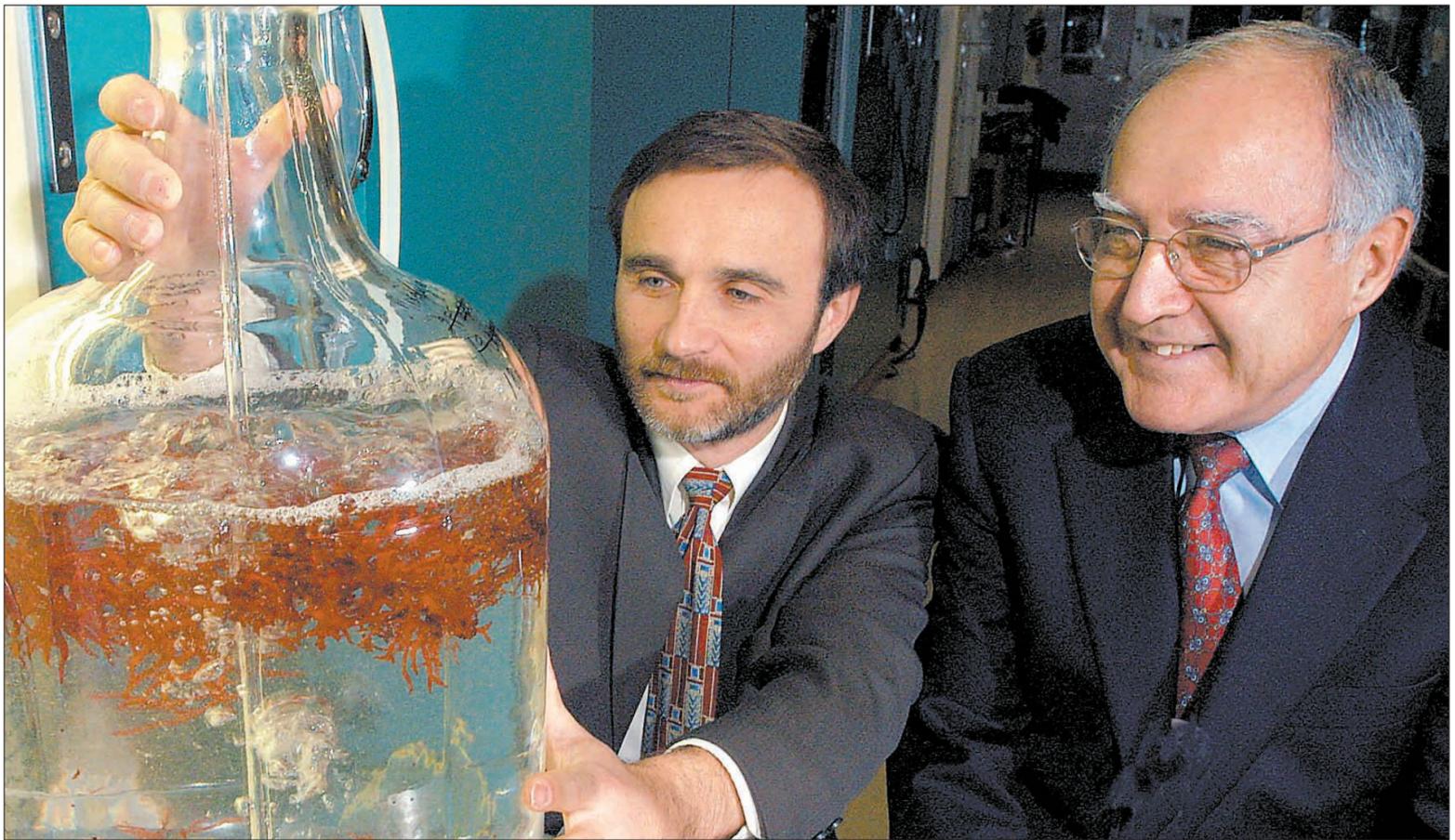


ENTREPRENEUR

Roynat Capital presents a series of business profiles celebrating the success of Canadian companies



PAUL DARROW PHOTOGRAPHY / ACADIAN SEAPLANTS LTD.

Louis Deveau, right, chairman and founder of Acadian Seaplants Ltd., and son Jean-Paul Deveau, president at the research laboratory of the NRC's Institute for Marine Biosciences, at work in the laboratory.

Seaweed is more than an exotic fried appetizer at an upscale Chinese restaurant or a healthy additive found in herbal lotions and potions. Indeed, even the least adventurous of us eat, drink or groom each day with products that include seaweed. Although seaweed has a myriad of uses in the food industry and other sectors, the seaweed industry fails to register on most people's radar, says Jean-Paul Deveau, president of Acadian Seaplants Ltd., of Dartmouth, N.S.

"There are a lot of products out there that have seaweed in them and most people just don't know that it forms a large part of our lives," he says.

A seaweed extract called carrageenan, for example, is used to enhance the viscosity of ice cream, puddings, jams and other foods. It is used to bind chocolate — not easily dissolvable — with milk in the production of chocolate milk. It also keeps toothpaste from dribbling off toothbrushes in a thin, chalky gloop.

Seaweed is also used to remove haze-forming proteins in beer. Without this additive, chilled beer would appear cloudy — a feature that sometimes occurs in home brews. Also, marine plants are used in agricultural fertilizers as food supplements for livestock and fish farming and in health and beauty products.

In 1981, Mr. Deveau's father, Louis, purchased a Nova Scotia-based seaweed harvesting company from a U.S. company. Louis Deveau had served as president of the parent company's subsidiaries in Canada, Mexico and the Philippines. The company he bought employed a few people in administration and processing and relied on one customer.

"It's obviously a recipe for disaster to have only one customer," says the son, who became president of the company in 2002. "But we always had the philosophy of investing in research and development and in marketing so we could understand what customers are looking for and develop the right products."

Now, Acadian Seaplants has 325 products, 12 product lines and 250 customers in 70 countries. Sales doubled over the past five years. It employs 300 people in its plants and head office and another 300 during seasonal harvest. The company is responsible for every step of its operation, including harvest, cultivation, sustainable resource management, technology development, manufacturing, market development and sales. More than 95% of its products are exported.

Acadian Seaplants spends about 10% of its annual revenue on research and development and employs six people with doctorates in science as well as several other science graduates.

"Companies in general do not put enough emphasis on R&D," Jean-Paul Deveau says. "It's easy to cut out the investment in R&D and focus on a better bottom line. But those are the investments you want for the long run."

Companies should consider seeking academic or government research partnerships, he says. "By leveraging your own R&D investment with organizations such as the National Research Council [of Canada], you can really do things that are world-leading technology."

Acadian's land-based cultivation technology was developed with NRC's Halifax-based Institute for Marine Biosciences. Ocean saltwater is pumped through a sophisticated filtration system into seaweed cultivation ponds on land. The intake and the ponds are carefully monitored. The seaweed is fed fertilizers and micronutrients.

"The advantage of this unique cultivation system is you can control what you are growing and come up with specific characteristics customers are looking for," Jean-Paul Deveau says. "It enables us to provide quality and safety standards not found elsewhere."

Acadian also harvests seaweed from the ocean and has licences for exclusive seaweed harvesting rights from the provinces of Nova Scotia and New Brunswick. "Not only do we have exclusive rights [for specific time periods] but we have the responsibility of sustainably managing that resource," Jean-Paul Deveau says. "We take that very seriously."

Each year, the company maps the seaweed in the areas to be harvested and prepares a harvest plan. Seaweed is harvested by hand, using specially designed and very sharp cutter rakes with runners that leave the main plant intact so it will regrow. At the end of the year the company checks the seaweed beds to ensure they have not been over-harvested.

"We do not even harvest the amount that grows each year so we know the biomass will not go down," he says. "We are proud of the fact that we are the best-managed marine resource in Canada." Other countries have examined the model developed by Acadian Seaplants and are using it

in the management of their marine resources.

Different species of seaweed grow in different climates so Acadian only harvests coldwater species, such as Irish moss and rockweed, which grows in the inter-tidal zone. The waters off Canada are clean compared with many other places in the world where seaweed is harvested and Acadian harvests seaweed in places remote from major industry. The purity of Canadian water is a distinct marketing advantage.

The company has developed a substantial Asian market and exports *kiku kana-nori*, a yellow edible seafood, to Japan and other countries.

"If you are developing business outside your domestic market, there is no substitute for getting on a plane, getting out there and explaining your company and products," Jean-Paul Deveau says. "You cannot impose the way we do things here. It's not right or wrong, it's just different. For the most part, once you learn the way things work, it's fun."

Acadian also hires nationals from countries where it wants to build a market. These employees understand how business is done in their native countries and speak the language.

Acadian Seaplants has used federal government assistance to develop markets abroad. Canadian government trade commissioners have helped the company identify potential distributors and importers. Introductions from government agencies or officials give companies instant credibility in many countries, he says. "There is no question that that was very instrumental for us in developing overseas business."

Harvesting seaweed is not new to the Deveau family, which is Acadian in origin. Seventy-five years ago, Jean-Paul Deveau's grandfather gathered seaweed to spread on his crops. "We are taking that same commodity now but on a very large scale and extracting compounds," he says. "But those compounds are doing exactly the same thing they were in my grandfather's garden. If he were still alive I think he would be amused to see what we are doing today."



ACADIAN SEAPLANTS LTD. PHOTO

The Hana-nori product line consists of edible seaweeds cultivated in Charlesville, N.S., for Asian food markets.

Acadian Seaplants Ltd.

Head office Dartmouth, N.S.

Business sector Technical/food products

Market International

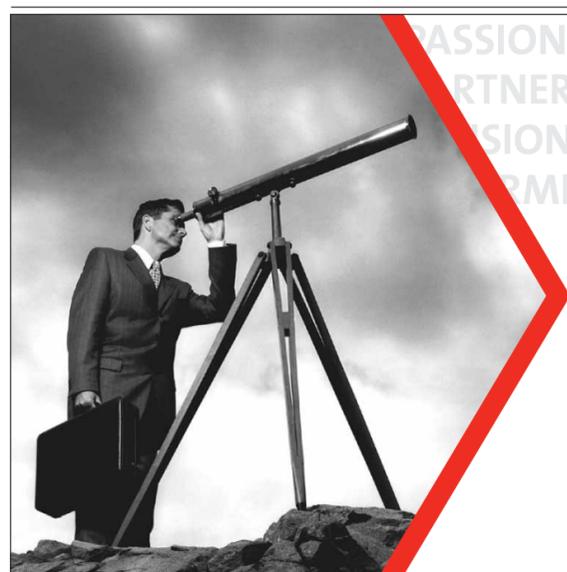
Number of Employees 300 full-time, plus 300 seasonal

Web site www.acadianseaplants.com

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