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## MAKE GREEN DELICIOUS: SUSTAINABILITY AT JAMIE KENNEDY KITCHENS

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*Melissa Leithwood wrote this case under the supervision of Professor Oana Branzei solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.*

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“Growing past the artisan stage doesn’t make sense to me,” thought Jamie Kennedy, one of Canada’s most celebrated chefs on May 18, 2007, as he was pondering several expansion options for his Toronto-based corporation, Jamie Kennedy Kitchens (JKK), comprised of the Jamie Kennedy Wine Bar (the Wine Bar), the Jamie Kennedy Restaurant (the Restaurant) and the Jamie Kennedy Gardiner (the Gardiner). With gross margins before taxes of 6.7 per cent in an industry typically averaging 2.8 to 5.5 per cent<sup>1</sup>, global accolades, and rave reviews from acclaimed local food critics, such as Marion Kane, Joanne Kates, and Steven Davey,<sup>2</sup> the JKK was poised to grow.

### THE SUSTAINABILITY CHALLENGE: GROWTH PLUS VALUES

Kennedy, JKK’s founder, co-owner and executive chef, was concerned that meeting the rapidly increasing consumer demand for his exquisite dish and wine pairings could clash with the deeply held values that had inspired his cuisine for over three decades. In his 33 years in the restaurant business, Kennedy had become known as much for culinary harmony (see Exhibit 1) as for his legendary commitment to environmental issues and his support for organic agriculture, local producers and traditional methods (see Exhibit 2).

Fundamental to everything Jamie Kennedy does is an underlying respect for the products he buys and sells, and the world we live in. This translates into choices about the fish we buy, the meat and vegetables we serve and increasingly the wines we choose to offer.

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<sup>1</sup> Source: 2006 Foodservice Operations Report, p. 8, available at [http://www.crfa.ca/products/pdf/foodserviceoperationsreport\\_sample.pdf](http://www.crfa.ca/products/pdf/foodserviceoperationsreport_sample.pdf), last accessed on December 2, 2007.

<sup>2</sup> Marcy Cornblum, *Celeb Kitchens*, <http://metronews.ca/column.aspx?id=16900>; Joanne Kates, “Colborne Lane,” *Globe and Mail*, April 20, 2007, available at <http://www.theglobeandmail.com/servlet/story/RTGAM.20070310.wxkates10/BNSStory/lifeFoodWine>, accessed on July 15, 2007.

Jamie makes every effort to minimize the impact of our operations on the environment and we continuously search out like-minded suppliers and better methods of work.<sup>3</sup>

But could Kennedy grow JKK in ways that respected the natural environment and offered a socially responsible consumption experience that promoted health, quality and pleasure in everyday life? Kennedy's two partners, Dan Donovan and Ken Steele, who each owned 15 per cent of the corporation's shares, and his chefs de cuisine (see Exhibit 3) shared Kennedy's passion for marrying cuisine with sustainability. But his competitors didn't (see Exhibit 4).

Mark McEwan a fellow graduate of George Brown Chef School, one of Toronto's best chefs and a highly successful proprietor in Canada's foodservice industry, was growing his operations rapidly and successfully by promoting an uncontrived experience of luxury in taste and the consumption experience. With a massive catering business, two established restaurants (By Mark and North 44) and a recent new launch (One, in Toronto's most fashionable area), McEwan's recipe for success measured well financially (see Exhibit 4). For Mark McEwan, Kennedy's focus on local sourcing was unduly constraining:

If you limit yourself to the Canadian market, you'll be serving beets and roots all winter. There's California, Florida, and South America, it's a very small world we live in now in terms of transportation and distribution so you can basically bring in food from anywhere.<sup>4</sup>

For like-minded Canadian chefs, such as Stratford-based Paul Finkelstein, Jamie Kennedy's beliefs did not go far enough. According to Finkelstein, growth needed to reverse unsustainable consumption patterns. Finkelstein's Screaming Avocado Café was reacquainting underprivileged school kids with healthy food and land stewardship from soil to pan. His Food for Thought nutrition program with Health Canada was introducing healthy snacks and organic foods to schools' underprivileged communities.

Food critics, such as Marion Kane of the *Toronto Star*, felt that Kennedy's philosophy added value to the fine dining experience. But although Kennedy's sustainability values strengthened the JKK brand, they also constrained his growth. He did not simply desire a larger footprint or greater profits. He was searching for expansion options that could help him support locally rooted supply chains of organic producers and advocate sustainable consumption beyond the taste of the tongue.

Kennedy's focus on local and seasonal foods had helped Kennedy define and refine his unique cooking style:

I find the older I get the more focused I am on the local and less so on the world. It's like when you experiment as an artist and you are experimenting with color for the first time let's say . . . you just want to pick up every single color on your canvas because you are so enamored of . . . or infatuated with these new feelings . . . over time you develop restraint and focus and then over more time you develop an individual identity that people can relate to and people can say that looks like Jamie Kennedy's work. And that to me it is the highest compliment when someone recognizes your work as opposed to somebody else's work.

His ideology now blended his roles as chef, environmental steward and social advocate:

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<sup>3</sup> *Everything Olive*, "Chef Jamie Kennedy," available at <http://www.everythingolive.com/jamiekennedy.html>, accessed on July 15, 2007.

<sup>4</sup> Mark McEwan, personal interview, February 6, 2007.

The trade of a cook is the building block to where I am today with respect to my feelings about sustainable agriculture and how I feel about the world . . . . It's about putting into practice what I believe in my soul . . . . Being in business means I am part of the community and by being part of the community I want to support other people in my community.

### THE INGREDIENTS: ORGANIC PLUS LOCAL

Kennedy had very clear criteria about the ingredients he used in his kitchen: he always preferred earth over hydroponics and organic over conventional. If he couldn't source an organic ingredient then he opted for the conventional alternative as long as it was from the earth. Kennedy had never understood why people were importing broccoli and strawberries from California out of season.<sup>5</sup> Beets, carrots, potatoes, beef, cabbage and onions did not have to be imported — they were all local. For Kennedy, working with a set of familiar ingredients from Canada never proved mundane, rather, he found himself noticing ever more subtle differences and finer nuances in the taste of the local, seasonal ingredients:

You don't need to have, as your source of inspiration, rare ingredients that amaze people. You can, if you're a cook, look around in your own backyard and figure out something that is raised from the mundane, just from your ability to work with those ingredients that you have right there in front of you.

Other chefs resented such sourcing criteria as too restrictive. But Kennedy felt that each additional constraint stimulated his creativity:

It's about becoming more restrained . . . it's about imposing more limitations so that you're creating a world that can be identified with you. . . . Just spending time focusing on one thing and not being distracted by other things, takes you to different levels of understanding about that one thing, and you can be inspired or have those moments where you go "oh yes" this is interesting . . . . You are pushing yourself, coming to a certain level, and then moving onto another level of understanding. You've created this work that you can follow over time.

Kennedy's commitment to seasonal ingredients became a source of differentiation (Exhibit 5 has a sample of his menu offerings at the Wine Bar and the Restaurant). First a fan and quickly a champion of the slow food movement<sup>6</sup> — a countercurrent to the standardization of taste and supermarket homogenization, which strived to promote awareness of local food choices in order to restore the cultural dignity of food, preserve biodiversity and strengthen partnerships between chefs and growers in the community — Kennedy relied on seasonal ingredients to set the tone for the dining experience. Fine dining at JKK was all about enjoying food, culture and community, while being respectful to the environment.

<sup>5</sup> Over three-fourths of U.S. strawberry production comes from California and the primary market of U.S. fresh strawberries is Canada. See [http://findarticles.com/p/articles/mi\\_m3723/is\\_nll\\_v4/ai\\_13290970](http://findarticles.com/p/articles/mi_m3723/is_nll_v4/ai_13290970).

<sup>6</sup> Slow Food is "a non-profit, eco-gastronomic member-supported organization that was founded in 1986 to counteract fast food and fast life, the disappearance of local food traditions and people's dwindling interest in the food they eat, where it comes from, how it tastes and how our food choices affect the rest of the world." Today, the organization brings together more than 80,000 members across 104 countries. Source: <http://www.slowfood.com/>, accessed on July 15, 2007. The core tenets of the slow food movement are summarized in a humorous news review of the Mouth Revolution, available on the You Tube at <http://multimedia.slowfood.it/index.php?method=multimedia&action=zoom&id=2035>, produced on February 21, 2007 and last accessed on July 15, 2007.

We live in a seasonal environment [in Canada], a seasonal place, so the idea of taking advantage of summer's bounty and trying to capture that for service in the winter, is not only an endeavor that has an aesthetic beauty, but it's also one that is born of another time when having access to fresh vegetables and fruits in the winter was just impossible. So the only way you could have fruits or vegetables in the winter was if you preserved them somehow . . . through a whole culture of canning and bottling.

Launched in 2003, Kennedy's canning facility on his farm in Ontario's Prince Edward County helped him preserve foods harvested during the growing season for winter cooking. His signature wall of preserves had been greeting customers when they entered the Wine Bar (see Exhibit 6). Kennedy was now thinking about diversifying the output of the canning facility on his rural property. This product line of canned harvested fruits and vegetables could supply all the JKK restaurants in Toronto and perhaps sell more broadly through gourmet outlets. The canning operation was environmentally sustainable and well aligned with his philosophy, yet upstream expansion of his value chain might compete against the local networks of artisan producers he wanted to support.

Wine sourcing decisions were even more challenging. Since 2004, Kennedy had been experimenting with the production of local wines in his Prince Edward County vineyard. The Gardiner carried only local Ontario wines. But at the Wine Bar, where the 400-plus vintages, which paired so well with Hokkaido sea scallops or grilled short ribs that they rivaled New York and Chicago's finest dining,<sup>7</sup> only 17 per cent of the bottled wines were Canadian. The Wine Bar served 23 wines by the glass — always one white and one red from Canada, and 60 per cent of their dessert wines were Canadian. Ultra-premium Canadian wines sold well, but 88 per cent of JKK's overall wine revenues still came from internationally sourced wines. These procurement choices were driven by consumers — who still preferred access to global varieties. However, Jamie Drummond,<sup>8</sup> JKK's renowned sommelier, used education to instill a greater appreciation for local wines:<sup>9</sup>

If you do look at the lists I put together, you can tell what my current passions are. Right now I'm going really crazy for Ontario Riesling. I recently had verticals from Cave Spring and from Henry of Pelham that were fascinating. Riesling is one of the things Ontario does quite well, and it was great to taste 96, 97, 98 and 99 . . . . Once people are educated about a wine they become quite receptive. So I tell them about how this Pinot Grigio comes from a very low yield, one ton per acre (or something crazy like that) and that we actually have 10 per cent of the total production, or whatever. And with the back-story they're willing to try it again and often say, "Oh, that's quite nice."

Kennedy had made sourcing decisions, some controversial at the time, to give voice to his sustainability values. In 2002, Kennedy partnered with other chefs, restaurateurs and conservationists to form the Endangered Fish Alliance, whose mission was to keep endangered fish off the dinner plates of Canadians by providing information on which fish were good to serve and which were on the brink of extinction. In 2004, he powered his farm and vineyard (and his home) with renewable energy, becoming a founding

<sup>7</sup> "Toronto's Time," *Travel + Leisure*, April 2007, available at <http://www.travelandleisure.com/articles/torontos-time/?page=2>, accessed on November 5, 2007.

<sup>8</sup> Drummond was promoted to head of sommeliers at Jamie Kennedy Wine Bar, with an assistant working under him. He also produced podcasts for Jamie Kennedy Wine Bar featuring guest speakers from biodynamic wineries. Source: Personal interview with Jamie Kennedy, January 25, 2007.

<sup>9</sup> Malcolm Jolley, "Jamie Drummond Interview," available at <http://gremolata.com/drummond.htm>, accessed on July 15, 2007.

member of Bullfrog Power.<sup>10</sup> In 2005, he passionately joined the Canadian seafood boycott to protect the seals — he would keep snow crab off his menus until the slaughter of seals stopped. In 2006, Kennedy rallied at Queen’s Park for Michael Schmidt — a local farmer arrested by the Canadian federal government for selling raw, unpasteurized, milk. Unpasteurized milk was illegal under the FDA, because it could contain viruses and bacteria harmful to the human body.<sup>11</sup> Jamie Kennedy held a media conference and raised funds at the Wine Bar for Schmidt’s legal defense in support of the right to safe and alternative food choices:

I am a spokesperson for this school of thought in jkkitchens, I grew it within the organization, within and reaching out. In reaching out, environmental causes, taking an interest in the Raw Milk question and saying from a gastronomic point of view, from a restaurateur’s point of view, how important the issue of choice is with respect to access of ingredients that we as restaurateurs believe are of a higher level and quality than the status quo. We would like to have access to that, we would also like to foster relationships with people like Mr. Schmidt because he is an artisan producer of raw milk and raw milk products. So you step outside and voice an opinion and you get enough support around that opinion than maybe at some point we are going to revisit the question of WHY we insist that raw milk be pasteurized. And what may have been current and valid in 1935 maybe isn’t quite as valid today. And let’s maybe take a look at changing that, so then I become a spokesperson for this place.

Kennedy felt that such tough choices helped him create more than a unique cuisine:

I think what I have created here is a school of thought . . . because we are in a creative process each and every day and we bring our feelings and the things we learn about food sources, for example, endangered fish. These are issues we learn about and apply to our creativity. These things just get discussed in a casual way that is all a part of our daily role.

### **THE CUISINE: SUSTENANCE PLUS ART**

For Kennedy, food had always been a form of expression — “not just to provide food and sustenance, but sustenance plus art!”

The food at all three JKK ventures — the Wine Bar, the Restaurant and the Gardiner — had been produced on-site, and whenever possible, from organic ingredients supplied by local artisans. The menus featured seasonally driven offerings of Kennedy’s unique Canadian interpretation of international classics (see Exhibit 5). All offerings changed with the season, except at the Wine Bar, where the menu featured different daily combinations of foods in season and local preserves.

The widely acclaimed Wine Bar had also been a bold move to democratize the art of fine dining — to encourage people to experience different tastes and to better understand the provenance of ingredients. The experience was designed to be casual and fun. Kennedy wanted to move away from the fine-dining realm

<sup>10</sup> “From the kitchen, to the dining room, to the great outdoors, a healthy environment is something worth striving for. We have a responsibility as tenants of this earth to exercise responsible stewardship in preserving and protecting our environment. Supporting renewables by becoming a bullfrogpowered home is one essential ingredient in accomplishing this goal.” Source: “Jamie Kennedy, Bullfrog Founders Club,” available at <http://www.bullfrogpower.com/powered/kennedy.cfm>, accessed on July 15, 2007.

<sup>11</sup> According to Health Canada, unpasteurized milk is illegal because it contravenes Food and Drug Regulations, [http://www.hc-sc.gc.ca/ahc-asc/media/advisories-avis/2006/2006\\_65\\_e.html](http://www.hc-sc.gc.ca/ahc-asc/media/advisories-avis/2006/2006_65_e.html), accessed November 25, 2007.

he once inhabited at the Royal Ontario Museum (ROM) and create a wine bar with popular pricing, featuring tapas-style dishes (priced from \$3 to \$14)<sup>12</sup> with wine that could be bought by the glass (at \$8 to \$60) or by the bottle. The Wine Bar had an open kitchen bar where customers could sit and watch their food being prepared and ask the cooks about the food and where it had been sourced. Service was attentive, but friendly and unpretentious. This deliberate design, Kennedy felt, broadened the appeal to people on many different levels, be it 19-year olds trying out a restaurant with food and wine for the first time or business professionals entertaining clients:

What they get is professional advice delivered in a casual way that is not threatening or intimidating. We think food and wine culture should be a natural extension of society and so it's very successful. So that's been observed and that's been emulated by other operators, three years ago a wine bar style of restaurant did not exist in gastronomy, now I could name five or six, three years later, it's something that works.

By 2007, local imitators had reached double digits, and Jamie Kennedy Wine Bar had been named A Wine Lover's Top 10 in Toronto, one of Readers' Favourite Restaurants, a Top Five MMM (Most Memorable Meals) Nominees, one of the 10 Top Toques and was mentioned in Toronto Neighbourhoods and Night Moves.<sup>13</sup> Food critics such as Steven Davey<sup>14</sup> gave top marks to the exquisite food-wine pairings:

We begin with a buttery slice of the house paté sided with Jardinière Vegetables, crunchy pickled green beans and cauliflower over a slaw-like julienne of celery root (\$6). Note how the 3-ounce flute of sweet Hungarian dessert wine (1995 Tokaji, \$2.90) accentuates the subtlety of the smooth terrine, especially once spread on paper-thin toasts made from the house's walnut baguette.

Kennedy's swoonsome Mediterranean Fish Soup (\$10) tastes like it's caught to order. A tremendously flaky white filet of flounder-like fluke swims in a rich near-bouillabaisse cream garnished with eggy saffron aioli, a tangle of fennel threads and slim Melba toasts. Similarly balanced, melt-in-the-mouth braised oxtail (\$7) arrives deboned and shredded in a puddle of deeply flavoured jus scattered with diced carrots. A wisp of wilted leek offers visual and textural contrast, while a pair of crisps slathered with marrow add salty bite.

For Kennedy, the Wine Bar was part of a broader mission of customer conversion:<sup>15</sup>

We took ourselves out of the fine dining realm by having more popular pricing to enable the public to consider us, even though what we are offering them is of a much higher level in terms of quality, of cost, in terms of how the food is prepared and the added value. Also the educational part of things, when you walk into the wine bar all of a sudden you are assailed with all this information about relationships and the community and about what kinds of fish are endangered and why we don't serve them. You are getting all kinds of messages that you don't get at other restaurants, social consciousness messages.

<sup>12</sup> All funds in Canadian dollars unless specified otherwise.

<sup>13</sup> "Jamie Kennedy Wine Bar," *Where Toronto*, available at [http://www.where.ca/toronto/guide\\_listing-listing\\_id-2217.htm](http://www.where.ca/toronto/guide_listing-listing_id-2217.htm), accessed on November 5, 2007.

<sup>14</sup> "Kennedy Can: Jamie Kennedy Comes Back Strong with a New Wine Bar," [http://www.nowtoronto.com/issues/2003-12-18/goods\\_foodfeature.php](http://www.nowtoronto.com/issues/2003-12-18/goods_foodfeature.php), accessed on November 5, 2007.

<sup>15</sup> And there was safety in numbers. As the popular appeal of the Wine Bar grew, it became the most profitable venture in the stable of JK Kitchens. Source: Jamie Kennedy, personal interview, January 25, 2007.

This message had become the core of his brand identity — the Wine Bar was well known as a place where people gathered to enjoy food, culture and local tastes. The gastronomic themes of harmony and seasonality played out in the interior design: the wall of jarred preserves, the mural of a vineyard stretched across the dining room wall and a mural of Kennedy's handwritten recipes (see Exhibit 6):

Stuff is interconnected, at the wine bar the idea of the shelves of preserves is a very strong statement, a couth statement, and it's also a season's statement. And on the other side of the restaurant is the wall of wine and everything on the other side of the wine bar is about things to do with wine and wine culture. So when people walk into the space they get this feeling that food and wine is being explained to them on many different levels, so the idea of gastronomy comes through in the décor of the rooms.

But many saw Jamie Kennedy's initial move as a risky one — in order to democratize the dining experience, he was putting a lid on the revenue side but building up the cost side. Open for 19 hours out of 24 (7 a.m. to 2 a.m.) in a 6,000-square-foot heritage location leased for \$180,000 a year, the Wine Bar averaged between 0.5 and 1.5 turns at lunch and three turns at dinner. The average dining check was \$50 per cover, split evenly between food and wine. Despite the low prices, the Wine Bar contributed about half of JKK's revenues and three quarters of EBITDA, even after adding its share of corporate overhead.<sup>16</sup>

Wine markups were in part driving the margins. For bottles costing less than \$20, the markup was 100 per cent — selling for \$40. The markup declined with the purchase cost: 80 per cent for bottles costing between \$20 and \$40, 70 per cent for bottles costing between \$40 and \$60, 60 per cent for bottles costing between \$60 and \$80 and 50 per cent for bottles costing more than \$80. On average, most non-holiday sales were accrued from the wines in the less than \$20 category and in the \$20 to \$40 range. During the holiday season sales most purchases came from bottles in the \$40+ range. Ninety-five per cent of wines were direct imports — bottles not accessible to the public for retail sale through a Liquor Control Board of Ontario (LCBO) outlet. The markups were significantly below the industry average of 200 per cent to 400 per cent, but in line with Kennedy's core belief and philosophy that wine should be accessible. Rather than having people judge a wine based on price, they encouraged an overall experience based on taste and enjoyment, an experience that encouraged customers to return because the food was great and the wine they had never tried before offered a taste experience that they would (and could) enjoy again.

With excellent pairings, an attractive wine selection and affordable prices, the Wine Bar was in high demand — customers often waited two hours for a seat at the Wine Bar. Kennedy was wondering how he could reduce this wait to 30 or 35 minutes per seat. One option was to extend the seating for the Wine Bar, which currently occupied 25 per cent of the Church Street locale (the Restaurant seating took another 25 per cent; the rest was shared between the common cook-to-order kitchen and the production kitchen shared by all JKK ventures, including catering).

As another option, Kennedy considered moving the production kitchen off-site, to a lower-cost location that met his environmental priorities. Relocating to a larger, greener building with more energy-efficient heating and lighting systems could simultaneously support profitable growth through catering while furthering Kennedy's environmental goals. A larger production kitchen would also allow Jamie Kennedy to market some of his value-add products (especially the baked goods) to an even broader base of

<sup>16</sup> Overhead costs were split among locales based on their percentage contribution to the corporation's revenues, and included maintenance fees of \$6,000 per month, accessories costs of \$4,500 per month, \$20,000 a year for laundry, \$22,000 a year for garbage/waste removal and recycling, \$140,000 for call center staff, \$120,000 a year for the sommelier, and \$100,000 for accounting staff.

customers, furthering the democratization of the eating experience and reaching new customer targets with a sustainable consumption message.

### The Restaurant

Sharing a heritage building in the historic St. Lawrence Market district with the Wine Bar, the Restaurant seated 30 and was open for dinner only (5 p.m. to 11 p.m. daily). The total revenues of the restaurant (about 1.15 million a year) were split roughly 61/39 between food and wine. Across all JKK's operations, the average cost of the food sold was 30 per cent; the average cost of the wine sold was 56 per cent. At the restaurant, the menu items were larger and pricier than the tapas-style entries at the Wine Bar (see Exhibit 5). The menu changed seasonally and each dish was listed with suggested wine pairings. With an average of 1.5 daily turns per cover, the restaurant was often fully booked by reservations.

### The Gardiner

The Gardiner venue was described by Steven Davey as a "local wunderkind's return to Yorkville . . . . The serene space is minimally appointed, all concrete walls surprisingly free of ornament, hard wooden floors and modish stacking tables and chairs." Located in a heritage building turned "from dowdy to downtown" by Toronto-based Kuwabara Payne McKenna Blumberg,<sup>17</sup> the Gardiner featured complete meals for \$60 per person, including all taxes, tip and a glass of Ontario wine. The average mains were \$18, and food costs accounted for 22 per cent of the price. The Gardiner was open daily for lunch, 11:30 a.m. to 3:30 p.m., and was staffed 8 a.m. to 5 p.m. — except on Fridays, when the locale was open for dinner, and during two to three catering events and one to two cocktail event each week, when the Gardiner stayed open until 2 a.m.

One of the popular organic and locally sourced dishes on the Gardiner menu had been conceived by Kennedy with Stadlander more than 20 years ago at Palmerston: "thick slices of rustic-crustured house-baked multigrain that arrived plated on a chainsaw-fashioned wooden plank, coupled with a ramekin each of whipped butter and heavenly roasted eggplant-sweet bell pepper spread."<sup>18</sup> According to *NOW Magazine's* food critic, the mouth-watering dishes were also very reasonably priced. For example:

A plump, exquisitely grilled scallop swims in an intensely fresh and buttery cream of Ontario corn soup (\$10), strewn with a tiny chiffonade of chives. Thirteen bucks for a green salad is a bit much even for a swanky joint like dis, but it only takes one bite of the home-grown heirloom tomatoes coupled with rich Quebecois chèvre and leafy arugula in a simply herbed vinaigrette to remind us what tomatoes used to taste like worth every Proustian cent. . . .

Another main finds gorgeously fatty but easily trimmed slices of seared 'n' roasted duck breast exploding over wilted red stalks of Swiss chard and oven-tender wedges of incredibly coloured summer squash (\$18). An artfully puddled pool of cassis-kicked jus and another of plum reduction provide counterpoint. . . .

<sup>17</sup> Steven Davey, "Gusto at the Gardiner: It May Be Too Loud, but Jamie Kennedy at the Gardiner is Oh So Tasty," *NOW Magazine*, August 31-September 6, 2006, available at [http://www.nowtoronto.com/issues/2006-08-31/goods\\_foodfeature.php](http://www.nowtoronto.com/issues/2006-08-31/goods_foodfeature.php), accessed on September 4, 2007.

<sup>18</sup> *Ibid.*



Sure to become JKG's newest signature dish, Kennedy's spectacular charcuterie platter (\$14) showcases substantial slices of house-cured duck alongside gauzy Serrano ham and a dazzlingly rich scoop of chicken liver paté. His farm-pickled veggies, some sheep's milk cheese and an oversized tuille made from a length of walnut loaf complete the plate, er, log.

At the Gardiner, food sales contributed about 74 per cent of the revenues, Canadian wines, 26 per cent. Catering generated revenues of about 1.7 million a year, roughly 76 per cent from the sales of food.

The Wine Bar was JKK's flagship location — the most popular among consumers and the most profitable (see Exhibit 7). The Gardiner came second in revenues, largely due to its catering events. However, profit margins on catering were thin, and scaling up the catering business could strain JKK's cash-flows (the average repayment period for catering events was 40 days). Despite having the highest menu prices, the JKK Restaurant came third in terms of revenues. Kennedy felt that the three establishments effectively reached different customer segments and could help JKK achieve greater operational efficiencies, while economizing on marketing and advertising through generating positive word of mouth across target segments. Given that overall the profit margin was twice as high as the industry average, Kennedy pondered whether profitability, efficiency or popularity should be the main considerations for his next expansion.

#### ADVOCACY: THE ARK OF TASTE

Several prestigious chefs had taken up taste for a cause, both locally (see Exhibit 4) and globally (see Exhibit 8). But social enterprises, such as Finkelstein's Screaming Avocado Café and Jamie Oliver's Fifteen, were not Kennedy's bread and butter. Kennedy wanted to do something to further the environmental and social causes he had invested in (see Exhibit 2). Since 1989, when Kennedy had helped found the Knives and Forks Alliance, a group of chefs and farmers with a shared commitment to promoting mixed farming and locally grown produce,<sup>19</sup> Kennedy had been a champion of local produce. He had co-founded Feast of Fields,<sup>20</sup> a non-profit organization that promoted awareness building about fresh organic delicacies for the food connoisseur and offered an annual sumptuous experience celebrating the sustainable growth, preparation and consumption of organic food. Kennedy was organizing the 2007 event, with the theme "Sustainability Starts with Your Local Organic Farm."

Kennedy was also closely involved in the Toronto chapter of Slow Food,<sup>21</sup> which he had helped found in 2003.<sup>22</sup> Kennedy was a member of the steering committee, a dedicated group of activists striving for a collective reconsideration of the cultural, environmental, historical and economic meanings of food. The

<sup>19</sup> *The Knives and Forks Alliance created one of the first local organic marketplaces. Local organic growers set up stations, and chefs purchased ingredients from the growers on a weekly basis and took the opportunity to interact with other chefs.*

<sup>20</sup> *The Feast of Fields website, <http://www.feastoffields.org/>, accessed on July 15, 2007. At this annual fundraising event, chefs created and prepared dishes at a rural location alongside a vending farmer, paired their dishes with local wines, and presented and spoke about their cooking creations to the public.*

<sup>21</sup> *Slow Food celebrated worldwide diversity in food cultures through Terra Madra, a biannual conference held in Turin, Italy, where approximately 5,000 small-enterprise food producers from around the globe exchanged and promoted ways to grow, create and distribute food that respects the environment and health of consumers. Each local chapter organized specialized events. Slow Food convivias (i.e., individually run chapters) connected with home food enthusiasts locally and helped to build a stronger sense of community through programs that strengthened awareness of local food availability and choices. Slow Food's Ark of Taste catalogued and sought to protect foods on the brink of extinction, recovered recipes and recorded local food varieties and tastes.*

<sup>22</sup> *The Slow Food organization "promotes gastronomic culture, develops taste education, preserves agricultural biodiversity and protects traditional foods at risk of extinction." Source: Slow Food Toronto, available at <http://toronto.slowfood.ca/index.php/C15/>, accessed on July 15, 2007.*

steering committee was already working at asserting the rights of local food communities to make a just living and at furthering development of sustainable systems that support food security for the people of Toronto and beyond.

Kennedy had long been an active proponent and user of local, seasonal organic food — starting in April 2007, he also became an active member of Green Living, by participating in the first Green Living Show.<sup>23</sup> He was also engaged in the Slow Food Green Link,<sup>24</sup> a gathering that brought together professional kitchens with artisan producers and farmers.

Some of his advocacy infused his own operations — at times blurring the fine line between helping local producers and kitchens and often sharpening the very edge of his environmental and social values. In 2005, the Wine Bar hosted a food education discussion, Feeding your Mind. He had cooked for the Riverdale Farm community and supported the farmers market at the Dufferin Grove Park.

### Feeding a Cause

Kennedy found that social advocacy was harder to reconcile with his high cuisine. However, eating together, Kennedy thought, could be a good means to a great end. He wanted to play a part, however small, in promoting collective well-being. For the past 15 years, Kennedy had become selectively but actively involved with several social causes. In 1993, he raised money for Anishnawbe Health Toronto, an Aboriginal community-based health center. Since then, he had helped raise money for the Princess Margaret Hospital and other organizations. In 2006, he began supporting St. Francis Table's program to feed the homeless. Kennedy contemplated whether and how he could better bridge his social and environmental interests while he grew his business.

### Food for Thought

Education in particular was becoming increasingly important for Jamie Kennedy. He wanted to expose as many people as possible to this school of thought and this practice. Kennedy was taking his educational role seriously, at all the levels. He felt that an important part of education was to represent the wine and the food in a gastronomic sense, and he knew he needed people to actually talk about it, sell it and explain it. His staff members were educated in the locality of ingredients and served staff meals reflective of the menu's offerings, so they could in turn create opportunities for the customers to learn about wines and dish pairings. Kennedy was on the board of directors of the Stratford Chefs School. He also made several guest chef appearances at Stratford Northwestern Secondary School (home of chef Paul Finkelstein's Screaming Avocado Café), where he lectured and demonstrated seasonal and local cooking.

## SUSTAINABLE GROWTH OPTIONS

Looking forward, Kennedy was struggling to balance opportunity and constraint. He wanted to draw closer bridges between his operations and his sustainable values. Growth could enable him to have a positive impact on the consumer (through democratizing fine taste; advocating slow, seasonal, organic foods and

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<sup>23</sup> *The Green Living Show website*, <http://www.greenlivingshow.ca/>, accessed on July 15, 2007.

<sup>24</sup> *Malcolm Jolley, "Wanted: A Truck Driver," Gremolata, March 2007, available at <http://gremolata.com/greenlink.htm>, accessed on July 15, 2007.*

supporting local artisan producers). But growth could also upset the growing harmony between his values and cooking style.

### **Closed-Loop Cuisine**

One of the options ahead was closing the loop on his supply chain. Kennedy's dream had long been to become self-sufficient — to turn his rural Canadian farm into an outpost of Jamie Kennedy Kitchens. He envisioned the farm as a place where members of the community, customers and staff could visit, experience, work and further their understanding of the relationships that existed between themselves, the community and their food sources:

So part of our community is the farm, and growing things and processing them, and bringing them back to the restaurant, using them in the restaurant; closing the circle so we become our own source of supply . . . . This farm project, I want to start working on it in earnest this year, and hope by the end of this growing season we will have a lot of supply coming our way. I have also set up a canning facility out of the farm. And the winery is happening at the same time, the vines are in the ground just a matter of getting it all under control, getting it to the point where it's feeding back into the flow of things.

### **Messaging the Customer**

Kennedy also wanted to create a consumption experience with a social and environmental message. Many other chefs thought he was pushing the envelope too far, that he was spending a lot of time and extra money connecting with people, and that the public was not yet ready. But Kennedy felt that the timing was just right. He imagined a new foundation that could integrate many of his efforts: educate the public about the slow food philosophy, offer dedicated programs for future chefs, hold guest speaker sessions featuring leaders in sustainability and host city versions of annual fundraisers that would involve and promote local farmers and winemakers. A foundation would cater to the soul, but would it get in the way of the cuisine? Would he have the skills needed to run a foundation or would he need to partner with a local non-governmental organization (NGO)? On the other hand, if the foundation took off, would that help or hinder brand differentiation? Jamie Kennedy was torn between his need for action and impact on one hand and his desire to remain an example of local, sustainable artisan cuisine on the other.

## Exhibit 1

## JAMIE KENNEDY'S ACCOLADES

Jamie Kennedy started his cooking apprenticeship at the Windsor Arms Hotel in Toronto, Canada, and at the Grand National Hotel in Switzerland, where he experimented with the many different tastes and harmonies in French cooking, much like an artist wanting to experiment with all the colors on the palette for the first time.

In 1980, Kennedy became Executive Chef at Scaramouche. There he realized the gaping disconnect between cuisine and food supply. Kennedy became interested in the farmer behind the fruit. In 1983, Kennedy started his own catering company; and two years later he opened Palmerston restaurant with fellow friend and slow food supporter Michael Stadlander.

His thematic gastronomic dining experiences came together in the mid-1990s when Kennedy founded his restaurant at the Royal Ontario Museum. From 1994 to 2003, the J.K. ROM restaurant was a popular lunch spot with à la carte dining complemented by private events held in the evening.



In April 2000, Kennedy's contribution to Canadian cuisine through his showcasing of local, seasonal and organic ingredients was recognized by the Ontario Hospitality Institute's Chef of the Year award.<sup>1</sup>

In October 2000, he published a successful cookbook, *Jamie Kennedy's Seasons*.<sup>2</sup>

In 2003, Kennedy won the Award of Excellence for the "Best savoury use of regional ingredients" for his signature poutine with aged cheddar served with lamb and Concord grape sauce.<sup>3</sup>

The Jamie Kennedy Wine Bar, opened in 2003, earned him local and international acclaim. In April 2006, the JKK Wine Bar was named as one of "Toronto's Top 20 Restaurants" in the respected *Toronto Life* magazine; in May, *Condé Nast Traveler* placed it on its 2006 Hot List.

(Photo with permission from Mary Elizabeth Armstrong, <http://www.maryelizabetharmstrong.ca>)

To satisfy demand for a more conventionally styled menu and to allow patrons to make reservations, the Jamie Kennedy Restaurant was opened in August 2005, an equally hot dining spot according to *Condé Nast Traveler*.

In June 2006, he launched a new restaurant, Jamie Kennedy at The Gardiner restaurant in the newly renovated Gardiner Museum. The Gardiner is open daily for lunch and is available for evening group events, for up to 120 people for formal plated dinners and for up to 300 people for cocktails.

<sup>1</sup> <http://www.everythingolive.com/jamiekennedy.html>.

<sup>2</sup> *Ibid.*

<sup>3</sup> [http://www.thecounty.ca/taste/awards\\_2003.html](http://www.thecounty.ca/taste/awards_2003.html), accessed on July 15, 2007.

Exhibit 2

A HISTORY OF JAMIE KENNEDY'S INITIATIVES

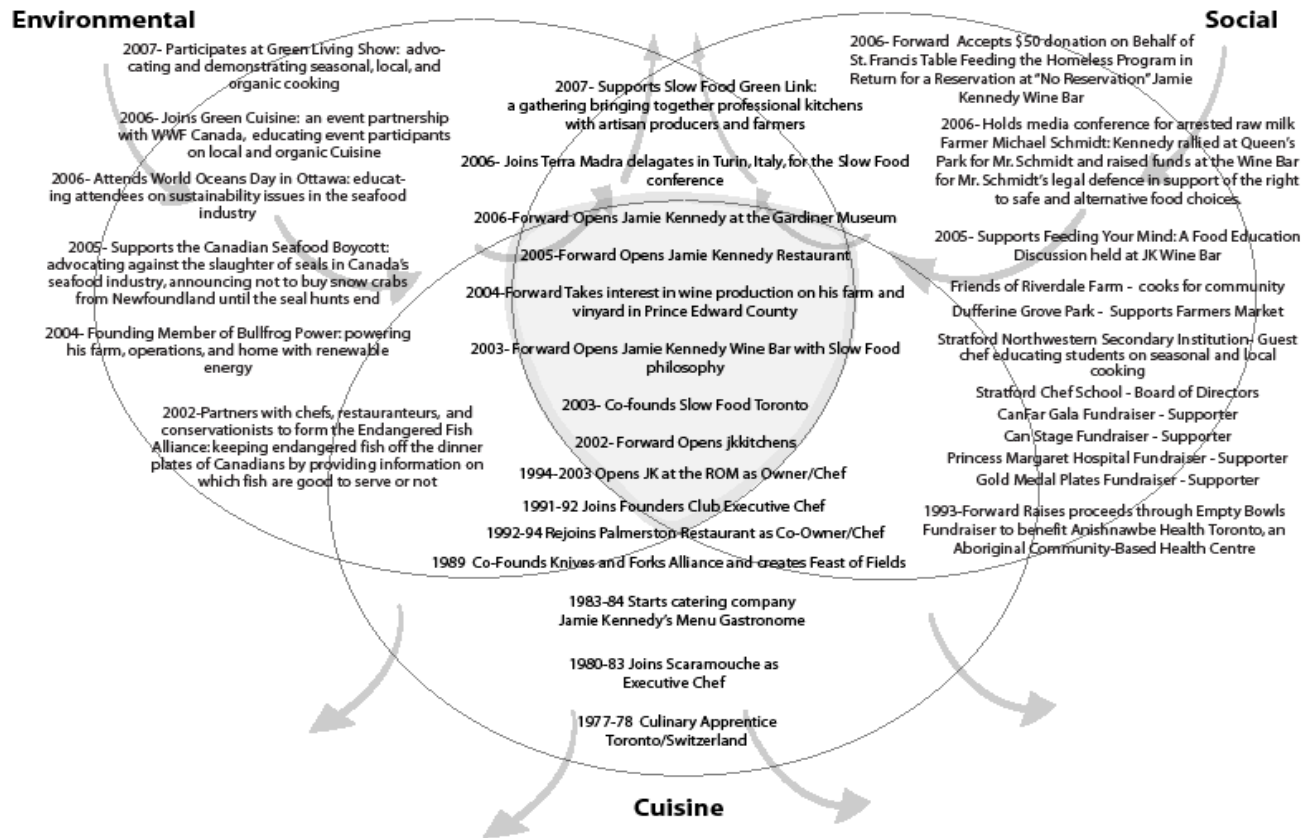
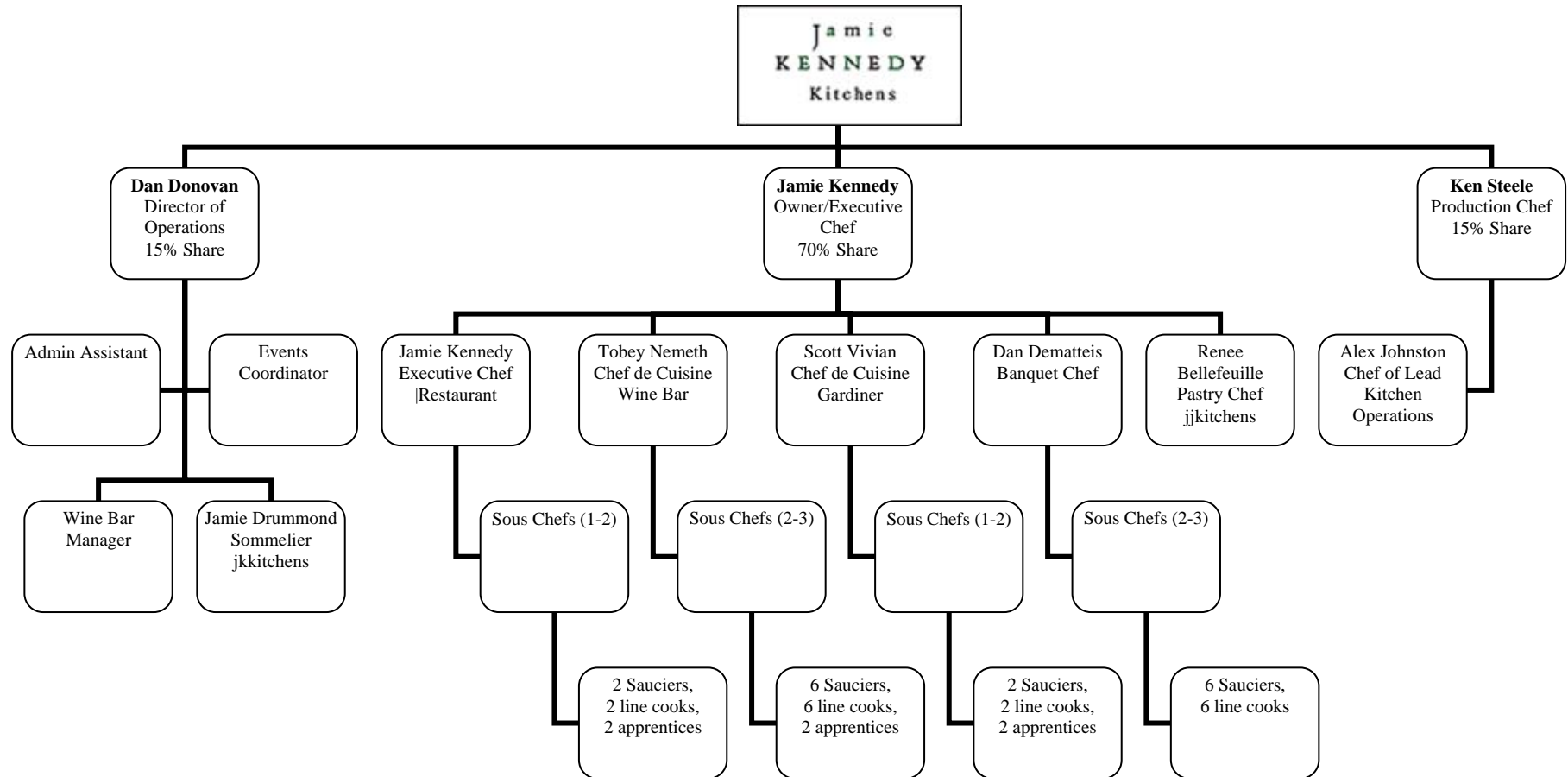


Exhibit 3

JAMIE KENNEDY KITCHENS' ORGANIZATIONAL CHART



Source: Jamie Kennedy and Dan Donovan, personal interviews, September 2007.

## Exhibit 4

## ALTERNATIVE PATHS TO SUCCESS: MCEWAN VERSUS FINKELSTEIN

Mark McEwan's restaurants have pizzazz, wow, they've got that jazzy, slick, and chic appeal — if you want a nice bottle of champagne, and the different set of beliefs that go with it. By Mark is a high-end restaurant, it's \$250 for two, and he is catering to the rich. [But the money] trickles down, it goes to chefs, waiters, dishwashers, and the guys who produce the food. It's not that he is getting rich on it, he is doing well, and if his restaurant does well it's good for the economy.<sup>1</sup>



Mark McEwan's primary goal is to provide a memorable experience: "You want people walking away from your property feeling really good about having been there, and that's what it is, it's not about fashion or about how cool or stylish you think you are. That can happen in our industry, some people get a little caught up, you get a little press, and you think you're an artist, you get a little carried away, when really what you should be is a good proprietor."<sup>2</sup>

(Photo Credits: Emily Howard, <http://www.generalpurposepictures.com>)

For McEwan, good citizenship should not constrain cuisine, nor growth. As a good citizen, he often lends his catering expertise to social causes across the greater Toronto area. McEwan often cooks for hospital and medical research fundraisers for Sick Kids Hospital, AIDS and breast cancer.

But what is the point of teaching people to make crème caramel if they are not feeding their children a proper breakfast? We need to be aware of hungry people out there, or the environment, or how we are growing our foods.<sup>3</sup>



DON'T BE CRAPPY: Paul Finkelstein

In Stratford, Ontario, Stratford Northwestern Secondary School teacher and chef Paul Finkelstein is reinventing the way his students "know" food. Finkelstein's innovative culinary program, which he created and heads, is the first of its kind in Canada: kids learn about healthy food and land stewardship from soil to pan, from morning to mid-afternoon. They take this knowledge and cook lunch for more than 100 students at the school's Screaming Avocado Café. Here, Finkelstein's students gain on-the-job experience. High-profile guest chefs, such as Jamie Kennedy, often stop in to cook and speak with students. In the schoolyard, 3,000 square feet of school property have been turned into a market garden where organic crops are tended and farmed by the students. Health Canada is now test-piloting Finkelstein's *Food for Thought: Schools and Nutrition Program*, an initiative aimed at introducing healthy snacks and

organic foods to underprivileged communities.<sup>4</sup> Finkelstein has been featured in *Time* magazine, *Globe and Mail* and on Food TV's program *Chef at Large*. He has used his publicity in his efforts to convince City of Toronto councillors to design and support initiatives that promote sustainable eating in Canada's schools and school-aged children.

(Photo Credits: Terry Manzo, <http://www.terrymanzo.com>.)

<sup>1</sup> Marion Kane, personal interview, February 9, 2007.

<sup>2</sup> Mark McEwan, personal interview, February 6, 2007.

<sup>3</sup> Marion Kane, personal interview, February 9, 2007.

<sup>4</sup> Health Canada, "Food for Thought: Schools and Nutrition, available at [http://www.hc-sc.gc.ca/fn-an/nutrition/child-enfant/food\\_thought\\_schools-reflection\\_aliments\\_ecole\\_e.html](http://www.hc-sc.gc.ca/fn-an/nutrition/child-enfant/food_thought_schools-reflection_aliments_ecole_e.html), accessed on July 25, 2007.

Exhibit 5

JAMIE KENNEDY'S MENUS

Yukon Gold Fries with Lemon and Mayonnaise <i>2003 Domaine Lafond Roc-Epine Tavel Rosé Southern Rhône Blend 4.50 - 9</i>	5	Peanut Mole with Grilled Cornish Hen <i>2004 Albert Mann "Grand H" Pinot Noir 11.10 - 22.30</i>	
Grilled Flatbread with Three Dips <i>2003 Morella "Terre Russe" Primitivo/Malbec 6.40 - 12.80</i>	7	Swedish Meatballs with Mashed Potatoes <i>2000 Gabriel Meffre Gigondas "Laurus" Southern Rhône Blend 7.60 - 13.30</i>	
Yukon Gold Fries as Braised Lamb Poutine <i>1999 Abadie de San Quirce "Reserva" Tempranillo 10.10 - 20.30</i>	9	Grilled Shortribs with Wild Arugula Salad <i>2004 Tcharke "Only Son" Tempranillo 6.90 - 13.80 or 2003 Morella "Terre Russe" Primitivo/Malbec 6.40 - 12.80</i>	
Mushroom Soup <i>2004 Domaine Ju Pithon "Les 4 Villages" Coteaux du Layon Chenin Blanc 5 (1oz) - 10 (2oz)</i>	7	Entrecote of Beef with Root Vegetable Purée <i>1998 Chateau Taillefer Bordeaux Blend 11.40 - 22.80 or 2003 Pinfold R.W.T. Shiraz 19.50 - 39</i>	
Chicken Liver Pâté with Walnut Tuiles <i>2004 Rolly Gussman "Weingarten de Rorschwiler" Gewürztraminer 9.30 - 18.50</i>	9	Artisanal Cheeses <i>2004 Cantina di Bertalo Piccolo 16 (1oz) - 32 (2oz) or 1991 Niepoort Catheta Port 9 (1oz) - 18 (2oz)</i>	
Winter Salad with Marinated Beets, Organic Greens and Pumpkinseeds <i>2004 Schloss Gobelsberg "Tradition" Gruner Veltliner 7.50 - 15</i>	11	Selection of House-Made Bread	
Sheep's Milk Cheese Sandwich <i>2003 Valle Sauvignon Blanc 7.90 - 15.80</i>	10	Sparkling Sorbets Plum and Apricot <i>NV Champagne Vouvray "Petillant" Chenin Blanc 4.90 - 9.80</i>	
Northern Woods Mushrooms on Toast <i>2000 Gabriel Meffre Gigondas "Laurus" Southern Rhône Blend 7.60 - 15.30</i>	11	Chocolate Cherry Torte with Cashew Ice Cream <i>2004 Bonny Doon "Recioto" Barbera 9 (1oz) - 18 (2oz)</i>	
Seared Sea Scallops with Organic Carrots and Chili Sauce <i>2003 Valle Sauvignon Blanc 7.90 - 15.</i>	12	Ricotta-Rosemary Cake with Candied Oranges and Caramel <i>2005 Torbreck "The Bothie" Muscat 9 (1oz) - 18 (2oz)</i>	
Grilled Octopus with Fennel Salad <i>2005 Val de Saussa Albariño 5.10 - 10.30</i>	11	Crème Brûlée with Biscotti <i>2001 Chateau Roumier-Lacoste Sauternes 12 (1oz) - 24 (2oz)</i>	
Black Cod Marmitako <i>2005 Thirty Bench "Small Lot - Triangle Vineyard" Riesling 6.10 - 12.30</i>	12	Thursday, January 11, 2007	
Roast Cornish Hen Breast with Braised Endive <i>2004 Jean Luc Colombo Condrieu Vignier 15.50 - 31</i>	12	Thanks.	

Winter 2006-2007  
First Courses and Soups

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Frisée Salad with Grilled Fresh Goat's Cheese  
and Olive Toasts . . . . .15-

Torn Radicchio with Poached Organic Egg  
and Lordons . . . . .16-

Marinated Wild Salmon with Kohlrabi  
and Beet Salad . . . . .17-

Chestnut Soup with Crème fraîche and  
Parsley Oil . . . . .14-

Chicken Broth with Liver Dumpling . . .14-

Potato Gnocchi with Roasted Shiitake Mushrooms  
and Veloute Sauce . . . . .17-

Black and White Gratin . . . . .22-

Streets of Toronto . . . . .19-

Executive Chef Jamie Kennedy

Winter 2006-2007  
Vegetarian, Fish, Meats

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Three Vegetarian Dishes . . . 25-

Grilled Squid and Octopus  
with Spanish Paprika and Braised  
Beans . . . . .35-

Fluke in Wild Rice Meunière with  
Pickled Wild Leeks and Winter Greens . . .37-

Confit and Roast of Duck  
with Tangerine . . . . .39-

Roast Pork with Red Cabbage  
and Iced Apple Sauce . . . . .36-

Pepper Steak Gratin with Steamer  
of Winter Vegetables . . . . .40-

Vegetarian Ossobucco with . . . . .

Note: The printed menu for the JKK Restaurant (on the left), changes seasonally. The handwritten menu for the Wine Bar (on the right) changes 2-3 times daily. Although a few signature dishes, such as Jamie Kennedy's famous poutine, are always available, their flavor is different every day.

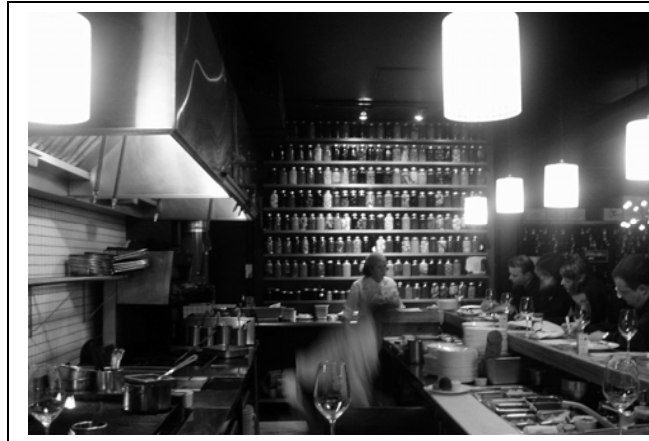


Exhibit 6

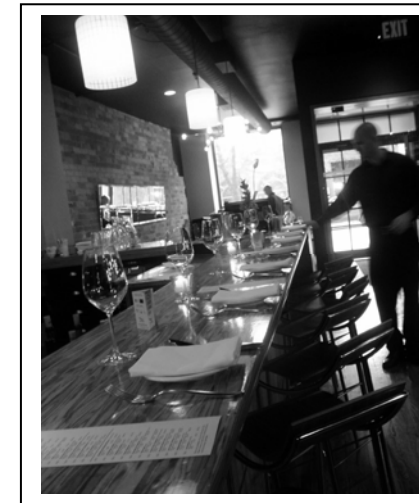
JAMIE KENNEDY WINE BAR AND RESTAURANT



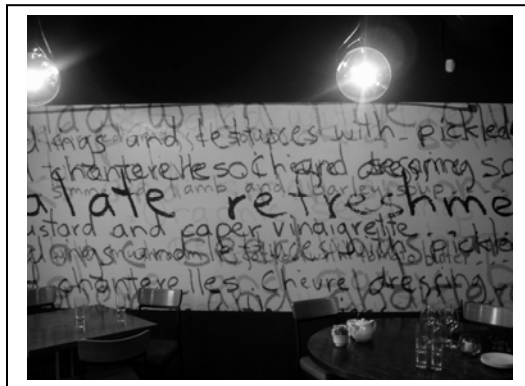
*Wine Wall*



*Open Kitchen featuring Wall of Preserves*



*Tasting Wine Bar, with Jamie Drummond*



*Recipe Thought Process Mural*



*Front Signage & Seating*



*Ontario Vineyard Mural*

## Exhibit 7

JKK ANNUAL INCOME STATEMENT<sup>1</sup>

	JK Restaurant		Wine Bar		Gardiner		Catering		Total	
	Annual	%	Annual	%	Annual	%	Annual	%	Annual	%
Revenue	1,150,200	100	3,210,480	100	976,320	100	1,776,000	100	7,113,000	100
Food	696,600	61	1,698,480	53	729,360	75	1,320,000	74	4,444,440	62
Wine	453,600	39	1,512,000	47	246,960	25	456,000	26	2,668,560	38
Total COGS	462,996	40	1,356,264	42	357,106	37	651,360	37	2,827,726	40
Gross Margin	687,204	60	1,854,216	58	619,214	63	1,124,640	63	4,285,274	60
Payroll	355,150	31	784,790	24	337,270	35	757,970	43	2,235,180	31
Benefits	46,170	4	102,023	3	43,845	4	68,217	4	260,255	4
Lease	80,000	7	180,000	6	65,000	7	130,000	7	455,000	6
Utilities	20,000	2	60,000	2	18,000	2	38,000	2	136,000	2
Other General & Admin	80,000	7	220,000	7	68,000	7	160,000	9	528,000	7
Operating Income (EBITDA)	105,885	9	507,403	16	87,099	9	-29,547	-2	670,840	9
Dep	40,000	3	40,000	1	40,000	4	40,000	2	160,000	2
Interest	8,000	1	8,000	.2	8,000	1	8,000	.5	32,000	.4
EBT	57,885	5	459,403	14	39,099	4	-77,547	-4	478,840	7
Tax	17,365	2	137,821	4	11,730	1	-23,264	-1	143,652	2
Net Income	40,519	4	321,582	10	27,370	3	-54,283	-3	335,188	5

<sup>1</sup> The financial data has been disguised to protect confidentiality.

**Exhibit 8**

**DO SOMETHING!**

World renowned for his cuisine, Jamie Oliver turned his breakout TV shows, *The Naked Chef*, into a campaign to ban junk food in schools. In 2005, the U.K. government pledged £280 million for school dinners. As acknowledged by Prime Minister Tony Blair, the program has revolutionized kids' appreciation for healthy nutritious foods and education of organic choices. But *Jamie's School Dinners* were not Oliver's first engagement with activity meant to improve quality of life. In 2002 Oliver, had founded Fifteen, a charity restaurant in London that would eventually open three sister locations around the globe where disadvantaged youth would learn to cook and work in the hospitality industry. This social enterprise had since become a profitable and self-sustaining venture. All profits go back into the model and are supplemented by fundraising events, applications to companies, charitable trusts, franchise fees and royalties alongside individual donations.<sup>1</sup>

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<sup>1</sup> <http://www.fifteen.net/Pages/default.aspx>, accessed on July 25, 2007.