



Arctic Development
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***Proposal To The Government Of The Nwt
For A Study Of The Marketing Of Smoked
Arctic Char Produced At The Rankin Inlet
Author: Lederman, Robert G
Catalogue Number: 2-3-15***

ARCTIC FOODS

2-3-15

GOLDENBERG & LEVITT
CHARTERED ACCOUNTANTS

PROPOSAL TO THE GOVERNMENT OF
THE NORTHWEST TERRITORIES
FOR A STUDY OF THE MARKETING OF
SMOKED ARTIC CHAR PRODUCED
AT THE RANKIN INLET PLANT

INDEX

A. The Consultants

B. Scope of the Study

C. Estimated Fees

Appendix A - Resumes

Jerrold S. Goldenberg

Robert G. Lederman

Appendix B

In response to a request from Mr. S. Kirwan, we are submitting this proposal to perform a study of marketing smoked artic char processed at the Rankin Inlet fish plant.

A. THE CONSULTANTS

If we are successful in obtaining the study, it will be performed jointly by Jerrold S. Goldenberg & Associates, Management Consultants Ltd. and Laventhol & Horwath, Management Consultants. Contracts would be written with Jerrold S. Goldenberg & Associates, Management Consultants. Laventhol & Horwath will act as sub-contractors.

Jerrold S. Goldenberg & Associates, Management Consultants Ltd. is a firm recently incorporated to provide management consulting services. Prior studies have been performed under the name of Goldenberg & Levitt.

Laventhol & Horwath is a major accounting and consulting firm with offices throughout the world. The consulting firm's specialty is the hospitality and food industries, and it is highly regarded by these industries. More information may be obtained by examining the firm's brochure which will be forwarded to you under a separate cover.

The consultants employed on the study will be Mr. Jerrold S. Goldenberg of Jerrold S. Goldenberg & Associates and Mr. Robert Lederman of Laventhol & Horwath. Mr. Goldenberg has extensive experience as a consultant to the fishing industry. Mr. Lederman holds a Masters of Business Administration in marketing. Currently, he is employed not only as the Area Manager of Laventhol & Horwath's Management Advisory Service Department, but also as

fresh water

a lecturer in retail marketing at the University of Manitoba. Personal resumes for Mr. Goldenberg and Mr. Lederman are included in Appendix A.

B. SCOPE OF THE STUDY

The scope of the study will include all items listed in Mr. Kirwan's letter of December 14, 1979. However, based on our cursory review we would recommend that the study not be limited to southern Canada. Although only small quantities of artic char have been sold in the United States, the major market for smoked fish is still the American ethnic market. For this reason, we are recommending that the American market should be included in the scope of the study.

Prior to submitting this proposal we conducted a very limited review of the subject matter of the study. Based on this limited review, we wish to make the following comments:

1. The North American market for smoked fish is mainly an ethnic market. The market is supplied chiefly by a small number of smoking houses located in New York, Florida, Minnesota and Los Angeles.
2. We will undertake to distribute samples of smoked artic char from Rankin Inlet to North America's major distributors of smoked fish and solicit opinions from them. However, one should be aware that most of these distributors are smoking houses. Normally, these companies process, smoke, and distribute the product. We do not know how they would react if approached to act only as brokers or distributors for a product limited in quantity.
3. Frozen dressed artic char is basically sold in Canada to the restaurant trade. Although we will investigate the possibility, we do not believe

the smoked artic char will be sold to the same customers. Rather, it is our opinion that it should be differentiated as an exotic specialty smoked fish.

The market for smoked fish includes a wide range of species. It includes low priced fish such as inconnu, carp, and mullet at one end, and high priced fish such as salmon and sturgeon that the other end. In order to be economically viable, we would suggest that the artic char would have to sell in the price range of the sturgeon and salmon. Furthermore, one would probably attempt to differentiate it as a more exotic fish than salmon.

4. There are a number of problems with regard to the distribution of the smoked artic char. These include:

a) Traditionally smoked fish is sold fresh. The smoking houses hold the product frozen in cold storage to be smoked and shipped when orders are received. To compete, the Rankin plant may have to follow suit. If the product were sold in the U. S. A., to maintain quality it would have to be air freighted to market. The cost of air-freighting small quantities is likely to be high.

enfrozen?

we understand that a British Columbia company is distributing smoked frozen salmon fillets packed in cryovac bags. We have also been told that they have had very little success with the product. However, because of potential problems of distributing the product fresh, we believe the study should also consider the potential for a smoked frozen market.

Cold vs hot smoking

- b) With regard to channels of distribution, a decision must be made as

to whether or not to market the product through the Freshwater Fish Marketing Corporation. If you decide to market it yourself, a license from the Freshwater Fish Marketing Corporation may be required. *will*

The small quantities available will probably dictate the use of brokers rather than employee salesmen. These brokers could very well be the companies who normally distribute smoked fish. Therefore, regardless of whether the product is distributed through the Freshwater Fish Marketing Corporation or by the Rankin plant, the brokers could be the same companies.

Because of the effects on the channels of distribution we suggest that the terms of reference be expanded to clarify whether or not the product would be marketed through the Freshwater Fish Marketing Corporation. *seen as a recommendation of the study*

* Alternatively the study could examine the alternatives of marketing the product through the Freshwater Fish Marketing Corporation *or* by the Rankin plant.

C. ESTIMATED FEES

It is our normal practice to charge fees based on time spent on the engagement. Expenses *are* billed at cost. Our rates for the project are:

Jerrold S. Goldenberg	\$65.00 per hour
Robert G. Lederman	60.00 per hour
Support staff	25.00 per hour
Secretarial staff	20.00 per hour

We estimate our maximum fees and expenses to be as follows:

A. Exclusive of a visit to Rankin Inlet

Fees	\$7,500.00
Expenses (telephone, freight, printing reports)	<u>1,000.00</u>
	<u>\$8,500.00</u>

B. Including a visit to Rankin Inlet by Jerrold S. Goldenberg and Robert

G. Lederman to review the report

Fees	\$ 9,000.00
Expenses	<u>2,300.00</u>
	<u>\$11,300.00</u>

The estimate of fees and expenses above does not include travel costs and time that would be incurred if we attempted to personally interview potential distributors. Our intention is to communicate with these people by telephone and correspondence. However, if the results of our preliminary work proves to be promising, it may be desirable for us to make a trip to the East or West Coast or both. Similarly, it would be desirable for us to visit Rankin Inlet to review the report. The estimate of fees and expenses listed at point B above include a two day visit by both consultants to Rankin Inlet.

Our normal practice is to progress bill fees and expenses as the project progresses. For this project, we would probably issue one or two progress billings plus a final billing. Our credit terms are n/10 2% per month. However, because of mailing time we will extend these terms to n/30 2% per month for this project.

JERROLD S. GOLDENBERG

PERSONAL RESUME

Age: **36 years**

Defendants: **spouse, 2 children**

Education: Bachelor of Science, University of Manitoba
Bachelor of Commerce, Honours, University of Manitoba
Member of the Institute of Chartered Accountants of Manitoba.

Experience: Public Practice - Jerrold S. Goldenberg and Associates, Management Consultants Ltd., and Goldenberg & Levitt, Chartered Accountants

Currently engaged in a study of the winter fishery on Great Slave Lake. We are reporting to Mr. S. Kirwan, Fisheries Development Officer, Department of Economic Development and Tourism.

Report to Special ARDA (Yellowknife) with regard to expanding the Hay River fish plant. The report was prepared for the Freshwater Fish Marketing Corporation.

Study of the Economic and Engineering Feasibility of outfitting a longliner with freezing and cold storage equipment for the purpose of processing arctic char. The study was prepared for Mr. J. Argue and Mr. G. Singer, Department of Economic Development and Tourism, Government of the N. W. T., Rankin Inlet, N. W. T. The study was in support of an application "to the Eskimo Loan Fund for term financing and to Special ARDA for a capital grant. The loans and grants were approved.

Study of ways to expand the winter fishery in the Northwest Territories for the Department of Economic Development and Tourism, Government of the Northwest Territories.

Consultant to the Freshwater Fish Marketing Corporation.

Study of the Freshwater Fish Marketing Corporation's production handling facilities in the Northwest Territories and alternatives for maximizing returns from the fishery.

A number of non-fishery related feasibility studies for small manufacturers. The studies have been prepared in support of request for forgivable loans from Enterprise Manitoba (DREE - PROVINCE OF MANITOBA joint funding program.)

- Audit of DREE (R. D. I. A. and Special ARDA) grants under contract to the Audit Services Bureau.
- Accounting, tax and financial management services for **small** business.

Freshwater Fish Marketing Corporation

1973-1976 - Assistant Controller - in charge of accounting with functional control over all areas involving management systems.

1976 - May 31, 1978 - Controller.

Re-establishment of working accounting and management information systems following an accounting breakdown .

Basic revision of all accounting and management information systems.

Establishment of management reporting and control systems for the Corporation's Northern plants. This involved obtaining a working knowledge of the Northern Fishery, and general operations in the north. It also involved working closely with line management in an attempt to produce efficient operations.

Development of Regional Pricing and Pooling Systems in accordance with criteria established by Governments and the Board of Directors of the Corporation.

Preparation of a file and documents for a final claim on an Incentives grant for the Freshwater Fish Marketing Corporation.

Preparation of a DREE grant submission for a processing agent of the Corporation operation in Ontario.

Preparation of a submission to Special ARDA for the Construction of packing stations on Lake Winnipeg.

Clarkson-Gordon & Co. , Chartered Accountants

- 4 years auditing and management consulting
- 1 year as tax specialist

Consulting Assignments

- From 1970 - 1973, under direction of partners, I was responsible for the preparation of all DREE grant submissions prepared for clients by the Winnipeg office.

- 6 months as a consultant to the Freshwater Fish Marketing Corporation.

a study of production, management information systems and methods of bidding for a Winnipeg based manufacturer. The study included a complete report to management. The recommendations of the report, including an expansion of management information systems and a revised system of estimating costs for the purpose of contract bidding, were implemented with a degree of success.

- Development of accounting and management information systems for a manufacturer of house cruisers (35' aluminum ocean-going houseboat) .
- A feasibility study including a report to management for the location of a hotel complex in Northern Manitoba
- A number of feasibility studies as regards expansion of plant capacity of manufacturing plants.

REFERENCES

Mr. S. Kirwan

Fisheries Development Officer
Department of Economic Development and Tourism
Government of the Northwest Territories
Yellowknife, N. W. T.
(403) -873-7391

Mr. J. T. Dunn, President

Freshwater Fish Marketing Corporation
1199 Plessis Road
Winnipeg, Manitoba
(204)-222-7301

Mr. A. Drobot, Production Manager,

Freshwater Fish Marketing Corporation
1199 Plessis Road
Winnipeg, Manitoba
(204)-222-7301

Mr. C. Milko

Department of Indian Affairs and Northern Development
11th Floor, 275 Portage Avenue
Winnipeg, Manitoba
(204) -949-5929

Mr. G. Singer

Department of Economic Development and Tourism
Government of the Northwest Territories
Rankin Inlet, Northwest Territories
(819) -645-2888

Mr. J. F. Chambers

Department of Economic Development and Tourism
Government of the Northwest Territories
Lang Building
Yellowknife, Northwest Territories
(403) -873-7377

Mr. B. Collins

Development Incentives Officer
Enterprise Manitoba
(204)-944-3314

ROBERT GUTHRIE LEDERMAN

PERSONAL RESUME

General Statistics:

Marital Status - Single
Year of Birth - 1949

Education:

Masters of Business Administration
York University

Subject Areas: Marketing and Consumer Behavior
Member: York chapter - American Marketing Association
Entrance Scholarship York 1973

Bachelor of Commerce, Honours Degree

Major: Marketing

Dean's Honour List

Member: University of Manitoba Marketing Club
Intramural Football

Bachelor of Arts

University of Manitoba

Subject Areas: Psychology (Major)
Philosophy (Minor)

Dean's Honour List (Second year)

Member: Intramural Football
ski club

Experience:

Laventhol & Horwath, Management Consultants

- Area manager, Management Advisory Services, Winnipeg
Office.

In charge of management consulting services for the
Winnipeg office and Prairie region .'

- Performed a number of marketing oriented feasibility
studies for private companies operating in the
Winnipeg area.
- Prepared general feasibility reports for sub-
mission to the Department of Regional Economic
Expansion (R. D. I. A.) in support of applications
for incentive grants.

University of Manitoba

- Currently sessional lecturer, retail marketing, Faculty
of Administrative Studies.
- Fulltime lecturer, retail marketing, Faculty of Admin-
istrative Studies.

Regional Director, Law Board Review Center.

Other

Marketing Researcher
Bata International Ltd.
Toronto

- Was responsible for developing the company's Canadian marketing plan for sports footwear.

General Manager
Unicity Racket Club
Winnipeg

Sports Administrator
Sports Administrative Center
Winnipeg

GO LDENBERG & LEVITT
CHARTERED ACCOUNTANTS

JERROLD S. GO LDENBERG B. SC., B. COMM (HON.), C.A.
HARVEY S. LEVITT B. COMM. (HON.), R. I. A., C.A.

602 SOMERSET PLACE
237, PORTAGE AVE.
WINNIPEG, MAN. R3C 0B9
TELEPHONE 943.2701

RAMI BLDG.
339 MAIN STREET
SELKIRK, MAN. R1A 1T3
TELEPHONE 1-482-8796

January 2, 1979

Mr. John Argue
Regional Superintendent
Department of Economic Development and Tourism
Government of the N. W. T.
Rankin Inlet, N. W. T.
XOC OJO

Dear Mr. Argue:

Re: Proposal for Marketing Smoked Artic Char

We enclose our proposal for a study for the marketing of smoked artic char to be produced at the Rankin Inlet plant. If you require any further information, please contact me. Also please note that subsequent to January 9, 1980 our telephone number will be changed to the following:

Jerrold S. Goldenberg & Associates Management Consultants Ltd.
(204) -942-1439

Goldenberg & Levitt, Chartered Accountants
(204)-942-4338-39

Yours very truly,

JERROLD S. GOLDENBERG & ASSOCIATES


Jerrold S. Goldenberg

JSG/tdp

cc: Mr. S. C. Kirwan

2