

# FINANCIAL POST

## Green business gains traction with road salt alternative

[W. Brett Wilson](#) Jun 4, 2012 – 8:59 AM ET



In 2004, Mark Watson watched his eight-year old Cocker Spaniel, Grover, die with cancer. He then learned that pet cancers are often linked to toxins in road salt, including mercury and lead, which dogs can ingest by licking their paws after winter walks.

Road salt poses a major risk not only to pets, but also humans, municipal infrastructure, vehicles and the environment. The United States and Canada use a combined 40 million tons of road salt a year, resulting in nearly \$40-billion worth of damages to infrastructure each year.

It is also one of the main contaminants in the water system — and once it's in the water table, it can never be removed — an issue that both my friend Robert F. Kennedy's Waterkeeper Alliance and the David Suzuki Foundation have been raising for years.

Watson co-founded Earth Innovations Inc., which is focused on finding effective nontoxic solutions to everyday problems. He tracked down a cost-effective volcanic mineral that provides good traction on ice and snow, and is safe for pets, plants and property. With a natural jagged structure that sticks into ice, the rock absorbs the layer of water that sits on top of ice, implants itself and creates a solid traction surface, much like sandpaper. Unlike salt, EcoTraction even works in very cold temperatures and creates traction in freezing rain.

In a short time, the company went from selling EcoTraction in a dozen stores to having more than 5,000 retail partners across Canada, including The Home Depot, Canadian Tire, and Home Hardware.

**The deal** Watson asked the dragons for \$150,000 for 5% of the company — a \$3-million valuation. I offered \$500,000 for one-third of the company, giving it a \$1.5-million valuation. All five dragons jumped on board. After some on-air negotiating, we all agreed on \$500k for 25% of the company (a \$2-million valuation).

After five months of due diligence, and days before closing, one dragon suggested we change the terms of the deal, adding a 10% annual dividend to our investment. When Watson balked, the other dragons walked away from the deal. I was committed to honouring the original deal, and went on to invest \$250,000 for 12.5%.

**Earth Innovations' challenges** One of the company's biggest annual challenges has been the weather. The product's sale cycle is four months long, and three warm winters in a row naturally affects demand. When product is linked to weather, keeping retailers well supplied is tricky, especially with retailers' growing preference for just-in-time inventory.

To stabilize the revenue stream, Watson has added two all-year-round products to the company's line. EcoCompo is an all-natural aid that absorbs kitchen food odours and even traps methane gas. As more municipalities introduce green bins, managing odour and gas emissions from waste is a new and growing problem — in Ontario alone, four million households now have green bins. Watson is also preparing a version of EcoCompo for industrial use in animal farms and zoos. At the same time, the company is taking on the baking soda industry with EcoAirO, an all-natural and chemical free way to absorb a multitude of odours from fridges, recreation and other vehicles, athletic bags, and storage lockers.

**In the founder's words** "Much of Brett's business success is founded on the power of his moral integrity. His timeless principles underpin why he is one of Canada's brightest and most visionary entrepreneurs. He has a deep reservoir of knowledge, and was able to quickly put his

finger on the pulse of our business. With his help, we've expanded our retail presence from 200 outlets to more than 5,000. Has Brett's Midas touch helped us? Most definitely yes."

**What's next** The uses for this volcanic rock, which has been dubbed "the miracle mineral," are endless. It can even be fed to beef cattle to increase their size and yield without the use of dangerous growth hormones and it is a tested non-toxic solution for nuclear waste clean up. Watson is looking for investors to go after these opportunities.

On the EcoTraction front, he says going up against the salt industry is a little like David going after Goliath. He has focused on securing contracts with larger clients, such as the Toronto District School Board, which has approved EcoTraction for use in about 600 schools. As part of its corporate giving strategy, Earth Innovations supplies Ronald McDonald Houses across the country with its products.

Earth Innovations is well positioned to help more than 12,000 municipalities in the North America snowbelt turn their streets green, and are using their growing social media presence as part of their marketing platform.

"The next generation is incredibly green, and extremely knowledgeable," Watson says. "They're asking for these solutions," a fact that makes him extremely bullish on the future for Earth Innovations.

## **BOTTOM LINE**

**Company** Earth Innovations Inc.

**Founders** Mark Watson and Marc Appleby (who has moved on)

**Website** [EarthInnovations.ca](http://EarthInnovations.ca)

**Measure of Success** The company has grown from selling its product in a dozen stores to having more than 5,000 retail partners. They've also diversified to include year round products that provide a steady revenue stream.

*W. Brett Wilson is one of Canada's most successful businessmen and innovative philanthropists. You can follow him at [@wbrettwilson](https://twitter.com/wbrettwilson).*



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