

Ginger Beef Corp. builds across Canada

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Calgary Herald

Monday, March 01, 2004

Stanley Leung sparked a culinary craze in Calgary when he added a western flair to a traditional Chinese recipe by deep frying strips of meat and soaking them in a sticky, sweet sauce.

Ginger beef is now synonymous with Chinese food in this city and an oft-ordered item in local Asian restaurants.

Other Calgary chefs might challenge him on this claim, but Leung says he is the man who perfected and popularized the westernized version of ginger beef.

"I modified the recipe and now it's all over the market," he says, wearing a hair net and white lab coat at his factory in south east Calgary.

"Everyone uses this recipe."

It's a tough claim to prove, but one thing is certain: Leung has turned this chewy meat dish into a small industry.

Leung is president and chief executive of Ginger Beef Corp. and a subsidiary company that runs several restaurants in Alberta and manufactures ready-to-eat Chinese food meals for several major grocery chains.

An immigrant from Hong Kong, Leung got his start in the food business in 1983 when he opened up Ginger Beef Peking House in Brentwood.

The restaurant's signature dish was a hit right away and it wasn't long before he opened up other locations.

Today, eight restaurants in Calgary and Edmonton operate under the Ginger Beef name, including a handful of franchised locations.

The company's foray into food manufacturing started six years ago when Costco Wholesale contacted the Ginger Beef restaurants and requested Chinese food meals for the retailer's Calgary locations.

Leung realized that the growing popularity of fresh deli dinners at grocery stores was a potential market for his food. His company opened a small 7,000-square-foot plant, staffed by about 18 employees, to manufacture a line of pre-packaged Chinese dinners.

Ginger Beef began selling its meals, including pork dumplings and ginger beef dishes, to the Calgary stores of Costco, IGA and Calgary Co-op.

The business thrived for several years before Ginger Beef ran up against a major limitation. The company's plant was provincially regulated, meaning its products could only be distributed in Alberta.



**ENTREPRENEURS:
STANLEY LEUNG'S
RECIPE FOR SUCCESS:
Stanley Leung is
president and CEO of
Ginger Beef Corp. the
company that lays claim
to bringing the popular
treat, and pre-packaged
meals including pork
dumplings, to Calgary.**

**CREDIT: Ted Jacob,
Calgary Herald**

Ginger Beef started losing customers because of its status.

"It was a good business, but you can only go so far as a provincial plant," says Ted Yan, vice-president of business development for the company.

"Without being a federal plant, you will always be small."

Becoming a federally inspected plant, however, isn't a cheap proposition. It must meet stringent Canadian Food Inspection Agency standards for everything from the ingredients to the labels on the product.

Leung decided to raise money for a new plant on the stock market and in September of 2002, the company went public on the Canadian Venture Exchange.

The move allowed Ginger Beef Corporation to buy a \$1.2 million, 20,000-square-foot plant in Calgary's southeast. Between 45 and 50 employees work at the plant.

The new company had to win back its old customers and, in a bid to grow its business, add some new ones.

Ginger Beef secured contracts with several major grocery chains, including Costco, Real Canadian Superstore, Sobeys, Mac's Convenience Stores and Federated Co-operatives Ltd. The company now distributes pre-packaged meals to its customers' stores around Western Canada.

Still, Ginger Beef faced challenges in its new, larger form. The company wasn't able to maximize production at its new plant since each customer wanted different labels and various-sized products. Costco, for example, requested one-kilogram dinners, while Co-op wanted small 400-gram combo meals.

"It's very tough to please everyone," said Leung.

Canada's mad cow crisis hasn't been good for business either. Ginger Beef's meat costs have shot up about 10 per cent since mad cow was discovered in a northern Alberta animal last May. But Michael Poon, the company's chief financial officer, doesn't believe the situation will have any long-term impacts on Ginger Beef, arguing Canadians are still eating meat.

"We haven't seen (consumption) drop off from a sales point of view," he says.

In fact, sales at Ginger Beef have grown since the company built the new plant and went public.

From revenues of about \$1.4 million in 2000, Poon estimates Ginger Beef had about \$4.3 million in sales last year, although final audited figures still aren't complete for 2003. Poon projects the company will have \$7 million in revenues during 2004 as it continues to expand.

Despite its growing revenues, Ginger Beef Corp. wasn't profitable last year, its first full year of operations as a public company. The firm hasn't released its year-end financial statements yet, but in the first nine months of the year, Ginger Beef lost \$223,000.

"We're still on a learning curve," said Poon.

Company executives hope that Ginger Beef will become a national company in the coming months. Yan is meeting with clients in Eastern Canada, where he thinks there is little competition and a big market for fresh Chinese food in grocery stores.

"There is interest, but we haven't got a deal yet," he says. "I'm hopeful that by the second quarter, something will happen out east."

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