

You Can with
CARDINAL

THE PEOPLE & PASSION BEHIND INNOVATION

DR. ULRICH FRISSE, LL.M.

You Can with
CARDINAL

T H E P E O P L E & P A S S I O N B E H I N D I N N O V A T I O N

DR. ULRICH FRISSE, LL.M.



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Published by Historical Branding Solutions Inc.

93 Anvil Street, Kitchener, ON, N2P 1X8, Canada

For inquiries visit our website at www.historicalbranding.com or email us at inquiries@historicalbranding.com or call 519-501-1412.

Printed in Canada.

ISBN number: 978-09918249-5-3

Cataloging data available from Library and Archives Canada [www.collectionscanada.gc.ca].



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"No one of us is as smart as all of us"

- Ralph Cator



FOUNDER'S MESSAGE

I am one of three founders of Cardinal Meat Specialists and that story is the subject of this book. I have had the honour to watch the growth of this company for some fifty years. I was there when it was born, protected it in its infancy and nurtured it through adolescence. Now, like any aging parent, I am so proud of what it has become.

Because of my belief that "no one of us is as smart as all of us," Cardinal early on adopted a philosophy to maintain an open environment where everyone is enabled to bring forward ideas and make contributions to the success of the company as a whole. I say "adopted" because it is a copy of one used by a fellow NAMP member many years ago. It fit so well with the Cator family's values that I saw no reason to change it. It has been and continues to be our guiding principle.

Although I speak of Cardinal Meat Specialists as one entity, it is in fact the accumulation of the effort of all of its people over the years. To all those whose contributions have made Cardinal what it is today, I sincerely thank each and every one of you. To those folks who worked with us along the way and for reasons of a failing memory are not mentioned or depicted herein, I apologize!

How proud I am that my father, Jack Cator, whose experience in the meat industry goes back to the 1930s, was my mentor in building Cardinal. I am equally proud and thankful that my and my wife Ruth Anne's children—Mark, Karen, Brent and Janine—have been involved in Cardinal at different times and have carried our family's ongoing legacy forward in the business!

The first fifty years have been an exciting adventure and since I am a little privy to future plans, I urge you to watch what happens in the next fifty!

Yours very truly,

Ralph Cator
August 29, 2016

PRESIDENT'S MESSAGE

Our company culture is founded on our values of *Honesty and Integrity, Dedication, Passion, Accountability and Dreams and Goals*. These values were not prescribed, rather they developed from the collective beliefs that our staff have held and honoured over the years. As a third generation family business leader, I have been inspired by my grandfather, Jack Cator, and my father, Cardinal founder Ralph Cator. I am proud of the people my family has had the opportunity to work with and thankful for the opportunity my father and brother Mark gave me to lead the Cardinal Family. My wife Jodie and our children, Sedona and Taryn, have allowed me to pursue my personal mission and the vision for the company. They have taught me balance in life and quite simply make my life complete.

People, Passion and Innovation have made this company great and describe the very essence of Cardinal's unique identity.

People...

This book is a tribute to the people who have dedicated much of their life's work pursuing their *dreams and goals* with a common team outcome, which has become Cardinal. Thousands of people have been part of the accomplishments over decades and yet there is no way to capture all the stories or to thank every individual. My hope is that each person who has been part of Cardinal as an employee, customer or supplier will use this book to reflect on their individual contributions and find deep personal satisfaction and pride knowing the stories and photos are a reflection of everyone's great efforts and achievements.

Passion...

Passion emanates from inside our people as they have enjoyed opportunities to grow and contribute. The *dedication* our people have demonstrated when times have been tough have paid off in making us better together every day.

My Dad and my brother Mark both professed, as I do, that Cardinal has an obligation to provide opportunities for being successful, not an obligation to make people successful. Inspired people wanting to have an impact while given the opportunity to grow personally and professionally have created our company. Cardinal and its entire staff over the years have empowered people by providing the forum for success.

"Once innovated,
innovate again"

- Brent Cator



Innovation...

Entrepreneurship is best defined as the ability to continually reinvent and in Cardinal's case it has always been done with our customers in mind. The imperative "Once innovated, innovate again," has been a core element of our success. A supplier of ours has a philosophy of "unusual as usual" which is similar to our approach to always find better, more innovative ways. It has led to our mantra of "You Can with Cardinal." Cardinal has been reinvented many times over the years moving from a full line purveyor to a processor; from a simple manufacturer to a highly differentiated sales, marketing and manufacturing leader; from a steaking operation with burgers to Canada's most differentiated burger processor and a cooked protein specialist. Innovation is in our people's DNA and it is what will lead us into the future.

The result would best be described by my Grandfather who in a situation like this would say,

"Team Cardinal—You Done Good"

Brent Cator
September 8, 2016

Cardinal PHILOSOPHY

Cardinal Meat Specialists exists to serve the needs of its customers.

We aim to be the premier supplier of products and services, which our customers perceive to be of consistent high quality.

We will charge a fair price for our goods and services.

We will maintain good communications between ourselves and our customers.

We will respond quickly and effectively to our customers' needs and wants.

We will constantly seek better ways to serve our customers.

We will strive to lead our industry in the generation of useful innovation and in productivity.

Cardinal Meat Specialists strives to maintain an environment, which will attract, retain and motivate the best people possible.

We will foster a climate that will allow employees to perform to their fullest potential.

We will provide employees with the opportunity to achieve job and financial security, advancement within Cardinal, recognition of achievement and reward for performance.

We will treat all employees fairly and will encourage them to improve themselves and their performance.

We will seek to maintain safe, functional and attractive physical facilities.

Cardinal Meat Specialists firmly believes in teamwork.

We will encourage all employees to work together harmoniously and to help each other be successful.

We will assist employees in developing plans to achieve their goals and in relating those personal goals with the achievement of group and company goals.

Honesty and integrity will be the cornerstones of all our dealings with customers, employees, suppliers and the public.



BY DOING THESE THINGS IN A PROFESSIONAL, PLANNED MANNER,
WE EXPECT TO GENERATE A FAIR PROFIT AND TO REMAIN A HEALTHY
GROWTH COMPANY.



The Cator family in 1965.

INTRODUCTION

The story of Cardinal is that of a highly entrepreneurial and principled enterprise built on a set of core values that have guided the Cator family and their company over the course of half a century. Building on the values he had learned from his father—integrity, hard work, and focusing on the customer—Ralph Cator founded Cardinal in 1966 as a way of breaking into the developing wholesale and foodservice markets after years of partnering with his father in the operation of a number of retail butcher shops in Toronto. Eager to learn how to build a successful family business, Ralph joined professional organizations, created a Board of Advisors early on and built a team of passionate, dedicated people who shared his vision for Cardinal becoming a leader in the industry. In that, he created a culture that brings together the brightest minds in an environment that is built on respect, open communications, and empowerment.

Ralph's unwavering belief in utilizing new technologies to the benefit of the company, a hallmark of the Cardinal culture to this day, expressed itself in continuous investments into new equipment to make Cardinal more efficient, allow it to grow, and ultimately create great quality products. Ralph approached food safety with the same determination, as expressed in his desire to see HACCP protocols put in place well before they were the norm in the industry.

In the 1980s, the next generation of Cator family entrepreneurs, Ralph's sons Mark and Brent, became involved in the business. Father and sons worked together in moving Cardinal forward, and, following Ralph's retirement from Cardinal in 1991, Mark and Brent continued to build onto the solid foundations Ralph had created. Under Mark Cator's leadership, Cardinal adopted a more strategic approach and transitioned from being a purveyor to becoming a much more specialized manufacturer with a focus on burgers and ribs. Mark further

led Cardinal into the grocery retail business, which together with its long-standing relationship with foodservice customers, continues to define the Cardinal success story.

Today, under the leadership of Brent Cator, Cardinal is an advanced technology company versus its competitors, equipped with a DNA lab, high-tech cutting-edge production equipment, and proprietary processes most of which have been created or highly customized in-house. It is a company where innovation comes from every part of the organization, by listening to employees in an open door environment that includes cross-functional teams. The Cardinal of today is a reflection of Brent's guiding imperative: "Once Innovated—Innovate again." This notion of entrepreneurship as continuous reinvention is deeply rooted in the culture and values established over the course of five decades.

"At Cardinal, we have an innovative approach to a lot of different technologies. Instead of competing with what's there today, we ask ourselves 'how can we reinvent that deliverable and do it at a better cost?' Technology advancements have come so far that we are now doing things that weren't possible before, and nobody else does things the way we do because we have a history of constantly adapting new technologies to our customers' needs," Brent explains.

At the heart of it, the ongoing legacy of Cardinal is a story of people—of employees dedicated to working together across functional areas to create the best possible solutions. It is the story of employees taking ownership, building relationships and trying things in new ways to keep moving the company forward. In that, Cardinal stands for creativity, taking risks and striving for personal and professional growth based on the shared conviction that "You Can with Cardinal."



Jack Cator in front of his 1928 Pontiac around 1930.

chapter
ONE

FOUNDATIONS

1



Left: Fuller and Elizabeth Cator on their wedding day. Top right: Elizabeth and Fuller Cator with their children. Left to right standing: Edith, Bill, Ab, and Jack Cator. Front left to right: Beatrice held by Elizabeth, Edgar in front of Fuller. Bottom left: Elizabeth Cator on her wedding day. Bottom right: Fuller Cator on the farm.



COMING TO CANADA AND EARLY FAMILY LIFE

The Cator family first came to Canada in the late 1880s when Fuller Cator, the grandfather of Cardinal founder Ralph Cator, realized that there was a lack of opportunity for him in the town of Ashill, in Norfolk County, England, where he had grown up. After arriving in Ontario, he worked as a hired farm labourer near Bowmanville, then a small town of about 3,500 people, located about 75 kilometers east of Toronto. In a tragic accident, one day when he was harvesting corn, Fuller caught his hand in the corn husker and lost most of his hand outside of his thumb. Unable to continue working on the farm and unsure of what to do, he decided to return to Britain, hoping that he might have more work options there. When it became clear that the opportunities were not better in England, he returned to the Bowmanville area.

Fuller's wife, Elizabeth, known to many as Bessie, had come from England as well. Raised in the Suffolk area she had endured years of hardship prior to arriving in Canada. Bessie's father had died of pneumonia at a young age, leaving Bessie's mother alone and unable to care for their six children on her own. As a result, Bessie and her siblings were all placed in orphanages. Although they were separated as children, the entire family gradually reconnected and made their way to Canada, settling in the St. Catharines and Hamilton areas.

Fuller had a brother who was a railway telegrapher in Revelstoke, British Columbia. An avalanche wiped out his entire family and they were buried in Bowmanville. With the insurance proceeds from his brother's death and his own savings, Fuller purchased a fifty-acre farm in the Bowmanville area after he and Elizabeth were married. The couple spent everything they owned to buy that farm but, in the words of their son, Jack, it was nothing but "50 acres of rock." The main generating crop of this mixed farm was pickling onions. Hoeing onions, drying them and taking them to the market became a way of life for the Cators and their six children. One of these children was Jack Cator, the father of Cardinal founder Ralph Cator.

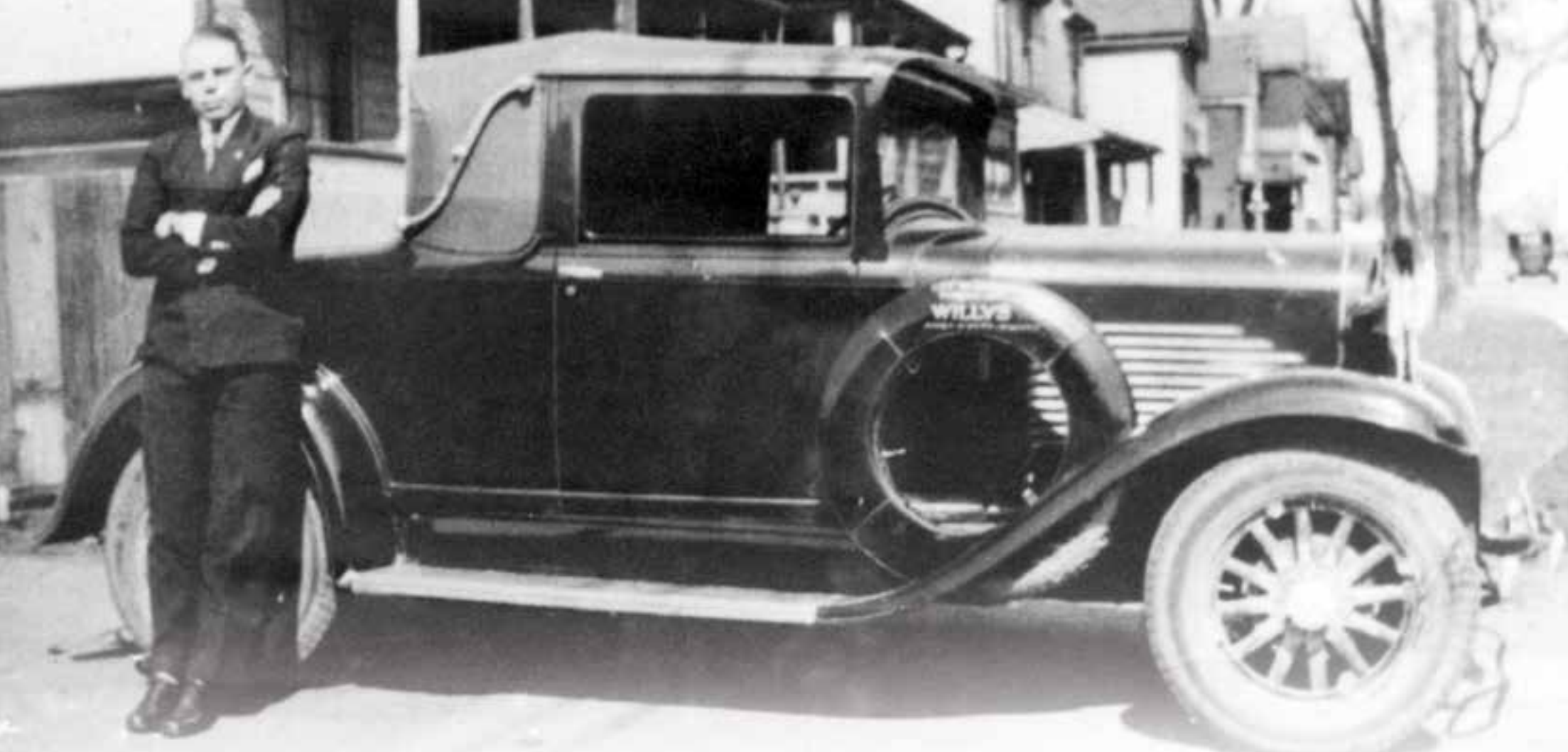
The Cators sold their onions at the market in Orono. What today is a 15-minute drive by car was quite a trip for the horse-drawn wagon traveling on a dirt road. Ralph remembers hearing about his grandparents getting stuck on a sand hill on the way to market one time. "It was a lot of work to sell onions for probably not much

money," he reflects. To make ends meet, Elizabeth Cator also sold eggs in nearby Bowmanville, walking 4.5 miles each way.

The Cator children went to school together in a one-room schoolhouse. Jack, who was born in 1911, was a rambunctious child who had trouble sitting still and hated being stuck inside all day. His main recollection of school was getting hit over the head with a ruler by his teacher whenever his attention wandered. On Sundays, the Cator family went to the Methodist Church, which also met in the schoolhouse. Fuller Cator served as lay minister and caretaker of the church. As the Cators lived close to the combined school and church building, he would stoke the fire and shovel the snow in the winter.



Jack Cator with his fellow students at the one room Salem Public School he attended, in 1924. Jack is standing in the back row to the right of his teacher, Ruby Bragg. Jack's brother Edgar is the third boy from the left dressed in overalls kneeling in the front row.



JACK CATOR ESTABLISHES THE FAMILY TRADITION IN THE MEAT INDUSTRY

As Jack told the story many times, he left the family farm at a very young age. It was not uncommon in the 1920s for pre-teenaged boys to leave the family farm and start working. In Jack's case, he moved in with another farmer in the local area where he worked as a farm labourer.

From time to time a cattle butcher known as a drover would stop by local farms to purchase cattle for butchering. The drover would estimate the weight of a steer by feel and the deal would be completed in cash on the spot. Jack had never seen cash like the roll the buyer had in his pocket and it fascinated him. One day, when the drover stopped his truck and offered him a job, Jack climbed the

fence and hopped in the truck. Without knowing it at the time, Jack's spontaneous decision to join the cattle drover would impact his future and set the Cator family on a path that continues to this very day.

That same day, Jack got his first experience in slaughtering an animal. At the drover's place there was a bull to be slaughtered. To bring down the animal, a rope was put through one ring in the bull's nose and through another one on the floor. With one swing of a poleaxe, the deed was done. Next came a quick lesson on how to skin, split and quarter a carcass. After that, the drover announced: "You do the next one, Jack, I'm going to the hotel." Jack would often say what a mess he made of his first animal, but the whole process interested him right away.

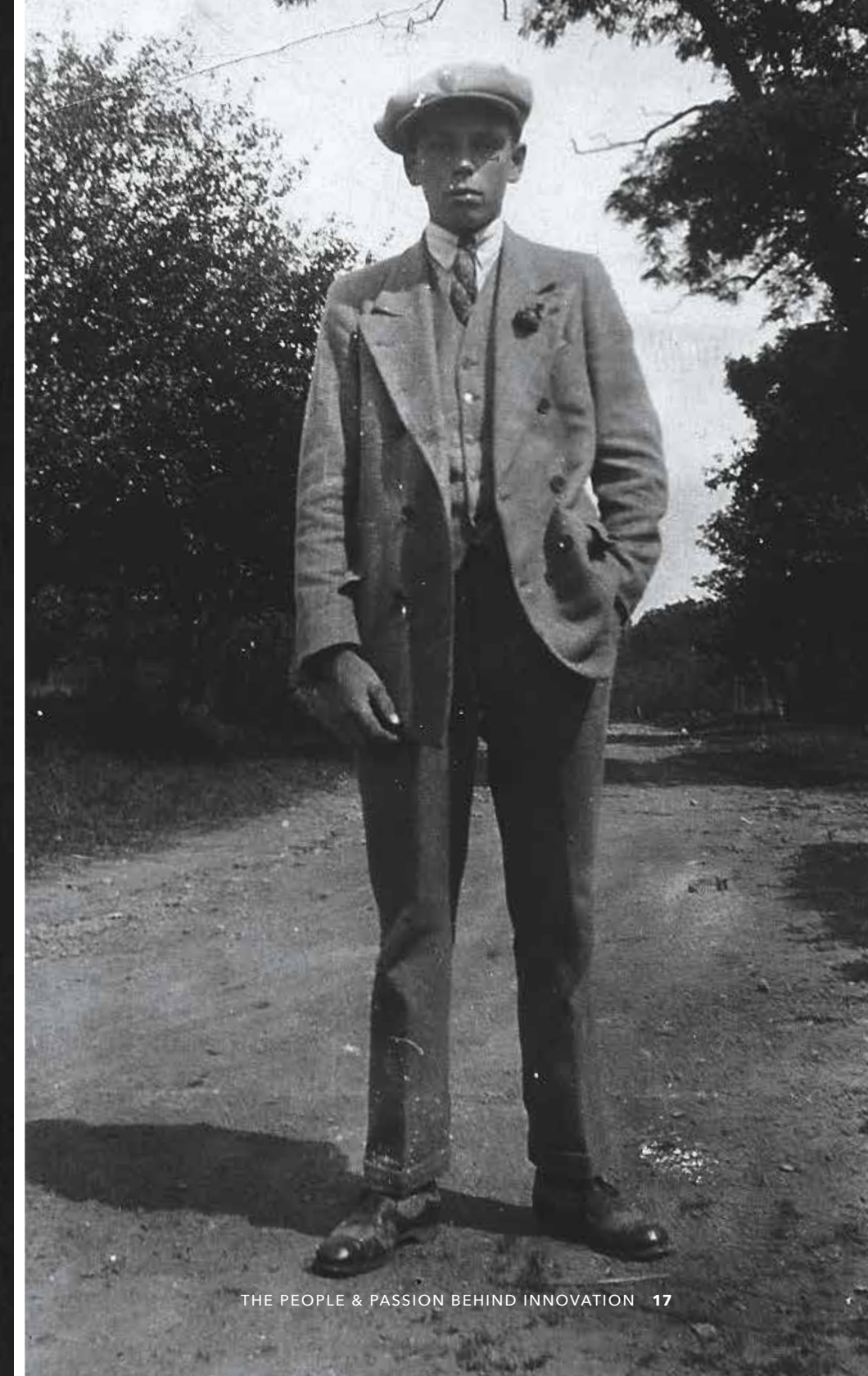


Jack continued to work for that butcher, cutting and peddling meat. When the butcher passed away in the late 1920s, Jack took over the business. As an independent butcher, Jack would now go out into the countryside, buy an animal, slaughter it, cut it up and sell the meat door to door. At first Jack peddled the meat with a horse-drawn salt wagon before being able to buy his first car—a 1928 Pontiac truck. Without the benefit of a formal apprenticeship, almost all of Jack's training, both in regards to butchering and running a small business, consisted of learning by doing.

In those early days, Jack did not know how to calibrate a scale to the various kinds of product to calculate a price that reflected the different qualities and values of meat cuts. When he started peddling meat on his own, for lack of education and proper training, he would simply put a piece of meat on the scale, weigh it and sell it solely by weight to the effect that everything got charged the same rate. Throughout his long life in the meat industry, Jack never forgot the first time he tried to sell a soup bone to a farmer that way. He instantly learned that different cuts of meats have different values when he was chased off the customer's property, with a stream of expletives following him, for wanting to charge the same for a soup bone as he would have for a piece of tenderloin.

After a few years of Jack peddling meat and making home and farm deliveries along Highway 2 to locations like Whitby, Oshawa and Port Hope in his Pontiac truck, the pastor of the local church Jack attended suggested that he open a storefront butcher shop in Pickering. The town already had a butcher shop which, according to the minister, was not good so Jack grabbed the opportunity. A true entrepreneur, he borrowed fifty dollars from his father, opened a retail store and went into direct competition with the established butcher across the street. When his first customer asked him for a veal cutlet, he realized he was in over his head. Although he had a calf in the store to butcher, he did not know how to cut a cutlet and had to buy one from his competitor to figure it out. While he quickly learned how to provide all the cuts that his customers wanted, the store never became as successful as Jack had hoped it would.

Opposite page: Jack Cator circa 1933 in front of his Willys car, the only thing he was able to salvage from his failed butcher shop experience in Pickering. This page: Jack Cator circa 1932 at around the time when he and Dora started dating.





Left to right: (1) Louis Becker is seated in the center at a social function involving employees and associates. Jack Cator is standing on the far left. Right next to him is Sam Weisberg, the co-owner of People's Meat Market in Toronto which later became The Butcher Shoppe. Standing on the far right is Eddie Naughton, a long-standing employee of Louis Becker's. (2) Dora standing in the third row, third person from the left, as a student in Stanstead, England, prior to 1920.

Jack decided to close the butcher shop and for the next couple of years, he held a series of jobs in various grocery stores and butcher shops, as well as with a dry cleaner, in Toronto. He would always get in trouble and be fired for one thing or another. In his own words, he may have been a bit cocky when he was younger and known for giving people lip, a habit that his employers obviously perceived as him challenging their authority. Once when he was working at the meat counter in a Loblaw's grocery store, Jack was decorating pickled pork, when a man came along and asked him what he was doing. Instead of answering, Jack asked the man who he was. When he found out it was his supervisor he said: "If you're the supervisor, don't you have more important things to do than telling me how to put parsley on pickled pork?" Needless to say the supervisor was not impressed and that was the end of that job.

Jack was entrepreneurial by nature and struggled to work in an environment where he wasn't his own boss. However, he also understood that in order to succeed he needed to learn more about the butchering trade and how to run a successful business. The opportunity to learn both of these things came when Jack was hired by Louis Becker to work in Louis's butcher shop in Toronto, the Bloor Cut Rate Meat Market at 2283 Bloor Street West. A prominent figure in Toronto's retail

landscape at the time, Louis owned a number of butcher shops from the 1930s through to the 1950s. In his new role, Jack put in 80 to 90 hour weeks, including working until midnight on Saturdays.

Even working for Louis, Jack still struggled with being told what to do and Louis would often turn to him and ask, "what am I going to do with you?" Jack would reply, "I can learn, can't I?"

Louis believed that an employee who is teachable and willing to learn makes for an excellent long-term employee—a philosophy Jack and Ralph would later continuously apply to their own entrepreneurship at Cardinal. Louis put Jack through the ringer, chastising him for everything he did, but in the process he taught him how to be an excellent butcher and how to operate a business.

While Jack was working in Toronto he would still go home on Sundays to attend church with his family in the town of Maple Grove, just outside of Courtice. One Sunday in the early 1930s, Jack met Euphemia Eames, known to her friends as Dora, who would become his wife. Dora had come to Canada from England as a 12-year-old

girl. Born in Elstree, she had lived with her grandmother at Connygree Cottages from the time she was an infant, but when her grandmother had remarried, five-year-old Dora had been placed in a group home for orphaned children operated by Dr. Barnardo. Dora was taken in by the Sweet family of Stanstead and, in 1920, she immigrated to Canada via Dr. Barnardo's. In Canada, she worked as a live-in maid for a number of families, first in and around Coldwater and then in the Maple Grove area. It was during this time that she met Jack Cator. Jack and Dora were married in 1933 during his lunch hour and after the ceremony he immediately went back to work. This led to one of Jack's favourite expressions, which he used whenever anyone was away longer than he thought they should have been: "Where the hell have you been? I got married quicker!" Jack and Dora's son, Ralph, was born in 1935 and their daughter, Diane, in 1943.

In 1937, Louis made Jack manager of his newly opened store at 3186 Yonge Street, which quickly became one of the busiest butcher shops in the city. A testament to his faith in Jack, Louis even loaned him the money to buy into the Yonge Street store and become a partner in the business. It was here that Ralph Cator, the founder of Cardinal, would get his start in the meat industry as well.



Top left to right: (1) Dora playing tennis while living in Maple Grove, around 1930. (2) Dora and Jack Cator on their wedding day. (3) Cardinal founder Ralph Cator at age one in 1936 with his grandmother Elizabeth Cator. (4) Ralph with his grandfather, Fuller Cator, in 1936. Bottom image: Ralph in circa 1940.



Ralph as a young boy with his parents, Dora and Jack Cator.
Bottom far right: Ralph's sister Diane in the late 1940s.



RALPH CATOR PARTNERS WITH HIS DAD IN THE MEAT BUSINESS

Cardinal founder Ralph Cator was exposed to the meat business by his father from a very young age. By the time he was 8, he was already slicing bacon at the Yonge Street store on Saturdays, along with his cousin Don Hobbs. He remembers as a 10-year-old kid in school drawing a picture of a carcass on a chalkboard and showing his class mates where the different cuts of meat came from. His baseball team called him Butch (short for butcher), and Ralph's wife Ruth Anne still calls him Butch to this day.

Following graduation from high school, for Ralph the notion of further education was rudely interrupted. As he tells it, "I was awakened by my dad early the day after high school ended. As I opened my eyes, I was looking up at my dad in his long white underwear with the glow of his ever-present cigar at the top. 'Get up, it's time to go to work,' my dad said, and that was it." That day, Ralph started working as a butcher at the Yonge Street store full-time.



Ralph on the far left as a member of the baseball team commonly known as the Gerber's Texaco Gas Station team. Ralph is joined by team mates Collins, Borthwick, Burns, and Metcalfe. The boys are listening to major league baseball pitcher Phil Marshalton.

When Ralph started his career as a butcher, the Yonge Street store was being run by Larry Fitzgerald, who had become a partner of Jack's. Larry was an excellent butcher who had started at the store as an employee of Louis and Jack's. Shortly after the war had ended in 1945, he expressed interest in becoming a co-owner of the store, prompting Louis, who owned several stores, to sell Larry his share in the Yonge Street store.

While Larry ran the store, Jack became the buyer, purchasing fresh meat from the various packers in town. Every day, Jack would drive his open back pickup truck to places like Canada Packers, Swift's, Town Packers and Presswood Brothers. At each location he would select the meat that he wanted for the store.

As a buyer, Jack met the many interesting characters that made up the Toronto meat purveyors scene. Jack had a lifelong passion for rolling the dice and, paired with his jovial, outgoing personality, this made it easy for him to connect with people. During his daily morning round, he would often shoot craps with Gord and Walt Presswood, owners of Presswood Brothers, with each of them throwing \$20 into the pot. He would do the same with the salesmen and owners of other packing plants that he bought meat from. Jack's love of gambling even extended to his barber. At the end of each haircut he and the barber would roll high man to determine who would cover the cost. Rolling the dice was something Jack enjoyed tremendously, not for the money but as a way of having fun and building relationships with people.

Ralph sometimes went along on purchasing runs with his father. It was a welcome opportunity to get out of the store and learn how to determine which product to buy. These were formative years for Ralph as he learned the ins and outs of butchering, purchasing and running a retail store. As the son of the boss he was expected to prove himself and it did not take long for Ralph to become known as a fast and skilled meat cutter.

By his own account, he did not particularly enjoy the experience of working as an employee at the Yonge Street store. "I wanted to be on my own," Ralph reflects on what was a typical future entrepreneur's experience. With his father's approval, he quit and bounced around at some of the other butcher shops in Toronto for a little over a year.



Jack Cator with his ever-present cigar in front of his Muskoka boathouse with his 1957 Cadillac.



"As I opened my eyes, I was looking up at my dad in his long white underwear with the glow of his ever-present cigar at the top. 'Get up, it's time to go to work,' my dad said, and that was it."

- Ralph Cator



This page: Ralph Cator in his 1956 Chevrolet Convertible while working in the Cator's retail store. Opposite page top left to right: (1) Jack Cator in 1948. (2) Dora and Jack Cator in front of their Muskoka boathouse in the late 1950s. Opposite page bottom: Father and son having a spontaneous business strategy meeting in the bathroom.

Like his father, Ralph ended up learning a lot about the butcher trade and running a retail focused business from working under Louis Becker. "I was sent down to Louis's store to work for a year or so," he remembers. "That was a learning experience. Louis would be down at his cutting block while he had 8 or 10 people working behind the counter. He could hear all customer interactions and catch any errors in pricing. Nobody could compute faster than he could!" Louis also lent Ralph out to other stores owned by different butchers when help was needed.

Ultimately, Ralph wanted to go back to work with his father. Larry and Jack had jointly purchased a second butcher shop at 2986 Bloor Street West shortly after the end of the war. When Ralph expressed his desire to join his father as a partner in business, Jack decided to break up his partnership with Larry and go into business with his son. Since Larry and Jack owned two butcher shops, the easiest solution was for each of them to take one store. The problem with that was that the Bloor Street store was struggling and was much less profitable than the Yonge Street store at the time. In true Jack fashion, he suggested they roll the dice to determine who would get what store. The winner would get the more successful Yonge Street location and to make things fair, the loser would get the struggling Bloor Street store plus \$10,000.

For Jack, rolling the dice was a fair way of making what otherwise could have been a stressful decision. Why haggle over price and potentially ruin a good relationship? What was much more important to him was the fact that he and his son were going to work together in the family business. In the end, Larry rolled highest, leaving it to the Cators to figure out how to make the Bloor Street store successful as a standalone operation.

Starting in 1953, Ralph put his heart into improving the Bloor Street store and making it a real success. As a matter of honour, he did whatever he could to see the Bloor Street store catch up to and then surpass the Yonge Street location—a difficult task given that the first week's sales were only \$1,643.12. Having to pay his ownership share from the store's profits, Ralph worked tirelessly: "For me it became a race to see if we could get the store busier than Yonge Street. I devoted everything to that. There was no such thing as hours. The store was open certain hours but I worked around the clock." Three years later the goal was reached and the Bloor Street store surpassed the one on Yonge Street.

Ralph used much of what he had learned from Louis Becker, just as his father had, in establishing himself as a successful butcher shop owner. He set up the store similarly to that of Louis's, putting himself in the corner to be able to overhear conversations and ensure proper flow of product through the store. It was an early expression of his core belief that would later guide him throughout his years of leading Cardinal as well—be willing to listen and learn from more experienced and more knowledgeable people and put those lessons into action.

The store consisted of one long counter with pickled pork and a giant cheese wheel on top, as well as eggs in key trays. As was customary at the time, the meat was not refrigerated, making it imperative to sell things quickly. Customers would order at one side, then pay and by the time they reached the end of the counter, their purchases would be ready for them. Ralph managed to take the business to \$35,000 in profit by 1963/64.

As the business kept growing, Ralph began to hire staff to help with the butchering. The first meat cutter he brought on did not adapt well to the flow of the store, putting Ralph in a position that he had never been in before and wasn't sure how to handle. "We ended up with this guy who had no idea about the flow of what you should be cutting to keep up with the rate that it was going out the front. It screwed up the whole flow of everything. I was still too young at the time to know what to do with this guy. So I asked my Dad and he said 'Fire him!'" Ralph remembers. "When I told the guy to find himself another job I was worried he was going to run me through with the big steak knife because he was so angry."

A BOND FOR LIFE

In the mid-1950s, Ralph met Ruth Anne Risebrough, the daughter of Mervin and Caroline Risebrough. Merv, as Ruth Anne's father was often called, had been an assistant to Sir Frederick Banting, the Canadian scientist who discovered insulin. Due to a lack of formal training and financial needs, however, Merv joined the Toronto Transit Commission (TTC). Merv and Caroline lived in Toronto together with their two daughters, Ruth Anne and Beth. Ruth Anne and Ralph were introduced to each other through joint friends, Evelyn (Babe) and her brother Don Bagworth. Ruth Anne and Ralph started dating, fell in love, and were married in 1957. Two years later, their oldest son Mark was born. Karen followed in 1961, Brent in 1963 and Janine in 1965.



This page: Ralph and Ruth Anne getting married on October 5, 1957. *Left to right:* Evelyn (Babe) Bagworth, Marty Bagworth, Diane Cator, Beth Risebrough, Dora Cator, Ruth Anne and Ralph, Don Hobbs, Don Campbell, Ken Shatilla, Alvin Harris. *Opposite page:* The growing Cator family in the 1960s.



BURGERS AND FOODSERVICE— A VISION IS BORN

With the Bloor Street store doing well, the Cators began investing into additional locations. They opened a second store on Kipling Avenue and then a third one called Armour Heights Meat Market, at 2055 Avenue Road. By the mid-1960s, there was an opportunity for Jack and Ralph to open a fourth location next to a supermarket in Yorkdale. Both supermarkets and malls were new in those days. Father and son seriously considered the Yorkdale location, but ultimately, Ralph realized that the expansion would spread their resources and his time too thin, and they decided to not to pursue the opportunity.

Recognizing the limitations to scaling an owner-operated retail business, Ralph began to think more seriously about alternative ways to grow the business and build sales volume without opening another retail location. For Ralph, the growing presence of grocery stores offering meats was also clearly going to challenge the “sawdust on the floor” traditional butcher shops. This is when he began seriously thinking about wholesale and foodservice as another option. The idea to explore the foodservice industry came through the relationships that the Cators had built over the years with Bryan Devereux of Devereux Poultry and Produce and Jack May of Maple Lodge Farms. Meeting these entrepreneurs and learning about their wholesale and foodservice focused business models made Ralph think about entrepreneurship in a new way.

“From Jack May and Bryan Devereux I got the idea that there is another world out there. They were delivering their product to stores, schools, hospitals and nursing homes which opened my eyes to the foodservice industry which was just evolving in those days,” Ralph remembers.

Ralph was convinced that getting into the wholesale business was the next step for him to take. Bryan Devereux supported his decision to expand into this new arena and suggested that Ralph make up some burgers for Bryan to sell for him through his contacts in the foodservice industry. Ralph took Bryan up on his offer and started making hamburgers at the Bloor Street store. With the help of Bryan who had several delivery trucks on the road at the time, the first burgers made by the Cator family made it into several schools, restaurants and hotels, including the Seaway Hotel.

It did not take long before the Seaway Hotel was ordering burgers and specially cut rib roasts through Bryan Devereux. From there it quickly got to the point where Bryan would bring in orders of two to three hundred pounds of hamburgers and 30 prime rib roasts at a time—a tremendous order size for a butcher shop of the kind the Cators were operating. By then, Ralph had come to fully recognize the potential in starting a foodservice focused wholesale meat business.

At around the same time, another company founded by three prominent Toronto meat producers Ralph knew through his father—Benny Winbaum, Pat Judd and Fred Bradley—had begun manufacturing burgers as well. Fred had spent a few years in the United States learning about the evolving foodservice industry and the way U.S. producers made burgers and other portion controlled items for foodservice operators. After Fred’s return, he and his partners had opened a burger plant on St. Clair Avenue that had become instantly successful. Seeing the success of this venture and the options available to him through his relationship with Bryan Devereux, Ralph was ready to take full advantage of the opportunities he had recognized in the foodservice sector.



This page: A full day’s production (300 pounds) of Hamburger patties at the Bloor street retail store. Opposite page: The Cator’s Bloor Street store in the 1950s. The top right image shows a farm display during a special promotion that was put on several times a year. In the picture on the left store employee Ross Batt is holding one of Jack Cator’s many trophy lake trouts that were given away to customers at the store.



chapter
TWO

VISION TO REALITY—FOUNDING AND
EARLY YEARS OF CARDINAL

2



Early days at the Stanfield plant. Waving from behind the car is Cliff Hall. The original Cardinal van is parked on the right.

FOUNDING OF CARDINAL MEAT SPECIALISTS

In 1966, after seeing the initial success of the burgers that the Cators were producing in their butcher shop for Bryan Devereux to sell through his company, Ralph, Jack and Bryan decided to formalize their partnership and founded Cardinal Meat Specialists as equal partners, with Bryan having a 50 per cent vote.

"Each of us threw in \$5,000 and we started Cardinal Meats. We had no committed sales or customers at the time and I was the only one of us who worked there. Whatever I made, Bryan sold out the back door," Ralph remembers.

Bryan did not need the entire space his company was operating out of at 2396 Stanfield Road in Mississauga so he offered to share the facility with Cardinal. Cardinal eventually purchased that building and today, the company continues to operate one of its cooking facilities out of that location. Ralph was reluctant to leave the Bloor Street store at first, but when Jack offered to allay his time fishing and fill in at the store,

Ralph moved to the Stanfield plant. Jack promptly hired Tom Milligan to manage the store and Tom did a fine job for a year or two until the store was closed down and any staff who desired moved to Cardinal. Tom, trained in the UK as a food service provider, decided to join Cardinal and brought valuable new experience to the fledgling company. His contributions, not to mention his good humour, are firmly ingrained in the memory of all those that knew him. With Ralph and Jack having chosen wholesale as the path for the future, they sold off their Bloor Street, Avenue Road and Kipling Avenue butcher shops over the next couple of years and focused entirely on making Cardinal a success.

A reflection of Ralph's unassuming, non-ego-driven approach to life and business, and the outstanding relationship between father and son, Ralph made his dad President of the company out of respect for the strong foundation Jack had laid for the family's involvement in the meat industry. Although Ralph in fact built and led Cardinal, he did so formally as Vice President and General Manager. It was not until his father passed away that he assumed the position of President.





Top left: Johnny Terkalas in the shipping area with early Cardinal boxes. Top right: Grant Denison having a break from fixing machines. Bottom center: Ralph in his office. Bottom right: Bryan Devereux with the wife of Cardinal's first federal meat inspector at one of many social company functions in the early days of Cardinal.

The Cator family's retail store on the Kingsway used the motto "Where Steak is King." As a result, in trying to come up with a name for the new company, it was natural to lean towards things to do with royalty. In the end, as Ruth Anne Cator remembers, it was Joyce Devereux who offered the name Cardinal. The partners all liked the meaning associated with the word as "being of first importance, fundamental and essential." They also liked the bright red colour of the actual bird as a tie-in. Although Cliff Hall was not yet a part of the new venture, Ralph recalls Cliff being the person who contributed the Meat Specialists part of the full name.

The original layout of the plant was simple. It was a small building of about 12,000 square feet with a small freezer and cooler. The freezer was divided by a six-foot-high chicken wire fence and shared by both Cardinal and Devereux Poultry and Produce. When both companies got busier, Bryan built an extension on the back end and moved his company there, giving Ralph more space to develop Cardinal. In the 1970s, as business grew, Cardinal needed more freezer space and took over the entire freezer, adding racking to allow for better storage and organization. The office was barebones as well, with a concrete floor and one desk.

All the butchering was done by hand and the business slowly started to grow during the earliest days of Cardinal. In building the company, Ralph maintained the original focus that had led to the founding of the company—supplying prime ribs and burgers to hotels and other foodservice establishments through Bryan Devereux. At this point in the business, the main focus was on steak cutting and burgers, which were only produced on Fridays using the trimmings from the steak cutting. "I was soon to find out that it was easier to sell burgers than portioned steaks," Ralph reflects.

In the early days, Cardinal brought in any product it could sell. As a result, all the way into the early 1980s, red meat cutting/steaking and burger operations as well as the sale of many other products, such as eggs, pickles, cheese, fruit pies, tin end hams, hotdogs, french fries, shrimp and relish, would continue to be part of Cardinal's offerings. As the business grew, by 1967, Cardinal had its own small refrigerated van that was painted up in the Cardinal colours with the Cardinal logo on it making deliveries.

Initially, Ralph brought in a couple of key employees to work for Cardinal and then added roles on an as-needed basis. Cardinal's first employee was Johnny Terkalas, known to everyone as Johnny the Greek, who came to Cardinal from Presswood Brothers. After nine years of working in the cooler at Presswoods, he could tell the weight of any cut of meat just by looking at it. Johnny was responsible for shipping, looking after all the incoming material and the shipping out of Cardinal's orders. He would stay with the company until his retirement in the mid-1990s, working in many areas including shipping, accounting, the lab, as well as running the Cardinal Outlet Store.

Another key employee who joined in the earliest days of Cardinal and has left a significant mark on the company is Grant Denison. Hired for his mechanical skills, it became his responsibility to look after the maintenance and repair of all of Cardinal's machines and vehicles. He would become a shareholder in Cardinal in the early 1970s and, in his role as Cardinal's first plant engineer, would be instrumental in setting up and reconfiguring equipment to Cardinal's own needs. Together with his brother Garth, who later became known as the "Godfather of refrigeration" in Canada, he established the foundations of Cardinal's key capability of devising the most advanced engineering solutions in-house.

Ralph knew that for Cardinal to make any significant headway, he needed to build a sales force. He decided to recruit Cliff Hall to head up sales. Cliff was working for Canada Packers and had gained significant sales experience from working with many of the larger, established food companies. When offered the position at Cardinal in 1966, he did not accept at first. Clearly, given Cliff's position at Canada Packers, joining a start-up like Cardinal posed some real risk. With that in mind, he made Ralph a deal: if Cardinal was still around a year later, he'd come on board. Cardinal did survive the year and Cliff joined Cardinal in 1967.

"The company was like a yo-yo in the early days—we would make money one year and then we would lose money. Ralph was the life and soul of the company. He was very driven and he was willing to take risks."

- Bryan Devereux

"The jobs kept changing. It wasn't the case that you did just one job—you did whatever had to be done in those days."

- Grant Denison

"A lot of things happen in this place because the Cators believe in the people here—the mechanics, the engineers, the machine operators—just everybody. What made me stay with the company for my entire career is that right from the beginning they said, 'this is a family business' and it is something you can see here day by day."

- Carlos Da Silva



Cliff was known for being a very confident salesperson and someone who took the concept of employees taking ownership for their role—a hallmark of the Cardinal culture—to another level. Ralph amusingly recalls how Cliff would often introduce himself to customers as the owner of Cardinal: "More often than not I would end up at a customer's place and the guy would say, 'Oh, you are working for Cliff.' To which I usually responded, 'Yes, I work with Cliff.'"

Cliff is remembered for being extremely knowledgeable and persistent, able to finalize the deal with any prospect no matter how challenging the process was. Under Cliff's leadership, Cardinal's sales volume would increase dramatically, a reflection of his key focus on larger fast-food chains with multiple restaurants. He would eventually go on to become one of Cardinal's longest tenured employees, even buying shares in the company at one point, and staying on until his retirement in the mid-2000s. Brent remembers Cliff as "the consummate salesman. There wasn't anybody in the whole province of Ontario that didn't know Cliff. Every independent restaurant owner, every franchisee; he knew them all. He called himself Elvis and he could tell jokes all day long."



Top: Grant Denison.
Bottom: A spontaneous birthday party for Jack Cator at the office.

Top: Ralph Cator next to the first Cardinal van. Bottom left to right: (1) Cardinal bookkeeper Doris MacPherson (right) together with her husband and Ruth Anne Cator at an early company function. (2) Harold and Mavis James arriving at a social function. (3) Left to right: Dorothy Dennison, Doris MacPherson and Fran Terkalas. Social functions including employees' partners played a significant role in the evolution of the Cardinal culture over the years.





Top left: Judy Appleton, the wife of long-time Cardinal employee John Appleton. Top right: Cardinal sales representative Alan Rowett together with his wife. Bottom image: The original Cardinal flag with the company logo designed by Ralph Cator.

In May 1968, Ralph hired Harold James to join Cardinal's sales team. Hailing from England and the son of a butcher, Harold and his wife Mavis had come to Canada in 1967. Harold was working as a salesman for Canada Packers when he met Jack Cator who, in turn, suggested that he meet Ralph. That meeting took place on the golf course and Ralph will never forget it: "I'm at a tee and up comes this guy. He introduces himself and says, 'these are my brother-in-law's clubs, I haven't played since I came over from England.' I shot first and was feeling pretty good about my chances until Harold stepped up and made a perfect shot. It turned out that he had represented his county Lancashire as a golfer in England."

Throughout the conversation they had during the game, Ralph became convinced that Harold was a perfect fit for Cardinal and offered him a job in sales. Harold accepted and quickly became an integral part of the Cardinal sales team. His great strength was his ability to build long-lasting relationships with customers. Together with Grant and Cliff, he became a shareholder in Cardinal in the early 1970s and helped build Cardinal on the sales side. After five years with Cardinal, Harold decided to go back to England in 1973 to start his own butcher business, which today continues under the leadership of his son.

"The company was based on trust, personality and hard work. We worked together and we also spent a lot of time outside of work together."

- Harold James



Ralph Cator and Harold James enjoying a game of golf together. Top right: A great example of "lateral arabesque" at Cardinal, Bill Harper, one of Cardinal's original truck drivers, became a contract courier for Cardinal for 30 years after Cardinal took its trucks off the road in the 1980s. He continued in this role until weeks prior to his passing in 2016.



OPPORTUNITIES AND LIMITATIONS- BURGER KING

In 1969, Burger King, which had started operating in the U.S. in 1954, opened its first outlet in Windsor and was soon operating five outlets in Ontario—three in Toronto and two in Windsor. Cardinal was awarded the business and began supplying raw burgers to all five locations. Bill Harper, a former driver for Devereux Poultry and Produce who joined Cardinal in 1967 as a driver, remembers delivering to the Burger King outlets in Toronto while his colleague Bob Stevenson delivered to Windsor. By then, Cardinal had two trucks to make these runs every other day.

Burger King meant a significant boost in volume for the small company. However, the relationship ended shortly after it began when Burger King switched from fresh to frozen burgers. At the time, Cardinal did not have the freezing capability to provide its first restaurant chain customer with the desired product. After losing Burger King, the first imperative of the early 1970s would be for Cardinal to make some significant investments into its equipment, and into burger freezing capability in particular.





chapter
THREE

BUILDING THE BUSINESS —
CARDINAL IN THE 1970S

3



Top left: Cardinal's first Hino truck. Top right: One of the first multi-colour boxes with UPC Code used by Cardinal. Bottom left to right: (1) The nitrogen freezer is moving in. (2) The nitrogen tank is being installed. (3) Ruth Anne, Brent and Janine Cator in front of the new freezer inside the plant in 1971.



FULL FORCE AHEAD—CREATING CAPABILITIES

Going into the 1970s, Cardinal faced two major challenges. It needed to develop freezing capabilities and become a federally inspected meat processor. While trying to build relationships with prospective customers, both Cliff Hall and Harold James had often come up against an insurmountable challenge when asked whether Cardinal was federally inspected. In particular, larger hotels and fast-food restaurant chains considered federal inspection a condition for doing business with any meat supplier.

EARLY EQUIPMENT AND INVESTMENT INTO FREEZER TECHNOLOGY

A new stage in the evolution of Cardinal was reached in 1971, when Cardinal installed a 35-foot long nitrogen tunnel that used liquid nitrogen to freeze the burger patties. After coming out of the Hollymatic machine which Cardinal was using to form the burgers, the patties were fed into the tunnel and twenty minutes later, they came out "frozen and pink," Ralph reflects on what was a quick process in those days.

Cardinal's nitrogen freezer was the only one of its kind in Canada used for this purpose, making it an early expression of what quickly became a consistent underpinning of the entire Cardinal concept—using the best, most innovative and most efficient technology to produce the best quality product.

Ralph had first learned about the new technology through his friend Ted Stevenson who worked for Canada Liquid Air and had put a similar tunnel into Essex Packers to freeze cabbage rolls. After the installation of the tunnel, Grant Denison remembers one time when the delivery of nitrogen did not go quite as expected:

"The nitrogen tank was outside and Canada Liquid Air used to come once a week to fill it up. One time while they were filling, the tanker bolt backed up and all the truck tires on the delivery truck blew. It was quite a scene!"



A bigger nitrogen tank is delivered to the Stanfield plant to replace the original one.

BECOMING FEDERALLY INSPECTED

As a plant that was not yet federally inspected, Cardinal's ability to grow remained limited. If Cardinal wanted to work with the major fast-food burger chains that were becoming ever more popular at the time, like Burger King, A&W or Harvey's, the plant needed to become federally inspected. Harold James remembers several occasions of immediately being shown the door after answering "no" when the prospective customer asked if they were federally inspected. In order to receive the government's stamp of approval, significant upgrades and improvements needed to be made, including installing proper floor drainage, the removal of wood from the building, as well as replacing the old galvanized tables with stainless steel ones. Cardinal stepped up to the challenge, made all recommended changes and in 1971 received its federal designation.

From a process perspective, becoming a federally-inspected plant entailed having a government meat inspector resident at the plant. The inspector would check all the boxed beef coming in by truck, the product leaving the facility, as well as the thoroughness of the overnight cleaning of the plant. From a business development perspective being federally inspected enabled Cliff and Harold to knock on the door of virtually any food institution throughout Canada.

"Now when we were asked whether we were under federal inspection, we could state with great confidence—Yes, we are!" Harold reflects.

Being federally inspected carried with it the possibility of significant sales growth in the future.

Johnny Terkalas at the loading dock.



Top left: Heather Milligan, the daughter of key Cardinal employee Tom Milligan, loading burgers to be frozen at the Hollymatic line. Bottom left: Cardinal employees loading frozen meat onto the Hydraflaker. The person in the back is long-time employee Al Campbell. Right: Long-time employee Olga Simopoulos slicing ham for Burger King. Opposite page: Johnny Terkalas at the receiving dock.

Top: Sonia Baudreau proudly displaying beef and soya burgers produced for Knob Hill Farms. Cardinal was one of the first companies to produce beef and soya burgers. Bottom: Muriel Quail inspecting burgers at the discharge end of the nitrogen freezer.



HARVEY'S

With renewed confidence, Cliff Hall approached Harvey's, a company he had been pursuing to no avail since the late 1960s. A reflection of the growing popularity of fast-food restaurants, Harvey's was experiencing significant growth at the time. Owned by Foodcorp at the time, the Harvey's brand would grow to roughly eighty restaurants by the end of the 1970s, when it was acquired by CARA. By then, Cardinal's relationship with Harvey's was strong and CARA, including its various brands, would go on to become Cardinal's single largest customer, accounting for about 70 per cent of its overall volume throughout the 1980s and into the early 1990s.

In earlier conversations, Harvey's executives had made it clear to Cliff that as a matter of principle they would only buy from a federally-inspected meat purveyor. In what would be one of his greatest coups, Cliff went to the Harvey's corporate office, waited for the executives and successfully convinced them to give Cardinal a try as their supplier of choice. Ralph suggests that the fact that the president of Harvey's at the time, Bernie Syron, used to buy meat together with his mother at the Cators' Bloor Street butcher shop when he was a young man likely helped in Cardinal being awarded Harvey's' business as well. Over time, the relationship with CARA and Harvey's developed into one of the most important ones in the evolution of Cardinal.

Cardinal's original business with Harvey's consisted of burgers for about a dozen restaurants and later included ribeye steaks for steak sandwiches as well. To provide Harvey's with the specific cut they wanted, Cardinal cut the steaks and fed them into a press to crust freeze and tenderize them. Cardinal developed this capability entirely in-house in what is an early example of the team's creative ability to engineer equipment and customize the manufacturing process to keep Cardinal ahead of its competitors. Burgers for Harvey's in particular would quickly become a key contributor to Cardinal's overall manufacturing volume.

Working with Harvey's was a major catalyst in Cardinal fine-tuning its core capabilities, continuously working on and improving its processes and developing creative solutions to complex challenges. Soon after Cardinal started supplying burgers to Harvey's, there was a problem with burgers not freezing all the way through, causing



Left: When it began supplying sandwich steaks to Harvey's, Cardinal put on this display to demonstrate how the steaks were made as a way of promoting the new product to Harvey's franchisees. Right: Burgers for Harvey's on the production line at Cardinal.

them to still have pink centers after being cooked at the restaurant. In trying to develop a solution, Cardinal turned to the Food Science Department at the University of Guelph and in the process established a partnership with Dr. Shai Barbut that continues to this day. Working with the university's experts in food sciences was a manifestation of one of Ralph's core beliefs as an entrepreneur that continues to be a hallmark of Cardinal's leadership philosophy to this day—be willing to listen and learn from more knowledgeable people and be ready to put those lessons into action. As Ralph likes to say: "If you are the smartest person in the room, you've got a problem."

A&W

Next to Harvey's, another key customer relationship that began in the 1970s was with A&W, a result of the efforts of Harold James. While on a sales trip to Niagara Falls, Harold visited a local A&W restaurant and spoke to the manager. He learned about the organization and in particular about Marcel Prefontaine, the Vice President of A&W Controlled Foods out of Vancouver, who was in charge of the 57

outlets across Canada at the time. After that visit, Harold wrote to Mr. Prefontaine and kept following up with letters and phone calls periodically. One Sunday night Harold's home phone rang. It was Mr. Prefontaine telling him that he was flying to Toronto that night and wanted to have breakfast with Harold at the Beverly Hills Hotel at 7:30 a.m. the next morning.

At the end of that breakfast meeting, Mr. Prefontaine informed Harold that he had decided to award Cardinal with A&W's burger business. Harold could not wait to get back to the plant to tell Ralph. The ensuing story has been told over and over again at Cardinal. As Harold tells it: "I jumped into my car and had only driven a couple of hundred yards when the police pulled me over. After telling me how fast I was going the officer asked why I was smiling. I answered: 'I have just cracked a million-dollar deal over there at the Beverly Hills Hotel' to which he replied, also smiling, 'Well Mr. James, the Toronto police might as well have a share of your deal. That will be \$18 sir, and enjoy your day.'"



JOINING NAMP AND LEARNING THE BUSINESS

Throughout his life as an entrepreneur, Ralph was never afraid to learn from people who had more experience in business than him. Taking courses and learning about processes, the industry and the ins and outs of private entrepreneurship through industry organizations was a key element in building Cardinal. Says Brent:

"Dad always said, 'go find people smarter than yourself. Get them together and it's amazing what comes out at the other end.'"

When first starting Cardinal, Ralph had taken a management course from the Board of Trade to learn some key fundamentals for running a manufacturing business, like marketing, production, accounting and so on. Coming from a purely cash-based retail environment, there was a steep learning curve in going from running a butcher shop to operating a wholesale foodservice-based processing company.

Joining NAMP, the National Association of Meat Purveyors in 1971 turned out to be another significant event in the development of Cardinal. Ralph had first learned about this industry organization through Benny Winbaum, whose successful Toronto-based burger operation had played a role in the formation of Ralph's original vision for starting Cardinal. In 1969, Ralph had attended a NAMP convention in Palm Springs, California and it had opened up a new world of information, advice and aid he had never considered.

When Ralph and Cardinal joined NAMP in 1971, they were able to tap into the wealth of information available from the other members of the organization. Through conventions, courses and informal interactions with other members Ralph learned new methods of meat cutting and gained insight into properly costing for foodservice, among many other topics. NAMP gave Ralph the opportunity to acquire the skills needed to move from being a butcher to being the leader of a successful manufacturing business.

This page top: NAMP Management Conference at the Drake Hotel in Chicago. This page bottom: Ron Miller, a Director of NAMP, and Ralph Cator at one of many NAMP meetings attended by the Cators over the years. Opposite page: Cardinal joining the Meat Packers Council of Canada. Ralph and Jack Cator are shown here together with the General Manager of the Council at the time.



THE CARDINAL BOARD OF DIRECTORS/ADVISORS

As with so many other changes made to the business over the years, NAMP was instrumental in prompting Ralph to establish a Board of Advisors in the early 1970s. It was at a NAMP conference that he heard Dr. Leon Danco, a leading authority on family business, speak on the concept and benefits of a family business having a Board of Directors. He suggested that the Board be made up of individuals like the company's bank manager, lawyer, accountant and other professionals. Ralph had a great respect for Dr. Danco and liked the idea of having a Board as a way of bringing together experienced entrepreneurs and professionals who could provide guidance, feedback and the level of accountability he deemed imperative as a business leader.

Inspired by the presentation, Ralph established the Cardinal Board of Advisors, made up of technical experts including Cardinal's insurance broker, banker, lawyer and accountant. After a while, the group realized that this was not enough and that a real Board of Directors would benefit Cardinal. For a number of years Cardinal had two boards, a Board of Advisors and a formal Board of Directors. Eventually, the structure was changed back to having a Board of Advisors referred to as the Outside Board, which operates to this day.

Having a Board would pay dividends throughout the 1970s and beyond. Being able to discuss ideas with the Board before implementation provided Ralph with a sober second thought to see any issues that he might have missed and ask the questions that he might not have considered. It also offered solutions to some of Cardinal's challenges including succession, banking, capital planning and strategy, and provided much needed connections.

Opposite page: Cardinal Board meeting at the current Brampton plant before it was opened: *Left to right:* Brent Cator, Ted Kennedy, Ralph Cator, Darcy Rector, James Buchanan, Mark Cator, Taketo Murata.

Cardinal Board Members Throughout the Years

- **James Buchanan:** As current chairman of the Board and Founder of RockLedges Inc., James brings extensive strategy and merger and acquisition experience to Cardinal.
- **John Gray:** John, whose multi-generational family business was responsible for building the Bee Hive corn syrup brand, was an experienced entrepreneur in the food industry.
- **Earl Grossman:** Earl, who had been Jack Cator's accountant since Jack had first gone into business in 1939, was a trusted friend and board member until his passing.
- **Ted Kennedy:** Ted, Cardinal's first board member, had extensive corporate experience and brought management expertise to all areas of the business.
- **Ed Korhonan:** Ed, an expert in Quality Assurance at major international food companies, brought his extensive QA knowledge and skills to Cardinal.
- **Evelyn Ledsham:** With 25 years of experience in Sales, Operations and HR in private, not-for-profit and publicly held companies, Evelyn brings an exceptionally well-rounded perspective to Cardinal.
- **Taketo Murata:** An Agri-Business Consultant and former chairman of the Canadian Food Processors Association, Taketo is a great contributor to Cardinal on the sales and marketing side.
- **Clare Proctor:** originally hired as VP Finance and then GM of Cardinal, Clare joined the Board after retiring from his executive role. He orchestrated the transition of the company from Ralph to the second generation of Cardinal family entrepreneurs.
- **Darcy Rector:** Darcy built and owned a spice company called Rector Foods after having had international experience with major food ingredients companies.
- **Roger Reiser:** A Meat Industry Hall of Famer, Roger is an Entrepreneur and Principal of Reiser Equipment which has been leading the industry with processing and packaging solutions for over 50 years.
- **Llewellyn Smith Jr.:** Part of the family that founded and owned E.D. Smith, Llewellyn had manufacturing experience and was experienced in the various aspects of managing a family business.
- **Skip Torresson:** Skip is an internationally recognized leadership consultant, conference speaker, and executive coach serving business and not-for-profit leadership.





This page left to right: (1) John Appleton. (2) The first Cardinal federal inspector, Bob, at a company function. (3) Ralph Cator and Peter Vigna. Opposite page left to right: (1) Heather Milligan. (2) Quiet and unassuming, Doris MacPherson played an important role in helping build the foundations of Cardinal in her role as bookkeeper. (3) A young and less experienced Cam Beatty.

GROWING THE CARDINAL FAMILY

The growth of its burger business, in particular, made it necessary for Cardinal to keep expanding its employee base. In the early 1970s, Ralph, as mentioned previously, brought in Tom Milligan as production manager. Tom was a highly experienced, excellent butcher who had learned meat cutting skills in the British Army and had managed the Cators' Bloor Street store until they sold it at around the same time Cardinal was becoming federally inspected. At Cardinal, Tom was in charge of burger production and steaking operations for many years, before working in inventory control and costing and then running the factory outlet until retiring in May 1999 after thirty-three years with the Cators. Tom was the one who taught Ralph's sons Mark and later Brent butchering skills.

Another employee who had a major impact on the company was Grant Denison's brother, Garth, who was brought on full-time in 1971 to help Grant maintain the equipment. Ralph notes that Garth was "one hundred per cent mechanical." Garth was a master of trades in many ways, holding several different licenses, and he was able to fix virtually anything. Ralph explains what made Garth such a valuable addition to Cardinal: "He taught Brent about refrigeration which led to many of the innovations we have here. Concepts like: 'there's no such thing as

cold, there's only the removal of heat' were imparted to us by Garth. One of the reasons we can turn product over so fast is because of his thinking." Brent also speaks highly of Garth's contributions: "Garth not only made our refrigeration work, which in a meat plant is huge but he also maintained a lot of our technology. If you mention his name in the refrigeration industry today, everyone either knows him or knows of him. The engineering advancements he and his brother Grant have been responsible for at Cardinal have been off the chart."

In 1977, John Appleton, a former supervisor in the burger department at Canada Packers, joined Cardinal to oversee production. John's contributions cannot be overemphasized. He ran the plant, developed the recipes, installed base equipment and developed better ways of using the machinery Cardinal had. Brent Cator, who later took over the leadership role in operations himself, has much to say about John's lasting contribution to the business: "John Appleton taught us recipes and process controls and put the right equipment in place. I have a lot of respect for John because he gave us the right foundations, the right principles and teachings." When in the early 1990s Brent began assuming more of a leadership role in operations, John left Cardinal and managed operations at MacGregor Meats.

Cam Beatty joined Cardinal as a truck driver in 1977. He continued in that capacity until 1982 when he moved into the plant, working as a shipper at first before becoming head of shipping and inventory control. When asked by Brent in the mid-1980s what his long-term goals were, Cam expressed the desire to become a race car mechanic. Finding the means for Cam to pursue his passion for mechanics translated to his becoming a first class millwright under the supervision and guidance of his mentor Grant Denison in maintenance. With the help of Cardinal, Cam went through the millwright program and ended up as Cardinal's lead mechanic until his retirement in 2016. Cam would play a key role in the creation of many of Cardinal's in-house equipment and technology solutions. Cam is a classic example of Cardinal's development philosophy. Cardinal will provide the opportunity for team members to be successful and then it is up to the individual's personal drive, dreams and desires to capitalize on it. Cam laid out a very simple rule for Cardinal to follow by saying, "if you make me the supervisor I'll quit." This was a classic learning opportunity for the company to respect and where possible to allow employees to do what they enjoy and are best at, rather than pushing people into spots the company alone feels are fitting to their skills.

A CARDINAL ICON—AL CAMPBELL

Al Campbell was a big part of Cardinal for many years. Nicknamed Big Al, he had a learning disability and came to Cardinal through a government program. As it turned out, Al went on to become one of the best employees Cardinal ever had on the production floor. Brent remembers: "He really got things done. In those days, working in production included a lot of heavy lifting. I remember Al taking 80 pound tubs, lifting them over his head and dumping them into the grinders. He could do that all day long." People at Cardinal had a lot of respect for Al who is also remembered for falling asleep every break at the lunch table because he was working so hard. When Johnny Terkalas took over the shipping department, Al became his right hand man. "There was nowhere Johnny went that Al did not come along, pulling and hauling skids always with a big smile," Brent remembers.

FORMAX TECHNOLOGY POSITIONS CARDINAL FOR THE FUTURE

Between Burger King, Harvey's, A&W and many other customers, it was primarily the burger business that put Cardinal on the map even though the company kept producing many other meat products as well. Ralph was determined to keep growing Cardinal and he was very decisive in his approach. Never afraid of putting money back into the business, Ralph was a leader who took calculated risks after informing himself about how new technologies and processes could keep distinguishing Cardinal even more in the future. An expression of this approach, in 1978, Cardinal began using its first Formax machine for its expanding burger business, making it the first company to use Formax technology in Canada. At an investment of over \$100,000, the machine, with its ability to form 4 burgers side by side, marked a serious step up from the single hole Hollymatic patty-forming machine that had served Cardinal during its early years of making burgers and that had given Ralph some serious headaches at times. The Formax machine increased Cardinal's burger making efficiency, made a better burger and in that positioned the company well going into the 1980s.



"John Appleton taught us recipes and process controls and put the right equipment in place. I have a lot of respect for John because he gave us the right foundations, the right principles and teachings."

- Brent Cator



One of many steak sales at the Factory Outlet. On the left Johnny Terkalas is looking after the orders. With his back turned to the camera, Al Campbell, as always, is lifting the heavy loads, while a young Brent Cator watches on from inside the truck. The young man standing on the truck on the right is Cliff Hall's son Steven while working at Cardinal as a summer student.

chapter **FOUR**

PLAYING TO ITS STRENGTHS —
CARDINAL IN THE 1980S

4

"Ralph once said to me: 'Always be interested, but never be interesting.' That is the philosophy of Ralph. He will not take credit for what he has built at Cardinal, but his footprint is everywhere. He is an amazing entrepreneur."

- John Edward



This and opposite page: These and other company trucks were all sold in the late 1980s when Cardinal moved from direct distribution to working with outside distributors. Note the willow trees in the parking lot which have since given way for much-needed parking space. *Opposite page top image:* The original office on the left is located on the North corner of Stanfield Road. Over time, the offices were extended and eventually moved to three separate buildings across the road to accommodate the growth Cardinal was experiencing.



A DECADE OF CHANGE AND TRANSITION

In 1981 and 1985 respectively, Ralph's two sons, Mark and Brent, joined the family business full-time. Mark would lead the charge in Cardinal's gradual transition from being a steaking operation with burger and raw ribs capability that sold over 600 different products to being a meat processing company specializing in burgers and ribs. The growing size of the company brought with it a first full conceptualization of the Cardinal culture and resulted in a series of initiatives that allowed Cardinal employees to keep developing and have a real impact. On the ownership side, 1981 would mark the end of Bryan Devereux's involvement in Cardinal as a shareholder. Seeing an opportunity to do business with Swiss Chalet in the United States, he moved to the Carolinas. Of the three employees who had become shareholders of Cardinal in the early 1970s, Grant Denison and Harold James cashed out their shares during the 1980s whereas Cliff Hall maintained his ownership stake until about 1990 when Ralph bought it back. As Cardinal found its true identity, the 1980s would become a decade of repositioning and exploring new ways of marketing its product.





Top left image: A representative of the Workman Compensation Board congratulates Cardinal on its no accident track record. Top right image left to right: Bruce Presswood, Scott Zies, a supplier representative, and Cardinal's Johnny Terkalas. Right small image: Royce Brisbin who was Cardinal's 'master support person' in all administrative roles.



Bottom left image: As inspection standards advanced, better lighting was required in the plant. Always being mindful of employee requests, Cardinal provided CFIA-compliant shades for all staff in its new brightly-lit facility. Bottom right image: Back row left to right: Cliff Hall, Peter Vigna, Scott Zies, Karen Cator. Joan Herron is the person in the front row on the right.



Images left to right: (1) Rose Charles – Accounts Receivables extraordinaire. (2) Linda O'Hara who left an ongoing legacy in her role in HR by hiring great people. (3) The person on the far right is Brenda Morrow, a long-time office employee. To the left of her is Royce Brisbin and on the far left Rose Charles.

LINDA O'HARA REMEMBERS HER FIRST DAYS AT CARDINAL

Linda O'Hara joined Cardinal in 1980 and became a fixture in her role as Cardinal's first Human Resources Manager. Most of Cardinal's longest-standing production personnel remember being hired by Linda. As Cardinal kept growing quickly throughout the 1980s and 1990s, Linda was known for her uncanny ability to source various family members from leads she acquired from employees already working at Cardinal. Her special gift for balancing company needs with empathy and understanding of employees' needs made her a key contributor to the overall success of Cardinal until her retirement in 1994. In addition to being the main go-to person for Cardinal employees, Linda was instrumental in the creation and implementation of Cardinal's various education programs. As well, it was her persistence that led to operations developing what became Cardinal's first patented technology—the "Stealth" rib skinning machine, in the early 1990s.¹ Linda remembers her first days on the job at Cardinal which were rocky to say the least: "My first job was on the order desk where I was told to answer the phone and take the customers' orders. One of the first orders I got was a man calling who said he wanted three hams and then he hung up. I very diligently wrote down three hams. At noon that day I heard my supervisor, Wendy, ask Johnny Terkalas how long he thought

I would last. The next day I found out I was lucky to last at all because the man who had called to ask for the three hams phoned Wendy to complain about the order he had received. I didn't realize that three "hams" really meant three hamburger boxes. He had hams and he did not want the hams."

CARDINAL CULTURE-IMPROSHARE AND CARDINAL QUALITY CIRCLES

From the founding of the company, the culture of Cardinal was built on the values of Ralph as a person and as an entrepreneur. Respect, integrity and the vision to create opportunities for Cardinal employees to develop and have a real impact were at the core of Ralph's philosophy. Long before servant leadership became a catchword in management studies, Ralph was a promoter of the principle based on the self-understanding that it is the leader's responsibility to make sure employees have what they need in order to succeed. "It's wonderful to create an atmosphere where people can grow," says Ralph. "It's good for them and it's good for the business. One of the rewards of owning a business is bringing in good people and seeing them grow." Paired with his determination to never say "no" to a good opportunity for Cardinal to further distinguish itself in the market, this was a powerful combination of values that resulted in a strong team spirit and belief that anything is possible.

¹ See below pages 80-81.



"It's wonderful to create an atmosphere where people can grow. It's good for them and it's good for the business. One of the rewards of owning a business is bringing in good people and seeing them grow."

- Ralph Cator

As Cardinal became a bigger organization, management launched several key initiatives that reflected Ralph's philosophy. Linda O'Hara, in her role as HR Manager, and John Appleton, in his role as Production Manager, were instrumental in introducing them across the organization. The first initiative, called Improshare (Improved Productivity Sharing), was introduced in January 1982. Ralph had learned about this program through his involvement with NAMP. It was a productivity measuring and profit sharing system that was developed by a consulting company. Cardinal was one of its earliest adopters. The program focused on productivity in all areas and introduced a cash bonus to employees for meeting or surpassing set quotas. Productivity gains were shared in equal parts between the company and the employees. A great side benefit of Improshare was that in its focus on efficiencies in the plant it increased awareness for creating safe and consistent production processes at the same time. Improshare has since been replaced with two other efficiency measuring and gain sharing systems that are better suited to the changed size and focus of the company today.

Cardinal Quality Circles (CQC), a concept devised by Woods Gordon Management Consultants, were introduced as a way to help identify potential issues and to ensure quality assurance in the plant. Each CQC would have at least five members, but no more than fifteen, working together in a certain area. The members of each Quality Circle met weekly to determine goals for the following week for their section and develop an action plan. It was an innovative concept that involved stopping the production line to discuss how to create a higher level of productivity, something previously unheard of in the meat processing industry.

Quality Circles facilitated an open environment of communication across functional areas while taking advantage of the fact that ideas for improvement could come from anywhere, a concept that the Cators still follow to this day. Initiatives like Improshare and CQCs helped facilitate teamwork and perpetuated the sense of community that has typified the Cardinal experience throughout its entire existence.

Opposite page: Walter Presswood and Jack Cator at one of many Cardinal steak sales. This page: Brent, Jack and Mark Cator at a function at the Mississauga Golf and Country Club.

THE SECOND GENERATION OF CATOR FAMILY ENTREPRENEURS JOINS THE BUSINESS

For Cardinal as a family owned and operated business, the 1980s were of great significance in Ralph and Ruth Anne's children joining the business full-time. Mark, the oldest, became a full-time employee in 1981, followed by his younger brother Brent, in 1985. Together with their father and the other members of the management team, such as Linda O'Hara, John Appleton, Grant Denison, Scott Zies and Jack Boulet, they would play key roles in shaping Cardinal. Mark took a lead role in sales, marketing and new product development prior to becoming General Manager in 1991 while Brent complemented his brother on the operations side of the business, serving as Buyer, leading to Operations Director and later, VP Quality Management. Mark and Brent's sisters, Karen Lauder and Janine Herron, joined Cardinal and were instrumental in their many roles on the administrative side of the business throughout the 1980s and early 1990s.





Three generations of Cators: Top left: Janine (Cator) Herron. Bottom left: Karen (Cator) Lauder with Jack Cator. Middle top to bottom: (1) A young Brent Cator. (2) and (3) A young Mark Cator at NAMP functions. Right: Mark Cator learning the butcher trade from early on. Opposite page left to right: (1) Ralph and Janine at the opening of the Factory Outlet. (2) Karen working the order desk.



Mark became interested in working in the business at a young age. As a high school student, he preferred working in the plant over attending summer camp and spent as much time at Cardinal as possible. After he got his driver's license, he would make deliveries on weekends and during the summer. After high school, he attended Humber College, while continuing to work part-time in the business. In his second year at Humber, in 1981, he realized that he preferred working over studying and decided to drop out of college. He went to the office and told his father of his decision to join the company full-time. Mark was determined to learn whatever it took to grow and eventually take on a leadership role in the family business. By 1982, he had transferred to sales and eventually became Sales Manager, allowing him to quickly make his mark on Cardinal.

Karen, the second oldest, remembers her dad letting her use the calculator while she played receptionist when visiting the plant as a young girl. Out of college, she worked in the company full-time throughout the 1980s and early 1990s. She remembers her first days at the order desk as intimidating, feeling that she really had to prove herself to the other employees as the owner's daughter. "I liked working in the business because of the great people we had and because you could always move around between different departments. If you wanted to try something new, you could always do that, just like it is today." Her various roles during the ten years she initially worked at Cardinal included the order desk, running in-store demos across the city when Cardinal got into retail, and doing sales support. She returned to Cardinal in 2012 and has since worked in reception, managed the factory outlet and served as HR Manager.

Brent, the third of the four Cator children, also grew up around the business. At age fourteen, he began working during the summers, labelling boxes before moving on to packing hamburgers. As a student, he was rotated around in the plant, filling in wherever there was a need. After graduating from high school he attended the University of Western Ontario from 1981 until 1985 and graduated with a B.A. in Administrative and Commercial Studies. Upon graduating, he joined Cardinal full-time in 1985.

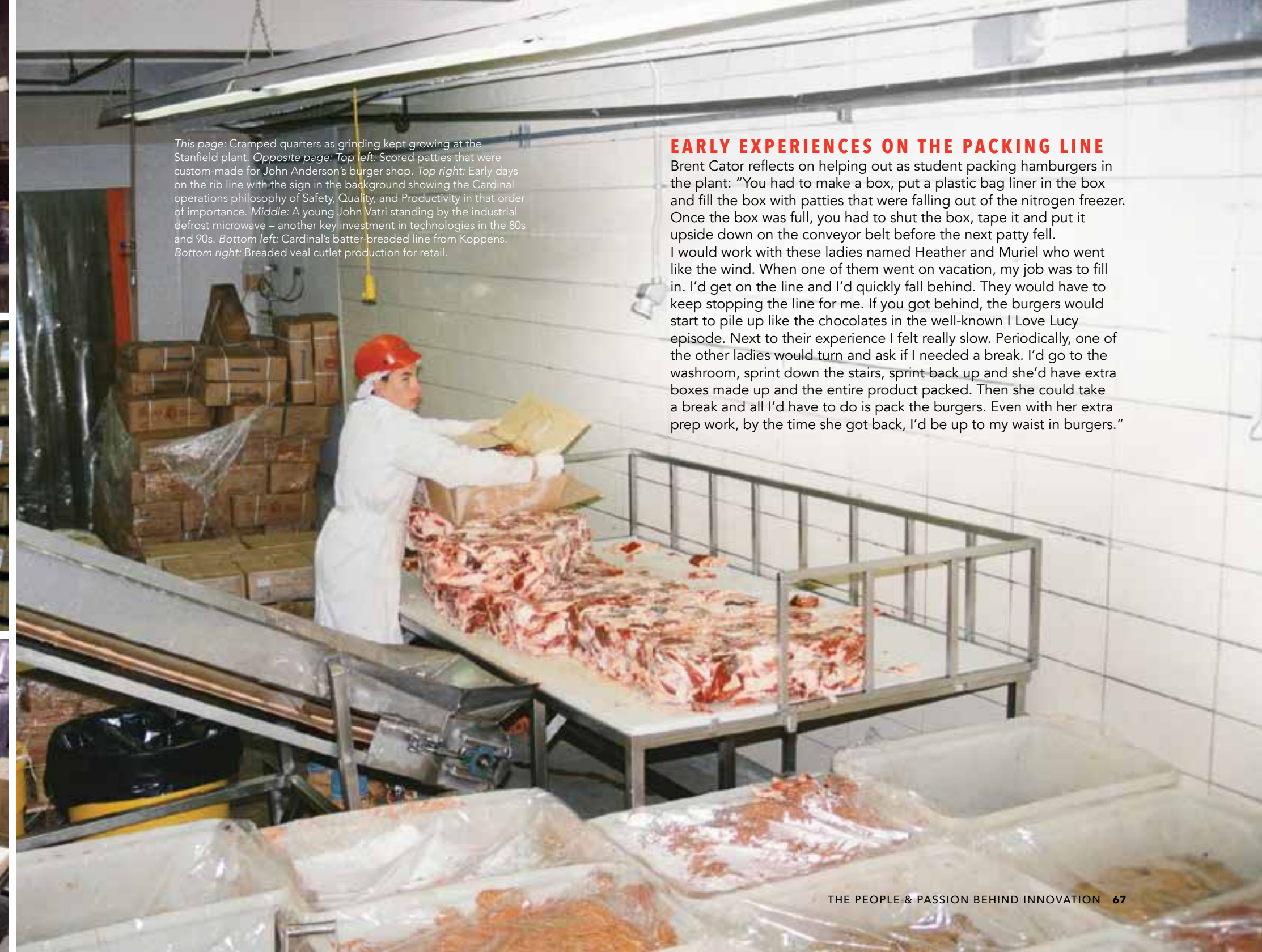
Janine, the youngest of the four Cator children, remembers packing burgers in the summer when she was 12 years old before advancing to



skinning ribs the next summer. She was also always part of the outdoor truck sales, which she remembers as being a lot of fun for everyone involved. Same as her sister Karen, she joined the business full-time, working in human resources with Linda O'Hara and in many other roles on the administrative side before leaving the family business in the early 1990s to raise a family.

Mark Cator reflects on the important roles his sisters have played in the evolution of Cardinal during their involvement in the family business:

"Karen and Janine came to the business at a time when we were growing quickly and were in need of managing the growth. They were personal, capable, willing to fill any role and were invaluable in what they contributed. They could bridge gaps between management and employees as they had both grown up in and around the business from their childhood days and people just trusted them. When an employee in the plant had a real issue, they would regularly share it with Janine or Karen. They were so connected and intuitive, even though they were young and might not have had the corresponding titles, that they played this absolutely instrumental role during their years in the family business."



This page: Cramped quarters as growing kept growing at the Stanfield plant. Opposite page: Top left: Scored patties that were custom-made for John Anderson's burger shop. Top right: Early days on the rib line with the sign in the background showing the Cardinal operations philosophy of Safety, Quality, and Productivity in that order of importance. Middle: A young John Vatri standing by the industrial defrost microwave – another key investment in technologies in the 80s and 90s. Bottom left: Cardinal's batter-breaded line from Koppens. Bottom right: Breaded veal cutlet production for retail.

EARLY EXPERIENCES ON THE PACKING LINE

Brent Cator reflects on helping out as student packing hamburgers in the plant: "You had to make a box, put a plastic bag liner in the box and fill the box with patties that were falling out of the nitrogen freezer. Once the box was full, you had to shut the box, tape it and put it upside down on the conveyor belt before the next patty fell. I would work with these ladies named Heather and Muriel who went like the wind. When one of them went on vacation, my job was to fill in. I'd get on the line and I'd quickly fall behind. They would have to keep stopping the line for me. If you got behind, the burgers would start to pile up like the chocolates in the well-known I Love Lucy episode. Next to their experience I felt really slow. Periodically, one of the other ladies would turn and ask if I needed a break. I'd go to the washroom, sprint down the stairs, sprint back up and she'd have extra boxes made up and the entire product packed. Then she could take a break and all I'd have to do is pack the burgers. Even with her extra prep work, by the time she got back, I'd be up to my waist in burgers."

"GIVE ME \$6,000"—THE CARDINAL FACTORY OUTLET STORE

On occasion, Cardinal did outdoor sales. People—usually friends, family or employees—would come to the back entrance of the plant and purchase Cardinal products at a reduced rate. An annual steak sale, held in the parking lot, quickly became a popular community event, with Mayor Hazel McCallion and Miss Mississauga attending and a percentage of the profits being donated to the local hospital. Steak sales were big fun events that were very successful, both from a sales perspective and in connecting Cardinal with the community. Brent recalls the success of these special events: "We'd do \$80,000 in one morning in our parking lot. I remember as a sixteen-year-old getting all that money in a bag and being told to take it to the bank. If you ever want to feel vulnerable carry a bag with \$80,000 in cash to the bank. You feel like everyone knows what you are carrying."

Realizing there was an opportunity to create some consistent additional cash flow, but also to prevent the distraction of selling items in the described fashion, Ralph and Mark started to think about opening a proper outlet store. The original plan was to build it underneath the plant. It quickly became clear, however, that this would require a large investment to excavate the area, along with digging out a deep driveway so windows could be put in. Brent, who was in university at the time, overheard Mark and their dad discussing this idea at the dinner table. "The conversation turned to the fact that it was going to cost us \$300,000 to dig out and create this space. So they decided not to do it and to close down the outdoor sales. A bell went off in me and I said, 'no, you can't not do a factory outlet. You have to do it.' I said, 'If you give me \$6,000, I'll start a factory outlet and I'll make you money.'"

Ralph instantly agreed and Brent went to work on what he refers to as "my most entrepreneurial start-up project." Determined to make it work, he rented a construction trailer, installed wooden stairs, and placed it in the parking lot. He put two chest freezers inside and that same year, in 1982 began operating the trailer as a factory outlet store during the summers and over the weekends. It made money from day one and eventually paid the way to build onto the Stanfield Road plant where it took on the shape of a real factory outlet store.



This page: Long-time Mississauga Mayor Hazel McCallion with Ralph and Jack Cator at the official opening of the Cardinal Factory Outlet. Opposite page: Top left: Young visitors enjoying Cardinal product at one of many Cardinal steak sales. Top right: Jack Cator and Mayor Hazel McCallion cutting the cake at the opening of the Cardinal Factory Outlet. Bottom: When the special steak sales got too big to be done from the trucks, Cardinal sold the product directly from the warehouse. Long lines were typical at these popular community events.



This page left to right: (1) Johnny Terkalas proudly ran the Cardinal Factory Outlet for years. (2) Mark Cator Jr., son of Mark Cator, during his involvement in the Factory Outlet as a summer student. Mark Jr. also ran customer barbecue events for Cardinal. Opposite page: Top image: Tradeshows became a meaningful part of Cardinal growing its foodservice presence as a branded company. Bottom image: The late Zelia Roque, seen here together with Janine Cator, was known for running the rib room and championing raw rib production. A long-time Cardinal employee, she was an inspiration to everybody she came in contact with.

Over the years, different members of the Cardinal family were involved in running the outlet store. Dave Bacon, Mark Cator's best friend through high school, and a long-time contract employee ran it briefly at first together with Brent and then on his own when Brent returned to university. Dave is mostly remembered for the critical role he played in purchasing during his eleven years with the company. Brent also recalls having great fun with his sister Janine's husband, Paul Herron, while running the store together. The Herman cartoon was very popular at the time, so they called both the store and themselves Herman. "The factory outlet was on the books as Herman—the accountant hated that—and then the two guys who ran the store were Herman and Herman. Both of us would answer the phone Herman." Paul would go on to play an instrumental role in Cardinal's subsequent retail attempts with a company-owned store in Oakville and outlet kiosks in various Sears locations before leaving the family business to create his own path as a successful entrepreneur. After Paul and Brent,

Tom Milligan ran the outlet store for a while before retiring, as did Johnny Terkalas and his son Chris. Finally, the outlet store became a place for Ralph to stay involved in a fun way after his retirement from Cardinal's day to day operations in 1991.

The outlet store was a way for Cardinal to keep long-time employees who were getting closer to retirement engaged in the business, to facilitate community charity events with free or discounted products, have some fun and create some additional revenue for the company. However, when Cardinal's business with retailers kept expanding, the outlet store increasingly became more of a problem than a benefit, as Cardinal did not want to undercut its retail customers. While Cardinal would continue to sell some unique items from time to time and use the outlet store for fundraising, it no longer had a place in the overall business structure. As a result, the outlet store was closed in 2015, making way for a much-needed employee lunch room addition.

REFOCUSING THE BUSINESS

In the early 1980s, Cardinal had reached a fork in the road. After years of continuous growth and significant capacity increases on the burger side in particular, it was time for the company to define its changed identity and put in place the proper processes that would keep carrying it forward. In many ways, Cardinal was an extension of a butcher turned entrepreneur doing business in a wholesale/foodservice world that had grown significantly by opportunity. Says Mark: "We were reacting to customers' needs but we didn't have a strategy or clear focus. We were something between a full-line food distributor and a meat processor. It wasn't sustainable at the growth we were seeing." This realization set in motion a series of changes, from reorganizing sales to reducing the number of products to getting out of the red meat business altogether and putting significant resources into the burger business instead.

REORGANIZING SALES

After joining Cardinal full-time, Mark began managing the sales department. Not surprisingly, five of the sales team members quit immediately when faced with a 23-year-old Sales Manager who was determined to implement major changes. This left Mark with Cliff Hall, Peter Vigna, and Bruce Presswood, as well as John Puddy, who joined a short time later. Bruce Presswood, after years of serving Cardinal as a sales representative, had become Sales Manager in 1983. The son of Walter Presswood, one of Jack Cator's early contacts in the Toronto meat industry, Bruce returned to his former Sales Representative role before leaving Cardinal later in the decade. Peter Vigna had joined Cardinal in August of 1976. One of Cardinal's main sales people since that time, he would play a key role as the force behind Cardinal's Roadhouse brand. Peter stayed with the company until his retirement in July 2001.

Realizing the benefits of having people work in their unique areas of strength, Mark quickly changed how the entire sales division was organized. Instead of maintaining sales territories defined by geographical regions, he reorganized the structure to having sales reps sell by personality. Mark explains: "Since I was 12 years old, I had been selecting the product for these guys. I knew the customers and each of the sales guys had a very different demeanor. Even though

we were trying to sell everything to everybody in each territory it wasn't always the most effective. I assigned the customers we wanted to keep to a sales person by personality and took away the regions overnight. We thought we were cutting back, but the business kept growing. It was magical, there was no resistance and our sales guys were doing better because they were now dealing with the businesses that they liked to deal with."



DEFINING THE DIRECTION FOR THE FUTURE

While the most significant volume increases throughout the 1970s and early 1980s had been on the burger side, Cardinal had maintained its red meat cutting and steaking operations at the same time. By the early 1980s, Cardinal's inventory consisted of well over 600 different products, ranging from steaks to burgers, raw ribs, breaded products, pickles, cheese, eggs, pies and many other items. Identifying the need for the company to refocus and free up cash resources, the Cardinal Board of Directors recommended cutting the dollar value of the inventory by half by rationalizing SKU's and eliminating unprofitable product lines. Cardinal accomplished that goal in one month and at the next meeting, the Board urged the management team to do it again.

Mark concurs that reducing the amount of different products offered to customers was a necessary step in defining what Cardinal was truly best at and to specialize in its area of strength:

"For the first time, we were able to identify what we were good at—burgers. The burger business continued to grow no matter what we did, no matter what we got rid of and how customers changed. Burgers became our specialty and at that time, a premium burger was starting to become interesting as a way to focus on our strengths and distinguish ourselves even more."

The other big change that developed from this new way of thinking was Cardinal's decision to cut down its customer list by eliminating unprofitable, working capital-intensive business. This led to the decision to get out of the steaking business, a labour-intensive process that had involved cutting, trimming, sorting and portioning meat into steaks, and end the selling of custom-cut red meats. A particular challenge of the non-grinding part of the business (steaks, roasts and specialty cut whole muscle meat items) was that it tied up a lot of money, causing some real cash flow challenges for Cardinal. Most red meat customers had 90 days to pay for the product they had received to the extent that there was close to half a million dollars in open accounts receivables—cash that Cardinal badly needed to keep growing its burger manufacturing capabilities.

This page: Carlos Da Silva (left) and Tom Milligan (right) operating the world's first Tenderform patty machine in production. Today, Tenderform technology is the world standard for forming burgers. Opposite page top image: Supervisor Morris Irwin standing next to the spiral freezer as the equipment is being lifted out of the Stanfield plant to move to the new Caravelle plant by a forklift from the outside. Opposite page bottom image: The moment the spiral freezer had moved out, kettle cooking began at the Stanfield plant. Left to right: Ann Hue Ha, Maria Santos, Carlos Da Silva.

Terminating steaking operations was a far-reaching decision, considering that the red meat business had been at the core of Cardinal from the earliest days and, in the early 1980s, accounted for 45 per cent of Cardinal's overall dollar sales. It was a move that was necessary to prepare Cardinal for a future as a more specialized company with higher levels of automation on the burger side. Ralph letting his 26-year-old son lead the charge in ending relationships with almost half of Cardinal's customers by the stroke of a pen speaks to the trust he had in Mark. Mark remembers: "I went through the customer list and put initials beside everyone we wanted to keep. I cut the list in half and it worked. Over the next 18 months, the business grew 30 per cent and profits rose dramatically, even though we were selling to fewer people."



TENDERFORM AND IQF FREEZING TECHNOLOGY SET THE COURSE FOR CARDINAL AS A HIGH-CAPACITY BURGER COMPANY

Continuous growth on the burger side, including large-size contracts with CARA and A&W, helped in the transition. Eliminating unprofitable business while growing the burger business further helped in creating funds for investments into new technologies, such as Tenderform and IQF (Individually Quick Frozen) burgers. These advancements were critical to even more growth in the future. Cardinal was growing and innovating at the same time. "Dad was on a mission to grow the business in those days," Mark reflects.

In 1985, Cardinal made a massive investment into freezing technology by purchasing a spiral freezer. Acquired at a cost of \$500,000, the spiral freezer was the first computer-controlled carbon dioxide freezer in Canada used for meat processing. To accommodate the freezer, an extension had to be built at the Stanfield facility, complete with a raised roof. The spiral freezer gave Cardinal the ability to freeze more product more quickly. Being able to market its burger products as IQF provided a distinguisher that spoke to the increased safety and quality of the product. IQF freezing gives burgers better colour, texture and a longer shelf life.

Investing into Tenderform patty-forming technology made Cardinal the first company in the world to use this new equipment in food processing. It provided Cardinal with the ability to produce a burger that was less processed, looked more like a handmade product and cooked faster on the grill. Tenderform was another significant advancement in Formax technology by ensuring that all meat fibers were aligned during the burger-forming process. When Harvey's was looking for a burger that was thicker yet cooked as fast as the product they were using at the time, the Tenderform burger provided the perfect solution. As a result, Harvey's became the first Cardinal customer to use the new burger in its restaurants.

By cutting the product line in half, pulling out of the steaking business, and taking production to new unprecedented levels through Tenderform and IQF freezing, the Cardinal leadership team had completely re-engineered the business and laid the foundation for scalable growth in the future.



This page and opposite page left to right: (1) Paul and Janine Herron depicted here are two family members who engaged in moving the business forward, Janine through her talents in administration and people development and Paul by crossing many segments of the business from the factory outlet to finance, sales, demos and opening retail stores. (2) Food presentations like this one outside a Sears store helped promote Cardinal's growing line-up of retail products. (3) One of several Cardinal outlets in Sears stores. (4) Cardinal retail sales in Sears stores created more revenue per square foot than any other department including jewellery and perfume.

CHANGING THE DISTRIBUTION MODEL FROM DELIVERY TO WORKING WITH DISTRIBUTORS

In 1985, Cardinal took its delivery trucks off the road and sold the fleet. The move was part of a complete revision of its distribution model that had become possible by the earlier decision to get out of the custom red meat business which had required door-to-door delivery. Through Mark's leadership, instead of delivering directly to clients' locations, as was done in the past, Cardinal began using a network of distributors, making it the first Canadian meat purveyor to do so. Once the goal was defined, Cardinal switched to third party distribution in one day. It was a foundational change for the company that would afford Cardinal much more flexibility in how to bring its product to market in the future. Working through distributors was the next necessary step in the process of transitioning the company from being a purveyor that offered many different products to being a much more specialized company. Most importantly, it proved to be a key prerequisite to Cardinal's ability to sell its product to larger grocery chains as, in the words of Ralph, "nothing went to supermarkets of the day until you took the trucks off the road and began working through distributors."

PREPARING FOR RETAIL

With the strategic focus on growing Cardinal mainly on the burger side came the identification of retail as a real possibility for selling a branded premium burger. Creating a branded burger was a notion that was not entirely new to Cardinal, however. In fact, prior to becoming a federally inspected company, Ralph had created the Butch Burger, complete with caricatures hand-drawn by Ralph depicting "Butch" on the boxes. Ralph was known as Butch and he had drawn an imitation of Jughead from the Archie cartoons that was placed on the box. What was new in the 1980s, was the growing vision of a branded signature burger as a way of breaking into the retail market. Cardinal did a considerable amount of business in foodservice, mainly through its important relationship with CARA, which accounted for a lot for Cardinal's growth over the years. With foodservice being regional, however, the opportunity to grow on the foodservice side alone remained limited. To become a company of national reach, retail had to be part of the mix.

Marketing became a major focus area as Cardinal prepared to make its products available to a much larger group of customers through

retail. To begin with, Cardinal did test marketing with some items to see if retail was a feasible option, starting with a veal cutlet in 1983 at Knob Hill Farms that was well received. Pork stuffed with apple was the next attempt, but Mark notes there was "push back" at this point. Knob Hill Farms, a wholesale retail store, became a testing ground when first trying to see how product under the Cardinal brand would perform in a retail context.

THE CARDINAL STORE IN OAKVILLE AND CARDINAL RETAIL OUTLETS AT SEARS

Building on the positive experience with the Cardinal factory outlet on Stanfield Road, the management team began looking for additional ways to retail Cardinal product directly to consumers. This was the time boxed meat stores were becoming increasingly popular. Correspondingly, one of the many ways Cardinal tried to grow its market exposure in the 1980s was by opening its first standalone store in a plaza in Glen Abbey, a new subdivision that was going up in Oakville. Paul Herron was instrumental in launching and operating the store. It was a short-lived experience, however, as the area around

the plaza remained under construction for an extended period to the effect that there was just not enough customer traffic yet to sustain a retail store.

Cardinal outlet kiosks in a number of Sears stores marked the next attempt at establishing a retail presence under the Cardinal brand. Again, managed by Paul Herron, the first three outlets were opened in 1988. At these stores, Cardinal offered different kinds of burgers, meatballs, regular steaks, fast fry steaks, breaded veal cutlets, hot dogs, ribs and small roast cuts. Although it was an innovative concept and partnering with Canada's largest retailer gave Cardinal some great exposure, the timing turned out to be unfortunate again. When the economic downturn of the late 1980s/early 1990s negatively impacted consumer spending, all Cardinal outlets in Sears stores were shut down. In spite of the outcome, it was a risk worth taking as Cardinal was exploring its options in the retail arena. As Mark puts it succinctly, "We were trying to grow and innovate all at the same time. We thought we could do anything."

THE FIRST ATTEMPT AT CREATING A BRANDED RETAIL BURGER—CARDINAL SELECT BURGERS

Cardinal first tried to create a branded product and open up retail with a pure beef burger branded as the Select burger. The name “Select” is a reflection of Cardinal’s desire to create a premium product that would stand out in the eyes of the consumer. The idea originated in the sales department. Both John Puddy and Bruce Presswood had gained significant retail sales experience prior to joining Cardinal. They were confident that Cardinal would be able to compete with the only retail burger that had a brand presence at the time—the so-called Steakette produced by Schneiders. John and Bruce presented the idea to Ralph who made the decision to go ahead with it. The direction and timing seemed right. The spiral freezer with its IQF freezing capability had given Cardinal the technology to produce a burger that had the right colour to succeed as a retail product.

The way Cardinal approached this first real attempt at creating a branded product for retail speaks to Ralph’s entrepreneurial and truly creative approach to doing things the Cardinal way. Not only was he willing to pursue a new avenue, but did it in a way that was innovative, taking what he had recently learned from a book about managing practices and applying it almost verbatim to Cardinal. In bringing these new ideas to life, Cardinal put together a cross-functional team of members of different departments to seek everybody’s input on how to

After Cardinal got out of trucking, it partnered with the Lobraico family and their company OK Transportation for shipping product between facilities and directly to Cardinal’s distribution partners. Being a true partner, OK Transportation promoted Cardinal’s Roadhouse brand on the trailer displayed here. *Opposite page:* Josefa Pereira and Brent Cator advertising the Roadhouse brand in this marketing shot. Josefa packed more burgers for Cardinal than any other individual and, based on her long tenure, will likely never be surpassed.

make the launch into retail a success. Mark outlines the determination and “everything is possible” attitude at the time:

“We were going to force our way into retail even if it killed us. We had a ‘war room’ where all we did was talk about Select burgers. We created a cross-functional team, consisting of production, marketing and sales, and there were no chairs in the room. We had special tables that could be configured in different ways. We were discussing ideas like celebrating failures to stay positive and keeping going in the face of expected failures along the way. One of the ideas was to fire a cannon off the roof each time we had a failure but we ended up ringing a bell instead.”

To market its Select burger in retail, Cardinal created a smaller retail box with a photo of the burger on it. Although the picture is remembered by both Mark and Brent as “awful” in comparison to today’s package design, the red box with an actual image of the burger on it was a big deal at the time. Cardinal was successful in getting the product onto the shelves of some smaller retailers but it failed in the market place. Cardinal simply did not have enough brand recognition whereas the product it was directly competing against did.



BIRTH OF THE ROADHOUSE BRAND AND LAUNCH OF THE ROADHOUSE BURGER IN FOODSERVICE

The excitement that had accompanied the creation of the Select burger, carried over into Cardinal’s second attempt at creating a branded product—the Roadhouse burger—a few years later. A Tenderform burger with a distinct shape and texture, the Roadhouse burger was a premium burger that stood out in the market and redefined what a machine-made burger looks and tastes like. Due to its unique shape that looks like a bear paw, it was first marketed as the Bear Paw burger, before Cardinal adopted the Roadhouse brand. The Roadhouse burger was first introduced in 1988 as a foodservice product before opening the door for Cardinal into retail in big ways. The brand image conveyed through the Roadhouse concept was that this was a pub-style burger as opposed to a fast-food burger.

Peter Vigna, whom Brent describes as “a salesman with a huge marketing bent,” was the key driving force behind the creation of the Roadhouse brand. From its earliest days, as the Roadhouse brand manager, Peter would be instrumental in introducing the brand to new customers and establishing the Roadhouse burger as Cardinal’s signature burger product for years.





Rib production for Swiss Chalet at Cardinal.

PRICE CLUB (COSTCO)

Having a wholesale “big box” store take on Cardinal product seemed to be the best way for Cardinal to ease itself into the retail playing field. Building onto its positive experience with Knob Hill Farms, the Cardinal team identified Price Club as a desired partner for making its product available to consumers. When Cardinal first approached Price Club in 1989 with raw product, such as apple stuffed pork and veal cutlets, the buyer told them to come back with something more interesting. Cardinal’s product was perceived as not being different enough, “for not having the wow factor,” as Mark remembers. This triggered the idea to take the Roadhouse burger that had gained some traction in foodservice already and promote it to Price Club for retail as well.

Mark, who is artistically inclined and believes strongly in professionally designed brands, went to work and came up with the initial marketing design for the Roadhouse burger for retail. It consisted of a black, square box with a professional picture of an 8 oz. burger on it. Cardinal hired a professional food photographer to take the photo of the burger. Shortly after the picture was taken, Mark went back to Price

Club and showed the picture of the Roadhouse burger to the buyer. Mark remembers the buyer’s response, which marked a watershed moment in the evolution of Cardinal. “The buyer looked at the picture and said, ‘I’ve got to have it.’”

That meeting took place in late January of 1990 and Price Club wanted to have the product in stores in March, leaving Cardinal only a few weeks to ramp up production, figure out how to package the product and create the actual full-colour box. Working with the specialty division of its box supplier, Cardinal had the boxes ready and delivered the product on time, using a laminated version of the same photograph that had convinced the buyer on the front of the box. “It was seven weeks from when the buyer told us that he wanted our product until we put it on the first Price Club shelves. It was unbelievable. We met the timeline. It didn’t hurt that we had Brent who could execute immediately on anything operational. That changed the entire nature of our business. That was our first step into retail—a really big step,” Mark recalls with great excitement that echoes the feelings of everyone involved at the time.

In 1993, Price Club merged with Costco, and four years later, all remaining Price Club stores were rebranded as Costco stores under the ownership of Costco Wholesale Corporation. Since first introducing the Roadhouse burger to Price Club, Cardinal has supplied Costco with over 40 different products. The Roadhouse burger has remained the mainstay of this important relationship.

RAW RIBS FOR SWISS CHALET

In the early 1980s, Cardinal began skinning, trimming, sorting and sizing raw ribs for Swiss Chalet. Next to burgers, pork ribs would quickly become a significant high-volume product for Cardinal. The original impetus for going into the rib business came from a chance conversation between Ralph and a CARA representative. Swiss Chalet, which was owned by CARA, wanted to start selling a second protein next to chicken at its restaurants. Cardinal pitched the idea of Swiss Chalet making cooked ribs that second option and using Cardinal as its raw ribs supplier. Ralph was willing to take on the new business and in the process turned what at the time was a byproduct in the industry into a successful standalone product.

One of the challenges was that the Quebec-based slaughterhouses that would supply the meat to Cardinal wanted to be paid up front. This created a cash flow challenge but when Swiss Chalet offered to float the money to maintain the supply, Cardinal was able to move forward.

In spite of CARA’s accommodation, taking on the Swiss Chalet raw rib business was “one of the single largest financial risks we ended up taking,” as Mark remembers. This was due to the fact that only two thirds of the incoming raw material fit the size range required by Swiss Chalet. In other words, one third of every pound of ribs coming into the plant for processing for Swiss Chalet needed to be sold somewhere else. Says Mark: “At one point, we ended up with probably \$300,000 in product that had no home.” Luckily, Cardinal’s earlier attempt to get the Select burger into retail stores had helped reignite communications with retailers. Largely through the efforts of Peter Vigna, Cardinal was able to leverage existing contacts to sell the smaller sizes of ribs as a “luncheon size” product to customers in the United States and Western Canada.



Left to right: (1) Clare Proctor was instrumental in bringing financial discipline to Cardinal during his tenure as VP Finance and General Manager. (2) The Stealth Skinner – invented by Cardinal employees and the company's first patent. (3) Recognition of Cardinal as a safe work place by the Industrial Accident Prevention Association.

Providing raw ribs to Swiss Chalet was further important in prompting Ralph to start experimenting with cooked ribs. This would eventually lead to cooked ribs as another successful product and to Cardinal's proprietary kettle cook technology. To convince Swiss Chalet that ribs were well suited for its restaurant customers as a second protein, Ralph and Ruth Anne had experimented with different rib and sauce recipes until they found the right one to use as a sample. Brent remembers:

"In the process of convincing Swiss Chalet that ribs were a great product for their restaurants, Mom and Dad kept cooking ribs, trying to create the perfect recipes for them. We had ribs every day—it seemed like for breakfast, lunch and dinner—and Mom came up with this sauce that was just amazing."

Although Swiss Chalet decided to go with its own sauce for the ribs Cardinal supplied, Ruth Anne carried on making ribs that way at home. When asked by friends and family why they were not selling the sauce, the Cators would reply, "we're not in the sauce business, we're in the rib business." Eventually, Cardinal began selling cooked ribs as well. When this happened, they came with Ruth Anne's sauce and continue to do so to this day.

INVENTING THE STEALTH SKINNER

Skinning, cutting and portioning ribs and removing the membrane from them to make the meat more tender was a physically challenging and labourious process. Skinning required Cardinal employees to use a small knife, performing the exact same activity over and over again during extended periods of time. Carpal tunnel syndrome became a regular occurrence due to the repetitive nature of the process and the strain it caused on people's wrists. "It seemed like every other week somebody had hurt their wrist because of carpal tunnel syndrome," Brent remembers. As a result of these injuries, workers' compensation costs were mounting as Cardinal was classed in the same category as an abattoir that was killing cattle. When Linda O'Hara pointed out the problem, it became clear that because of carpal tunnel-related injuries continuing the rib business was actually costing Cardinal more than the company was making on it.

To help combat this pressing problem and to ensure that employees were protected from work-related injuries, Cardinal turned to a Quality Circle and this cross-functional group, consisting of Brent, Joe Zahra, Linda O'Hara, Cam Beatty and others, worked together to develop a solution. Joe, Cardinal's Lead Supervisor at the time, had the first idea based on some innovative efforts he had been involved in with pork slaughtering years before. Over the next couple of months, the group went through several iterations of what eventually became known as the Stealth Skinner. The Stealth Skinner was capable of removing

the membrane of the rib using compressed air, doing away with the use of knives altogether. The Stealth Skinner, when introduced to the production process, dramatically decreased injuries and by 1993 there were no longer any compensation cases for carpal tunnel syndrome.

A reflection of the ingenuity that went into the in-house creation of the Stealth Skinner, the technology was patented in October 1992 with the members of the Cardinal group that had created it listed as the inventors. These were: Joe Zahra, Cam Beatty, Grant Denison, Linda O'Hara, Zelia Roque, Ansel Lorde, David Bacon, and Brent Cator. From a safety perspective, the Stealth Skinner marked the beginning of what quickly became the Cardinal safety mindset—another hallmark of the Cardinal culture that has led to Cardinal becoming an industry leader in safety. According to Brent: "After we invented the Stealth Skinner, safety first became our mindset. We started a philosophy in the plant that we adhere today which is Safety, Quality and Productivity—in that order."

IN TROUBLED WATERS

Judging by sales growth, the use of innovative, high-volume equipment, great customer relations and a dedicated, skilled workforce, Cardinal was doing well during the second half of the 1980s. Cardinal's burger and rib business with restaurant chains like Swiss Chalet, A&W and Harvey's accounted for most of the company's volume. Some exports into the U.S. and Cardinal's entry into the retail market further contributed to overall sales of \$15-18 million. To everyone's surprise, in 1987, in the midst of a multiple-year run of growth, the company hit rock bottom. The early onset of the recession of the late 1980s that would take many Canadian companies out of business altogether, prompted Cardinal to take a critical look at its finances, and cash flow in particular.

The result was sobering, to say the least. It became clear that annual growth rates in the double digits (in 1985 alone Cardinal had grown by 30 per cent) and investment into new equipment to keep up with the growth had masked a looming financial crisis. Cardinal had accumulated some bad debt and had done a poor job maintaining balance in its accounting. Mark explains:

"Between 1985 and 1988, we had grown ourselves out of the business. We did not have the capital backing to keep up to the systems changes. We had financed the equipment and interest rates were starting to spike. Trying to keep up with our large customers had taken nothing but money for equipment, staff, inventory, etc. We were way out of our depth and it hit us so hard and fast that our Board wasn't even aware of the extent of it because we, as the leadership team, didn't even know what to present to them. It looked like we were making money but we had no liquidity and no ability to keep up with the growth."

When the leadership team realized the underlying causes of the financial crisis that was threatening the very existence of Cardinal, Ralph called in the Board of Directors, reflecting the long-held belief by Ralph and his sons to surround themselves with the right people, listen and learn from what they have to say. The Board would play an instrumental role in devising a solution that ensured the long-term sustainability of Cardinal. Immediately, the Board identified the need to bring in an experienced professional for the financial side of the business. Cardinal needed a professionally trained Chief Financial Officer to lead the financial restructuring of the company.

"WORTH HIS WEIGHT IN GOLD"—CLARE PROCTOR COMES TO THE RESCUE OF CARDINAL

Cardinal posted an ad for the position of Vice President of Finance and received 150 applications. Guided by accountant Jim Cameron, who was a member of the Board, Ralph identified Clare Proctor as the man for the job. An experienced senior executive whose professional trajectory included positions as VP Finance and General Manager, Clare joined Cardinal in January of 1989. He started as VP Finance and six months later became General Manager. In June of 1989, Ralph announced that he was pulling out of Cardinal to go back to school to study creative photography and that Clare would be running the company. Supported by the Cator family, the Board of Directors, and working closely with the other members of the management team, that is Mark, Brent and Scott Zies, Clare made a series of suggestions that were implemented in short order. Looking back, it was these system changes that put Cardinal on solid financial footing and ensured its long-term sustainability.



chapter
FIVE

TRANSITIONS AND CHANGE —
CARDINAL IN THE 1990S

5

PUTTING CARDINAL ON SOLID FINANCIAL FOUNDATIONS (1989-1991)

Going into the 1990s, the recommendations made by Clare Proctor to financially restructure Cardinal were implemented in short order.

Inventory volume was decreased by 50 per cent as it tied up cash the company didn't have. Instead of storing meat in the freezer until it was needed for production, Cardinal switched to a system of just-in-time inventory, an idea that was first brought up by Board member Ted Kennedy. Brent, who was put in charge of implementing the changeover to just-in-time inventory, remembers: "After the Board

meeting at which the Board had decided to switch to just-in-time inventory, Dad walked by my desk and said to me, 'Ted Kennedy suggests we put just-in-time inventory in place,' and he drops this article on my desk which in a very short manner and with very little detail described what just-in-time inventory was. So we went to task doing that. Without it, we would probably not have stayed in business for much longer." Procurement methods and supply capabilities in the meat industry had improved to such a level that next day delivery of raw material was indeed possible, making storage of items to be used in the manufacturing process for more than a day simply unnecessary. Meanwhile, Clare added much needed financial credibility to the

"Give me \$6,000 and I will open a store that makes money," was Brent Cator's value proposition for starting the factory outlet. As the image on the right shows, less than \$6,000 was spent on the original trailer setup. Nevertheless, it did so well that it afforded Cardinal the building additions for a proper store front that proudly served the community for 30 years.



company that turned out to be instrumental in Cardinal's ability to refinance its debt. While Cardinal's reputation in the meat industry and among customers was high, from a bank investment perspective it was still considered a risky venture. Clare's experience gave Cardinal the ability to restructure its financial landscape, and most notably to switch from a second tier/schedule B U.S. bank that had no real presence in Canada and wasn't supportive at all to one of the "Big Five" Canadian banks that was willing to invest into the company's future.

Finally, Cardinal was too dependent on its valued relationship with CARA. Had that client left, Cardinal would have gone bankrupt. The need to develop additional revenue streams through expanding Cardinal's customer base was identified as being of paramount importance. In that process, launching into retail was identified as a necessary shift.

Process-related changes were made with the goal of saving money and improving Cardinal's ability to keep investing into new equipment which would be needed to drive growth in the future. Cardinal changed to a different cold storage facility and further refined its distribution methods. The purchase of additional Formax 19 Tenderform equipment in 1992 added to Cardinal's burger forming capabilities. Together with continued focus on retail options, buoyed by the efforts of the Cardinal sales staff, Cardinal was able to slowly return to a position of strength.

Ralph emphasizes the lasting legacy of Clare in leading this transition: "Clare brought financial discipline to the business. He could relate to our Board of Directors better than I could. He had logical reasoning for decisions. It was a stroke of luck that he joined our company during this difficult time." Brent is equally clear about the great debt Cardinal owes to Clare Proctor:

"Clare identified very quickly what had to change in order to save the business. As it turned out, he was worth his weight in gold."



CARDINAL BECOMES A SECOND GENERATION FAMILY BUSINESS

In 1991, Ralph retired from Cardinal, leaving it to his sons and the other members of the leadership team to lead the family business into the future. The high stress of the late 1980s and the restructuring of the early 1990s had taken its toll on Ralph after 25 years of building the company. Trusting in his sons' commitment and abilities, when Ralph exited the business he largely allowed Mark and Brent to take over and implement their vision without his involvement. He was still the owner in name, but he stepped away from the running of the company, something Brent and Mark both feel took a lot of courage. To this day, they appreciate that he trusted them and allowed them to stand on their own feet.

In retiring from the company, Ralph was following a transition plan he had initiated in the early 1980s already. With the next generation—Mark, Karen, Brent and Janine—all involved in the business, Ralph had devised an exit strategy that would give his children the opportunity to grow in the family business as they saw fit. Part of this was a statement of commitment made in 1986 that defined Cardinal's ongoing role as a family business moving forward.



"We have a mutual commitment and obligation to family security and development. Perpetuating the family business will encourage independence and opportunity for self-actualization for all employees, family and non-family alike, as stated in the Cardinal Philosophy."

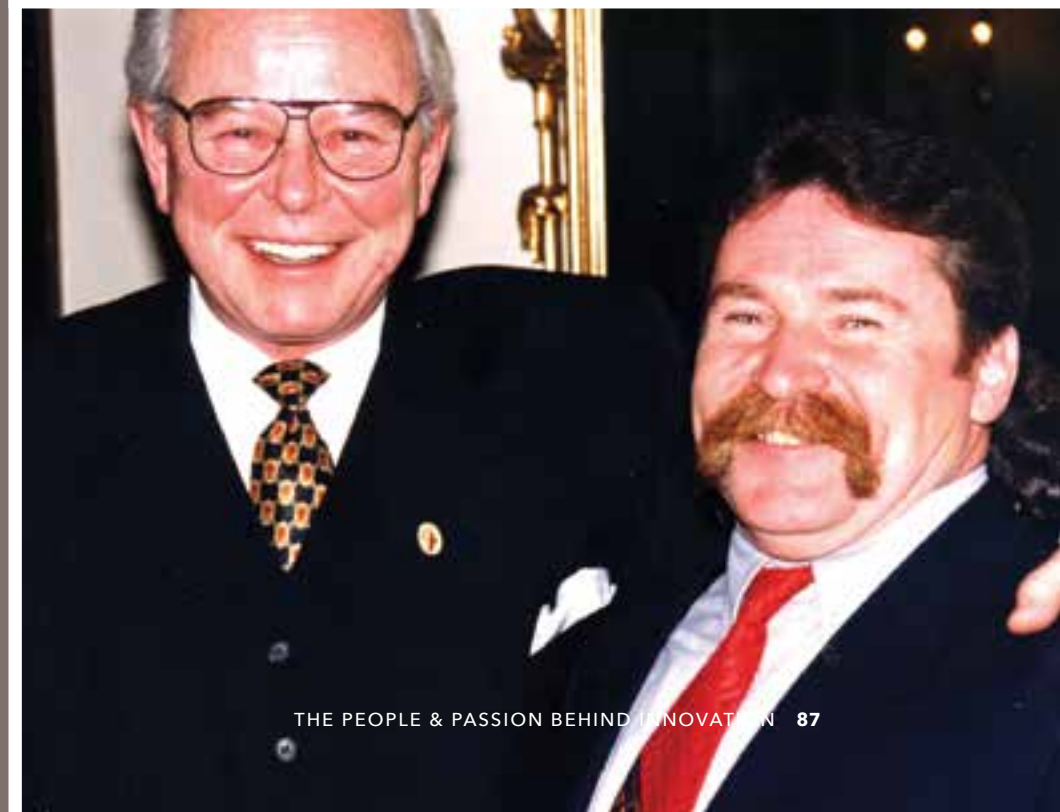
– Cator Family, Sept. 12, 1986.

Ralph had read a book, titled "Beyond Survival" by Leon Danco, which provided a framework for the transition of a family business in phases over an extended period of time. He arranged for the entire Cator family to attend classes at the Wharton School of Business to learn about the concept of succession in business. At different times, the Cators also worked with consultants to help them through the transitioning process.

Following Danco's approach, Ralph decided to implement the transition plan over the course of fifteen years in three five year increments, starting in 1985. Phase one saw the establishment of a management team, phase two the appointment of his eldest son Mark as president, and phase three the completion of the formal transition of ownership into the next generation which was completed in 2004. Ralph made it a habit of announcing the beginning of each new phase every five years on his birthday. To prepare for the full transition of ownership, he bought out his remaining partners while delegating more and more duties to his children.

When Ralph retired from his role of actively running the business in 1991, he began to pursue a long-held passion of his: photography. While continuing to stay involved as a member of the Board of Directors as well as looking after the Cardinal factory outlet store, he studied photography at Humber College and became a Licentiate for the Professional Photographers of Canada.

Opposite page: Ralph Cator with his sons Brent and Mark in this photo from the Costco Connection Magazine where Cardinal was highlighted for its success as an intergenerational family business. *This page:* Top: Jack Cator and Royce Brisbin. Bottom: Ralph Cator and Glen Chantler. Glen came to Cardinal to help out for three weeks and retired from the company 37 years later.





Top: From left to right: Cliff Hall, Tom Milligan and Peter Vigne during one of many President's Awards Dinners often held at the Mississauga Golf Club to honour employees with five or more years of service at Cardinal. Bottom left: Ralph Cator and Cliff Hall. Bottom center: Ralph Cator and Maria Rodrigues. Bottom right: Jerzy Karwowski and Mark Cator.



Top left: Ralph and Jack Cator. Top right: Ralph Cator and Dave Bacon. Middle right: Ralph Cator and Maria Almeida. Bottom left: Ralph Cator and Margarita Montero, a key employee at the cook plant whose son also joined Cardinal in IT. Top middle: Ralph Cator and Ross Collier, one of a number of talented millwrights who have apprenticed at Cardinal. Center bottom: Jack Cator and Johnny Terkalas. Bottom right: Ralph Cator and Linda O'Hara.





From top to bottom: (1) Jack Cator on his fishing boat – one of his favourite places to be – and always with a cigar. (2) Jack and Dora Cator. (3) Jack as he is remembered by everyone who knew him at Cardinal.



LOSING JACK CATOR

Jack Cator, after a lengthy battle with cancer, passed away on December 31, 1992 at the age of 81. According to his son, Ralph, Jack who was President of Cardinal for many years, had been “Cardinal’s best cheerleader” from the beginning and had stayed involved in the company as editor of the Birdhouse (the Cardinal monthly newsletter) and as Chairman of the Cardinal Board. Jack was well liked by the employees of Cardinal and many share great memories of him. Rose Charles, who started at Cardinal in 1985 and looked after several functions in the office, including Accounts Receivable, Credit Manager, Payroll and HR, remembers Jack: “He collected cheques for me from customers. He would go into the plant with boxes of candies and give them to the employees.” Not surprisingly, what most of those who knew Jack remember about him was his love of rolling the dice. Lunch hour at the plant was always a welcome opportunity to come down to the lunch room and roll the dice with employees. Johnny Terkalas remembers that any transaction was an opportunity for Jack to roll the dice:

“When we had a coffee truck come in for lunch or coffee, Jack would roll the guy for all the coffees.”



GROWING THE CARDINAL CULTURE

Following his father’s retirement from the company, Mark Cator led Cardinal as General Manager from 1991 to 1993 and subsequently as President for another eleven years, until 2004. Building onto the values and culture Ralph had established, the new leadership team consisting of Mark, Brent, Clare Proctor and Scott Zies became highly strategic about the future of the business. Scott, a good friend of Mark’s, had joined Cardinal in the 1980s, working in purchasing before taking on a management role on the foodservice side of the business. A key member of the management team in the 1990s, he eventually left Cardinal to start his own company. Later Scott was rehired as Commodity Purchaser.

With the financial restructuring in place, the team began looking at Cardinal in terms of strategic business units. Membership in the Young Presidents Association had exposed Mark to what he refers to as “the world’s greatest resources on management practices which enabled me to bring that learning back to Cardinal.” Furthermore, Mark had taken courses on how to run strategic planning sessions and out of that came Mission ‘96, which defined Cardinal’s goals and vision for the future as a manufacturer of premium product in a select number of categories—ribs, breaded products and burgers. Whereas in the past, growth had been primarily the result of filling customers’ needs, focusing on goal setting became equally important. Mark remembers this as a time of intense learning and trying new things: “We read every book we could get our hands on.”

Left: Brent and Mark Cator promoting Cardinal ribs. Right: The Cardinal Safety Committee. From left to right: Frank Florindo, Margarita Montero, Ross Collier, Ann Hue Ha, Dallis Madore.

"When I came from Portugal I did not speak a word of English. Luckily, Cardinal had some other Portuguese employees and the supervisor would bring them to me if she needed to tell me something. Taking ESL courses through Cardinal helped me a lot. I never went to school in Canada other than that. I am curious to learn and I always came up to the machine and asked the operators questions. One day one of the operators did not show up for work and I was asked to operate the machine for a day. And from then on I learned something new all the time and today I am training the new people."

- Maria Almeida

As part of their larger conceptualization of Cardinal's goals and vision, the leadership team put renewed effort into aligning the company's unique culture with its strategic goals. Reflecting Ralph's philosophy of creating a business that allowed people to grow and stay engaged long-term, Cardinal launched many new programs and initiatives aimed at finding and keeping the right people and making sure that employees were enabled to flourish in their respective roles. HR-related initiatives included courses offered on site, such as English as a Second Language for employees with diverse linguistic backgrounds, a program that Cardinal had developed with the assistance of the Peel Board of Education and that was first led by Linda O'Hara and then by Rose Charles.

In the early 1990s, Cardinal employees attended Sheridan College in the machine apprenticeship program, Ryerson for courses in accounting, marketing and sales, York University for Productivity Sharing, the University of Guelph for Food Processing Regulations, as well as many courses hosted by Cardinal itself. In 1992 alone, over half of Cardinal employees were participating in a variety of training and upgrading programs, paid for by the company. The annual President's Award and involvement with charities became important components of Cardinal's evolving culture as well.

The Cardinal Safety Committee: Left to right: Linda O'Hara, Dallis Madore, Ann Bennett, Janine Cator, John Vatri, Artur Tadeusiak, Cam Beatty.



"We have been given opportunities to move up and do other things. I have grown a lot in this company. The fact that Cardinal encourages you to go to school and take courses is very important."

- Esmeralda Vieira

"I wanted to take a course as a chef and when I applied by mail I was rejected by the college because I had no schooling in Canada. Brent said to leave it with him, then he talked to Rose Charles and Rose talked to the people at the college and I was in."

- Carlos Da Silva

"When I first came to Canada and started in the plant everybody was so friendly, it was such a multicultural place. The Cators just gave everybody a fair chance. They invested into people. There are many examples of employees from all over the world who spoke very little English when they started and took ESL courses offered by Cardinal and other training and eventually became supervisors and stayed for the long term."

- Rose Charles



BROADENING THE SCOPE—CARDINAL BECOMES PART OF A LARGER FOODSERVICE NETWORK

A significant element in the gradual transitioning of Cardinal was the Cator family's involvement in organizations like NAMP, the Canadian Meat Council, The Canadian Association of Family Enterprise (CAFE), Friends of We Care and the Young Presidents Organization. Attending meetings with other entrepreneurs and senior executives in the meat and foodservice industries provided invaluable opportunities to tap into a network of people with lots of experience, to connect with new ideas and, at the same time, contribute to the industry at large. In that, Mark, and later Brent as well, followed in the footsteps of their father, whose outstanding contributions to NAMP in particular would be recognized in 2010 through his induction into the Meat Hall of Fame.²

In the early 1990s, Cardinal became a member of Friends of We Care, a charity that brings together many leading foodservice companies in their joint effort to raise funds for children with disabilities. Mark remembers the impact this move had on him in his role as General Manager and President and on Cardinal as an organization: "Joining Friends of We Care changed my world. Not only were we contributing to a great cause, but I now also had access to senior level executives from many different companies and restaurant chains, distributors and suppliers." Fully identifying with the organization's vision to create camp experiences for children with disabilities, Mark joined the Board and led the effort to reorganize its structure. At the same time, involvement in Friends of We Care with its focus on community helped reinforce the values Cardinal was built on and resulted in the company as an organization becoming engaged in the mission of Friends of We Care as well. "Joint involvement in Friends of We Care helped our people connect with Cardinal on a much deeper level," Mark explains.

In his role as Chair of the Canadian Meat Council's foodservice committee, Mark was instrumental in bringing together the Canadian Meat Council and the CAFP (Canadian Association of Foodservice Professionals) in an effort to address the foodservice industry's largest challenge at the time—attracting young people. The outcome of these efforts was an event called Field to Fork which grew to the point where 2000 high school students were introduced to the foodservice industry through an annual trade show that highlighted exciting career opportunities for young people in the foodservice industry.

² See below pages 118-119.



"LATERAL ARABESQUE" AT CARDINAL

Throughout the history of Cardinal, there have been many examples of what Ralph Cator calls "Lateral Arabesque," that is employees moving multiple times within the organization, trying new things and positions based on their interests, passion and strengths. "Lateral Arabesque" is a reflection of a foundational principle and cultural centerpiece of Cardinal, namely to let people make their best possible contributions in areas that cater to their strengths and that they are passionate about. Cam Beatty going from truck driving to becoming a millwright and taking on a key role in maintenance, Carlos Da Silva going from being a machine operator to playing an important role in product development, Tom Milligan going from leading red meat cutting operations to inventory control when meat cutting operations were terminated and eventually heading the factory outlet store, and Karl Koperski going from being on the executive team to product development and managing the Stanfield Road plant because he felt he could make more valuable contributions in those areas—these are just some of many examples of "Lateral Arabesque" at Cardinal.

"'Lateral Arabesque' is built on the goal to let people develop, give them the opportunity to make contributions in areas that they are passionate about and good at, letting them move within the company, try new things even at the risk of failing. It is the exact opposite of sticking employees in the same spot for ever."

- Brent Cator



THE CARAVELLE PLANT JOINS THE GROWING CARDINAL ORGANIZATION

In 1993, Cardinal embarked on one of the most significant changes in the history of the company—the move into and opening of a second plant. Cardinal had outgrown its Stanfield plant and was considering expansion when the former McDonald's burger production plant on Caravelle Drive became available for lease. Brent toured the facility and was instantly excited. Two and a half times bigger than the Stanfield plant, it had great flow in spite of requiring some much needed upgrades.



This page: The new Cardinal facility on Caravelle Drive. Opposite page: Top left: Tammy Paul, Joan Herron and Ralph Cator. Top middle: Jeff Griffin took packaging and customer presentations to new heights in his role as Cardinal's first Director of Marketing. Top right: Brenda Pinkney and Janine Cator. Middle: Debbie Rolph. Bottom left: Dave Bacon. Bottom right: Clare Proctor.



Brent went back to the Board of Directors to present the idea of Cardinal leasing the building and moving operations to Caravelle. Looking back, he was caught off-guard by how easy it was to convince the Board: "I had banker boxes full of all the reasons why we should move and all the homework I had done. I expected to be grilled, yet I was only asked three questions. After those, they got on with the rest of the meeting. I was sitting there bewildered thinking, 'Did I miss something? Will they come back to me?' So, I interrupted and asked my questions. The answer was, 'No, we've got what we need.' I was stunned and asked, 'So, can I go ahead?' Their answer was, 'Yes, go make the best deal you can.'" Brent went back to the owners of the Caravelle plant and negotiated a ten-year lease with two five-year renewal options.

Top: The Cardinal Team after one of the company's semi-annual staff meetings where the leadership team shares the progress of the company in relation to set goals. *Bottom:* The Cators, Cardinal executives and a group of bankers in front of the Caravelle plant as Cardinal was making a major investment into its Caravelle Drive location.



Brent later met with one of the Board members, Ted Kennedy, a key figure in the restructuring of Cardinal during the late 1980s and early 1990s, and found out why he had only been asked a few questions. Ted explained to Brent: "When we were in that meeting and we asked you a few questions, you had the answers to them so we knew that you had done your homework. There wasn't anything we were going to add that was going to help. You had done your homework and that was all that mattered."

With the lease signed and set to begin on April 1, 1993, Cardinal had to figure out how to move production to the new location without impacting production. Many improvements needed to be made, including the retrofitting of the drainage before Cardinal could move in. One of the problems at the Stanfield plant had always been that there were many electrical shortages, due to the high amount of water in the plant. In preparing for the move, Brent and Grant Denison reconfigured how equipment could be set up at Caravelle to not only allow for easy cleaning but also to limit downtime due to electrical issues. As they were laying out the plant, Grant wanted extra space between the lines of equipment to make maintenance and cleaning easier, whereas Brent, thinking long-term, remained firm on maximizing the new space, realizing that more equipment would be required down the road.

Not wasting any space in the plant was a general matter of concern for Brent, not only in regards to the new Caravelle location but also in regards to the Stanfield Road facility which was left with a lot of empty space after the burger lines had moved over to Caravelle. "At our Stanfield Road plant, we now had too much space. In my opinion that's a real problem because if you have too much space people fill it. I took a third of the Stanfield Road plant, which was an old freezer, emptied it and locked it. It was a way of keeping our use of space efficient. Then when we needed to expand we'd have space for it."

A key challenge presented itself when Cardinal informed customers about the pending move. CARA, Cardinal's largest customer, was uneasy about the transition, fearing it might lead to changes in the product they were getting from Cardinal. Cardinal reassured CARA that the consistency and quality of the product would not be negatively impacted by the need to transfer machinery and set up the equipment in the new location. Still, CARA insisted that some of the

Front image: Two days before the new floor was supposed to go into the new plant on Caravelle Drive, it was discovered that the drains were badly damaged. With some prompting, Cardinal's contractor, the Orlando Corporation, turned miracles and within days the plant was ready for the new floor to be installed.

lines remain open at Stanfield Road until after a test run of the newly installed equipment on Caravelle Drive confirmed that the product had in fact remained the same. To satisfy CARA, Cardinal moved the burger lines in two stages over two consecutive weekends. One month after moving, Cardinal was back to making burgers at full capacity at the new location. Getting the plant moved was Grant Denison's "retirement play," as Brent recalls. Once the new plant was up and running, Grant retired after almost three decades at Cardinal.

While originally the plan was to eventually move the ribs and cooked products business to Caravelle Drive as well, exponential growth of production at both plants made those plans obsolete. As a result, the Caravelle plant became dedicated to burger production and held the company's office while ribs and cooked products continued to be produced at the Stanfield plant. The move established a two plant structure that has been maintained to the present day.



"We put some ribs in a cryovac bag, put some sauce in the bag, sealed the bag and sent them to a friend of Mark's at Marsan Foods who had big cooking tanks. Boy, did I get a phone call. The bags blew and they had sauce all over the ceiling. We had a lot to learn about cooking things in cryovac bags."

- Ralph Cator



COOKED RIBS AND KETTLE COOKING

The original idea to cook ribs came from Ralph who, by the early 1990s, wanted to start selling a cooked rib product through the Cardinal outlet store. Using cryovac technology, the plan was to cook some ribs to determine whether the process was feasible. Unfortunately for Ralph, the process did not work at first. "We put some ribs in a cryovac bag, put some sauce in the bag, sealed the bag and sent them to a friend of Mark's at Marsan Foods who had big cooking tanks. Boy, did I get a phone call. The bags blew and they had sauce all over the ceiling. We had a lot to learn about cooking things in cryovac bags."

Ready to take on the challenge, Mark and Brent were determined to develop the technology and process in-house. Early attempts included the use of an old pizza oven and shrink wrapping the ribs for cooking, with limited success. It was not until an electric kettle was purchased, on a whim, and used for cooking ribs that some progress was made. There was a lot of trial and error. Eventually, Cardinal worked with Dr. Shai Barbut, a faculty member in the Food Science Department at the University of Guelph and a leading expert in food processing methods and technology, and in the process developed kettle cooking.

The kettle cooking process was unprecedented at the time. Using sealed environment cooking technology, it creates more sustainable and microbiologically safe products requiring no preservatives. Cardinal had to have Canadian and U.S. food inspection laws rewritten to be able to use the method. To receive government approval, Cardinal needed to prove that kettle-cooked products were safe. In addressing potential food safety concerns related to the process, Cardinal worked closely with the University of Guelph to ensure a regulation-compliant, consumer safe product. Kettle cooking gave Cardinal the ability to cook meat in a way nobody else had done before. This cooking method marked a key stepping stone in the evolution of Cardinal as an industry leader in the creation and use of proprietary, cutting-edge food processing technology. Kettle cooking at Cardinal has since led to an extensive line of products, including roasts, bone-in chicken, pulled pork, cubed braised beef and many other items.

LAUNCH INTO GROCERY RETAIL WITH THE OSHAWA GROUP

Supplying Price Club with the Roadhouse burger had given Cardinal a taste of what getting into grocery retail would be like, but it was not quite the same, as Price Club was a wholesale "big box" retailer. Price Club had set the ball in motion by teaching Cardinal how to make a burger on a large scale, investing in the right technology, and using marketing to its benefit. With that, the stage was set for the next step in the evolution of Cardinal—producing product for Canada's grocery industry.

Getting shelf space in a major grocery store was a challenge for manufacturers like Cardinal. Larger grocery retailers frequently charged for shelf space and this was an expense that Cardinal was neither able nor willing to add to its cost structure. By the mid-1990s, the Canadian grocery retail market had started to change. The growing trend towards convenience in the kitchen had prompted grocery retailers to offer customers an ever-growing variety of precooked frozen items. At the same time, Canada's largest grocery retailer, Loblaws, had made promoting its own private label product, President's Choice, a resounding success.

The success of President's Choice, as a private label consisting of premium products only available through Loblaws stores, led other grocery chains to develop their own private label products to compete with President's Choice. To do so, they relied on manufacturers like Cardinal to provide them with the product.



The opportunity for Cardinal to become part of this growing trend was provided by the Oshawa Group in February of 1995. The Oshawa Group owned the IGA stores and associated grocery brands and Peter Vigna was instrumental in establishing this relationship. The Oshawa Group turned to Cardinal to create the products it was looking for. It was a great opportunity, and a huge challenge at the same time, as Cardinal had a very short amount of time to develop, produce and deliver the products. In what mirrored the earlier experience with Price Club, Cardinal was offered the opportunity in February and the product, if approved, was to roll out as part of the Oshawa Group's spring line in March. To add to the challenge, the Oshawa Group wanted a variety of truly unique burgers infused with different flavours and ingredients, such as salsa and cheese.

Mark took the lead in developing a product that would get the Oshawa Group excited and meet their unique requirements. Doing the recipe development was a new experience for Mark in his role as Head of Sales and Business Development. In the past, company efforts to create new recipes had been led by John Appleton, who had retired from the company by this time. Mark summarizes the process: "They were looking at cheese in a burger, salsa in a burger and other random ideas. I was in charge of product development so I went to the grocery store and I bought salsa, cheddar cheese and other items. I used our little mixer/grinder and kept working. I had all the components of our

traditional spice units broken down so that I could make a custom burger and finally came up with four or five variations." Mark worked so tirelessly that at one point he collapsed on the plant floor with back spasms. His hard work paid off, however, when the Oshawa Group chose three of the burgers to launch in the first year, including the salsa burger, under the company's Our Compliments private label brand. Putting the samples Mark had created into production was a true team effort. Mark remembers, "Brent was able to turn them around from the production side. Once we had the formulation right he was able to scale it. That was truly our launch into retail."

Many members of the Cardinal team stayed late working long hours to make sure that Cardinal could meet what seemed to be an almost impossible deadline, including working on Good Friday. Creating the product for the Oshawa Group's March launch meant that during February and March, Cardinal doubled its production. Pulling it off speaks to the great entrepreneurial spirit of Cardinal and the determination of everyone to keep moving the company forward as members of the extended Cardinal family. Much like how Jack Cator had put in ninety-hour work weeks while learning the trade and Ralph had worked around the clock back at the butcher shop and in getting Cardinal off the ground, employees made similar sacrifices, showing their determination to prove that anything was possible.

As in the case of the Select burger, Cardinal had proven the success of its unique approach to product development. Rather than having a Research and Development lab that is detached from the other functions in the company, and from operations in particular, Cardinal applied its success-proven team approach to the challenge. Once the samples that Mark had created were approved, a cross-functional team consisting of team members from grinding, packaging, the sales lead, etc. worked together in producing the product. Says Mark: "Every single product was developed that way. From the minute the customer said, 'yes,' we were in production already." That same foundational element of bringing people together to create results in an environment of mutual enablement and communication continues to define Cardinal's success-proven philosophy to this day.

Opposite page: Operational excellence. Top: Cardinal employees working on a Formax 19 line at the Caravelle Drive plant. Bottom left: George Da Costa. Bottom right: A long-time employee of Cardinal, Ann Bennett belongs to a group of female production leaders who have had a major impact over the years. Next to Ann, other members of this hugely important group are Olga Simopoulos, Luciana Garcia, Dallis Madore, Zelia Roque, Gian Multani, Lucilia Pereira, Maria Rodrigues, Maria Almeida, Beninda Da Silva, Janice Carter, Paula Quintal, Gordana Stajic, Leonorra Manuerra, Anna Sagatowska, and Leila Mohamed.





Key production employees. Top image: Ivan Zanic at the Stanfield plant. Ivan has single-handedly moved more pounds through the Stanfield facility than any other person. In fact, this is the only known photo where his forklift has been empty in over 20 years. Rough calculations have Ivan having moved over 200 million pounds of product. Bottom: Joao Nunes wrapping burgers for Harvey's. Even in retirement he still holds the company record for the number of Harvey's burgers palletized during a single shift.

Top and bottom left: Teams of packers doing the fastest-paced job available at Cardinal. Right: Robert Dabrowski operating the Formax machine.

Working with the Oshawa Group was a boon for Cardinal in that it introduced the company to the grocery retail business properly and proved that it had the capability to be successful in that arena. It gave Cardinal access to the Oshawa Group's warehouses and retail customers as well as expanding the Cardinal brand. Equally important, it validated Cardinal's unique team-based and cross-functional approach to product development. What started with a challenge and a team of people putting their heads together to figure out how to deliver a top quality innovative product in what seemed to be an impossible turnaround time, eventually became a success-proven process for product development. Cardinal's ability to deliver is a testament to the company's entrepreneurial spirit and culture of listening to employees and customers, enablement, easy communications, creativity and thinking outside of the traditional corporate structure. Ideas could come from anywhere and anyone and be used to create the best possible products for Cardinal and in turn, its clients.

SUPPLYING PRODUCT TO SOBEYS

When the Oshawa Group was purchased by Sobeys in 1998, Sobeys agreed to continue the product line Cardinal had supplied to the Oshawa Group and expanded it nationally across Canada through its own stores. Despite having its own plant, Sobeys saw Cardinal's product as better suited to its needs. From this point on, Cardinal product could be found on the shelves of grocery stores from St. John's, Newfoundland, to Vancouver, British Columbia, a milestone Cardinal's Birdhouse newsletter noted with pride. Becoming a national supplier to Sobeys marked another significant step in the evolution of Cardinal, and Cardinal continues to be a supplier to Sobeys to this day.

Meanwhile, Cardinal's kettle cook technology allowed it to offer a new product to Sobeys, namely cooked ribs. When meeting some initial pushback, Peter Vigna and Brent decided to impress Sobeys. They set up a barbecue in Sobeys's underground parking lot and moved their scheduled meeting there. When the buyer came out, they offered him some cooked ribs right then and there. Impressed by the quality and taste of the product, Sobeys agreed to take them on.



Left to right: (1) A true Cardinal success story, Sam Appiah started as an agency employee and today serves as plant manager of the Brampton plant. A people person and excellent leader, he is known for being fair and helping others in growing at Cardinal. (2) During her over 15 years at Cardinal, Susan Schaefer served as Executive Assistant, was in charge of the company newsletter and spearheaded many company events.

COMING HOME FOODS

During the second half of the 1990s, Mark was instrumental in Cardinal being part of Coming Home Foods, a group of five independent non-competing food manufacturers including Cardinal. Coming Home Foods was a joint venture that created a framework for the five participating companies to pool their products and market them under one common brand in the U.S. It was set up to provide U.S. customers with a wide array of private label products for their own grocery banners without the infrastructure costs for them internally. While private labels accounted for as much as 30 to 40 per cent of product offerings in Canada, they were still new to U.S. retailers, creating a huge business opportunity. The owners of the companies that made up Coming Home Foods had first met through CAFÉ, the Canadian Association of Family Enterprise. They were: Cardinal, Janes Family Foods, Morrison Lamothe, Premier Choice and Marsan Foods.

Coming Home Foods started with about 25 different products that were launched in six states in the U.S. at first. Rather than going after the huge retail brands, Coming Home Foods targeted grocery store

chains with 100 to 200 outlets, which were the smaller players in the much larger U.S. market. The value proposition was that Coming Home Foods would enable these smaller contenders by providing them access to products marketed under their own brand that would tie customers to their stores.

The activities of Coming Home Foods did not go unnoticed by the big players in the U.S. grocery industry for long. Coming Home Foods was eventually approached by Kroger, one of the largest grocery chains in the U.S. with stores across the nation, and asked to produce private label products for them. When the other owners of the group agreed and Coming Home Foods began changing its focus, Cardinal pulled out and sold its ownership share back to the group while continuing to sell product into the venture. Cardinal's motivation for selling back its ownership share was the concern that once a grocery retailer of the size of Kroger had developed its own capability to source the same products independently, it would no longer have to rely on the group as its private label product supplier and the value of the Coming Home brand would be lost.



PORK ROASTS, MEATBALLS, VEGGIE BURGERS AND MORE—CARDINAL AT THE TURN OF THE CENTURY

While Cardinal continued to expand its existing business, both for cooked items and burgers, the late 1990s were characterized by the launch of many new products for specific customers. These included fully cooked pork roasts for Longo's, individual ribs in a rib sauce for Pizza Pizza, and many others. In 1999, Cardinal had its single largest seasonal launch of products to date.

Producing veggie burgers was another great opportunity for Cardinal to develop a new lasting partnership. A rather unconventional product for a meat processing company, veggie burgers were yet another expression of Cardinal's ability to constantly reinvent itself as a food company. Determined to capitalize on a growing trend, Cardinal developed a long-term partnership with Dror Balshine of Sol Cuisine. Fast-food retailers were asking for soy-based burger products. Balshine had the know-how to create the product but needed an established burger line manufacturer to create the volume that would make the product interesting for a fast-food chain. Furthermore, he needed a partner that could leverage its existing relationship with a larger foodservice company to promote the product. The agreement saw Cardinal producing veggie burgers with Balshine's supplies and innovation and selling them to CARA. Combining the vegetarian product know-how of Balshine with the manufacturing and marketing capabilities of Cardinal, the veggie burger became an instant success. It gave Cardinal another top tier product that was well suited for growth in the future. In December 1999, the new veggie burger was launched at Harvey's and two years later, in February 2001, Cardinal began to provide veggie burgers to Burger King as well. Today, Cardinal is one of the top producers of veggie burgers in Canada.





chapter
SIX

BECOMING A MARKET LEADER —
CARDINAL IN THE 21ST CENTURY

6

A PROUD SUPPORTER OF FRIENDS OF WE CARE

Mark Cator started Cardinal's involvement with Friends of We Care, the charity of choice of many Canadian foodservice providers. George Da Costa and Colby Duke have been co-chairing the committee in charge of Cardinal's ongoing fundraising efforts for this important organization that enables children with disabilities to attend camp. Between the company's golf charity events, dinner dance 50/50 draws, car washes, hockey games, bowling tournaments, ski days, and camp days, to name a few, Cardinal has raised an average of \$50,000 each year and contributions continue to grow. The picture on the top right shows Colby (left) and George (right) with Sydney Weaver and Jacob Calvert. Colby Duke, a brother-in-law of Brent Cator, had started at Cardinal as a temporary worker counting inventory in the blast freezers at 2:00 a.m. every morning. He was then hired into R&D, worked in marketing and today serves as Manager for Cardinal's largest foodservice key accounts. He has also been voted by his peers as member of the Board of Friends of We Care.



Bottom image: Cardinal employee Ed Khan, known for his burger hat, working tirelessly during Friends of We Care events that have always been very close to his heart. Top image: Cardinal's Friends of We Care committee always tied fundraising events for the charity to company, industry and community events, like the Toronto Indy that is shown here.



The ladies are having fun watching as Brent Cator and George Da Costa face off in a burger packing speed challenge which only proved that these two are no match for the talent the pack off team demonstrates every day.

TWO COMPANIES UNDER ONE ROOF

As mentioned previously, when Cardinal had moved burger production to the Caravelle plant, Brent had cleaned out and locked up the extra freezer space at the Stanfield plant so that the space would continue to be used as efficiently as possible. Early in the late 1990s, Cardinal had some conversations with MacGregor Meats about the possibility of the two companies running a cooked meat plant together. A family business like Cardinal, the founder's two sons were trying to develop their own cooked meats business. MacGregor decided to renovate the old Simon DeGroot facility and ran operations there for a while. The plant proved to be cumbersome and difficult to operate and MacGregor decided to exit the operation. Duncan MacGregor Sr. reignited the conversation around shared space and Cardinal invited them to rent its excess space at the Stanfield plant to continue operations. As a result, MacGregor Meats moved into the empty freezer space at the Stanfield plant on May 1, 2001 and the two companies continued to operate out of that location for four years. By the time MacGregor Meats moved out, Cardinal badly needed the regained space to keep up with its growing volume.

THE ROOF COMES OFF THE CARAVELLE PLANT

In 2002, a ceiling strut broke at the Caravelle plant, making it necessary to make some large scale repairs to the entire roof. Cardinal was leasing the property and reached out to the property management company which suggested that Cardinal would have to shut down operations for at least eight weeks and likely 12 weeks while the roof was being replaced. What followed showed not only the trust Brent had in Cardinal employees, but also the skill, determination and sense of ownership of the Cardinal team.

Cardinal had never shut down for more than a few days over Christmas. Faced with the scenario of an extended shutdown for safety reasons, Brent instantly realized that unless they could shorten the shutdown time to a minimum the future of the company could be at stake. The project was further complicated by the fact that due to the plant's location near Toronto-Pearson International Airport the repairs would have to be closely coordinated with the airport authorities, as runways would have to be temporarily shut down to make it safe for crane use.

This is when Frank Florindo and John Pound took control of the process and, together with the Orlando Corporation, completed the job in eight days while Brent went on a family vacation. Frank had joined Cardinal in 1993 and John had come on board six years later, in 1999. Together with other key members from engineering, maintenance, operations, quality assurance and R&D, they are the engineering masterminds behind many of the innovative technologies and in-house processes that define Cardinal's technology leadership today.

Brent reflects: "I had a lot of confidence in these guys so I took a week off and went on a family trip and they sent me pictures of the planes flying over taken from inside the plant with the roof off." In a first step, Cam Beatty mapped the existing wiring and plumbing so that the contractors would know what to fix and replace. Following that, they removed all structural supports of the roof, the wiring, the air drops, the water drops, the power, the refrigeration units, and the lighting. Once the new roof was on, the last day was spent making sure it was safe and everything was repaired according to proper standards.

"I went to the roof and I thought I was stepping onto a movie set. On the blackest of nights, there were a dozen bent silhouettes, under flood lights, in the pouring rain, tearing off the roof. There was no turning back."

— John Pound



TACOS, TACOS AND MORE TACOS—CARDINAL STEPS UP TO THE PLATE FOR TACO BELL

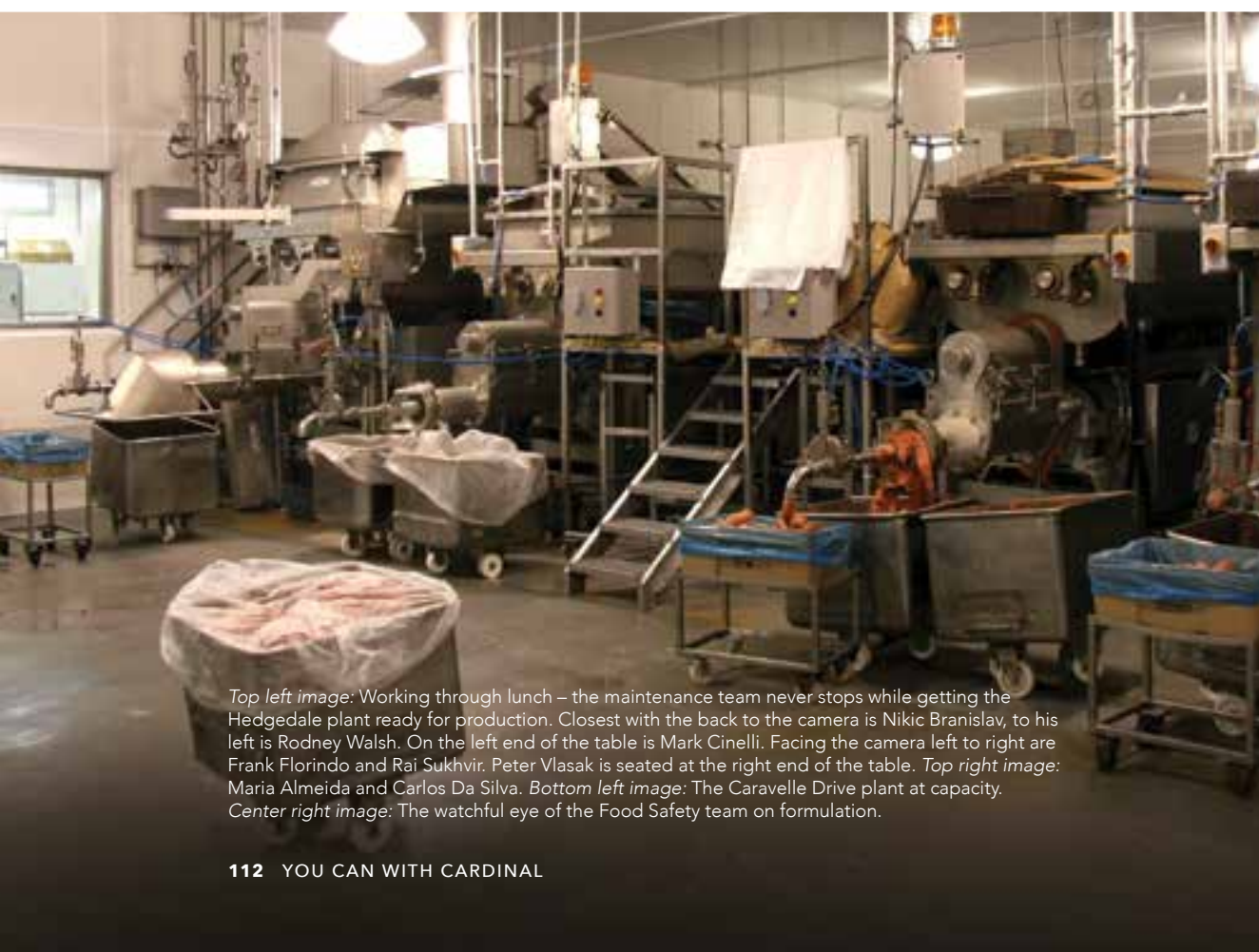
In 2003, Bovine spongiform encephalopathy (BSE), commonly known as Mad Cow Disease, rattled the American beef industry, affecting foodservice chains in the U.S. and Canada alike. One of them was Taco Bell, which was using imported beef from the U.S. in its restaurants in Canada. When mad cow disease made it impossible for beef to move across the border, Taco Bell needed a Canadian supplier for its restaurants in Canada and approached Cardinal.

Creating product for Taco Bell required Cardinal to dig deep into its creative tool kit to create a solution virtually out of nothing. Taco Bell have their own proprietary equipment technologies that were not available in Canada. As Cardinal's Kettle Cook technologies were also unique, rather than Taco Bell providing Cardinal with the recipe for the

meat sauce, Cardinal had to come up with its own recipe to match the product Taco Bell had been using at the time. To add another challenge, to ensure that Taco Bell was not running out of product, Cardinal would only have a couple of weeks to create the product and processes.

Coming up with a quick engineering solution for creating a Taco Bell line was crucial. Once the meat sauce was prepared, it had to be portioned and stuffed into cooking bags. Cardinal did not have an automatic stuffer and at the time people in production had to portion the meat sauce by hand, weigh it on a scale and put it into the bag for cooking. Five days before the customer was scheduled to visit the plant to inspect the process, John Pound went to an equipment supplier and purchased an old automatic stuffer. It was put into the Caravelle plant immediately.





From Caravelle the bags with the taco stuffing had to be trucked to the Stanfield plant for cooking and it was here that another challenge presented itself. While being cooked, the product solidified, requiring employees to break it up by hand. Frank Florindo remembers: "It was all hands on deck, people from the office, people from shipping, everyone we could get our hands on was crushing this product in the bag so that they would have a taco meat sauce." This process was not sustainable and the Cardinal engineering team quickly got to work creating the prototype of a machine capable of breaking up the stuffing in a more automated and ground-breaking process.

John Vatri had started with Cardinal in 1990 in quality assurance. Following that, he became Director of Logistics and QA before assuming his current role as VP Operations. He remembers the joy in the room, and utter astonishment, when the new machine arrived: "There was a whole group of us smashing these taco bags by hand and all of us thought, 'If I see another bag of tacos, I am going to hit it with a hammer.' That was the moment when John Pound called us and said, 'I've got the machine.' We were all excited and then the door opens and John has this thing that looks like you ride a bike with it. It had pedals, like something out of medieval times—that was the prototype. We started with that and eventually made a crusher that does it automatically. There was nothing available on the market for that application so we just developed it ourselves."

It speaks to the entrepreneurial spirit of Cardinal to say "yes" to the challenge in the first place, and to the creative ingenuity of the engineering team to devise the process and create the needed equipment on the go. Brent applauds the thinking process of those individuals that drive this innovative process, like Frank Florindo and John Pound: "They would always take a risk, find a unique way to adapt it and when it didn't work, they would keep trying different ways to make it work until they got the answer. That is why I believe in them. Because of these guys, that mindset permeates the entire organization."

Cardinal – an innovator in the application of burger technologies. The photo on the left shows the now famous "Natural Texture Forming" NTF burgers running at speeds 10 times faster than the machine was originally rated for.

Top left image: Working through lunch – the maintenance team never stops while getting the Hedgedale plant ready for production. Closest with the back to the camera is Nikic Branislav, to his left is Rodney Walsh. On the left end of the table is Mark Cinelli. Facing the camera left to right are Frank Florindo and Raj Sukhvir. Peter Vlasak is seated at the right end of the table. Top right image: Maria Almeida and Carlos Da Silva. Bottom left image: The Caravelle Drive plant at capacity. Center right image: The watchful eye of the Food Safety team on formulation.



A dynamic team, John Edward (middle) set the sales structure and foundational principles for the Cardinal sales force while Bill Carty (left) built the retail sales side of the business. Together, John and Bill were instrumental in growing Cardinal's sales by over four times before retiring in 2016, leaving their successor, Paul Anderson (right), in his role as VP Sales to lead Cardinal's dynamic sales organization. This photo of Paul seems appropriate as he has opened up so much of the Western market for Cardinal.

BUILDING A MODERN SALES FORCE

In the early 2000s, Cardinal had grown into a considerably-sized company. At annual sales of \$35 million, it was neither a small nor a large company. With a recognizable brand, a great customer base in both retail and foodservice, and a variety of top quality products, Cardinal had reached another fork in the road. Sales had plateaued for several years and it had become clear that to take the company to the next level, a professional sales force was needed—one that was trained in modern sales processes and exhibited sales discipline. As was typical for the entire meat industry, sales at Cardinal were looked after by long-time employees who had great people skills, were passionate about the product and knew the right people in the industry, but as Brent points out, had grown up in a sales environment that lacked “sales discipline.”

Brent who had been in charge of operations for years, felt drawn to the sales side and was ready to lead the charge. At the same time, Mark was interested in focusing more on strategic planning and developing the future growth strategy for Cardinal. By a team decision, involving Mark, Brent, Peter Vigna and members of the finance and foodservice divisions, Brent was put in charge of the sales division. What gradually developed

from then on was Cardinal modernizing its sales processes and talent pool. Brent asked customers for their input on what they liked to see in sales personnel and received a lot of sound advice. Of particular note was the advice from Frank Hennessey, then Vice President of Purchasing for CARA, who emphasized that he wanted to work with creative problem solvers who would bring real solutions to CARA and not just sell products. Frank is currently President and CEO of Imvescor Restaurant Group.

Ralph suggested to Brent that he meet Ralph's friend, Bill Carty, to pick his brain about what types of people he should hire to develop this modern sales team. Bill had plenty of experience in sales from working in the technology and communications industry and after several meetings, Brent invited him to join Cardinal. Bill took over the key retail accounts of Costco and Sobeys and kept building these important relationships.

Meanwhile, Mark, as well as Brent's wife Jodie, also suggested that Brent should reach out to John Edward, an experienced sales manager who would play a key role in creating the structure and bringing the right people into sales. A former employee of Bell Canada, where Jodie Cator worked as well, he was also Mark's neighbour and they had developed a great relationship over the years. As John jokingly

states: “I can go on record saying that I was Cardinal's ‘chief taste tester’ for years, because Mark would always drop off samples of new product for me to try.” In October 2003, John joined Cardinal with the mandate to help build a professional sales team. He ended up staying for 13 years until retiring in 2016: “They wanted to grow and that is what I came into the business for, to grow their sales.”

John recalls there being considerable turnover at first, as Cardinal was trying to find the right people and getting them to accept the new methods: “Establishing a sales force was a pretty new direction. We hired in a good 8 people and we fired them again. We hired East Coast brokers, changed our Quebec broker, and had our Ontario broker do sales activity reporting and measure results. That brought success and we hired a Western broker. We tried to educate them on our products and prices and how we wanted the sales job done. That was a monumental change.”

In his efforts to build the modern sales team that would take Cardinal into the future, Brent began drawing heavily from the telecommunications and information technology industries. In contrast to the meat industry, these industries relied on trained sales professionals and had made sales a key function in their business structure. Says Brent: “A key element in the transitioning process was making sales bigger than marketing as a role in our business. Being a manufacturer is still our first priority and now sales comes second and then marketing. That's how we're structured today.”

The modernization of the sales force went hand in hand with John Edward's desire to limit Cardinal's dependency on a few major customers, building on what Clare Proctor had identified as a challenge back in the 1980s. By the mid-2000s, the new sales regiment started to show results as Cardinal had worked hard to spread out its dependencies to roughly 40 per cent in foodservice, 40 per cent in retail and 20 per cent in quick service restaurants. Cardinal lowered its dependency on its highly valued relationship with CARA to 45 per cent, not by doing less business with the group, but by increasing its business with other customers at the same time.



Mark Cator receiving recognition as “Food Executive of the Year”.

THE END OF AN ERA—MARK CATOR LEAVES THE BUSINESS

As joint shareholders in Cardinal, Mark and Brent each had a 50 per cent stake in the business and worked together to grow the company. They had healthy strategic differences on how Cardinal should develop and as always these differences were embraced and challenged.

Starting in 2003, it became apparent to both brothers that Brent wanted more of a strategic involvement and Mark wanted to run something more entrepreneurial of his own creation. The day Brent asked for more, Mark shared his interest in leaving the company and a plan was put in place to facilitate the change in ownership.

Mark, Brent and the leadership team knew that a successful transition was going to be key to Cardinal's survival and its ability to thrive as a family business in the future. To help with this process, guidance was sought from Board members and various consultants. Some key players included, Jerry Harb (business consultant), John Eldred (Wharton School of Business, Family Business segment), Ted Kennedy (Board member), Earl Grossman (Cardinal's first financial auditor), Clare Proctor (Cardinal CFO become Board member), and Taketo Murata (Board member).

Together it was decided, that a multiple stage transition would be in the company's best interest. Mark ran the company as President from 1993 to July 29th, 2004 when he handed over the day to day operations of the business to Brent who he had mentored and developed as part of the company's management team. Mark retained the role of Chief Executive Officer, stewarding the company vision and managing the implementation of Cardinal's strategic plans. In March of 2005, Mark left Cardinal and has since found a new outlet for his entrepreneurial spirit and passion for business as the distributor for Cube bikes in Canada, combining a personal passion of his with building a business venture from scratch.



Simplicity and flexibility have been designed into each step in the process and all equipment layouts. Images left to right: (1) Preetinder Singh working on the mixer. (2) High-tech oven that is part of Cardinal's cutting edge APP line. (3) Evangeline Nuevo working on the APP line producing sausages with vegetable based casings.

LEADING THE INDUSTRY THROUGH TECHNOLOGY LEADERSHIP

Brent's vision when he took on the leadership role in 2004 was to turn Cardinal into a market leader built on innovation. Driving sales through a professional, highly disciplined sales force was one pillar of his strategy. Constant innovation and technology leadership was the other, as expressed in Cardinal's 2004/5 business plan that identified leveraging technical expertise as a key contributor to growing the business.

Throughout the leadership transition process Mark and Brent had begun working with consultant Skip Torresson. Skip had introduced the one-page business plan concept to institutionalize Mark's home grown version of a performance management process. The heart of it was building on each team member's unique strengths and simplifying the ability to manage the process. It is a model that is particularly well-suited for creating and measuring sustainable growth, as it is built on setting measurable goals and executing them in three-year incremental steps. The 2004 business plan defined the vision for Cardinal to "establish a national presence as Canada's leading premium burger

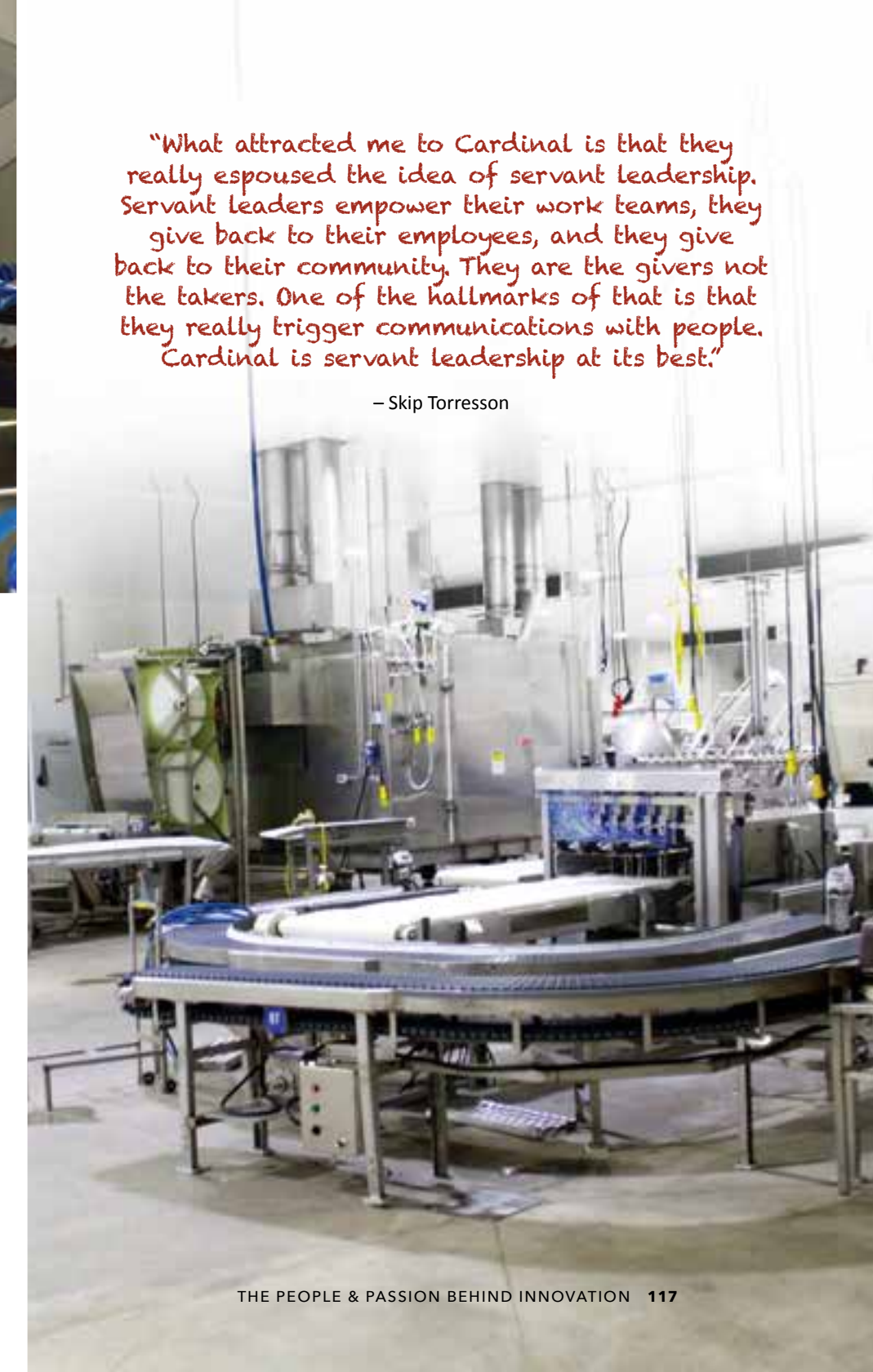
and sealed environment cooked protein manufacturer." Using the one-page business plan as a tool for growth, Brent defined the goal to double Cardinal's sales to 60 million dollars within three years. Once that goal was reached, the next one was set and executed upon. This strategic, growth-oriented approach that uses technology leadership as a key driver in business development has allowed Brent to take Cardinal from sales of \$32 million in 2004 to \$180 million in 2016.

Reorganizing the sales force had laid the foundations for exponential growth and was showing results. During the mid-2000s, Cardinal gained several more prominent accounts including Kentucky Fried Chicken which bought cooked pork ribs. CARA also had its own expansion and Cardinal supplied all of its restaurant brands, including Harvey's, Swiss Chalet, Milestones, Kelsey's and Montana's with product. From that point, Cardinal would only continue to grow. Working with larger foodservice customers, such as Sysco, GFS, South Street Burger Company, Crabby Joes, and Aramark continued to open further doors and by 2010, Cardinal expanded its retail base through Costco, Sobeys, Safeway, Loblaws, M&M Meat Shops, Walmart, Metro and others.

While the sales team established and grew customer relationships to unprecedented levels, cross-sectional teams consisting of engineering, operations, maintenance, safety, product development, R&D, sales and marketing worked together in creating proprietary processes and premium products that make Cardinal stand out in the eyes of foodservice operators and consumers. Guided by Brent's entrepreneurial mantra: "Once Innovated—Innovate again," Cardinal invested heavily into cutting edge production and safety equipment and adapted existing technology to its own needs. In that, it created proprietary processes in-house that allow it to manufacture in ways nobody else does. Key innovative technologies that have been instrumental in turning Cardinal into the technology space Brent envisioned include NTF Burger forming technology, APP sealed environment cooking and DNA testing.

"What attracted me to Cardinal is that they really espoused the idea of servant leadership. Servant leaders empower their work teams, they give back to their employees, and they give back to their community. They are the givers not the takers. One of the hallmarks of that is that they really trigger communications with people. Cardinal is servant leadership at its best."

— Skip Torresson





RALPH CATOR IS INDUCTED INTO THE MEAT INDUSTRY HALL OF FAME

On October 30, 2010, Ralph Cator was inducted into the Meat Industry Hall of Fame. Nominated by his peers in the industry, this was a special recognition of Ralph's many contributions to both the trade association of NAMP/NAMI that he and Cardinal have been members of since 1971 and to the meat industry in North America at large. A testament to his achievement, Ralph was inducted at the same time as key industry leaders who have made a major impact in the meat industry, such as Dave Thomas, Founder of Wendy's; Col. Harland Sanders, Founder of Kentucky Fried Chicken; and Ray Kroc, Founder of McDonald's. Ralph was inducted as an innovator, a former NAMP President and the first-ever Canadian inductee. Former Executive Director of NAMP, Devin Scott, explains:

"Ralph was a leader and people recognized him as being a real leader and a great idea person. He was always thinking, and that is what got him into the Hall of Fame, not only because of his personality but also his steadfast support of the industry itself."



Opposite page: Top: Ralph Cator and fellow Hall of Fame inductees. Middle: Ralph and Ruth Anne Cator with Darcy and Kathy Rector at the Hall of Fame Induction. Bottom: Jodie Cator with her father-in-law, Ralph, and her husband, Brent, at the induction event. This page left: Ralph delivering his Hall of Fame acceptance speech. Right: Ralph and Ruth Anne Cator. Famous for her Ruth Anne Rib Sauce, she has been a key player behind the scenes in the success of Cardinal over the years.

From a trade association perspective, Ralph's contributions are closely tied in with the level of innovation he brought to the organization, particularly during his tenure as president in 1992. Ralph served in many functions over the years, including being a member of the Executive Committee, a member of many special focus committees and, eventually President. Most notably, as the first Canadian president, Ralph spearheaded the initiative that resulted in NAMP changing its name from National Association of Meat Purveyors (with a U.S. focus) to North American Meat Processors Association (to include Canada as well). As Devin Scott elaborates, "Changing the name was a nod to the larger regional area represented by the organization and a way to make NAMP more inviting to Canadian companies, both issues Ralph and Cardinal were instrumental in pushing for." Ralph was further instrumental in getting NAMP involved in education for young people in the industry through a specially designed education program. A strong promoter of family enterprise, Ralph also helped NAMP place a lot of emphasis on family businesses in its many activities.

From an industry perspective, his induction into the Hall of Fame was in recognition of the huge impact Ralph had made in regards to making burgers and ribs popular menu items. As described previously, burgers used to be just a way for using up steak trimmings. To the extent that burgers made it onto restaurant menus, they were usually sold on the back of the menu. Ralph was one of the pioneers in Canada who focused on burgers and developed burger production into a full business. He further took burgers into the premium segment, growing that diversity across Canada. In the ribs segment as well, Ralph played an important role in the evolution of consumer preferences. Prior to ribs becoming a popular casual dining item, they were usually thrown in the garbage as a by-product of boning up pork loins. Through his development work with CARA and Swiss Chalet, in particular, Ralph helped CARA get into the rib business and put ribs on the map as a casual dining product.



SETTING UP FOR THE FUTURE—THE HEDGEDALE PLANT

In 2011, Cardinal shut down its Caravelle location and moved burger operations into the current plant on Hedgedale Road in Brampton, the second move in the history of the company. Preceding the move, Cardinal had grown to such an extent that both its Stanfield Road and Caravelle locations had become cramped. Even though the Caravelle property had some more room to expand, it was a rented location and in that limited Cardinal's long-term ability to further adapt it to its changing needs. In contrast, the 85,000 square foot former steel warehouse on Hedgedale Road including the 20,000 square foot upstairs office area Cardinal added, offered the opportunity to own the plant that would carry Cardinal further into the future.

Much like during its move to Caravelle almost twenty years earlier, Cardinal kept production going while moving pieces of equipment over. Setting up the new plant gave Cardinal the opportunity to once again update its freezer technology and grow capacity right away by installing new pieces of equipment. Cardinal had built its first NTF (Natural Texture Forming) line at the Caravelle plant and the second NTF line was ready to go the moment operations were resumed on Hedgedale Road. Employees in operations remember there being a

steep learning curve while getting used to the new equipment. At the time of the move, Cardinal considered putting in an additional fifth freezer, but then decided to leave the space empty, echoing Brent's philosophy of maximising space and preserving square footage to be able to install more lines in the future. Today, the fifth line is in full swing and was put in place when New Foods Classic—Cardinal's largest competitor—went out of business and Cardinal stepped in to take on the lion's share of the market needs.

Since opening in 2011, the Hedgedale plant has paid great dividends. On the burger side, high-efficiency processes allow Cardinal to regularly produce 1,500 patties per minute running eighteen hours every day. During peak season, production increases to a total of 1.5 million burgers a day. Says Brent, "Even today, I have no idea who eats them all." Of the five main lines operating today, three are equipped with nitrogen freezing. Production lines are set up in a way that each line can perform any function of the other lines, ensuring that in the event of downtime on one line, Cardinal can always meet its customers' needs. High-efficiency processes ensure that meat is only exposed to the air for twenty minutes from when the box with raw material is first opened to when the frozen burgers are packed and ready for shipping, making the process as efficient and safe as possible.



Opposite page: The spiral freezer and a grinder and conveyor leaving the Caravelle plant for the new Hedgedale Road facility. This page: Getting the Hedgedale Road plant ready for production. Bottom left: Signs were placed throughout the facility during renovations to indicate the future use of the various areas. Bottom Center: Sedona and Taryn Cator, daughters of Jodie and Brent, approving the setup of the new plant. Top right: The Cardinal Board of Advisors touring the new Hedgedale site during construction. Bottom right: The Hedgedale Road plant today.





NTF technology, with its ability to loosely weave ground beef into a burger with a lighter density that is juicier, cooks more evenly and maintains its integrity during the grilling process, is at the heart of burger making at the Hedgedale plant. The technology has proven itself to be very flexible in allowing Cardinal to apply it to other species, such as pork, turkey and chicken. Currently, Cardinal is producing 150 different products using this technology. NTF has played a key role in helping Cardinal establish itself as a leader in the foodservice industry. In partnership with Sysco and Certified Angus Beef, Cardinal has launched the NTF burger into the U.S. market under its new Revolution burger label. This launch earned Cardinal the recognition from Sysco USA as Innovative Product of the Year in 2013.

CARDINAL CUSTOMER AND INDUSTRY RECOGNITION AND AWARDS

- 1998** Cardinal becomes first HACCP-recognized beef processor in Canada
- 2000** Cardinal wins first of four 'Best Ribs' awards at Toronto-area Ribfests, each awarded to entrants using Cardinal's fully cooked ribs
- 2001** Pinnacle award winner of Supplier of the Year Foodservice and Hospitality Magazine
- 2002** Cardinal wins Enterprise of the Year award from the Canadian Association of Family Enterprise for its excellence in family business succession
- 2003** Cardinal is the first to utilize DNA lab technology for advanced microbiology for meat product testing
Cardinal wins Ribfest awards multiple times starting 2003
- 2006** Cara Supplier Excellence finalist 1 of 4 Suppliers
- 2008** Cardinal is first company to require its meat suppliers to pass the N60 food safety testing standard
Sysco Top Ten Silver award winner for supplier excellence
- 2009** Honoured with Corporate Friend of We Care Award for outstanding charitable contribution
Sysco Top Ten Silver award winner for supplier excellence
- 2010** Ralph Cator is inducted into the North American Meat Hall of Fame along with other industry icons Ray Kroc, Col. Harland Sanders, and Dave Thomas
Loblaw Companies Innovative Supplier of the Year award winner
Sysco Supplier Excellence Gold Award Winner for outstanding partnership
- 2012** Retail Grand Prix Private Label Winner: Loblaws PC Free From Angus Burger
Sysco Excellence Award – Top Ten Supplier
- 2013** Retail Grand Prix Private Label Winner: Sobey's Sensations Jalapeno & Cheddar Stuffed Beef Burger
Innovation Award – Sysco U.S.
- 2015** Sysco Excellence Award – Top Ten Supplier
- 2016** Canadian Grocer Consumer Voted Product of the Year – Walmart Our Finest Cheddar & Applewood Smoked Bacon Stuffed Beef Burger
Sysco Excellence Award – Top Ten Supplier



A key player in his role as Cardinal's CFO, Dominic Parravano has been instrumental in the documentation and follow through on the fundamentals of Cardinal's business structure. His expertise in organizational structure makes him an essential part of Cardinal's governance.

In 2012, Cardinal invested \$10 million into a sealed environment cooking line at the Hedgedale plant, called APP (Advanced Protein Portioning) by Cardinal. APP is a market-leading technology capable of packaging and cooking a wide number of items at 300 units per minute in a sealed environment. The key attribute is the variety of portion-controlled products this cook line can produce, from burgers to sausages, veggie burgers to chicken breasts and the possibilities go on. The benefits to this technology are many including: lower cost, increased variety, run size flexibility, higher food safety, no preservatives, long shelf life, minimal processing, species variety, eating quality and vegetable-based casings for sausages. Combined with a flat-belt oven and vegetable-based casing used for making a

variety of sausages and other cooked products, the high-flex APP line marks the new standard in food manufacturing from a quality, versatility and food safety perspective. Following the launch of its first product in 2014, in one and a half years Cardinal has rolled out 35 products to market and only just begun to capitalize on this technology with new products being launched virtually every week.

Between NTF and APP at the Hedgedale plant and kettle cooking of Ready Product, a new line of fully-cooked meals at the Stanfield facility, Cardinal is well set for the future as a manufacturer of food products that keeps capitalizing on the latest trend in the food industry.





The test kitchen at the Hedgedale Road facility.

"What separates us from the really big players in the industry is that they might make one or two products on a massive scale while we are making 187 different versions of burgers and sausages. In spite of our size and role in the market, we still very much think like the small company that we were when it comes to our customers. We deliver what our customers are asking for. Instead of saying to them, 'it has to be this product,' we prefer saying, 'what would you like it to be?'"

- John Vatri



THE ONGOING ROLE OF CARDINAL IN NAMI (FORMERLY NAMP)

The involvement of the Cator and Cardinal in NAMI, as the organization is called today following the 2015 merger of NAMP with the American Meat Institute, continues to this day. Mark and Brent Cator both became involved with NAMP. Mark was on the executive and served as chair of different committees, most notably the strategic planning committee. In 2006, Brent became President. Building on Cardinal's strong, continuous presence, in 2016, Cardinal's VP Operations, John Vatri, is the incoming President of NAMI. Being the only Canadian meat processor that has contributed three presidents to the organization is a reflection of Cardinal's unwavering belief in the importance of NAMI as a resource to people and companies in the meat industry. It is a further reflection of Cardinal's goal to help keep improving the industry through innovative management ideas, the highest technical standards, and continuous focus on further improvements in the areas of quality control, food safety and general education.

Top: Brent Cator with meat industry executives who have served as presidents of NAMP/NAMI over the years. Bottom: Ralph Cator congratulating Brent on becoming president of NAMP.



chapter
SEVEN

THERE IS NO SUCH THING AS COLD —
INNOVATION AND TECHNOLOGY LEADERSHIP

7



Top left: John Pound receiving a President's award pin. Top right: John Pound and Cam Beatty doing what they do best—hatching innovative ideas on the back of a napkin. Bottom left: "You want more ideas and innovation? Then I need more coffee," is the motto of Frank Florindo. Creativity never sleeps while Frank Florindo dreams up Cardinal's best innovations and actually makes them work. Bottom right: The pride Cardinal's Chef Kelly shows in this photo speaks to the record of accomplishment of all those creative minds that have developed literally hundreds of new products at Cardinal over the years.



A TRADITION OF INNOVATION

Using new, innovative technologies and adapting them to the company's needs has been a core principle of Cardinal's since the early days. It goes back to Ralph making substantial investments into new technologies, such as the nitrogen freezer and Formax burger forming equipment, to set Cardinal on a path of growth. Ralph's approach was that "innovation is great as long as the risks are above the water line. If you start to innovate in things that could sink the business, that's not where we want to go. We don't need to be that leading edge. Anything that might damage the ship but not sink it is fair game," Brent remembers.

Since those early days, the key motivation for Cardinal to incorporate state-of-the-art technology into its processes has been to create better quality products to the benefit of the end consumer. Cardinal's approach to innovation is as a tool with the consumer in mind, not technology for its own sake. In that, the story of Cardinal is one of recognizing and expanding on trends, adapting technologies and creating the equipment that allows the company to constantly keep reinventing itself. As Brent Cator says:

"The essence of Cardinal is innovation. Even once we innovate, we continue to look for new ways to innovate again."

Even though the story of innovation at Cardinal expresses itself through equipment and technical processes, at the heart of it is the team of people who share the belief that everything is possible and who are willing to take the risk to keep exploring new directions until coming up with the proper solution. The story of innovation at Cardinal is the story of mechanical minds such as Grant Denison, Cam Beatty, Frank Florindo and John Pound and of a family willing to continuously invest into equipment and processes. In that, the story of innovation at Cardinal is a direct reflection of a company culture that enables employees to take risks and ownership.

Brent Cator with John Vatri – Brent's "left and right hand" in leading Cardinal.



Left: New equipment is being installed at the Cardinal plant. Right: The team is going over the SQF details.

THERE IS NO SUCH THING AS COLD—THERE IS ONLY THE REMOVAL OF HEAT

One area in which Cardinal developed expertise early on is freezing technology. Meat comes into the plant frozen in boxes. Before it can be used in the production of burgers it has to be tempered to prepare it for grinding. Over the years, Cardinal tried different methods, including using a series of racks in the coolers and having fans blow air over the frozen meat. While this was a solution, it was not a particularly efficient one, as it thawed the product unevenly. Speaking to an expert in fans at an industry event provided the original impetus for pulling air through the cooler to create a more efficient system. By using steam Cardinal developed and continuously fine-tuned a system that has become highly efficient in controlling the defrosting process to the point that today the integrated refrigeration and heating system can turn over the temperature in the tempering area in twelve hours. Grant and Garth Denison were the original engineers at Cardinal. Garth in particular was most influential in establishing the foundations of temperature control and teaching the team how to use it to the company's advantage. To this day, Cardinal benefits from one of the key lessons he taught the engineering, mechanical and leadership team at Cardinal—that there is no such thing as cold but only the removal of heat. The foundational scope of this lesson passed on by Garth to Grant to Brent, at first passed Brent by, yet over time, he understood and began to apply that principle in his own thinking. It has served Cardinal in other applications as well, for instance in determining how to “suck” the heat out of the products when freezing burgers. In

continuously building onto the foundational principle first introduced to Cardinal by Garth Denison, Cardinal has become an industry leader in using and adapting temperature control to its advantage and saving Cardinal customers hundreds of thousands of dollars.

INGENUITY AT ITS BEST—THE VERTICAL CONVEYOR SYSTEM

Many of the solutions devised over the years have come simply from identifying a problem and challenging Grant, Garth, John, Frank, Cam and others to develop a solution. The vertical conveyor system Cardinal uses to this day for transferring frozen burgers from the freezer to the packing lines represents how ingenuity, a creative spirit, and think-outside-the-box approach turned a problem for which no solution existed at the time into a patented technology that saves labour cost, allows lines to run faster, reduces employee strain and saves valuable floor space. The challenge at hand was that frozen burgers would come tumbling down the shoot from the freezer, making it impossible for employees in the packing area to keep up. Says John Pound: “Burgers were coming down the shoot and they would be flipping all over the place. The packers were having a difficult time. This is when Brent said to us, ‘You guys have to figure out a way to stop this from happening.’”

Assuming that this was a problem experienced by other meat processors as well, Cardinal searched internationally for a solution, but could not find one. A chance occurrence gave John the original idea for



Left: Bhupinder Singh leads through hands-on supervision on the line. Bottom right: Another demonstration of team work resulted in Cardinal's patented Vertical Conveyor System.



what was to become one of Cardinal's best ever in-house engineering solutions: "I was out on the floor and they were running the breading line. They were running the product through and for some reason I stopped and noticed a burger that had gotten stuck to the conveyor on that line. I watched it go around three or four times and each time it came back it still looked the same. I thought that looks pretty good so I went home and said to myself 'I need to solve this tonight.'"



As he was lying in bed that night, John thought up a drum design and the next morning he shared his idea with Cam. Cam instantly ran with it, drew another drum to complete the overall cycle and the concept was born. From there, Cam and John refined the drawing, finessed the idea and created a first prototype using two plastic soap containers for drums and placed them in a wooden frame. The next step was building a prototype to scale and trying it on the line. John purchased drums from a playground manufacturer and the team incorporated them into a frame. Over the course of the next two weeks Cam put in all the slots that would carry the patties inside the drum. John remembers the surprise when they first tried the invention on the actual line and realized that they had invented something entirely different from what they intended: "The burgers came down and 90 per cent had the papers taken off. We had unintentionally invented a paper stripper which was great because every day at the end of a shift we were stripping paper by hand." With that realization they knew that they needed to devise a belt design and engaged various belt suppliers to find one that suited the application. Says John: "One of our belt suppliers comes in and says, 'it has to be elastic, it has to hold in between the two drums.' So we put it in and away it went."

The vertical conveyor belt became another patented technology for Cardinal. It was patented in 2004 with Cam Beatty and John Pound listed as inventors. When Cardinal moved to Hedgedale in 2011, the original plan was to simply move the vertical conveyor together with the burger line and reassemble it in the new location. The decision to purchase and install new freezing equipment in the new plant, however, required the system to be redesigned. In that process, the Cardinal team made the conveyor more commercial in its design and began exploring ways to commercially market the invention. Working with a U.S. company, F.R. Drake Company, Cardinal engineered a commercial application that was suitable for use by other meat processors and that was compliant with Canadian and U.S. food safety laws. Drake struggled to sell the product but a growing partnership with Marel gave the process new life. Being a technology and equipment company, Marel ended up purchasing the patent from Cardinal, under the agreement that they could not sell it in Canada, giving Cardinal exclusivity on the use of its own invention.



Top image: Karl Koperski's career highlights at Cardinal include Supervision, R&D and Plant Management. Karl always speaks of the pride he has in seeing products from concept to shelf. Bottom image left to right: Bhupinder Singh, a home-grown Cardinal supervisor who started as a seasonal employee, on the left, and Nikic Branislav, one of Cardinal's best mechanical talents and a home-grown millwright, on the right, engaged with mixer operator Godfrey Levy.

"We like to push the envelope in everything we do. From an engineering perspective, something new often does not make sense until you put it together and realize there is a way. The questions we always ask in regards to our equipment and our lines are: how can we make them run better and faster? And how can we make them more versatile and flexible? At Cardinal, the goal has always been to have equipment that will run everything all the time."

- Frank Florindo

REINVENTING THE BURGER-NTF TECHNOLOGY

Since first introducing Natural Texture Forming (NTF) capability to its burger production in 2011, this exceptional burger forming technology has been a key driver behind Cardinal's ongoing growth. NTF allowed Cardinal to virtually reinvent burgers in the Canadian market and is leading Cardinal's expansion into the U.S. market today. NTF technology had been originally developed by a company in France. Early attempts by that company to bring the technology to North America had not been successful. Marel, the company that had purchased Cardinal's vertical conveyor patent, recognized the market potential of NTF and acquired the company that had invented the technology. To market NTF in North America, Marel first exhibited a machine with that capability at a trade show in Des Moines, Iowa that Brent and John attended together. Brent, when seeing the machine in action, immediately knew Cardinal had to have it. Simply put, the NTF burger was miles ahead in terms of texture, taste and quality in comparison to a traditionally manufactured burger. Knowing that NTF would give Cardinal the competitive edge he was looking for, Brent purchased the machine on the spot and the first NTF machine was put to use at the Caravelle plant in 2011. At first, it only produced thirty to thirty-five burgers a minute. Since then, finessing and adapting the technology to its own needs has resulted in Cardinal's ability to run the NTF machine at 320 burgers a minute.

The NTF machine worked so well when introduced to Cardinal's processes that Cardinal decided to buy a second NTF unit. During that process, Marel made Cardinal an offer—purchase a third NTF machine and get a period of exclusivity on the technology in return. The problem was that Cardinal did not need a third NTF machine at the time, even two was stretching it at that point. Cardinal suggested a different deal: it would purchase the second NTF together with a REVO machine, a different piece of equipment Brent and his team felt they might have use for. In addition, Cardinal offered to showcase the REVO machine to other potential North American clients of Marel's at the Cardinal plant. In return for that package Cardinal wanted exclusivity on the use of NTF. The deal was made and looking back, it has paid off hugely in allowing Cardinal to grow its market leader position in the burger segment. NTF has since allowed Cardinal to develop its burger capabilities to such an extent that it would take competitors years to catch up. Says Brent: "By buying that third machine we bought protection in the market and by buying protection in the market we soon required another machine and now we dominate the market in that technology. Just by taking a chance. Today nobody else has it, that is one advantage, nobody else can get it, that is another advantage, and we know the learning curve, which is the biggest advantage. Competitors would have to take a few years to learn it even if they got the technology today."



“John and I went down to the show in Des Moines, Iowa and they were demonstrating the NTF equipment to the big boys whose sales are in the billions. They started running the NTF machine and cooking up some product and I will never forget the first bite into that burger. I thought, ‘How do we get out of here with this machine?’ It was exactly what I wanted because we had customers asking us for a more natural, less processed burger that had a real bite to it and was more like homemade. We had heard that for years, yet didn't have anything other than the inventions we had already put in place like Tenderform. John and I got into a dialogue with Marel at the show and they told us that they could not give us that machine to try in our facility. I replied: ‘We don't want to demo it; we want to buy it.’ Everybody from the group that was watching the demonstration started staring at us. I asked why they were staring and one of the R&D guys from one of the big producers said, ‘We are trying to figure out if we like the technology enough to think about whether we want to start an R&D project which would lead to a capital project which would then lead to a Board approval three to five years from now, and you are talking about putting it into your plant in Canada next week!’ At that point I knew I had to have that machine because if we could do it that fast, it would give us that much of a lead in the market.”

— Brent Cator



Carlos Da Silva has proven to embrace Passion and Innovation every day. From production floor, through supervision and now development, Carlos continues to make a lasting impact at Cardinal.

“CAN I WASTE SOME BURGERS?”—CARLOS DA SILVA AND THE DEVELOPMENT OF THE STUFFED BURGER

Innovation at Cardinal can come from anywhere in the business. Cardinal prides itself on the fact that it listens to the suggestions of people in all departments. There have been many times, when an idea by an employee started a process that led to the development of a new product and the invention of the necessary equipment to produce it. Says Brent: “We listen to what employees are bringing forward, we will find innovation.” In early 2012, Carlos Da Silva had an idea. An employee since 1994, Carlos had operated Cardinal's first Tenderform machine and run the cook plant for a number of years before joining the R&D team due to his creative spirit and ideas that have benefitted Cardinal tremendously over the years. A chef by heart, he has a special passion for food that was at the heart of the idea he presented to Brent that day. Carlos's idea was to experiment and see whether it was possible to create a frozen burger that had items such as cheese and diced vegetables on top. Fascinated with the idea, he approached Brent and asked whether he could “waste some burgers,” as Brent remembers. Carlos explained to Brent his intention to put these burgers through the machine to see if the additional ingredients would stay on top through the process.





Encouraged by Brent, Carlos ran with the idea and created a variety of new frozen burgers with inclusions that in fact stayed on the product during the manufacturing process. However, when the product was tested in the market it became clear that customers feared it would come apart on the barbecue. That's when the idea moved from a burger with inclusions on top to trying a stuffed burger. At that point, what had started as one creative, curious and risk-taking employee's idea became a team effort, involving different people from the plant to perfect the cook recipe and develop the technology to repeat the process at a production speed that would be suitable for a retail product.

As has so often been the case in the history of Cardinal, none of the equipment manufacturers could produce the equipment Cardinal envisioned which led the team to once again develop and patent its own technology. The patent of 2014 lists John Pound, Frank Florindo, Kelly Moriyama, Carlos Da Silva and Brent Cator as the group behind the invention. Brent remembers that "within 12-14 months of Carlos coming up with this idea and wanting to play, we'd already sold almost 2 million pounds of product into the market. We're now in Wal-mart, Metro, Sobeys, CARA, Harvey's, Costco, Montana's, and many other places with this product and all because somebody was willing to try something new."



ADVANCED PROTEIN PORTIONING (APP) SEALED ENVIRONMENT COOKING TECHNOLOGY

Advanced Protein Portioning (APP) is taking Cardinal's kettle cooking technology, developed in the 1990s together with science consultation from Dr. Shai Barbut of the University of Guelph, to yet another level by applying it to high speed lines. After developing the kettle cook technology process with Cardinal, Dr. Barbut worked with companies, including Marel, in Europe on introducing Cardinal's sealed cooking technology to the European market. Marel took the concept and created a newer, continuous line-system version of Cardinal's initial technology and called it "Cook in Pack." Says Brent: "It's all the base learning we developed for kettle cook product applied to high speed lines. The fascinating part is that our own technology came back to us through equipment developers who built that equipment into lines that we then adopted."

Cardinal brought in "Cook in Pack" technology and, in typical Cardinal spirit, further improved it and attuned it to its own vision, creating a flexible line that is highly adaptable to use for different products. Cardinal built a two story room for the equipment, including a state of the art oven, at the Hedgedale plant and then used all of its technical know-how to develop high quality products, produced in ways unlike any others. As Brent notes:

"There are people out there that are doing parts or different versions of what we do, yet I still don't know anybody in the world who has the flexibility of that line the way we put it in. It's been growing enough that we have moved to two shifts to keep up with customer needs for products that customers want us to produce and cook using our sealed environment process."

In creating the APP line, the Cardinal team once again proved its ability to take existing cutting edge technology, rewire or reconfigure it and then use it in ways that even the company that sold the technology to Cardinal had not envisioned.



chapter
EIGHT

A MATTER OF CULTURE —
FOOD SAFETY AT CARDINAL

8

LEADING WITH FOOD SAFETY

As a company, Cardinal is driven by the imperative to provide customers with the safest food products possible. As Brent said in an interview with an industry publication:

"We lead with food safety. That's our brand, that's our business."

Cardinal has a mindset of food safety that has expressed itself in many ways throughout the years:

- working closely with the authorities, most notably the Canadian Food Inspection Agency (CFIA) to ensure its processes are as safe as possible
- certifying and leading implementations for the industry with standards, such as HACCP (Hazard Analysis and Critical Control Points) and GFSI (Global Food Safety Initiatives)
- proactively avoiding any possible risks by adhering to the most sophisticated DNA testing processes
- constantly fine-tuning processes to make them as safe as possible
- investing into new technologies and processes, such as NTF, that reduce processing to a minimum, or APP (Advanced Protein Portioning) that cooks product in a sealed, highly protected environment
- creating burger products that can be evenly cooked, ensuring a proper internal temperature and consequently a safer product for customers to eat
- Brent having served on the North American E. coli task force, and having been a part of a CFIA task force



Top left: Jerzy Karwowski, a key member of Cardinal's QA team. Top right: A young John Vatri working in safety. Bottom: The Cardinal team receives an award from the Workman Compensation Board for the company's safety record.



HACCP AND SQF CERTIFICATION

An expression of Cardinal's commitment to food safety, on January 23, 1998, Cardinal received HACCP certification. HACCP, the Hazard Analysis and Critical Control Points Program, is a food safety practice standard developed by the Food and Drug Administration (FDA) and the United States Department of Agriculture (USDA). Ralph had learned about the standard through his involvement with NAMP, which as an organization was a strong proponent of HACCP for the entire meat industry. After learning about HACCP, Ralph became determined to apply its standards to Cardinal. John Vatri remembers: "It started with Ralph writing HACCP down on a serviette at a NAMP meeting and saying 'we've got to put this in.'" As a first step, Ralph hired a professional to audit Cardinal's food safety practices to make sure they reflected the latest knowledge in food safety.

By the second half of the 1990s, HACCP had come to everyone's attention and the entire meat industry was seeking to adopt its standards. When Cardinal became HACCP certified on January 23, 1998, it did so as the first Canadian meat company that processed multiple species and products. As part of the process, Cardinal ensured all of its employees were trained on matters of food safety.

Since then, Cardinal has become SQF (Safe Quality Food) certified under the Global Food Safety Initiative (GFSI). GFSI is a global auditing system which has created one common standard for food safety and quality assurance for food manufacturers worldwide.

DNA TESTING

The standard process of testing raw meat for contaminants consisted of taking bacterial cultures, sending them to an outside lab and then waiting for the results—a process that did not sit well with Cardinal due to the time it took to get the results. By developing the capability to test in-house not only would the process become more efficient, it would further allow for Cardinal's testing capabilities to grow at a much faster pace as new, improved technologies kept becoming available. This was the mindset when Cardinal first learned about DNA testing and the possibility of creating a DNA lab at its own production facility long before it was common in the industry. A company called Warnex had developed the technology that could identify pathogens more quickly than other methods. Realizing the opportunity to truly establish

itself as a leader in food safety, Cardinal jumped at the opportunity and partnered with Warnex in becoming the first company in Canada's meat industry to institute a DNA analysis system into the process at its plant in order to find contaminants.

While Cardinal was excited about the unprecedented level of food safety DNA testing provided, there were some significant concerns. The technology was so cutting edge that no one, not even the USDA or the CFIA had started using it yet. "The problem with putting it in was that everybody warned us that we were going to be able to detect pathogens that nobody else could. 'What are you going to do in that case?' was the question we were asked over and over again," Brent reflects. Cardinal, having always prided itself on its honesty, integrity and commitment to safety, elected to know rather than not know. Over the first years of the program, Cardinal never had a positive result for E. coli, one of the most prevalent concerns in the industry. As hoped for, the new technology had validated Cardinal's sophisticated processes and safety mindset.

When N60 Food Safety Testing was developed in 2003 as the next step in DNA testing, Cardinal adopted it right away. N60 Testing marked another important evolution in DNA food testing due to its incredibly high accuracy rate of roughly 99.9 per cent certainty by means of a DNA sampling process that was different from anything that had been done before. Equipped with the new technology, within the first week of implementing it at the plant, Cardinal found two positive tests in some of the meat it had been supplied with. When contacting the suppliers, the response was frosty to say the least. Cardinal stood its ground and in the process became instrumental in convincing its industry partners to also adopt a higher standard in food safety. Cardinal's stringent position on food safety has resulted in the company working closely with both the Canadian and American authorities on making the use of the latest technology in food safety mandatory across the entire industry to protect consumers.

LEADING THE CHARGE - JOHN VATRI AND THE CARDINAL GROUP EFFORT BEHIND QUALITY ASSURANCE AND FOOD SAFETY

Prior to becoming VP Operations, John Vatri played an extraordinarily significant role in organizing and continuously fueling the great team effort behind Quality Assurance and Food Safety at Cardinal over the years. "QA is a lot of common sense and John, through his great communication skills, has been able to teach that and get everybody to buy in," Brent describes John's impact. Brent gives John full credit for championing the effort to rally everyone in the company behind the common goal that Cardinal product is safe at all times. "Every time we ran into a new challenge or opportunity to enhance our food safety element, John was the guy who took on the project and led it. Before introducing new technology in food safety, it was John who validated the new technology for Cardinal."

John's influence goes far beyond the implementation and rallying support for what Brent calls "common sense applications" in Quality Assurance at Cardinal. When it came to working with customers, inspectors and convincing the authorities that innovative solutions introduced by Cardinal, such as kettle cooking, were in fact safe, it was John, together with an incredible scientific team led by Jerzy Karwowski, Cardinal's QA Manager, who managed the data and developed the support documents to validate Cardinal's approach and presented the case to the authorities. When Cardinal introduced DNA testing to the lab, it was again John Vatri, as part of a massive team effort, who put together all the support pieces to have the government and the customers buy in.

Says Brent: "John excels at playing the leadership role and the common sense role at the very same time. It is very hard to get the data and background together and convince people with common sense arguments. He does that. John has been my right and left hand through everything. From a leadership perspective, John is an innovator and a phenomenal leader - he has a sense of humor, people like him, they trust him and he takes the core principles of Cardinal to heart and lives by them. He is the guy in the background who silently gets things done while working with the plants, the office, the customers, the authorities, and within the trade association. It is no coincidence that John is the incoming president of the North American Meat Institute, NAMI. The only thing that is not humble about him is his sense of humour."



Images left to right: (1) Cardinal's original near infrared fat analysis equipment. (2) The original DNA testing equipment used by Cardinal.

PUTTING CARDINAL TO THE TEST

Integrity, commitment to transparency and the core values behind Cardinal's food safety mindset guided the company through challenges—product recalls in 2007 and 2011.

In 2007, after more than 40 years of operating, Cardinal had its first recall which was caused by E. Coli O157. Cardinal embraced the challenge and took it as an opportunity to take yet another critical look at all its processes and work closely with the authorities in finding the source of the contamination. "In that first recall we learned a lot about the importance of total traceability," says Jerzy Karwowski, Cardinal's QA Manager. Jerzy joined the company in 1989 as a packer, and in his almost 30 years of growing with the company has worked as a Formax machine operator, Production Supervisor, QA Supervisor and for the last seven years as QA Manager.

An expression of the Cardinal culture, everyone, regardless of their role in the company, took ownership for the challenge at hand and contributed to the solution in any way possible. Esmeralda Vieira explains, "The recall was a good example for the team spirit here. If you had to stay until eight o'clock at night you stayed until then. If you had to stay for 24 hours like the guys in QA, you stayed for 24 hours." Lesley Polesel, who was involved in customer relations during the recall, adds: "It was just amazing how everybody banded together. The overwhelming feeling was that while it is Brent's company that is being challenged, it is ours too."

Doing whatever possible to prevent another recall, Cardinal began applying a much stricter standard to the suppliers it decided to continue working with. Moving forward, Cardinal began making the decision on whether to approve a shipment of raw material based on the actual establishment number that indicated where within the suppliers' organization the meat was coming from, instead of trusting the supplier as such. In doing so, Cardinal reduced the number of suppliers to a handful of selected suppliers. Jerzy Karwowski reflects: "When we started thinking about what we could do better in the future, we realized that the same supplying corporation could have different establishment numbers. As a result, we started eliminating certain establishments that had a history of supplying the wrong product. Today, the first thing receiving does when a shipment of meat is delivered to Cardinal is key in the actual establishment number and approve or reject the product based on that number alone."

In 2011, Cardinal was faced with another recall of some of its product for the same pathogen that had caused the first recall four years earlier. Using its sophisticated DNA process on incoming raw material, Cardinal identified some product that tested positive. In working with multiple local CFIA team members who changed every eight hours, Cardinal started to ask for one representative to ensure effective communications. Michael Rogers, who joined Cardinal full-time in 2001 and has held positions in R&D, ran the cook facility, as well as having been involved in food safety, remembers: "The big learning



Some of the dedicated people who are the Quality Assurance engine that drives HACCP, SQF, GFSI and compliance with CFIA at Cardinal day-in and day-out. From left to right: Anna Sagatowska in front of the DNA equipment, Ela Sobczak, Gordana Stajic, and Michael Rogers.

curve for us was how to better interact with the CFIA. When you get into these food safety recall issues it goes up to Ottawa and it creates a problem when there are 26 local people between you and that person. That is where that leadership piece and really my 'baptism by fire' came in. I was trying to get to those people and saying at Cardinal it is going to be one point of contact, not 27. And in the CFIA, who is our counterpart?"

Even though, in an industry-first, the final CFIA report concluded there was nothing Cardinal could have done differently to prevent this from happening, Cardinal took full responsibility during the recall. Brent was at the head of it all, directly speaking to concerned customers and answering questions.

In a step that was unprecedented and changed common practice in the industry, John Vatri drafted an email that was sent to suppliers, requiring them to test their meat in their own facility before shipping it to Cardinal. When faced with some pushback, Cardinal stood firm. Ever since, Cardinal's suppliers have been testing their meat with N60 Testing protocols and DNA technology before Cardinal accepts it. Moreover, Cardinal requires the test results to be made available before delivery to the Cardinal plant is complete. In that, Cardinal became the first in the industry to introduce N60 Testing as a safety requirement for all its meat suppliers.

The 2011 recall was a reminder that recalls do happen in the food industry and reinforced the importance of having the proper processes and protocols in place. As Michael Rogers concludes, "It made us understand that there is a certain risk in everything we do. Recalls can happen in the food industry no matter how sophisticated safety processes are; the key is how we manage that risk. The fact that the final CFIA report concluded there was nothing Cardinal could have done differently to prevent this from happening was a great testament to the processes that we had in place, and we still learned a ton from that."

The realization that even the most committed food safety mindset and use of the most advanced testing technology cannot ever fully exclude the possibility of a recall, Cardinal has taken food safety to yet another level by becoming involved in the development of new technologies and the quest for "the next big thing" in food safety in and after the control points at the plant. Most recently, Cardinal's desire to produce the safest product possible has led to becoming involved in developing new anti-E. Coli technology. Looking to prevent the contaminating of meat during processing, Brent is working with a group in the U.S. in the development of a flame pasteurization process. The patent application lists Dr. James Marsden, Brent Cator and John Vatri as the inventors of this proprietary process. As Ralph Cator simply states: "Cardinal staff keeps coming up with new things all the time."

There is never I, it's always we – Employees Reflect on the Special Cardinal Team Spirit

"Nobody here says 'this is not my job.' If you can help, you go out and help. It is just a natural thing to do here. It goes back to the family environment, to the 'everybody taking care of everybody culture.'"

– Esmeralda Vieira

"It is very important in production to have people with knowledge around you. It makes you confident knowing they have your back. I feel very comfortable in this place. We have a very strong bond. There is a special Cardinal DNA of people helping each other in their jobs."

– Paula Quintal

"We don't look at it just as a job, we as employees are part of the overall success of the company. The Cators have always been very good at relaying that message back to the employees. There is never I, it's always we."

– George Da Costa

"I love working at Cardinal. Cardinal keeps your mind always working. You do something today and tomorrow you can't do it that same way. Something is always new. People are amazing and everyone helps each other. You are never alone. You always have somebody behind you helping you out."

– Benvinda Da Silva

"Cardinal is almost like an extended family."

– Robert Dabrowski





chapter
NINE

ANYTHING IS POSSIBLE —
THE FUTURE OF CARDINAL

9



DEFINING THE GOAL

In the spring of 2016, Cardinal undertook an exercise aimed at defining the vision for what the company will look like five years later, in 2021. In typical Cardinal fashion, all members of the executive, the management team, and all line staff throughout the entire organization were involved. The result speaks to the entrepreneurial spirit of Cardinal and the company's growing leadership position in the market. Based on exceptionally strong foundations and the company's growth pattern during the previous years, Cardinal expects to double the throughput and the total dollar sales of the company in five years. The last three years have seen a 15 per cent compounded growth per year while some of the key investments made in the last few years are just starting to pay off and are not being used to their full capacity yet. Dominic Parravano, Cardinal's Chief Financial Officer, explains: "Everybody believes that the company can be double its size in terms of sales volume. The APP line, which is the technology of the future, is nowhere near its optimal capacity yet; it is just starting out now. At the same time, we are also looking seriously at exporting to the U.S. Financially the company is extremely strong and the current rate of profit and cash flows will allow us to make additional investments quickly when needed." Brent concurs: "Cardinal has people with great talent. If we just continue to deploy the talent the way we have been, it will be hard for us not to get there. It's a curve we are used to and we see that carrying on. That's the framework for the future of Cardinal."

YOU CAN WITH CARDINAL

"You can with Cardinal," the company's bold tagline that so fittingly describes the core identity of Cardinal and was developed in 2013, exemplifies Cardinal's ambition and underlying imperatives. When asked what Cardinal stands for in their respective views, stakeholders, suppliers, customers, and employees responded by referring to Cardinal as an enabler—a company that enables employees to follow their dreams and goals and that enables customers by creating customized solutions with them. It is the combination of the defining attributes of Cardinal—family entrepreneurship, technology leadership, financial strength, exceptional employee skillsets, strong relationships and partnerships with customers, a company culture in which people can excel and make their best possible contributions, and the right organizational mindset—that will enable Cardinal to maintain its identity while achieving its goals.

LEADING THE INDUSTRY IN INNOVATIVE WAYS

PATENTS	
Stealth Rib Skinner	Created efficiencies while eliminating employee injuries
VCS - Vertical Conveyor System	An industry first saving space, labour and maintenance costs
Stuffer for stuffing patties	First in the world with stuffed burgers that do not explode
Flame Pasteurization	Flame technology to eliminate pathogens on hides
LEADERSHIP	
NAMP as a North American organization	Led the engagement of NAMP as an industry association for Canada
Ribs as a center of the plate item	Establishing ribs as a primary protein vs. a leftover cut from slaughter
Only company to have contributed 3 NAMI Presidents	Small company with enormous presence and value throughout North America
FIRSTS	
1 st Meat processor to utilize distributors exclusively (1985)	Full commitment to growing business focused on protein manufacturing
1 st Meat processor to have a Premium nationally branded F.S. burger (1990)	Cardinal Roadhouse brand remains foodservice industry leader in brand awareness and sales
1 st HACCP-certified Beef processor (1998)	Taking food safety to next level - bringing astronaut-proven food safety standards to the ground
1 st CDN meat processor to have executive become President of NAMP	Major Canadian industry breakthrough
1 st Meat processor in Canada to use the Formax 6 technology	The beginning of reshaping the industry - ability to cook burgers in half the time
1 st Meat processor to utilize the Tenderform fill technology	The first of what now is the world's standard
1 st Meat processor with Bearpaw-shaped burgers	The first premium burger introduced into the market and still the most recognized burger in Canada
1 st Meat processor in Canada to install mini-max freezers	Canada's first for burgers
1 st Meat processor to pioneer the use of nitrogen in mini-max spiral freezers	Better value and quality for customers
1 st Meat processor to use infrared light analysis for fat, moisture & proteins	Assisted in positioning Cardinal as the most consistent burger manufacturer in North America
1 st Meat processor to have longest 'No Lost Time' accidents	Safety first a key cornerstone of Cardinal's commitment to employees
1 st to align all CDN Meat Processors & develop unified voice to Ottawa	Leading the way for all Canadian meat processors
Defrost Technology	'No such thing as cold' - philosophy leading to the ability to control consistent meat temperatures, meaning no moisture loss
1 st to utilize DNA lab technology for microbiology	Another major advancement in Cardinal's commitment to providing the most foodsafe products
1 st Meat processor to use Kettle Cooking	Rewrote Canadian and U.S. law based on advances in safety of sealed environment cooking
1 st to enable Vegetable Casing for sealed environment cooked sausages	Eliminating the need for pork or beef on poultry sausages
1 st and only Meat processor to invent In Pouch Shredding	Enabled consumers to purchase Kettle Cooked shredded products with a lower cost and higher food safety standard
1 st North American company to develop (NTF) Natural Texture Forming	Ability to form a burger that cooks in half the time of a standard burger while keeping the natural weave of ground beef

Empowerment, Respect and Personal Growth – Employees Reflect on the Cardinal Culture

"There is an open door policy here. That is why people feel secure. They know they will be heard. They know if they really want to do something and are willing to put in the time and effort, there is opportunity. There are so many examples of people growing at Cardinal. I got the opportunity to learn a lot of different things. People are recognized here for what they do."

– Harkirat Kang

"Brent is a big believer in empowering employees. If employees see someone doing something that is not safe they don't have to go to the supervisor, they go right to the person or even stop the machine. Brent always says: 'you will never be in trouble for stopping production. If it is for safety or quality, you can always stop the machine.' Brent wants us to be comfortable in making those decisions."

– George Da Costa

"I came to Cardinal only for a few months to get a first job in Canada and here I am over 25 years later. The Cator family established the standard that nobody is afraid to come to Brent or Mark or Ralph to talk. There is always an open door here. They create the opportunity for the employees. Everybody here feels that they are part of the success of the company."

– Jerzy Karwowski

"No matter who you were, no matter where you came from—you earned your merit at Cardinal. Many of the guys who are running the plant now came from a different country and didn't speak a word of English. If you were hard-working and tenacious, we wanted you and that spirit still carries on. There are so many examples of people here who came to Cardinal through an agency, learned English as a second language, showed a certain skill set and were helped along. They are the ones who are now passing the baton to other people. Employees who have worked their way up are now helping others. There are a lot of homegrown employee success stories at Cardinal."

– John Vatri



"It does not matter whether you have been here for a few days or 20 years, there is a lot of respect for people."

– Benvinda Da Silva

"For me the biggest thing about Cardinal is that you have the ability and the encouragement to grow within the organization. There is always opportunity for those who want to go after it."

– Michael Rogers

"Cardinal has always made us feel this company is part of our lives as well. Sometimes when something in the plant does not go right, I feel confident to say, 'listen, I am not packing this burger. This burger does not look good.' The company has always encouraged us to make those kinds of decisions by saying 'if you think it is not good, don't pack it because you guys know better.'"

– Paula Quintal

"Cardinal is big on self-development. Brent always said 'if someone wants to do something else, talk to your supervisor, manager or me.' I used to pack burgers and now as National Account Manager I look after the largest foodservice distributor in North America. My own path, like so many others here, is a testament to the Cardinal culture."

– George Da Costa



PAST AND CURRENT CARDINAL EMPLOYEES OF FIVE YEARS OR MORE

Ralph Cator
Jack Cator
John Terkalas
Cliff Hall
Bill Harper
Tom Milligan
Royce Brisbin
Alan Campbell
Peter Vigna
John Appleton
Cam Beatty
Carl Agar
Mark Cator
Howard Reed
Linda O'Hara
Bel Bettencourt
Muriel Quail
Bob Stevenson
Olga Simopoulos
Tony Tallerico
Maria Nunes
Greg Djokic
Blair Foote
Olga Thornton
Bryan Simmons
Luciana Garcia
Dallis Madore
Ann Beneteau
Scott Zies
Tom Hanniman
Karen Lauder
John Dunbar
David Bacon
Grant Denison
Brent Cator
Rose Charles

Josefa Pereira
Zelia Roque
Orandina Ponte
Ann Bennett
Paul Herron
Janine Herron
Brenda Morrow
Gian Multani
Lucilia Pereira
Rafael Fortuna
Balwinderjit Multani
Jerzy Karwowski
Morris Irwin
Barbara Klubowicz
Margarita Montero
Maria Stella Giallo
Glen Chantler
Rosario Teixeira
Wanda Klepczynska
Ross Collier
Brian Lovell
Maria Rodrigues
Maria Almeida
Clare Proctor
Orandian Da Ponte
Teresa Tadeusiak
John Vatri
Robert Dabrowski
Maria Santos
Slavica Trpkova
Anh Hue Ha
Joao Nunes
Francisco Nunes
Ivan Zanic
Daniela Milczarska
Melvin Willcott

Karen Payne
George Da Costa
Krystyna Stopa
Rodney Walsh
Benvinda Da Silva
Carlos Da Silva
Susan Anderson
Emilja Modor
Esmeralda Vieira
Beatriz Da Costa
Dolores Da Silva
Ana Nunes
Susana Biscocho
Karl Koperski
Daniel Ennamorato
Janice Carter
Paula Da Silva
Rajwant Dhillon
Gerry Deschamps
Paula Quintal
Surinder Samra
Harkirat Kang
Koomarie Harricharan
Adolfo Deleon
Tung Khuu
Gordana Stajic
John Pound
James Corbett
Carmen Pastor
John Devasikhamony
Leonorra Manuerra
Jorge Montero
Kamaljit Multani
Fernando Veloso
Peter Vlasak
Lesley Polesel

Colby Duke
Harjinder Deol
Daniel Sweeney
Arnel Manguerra
Agron Bilali
Michael Rogers
Bill Carty
Jeff Griffin
Luiza Bilali
Mario Macaalay
Remedios Babala
John Edward
Jason Lennord
Sam Appiah
Anna Sagatowska
Charanjit Mangat
Nikic Branislav
Hardeep Bhangal
Anna Kurkowska
Caryl St. Louis
Dang-Cao Nguyen
Liang Lu
Ed Khan
Susan Siqueira
Bhupinder Multani
Syed Bukhari
Dominic Parravano
Bernabe Barba
Junior Herbert
Rai Sukhvir
Harpreet Nagra
Helen Gu
Rajwinder Sangha
Kenneth Varley
Emmanuel Agyapong
Varinder Gill

Rajwinder Kaur Dharni
Anna Jacak
Katherine Johnson
Amandeep Tumber
Doris Rogers
Bimaljeet Gosal
Muhammad Raza
Marichu Del Castillo
Leila Mohamed
Elzbieta Sobczak
Sivakolunthu Kuganathan
Kissi Williams
Kelly Moriyama
Leslie Bastiani
Prabhjeet Janjua
Kamaljit Kotia
Marvin Moodie
Rosita Dookhie
Sukhwinder Gill
Baljeet Saini
Kishor Salabie
Jaswinder Kaur Gill
Paul Anderson

Once Innovated, Innovate Again.
**How a culture of empowerment and a team of great people
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