

SECRETS OF
FOOD
MILLIONAIRES

PHUA WEN YI

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*To my parents,
for having supported me
in my dual loves of
food & writing*

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Introduction

It isn't easy running a business, much less a food business, where the market is competitive and continually evolving. New food outlets are constantly springing up ... and folding. Yet, Singapore's food and beverage (F&B) industry is one hot sector. I can't count the number of times someone revealed their dream was to start a café – that seems to be the most in thing in F&B, at least amongst those in their twenties or thirties, even though Singapore is already swimming with the likes of Starbucks and Coffee Bean.

Due to this huge interest in F&B, this book, *Secrets of Food Millionaires*, was born. Whatever your interest in the F&B industry – whether you're an aspiring entrepreneur, someone just looking for insights into the industry, or someone hoping to improve and grow your existing business – this is the book for you. While this isn't a manual to starting an F&B business, within these pages lie many secrets to unlocking the path for you to become a food millionaire.

I want to be a food millionaire ... But how?

The first secret I'll share is the hard truth: Most F&B start-ups fail. Some may never take off, while a few may flourish for a short span of time, perhaps even making a name for themselves, only to suddenly plunge into the realm of the has-beens. Such has-beens include those companies that once ran chains of bubble tea outlets. Bubble tea is an excellent example of a fad whose bubble went pop. Although bubble tea outlets remain on the market in Singapore, they no longer represent major chains, and bubble tea is regarded as any other regular drink. Hence, if you don't want to be a has-been, you'd best avoid running your business solely on a fad; alternatively, you can make your quick million and be ready for an abrupt exit. However, for the purposes of this book, let's assume you don't want to be any kind of has-been.

So now that we've established the F&B industry can be a pit of quicksand for many, how can you tip the odds in your favor? One of the best ways to learn is to learn from others.

In *Secrets of Food Millionaires*, I'll first present, in Part I of this book, feature stories of seven established F&B companies in Singapore: Bakerzin, Crystal Jade Culinary Concept Holdings, Esmirada Group of Restaurants, Jollibean Foods, Michelangelo's Group of Restaurants, Purple Sage, and Waraku Holdings. In choosing the businesses to feature, various criteria were considered. First, they had to have been started in Singapore; franchises don't qualify. Some other criteria included the length of time the companies have been in business, their number of outlets, general reputation, and food quality. Another major consideration was to present feature stories not only informative but also interesting. In addition, my goal was to provide a varied perspective. Hence, I didn't focus solely on F&B operations with the greatest number of outlets or best food. Due to the size and diversity of the F&B industry, however, I've focused on those businesses with a direct retail/consumer presence, excluding food and drink manufacturers, among others. Each featured company, with their various concepts, offers different insights into the world of F&B.

The feature stories were written based on interviews with each company's respective managing director, CEO, or founder and information obtained from the companies. No money exchanged hands. These companies, each of whom has reaped their share of awards and recognition, have shared their experiences so you can learn from them. In each feature's Taste It! section, you can get a "look" and "taste" of the food. Keep in mind, however, my aim was not to critique the food, and my tasting experience may also be very different from yours. While the featured companies may not be the biggest, each is outstanding in their own way and has made their mark, thus qualifying them as food millionaires. Through reading these insider stories, you can share the experiences and wisdom of those who have already walked the path. Though the featured companies differ in their business concepts and have their individual ways of doing business, all share one thing in common – a goal of excellence. Be inspired by how they have triumphed over various trials and challenges to reach greater heights.

Following the feature stories, I've included, in Part II of this book, three additional chapters to round up your food millionaire reading experience. First, I'll guide you in getting in touch with the food around you, to open your eyes to observe, to smell and taste all sorts of food, and engage in self-study to learn about what goes into making various foods. Next, I'll help you in deciding what products you'd like to sell and what sort of F&B business you may be suited for. Would you like to run a restaurant or kiosk outlet? Perhaps retail is not for you and you'd like to go into manufacturing. Or perhaps you think it's too difficult to establish your own unique

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concept and franchising is your best route to becoming a food millionaire. On the other hand, if you are already running an existing food business, you may decide to take it in a new direction.

Finally, in the last chapter, I'll give you an overall perspective of the Singapore F&B industry, its growth and some trends, and also discuss how local F&B businesses can obtain help from third parties such as SPRING Singapore. As a government agency, SPRING Singapore aims to promote business and industry growth and competitiveness, to spur innovation, and help various small and medium enterprises (SMEs) further develop to gain greater business opportunities. This chapter was written based on information provided by SPRING Singapore and an interview with their Group Director of Industry Development, Mr Chow Tat Kong. I hope you'll find the information within helpful in your voyage to developing a successful food millionaire business.

By picking up this book, *Secrets of Food Millionaires*, you've taken your first step toward establishing your F&B golden goose. Kudos to you. Now, read on, for within each of the feature stories and chapters that follow are secrets waiting for you to discover.

A chef in a white uniform and hat is shown in profile, focused on cooking. He is using a large metal wok over a gas burner. The kitchen environment is dimly lit, with warm, golden light emanating from the stove and background fixtures. The chef's expression is one of concentration. The overall scene conveys a sense of professional culinary expertise.

Part I
Secrets of F&B
Businesses Revealed

Bakerzin



BAKERZIN™
you deserve • our very own

A master of desserts



Across Singapore and various parts of the world, little dessert havens are sprouting. Called Bakerzin, it's a chain of casual dining cafés specializing in desserts. Though the word “baker” is part of its name, Bakerzin isn't just a bakery. In accompaniment to its staple of delectable treats, each Bakerzin café also offers a range of beverages, from coffee and tea to soft drinks and juice, as well as complete meals. If you're hungry, you'll find yourself spoiled for choice with Bakerzin's soups and salads, bruschetta and sandwiches, pasta and pizza, and more. But the most thrilling thing about Bakerzin – and I'll say it again – is the D-word ... DESSERTS.

Daniel Tay

the man who served us Bakerzin

You could say Daniel grew up in the right environment. In the eighties and nineties, his father, Tay Yam Choong, ran the Seng Choong Confectionery located in Marine Parade, Singapore. Thus, Daniel spent his youthful years helping out in the confectionery. From handling sales and cashiering, Daniel progressed to baking when he was 17. It was then that his father sent him to the UFM International Baking Institute in Bangkok, Thailand, where he picked up his core skills in baking science and pastry making. At the onset of the course, Daniel – once a fashion design major at La Salle – didn't yet feel a love for baking. He was mostly just excited at the prospect of traveling overseas. However, once he began the six-week course in 1988, he discovered his flair. That was the turning point in his life.

Although Daniel loved design and drawing, he found he was much more talented in baking. “I did things in days or weeks that people would take months to learn.”

For those of you who don't have a flair for cooking or baking, take heart. “Having talent is not good enough to run a successful business,” Daniel said. “You need more than talent to run a business.” As proof of this, the food and beverage industry boasts numerous top-notch businesses that aren't run by chefs.



Daniel Tay

beyond talent ... sweating it out

Before starting his business, Daniel paid his dues. He spent a month in expensive Paris, serving as free labor in a renowned restaurant, Fauchon. Although he only did simple things, he got a good feel of the organization and learned what quality meant. For eight years after, he traveled back and forth to attend various classes in France, and occasionally, also Japan. While he's more influenced by the French, it's because of his experience with the Japanese that he has one or two Japanese cakes – and he's known for it. Still, he pointed out: “Now the world is all around. Everybody goes everywhere, so the influence is no longer very French or Japanese, but international.”

Just taking classes alone is no substitute for real world, practical experiences. Daniel spent a year with Pokka Corporation, which hired him to start their Rive Gauche Patisserie. In building the patisserie from scratch, Daniel learned invaluable lessons. As he worked with the general manager, he gained an understanding of accounting, profit and loss (P&L) principles, and how to calculate the break-even point. Following Rive Gauche, Daniel joined Bengawan Solo as a production manager.

Despite enjoying his jobs, Daniel found he was just not cut out to be an employee. Ideas keep flowing into his head non-stop, so much so he can't just stand still and do what someone else wants him to do. He's got to do his own thing.

if you fall, just stand up again

At age 25, Daniel started his first business, Dan & Allen's Patisserie Pte Ltd. Unlike the Bakerzin story, Dan & Allen's didn't fare well. To start off, it was too high an investment – a million dollars to operate from a huge factory, doing mostly wholesale. Instead of doing retail and starting small, his partner wanted to start off big. For the size they were aspiring to operate at, they were undercapitalized. Daniel found he had to rely on his friends for support. “If you're depending on friends,” he said, “it's the last thing you want to be in.”

In this hardest time of his life, he almost became bankrupt. From this bad experience, however, he learned the importance of managing cash flow. He advised, “Don't be too ambitious or try to control too many things.”

After failure, some people might wallow in depression or give up, but after his first venture failed, Daniel pushed on without taking a single break. He joined Les Amis as a pastry chef. There, he was given the opportunity to make desserts, such as soufflés. Since pastry was the last thing to be served, he also got the chance to help out in some cooking, so along the way, he picked up techniques and gained an understanding of how to cook.

While he was still at Les Amis, he baked cakes at home to sell to his personal network. This helped him pay off his personal debts. A year after joining Les Amis, he quit and went back into business full-time.

The memory of failure didn't loom in Daniel's head. He was totally undaunted. After all, he'd once taken a three million dollar loan for Dan & Allen's Patisserie. So what was the low-cost few thousand dollars in rental that it took to start Bakerzin (then known as Baker's Inn)? With his fledgling Baker's Inn, he had only two staff and drove his own delivery van. In comparison, he had little to lose.

And hence, we can now taste Daniel's creations in his ever growing number of Bakerzin outlets around Singapore and the world.

Thinking Big

creating a brand & adapting to grow

Daniel's goal is to see, in his lifetime, a thousand Bakerzin outlets around the world. "Every time I do something," he said, "I know I'm going to do it big. It's not me to stay small."

Since the beginning, Bakerzin's business involved both wholesale and retail of cakes and bread. Although he has always been thinking big, Daniel's vision has changed.

No longer does Bakerzin do just wholesale and retail of cakes and bread; since 2000, they became an up-market dining café that also serves drinks and meals. At the same time, Baker's Inn became Bakerzin. That was a practical decision. In order to trademark his brand name around the world, Daniel had to abandon the previous generic name. Branding is ever so important.

When entering overseas markets, the ability to adapt is key. Sometimes, upon studying a different market, Daniel may see a need to simplify things, change a few menu items, and the way some things are done.

innovative thinking for new concepts and themes

Daniel's innovative and adaptive thinking has also led to the creation of new concepts within his casual dining café chain. In mid-2008, Bakerzin opened in UE Square, incorporating two new concepts: Bakerzin Kids and Bakerzin Quickie Bar.



Bakerzin Kids at UE Square in Singapore

Bakerzin Kids represents Daniel's desire to attract families to Bakerzin by offering children a place they can not only eat at, but also interact with other children and even learn about cooking and baking. Workshops with various themes are available for children of two age groups: four to six, and seven to 12, at \$42 per child. In these workshops, the young ones will have a chance to play at being little chefs while

picking up basic kitchen skills, from simple cooking and baking to learning about food safety and good habits of hygiene. To set parents' minds at ease, every workshop will have child-minders in addition to an instructor. At the end of every workshop session, every child will receive a Bakerzin chef hat, apron, badge, certificate, recipe sheet, and also a framed photo of themselves in their little chef's attire. While the children are exploring new skills in the kids' section, their parents can lounge within Bakerzin and enjoy the regular range of drinks, desserts, and food. With its cheery colors and child-themed furnishings, the Bakerzin Kids' section is also an apt venue for children's birthday parties. A kids' menu, tailored specially to young appetites, offers various favorites such as macaroni and cheese, scrambled eggs with sausage, and pancakes with maple syrup. Also on sale is a distinctive assortment of children's birthday cakes.

As the name suggests, Bakerzin's Quickie Bar is targeted at those wanting a quick bite to go. Beyond the original dazzling array of cakes and desserts laid out within Bakerzin's glass displays, other foods, such as sandwiches and salads, are also available. These include traditional favorites like beef pastrami sandwich and more innovative creations like *kimchi* cream cheese sandwich. In addition, customers may order the soup-of-the-day or pick up freshly baked items, such as croissants, Danish pastries, and pies. As an additional convenience to nearby customers, Bakerzin offers items from the Quickie Bar for delivery to offices within a radius of 10-minutes' walk.

growing pains ... nurture your staff, strategize, and create structure

Despite the fact that Daniel has always headed in the direction of franchising and going worldwide, he finds staying small has its share of privileges. "Now I'm feeling the pain. It's a lot of responsibility, taking care of people." For instance, if he sees potential in staff but fails to nurture them, they'll leave.

One major challenge he faced was finance. Every company needs funds and good cash flow to grow. Since he's been through the worst though, his challenges in Bakerzin were comparatively nothing; he just took it slow. To all aspiring food entrepreneurs, he has this advice: "You need to get your finance right first, and not the other way around. Apart from having enough money, making sure you know where the money goes is very important."

Another huge concern for Bakerzin, as well as other food companies trying to grow big, lay in controlling quality. Serving good quality food in one or two outlets is easy; but to serve the same good quality food in 10 to 100 outlets needs planning. You need to build a strong team and system to produce and maintain quality. For a big operation to work, a business also needs solid strategies and structure so it can run like clockwork.

numbers are more important than art

Having once been a fashion design student keen on drawing, Daniel has an artistic bent. However, if something just looks beautiful but doesn't sell in huge numbers, it won't do your business much good. "Unlike in the past when I was very art driven," he said, "I'm now very number focused. Numbers tell many stories about how my business is doing. Art must convert into revenue."

Some people may have the misconception that stylish products make money. Style alone isn't enough. It can give you fame and fortune, but not necessarily the most revenue. In the F&B business, you need products that are easy to make and for which you don't need an award-winning chef to duplicate. To make something most beautiful often saps time. Time is cost. The essential question is: How can we do more in less time? Art is good, but it must be combined with business.

"I want to be like Apple," Daniel declared, "not Picasso, which people can't afford to buy."

Apple is commonly viewed as stylish and hip with their innovative yet easy-to-use quality products. While Apple may not sell the cheapest consumer electronic products on the market, sales of the iPod, and even the newer iPhone, have left their competitors seeing green and scrambling to come up with similar competing products. In the same way, at Bakerzin, Daniel wants to produce beautiful desserts that, coupled with both simplicity and quality, sell in numbers.

Art is good, but it must be simplified.

Bakerzin Around the World



Bakerzin at VivoCity, Singapore



Bakerzin Kids at UE Square, Singapore



Bakerzin in Jakarta, Indonesia



Bakerzin in Shanghai, China



Bakerzin at Paragon, Singapore



Bakerzin at UE Square, Singapore