

Aged beef still sweet for Alberta company

Ginger Beef Corp. making hay with bovine senior citizens

By Tom Keyser

Business Edge

As the BSE scare lingers, Canadian cattle – particularly senior citizens aged beyond 30 months – are about as welcome as typhoid in offshore markets.

In response, several Alberta enterprises have cranked up their efforts to identify new domestic markets for geriatric beef products, initiatives that have caught the eye of the provincial government.

Calgary's Ginger Beef Corp. is one of those doing more than its share for beef producers. The company buys and processes about 5,000 well-aged kilograms a week, along with similar volumes of pork and chicken. That's why the department of agriculture recently rewarded the public company (GB-TSXV) with a grant of \$104,000 under the \$4-million Beef Product and Market Development Program.

"We don't need Triple-A sirloin for our ginger beef. For our product, bottom round and pectoral cuts taste just as good," explained Ted Yan, the company's VP of business development.



Dave Olecko, Business Edge

Vice-president of business development Ted Yan keeps an eye on operations at the Calgary plant.

Yan is in charge of an ambitious sales campaign geared to introducing the company's 50 varieties of fresh, ready-to-eat products to the lucrative Eastern Canadian market.

Judging from the early returns, it looks as though the province may be backing a winner.

Under the brands of two wholly owned subsidiaries, Ginger Beef Corp. currently operates eight takeout and delivery restaurants in Calgary and Edmonton, while simultaneously processing fresh Chinese deli treats for sale in supermarkets and convenience stores.

And since the six-year-old company purchased a 20,000- sq.-ft. federally inspected processing plant for \$1.2 million in 2002, it has gained government clearance to market its products from coast to coast. Result: Revenues have quadrupled to more than \$4 million, although the company's 2003 bottom line fell slightly short

of a profit.

"This year, we believe we have a chance to double (our revenues)," said Yan, speaking for the management team in the temporary absence of Stanley Leung, the company's founder, chief executive and primary shareholder.

If that projection sounds optimistic, the GBC expansion strategy does seem to be off to an encouraging start. Last month, the company signed agreements to supply stores operated by the Overwaitea Food Group, as well as H.Y. Louie's Marketplace IGA chain.

Both are significant players in this part of the world. Overwaitea owns more than 100 grocery stores across B.C. and Alberta, including Save-On-Foods and Urban Fare.

Meanwhile, food wholesaler H.Y. Louie runs the 45-Marketplace IGA chain throughout B.C. – all of which will now carry the full line of Ginger Beef products.

So Yan's marketing attack seems to be bearing fruit. Every retailer that climbs aboard helps Ginger Beef Corp. corner another segment of the overall market share.

The East may be a tougher nut to crack, as Leung and Yan prepare to go head-to-head with high-volume competitors such as Montreal-based Wing Wong Foods Inc., controlled by mighty McCain Foods.

"We think with the relationships we have already built with the large retail stores (Costco, Superstore, Sobey's, Mac's Convenience Stores, etc.), we should fit in well with their eastern affiliates," Yan reasoned.

A trained chef, the company founder had no intention of getting into the food-supply business when he first opened his Ginger Beef Peking House restaurant 22 years ago.

But Leung did jealously guard his personal recipe for deep-fried ginger beef, smothered in batter with a sweet and spicy kick.

According to company lore, a buyer from Costco happened to stop by the restaurant for dinner one evening. He became smitten with Leung's ginger beef and subsequently encouraged the restaurateur to consider packaging his tasty snacks for the retail trade.

Costco was Leung's first customer and has remained a loyal client.

In a real sense, Leung and his partners were forced to re-invent the corporation when they opted to go public in the fall of 2002.

After six years working out of a smaller facility in northeast Calgary, the brain trust decided the only avenue for growth would require them to go beyond Alberta's borders and to establish a national distribution network.

That meant bringing the new plant up to speed and welcoming a full-time, onsite inspector (supplied with a reserved parking space out front of the southeast Calgary plant) to ensure the company continues to live up to stringent Canadian Food Inspection Agency standards.

Meanwhile, the provincial cash will be spent on development of a new line of boxed frozen foods and to bankroll a new custom meat-cutting department.

"Right now, we're running a shift-and-a-quarter each day," said Ted Yan. "Our ultimate goal is to go to a full double shift."