

# Case Fact Pack



SPECIAL THANKS TO CHRIS RICKETT,  
LESLIE FINK AND TEAM AT THE CITY  
OF TORONTO FOR COLLABORATING  
ON THIS CASE

August 2020

# COMPASS

**Rotman**



McKinsey & Company

CONFIDENTIAL AND PROPRIETARY  
Any use of this material without specific  
permission of McKinsey & Company is  
strictly prohibited



## Background Info

Problem statement and example framework

Additional information

Restaurants are a major contributor to the Toronto economy and are a key driver of employment especially among young people



7,500

restaurants in  
Toronto<sup>1</sup>



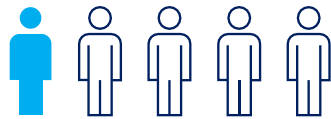
\$1.8B

visitor spending at  
Toronto restaurants<sup>3</sup>



7%

Canadians  
employed by  
restaurant industry

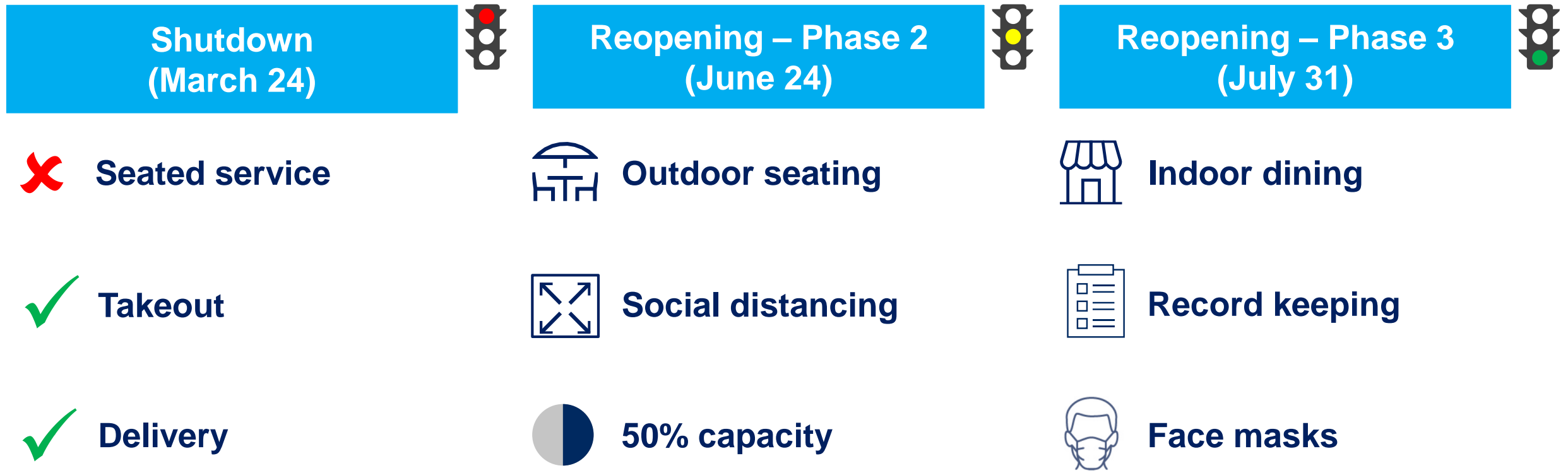


1 in 5

young Canadians<sup>2</sup>  
employed by  
restaurant industry

1 Includes licensed, non-licensed, nightclubs and bars in the City of Toronto  
2 Aged 24 years or younger  
3 In 2018

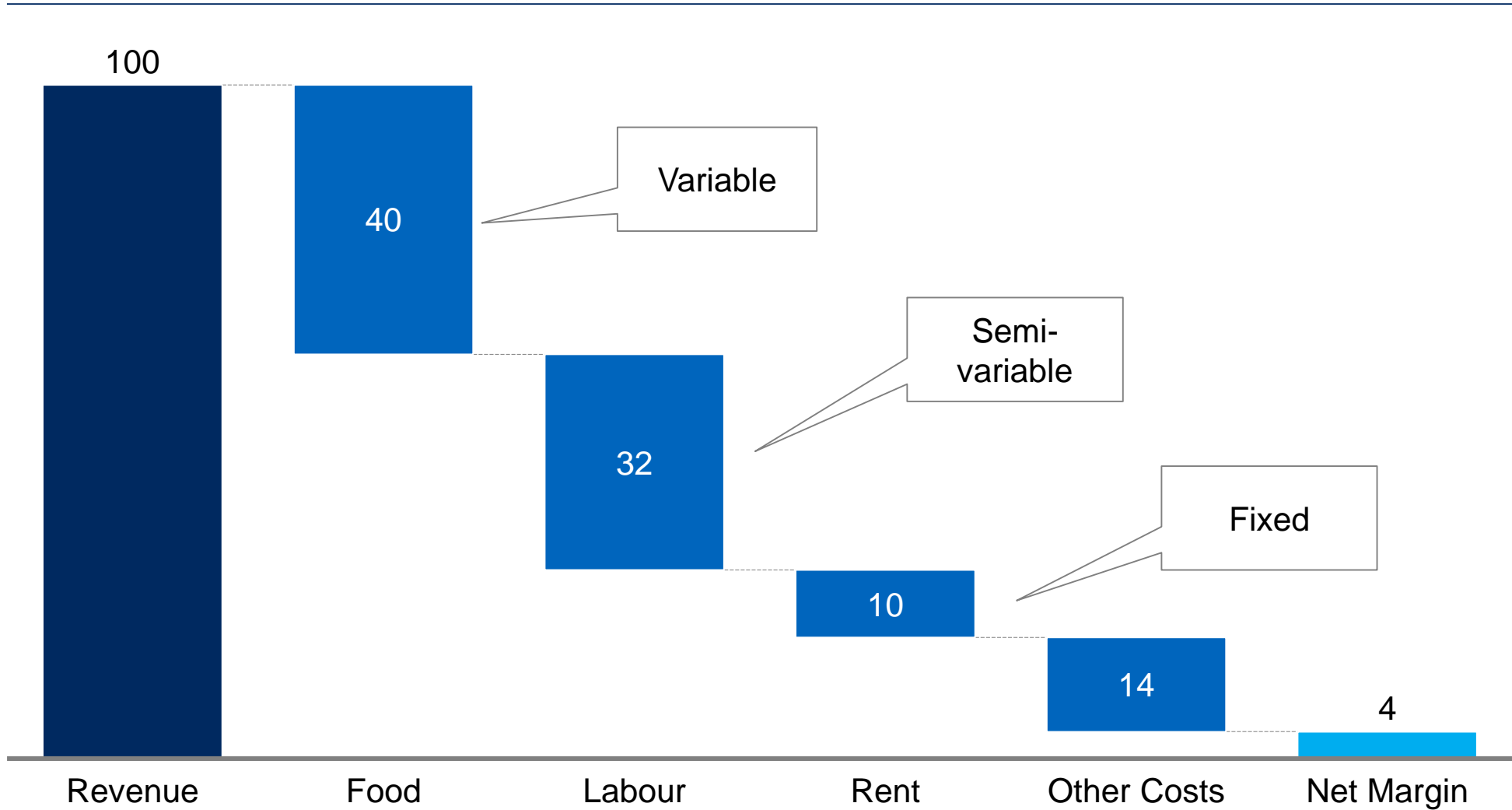
The COVID-19 pandemic has severely impacted Toronto restaurants due to a series of restrictions required to ensure public safety



Though restrictions have gradually been lifted restaurants are still operating significantly below capacity

Restaurants tend to have a low resilience to disruption and need to continue operating at regular capacity due to a high percentage of fixed costs

Indicative restaurant economics, \$



- Toronto restaurants have **seen revenues drop by 60-75%** due to restrictions imposed
- Current **impediments to full revenue potential** include **capacity restrictions** and **public confidence**
- Ripple effects on the economy include **lower employment** as restaurants try to control costs



**Objectives**

Advance Toronto’s prosperity, opportunity and liveability by:

- 1 Fostering employment and investment opportunities
- 2 Encouraging Toronto’s cultural vibrancy through more and enhanced cultural experiences
- 3 Engaging partners in the planning and development of the City’s economic and cultural resources

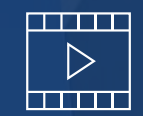
**Business Units**



**Arts and Culture Services**



**Business Growth Services**



**Film and Entertainment Services**



**Museum and Heritage Services**



**Program Support**

Background Info

Problem statement and example framework

Additional information



# The EDC Business Mitigation and Recovery team is keen to hear your ideas on how to support the restaurant industry in Toronto

## Context

- Restaurants that have been able to survive the COVID-19 shutdown need additional assistance in order to operate and recover from their catastrophic revenue losses
- With social distancing requirements mandatory for operations as part of any reopen strategy, restaurants will need to operate at less than their full capacity
- Given their tight margins, many may not be able to reopen unless there are additional supports

## Problem Statement

- What approaches should the EDC, City of Toronto consider to support the reopening and recovery of the restaurant and hospitality sector?
- How can the City help address some of the structural factors that cause the restaurant industry to have razor-thin margins?

## Additional information

- You may interview representatives of restaurants in Toronto (focus – independent restaurants in suburban areas) to better understand the challenges faced by them and support they could use; however please do not contact industry associations
- Do not contact the City of Toronto or EDC





You may want to explore one or more of the following areas for your research and presentation



**Innovation**

**How can the food and beverage sector work together in new and innovative ways?**

Examples:

- What structures would enable the industry to support itself?
- Can new financially viable operating models be developed?



**Support programs**

**Can restaurant support programs be created for independently owned/operated businesses?**

Examples:

- What kind of support would be most valuable to restaurants?
- How would the program operate and how much would it cost?



**Customer confidence**

**How can customer confidence be re-instilled so that restaurants can maximise revenue?**

Examples:

- What are customers' main concerns?
- What measures can the city implement to inspire customer confidence?



**Food-based tourism**

**Can local food-based tourism campaigns be developed as a means to sustain restaurants?**

Examples:

- What are the key components required to make this possible?
- What role would the city need to play?



**By-law relaxation**

**Do existing city by-laws act as barriers to recovery and do these need to be relaxed?**

Examples:

- What is the impact that can be expected from changes proposed?
- What approach should be adopted to implement proposed changes?

**You can (and should!) modify these suggestions as your team sees fit!**

# Leaders of the EDC - Business Mitigation and Recovery Team will be the audience for your presentation



## **Leslie Fink**

Manager, Sector Development  
City of Toronto, Economic Development and Culture Division

Leslie is currently involved in supporting the Restaurant and Hospitality strategy. She has been with the city for nearly 6 years, focused on advancing the competitiveness and vitality of Toronto's key traded industry sectors. Leslie comes to the City of Toronto with a multi-disciplinary Tier 1 retail background, where she held many cross-functional leadership roles, in disciplines such as Global Sourcing, Financial Planning, Category and Vendor Management and Marketing



## **Michael Wolfson**

Senior Advisor, Food & Beverage Sector  
City of Toronto, Economic Development and Culture Division

For 20 years Michael supported and drove new product development, sales, and marketing for a number of natural foods manufacturers and distributors. In his current role Michael champions industry wide initiatives such as: developing export opportunities for Ontario food processors, creating labour force training for this sector, incubation and commercialization of new products, and assisting large and small food processors in Toronto grow their operations.

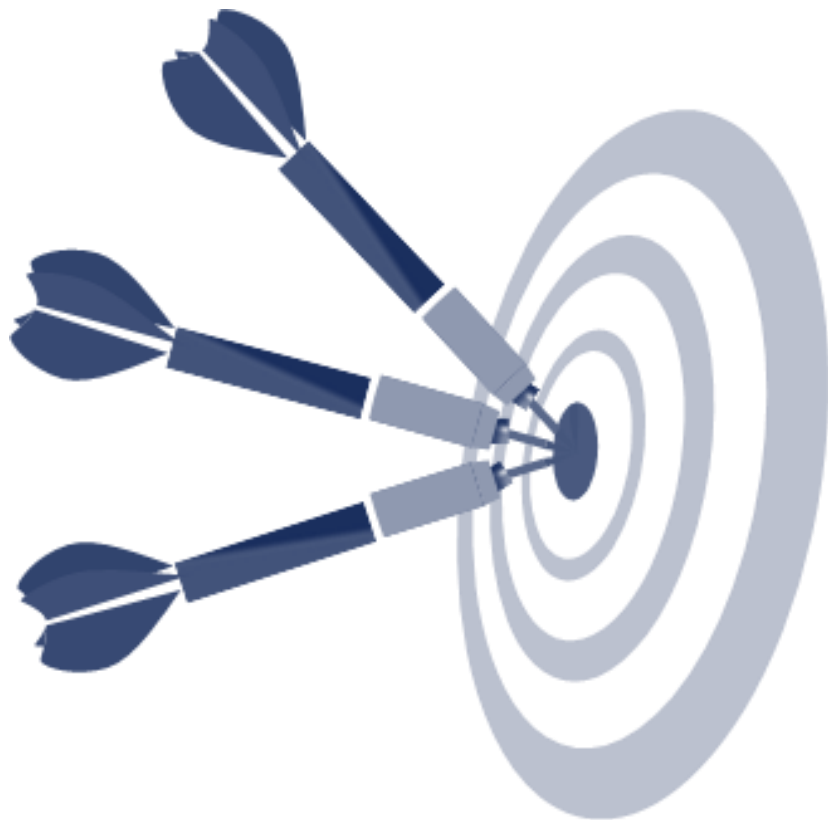
Background Info

Problem statement and example framework

Additional information



The EDC is working across city divisions and in consultation with external stakeholders and industry experts to develop a restaurant and hospitality strategy with defined objectives



- 1 Identify **best practices for supporting** full-service restaurants (FSRs) and limited service restaurants (LSRs) and their **return to operation**
- 2 Identify **short-term and long-term actions** to support the **growth and reimagining of the restaurant sector**, including, but not limited to, marketing campaigns, technology adoption, workforce development, and municipal and provincial regulatory changes
- 3 Ensure there is a **special focus on independent restaurants owners and equity-seeking communities** in the development and delivery of all programs

The strategy will consist of short, medium and long term actions that are either underway or should be considered for adoption and implementation

### Phase 1 – Short Term Actions (0 – 3 months)

- **Reopening Toronto restaurants** inclusive of **post lock-down support and guideline enforcement**
- Leveraging Provincial and Toronto Public Health guidelines to support restaurant re-opening, while **sharing industry best practices** across the restaurant community. Develop channels to share this information with the restaurant community
- **Roll-out CaféTO** working with Transportation, MLS, BIA's and restaurant stakeholders
- Review by-laws, permit fees and application processes, etc. acting as **barriers to the reopening strategy**
- Explore **options for financial relief** for restaurant industry
- **Centralized communication outlet** where restaurants can ensure they are adhering to the most **up-to-date guidelines and regulations** by updating chatbot

### Phase 2 – Medium/Long Term Actions

- Support launch of **industry training programs** focused on **upskilling and reskilling**
- **Re-develop 'Licious' program** to accommodate needs of the restaurant industry
- Explore Culinary Tourism Alliance (CTA) **'Feast On' program** expansion into Toronto **connecting rural producers with urban consumers** and participating in the **'Great Taste of Ontario Road Trip'**
- **Expansion of CaféTO** to support physical distancing and capacity limits
- **Webinar series** specifically for **equity-seeking restaurant owners** (in various translations)

# Initiatives are already taking place or under consideration for Phase 1



Promotion of Ritual ONE support for local restaurants by providing commission-free online and on-site ordering



Extension of CurbTO Parking Zone Program until physical distancing guidelines are no longer required



Relaxed Regulation for sidewalk patios to enable physical distancing and more open-air dining, as well as utilization of street or laneway space for extensions where it doesn't impede transit, traffic, emergency or service vehicles



Waive Sidewalk Café/Patio Permit and Application Fees for 2020 to help the restaurant industry find creative ways to expand capacity



Expedite Sidewalk Café/Patio Permits for restaurants who want to open a patio to expand capacity. Consideration should also be given to the number of permits issued in a given area



Expand the Commercial Façade Improvement Program to provide grants to restaurants and other businesses to make any interior renovations required to meet reopening requirement



# Several programs have been developed to support the restaurant industry in different ways

City Division	Program	Description
Transportation Services	CurbTO	Re-purposes the curb lane to assist businesses with additional space to queue customers, as well as, establish temporary parking pick-up areas to support quick delivery and curbside pick-up activities
	CaféTO	Expedition of sidewalk and curb lane café expansions to support the restaurant and bar industry in Toronto by providing additional space in the public right-of-way, increasing dining capacity while meeting physical distancing requirements
	ActiveTO	Closing roads for active transportation, and will aim to incorporate re-opening of restaurants to encourage social distancing and use of restaurants along certain corridors.
Economic Development and Culture	ShopHERE TO	Partnership with Shopify to create online stores for restaurants to enable them to take pick-up orders more easily.
	Digital Main Street	Providing hands on support to restaurants to onboard new technologies to support their operations
	RitualONE	Partnership with Ritual to launch a program to set-up online ordering for restaurants at no-cost
	BusinessTO Support Centre	Call centre to assist restaurants with applications to Federal financial assistance programs and share re-opening guidelines
	Advice TO	Weekly virtual mentoring sessions to support restaurant entrepreneurs
	KickStart TO	Program to help restaurants identify, address, and resolve operational challenges that will arise as restaurants prepare to reopen and ramp up once COVID-19 restrictions begin to lift.
	SummerLicious	Program to promote local restaurants, while encouraging new dining experiences

# Additional data sources

## TPH guidelines for reopening your restaurant



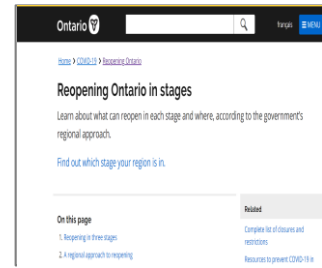
- COVID-19 guidelines for Re-Opening your Restaurant, Bar and other Food Service Premises
- [<TPH reopening guidelines>](#)

## Toronto – Economic Development and Culture



- Website of the City of Toronto – Economic Development and Culture division
- [<City of Toronto – EDC webpage>](#)

## Approach for reopening Ontario



- Three stage approach for reopening the province including restaurant guidelines
- [<Reopening Ontario>](#)

## COVID-19 guidelines from City of Toronto



- City of Toronto portal providing guidelines and resources related to COVID-19
- [<City of Toronto COVID-19 portal>](#)

## CurbTO



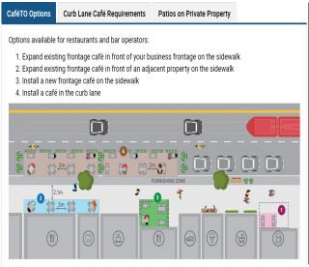
- Re-purposes the curb lane to assist businesses with additional space to queue customers
- [<CurbTO program page>](#)

## ActiveTO



- Closing roads to encourage social distancing and use of restaurants along certain corridors.
- [<ActiveTO program page>](#)

## CaféTO



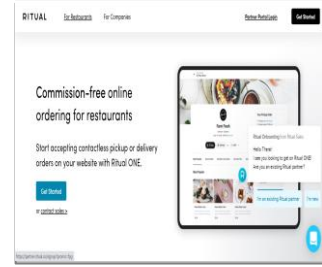
- Expedition of sidewalk and curb lane café expansions to support the restaurant and bar industry
- [<CafeTO program page>](#)

## ShopHERE TO



- Partnership with Shopify to create online stores for restaurants to enable them to take pick-up orders more easily.
- [<ShopHERE TO program page>](#)

## RitualONE



- Partnership with Ritual to launch a program to set-up online ordering for restaurants at no-cost
- [<RitualONE program page>](#)