

Morrison's Dilemma

By Leonard A. Jackson

Introduction

"Although NOW magazine readers voted us the second best Caribbean restaurant in the city, we believe our restaurant is indeed the number one Caribbean Restaurant. Our customers constantly tell us that our food, service, decor and atmosphere exceed that of any other Caribbean restaurant. In fact, the restaurant that was voted number one got the award because they have been around for over ten years, while we have been in operation for only two years. Customers voted for them because they are better known. It is only a matter of time before we will be voted number one."

L. Morrison

As Morrison spoke candidly about the restaurant's progress throughout its first two years, pointing proudly to the numerous positive customer reviews that adorned the walls, one could not help noticing a deep sense of concern in his voice. By the second year of operation, Leroy Morrison, cofounder of Irie Caribbean Restaurant and Caterers, was becoming increasingly concerned about the viability of his restaurant. There had been a decline in revenue during the second year of operation and demand was not expanding or sustainable for all meal periods. In particular, the restaurant was unsuccessful in generating sufficient demand to make the lunch period profitable and management was considering closing during this period. In addition, the catering aspect of the business was not performing as he had hoped. His expectation was that at this stage, the restaurant would have reached the level of financial viability and market presence that would allow the company to start the process of developing a franchise system.

Background

Irie Caribbean Restaurant and Caterers (referred to as IRIE Caribbean) was a fully licensed, forty-seat, unpretentious casual style restaurant, specializing in authentic Caribbean cuisine. The company was founded by Leroy Morrison and his childhood friend and professional colleague, Eglon Walker. Their goal was to develop a restaurant around a menu that captured the flavors and specialties of the Caribbean islands, and in the process, attempt to dispel the fallacious

notion that Caribbean cuisine is generally presented in an unattractive manner. They also wanted to add flair and sophistication, without losing the underlying simplicity and "fire" which makes Caribbean cuisine unique. "We wanted to develop a menu that was Caribbean at its core, but presented and served with a touch of French flair," noted Morrison. This product service mix would be delivered to customers at a comparatively reasonable price.

The product was targeted at immigrants from the Caribbean, their descendants and Torontonians, who had visited the Caribbean, tasted and enjoyed Caribbean cuisine, and wanted to continue enjoying it at home. The restaurant offered al-la-carte service, catering and takeout. Takeout orders accounted for approximately 9% of total sales, while catering accounted for 7% to 9% of the company's revenue. The restaurant was open seven days per week for two meal periods, lunch and dinner. On weekdays it was open from 11:30 a.m. to 1:00 a.m., Saturdays from 2:00 p.m. to 1:00 a.m. and Sundays from 4:00 p.m. to midnight.

Irie Caribbean and the Toronto Marketplace

Located at 808 College Street West in Toronto, Irie Caribbean was situated in the heart of an area affectionately known as "Little Italy". Little Italy was a short strip that stretched along College Street (figure 1) and was north of Dundas Street West (a major Toronto street), and was about fifteen minutes west of Toronto's famous Yonge Street¹ by streetcar². Street cars were a favorite mode of transportation in the Little Italy area. This area was the heart of Toronto's 500,000-plus Italian-Canadian community, and was the premier shopping and residential district of that ethnic community. A large proportion of Toronto's Portuguese community also inhabited this area. The strip comprised approximately 55 restaurants, most of which specialized in Italian and Portuguese cuisine.

"While great food and unique décor are crucial to a restaurant's success, location can make or break an eatery," muttered Morrison as he explained his reasons for establishing a Caribbean ethnic restaurant in an area predominantly associated with, and inhabited by people of Italian and Portuguese ancestry. He explained that "extensive research" was conducted to select a location that supported the concept. Traveling to the restaurant was an important criterion. Since Toronto had a

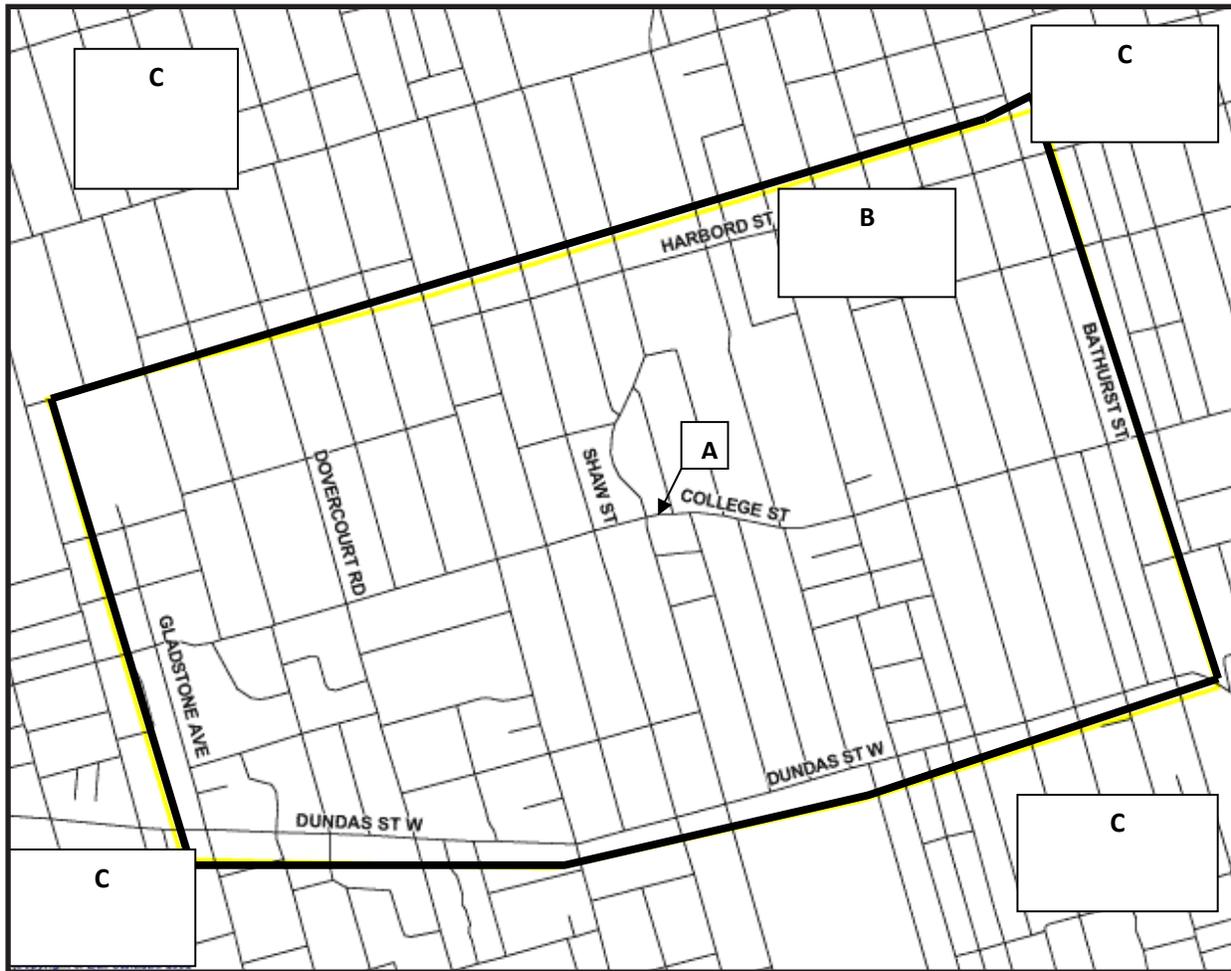
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¹ At 1,178 miles, Yonge Street is regarded as the longest street in the world and is a major arterial connecting route in Ontario, Canada.

² A streetcar or tram is a passenger rail vehicle that runs on urban streets.

Figure 1

Map Showing IRIE Caribbean's Location in Little Italy



Note: Map is not drawn to scale.

Key

- Little Italy area boundary
- A IRIE Caribbean Restaurant

- B University of Toronto St. George Campus
- C Residential Neighborhoods

well-established and extensively utilized public transportation system, the owners decided that the restaurant should be located in an area serviced by the city's transportation system. The Little Italy area was serviced by the Toronto Transit Commission Street Car system, which operated along College Street. The Toronto Transit Commission Street Car system was unionized, and was regarded as one of the best public transportation systems in North America. A designated streetcar stop was located approximately thirty-five feet from the restaurant's entrance. This made traveling to the restaurant by public transportation relatively easy, since access to the restaurant was gained from College Street. This was also an added bonus since the restaurant did not have its own private parking area. Metered parking however, was available

along College Street. In addition, there were three paid parking lots within a five-minute walk from the restaurant, each with capacity for over forty cars. Since this area was in the heart of Little Italy's shopping district, patrons using their own transportation sometimes found it difficult to find parking, particularly during the summer when the area was teeming with shoppers. Access from major highways to College Street could be obtained from two major intersections, Spadina and Bathurst streets.

The location was also deemed ideal since it was in the middle of a cluster of restaurants, all being variations of Italian and Portuguese style bistros, thus making the Irie Caribbean's concept unique along the strip. This cluster of restaurants collectively created a gastronomic

Figure 2

Frontal View of Irie Caribbean Restaurant



destination. There were also other demand generators in the area that could induce demand for the restaurant. For example, several entertainment facilities were located within walking distance from the restaurant. These included a movie theatre and three popular nightclubs. In addition, there were two large food markets and two shopping arcades. The area was also bustling with a mélange of thrift stores.

The location was also chosen since it was within ten minutes walking distance from the University of Toronto St George's campus. The University of Toronto was the largest university in Canada and attracted international students, including students from the Caribbean region. The St. George campus was the university's main campus and had over 45,000 students. There were 11 student residences on this campus, housing over 11,000 students (<http://media.utoronto.ca/factsheet>). Additionally, the university's fraternity and sorority houses were located on this campus. It was hoped that students would be attracted to the restaurant and could be targeted, for both meal periods. The restaurant did not offer any specials for students, and it did not actively target this group. The outward parameters of the Little Italy area comprised four residential neighborhoods, each with over 200,000 inhabitants, and within a ten mile radius of the restaurant.

Layout, Décor and Ambiance

The restaurant occupied 1,600 square feet of an elongated building which was a former pizzeria and was leased for a period of five years. Customers entered the restaurant through a short, narrow passage located between the bar area and the restaurant's right exterior wall. There were no vestibules³ or designated waiting area. Instead, customers were asked to wait at the bar, which also served as the delivery point for take-out orders. This was problematic since customers waiting at the bar area often blocked the narrow passageway that led to the entrance. There was no wheel-chair access, and customers had to climb two steps from the sidewalk to enter the restaurant. The restaurant's exterior signage was unlighted and was bolted to the front of the restaurant, rather than protrude from the front of the building. This made it difficult for patrons traveling along College Street to identify the restaurant easily (figure 2), especially at nights. The zoning laws required exterior signage to be bolted rather than protrude from buildings. However, signage could be lighted.

The dining room and kitchen were located on the ground floor

³ A vestibule is a small entrance hallway between the dining room and the main entrance. Coat racks /closets, a small waiting area and a hostess stand are typically found in vestibules.

while the washrooms were located in the basement. The location of the washrooms was typical for restaurants located in the area. Washrooms were approximately ten feet by ten feet and could only accommodate one person. It was not uncommon to see patrons waiting in the stairwell to use the washrooms. The design of the building did not allow for renovation or modification of the washrooms. The bar sat behind an elongated counter, from which pizzas were once served. The bar was primarily a service bar and its primary purpose was to provide drinks for dining customers and served as the take-out order service point. Customers' gaze was drawn towards a large tropical aquarium installed as a backdrop to the bar. The restaurant was decorated to replicate a typical island-idyllic beach shack. To capture the "island feel" and accentuate the concept, walls were gracefully adorned with thatch, bamboo and galvanized zinc, while the restaurant's front screamed red, green and yellow. Interior walls that were not covered with thatch or zinc were painted in a bilious red, green and yellow. Tables were covered in emerald-green vinyl while seats were covered with black leather and arranged in booth style. From the walls hung poster size pictures of famous Caribbean folk heroes such as Bob Marley⁴, Peter Tosh⁵, Walter⁶ Rodney and Marcus Garvey⁷. As patrons entered the restaurant, they were greeted by "the right volume" of heavy bass pulsating from retro reggae music or the high pitch steel drums from calypso/soca music, since only reggae and calypso/soca music were played inside the restaurant. The only distraction from the Caribbean island setting theme was the patrons' coats that hang precariously from large silver hooks protruding from the walls, since the restaurant did not have a dedicated coat closet.

Name Origin and Logo

The name of the restaurant was also part of its image. The word Irie was a Jamaican word that translated into "everything is alright" or simply, "OK". It was also used interchangeably as a warm passing greeting. For example, it was common for Jamaicans to greet each other by saying, "Irie man, cool runnings", which translates to "Hello my friend, hope you are doing great". This word, while coined in Jamaica, had infiltrated the vocabulary of other Caribbean islands. At the restaurant, servers constantly queried patrons if the meal was "Irie". The restaurant's logo depicted the world renowned Jamaican waterfall, Dunn's River Falls, graced with a palm and banana tree (figure 3). The logo was designed to convey a sense of peace and tranquility. The bottom of the logo had the word "Peace", which also had significance in Jamaican culture and folklore. This word was significant in the Rastafarian religion, since peace was a central theme of the religion.

⁴ Bob Marley was a Jamaican reggae superstar who is credited for "internationalizing" reggae music.

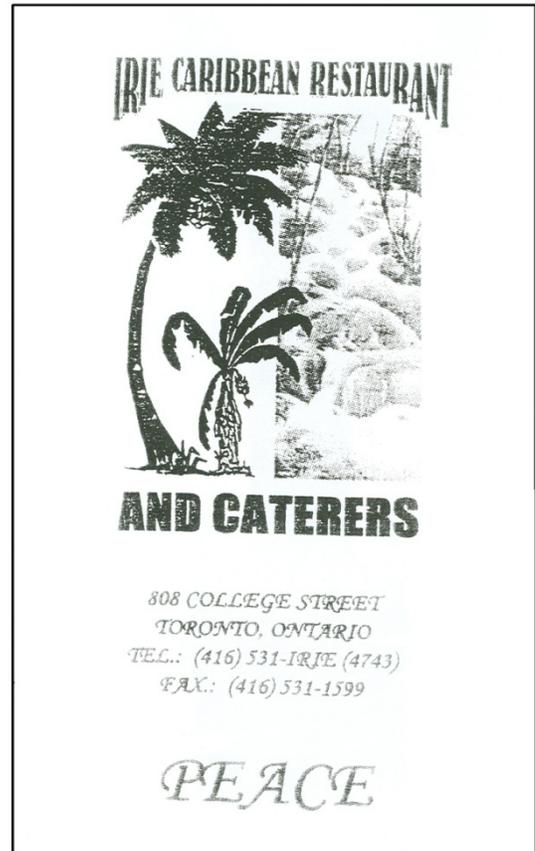
⁵ Peter Tosh was a Jamaican reggae superstar whose music was social commentary against political injustice and was an original member of Bob Marley's band.

⁶ Walter Rodney was a prominent Guyanese historian, scholar, and political activist.

⁷ Marcus Garvey is a Jamaican national hero who was a journalist, publisher, orator and the founder of the Black Star Line and the Back to Africa movement in the United States in the early 1900's.

Figure 3

Restaurant's Logo



Practicing Jamaican Rastafarians typically greeted each other and acquaintances with the words, "Peace and love brother".

Caribbean Cuisine

Caribbean food gets much of its character from the West Indian environment and culture which results in a "sun-splashed" cooking style, and dishes served with a "generous hand". To define Caribbean cuisine, one must first examine the islands' melting-pot environment, which brings together influences from the indigenous Carib and Arawak people, European colonizers, indentured servants and settlers from Africa, India, the Middle East and China⁸. In essence, the cuisine of the Caribbean is not a single cuisine but a *mélange* of cooking traditions that vary from island to island, and takes inspiration and character from different local foods and the ethnic background and origins of its inhabitants.

Despite the culinary variations amongst the islands, there were

⁸ The Caribbean region was originally inhabited by the Caribs and Arawak until it was settled by Europeans in the 15th century. The Europeans later brought slaves from West Africa to work on tobacco and later sugar plantations. After slavery was abolished in the 1830's, indentured servants were brought to the region from India and China. Middle Eastern merchants settled in the region during the early 1900's.

Figure 4

Restaurant's Menu

BEVERAGES		APPETIZERS		DINNER MENU		DINNER MENU		LUNCH MENU		LUNCH MENU	
SOME LIKE IT HOT				SOUP	ENTRÉE	SOUP	ENTRÉE	SOUP	ENTRÉE	SOUP	ENTRÉE
Regular Tea	1.00	Irie Pepper Shrimp	6.50	Irie Pepper Pot Soup	Served with rice & peas or plain rice and vegetables	Irie Pepper Pot Soup	3.50	Irie Pepper Pot Soup	Served with rice & peas or plain rice and vegetables		
Herbal Tea	1.00	Coconut Rum Batter Shrimp	6.50	Soup of the day	Jerk Chicken	Soup of the Day	3.50	Soup of the Day	Jerk Chicken Sandwich		5.50
Coffee	1.00	Jerk Shrimp	6.50	SALAD	Curry Chicken		8.50	SALAD	Jerk Wings		5.50
Hot Chocolate	1.25	Jerk Pork Loin	6.00	Fruit Platter	Stewed Chicken		8.50	Fruit Plate	Jerk Pork		8.50
		Hot Spicy Wings	5.50		Island Styled Fried Chicken		8.00	House Salad	Jerk Chicken		8.50
SOME LIKE IT COLD		Irie Pizza Topped with avocodo, jerk chicken, & vegetables	5.50	House Salad	Braised Oxtail	House Salad	3.50	House Salad	Island Style Fried Chicken		8.50
Pop	1.00	SIDE ORDERS		Jerk Chicken Salad	Stir fried vegetables	Jerk Chicken Salad	6.00	Jerk Chicken Salad	Braised Oxtail		8.50
Fruit Juice	1.00	Dumpling	.80	Soup and Salad	Irie Pepper steak	Soup and Salad	7.50	Soup and Salad	Stir Fry Vegetables		6.50
Yard Style Juice	2.50	Fried Plantain	2.00	ROTI	Jerk Red Snapper		12.00	ROTI	Irie Pepper Steak		8.00
Irie Punch	2.50	Steamed Calaloo	3.00	Potato	Steam Red Snapper	Potato	4.00	Potato	Pan Seared Salmon (with scallion & thyme jus)		10.00
Imported Beer Red Stripe, Carib, Heineken, Dragon Stout	4.24	Coleslaw	2.00	Chicken	Escovitch Red Snapper	Chicken	4.99	Chicken	DESSERT		
TUSKER	4.99	Cod Fish Fritters	1.00	Vegetable	Stewed Fish	Vegetable	4.50	Vegetable	Tropical Ice Cream		3.50
GUINNESS	3.25			Shrimp	Pan Seared Snapper	Shrimp	6.50	Shrimp	Cheese Cake		4.50
REGULAR BEER	2.75			Rice & Peas	Stir Fry Shrimp	Rice & Peas	4.00	Rice & Peas	Coconut Cream Pie		4.00
MIXED DRINKS	5.50				Shrimp Rundown		10.00		Island Fruit Cake		4.50
RUM PUNCH	4.99				Curry Shrimp		10.00		Sweet Potato Pudding		4.50
					Jerk Shrimp on a Stick		10.00		Fresh Fruit Cup		3.00
					Ackee & Salt Fish		11.00		INQUIRE ABOUT OUR CATERING for all your special occasions call: (416) 531 IRIE		
					Shrimp Creole		11.00		(4743) Fax: (416) 531-1599		
					Fish of the day (market price)						

several common characteristics. Tropical fruits such as mangoes, papayas, avocado, coconut and guavas abound throughout the region and are featured in its cuisine. Poultry, seafood, red meats, tubers, rice, beans and green leafy vegetables are also important ingredients in the region's cuisine. Seasoning, flavoring and spicing are usually full-flavored rather than subtle, with liberal use of West Indian thyme, the fiery scotch bonnet pepper- reputed to be 50 times hotter than the jalapeno, and aromatic spices such as allspice, cinnamon, nutmeg, and ginger roots. Preferred cooking methods include stovetop simmering, frying, and barbecuing. Much of what distinguishes Caribbean cuisine is its down-to-earth simplicity.

Caribbean Food History in Canada

Caribbean food arrived in Canada with the first large wave of West Indian immigration that began in the 1960's. Before that time, immigration from the Caribbean accounted for only 5% of all immigration to Canada, rising to 8% between 1961 and 1970, before jumping to 17% during the 1971 to 1980 period. The Caribbean region as a whole ranked as the fifth largest immigration source country to Canada. Jamaica ranked as the number one Caribbean immigration source country, and remained an important source country, ranking as one of the greatest nation contributor of immigrants to Canada. Over one million Toronto residents are either direct immigrants from the Caribbean region or descendants of Caribbean immigrants (Statistics Canada, 2006).

Caribbean migration to Toronto led to a scattering of neighborhood take-out restaurants which began surfacing in the 1970's to serve the transplanted islanders and their descendants, and in the process, introduced many non-Caribbean people to the tastes of the islands. These take-out restaurants were a welcome trend for the transplanted islanders since they also offered catering services for special events such as weddings, birthdays and anniversaries. The increased popularity of reggae music in the 1970's and tourist interest in the Caribbean during the 1980's and 1990's further intensified Canada's love affair with the "hot and fiery" foods. Toronto's annual Caribana festival (attracts approximately 500,000 visitors annually), launched in 1967 and now renowned across North America, continued to increase interest in Caribbean foods. Almost half a century after the first wave of Caribbean migrants entered Canada, Morrison and Walker wanted to develop a product-service offering that would address the gastronomic needs of this cultural community.

The Menu

The restaurant's menu attempted to capture the culinary similarities and differences of the various Caribbean islands. It comprised sixty-seven different items and was used for both lunch and dinner (figure 4). Catering customers were asked to select items from the a-la-carte menu and an "adapted" menu created to satisfy their needs.

Thus, catering menus were variations of the restaurant's a-la-carte menu, which were printed in color on standard stationary and laminated. The menu offered a wide variety of soups, appetizers, salads, desserts, and entrees including fish, pork, beef, chicken, most of which were seasoned and cooked in a traditional method referred to as "jerk". The style is popular in Jamaica and signifies a technique in which any type of meat is dry rubbed or marinated with a hot spice mixture called jerk sauce.

The sauce typically comprises scotch bonnet peppers, molasses, vinegar, cloves, scallions, cinnamon, nutmeg, thyme, garlic and salt. The sauce is applied to proteins, including beef, pork, fish, tofu and others. The technique is a slow cooking process of grilling over hardwood charcoal in a steel drum jerk pan, or using commercial ovens. Of the various cooking methods in the Caribbean, "jerk" was the most popular and had infiltrated the cuisine of most Caribbean islands. After one year of operation, the restaurant was voted by Toronto Life magazine as having the "best jerk" in the city. All main course dishes were served with rice and red kidney beans cooked in coconut cream and seasoned with scallion. This was a popular Jamaican specialty dish, known as "rice and peas". Except for rotis, which were enjoyed as delicacies throughout the islands, the menu did not feature specialty dishes from other Caribbean islands. Morrison stated that specialty dishes from other islands were included as daily specials during the restaurant's first six months; however, he stated that they were unprofitable. Care was taken to ensure that presentation of entrees was as attractive as possible and colorful vegetables and fruits adorned each plate. In true Caribbean fashion, servings were rather hearty, and there were no established portion sizes. The price of menu items remained unchanged during the restaurant's two years of operations and ranged from \$.80 to \$12.00. The average entrée price was \$10.00. The most popular menu items were rotis, a delicacy that had its origin in India, and was popular in Trinidad and Tobago and other Eastern Caribbean islands.

Beverage selection included fresh fruit juice, bottled fruit juice and tropical flavored sodas, such as pineapple, orange and ginger beer. Alcoholic beverages featured beers from Caribbean Islands that brewed and bottled their own beers. There were Red Stripe from Jamaica, Dragon Stout from Jamaica, Banks from Barbados and Carib from Trinidad and Tobago. There was also a wide array of rums and spirits from several Caribbean islands. These were mixed with various fruits and juices to create punches, daiquiris or simply served straight. Wines were deliberately omitted from the menu, as "they were not an everyday Caribbean beverage" and as such, would detract from the concept. North America's favorite sodas, Pepsi and Coke were also deliberately omitted from the menu, although they were popular beverages in the Caribbean. However, the restaurant offered Guinness stout from Ireland, Heineken from Holland and Tusker, a popular East

Table 1**Competitive Summary-College Street Restaurant Strip**

Restaurants Within The Cluster	Menu Style	Take out	Fully Licensed	Catering Service	Parking	Average Entrée Price	Number Of Seats	Open daily
Dipamo's Barbecue	Barbeque-Grilled	Yes	Yes	Yes	No	13.00	52	Yes
Ellipsis	Italian Bistro	Yes	Yes	Yes	No	9.00		No
Caoba	Latin, Caribbean, Thai	Yes	Yes	Yes	No	7.50	30	No
Midtown West	Italian-Mediterranean	Yes	Yes	No	Yes	9.50	40	Yes
Tavola Calda	Argentinean Brasserie	Yes	No	No	No	6.50	15	Yes

Table 2**Competitive Summary-Caribbean Restaurants**

Caribbean Restaurants	Average Entree Price	Take-out	Catering Service	Parking	Patio	Open Daily	Seats	Live Entertainment
Bamboo	12.50	Yes	Yes	No	Yes	No	130	Yes
Caribbean Flava	7.60	Yes	Yes	No	No	No	35	Yes
Jamaica Sunrise	10.50	Yes	Yes	No	Yes	Yes	37	No
The Real Jerk	9.50	Yes	Yes	Yes	No	Yes	80	No

African beer. Guinness and Heineken (known as “green beer” in the Caribbean) were popular amongst men in the Caribbean, and Guinness was also used to make “special” punches. However, Tusker was not popular in the Caribbean region. Local Canadian draft beers were listed on the menu as “regular beer”. Beverage prices ranged from \$1.00 to \$5.50.

Management Background

Irie Caribbean was owned and managed by Leroy Morrison and Eglon Walker. Both were immigrants from the Caribbean island of Jamaica. Prior to immigrating to Canada, Morrison worked as a shift supervisor with Alcan Minerals and Mines. After arriving in Canada, he decided to transform his hobby and love of cooking into a career and enrolled at George Brown College where he completed a culinary management degree. George Brown College was Canada’s premier culinary institution. While attending college, he worked as a chef at The Real Jerk restaurant. The Real Jerk was owned by a Jamaican and specialized in Caribbean cuisine. Throughout its fifteen-year history, the restaurant was consistently voted as the number one Caribbean restaurant in Toronto by NOW magazine readers. Morrison also had short stints with three Toronto area hotels, working as a baker and

chef-de-partie.

Walker was involved in the foodservice industry for over twenty years. After high school, he completed a diploma in hotel and restaurant administration at the Jamaica Hotel School and worked for six years as a Chef Patisserie at the Jamaica Pegasus Hotel, one of the island’s historic hotels used by the government to house foreign delegates and high profile visitors. After immigrating to Canada, he held several culinary positions including: Chef de Partie at Four Seasons Hotel, Toronto; Executive Chef at The Holiday Inn Hotel in Burlington, Ontario and; Sous Chef at the Toronto Sheraton Centre Hotel and Towers. He also opened a Caribbean style restaurant in Toronto, but later sold his share to his partner to accept an Executive Chef position with Sandals Resorts in Montego Bay, Jamaica. He returned to Canada three years later to open Irie Caribbean restaurant with Morrison. Walker was a member several professional associations, including The Canadian Hotel and Restaurant Association, Canadian Chefs Association, The Canadian Restaurant and Foodservice Association (CRFA), and The World Chefs Association.

Morrison described the partnership as a natural union, since both men knew each other from childhood. In addition, having worked together successfully at the Toronto Sheraton Centre Hotel and Tow-

Table 3**Selected Print Media options available to Irie Caribbean**

	Print Circulation	Entertainment	Ethnic Community Newspaper	Targeted Ethnic Group	Frequency
Toronto Sun	143,475			All	Daily
Eye*	120,000	X		All	Weekly
Now*	344,000	X		All	Weekly
Share*	40,000		X	Canadian-Caribbean	Weekly
Toronto Star	381,310			All	Daily
Caribbean Camera*	380,000		X	Canadian-Caribbean	Weekly

Note: All newspapers/magazine have online presence.

* Denotes free paper

ers, the two felt well prepared to open their own restaurant. Morrison stated that their motive for opening the restaurant was also personal. As Caribbean-born chefs, both men had been bothered by the fallacy and stigma attached to Caribbean food—that is was unattractive, spicy and mono-flavored. Thus, they wanted to dispel this notion while at the same time develop a product that was reasonably priced, captured the essence of the Caribbean, and targeted at consumers who were looking for Caribbean food that was visually exciting and flavorful to the palate. They also wanted to create an atmosphere that replicated a typical Caribbean beach shack restaurant, where Canadians and transplanted islanders and their offspring could experience the Caribbean through a gastronomic experience.

Both men were on site constantly, performing managerial and operational duties. “It’s very important to be visible in your business,” stated Walker. “We like to receive people the same way we would if they were guests in our homes.” There was a deliberate attempt to create the island “homely” atmosphere. Both men regularly worked the dining room floor and had regular shifts in the kitchen. While both were chefs, it was decided that Morrison would focus on the operational side of the business while Walker addressed administrative matters. Walker admitted that this was a new challenge since he had only managed kitchen operations. Morrison and Walker were not adept in the areas of accounting or marketing.

Staffing and Training

Morrison and Walker believed that the key to succeeding in the restaurant business was employee selection and training. The primary method of recruiting full and part-time staff members was through advertisements posted in the restaurant and through word of mouth referrals. While walk-ins did occur, the preferred mode of recruitment was referrals from current employees, friends and relatives. Employees were hired based on their attitude, customer relations skills and knowledge of the Caribbean and Caribbean cuisine.

Employees received relevant training under the supervision of either Walker or Morrison. Training included development of a full appreciation and knowledge of the menu. Servers were required to learn all menu items as well as their ingredients. They were also encouraged to engage patrons into light conversations, when appropriate. It was not unusual for employees to sit and share a drink with regular patrons during slow periods. This was in line with the restaurant’s culture of encouraging and fostering a friendly, unpretentious atmosphere. Employees were encouraged to try a different menu item daily, and provide feedback. There were monthly staff meetings which were mandatory for all employees to attend, and express their concerns, and offer solutions to problems. Servers were paid the minimum wage for servers in Ontario, Canada while cooks were paid an average of \$10.5 dollars per hour. Since the restaurant did not have a designated bartender, all servers were taught how to make the various drinks and cocktails. During busy periods, this presented a challenge as servers found it difficult to prepare and serve drinks in a timely manner.

Staffing varied to match fluctuations in demand. Busy periods (Fridays and Saturdays) required one manager (Morrison or Walker), three servers and three cooks. Slow periods were staffed by one manager, two cooks and two servers. Since forecasting was done intuitively, there were several occasions when the restaurant was either over staffed or under staffed. The restaurant had a total of sixteen staff members; eight were full time and eight were part-time. Staff members who needed extra hours usually staffed the catering functions. If staff members are not available, there was a large pool of friends and relatives who were called to cover shifts. Throughout its two years, the restaurant had lost only two staff members or had a 12.5% turnover rate. This boded well for the restaurant since the Canadian casual dining segment had turnover rates that exceeded 62% (“Canadian Restaurant & Foodservice Association,” 2009). Employees were observed

Table 4

Comparative Income Statement Year 1-Year 2

IRIE Caribbean Restaurant				
Income Statements				
For the Years ended December 31, 20X1 and 20X2				
	Year 1	Year 2	\$ Change	% Change
SALES:				
Food	\$256,288	\$197,481	(\$58,807)	-22.9%
Beverage	\$42,174	\$31,391	(\$10,783)	-25.6%
Total Sales	\$298,462	\$228,872	(\$69,590)	-23.3%
COST OF SALES:				
Food	\$56,298	\$44,573	(\$11,725)	-20.8%
Beverage	\$9,872	\$7,206	(\$2,666)	-27.0%
Total Cost of Sales	\$66,170	\$51,779	(\$14,391)	-21.7%
GROSS PROFIT:				
Food	\$199,990	\$152,908	(\$47,082)	-23.5%
Beverage	\$32,302	\$24,185	(\$8,117)	-25.1%
Total Gross Profit	\$232,292	\$177,093	(\$55,199)	-23.8%
OPERATING EXPENSES:				
Salaries & Wages	\$92,710	\$72,825	(\$19,885)	-21.4%
Utility	\$14,000	\$12,000	(\$2,000)	-14.3%
Occupancy Costs	\$48,000	\$48,000	\$0	0.0%
Total Operating Expenses	\$154,710	\$132,825	(\$21,885)	-14.1%
Total Operating Income	\$77,582	\$44,268	(\$33,314)	-42.9%
*FOOD REVENUE :				
Dining Room	\$215,450	\$160,496	(\$54,954)	-25.5%
Catering	\$17,408	\$18,520	\$1,112	6.4%
Take-out	\$23,430	\$18,465	(\$4,965)	-21.2%
Total Food Revenue	\$256,288	\$197,481	(\$58,807)	-22.9%
RELEVANT STATISTICS:				
Food Cost Percentage	22.0%	22.6%		
Beverage Cost Percentage	23.4%	23.0%		
Labor Cost Percentage	31.1%	31.8%		

Actual numbers are disguised; however, percentages remain constant with the restaurant

to display a high level of camaraderie with coworkers, appeared highly motivated and described Irie Caribbean as being “a home away from home.”

The Competition

The restaurant divided its competition into two categories. The primary competitors were considered to be restaurants that operated within the cluster along College Street, and those within a five mile radius. From these, the restaurant identified five that it considered their direct competitors; Dipamo’s Barbecue, Ellipsis, Caoba, Midtown West and Tavola Calda. With the exception of Tavola, all were fully licensed restaurants. Midtown-West was the only one that provided parking facilities. However, it offered no catering services. All competing restaurants offered take out service. Average entrée prices ranged from \$6.50-Tavola Calda to \$13.00-Dipamo’s Barbecue.

Irie Caribbean considered the other Caribbean restaurants in Toronto since as their secondary competitors since they operated outside their five-mile marketing area radius. The restaurant acknowledged however that for Caribbean catering services, these restaurants were direct competitors. Amongst competing Caribbean restaurants, the average entrée price ranged from \$7.50-Caribbean Flava to \$12.50-The Bamboo. Both The Bamboo and Caribbean Flava offered live entertainment. All competing Caribbean restaurants offered takeout and catering services. Only the Real Jerk had parking facilities. Table 1 presents a summary of the restaurants that Irie Caribbean considered its primary competitors while table 2 presents a summary of competing Caribbean restaurants.

Marketing

“I am a firm believer in word of mouth (advertising). Once you have a good product, people will sell your product for you. Therefore, I try to consistently offer an excellent product and develop an excellent relationship with my customers.” These were the words muttered by Morrison as he described the restaurant’s marketing strategy. Throughout its two year history, the restaurant had relied primarily on public relations and “word of mouth advertising”. The restaurant did not allocate a fix amount of its budget to advertising. However, it sporadically spent approximately \$1, 500 to \$2,000 annually on print advertisement in NOW magazine. The magazine was a free entertainment magazine which was widely read and was one of Toronto’s most popular entertainment magazines. Print advertisements did not advertise the catering aspect of the restaurant. There were several print media available for IRIE Caribbean, to reach its target markets (table 3). The restaurant had no television, web, or radio presence, claiming that claiming these media were not likely to generate demand in a financially feasible manner. However, the restaurant was considering developing and launching a website.

The website would be developed and managed by a friend and

Table 5

Restaurant Statistics Excluding takeout

	Average Daily		Average		Days		Annual	
	Covers		Check		Open		Sales	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
Meal Period								
Lunch	14	8	\$8.50	\$8.90	355	355	\$42,245.00	\$25,276.00
Dinner	34	26	\$14.35	\$14.65	355	355	\$173,204.50	\$135,219.50
Total	48	34					\$215,449.50	\$160,495.50

part-time employee who was a student in one of the city’s hospital-ity program. There were no in-house advertising such as table tents, posters or billboards. An intercept survey conducted by the writer of the case, found that 93% of respondents had learned about Irie Caribbean restaurant through word of mouth. The survey also revealed that 92% of respondents who had dined at Irie Caribbean restaurant were unaware that the restaurant offered catering services, while 96% indicated that they would be willing to use its catering services.

On the issue of sales promotion, Irie Caribbean promoted a daily lunch special. Once per week, an invitation and information about the lunch specials and a copy of the restaurant’s menu were faxed and e-mailed to specific companies in the Toronto area. During its first year of operation, the restaurant had entered into a relationship with a local food store. Customers were awarded a free meal at Irie Caribbean for every one hundred points they collected at the food store. This relationship lasted only two months because of “administrative problems” and Morrison vowed never to enter into such relationships in the future.

Irie Caribbean enjoyed an excellent relationship with the local community. For example, each month, a group of kindergarten children was invited to the restaurant. They are taken on a tour of the restaurant and given a free meal. During the tour, students were introduced to Caribbean food, told which country each product came from and how it was used in the menu. The restaurant also cosponsored a little league soccer team. There was also an annual customer appreciation day, where customers were treated to rum punch, fruit punch and appetizers. The first customer appreciation day also had a raffle for a free trip to Montego Bay, Jamaica. This raffle was discontinued during the second year.

Financial Position

Despite a strong economy, the restaurant was facing a tight working capital situation propagated by declining sales. Annual sales had declined by 23%. Although the restaurant had net operating income in its second year, it had declined by 43% (table 4). Morrison attrib-

uted this decline to a decrease in average daily covers⁹ which declined from 48 in year one to 34 in year two (table 5). During the lunch period, the average check had increased from \$8.50 to \$8.90, while dinner had increased from an average of \$14.35 to \$14.65 (table 5), suggesting that servers were selling more items or higher priced items in year two than in year one. “If I could get last year’s number of customers at this year’s average check, we would be OK,” noted Morrison. The low customer count during the lunch period had placed management in a dilemma as to whether or not they should close the restaurant during the lunch period. On one hand, the restaurant was operating at a cost during the lunch period. However, management did not want to close during this period as, “it would inconvenience a couple of lunch regulars.” Although catering revenue had increased by 19%, it was achieved at lower average revenue per function (table 6).

In both years, the restaurant had managed to maintain a food cost of 22% and 23% which was lower than the 36% food cost for Canadian restaurants (Canadian Restaurant & Foodservice Association [CRFA], 2011). Morrison stated that the ingredients (most of the ingredients were imported from the Caribbean) used to prepare Caribbean cuisine are less expensive than typical North American cuisine, which accounted for the relatively low food cost. Beverage costs for both years remained constant at 23%. The restaurant’s labor cost percentage of 31 % and 32% was favorable compared to the industry’s

⁹ A cover is a guest served. Some restaurants will establish a minimum amount for a check to be included in their cover analysis.

Table 6

Catering Statistics

Period	Average		
	No. Of Functions	Function Revenue	Total Revenue
Year 1	3	\$5,802.67	\$17,408.00
Year 2	7	\$2,645.71	\$18,520.00
\$ Change			\$1,112.00
% Change			19%

average of 35% (CRFA, 2011). A contributing factor was the fact that both owners refused to hire an operations manager. The restaurant did not keep customer operating or meal period statistics for take-out orders. Morrison was unsure what combination of customers, seat turnover ratio, number of catering events, average sale per event and average check per meal period were required to keep the restaurant solvent.

Morrison's Dilemma

"The CFRA report stated that Canada's economic climate is favorable for the foodservice industry and predicted growth industry-wide. We have not seen those results. I will ask Eglon (Walker) to cancel our membership as the association does not represent us. Their statistics are not for us the small restaurants, they serve the big guys." As Morrison described his restaurant's performance during its first two years, it was easy to discern that his plans to establish a solid foundation towards franchising were off target. The restaurant had not developed the level of financial viability nor spontaneous awareness he had hoped for. He knew he had an excellent product and could not understand why, rather than increasing, sales were declining. It also appeared as though he had not expanded his customer base. He knew he had a loyal client base, as indicated by the high level of repeat business. As he surveyed the faces in the restaurant, they seemed to be the same ones that were there yesterday, last week, last month, last year. How could he expand his customer base? How could he generate demand for the catering component of the business? Should he go ahead and close the restaurant during the lunch period to cut operational costs? Was it possible to increase customers and revenues? Was his product-service offering the best kept secret in Little Italy? The local economy was positive and he wanted to ride the economic wave. He knew he had to do something, but what?

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