

# CREATING IMPACT

Candid Conversations with Leaders in Life, Business and Philanthropy



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**WELCOME BACK** to this next edition of “Creating Impact, Candid Conversations with Leaders in Life, Business and Philanthropy”. For those of you reading this new editorial for the first time, I will “reset” the context for you with the opening words from our first edition in the Fall 2019 issue.

When you hear the word philanthropy, what comes to mind? Writing a large cheque to a charity? Donating a piece of art for a fundraiser? Gifting appreciated shares of a company

you’ve invested in to a foundation? While we all choose to define philanthropy in a manner personal to us, the word itself originates from the Latin meaning, “love to mankind”.

In this new editorial, we will share intimate conversations with dynamic, successful and accomplished people, who also have big hearts and a common passion to leave the world a better place for future generations.

Late in 2019, I had the absolute pleasure of sitting down with Lotte Davis, CEO & Co-Founder, AG Hair and CEO & Founder, One Girl Can. Lotte co-founded AG with her husband, John Davis, more than 30 years ago in Vancouver and over the past three decades, they have grown AG to become one of the most well-recognized hair product brands and the largest independent manufacturer of hair-care products in Canada. In 2008, Lotte combined her entrepreneurial spirit with her desire to

create meaningful change in the world and founded One Girl Can, a charitable organization that exists to give girls in Africa the opportunity to achieve their potential and become the next generation of leaders in Kenya and Uganda. This candid conversation with Lotte clearly illustrates how aligning and integrating our businesses with the change we wish to see in the world, creates the ultimate win-win for all stakeholders involved.

Our journey with Lotte begins in South Africa in 1951 where she was born to Dutch parents who had immigrated from Holland right after World War II. This was right in the middle of the Apartheid era and Lotte shared that “from the age of four or five, I realized just how much people of colour were being discriminated against and marginalized”. She spent the first nine years of her life in the middle of

this humanitarian atrocity and in 1960, her parents finally decided to move the family to Canada to start a new life and settled in Toronto.

Lotte's entrepreneurial spirit and strong desire to be independent were sparked as early as age 11, where she got her first job delivering papers for The Globe and Mail in Toronto. Soon thereafter, she started to discover the social norms concerning females, how they were not treated equally in society and were often belittled by men and seen as subordinate. Lotte shared that at age 13, "I read Betty Friedan's book, *The Feminist Mystique* and from then on, I knew I was a feminist."

At age 15, a disruptive family life forced Lotte to leave home. She decided to move to Holland where she still had some relatives and entered the workforce full time. This is where she began to experience discrimination against women and sexual harassment in the workplace firsthand. Lotte shared that "It felt like a constant competition amongst women...like if you weren't being objectified, then you didn't belong".

In spite of the social norms she'd been exposed to, at the age of 17, Lotte decided she was going to be successful. She wanted to prove that women were just as capable and intelligent as men, and moved back to Toronto from Europe to complete her high school education and being the next phase in her life journey.

Lotte started out her official career working in merchandising, design and window display, taking her from Toronto to Arizona to Los Angeles and finally, to Vancouver. She shared, "My initial negative experience working for others inspired me to become an entrepreneur and create my own business model". In 1981 in Vancouver, she met her husband John and together they started brainstorming new business ventures. One of the first involved beating pinewood with bike chains (to give it a worn look) and then crafting the boards into country furniture.

After much trial and error, Lotte and John ultimately decided to go into the professional hair care business. "We



Jason Boudreau with Lotte Davis

took out a \$5,000 third mortgage on our home", says Lotte, "bought 1,000 white, stock bottles, a used and broken peanut butter filling machine, and small mixing tank. I designed the labels which we hand-applied to the bottles to save money. We started with two products, a shampoo and conditioner, and John formulated them both." To thicken the shampoo, John used a unique plant-based cellulose, that infused moisture into the hair and produced a discernably better, quality product. Their competitors routinely used sodium chloride (table salt) to thicken shampoos, a cheap alternative that understandably dried out the hair and left it feeling less manageable. Their "No Salt" shampoos gave them the competitive advantage they needed to starting building their new business.

"In the evenings, we hand-pasted the labels to the bottles and filled them by hand", Lotte explains. "During the day John, with his natural sales ability, would sell our hair care line, consisting of only two products, door-to-door to salons in Vancouver". To manage cash flow, John would use the family car to deliver the products and offer a 10% discount for COD.

Lotte and John also had two young girls, Courtney and Mackenzie, both of whom were under three years old. Without funds for daycare, Lotte would bring the girls to their 1000 sq. ft facility in Burnaby that they had

moved the business to and set up a play centre for them while she filled bottles from the used peanut butter filling machine John had refurbished. At night, she would work on her graphic design business that helped bridge the gap in finances. "We should never have succeeded", she says to me. "We had no money and no experience in the professional hair care industry." They realized they only had one chance to make a good impression, and to make sure the products John was formulating made a discernable difference in the hair, they bought every competitive hair product in the market and did half-head tests on their own hair every day. Based on their own critical feedback, John would go back to the lab at night and fine-tune each new product, until one by one, they eliminated each of their competitor's product from testing.

Lotte and John were all-in and managed every aspect of the business. John's skills were in sales, formulating, and manufacturing efficiencies, where Lotte excelled at marketing, design, and strategy. They quickly discovered that they had a particular talent together for promotional marketing and merchandising when they decided to sew 700 drawstring bags for their first Christmas holiday promotion and sold out almost immediately. The AG brand was becoming more and more well-known in a short period of time, and in 1994, they received the Canadian Award for Business

Excellence in Entrepreneurship. From 1995 to 1996, they went from the 16th fastest growing company in Canada to 5th and at that point, took on a big expansion to accelerate AG's growth and evolution into the company it is today.

At this point in our conversation, the focus shifted from business to the spark that ignited Lotte's deep passion for empowering women. About 15 years into AG's life, she had a sudden realization that "the business was stable and profitable", and that the time had come to finally fulfill her lifelong dream to go back to Africa, and to impact gender inequality. After raising her own two daughters, she experienced such a deep sense of purpose and fulfillment and she realized whatever she was going to do, it needed to be about girls and about giving them the opportunity to achieve everything her own daughters had. And it had to be Africa. But where to start? There are 53 countries in Africa, so which one made the most sense? After reading many books and articles about Africa, she decided on Kenya and soon booked a flight to Nairobi to try to get started.

In Kenya, Lotte found an NGO that was based in Africa and run by Africans. They showed her a school in the Kibera slums that needed to be rebuilt and right away, Lotte was engaged. For the next five years she would build and renovate 5 schools. "Initially all the projects were funded through AG", says Lotte, "Our employees, distributors, salons, and suppliers were really interested in what I was doing in Africa, and they wanted to be involved". AG built the first school through the profit from a customized promotional package depicting African schoolgirls on the box and featuring two bestselling AG products. It yielded \$90,000.

After 4 years of partnering with the NGO, Lotte decided it was time to take the reins and start her own not-for-

profit charitable society. It was through this initiative that One Girl Can was born in 2013. Although she continued to build schools for girls living in some of the most marginalized regions of Kenya and Uganda, she began providing high school and university scholarships for hundreds of girls and built a comprehensive mentoring program that now coaches more than 8500 girls a year. She began fundraising externally to increase the capabilities of the organization, and although AG and its partners and employees continue to be a driving force in supporting the efforts of One Girl Can, it now accounts for only 20% of One Girl Can's revenue, donating over \$365,000 annually to support the administrative costs.

"Today, 35 of our 80 employees sponsor a girl directly themselves. One Girl Can has become so much a part of AG's DNA, the two organizations are now inextricably woven together. One Girl Can would have never been able to become what it has without AG, and AG's brand has become solidly fortified through its strong philanthropic stance. 'We Give Back' is one of AG's three brand pillars that drive the decisions we make every day". Lotte continues to explain that candidates applying for work at AG inevitably state that one of the main reasons they want to work for AG is because of depth of their philanthropy. Lotte says, "The reason it works is because it's authentic and everyone in the company feels connected and involved. It's created an unbreakable bond between us and our customers and brought a genuine humanity and purpose to the AG brand".

I asked Lotte to share her thoughts about the future of One Girl Can, and she said, "My focus is to work myself out of a job. One Girl Can needs to stand alone and live well beyond me to continue doing the work I started. I'm now recruiting for an Executive Director so that I can focus on programming and growth in Africa".

Lotte runs One Girl Can the same way she does AG Hair, like a business, not just a charity, and she believes this has been the reason behind the huge growth they've experienced, and the strong foundation that's been established.

Nearing the end of our time together, I asked Lotte about AG and the plans for the future, and she explained, "we're expanding into Europe as well as white labelling hair-care products for other companies, starting with Amazon. We have tons of runway to grow, and with every bottle AG sells, the donation to One Girl Can grows as well". It's a true integration of two companies focused on their impact on the world; one providing the resources and support, the other executing on a mutual philanthropic mandate.

I asked Lotte to share her advice for others as it relates to philanthropy, impact and giving back. She responded, "You need to do what makes sense for your company and for yourself. If it isn't authentic, your customers won't be engaged. But the important thing is to do something, more now than ever. If you have a business that's making a profit, you must have as part of your brand strategy, a program for giving back. It's fundamental to the health well-being of your brand".

In closing our candid conversation, I asked Lotte for a final thought and her choice of words resonated deeply with me. "I thought being financially independent would be the ultimate fulfillment in life. Then I realized that giving back what you've earned is even more satisfying. Sharing your knowledge, networks, and resources to help others achieve even a measure of what you've been able to, is the most fulfilling feeling you can ever hope to attain.

It's also the right thing to do".