

TOP TEN



Leaders of the Pack

When we sat down to consider some of the truly innovative products and companies that have emerged on the Canadian food scene in the past few years, we were again struck by the fact that true entrepreneurs are generally ahead of their time.

As well as producing high-quality, well-targeted products, supported with good business organization, creative packaging and effective marketing, this year's Top 10 innovators are truly visionary companies. Each of the innovators we chose to profile has spent the past few years developing or growing products that, as well as being unique, cater to one of today's most significant consumer trends, in this case either the demand for convenience, the desire for delicious yet healthy and affordable indulgences, or the need for foods that satisfy a nutritional or dietary requirement. Ten years ago these products, and their categories, would have been considered niche markets. And indeed many of them still are. Yet they are also burgeoning food categories.

By recognizing the potential and taking a chance on investing in these young markets, and by backing that commitment with a unique, top-quality product, each company is poised to be at the forefront of these growing categories. So while each of our Top 10 innovators may be small now, they are undoubtedly leaders of the pack.



TMF
Stoney Creek, Ont.

In the winners' circle

By Valerie Ward

After two decades of supplying fresh and fully prepared meats to the foodservice industry, TMF (formerly The Meat Factory) of Stoney Creek, Ont., exploded onto the retail scene in 2001 with a line of restaurant-style entrées that have won it four Grand Prix new product awards and helped it rack up double-digit growth figures.

Despite its youth in the cooked meat sector, and its comparatively small size, TMF competes head-to-head with some of the major players in the meat processing industry. Lou Albanese, TMF chairman and CEO, attributes the company's success to its ability to provide top-quality, innovative products at a reasonable price. "The consumer seems to benefit," he says. "The many positive e-mails we receive from customers each week tell us we're getting it right."

TMF's growth figures support this view. Sales rose by 18.6 per cent in 2005 and are forecast to climb another 12.3 per cent this year. In addition to the Lou's brand of cooked entrées, the company is Canada's largest producer of peameal bacon (including Lou's Peameal Bacon of Canada and private-label brands), and supplies portion-controlled steaks to foodservice providers. As customer demand has steadily grown, TMF has expanded its plant seven times in the past two decades, and today employs 120 people at its 80,000-sq.-ft. ultra-modern facility.

Albanese started the business in 1978, running it from the basement of his home for two-and-a-half years before opening a retail butcher shop. He soon began targeting the foodservice sector in Hamilton, a segment of the business that quickly outpaced the retail side. Although TMF was dabbling in retail again by 1990, it was the launch of the Lou's brand more than a decade later that really put it on consumers' radar. "At first, we were aiming the brand at busy young families," says Albanese. "But based on customer feedback, we realized there was demand from many other consumers, such as mature couples and college



(Left to right) CEO Lou Albanese and president Andrew Thompson

"People don't have a lot of time for food preparation these days, but they want to take pride in what they put on the table."

and university students. People don't have a lot of time for food preparation these days, but they want to take pride in what they put on the table for family and friends. Our products allow them to do that, and at a fraction of the time required to prepare something from scratch."

Sold at every major retailer across Canada, the Lou's brand boasts nine cooked entrées, from French-style beef short ribs and shaved pork loin, to pot roast, osso bucco and Atlantic salmon, each retailing for about \$8. An original barbecue sauce rounds out the line. According to Albanese,

no other producer in the category offers the same variety or quality.

TMF makes quality a top priority for all of its brands, investing in the latest equipment and automated processes, and ensuring that products meet the most exacting standards. In an independent HAACP audit last year, Albanese says TMF was one of only three plants, and the only meat producer, to score more than 95 per

cent. The company also invests in its people, providing employees with a full pension plan and profit sharing. "We take care of our staff," he stresses. "Our people are our biggest resource."

Given the strengths of its people and its products, Albanese believes TMF is well-positioned to take advantage of the 10- to 15-per-cent annual growth in the cooked meat category. "There's more value-add in cooked products," he says. "What started out as a \$10-million category runs as high as \$30 to \$40 million today, and there are estimates it could go as high as \$70 to \$100 million." The challenge will be to find enough space in stores, although he notes that retailers are starting to make changes on this front, relocating cooked products to more defined sections, for example.

TMF's plans for the future include continued diversification and aggressive growth, with the possibility of a new plant in another location. "There are great opportunities in good cooked products," says Albanese. "We plan to remain there."

BOBOBABY Inc.
Richmond, B.C.



Baby steps

By Carolyn Green

It was an act of maternal love that inspired Kalpna Solanki to create a new line of frozen organic baby food that in less than a year is now being sold at more than 250 supermarkets across Canada. In fact, says Solanki, BOBOBABY Inc., the first company to manufacture frozen organic baby food in Canada, can't keep up with the demand.

A former B.C. public health inspector who says she and husband Martin Mroz have been organic food aficionados for the past 15 years, Solanki first considered making organic baby food when she became pregnant in 2003. "My husband and I talked about what kinds of foods we were going to have for her," recalls Solanki. "Right off the bat...we said she's going to have everything organic."

Solanki, who has an undergraduate degree in biology and a master's degree in business, started reading about homemade baby food. Because she had made meals from scratch for some time, she started developing recipes taking fresh organic fruits and vegetables and organic grains and puréeing them in a blender. She'd make large batches, put the majority in ice-cube trays lined with plastic wrap and freeze them. The next day, she'd pop the cubes out of the trays, place them in freezer bags and kept them in the freezer until they were needed. When she didn't have time to prepare food or was travelling, she occasionally purchased jarred organic products. "I was disgusted with the quality of it," she says. "It was really runny and the flavour was awful."

And then came an epiphany of sorts: "In 2004, I said I have to do something about this, and I started doing market research. In June 2005, we shipped our first order." From the beginning, the company has manufactured 12 different products, although Solanki says she hopes to introduce several new products in the next six months. Because her research indicated that feeding a child a vegetarian diet for the first 10 to 12 months of its life is healthier, all 12 products are vegetarian. To add protein to the diet, some of Solanki's recipes include different types



Kalpna Solanki

"In terms of growth [of the company], I think the sky is the limit."

of grains such as lentils, millet, oats and quinoa, a South American grain high in protein.

Although other companies manufacture frozen baby food, Solanki's products are unique because they've been developed for three different age groups. Based on the belief that babies should not ingest solids before they reach six months, the six-month-plus products are single-ingredient purées such as carrot and pear. At seven months a few grains are added to the formula for protein and texture. And for the final stage – nine months plus – a little pizzazz has been included. For example, one product – a vegetable medley – includes garlic, while

a chickpea and tomato dish is tarted up with *herb de Provence*. The products, which sell for \$5.99 for 12 cubes, are kosher, free of the top nine allergens, are certified organic and contain no additives.

Although Solanki developed all the recipes based on research gathered from a variety of nutritionists and pediatricians, she fine-tuned each one with the help of a nutritionist who sits on her advisory board, ensuring that BOBOBABY products meet proper nutritional guidelines. With a staff of three, all products are manufactured at a facility in Burnaby, B.C.

Solanki says the target parent is a woman between the ages of 30 and 40, higher income, educated and conscious about the environment and healthy eating. In addition to a website, Solanki, who declined to divulge sales figures, attends various trade and consumer shows to tout her wares. At a recent show, she met parents of a child with a very fussy palate. The child tried the vegetable medley and gobbled up her entire supply, which to Solanki was the "ultimate testimonial."

Believing that organic foods in general will continue to grow in popularity, Solanki is clearly optimistic about BOBOBABY's future. Noting that her personal goal is to become a household name when people think about the best-quality baby food, she says: "In terms of growth [of the company], I think the sky is the limit."



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Touché Bakery
London, Ont.

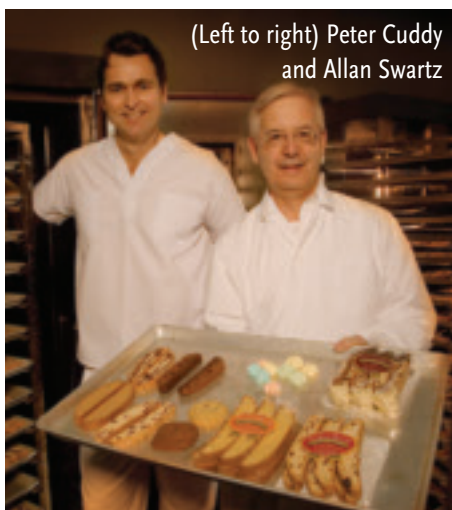
Premium appeal

By Valerie Ward

When Allan Swartz and Peter Cuddy bought Touché Bakery in 2004, they knew they were getting a company with good nut- and peanut-free products that would give back to consumers with food sensitivities. They also knew they had to make some changes to take the business to the next level. In the months that followed, the new owners re-located the bakery from Cornwall to London, Ont., to be closer to major markets, enhanced the product line, and boosted quality by obtaining kosher certification.

Most importantly, they transformed the company's business model. Under the previous ownership, Touché had produced mini-cakes, biscotti and meringue cookies, but focused mainly on meringues – rose-shaped, egg-white and sugar concoctions – for a major U.S. retailer. According to president Peter Cuddy, it was a high-volume, low-margin business, subject to seasonal and regional ups and downs. “We turned the model around by making biscotti the driver,” he explains. “The biscotti market tends to be more influential and higher income, typically working individuals age 18 to 22, as well as 65- to 70-year olds. It offers the potential for a value-added, premium-price product.” While targeting a more elite consumer, Touché also broadened the product's appeal by adding five new flavours to the original four, and has over a dozen more waiting in the wings.

The company has taken this new model and applied it to the rest of its products, adding subtle colour and flavours to the meringues, retiring the mini-cakes, and developing a line of high-end traditional cookies that includes chocolate chip, chocolate chunk, oatmeal raisin, shortbread and other varieties, for launch this spring. All Touché products are free of nuts, peanuts and preservatives. Transforming the model has paid off for Touché. “We doubled our business in the first year and estimate that we'll do so again over the next two years,” says CEO and chairman Allan Swartz. “We have the capacity to continue doubling the business every year for the next three years.”



(Left to right) Peter Cuddy and Allan Swartz

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The bakery currently supplies the McCafé outlets of McDonalds Restaurants of Canada with biscotti, is the exclusive biscotti supplier for CountryStyle Restaurants of Canada, and is in discussion with several U.S. retail chains and foodservice distributors about developing biscotti specifically for their markets. Touché has also successfully sold its meringue cookies to all major supermarkets in Ontario and is now moving them into Quebec and the northeastern U.S. A single biscotti retails for \$1.15 to \$1.49 at a coffee shop, and a six-pack for about \$6.99. A 100-g tub of meringues averages \$3.99.

Regardless of the product, a key part of Touché's marketing strategy centres on the growing demand for nut- and peanut-free foods. “By focusing on large-scale retailers who understand the need for these products, we build brand recognition as a trusted supplier,” says Cuddy. “We also dialogue with anaphylaxis families through mailings and other activities. While our products are all natural, the most compelling difference is our nut-free commitment.” In fact, he adds, Touché's 16,000 sq.-ft., semi-automated operation is one of the few totally nut-free commercial bakeries in North America. The importance of maintaining a nut-free facility is discussed regularly with employees, and all ingredient and packaging suppliers must complete allergen reports.

They must also sign off on kosher reports, in compliance with the bakery's kosher certification. “This certification represents even higher standards of cleanliness, sanitation and inspection,” says Swartz, noting that it has helped open other markets to Touché. Besides observant Jewish customers, religious groups such as Muslims, who have similar dietary laws, often turn to kosher products when food prepared according to their own codes is not available.

Going forward, Touché plans to build on its achievements by developing new nut-free, all-natural, kosher products that appeal to allergic and non-allergic consumers. “This business is a passion shared by all our employees,” says Cuddy. “Our love for what we do has helped us succeed.”

Soup's on

By Myron Love

Last year Winnipeg-based vegetable co-op Peak of the Market began a new life in the food industry as a processor, branching out with a line of premium soups. “We are always looking for ways to increase the consumption of Manitoba-grown vegetables,” says Larry McIntosh, president and CEO of Peak of the Market. “We thought that a gourmet line of soups would be an ideal way to do it.”

This is the organization's first entry into processed foods. The ready-to-serve gourmet soup line was launched at a press conference in Winnipeg in December, after about two years of planning. “It's been worth the wait as the consumer taste test results have been outstanding,” says McIntosh. “We've received a lot of customer feedback. People appreciate that our soups are vegetable friendly, gluten-free and low in sodium and calories.”

The soups are available in 284-mL and 1-L resealable containers in four flavours – Carrot, Cheddar & Dill; Tomato, Carrot & Basil; Squash with Apple & Pumpkin; and Onion & Potato – and were created by chef Craig Guenther. “We wanted a high-quality soup that was healthy and that tasted great,” says McIntosh. Peak of the Market Gourmet Soups are all-natural, have no preservatives, additives, artificial flavours or colour, and are trans fat-free. They are also vegetarian friendly as they contain no meat or meat-based stock. The carrots, onions and potatoes are grown less than five kilometres from where they are cooked, and only fresh-grated Bothwell Cheddar is used.

Peak of the Market's soups are also the first soups in Canada to be packaged in Tetra Pak containers. “The Tetra Pak packaging keeps our soups fresh longer without having to use additives or refrigeration,” explains McIntosh. “We also took into consideration the fact that there is a Tetra Pak operation in Manitoba [at the Food Development Centre in Portage La Prairie].” As a result, the soups have a “best enjoyed by date” of over six months.



Larry
McIntosh

“We wanted a high-quality soup that was healthy and that tasted great.”

While Peak of the Market is tackling a sector of the food business that has long been dominated by two major players, McIntosh is unfazed by the competition. “We don't see us taking away business from anyone else,” he says. “Our flavours are brand new.” According to McIntosh sales of the soups have so far exceeded expectations. “We have them placed with independent retailers and one major chain,” he says. “We're still trying to get them on shelves across Canada.” The line is currently available in Manitoba, Alberta and B.C.

To date, Peak of the Market's promotional efforts have been largely focused on the Manitoban market, where McIntosh is the voice and face of the co-op. The 64-year-old organization, led by McIntosh, has in fact shown a real flair for promotion over the past few years. The Winnipeg office, for example, offers recipe cards for different vegetables, recipe books on CD for \$12 (with half the proceeds going toward cancer research), mugs and travelling coffee cups, Mr. Potato dolls, calculators and bottled water all featuring the Peak of the Market logo. There is also research material with details about each of the vegetables grown by co-op members, including lettuce, cucumbers, onions, rutabagas, radishes, peppers, squash, asparagus, beets, broccoli, cauliflower, cabbage and parsnips. All of the products and information are also available on the co-op website.

Over the last month, Peak of the Market has begun launching ads promoting its soups throughout Western Canada. “As we get our soups onto more shelves in Eastern Canada, we will expand our advertising in that part of the country as well,” says McIntosh. New soup flavours will also be introduced over the next year, and developing on their success, juices and broths may also be added. But while the soup sales will hopefully become a significant part of Peak of the Market's bottom line, McIntosh emphasizes that marketing fresh vegetables will always be the co-op's *raison d'être*.



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Les Aliments SoYummi
Montreal, Que.

As good as it gets

By Mark Cardwell

Joanne Hollander only wanted to make a nutritious snack for her young lactose-intolerant son. But the soy mousse she whipped up in her blender 24 years ago was so good that friends pushed her to commercialize it. “They were all saying, ‘Joanne, you should do something with this.’ So I did,” recalls Hollander, president and founder of Les Aliments SoYummi.

Last month, the small Quebec food company launched the second product in its four-year history, SoYummi GoLite. Sweetened with chicory syrup instead of sugar or artificial sweeteners, it is a low-calorie version of the creamy, soy mousse dessert snack Hollander originally made, and which has proven to be extremely popular among Quebec consumers. “I’m very excited about this new product,” says Hollander. “There’s so much demand now for sugar- and allergy-free products. The timing is perfect.”

In many ways, that’s been a recurring theme in Hollander’s life. Born in New Jersey but raised in a tony Montreal neighbourhood in the 1960s, she was educated at French schools, a rarity for Anglophones at the time. After returning to the U.S. for college, she studied jewelry design and hung out with a jet-set crowd that revolved around world-famous potter Peter Voulkos. She returned to Montreal in the mid-1970s and opened a small jewelry-making factory. It turned out to be the first of several money-losing entrepreneurial ventures that left Hollander broke and disillusioned by the mid-1990s.

After taking a crash course in business management, she decided to revive a project she’d begun a decade earlier. A self-taught vegetarian cook, Hollander had toyed with soy since 1982 when she tried to make a light, high-protein snack food for her two-year-old son. “Aaron was completely intolerant to dairy,” she says. “It gave him bad headaches and eczema.” Eventually she came up with a delicious mousse that was an instant hit with her son, as well as anyone else who tried it. In 1987, on the urging of friends, she paid a McGill University food science professor \$2,000 to help her develop a way of stabilizing the product to give it a shelf life. She then took samples to several Montreal-area dairy and wholesale food distributors.



Joanne
Hollander

“I’m very excited about this new product. There’s so much demand now for sugar- and allergy-free products. The timing is perfect.”

“They all loved the flavour and the texture, but they said there was no market for a soy product. No one was doing anything with soy back then,” says Hollander.

When soy milk hit Quebec grocery-store shelves in 1997, however, Hollander decided to take another shot at selling her novel product. With \$35,000 in private financing, she headed to the Food Research and Development Centre/Centre de recherche et de développement sur les aliments (CRDA) in Saint-Hyacinthe. Located a half-hour’s drive southeast of Montreal, the federally funded facility

offers technical assistance and the use of processing equipment to food companies trying to develop new products.

With help from food advisers like Roland Degani, and with the financial backing of friend Max Druker, Hollander perfected a mousse she dubbed SoYummi. She gave the same name to the company she founded in partnership with both men in 2002, when the

product first appeared on shelves in Metro and IGA grocery chains across Quebec. “Creating a mousse for commercial production is always a challenge,” CRDA food process engineer Petion Roy said at the time. “Many industry giants have attempted it without success. SoYummi mousse is truly an innovative product.”

Since then, Hollander’s business has continued to grow in lockstep with the organic natural foods category, now one of the fastest-growing segments of the North American food industry. From a weekly output of 3,000 cups in the four flavours that SoYummi produced at the CRDA, the company now produces some 200,000 cups a month. With the addition of the GoLite product line, which also features four flavours, Hollander thinks her company will quickly reach new heights. “The original product was aimed at baby boomer women going through life changes, and lactose intolerant consumers. But there’s a huge demand for a low-cal version,” she says. “GoLite is ideal for diabetics and people on restricted diets. But there’s also an appeal for a healthy dessert/snack among students and kids, as well as calorie-conscious adults. We’ve got the right product at the right time.”



Welcome to the garden

By Carolyn Green

If it looks like chicken and it tastes like chicken, then it must be chicken. Right? Not if you ask Yves Potvin, founder and president of Richmond, B.C.'s Garden Protein International. In fact, Potvin's chicken and beef have absolutely no meat in them, and are made from IP non-GMO soy protein and wheat, plus a number of other ingredients including carrot fibre, minerals and vitamins. They're also fully cooked, cholesterol-free and low in fat and carbohydrates.

The two meat alternatives may sound too good to be true, but based on annual sales of \$10 million in its first year, ending March 31, consumers obviously have faith in the product. Potvin, a native of Sherbrooke, Que., who has been in food production in B.C. since the mid-1980s, is certainly no stranger to ingredient manipulation. Trained as an architectural designer and later as a chef in Quebec, the 50-year-old decided to pick up stakes in the early 1980s, travelling to Vancouver by bicycle and eating a lot of fast food en route.

After reaching the West Coast and deciding that he didn't want to continue to work as a chef, "I had the idea that if I came up with a healthy fast food, there would be a market for it," recalls Potvin. His research indicated that 50 million hotdogs were consumed each day in North America. But traditional manufacturing techniques and ingredients produced high-cholesterol wieners. Knowing vegetable proteins were easy to digest, plentiful and affordable, Potvin's first company – called Yves Fine Foods and later Yves Veggie Cuisine – developed a veggie dog, later expanding its repertoire to include vegetable luncheon meats and burgers. In 1985, his first year of operation, the company saw \$235,000 in sales, growing on average 50 per cent annually for several years.

In the early 1990s, Potvin began considering the next generation of meat alternatives. Using the example of surimi, a crab-like product made from Pollock, he developed what he calls Gardein, a high-protein soy substance used to



Yves Potvin

"This could be a business that's a billion in sales because there are so many points that are positive."

make mock chicken and beef. In 2001 he sold Yves Veggie Cuisine and a year later founded Garden Protein. While the formula to make Gardein is proprietary, Potvin says "it's a unique process, like a mix of making bread and pasta. It's baked, steamed and cooled. It's extrusion technology."

By 2003, Potvin began showing off Gardein to other food manufacturers. Morningstar Farms, a division of Kellogg Co. of Battle Creek, Mich., liked what it saw, and was one of Garden Protein's first clients. This fall Gardein will also be a key ingredient in one of Loblaw's President's Choice Blue Menu products. Because of a non-competition agreement he signed with Hain Celestial, current owners of Yves Veggie Cuisine, Potvin cannot put Gardein in the marketplace as a stand-alone product until later this year. By fall, he hopes to have four Garden Protein products in grocery stores: chicken and beef strips that can be used in recipes such as fajitas or stir fries, and a chicken and beef dish in a sauce. The price will likely be about \$3.99 for 250 g.

While still in the early stages, Potvin believes Garden Protein has a robust future. In addition to satisfying consumers concerned with meat safety, Gardein is appealing because of its health benefits. More importantly, "in the next 40 years, there will be 10 billion people living on this planet, so the way we manufacture food must be changed," he says.

But Potvin isn't waiting 40 years. He believes that because Gardein is tasty, as much as 40 per cent of the population will buy his product. "It's great for people who want to give their families good nutrition – professional, educated, health-conscious people who like meat but want to diversify their protein intake," he says. "This could be a business that's a billion in sales because there are so many points that are positive. It's easy to digest, it's tasty, it's versatile, it's safe because it's pre-cooked and it has no hormones."



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Wellness Functional Foods

Surrey, B.C.

Food with a **function**

By Deanna Rosolen

Consumers today, it seems, want food to offer them more than just sustenance. This was never so clear until the meteoric rise in popularity of omega-3 and antioxidant-rich products such as pomegranate juice. It also explains the increasing interest in functional foods and the benefits they offer other than simple nutrition. That's also why Karl Eibensteiner, who cares about and knows a lot about good gut health, took such an interest in inulin. "I'm a trained baker and I have a passion for baking," he says. "Out of that passion was born the idea that I wanted to combine functional ingredients with an everyday food that everybody eats – and most people eat bread."

Eibensteiner is president of Surrey, B.C.-based Wellness Functional Foods, a company he started about four years ago.

In addition to breads, Wellness Functional Foods sells muffins, English muffins and bagels, all containing inulin. The company also launched tortillas in April. The products are available in select stores in Western Canada and in A&P and Dominion in Ontario, with retail prices ranging from \$2.90 to \$3.50. Eibensteiner is also president of Lentia Enterprises Ltd., a company that imports ingredients from around the world for the baking industry, with offices in Vancouver and Toronto. And that's where Wellness Functional Foods started.

About five years ago Eibensteiner, who was born in Austria and is a trained baker/pastry chef, was travelling in Europe, something he does for work several times a year. It was on this trip that he was introduced to inulin. "I saw this new ingredient emerging in many applications and products, so I became curious," he says. "The more I looked into it, the more intrigued I became. I was convinced that this was something we should have. Out of that desire was born the idea of creating products with this functional ingredient."

Inulin, explains Eibensteiner, is a prebiotic that occurs naturally in fruits and vegetables. While probiotics – popu-



Karl Eibensteiner

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lar in yogurts – contain the good bacteria necessary for us to digest food, prebiotics stimulate our bodies to create the good bacteria ourselves. "Gut health has become a major issue in North America because we realize that unless we can digest our food properly, we're going to be sick," he says. "A lot of illnesses, whether it's headaches or heart disease, start with our gut health." The Wellness line of products is aimed at people who want to be proactive about their health, in particular baby boomers who are concerned with what they eat.

Eibensteiner uses inulin that is sourced from chicory and comes from the Belgium-based Orafiti Group. While it's a totally natural ingredient, there were some minor challenges when Wellness Functional Foods began formulating their products. It's a soluble fibre and it's slightly sweet, says Eibensteiner, "so we had to finagle with the formula." It took a few months to get the level of inulin correct and to test how it would react during the fermentation and baking processes.

A larger challenge right now, he says, is getting consumers to understand what inulin is in the context of functional ingredients. By comparison, Canadian consumers and manufacturers have "jumped on the omega-3 bandwagon," and even Wellness Functional Foods has incorporated it into some of its products. In Europe it's the reverse, he says.

But Eibensteiner is sticking to it. There are plans to expand into other grocery retail chains, possibly into the U.S., as well as plans to branch out into other non-bakery products and maybe more functional ingredients. "Really our aim is to incorporate as many functional ingredients as we can into food products," says Eibensteiner. "Because our philosophy is that if we can incorporate a good functional food ingredient into something that most people eat on a daily basis then it's something very positive from the point of view of being proactive toward our health."

Cargo & James Imports Inc.
Edmonton, Alta.



Time for Tea

By Carolyn Cooper

Specialty tea retailer Tim Grover is the first to admit he used to be a coffee addict. “About five years ago I drank about two, three pots of coffee a day,” he laughs. “It was my doctor who told me to look for an alternative beverage for my health. That’s when I started looking at tea.”

At the time Grover associated tea with a bitter and over-steeped drink. It wasn’t until he tried high-quality Darjeeling tea from India that he realized its full flavour and potential. “I was blown away by the flavour and freshness,” he recalls. “I started looking for high-quality looseleaf and specialty tea, but I was surprised to find there wasn’t much out there. And certainly no one had branded it.”

Through his research Grover learned that 70 per cent of Canadians regularly drink tea, and that after water, tea is the most consumed beverage on earth. An entrepreneur with two businesses to his name, including an online grocery delivery business, Grover quickly saw a retail opportunity for looseleaf specialty tea. The result was Edmonton, Alta.-based Cargo & James Imports Inc., a high-end retail chain that opened in 2001 serving specialty teas. “We started with 100 different teas, but really I think the selection confused people,” recalls Grover, who is president and co-owner with wife Annick. “My audience is the 90 per cent of the population who doesn’t know much about tea. Only 10 per cent are the connoisseurs who want all the different varieties. Most people want only five or six different blends to choose from. That’s when we started to narrow our selection.”

Now, says Grover, the company’s top-selling teas are the simpler flavours, including Earl Grey, lemon-flavoured rooibos and strawberry green tea. Each of the Cargo & James selections are looseleaf teas, producing, according to Grover, a more flavourful blend than tea bags, and which steep more quickly. The company also flavours the teas themselves in small batches to ensure its freshness. “Ninety-five per cent of the flavoured tea we buy in Canada comes from Germany, which, by the time we get it, could have been made one to two-and-a-half years before. We buy our tea directly from tea brokers in the countries of origin – China, India, Sri Lanka and South Africa – and because we flavour it ourselves our



“The interest in specialty tea is growing so quickly, yet the supply side is still very limited. So we do believe we can be one of the dominant players in that market.”

best before dates are under six months.” Each of the blends involve a proprietary recipe blended to North American preferences for more full-flavoured teas.

The company now has four Edmonton-area stores, with sales growing between 30 and 35 per cent per year. In 2003 Cargo & James acquired Western-based coffee chain McBeans from Victoria, B.C.’s Midwest Coffee Systems Inc., primarily, says Grover, to gain experience in franchising. The eight-store chain may eventually be rebranded as Cargo & James outlets.

Now that the retail concept has already proven its success, Grover is turning his attention to product development and production. “Over the past four years we’ve been focusing on supplying our stores,” he says. “Now we’ve expanded to selling products for retail and looking to expand foodservice distribution and creating more products.” Grover notes that the company just closed a master franchise agreement that will likely see the opening of up to 15 new stores in

the next two-and-a-half to three years, primarily in B.C. and Alberta, with plans to eventually move the chain east. “So while our master franchisee focuses on expanding the Cargo & James brand, I’m focusing my efforts on procuring and manufacturing product.”

Presentation is a large part of the tea experience, so developing the right packaging has been key in getting the product retail ready. “I spent half a year testing different packages in the store, which is the nice part about having the retail shops,” says Grover. He finally settled on a tin for looseleaf tea, as well as “old-fashioned, clear candy bags,” which, he says, allow customers to fully appreciate the product. “It’s a three-step experience – the first is when you see the interesting blend inside, second is the aroma when you open the package, and third is taste.”

Grover says the blends are due to appear in foodservice and on retail shelves within two to three months. “I think the next big challenge will be distribution,” says Grover. “But there’s nothing like our teas in the grocery market right now. The interest in specialty tea is growing so quickly, yet the supply side is still very limited. So we do believe we can be one of the dominant players in that market.”



Sport Boy Holdings Corp.
Victoria and Kelowna, B.C.

Bars with a Buzz

By Deanna Rosolen

Need some extra energy? It seems many consumers do. Increasingly more and more of us are tapping into energy drinks for a quick boost for everything from workouts, to late nights at the office or even exams. And manufacturers are responding in the form of the dozen or so energy drinks now on the market.

About eight months ago two partners from B.C. – Jocelyn Bates and Mark Clifford – decided to shake the category up a bit. In fact, they may have created a new category of their own. The two launched what they say is the first ever energy drink concept in a snack bar format. It's called MadDog Kick in the Asspresso Mocha Mania. Although it was originally geared to extreme sports characters, the duo found that anyone who consumes energy drinks is their audience, including college and university students. The bar is currently sold primarily in Western Canada at Macs Milk, Thrifty Foods and select health food stores, retailing for about \$2.

"We know that the energy drink business is very saturated," says Clifford. "At last count there were about 35 different concepts in Canada alone. So we knew that most retailers would probably be exhausted if we had brought them another energy drink. But we are the only energy bar that has this whole guarana-based energy component to it, so we knew that our retailers would like that because it offered them a different opportunity."

Bates, who has worked in the health food industry for 15 years, and Clifford, who is from the restaurant industry, first partnered up about six years ago to launch Rebar, an organic veggie-fruit snack bar. Last June they sold the licensing rights to Rebar and formed Sport Boy Holdings Corp., based in Victoria and Kelowna, B.C.

With MadDog, Bates and Clifford aim to offer a healthier alternative to the energy drinks on the market. "The active ingredient is guarana, which has fat soluble properties," says



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Bates. "That means it goes into the bloodstream slower. It's not like coffee-bean caffeine where you get that jittery hit and then crash. It's a more sustained energy." Clifford adds that the ingredients also include vitamin C, hemp for its omega components, "and a large dose of the best ginseng that's made: panax ginseng from the Orient... We wanted to make sure that there was a healthier component to it so both consumers and retailers could see the advantages."

Since both partners had experience with Rebar, they had little difficulties getting MadDog to market. It also helped that guarana has become more of a mainstream ingredient that most consumers are familiar with. The company's website also offers consumers

information on the ingredients.

However, says Clifford, the fact that MadDog currently has just one sku can be a challenge. "Shelf presentation is important obviously," he says. "One box on the shelf doesn't have the same impact as four boxes...when consumers go by that area in the store they're more apt to pick out your product because it dominates more shelf space. That's what skus do for you. They also give consumers different options."

As a result, both Bates and Clifford say line extensions are in the works, with the possibility of four or five new products. They're also considering liquid gel packs "for the more sports-conscious group in our demographic," says Clifford,

adding that a canned beverage in the MadDog concept is another option. The pair hopes to have the bars available through fitness centres and gyms as well, including in Ontario and Quebec.

When asked where they see their category going, both entrepreneurs say they'd like to think they're the only ones in it for now. As for energy drinks, it may be full of a lot of the same, but it is evolving. "The category is not going away," says Bates. "If anything it's growing exponentially."



Team players

By Carolyn Cooper

In most businesses, who you know is everything. That's what Dean Andres discovered when he joined founding partners and fellow bison ranchers Pieter Spinder and Kelly Long in their fledgling Carmen Creek Gourmet Meats processing company.

Established by COO Spinder and president Long in 2002 in an attempt to build the value chain for bison meat, the company was still struggling after a year of operations. "Bison is a very tough market," says Andres, who is vice-president. "The margins are thin and competition is sometimes brutal. Then out of the blue in 2003 we got an e-mail from Whole Foods, which needed a bison supplier. It really got the ball rolling."

The relationship Carmen Creek established with the U.S. food retailer put the company and its products on the map, expanding production and opening doors to other markets. Andres explains that Carmen Creek bison is a very fresh, natural and high-quality product – "as close to organic as possible" – a key reason the U.S. natural foods chain chose the company as a supplier. "We tripled their sales of bison meat because of our quality and consistency, so it's been very successful for us."

Since then growth has remained steady, with sales doubling in 2005 and already ahead of targets for 2006. "That's mostly spurred by the U.S. – the bison market is going crazy there right now," says Andres. The company now supplies fresh bison meat to restaurant chain Ruby Tuesday, which has 850 locations throughout the U.S., and 80-unit chain Montana's Cookhouse in Canada. "Canada has been a tougher haul for us," admits Andres. "Consumers are not as informed about bison meat, and the labelling is harder to understand. But the food trends in the U.S. generally follow in Canada about five years later."

Consumers, particularly south of the border, are picking up on the fact that bison is lean, and lower in fat and cholesterol than beef. Also, because the animals are primarily grass fed, there is much less exposure to antibiotics, and almost no



(Left to right) Kelly Long, Pieter Spinder and Dean Andres

"It's a whole new category, an excellent, lean, guaranteed natural product that's also listed under the Health Check program."

exposure to hormones and chemicals. Carmen Creek bison are grass fed but grain-finished, producing a tender, consistent product that is more visually appealing to consumers.

Capitalizing on the health benefits of bison, Carmen Creek offers U.S. consumers pre-packaged ground bison, steak and burgers under the Carmen Creek label, as well as whole muscle cuts to foodservice. The company has also recently begun supplying bison sausage and pepperoni products to Richmond, B.C.-based Premium Brands for its new line of high-health products under the Grimms line. "It's a whole new category," says Andres, "an excellent, lean, guaranteed natural product that's also listed under the Health Check program." According to Andres the products will roll out this month in Alberta, and across Canada this summer.

Because consistency in terms of quality and supply of bison meat has been an industry-wide challenge, Andres says Carmen Creek's good track record has made it a recognizable, high-quality brand in the U.S. "For 15 years we've had a bison grading system in Canada, but no one used it.

We started using it, and guaranteed Grade A meat [the highest quality available], which made a big difference to the U.S. and European markets." Andres hopes that with a better understanding of the health benefits of bison, as well as a greater appreciation for the reasons behind the slightly higher price point, Canadian consumers will also come to recognize the brand.

With approximately 60 bison suppliers, Carmen Creek's biggest challenge right now may be that growth is outstripping supply. The latest opportunity for the Calgary company came through the Alberta government, which, through its Agriculture, Food and Rural Development Initiative, selected eight companies producing value-added goods to work with a high-profile Seattle food broker to access major U.S. retailers. "It's a great opportunity for us," says Andres. "And it's another example of us having forged good relationships. Of course you have to have a good product, but it really comes down to establishing good relationships."