



Cliff Livingstone (Rt)

What can you say about a guy who has sold flowers from coast to coast in

bars, has developed antivirus and word processing software, tells stories of meeting some of the biggest names in music, politics and business, yet lived on “cornflake sandwiches” while writing this amazing series of books?

He’s turned down the McDonald’s franchise for Canada—twice, and once had the Athabaska oil sands leases in his possession. Owner of a multimillion dollar website, yet he can’t turn any of this into a fortune, big or small. He has turned these and dozens of other amazing stories into this book for your reading enjoyment.

Cliff Livingstone: Book 1 describes how his family should have owned Vancouver, adventures in the stereo equipment biz, the “slice and dice” theory of business and others too funny to believe.

The author is one of two identical twins whose zany, eccentric lives make for a galloping romp through Canadian history. They both live in Ottawa.



*CliffR adventures in business, book 1*

**CLIFF R. LIVINGSTONE**

## I turn down the McDonald's franchise for Canada

McDonalds has sold hundreds of billions of burgers world wide and sold their three millionth hamburger in the Spring of 1961. I know because it was just around about the time my friend John from my stereo tape recorder days and I drove down to Seattle Washington with his Dad to check out the chain for the whole of Canada. The franchise was up for grabs at the time and John’s Dad had gotten word about it on the grapevine.

John’s father was retired at the tender age of forty-five. His retirement income was a modest fifty thou a year. Even these days

that’s not bad as retirements go. In those days it was whopping bloody good, adjust for inflation, on par with what Bill Gates would get if he decided to pack it in early.

Unlike a lot of things Gentiles never do, Jewish parents make it a point to help their youngsters get started in business. That’s how John got started in his pizza restaurant the year before and why the Jewish community comprises so much of the merchant class.

Jewish kids get three kicks at the kitty. If they haven’t made it by the third try, they’re a Smech or a Schlep and are on their own. John was neither a Smech nor a Schlep nor was he on his own. Actually he was a Jewish father’s shining light.

Shakey’s Pizza Parlor down in Bellingham Washington just below the Canadian border was the very first pizza place in proximity to Vancouver. Shakey’s pizzas first showed up in the late fifties and featured dark brown varnished park tables with benches. An upright piano sat in the corner to let the good times roll.

The staff wore red and white striped uniforms unless you were color blind. Oh yes, they also wore white pork pie hats. The only thing missing was the banjo. But of course banjos weren’t compatible with Italian cuisine.

The first pizza place in Vancouver itself was a small ‘delivery only’ spot on Davie street in Vancouver’s West End downtown owned by John. It operated out of a small purple painted converted two bay service station.

After a year of delivering pizzas, John decided it would be more fun to have Mohamed come to the mountain and opened his place on Broadway as a regular sit in type restaurant. Since it still hadn’t been sorted out whether pizzas were officially an Italian or Cajun mainstay, the Pizzarama split the difference between Shakey’s cheerleading tambourine approach and a Luiggi Milano Italiano approach. Shakey’s eventually got knocked off by Pizza Hut which is why most people never hear of it today.

John’s original delivery place was bought by a pair of English Jewish twins, who opened downtown Vancouver’s first official walk in sit down pizza restaurant across the street, called the Pizza Patio. Instead of going East across Canada with a chain, they said Sayonara and went across the water to Japan with a clamor. So most of North American never heard about it but the two did rather well anyway.

In later years, one twin opened the very successful cross Canada Yuppie favorite, ‘The Elephant and Castle’. The other became chairman of the Canada arm of the annual TV Charity drive called The Telethon, masterminded by the mastermind of masterminds, Jerry Lewis.

John’s new place started to, um, pan out successfully from day one. Also featuring a Spumoni ice cream he had custom made which he used to have me customer beta test from time to time. By next Spring pizza dough spun high in the air morning, noon, and night. It was a Vancouver hot spot. A few weeks after my first year final exams at UBC, John called me over to the restaurant one night because he had a business proposal to discuss.

Turns out he wanted to discuss taking on the Canadian franchise rights for a new fast food burger chain out of California called McDonalds, which had been one of his stake outs in college whenever he got tired of Cornflakes and Kraft Dinner.

McDonalds had started out as the brainchild of a fast food drive-in operator from Oak Brook Illinois by the name of McDonald. He and his brother opened a high octane Fuel Food type carhop spot in San Bernardino, California in 1940. After the war, they scaled back the menu and opened a self serve and drive through. It featured fifteen cent burgers, twenty cent milkshakes, and ten cent fries.

What it also featured was fresh food, always ready to go. Prior to their innovations, at a drive in you typically ordered your stuff then waited three years while someone made it somewhere else on the other side of the planet. The outrageous, audacious, daring, and contagious idea of the McDonald Brothers was to simply observe what people were ordering at each exact time of day each order was taken, and watch carefully to see what innate secrets might befall.

By keeping a tally matching the two infos together minute by minute, day by day, week after week, the input from this unique but heady brainwave eventually provided sufficient data for them to create a formula. The formula was simple. The stuff was pre-prepared such that ninety-five percent of any order would already be up on the rack ready to go when someone came in. No matter what time day or night, no one would have to wait more than five minutes for anything. And no more than five percent of anything would have to be thrown out for having sat around for more than five minutes getting soggy. So the McDonald Brothers dug deep called it their patented five, five, five formula.

It was an instant winner. Waste was at a minimum, waiting was at a minimum, and waste was at a maximum because customers couldn't resist the convenience. Untold billions of burgers have been sold worldwide ever since based on that simple original little precept.

In 1955, the brothers granted exclusive franchise rights to a food service equipment salesman named Ray Kroc. Mr. Kroc sold multi unit milkshake machines. What had caught the ever observant Mr. Kroc's attention, was the fact that the McDonald Brothers were buying more milkshake machines than anyone else in the country times two so he thought he'd better check it out.

Mr. Kroc opened his first McDonalds restaurant in Des Plains Iowa. He also enhanced the fast food aspects by some really serious real estate innovations. Actually brilliant thinking in hindsight. Each drive-in outlet would be located in a prime real estate location in any given town or city. Head office got to handle the mortgage.

It was a win win situation for everybody. Head office would get an initial franchising fee. Head office would get a regular royalty fee from the franchise. Head office would earn interest off the mortgage. Head office was really enthused about the idea.

The franchise owner would be in business from the get go with all their property

concerns taken care of and a food marketing formula forged out of sizzling gold. The day to day cash flow would pay for the mortgage. All it would cost them was a hefty chunk up-front for the franchising fee.

The program spread like wildfire from there. By 1961, the chain had moved around the much of the USA and up the West Coast to Seattle Washington. Me, like most Canadians living in ignorance above the forty ninth parallel, had never heard of it. The company was now looking for a Canadian entry.

## **Would you like opportunity with your burger?**

John’s father Mo, had been approached about it on the Jewish connection. It must be a pretty interesting connection that Jewish thing, because Mo was chomping at the bit with input from John. He had a tried and proven successful son to work with and a tried and proven business prospect to look at. Just imagine putting the two and two together, an exciting prospect for any father, even Gentile.

Mo was therefore interested in the franchise as the next up the ladder project for John. John was interested in me as his partner because we were chums already and already had had a go at partnering. No doubt about it, it’s not who you know but how well you know them.

The plan was for the three of us to check out the McDonald’s operation in Seattle. If the deal bore close scrutiny, John’s father would pay the tab and John and I would be in business as the running partners.

You have to understand now, that Vancouver at the time was a brutal battlefield for fast food hamburger joints. Because of Vancouver’s warm winter climate, Vancouver had been enjoying the pleasures of first class drive-in places for generations while most Canadian cities hadn’t even heard of the concept yet.

Vancouver already therefore had fourteen or so fast food hot spots which had been up and running for years. Some, for not so many years but the point still stood. All places featured top quality nineteen cent hamburgers, same price as McDonalds was selling in Seattle. The Vancouver places also constantly ran highly competitive burger wars.

This was to the eternal gratitude of the general public who are always on the better end of things whenever an inter dimensional cross street commercial war is going on. This is particularly true if food or gasoline is on the line.

So to propose yet another fast food hamburger operation to Vancouverites at the time was about at the same as proposing water as a great new product for drinking. And didn’t bottled water producers eventually put that misguided perception away with somewhat wildly stupendous success?

At the time of McDonalds though, selling water out a bottle would have been considered a laugher. Full cross border TV hadn’t even started yet, so to all extent and purposes except for the occasional Canadian who had ventured South on a holiday, no one in Canada had ever heard of McDonalds. To Vancouverites, Mc-

Donald would have been just another guy with a farm out there and a truck truck here and a truck truck there.

However, word on the Jewish connection was that Mo should go down and take a look already. So down to Seattle we went.

Seattle had four McDonalds up and running. The restaurants were very neat looking white tiled affairs. A big yellow arch stretched over the front entrance instead of on a tall bean pole like today. The sign proudly boasted, ‘Over three million sold’. McDonald’s was clearly on its way. We decided to check out all four locations.

If you ever hear someone knocking the quality of McDonalds these days, just ignore them. Today’s fare can’t even begin to compare with how bad it was down in Seattle in 1961. With all due respect to McDonalds though, the stuff is so far better today than what it was back then that it’s not even a contest. Back then, the stuff wasn’t even close to what Vancouver was serving up on a daily basis at even the worst places.

The handwriting was on the wall and it said very clearly, ‘Abandon ye all hope of ever selling this stuff in Vancouver. But, the corporate structure was very intriguing.

A small percentage of the day to day went back to head office for the name and marketing. The franchisee owned the property on which the restaurant sat, and head office owned the mortgage. Tidy, Like I said. Take a look at the real estate locations of any fast food restaurant outlet in North America today and you will get a real quick picture of just exactly how tidy. Same with supermarkets. Whenever you buy bananas the head office goes bananas. The basic modus operands are the same.

As compelling as the real estate side was, the reality of the food side decreed as a bottom line that only fools would rush in where wise men shuddered. It would probably take a long long time to get the thing up and running in Vancouver at a profitable level given the inertial constant of the competition.

So we shook our mutual heads and said, ‘pass’, ‘forget it’, ‘no way José’, ‘not a prayer’, ‘thanks but no thanks’, ‘see ya later’, ‘Sayonara’, and ‘hasta la vista baby’. Talk about the three Schlemiels. What we should have said, and paused not a jot in thinking, was, ‘great idea, let’s improve the burgers.’

Three years later, as soon as my fourth year final exams had finished, my roommate and I held a big celebration party in our little basement apartment. Word must have gotten out in one of the bigger downtown pubs or something, because just after bar closing time, the party suddenly crammed up with a crush of people I had never seen before in my life. And not just bums. One of the ‘slide in’ guests as an example, was the son of one of Vancouver’s largest stock brokerage firms.

I struck up a conversation with another unknown guest. A guy by the name of John Jones or as his friends liked to call him, Jonesy. Jonesy preceded yuppies by about ten years. In his early thirties, Jonesy already owned four twenty-story highrise apartments in Vancouver’s priciest area called West Vancouver. John was using the

monthly rents in a carefully crafted plan to accumulate the down payment for a next.

Jonesy it turned out, with two other partners, had just obtained the very hush hush exclusive Canadian rights for a brand new fast food burger chain out of the US, that was all the rage down there. “Ah”, I said quite nonchalantly, “You’re talking about McDonalds”.

“Shit”, said Jonesy, almost dropping the two beers he was holding. “How the hell did you know about that”. It was supposed to have been the world’s best kept secret. I felt an overwhelming need to tell him about my past involvement. So I related the complete details of my close encounter of the Churd kind with McDonalds three years earlier. We instantly became chummy confidants.

Turns out Jonesy’s group’s plan was to establish Vancouver as base, and then move east as fast as possible. I ended up spending the next six weeks driving around Vancouver with Jonesy in his cool sixty-four Ford Galaxy convertible, spotting optimum possible locations for the first outlet.

After the six weeks it finally behooved me to ask where I fitted into their picture. “We thought you would be the first manager”, said Jonesy like he was offering me the Papacy. “Then afterwards you would be our full time manager trainer, training each new manager trainee on how to handle the five, five, five food formula as fast as we can open new places down the road”.

Having just done four years in math, then philosophy, and being somewhat snottish for having just done four years in math, then philosophy, I quickly concluded that the last thing in the world I wanted to be was the manager of a drive-in fast food restaurant. So I just as enthusiastically passed on the whole thing and simply walked away. Plus, I think, a little of me was still thinking about nearly being a full blown fifty percent of the whole enchilada only three years earlier.

In hind sight, I figure I would at least have been one of the first in line for any new franchise opportunities were any to be advanced by the three partners. Or, after proving my worth as a manager trainer, maybe being given a one percent stake by the other partners. So in effect I would have been like a fourth partner. I stand behind my original claim therefore. You’re probably looking at the only guy in the world who turned down McDonalds for Canada twice.

A couple of interesting corollaries did eventually come out of all this though without my direct intervention. After three years, Jonesy and the boys had expanded McDonalds as far as the cities of Calgary and Edmonton in Alberta. Then one of the original chain founders, and/or a large franchiser from California, I never did know which, smelled the coffee percolating furiously at the forty ninth parallel and bought them out.

Mr. Cohen still owns the Canadian operation which now has McDonalds outlets all though Russia and China, the actual flavour of the coffee he had been smelling. Far as I know he still has his original holdings in the original US operation too. If so, he’s the only guy in the world I know, who, for verbosic verbatim, has his cake

and eats it too.

My chum Jonesy used his share of the take to open medieval styled hot spots in both Vancouver and Edmonton. As far as I know the Vancouver spot called ‘The Medieval Inn’ in Gastown may still be running. One of the other partners, a Mr. Tidball, a university economics professor and the actual brains of the outfit, used his share to open Vancouver’s first so-called Hickory and Cedar restaurant in North Vancouver.

Hickory and Cedar restaurants were the Yuppie innovation of the century. Hickory logs burned in the fireplace and your steak came on a cedar platter. Or maybe it was cedar in the fireplace and hickory as the plate. Either way, the steaks were great and Yuppies couldn’t seem to get enough of the place as it filled up in droves.

It was so popular, Mr. Tidball opened up a second one in downtown Vancouver after only six months. The chain is now all over North America and also on the New York stock exchange as ‘The Keg’. For my part, I’ve gotten to eat at the Keg a couple of times on my own dime.

John eventually moved on to the gigantic Brother John’s place in Vancouver’s Gastown in the seventies. Still running last I heard. The waiters all wore Friars gowns, and John wore a nice silk suit.

I also knew of a couple of people who made a lot of money out of franchising the easy way. One was a high school buddy’s Mom who owned a fashionable ladies wear store in Vancouver.

The place catered mainly to the matronly wives of affluent doctors and lawyers. Who usually didn’t have anything else to do every afternoon except shop for new outfits and wear them to socials. The place was called, ‘Town and County Fashions’, as befitted the costly attire. When the giant cross Canada chain, ‘Town and Country’, of trendy women’s wear fame came out of Toronto and wanted to move into British Columbia, they had to buy her out to get the name. She retired, um, er, rather well attired.

I similarly knew of, but never directly knew, the owner of one of Vancouver’s fourteen odd little privately owned fast food hamburger joints which were in active competition around Vancouver at the time McDonalds had finally hit the scene. The place was called, ‘Harveys’.

Same thing, Harvey’s was not a particularly big or fancy drive in. In fact it was just a little peep hole window with someone sitting on the other side taking orders. Great burgers though, so were always busy. When the cross Canada chain ‘Harvey’s’, also out of Toronto, wanted to move into BC in the wake of the McDonalds successes, the owner was also able to retire with fries on the side and mayo on the side of the fries.

(story continues in the book) for more by this author, contact the publisher