CANADIAN BUSINESS

There WILL BE GRAVY.

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Ryan Smolkin built Smoke's Poutinerie into a national chain through clever branding, massive portion size and sheer force of personality. Now

he's taking it abroad, betting that poutine can become Canada's biggest culinary export

Ву Sarah Barmak Photographs by KC Armstrong, Geoff Fizgerald & Erik Putz

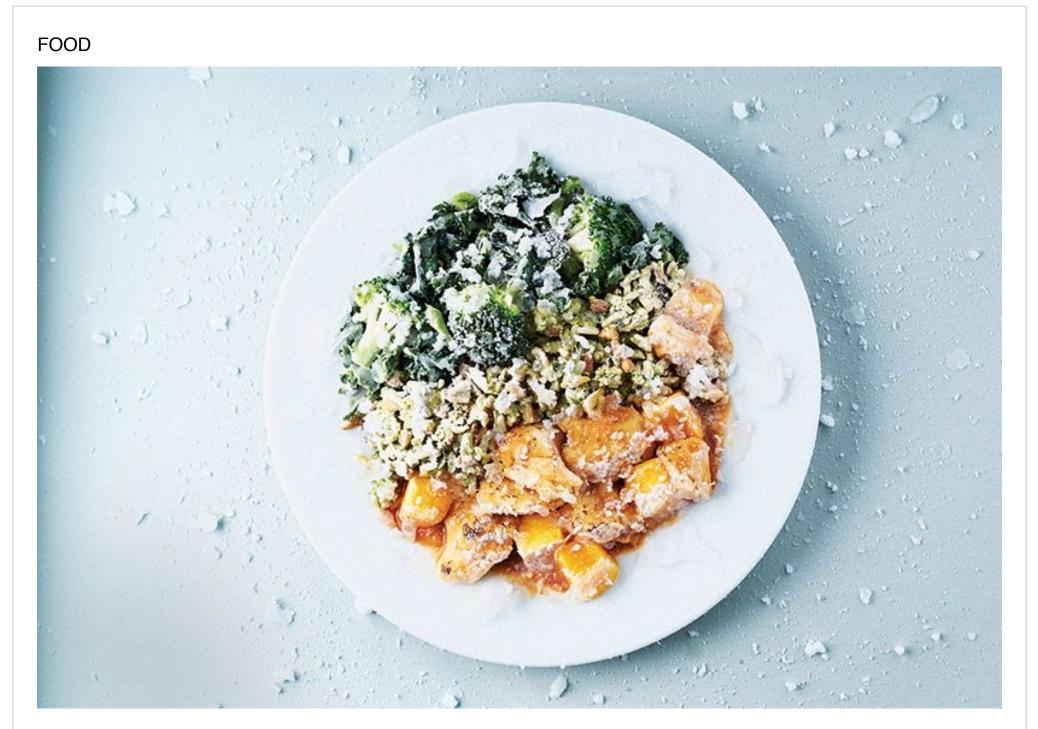
Around 3 a.m. on a cool Friday night in May, Heather and Erika were winding their way on foot through Toronto's west end after a night out, in search of food. "We walked past Tim Hortons, past McDonald's," says Erika, who is 25. The two friends knew exactly what they needed after last call. "We held out for Smoke's." That would be Smoke's Poutinerie, which serves extreme versions of the classic Québécois dish: messy, hot fries studded with chewy cheese curds and comforting gravy, with a range of add-ons, such as pulled pork, mushrooms and grilled chicken. "It really soaks up the alcohol," says Heather, 24. "Compared to a sad Tims' bagel or a tiny McDonald's burger?" Erika says. "Way better."

The restaurant, plastered with red plaid decor, attracts the young and inebriated like a beacon. This location, in Toronto's Annex neighbourhood, is known for having a staff member who dresses as Spider-Man, though he's not on duty tonight. Eighties hair band Poison's "Nothin' But a Good Time" thunders forth from a loudspeaker. Twenty-something men and a few women goof and laugh on the sidewalk outside, digging into steaming boxes of slippery carbohydrates or waiting for their orders. A slight young man in an untucked shirt lurches over to the counter and peers at the heaping mound of calories he's just bought. "Are you trying to kill me?" he asks the cashier. This gravy-soaked bacchanal could soon be playing out in unsuspecting towns across America—and around the world—if Smoke's founder Ryan Smolkin gets his way. Last year, the company announced its "global domination" expansion plan, pledging to open 1,300 stores by 2020, including 800 in the U.S. and hundreds more across Europe, South America and the Middle East. It's a hugely lofty goal, but it does grab attention—something Smolkin knows a thing or two about. He is, after all, a plaid-and-fur-hat-wearing, Canadiana-loving ham with a penchant for air guitar. "It's the Canadian food experience!" he proclaims, his enthusiasm for poutine sending his voice into a high-pitched yell.

"Everything's in here. This is all me. All my time. All my

CENTS. ALL MY LIFE." – Ryan Smolkin

Though poutine remains the core of the operation, he recently spun off two new brands, Smoke's Weinerie and Smoke's Burritorie, that load the American hotdog and the Mexican burrito with outlandish toppings such as chicken and waffles, and pad Thai. Smolkin is even developing another business line that could see Smoke's-branded food products in grocery stores.



Former Lululemon CEO Christine Day wants to reinvent the frozen dinner

If that sounds crazy, consider what Smoke's Poutinerie has already pulled off. Smolkin had no restaurant experience when he opened his first store in November 2008—the beginning of the recession—and advertised by plastering stickers of the company's mascot, an enigmatic guy named Smoke who wears '80s eyeglasses, around Toronto. Its 30-odd varieties of the Québécois snack, in flavours like Smoked Meat Peppercorn and The Hangover (a limited-time offer that boasted scrambled eggs, bacon, maple syrup and Tabasco sauce), have conquered the appetites of 16- to 25-year-old Canadian urbanites as swiftly as the Hudson's Bay Company laid claim to the 17th-century beaver pelt business. Smoke's has 110 locations from

Vancouver to St. John's—growth that's been fuelled by word of mouth and publicity stunts instead of traditional advertising. Smolkin actually worked in the ad industry before deciding to peddle french fries and views his company as an entertainment brand above all.

"Smoke's @Poutinerie is all me. All my time. All my cents. All my life."

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But selling a cult Canadian poutine shop in the wild restaurant world of America—the biggest component of Smoke's expansion plan—is another matter entirely. Even Tim Hortons has struggled south of the border. Smolkin's task is doubly challenging. He'll be pushing a foreign French-Canadian treat to Americans, who have probably never heard the word "poutine." He's also an integral part of Smoke's brand, and he'll have to trust franchisees in an entirely different country to run a business that's practically made in his image. It's not a challenge he's taking lightly. "Everything's in here," Smolkin says of his company. "This is all me. All my time. All my cents. All my life."



Smoke's Poutinerie founder Ryan Smolkin focused on building a brand first, and a restaurant chain second. (Portrait by KC Armstrong)

The headquarters of Smoke's Poutinerie are located in a strip mall in sleepy Ajax, Ont. Smolkin took over a 10,000-square-foot section and recently converted it into a three-restaurant food court featuring a Burritorie, Poutinerie and Weinerie. Walls are decorated with phrases like, "Our wieners are made for your pleasure." A sign outside reads: "Grab Your Weiner Here."

"My focus, right now, is culture," says Smolkin. "I've got to make sure, as we get bigger, that brand and culture, that fun, entertaining side of it, stays with everybody." Smoke's has an online portal for franchisees

to dream up staff activities, like axe throwing and costume contests. Pranks run rampant. This April 1, a staffer duct-taped Smolkin's office door shut while he was in a meeting. "I finally got it slightly open, and a hand reached in and handed me some scissors," he says. If every staffer had Smolkin's drive, they'd have the whole thing on lock. He's all gigantic grin and close-cropped ginger beard under a backwards cap, clad in Converse and a red plaid shirt (and, so he assures me, plaid underwear). He's excitable, shifting his slight blue-collar Ontario twang seamlessly from business strategy to a Kiss song to a sound bite. Smolkin isn't an unconventional CEO so much as the perfect manic ambassador of a youth-focused brand in 2016. It would be easy to miss what's beneath it all: extreme dedication to hard work. When his first few stores opened, he spent long hours scrubbing the floors and cutting potatoes.

Smolkin, 42, hails from the Ottawa Valley, on the border of Quebec, where he developed his love of poutine. He was also a precocious entrepreneur. While working on his bachelor of business administration at Wilfrid Laurier University, he was always hustlin'. Tailgate parties, keg parties—you name it. He saved a little money and became, in his words, "a slumlord" by his second year, buying a house with a small loan from his grandfather (paid back with interest) and taking in tenants. At his peak after graduation, he had 200 student beds and \$4 million in assets. But rather than pursue a career as a landlord, he founded AmoebaCorp. in 1996, a branding and design firm. "The first couple of years weren't too pretty, but by the end I had Nike, Molson, and Maple Leafs Sports and Entertainment," he says. For MLSE, Amoeba developed names and logos for both the Toronto FC and the Toronto Marlies at the teams' inceptions. "No one grasped how poutine could be a meal."

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Smolkin sold Amoeba in 2006 at age 32. His twin boys had just been born, and he took a break to spend time and travel with his family. Meanwhile, he thought about combining his love of food with his expertise in branding. The word "poutinerie" bounced around in his head. As a teen, he'd noticed everyone he knew loved poutine, especially late at night, when it seemed the only thing anyone ever ordered. In college, he would mix other ingredients into his poutine to make it more satisfying, trying out concoctions on his friends. "I'd literally get a burger and a poutine, and I'd throw [the burger] on top of it," says Smolkin. The dish was always treated as a side or a snack. "No one grasped how poutine could be a meal."

It would be a while before anyone else grasped it, and when he launched his poutinerie concept, there were plenty of naysayers, including lawyers, accountants, food suppliers, potential brokers, local newspapers, and friends and family. "They'd say, 'You're going to open a chip stand?" Smolkin soldiered on and developed the store's look: the red plaid, the eighties rock. Smoke's was a coherent brand first and a restaurant second. Indeed, that was a problem: Smolkin was about to open a restaurant but had never so much as waited a table. A month before his grand opening, he found his food guy—Glenn Mori, who brought with him years of experience in restaurant management. Mori didn't know anything about poutine when he answered Smolkin's job ad, though. "The ad said something about global domination," Mori recalls. He met the would-be poutine titan at the first location, then under construction. "I'm looking at this



New York Fries founder Jay Gould on the new burger wars

That first location committed every retail sin: It was up a flight of stairs, surrounded by vacancies. Yet it thrived through the recession, thanks in part to giant portions (Smoke's began to offer smaller sizes when people kept leaving meals unfinished) and a growing trend away from sit-down dining. Smolkin never bothered going after the health-conscious crowd; "clogging arteries since 2008" is one of his tag lines. He set his sights on quick and vast expansion-another no-no. Lacking the deep pockets to open locations on his own, he decided to franchise his way to growth. For franchisees, Smoke's required a lower initial investment than other comparable chains, and serving \$8 to \$10 poutine in just minutes meant generous profit margins, even after Smoke's deducted royalties and ad fund fees. After launching his second location, Smolkin cut a deal with Ricoh Coliseum in Toronto to set up a poutine stand inside the sporting and entertainment venue. With no room for fryers in the complex, he parked a food truck in an alleyway and hired two runners to take orders and sling poutine. (That spawned another division of the company, Smoke's Poutinerie Sports and Entertainment, which focuses on university campuses and stadiums. There's a Smoke's on 28 Canadian campuses. Airports, amusement parks and casinos are soon to come.) Mori, now Smoke's vice-president of operations and franchising, perfected the quality of the ingredients-the curd sourced from Quebec; the blanch, refrigerate, quick-fry method that allows Smoke's to pump out a fresh batch of poutine in less than two minutes. As it grew, Smoke's bought entire potato fields in P.E.I. and handled the shipping of the tubers to ensure consistency.

"The Smoke is making this happen. This brand power is sick!"

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Soon, copycats popped up, with names like Poutine Place and Poutineville. Then the big guys muscled in. McDonald's debuted poutine in the Greater Toronto Area in 2013 (they had long done so in Quebec), and Burger King released its own version the same year. Smolkin didn't worry, however. He calls it free advertising. Besides, poutine is almost secondary to the Smoke's story. "Anybody can make fries, curds and gravy," Smolkin says. "The Smoke is making this happen. This brand power is sick!"

Everywhere you look inside a poutinerie, the mysterious Smoke—the bespectacled company mascot, whose grin adorns all their signs and T-shirts—looks back. Company lore casts him as a woodsy Canuck who lives in a "cabin made of Lego near the Quebec border" and who invents their recipes, which he conveys to head office via fax machine. Asking for a straight answer on any of this will get you about as far as asking Abbott

and Costello, "Who's on first?"

"Smoke is Superman; he is the Ultimate Warrior," Smolkin says, before shifting into a lower register, like he's about to tell a secret. "Smoke gave direction and mentorship to Wonder Woman." His commitment to the elaborate brand myth is unwavering; he credited Smoke for inspiring his interview answers and promised the shadowy figure would dictate this article.

RESTAURANTS

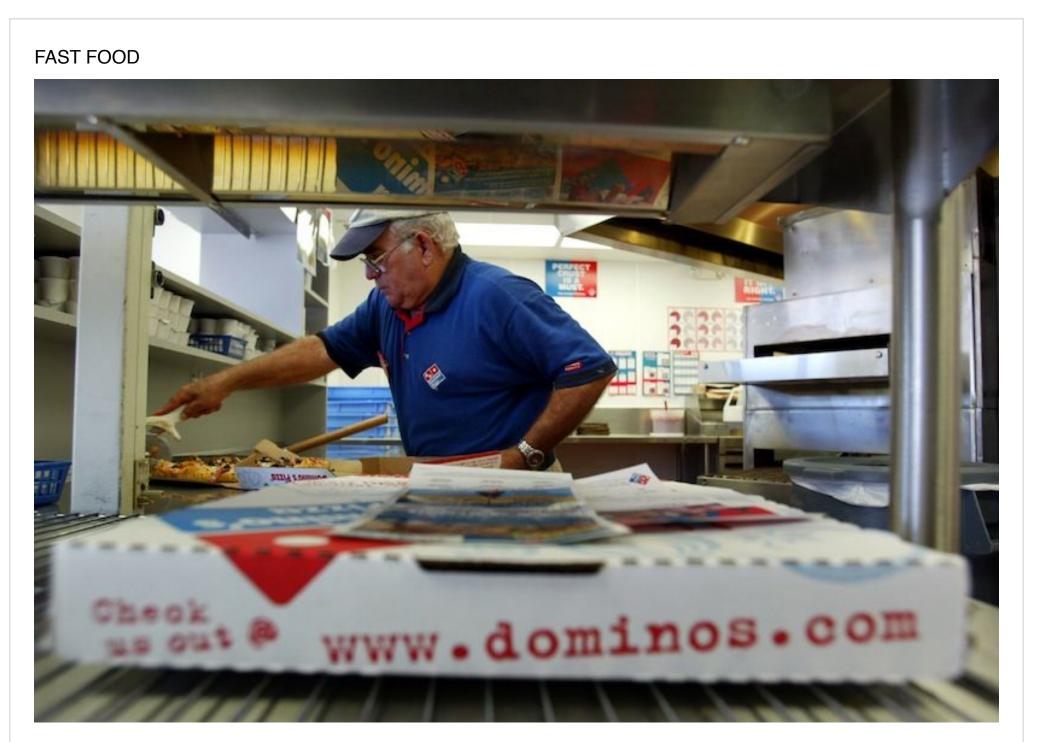


Canada's Best Employers: How The Keg keeps its sizzle

But ask Smolkin if anything inspired his goofy, nostalgia-laden brand, and he'll credit two things: Kiss, his favourite band; and Ontario burger chain Lick's, which was famous in the '90s for having its staff sing out orders. The Smoke's brand also appeals to young people, he says, because it retains the aura of authenticity. Indeed, Smoke's thrives on fan-generated content, like a recent video Toronto EDM superstar Deadmau5 uploaded of himself in a Lamborghini telling his passenger, Vanilla Ice, how much he loves Smoke's. Smolkin had never heard of the techno star until he was sent the clip. If he had paid for it, his key demographic would have seen right through the gambit. Social media and guerilla marketing tactics have long suited Smoke's, since the company had little money to spend on traditional advertising. Organizing competitions like the 2015 World Poutine Eating Championship have won the company earned media. That event, complete with eighties hairstyle stations and a Kiss cover band, drew 15,000 to Yonge-Dundas Square in Toronto and spawned international television coverage. This successful track record in Canada has prompted Smolkin to look at new horizons—and he's got a simple (one might say elegant) strategy for introducing poutine to the world. "We'll shove it down their throats!" he says, punching a fist into the palm of his hand. "Make them realize! And eat it! Eat it! Once they get the taste, they can't go back!"

Mark Cunningham is one of the aces Smolkin has up his sleeve for the global push. Hired in 2014 as Smoke's global chief business development officer, Cunningham has three decades of experience in franchise restaurants such as McDonald's Canada and Second Cup, which he helped bring to 15 countries. That background will prove useful at Smoke's, which is looking to open its first location outside North America, in either the U.K. or the Middle East, next year. Growth in the U.S. is already underway, and Cunningham isn't worried poutine will be lost in translation. "If you look at the U.S. markets we're going into, they have something equivalent in loaded french fries, which is shredded cheese," he says. Different states have their own fry concoctions. "Texas fries are cheese and gravy and toppings on french fries. They call them disco fries in New Jersey. They call them extreme fries in California." So far, five stores are open south of the border, all of them poutineries. (Smolkin believes there isn't as much novelty in selling gourmet hotdogs and burritos in the U.S.) The first opened in Berkeley, Calif., an area known for organic food and smoothie culture. On opening day, 1,300 people lined up. Roughly 60 outlets have been sold to large American franchisees, and locations are slated to open in a handful of states, including Michigan, Pennsylvania, Nevada and California. Stadiums, colleges and food trucks will be central to the plan. Smoke's is now a vendor in the Arizona Coyotes and Tampa Bay Lightning stadiums, where it's become the most popular concession. While too early to judge the U.S. reception, online reviews for the existing spots are largely positive, even if some diners were caught off guard. "We were also very thirsty," wrote one newbie on Yelp. "It turns out this poutine stuff is very salty."

Smoke's will, of course, lean on its Canadian identity to some extent. (One of its U.S. tag lines: "You'll think you've died and gone to Canada.") But it's also attuned to the country's culinary diversity. The company will tweak toppings to match regional tastes, from southern barbecue to Philly cheese steak, just as it already offers donair poutine in Atlantic provinces. In Tampa Bay, Fla., Smoke's serves a dry grilled pulled pork to jive with local customs. They'll turn up the music in some areas, capitalizing on the entertainment dining trend, and they'll turn it down and scale back the potty-mouth humour in suburban zones and airports.



How Big Pizza is crushing the mom-and-pop pizzeria with technology

"One thing that can be said about Americans—they like menu items that are overstuffed," says Stephen Anderson, research analyst for restaurants at New York financial services firm Maxim Group. He says Yum! Brands, which owns Taco Bell, has done well with loaded items such as the Doritos Cheesy Gordita Crunch, for example. Smoke's could also have an easier run in the U.S. than Tim Hortons, which has to fight against Dunkin' Donuts, the major incumbent. Some McDonald's locations sell loaded fries, sure, but there is no such thing as an American poutinerie chain.

The challenge for Smoke's will be to learn as much as possible from the first U.S. locations and quickly adapt to consumer preferences. "Many restaurants get a so-called honeymoon period," says John Gordon, a U.S. restaurant operations consultant who works with franchisees. He thinks Smoke's heaviness might turn off urban, upscale markets and could be a better sell in the comfort-food-loving South. But any foray into barbecue toppings must be well-researched, Gordon points out, since tastes vary widely by state. It's the reason attempts at launching large-scale barbecue chains have mostly failed: Rib sauce is thin and vinegary in the Carolinas, and thick, dark and smoky with molasses in Kansas City, Mo. (Smoke's hasn't settled on a barbecue poutine recipe yet.) Supply chain headaches could arise the further afield Smoke's travels, especially when securing ingredients in large enough quantities to satisfy American appetites. Right now, Smoke's sources cheese curds from Wisconsin (the company first had to "educate" them about what exactly curd was) and potatoes from Idaho. The exact potato varietal needed will be harder to find outside North America, Cunningham says. If they're not low enough in sugar and starch, they'll burn in Smoke's high-heat frying process. And then there's hiring people worldwide who fit the company culture, one that's so tied up in Smolkin himself. But he has a unique process to find the right candidates. He and his gang show up at franchise shows with a booth designed to frighten some and attract others. "We honestly destroy it," he says. "Everyone is so stale! The little posters propped up and a chair behind a table, and they hand out brochures, right? We're a mini stage show, with glam rock blaring and bags of potatoes stacked around us."

"We're about to explode. We're about to light that wick. It's scary."

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Amid Smolkin's bluster, it's sometimes hard not to wonder about how serious he is. Opening 1,300 locations in four years is wildly ambitious by any measure. But Cunningham, the seasoned veteran, points out Smoke's has doubled its operations and training teams to handle expansion. Mori, the first person Smolkin hired, adds, "I've never been skeptical of what he says…whatever he said he was going to do, he's always done it." Still, you get the sense that business is a bit of a game for Smolkin, in that everything is a challenge. Wouldn't it be fun if a Canadian company slung fries, curds and gravy topped with roast goat in Dubai? And sold Smoke's products in grocery stores? "You haven't seen branding of potatoes before," he says. "It's vertical integration!" Whatever Smolkin can stamp with his brand, it seems, is a business opportunity. "We're about to explode. We're about to light that wick," he says. "It's scary."

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