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CRAFTING NEW RECIPES FOR OLD PROBLEMS

It is tough being a food and beverage player in Singapore these days. If the new competitors popping up were not enough to give sleepless nights, F&B businesses probably spend their days worrying about why nobody is answering their staff wanted ads, or wondering when the landlord is going to bump up the rent, again.



An Overview of the Singapore F&B scene

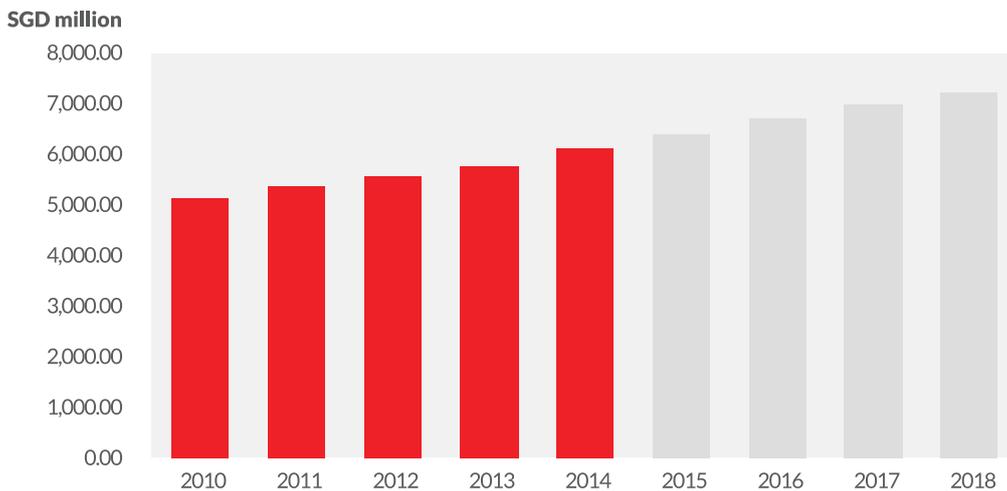
While most local SMEs suffer from these symptoms, those in the F&B sector have been hit particularly hard due to their insatiable appetite for both front-end and backend staff to support their operations, as well as the need for choice locations to attract traffic.

Despite these daunting obstacles, new cafes, eateries and nightspots continue to sprout across the island, even as others exit under the weight of high costs and intense competition.

Singaporeans' passion for starting businesses related to food, it appears, is as strong as their love for consuming it. A survey conducted by Sydney-based research firm BIS Shrapnel showed that the average Singaporean spends \$1,900 a year at hawker centres, restaurants, and cafes.

At the same time, the consumer food service sector in Singapore was valued at S\$6.1 billion in 2014, a figure that is estimated to rise to S\$7.2 billion by 2018, according to market intelligence firm Euromonitor International.

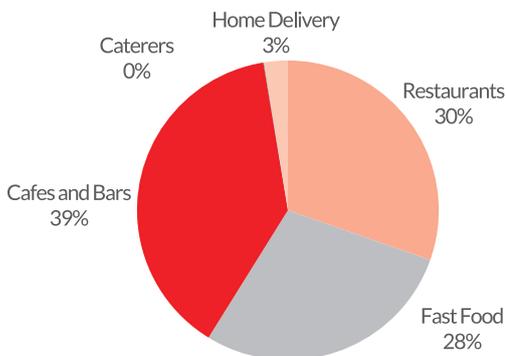
Chart 1: Consumer Foodservice Industry Value and Forecast



Source: Euromonitor, DBS Bank estimates

A closer look at these restaurants reveals that cafes and bars make up the largest segment of physical establishments (excluding street stalls and kiosks) (Chart 2).

Chart 2: Consumer Foodservice Outlets, Breakdown by Category



Source: Euromonitor, DBS Bank estimates

And the appetite for setting up an F&B outlet has not waned. Over the past four years, the industry has expanded significantly, as the total value and number of establishments grew 19 per cent and 10 per cent, respectively.

Our analysis of Singstats data shows that the food service industry remains profitable despite increases in turnover and expenditures.

Based on Euromonitor forecasts for 2014-2018, the industry is expected to grow at a 4.4 per cent compound annual growth rate (CAGR) along with a decline in margins from 6.4 per cent to 5.2 per cent. In the same period, expect a slower expansion in the number of food outlets to 1.2 per cent CAGR, and a marginal rise in ticket size at 1.6 per cent CAGR (table 1).

Table 1: Forecasted Growth Rate for Consumer Foodservice Industry in Singapore

% Growth	CAGR 2010-2014	CAGR 2014-2018
Food service value	4.5%	4.4%
Food service transaction value	1.1%	1.6%
Food service outlets	2.5%	1.2%

Source: Euromonitor, DBS Bank

Hard numbers aside, the F&B scene here has also grown in sophistication. Customers demand not only high quality fare, but also food that is healthier and sourced from sustainable sources. Industry players have responded, bringing in a host of concepts catering for increasingly varied tastes.

One trend is the **rise of foodservice outlets outside the CBD**. People living in the suburbs now have a myriad of dining options, as independent cafes, bars and restaurants (both local and international) ride on upcoming residential developments as well as the previous success of cafe and bar players, and move into these areas.

The **health trend** is likely to continue too, as more foodservice players take on government subsidies such as the Healthier Dining Grant. The grant provides subsidies for healthy menu offerings, and has now been extended from hawker centres to restaurants. Coupled with rising costs, it is no surprise this health trend has had an impact on fast food outlets. According to Singstat, they have about 1.7 per cent margins, making them the least profitable players. This is not likely to change as profitability is expected to slip even further over the next four years.

More and more **tech-savvy consumers** mean a number of critical implications for foodservice players. Players may lose out if they do not use social media to reach consumers. Singaporeans actively seek out dining spots online and do not mind forking out more for unique selling points, such as special ingredients and celebrity chefs. F&B businesses should differentiate their dining experiences – in terms of decor, ambience and menu offerings – as well as establish an online presence.

Industry players are leaning towards digital too, and are reaping the benefits of going online. For one, the home delivery and takeaway segment recorded the fastest growth, at 12.3 per cent CAGR from 2010 to 2014, according to Euromonitor, propelled by third-party online food delivery platforms, such as Foodpanda.

Disrupting the Status Quo

Yet, dig a little deeper and the picture is far from encouraging. While operating receipts for F&B businesses were up 4.7 per cent in 2013, their operating surplus slipped 1.7 per cent over the same period, Singstat data showed.

While consumer foodservice remains profitable, margins are likely to be compressed as revenues fail to keep up with expenditures such as labour, rental and raw materials. Indeed, these three items make up around 77 per cent of total business costs on average, according to Singstats: purchases stand at 31 per cent, wages at 29 per cent, and rental at 17 per cent.



“From our view, competition will stiffen due to increases in the number of players and malls, as well as rising cost pressures for labour, rental and raw materials.”

– Andy Sim, Senior Vice President of DBS Group Research.

This view is in line with a DBS BusinessClass survey conducted in April 2015 with F&B operators, who cited lack of manpower and labour costs as their biggest obstacles to growth.

Already, the casualties are piling up. Almost half of the 369 cafes, coffee houses and snack bars that registered their businesses in 2011 had pulled down the shutters by last year, data from the Accounting and Corporate Regulatory Authority showed.

The good news is that a new generation of F&B startups are turning to disruptive solutions to overcome the challenges facing them.

Leveraging an explosion of exciting innovation in the global food industry, as well as tapping on a growing number of local solutions providers, these businesses are fighting back.

Disruptive technologies such as artificial intelligence, data analytics, nutrigenetics, aeroponics and drones are starting to make their mark on the sector globally. Imagine an app that uses big data to generate powerful insights for companies regarding time of consumption, or a platform with over 1 million recipes adapted to specific taste and nutritional preferences.

These developments have made the food industry sexy again, and put it on the radar of global investors. Indeed, F&B companies around the world attracted US\$1.1 billion in venture capital in the first half of 2014, up from US\$1.6 billion for the entire year of 2013, according to Dow Jones VentureSource.

Some of these ground breaking solutions are starting to pop up at eateries, cafes and nightspots across Singapore’s vibrant F&B scene. Operators like Timbre are already exploring drones at its outlets to boost productivity, while others are crafting out-of-the-box business models to keep a lid on costs or stand out in a standing-room-only market.



Yet, at this point, these firms are the exceptions rather than the norm in Singapore. Findings from the DBS BusinessClass survey showed that almost all businesses were actively using social media to boost productivity, but not much else.

Encouragingly, many do say that they are considering the use of robotics and other automation technologies, a sign that these solutions could become commonplace here in the coming years.

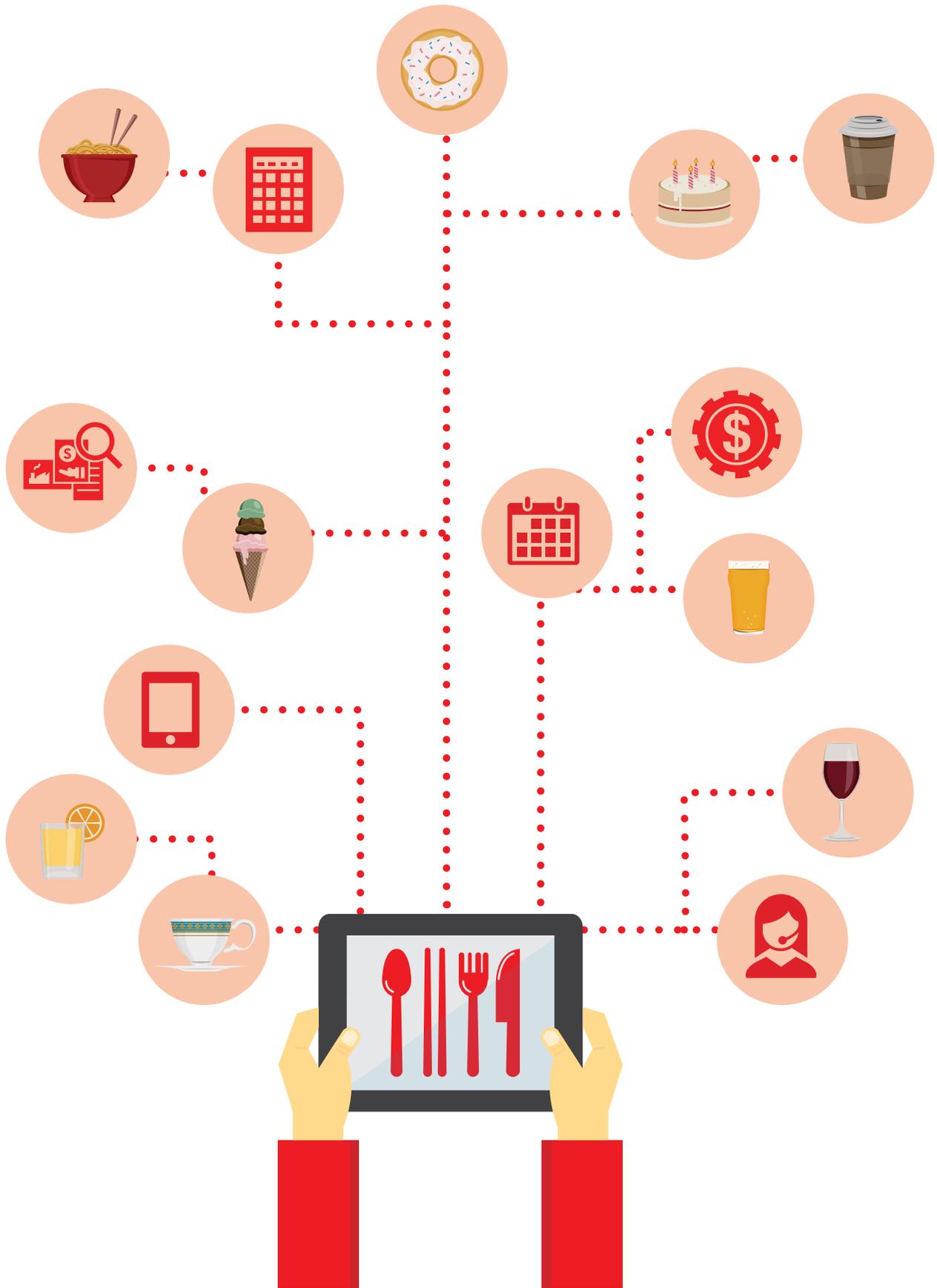
A Guide for startups

This report aims to help F&B startups and their owners navigate today's challenging business landscape. Using case studies of F&B businesses in Singapore, it will shine a light on the issues facing the sector as a whole, and more importantly, explore the various disruptive solutions that are being employed to help operators here thrive.

It also gives an overview of the technologies emerging globally to help businesses stay on top of the trends that could soon affect them, as well as some handy tips on what it takes to be a successful F&B entrepreneur in today's fast-evolving environment.

It is probably one of the toughest times to be an F&B player in Singapore, but it is also one of the most exciting. Problems such as a tight labour supply and rising costs is spurring innovation in the sector, and in the process redefining what it means to be a food and beverage business.

It is hoped the hearty content presented here can be used to help F&B businesses (and taken without a pinch of salt). Bon appetit!



Old Challenges, New Solutions

Challenge #1: Manpower crunch

F&B entrepreneurs are turning to digital technology and robotics to tackle the problem of a tight labour supply in the service industry.



Tighter manpower policies aim to cut down on companies' reliance on foreign labour and to improve productivity. But it also means that the F&B sector, which is hugely dependent on service staff, is struggling with a manpower crunch and rising labour costs.

The Straits Times reported that job vacancies in the accommodation and food services sector grew 55 per cent from 5,010 as at Sept 30, 2011, to 7,740 as at Sept 30 last year. Of these vacancies, some 1,800 waiters, 850 food service counter assistants and 840 cooks were needed, but most of these jobs had been listed for at least six months.

In turn, this has stifled business and entrepreneurship in the industry. Restaurants such as Kilo and Wild Rocket have been forced to turn away diners because they lack the manpower to serve them.

Others are seeking their fortunes overseas instead of locally, because of the severe manpower shortage and other high business costs. In 2013, the TungLok Group closed outlets to focus on the operations of its other restaurants, its catering arm and its plan for overseas expansion.

Last year, the Les Amis Group said that it had no plans to open further outlets here, aside from three restaurants that were previously committed. Instead, it has set about opening six restaurants across Southeast Asia.

A recent DBS BusinessClass survey showed that 70% of the respondents in F&B business thought that Singapore's manpower shortage was the biggest challenge facing the industry.

But while the manpower challenge may look dire, the situation is not desperate if businesses are bold and are unafraid to tackle it head on.

The shift away from fine dining towards casual and smaller, more intimate restaurants, which are easier to staff, has also been partly due to the severe manpower shortage and high labour costs.

Drones to the rescue

One crucial tactic is to make better use of technology. From point-of-sales to the back kitchen, more high-tech solutions are coming up that promise to help businesses use less labour, boost productivity, save money, and improve efficiency.

Think of digital apps that replace waiters and receptionists taking orders or reservations, even before they get to the restaurant. Or, flying drones and automated kitchens that replace manual labour with robotic runners, waiters and cooks.

And it seems that the future is already here. Bar and restaurant chain Timbre Group was one of the first dining outlets in Singapore that allowed customers to order food from iPad menus from every single table.



Photo credit:
Infinium Robotics

It may now be the first to use autonomous flying drones. If current tests go well, these drone runners will take flight at Timbre outlets by the end of the year, says its managing director Edward Chia.

A meeting with Singapore-based start-up Infinium Robotics CEO Woon Junyang allayed Chia's concerns about trays spilling and he realised that using drones in a restaurant was not a far-fetched fantasy.

Chia said: "When you see it for yourself, then you have more confidence that this is something that could work. That is why we just took a leap of faith and tried to work it out.

"We are not afraid to be a first adopter. We are not afraid to adopt new ideas. Even with our iPad menus, we were the first clients too, then other people in the industry started latching on. Sometimes, it is the first adopter that is crucial, and we performed that role for the iPad vendors. Hopefully we can do that for (Infinium)."

While a few issues still need to be resolved, such as loud flying sounds and better landing accuracy, Chia and Woon are confident that the drone waiters will be a welcome disruption to the F&B service industry. Indeed, Woon himself estimates that Infinium will be building 1,000 drones for the F&B industry in Singapore as well as overseas by next year.

Chia's main concern is buy-in from customers and staff, saying it took about six months for customers to get used to e-menus: "It takes a lot to change human behaviour even if people know it is more convenient. It takes a huge psychological leap for people to change their behaviour."

He expects a similar "wait and see" period for the drone runners. The group aims to have a total of 40 drones: eight airborne drones flying food and drinks from the kitchen to the service station in each of its five outlets. Each drone is built with anti-collision infrared sensors and swarming capabilities. Estimated costs for the project are in the low seven figures.

While the price may be high for some in the industry, the benefits in resolving a manpower crunch are clear, said Woon. "What we hope to do is to reduce the need to run about for the waiters, so (restaurants) can focus on higher value tasks such as front-line service."

Agreeing, Chia said: "It all goes back to the lack of manpower, which is why we are heavily investing in things like drones and apps to try and enhance the customer experience."

So, as the technology is already being fine-tuned, it is likely that affordability and availability issues will be resolved with time. In any case, budding F&B entrepreneurs should keep an eye on the future and be ready for when the drones come in.

Mobile first

Mobile technologies that streamline operations – from managing inventory to compiling payment data – can also allow for better manpower and productivity gains.

For instance, integrated platforms like Mobikon collect data from restaurants, and allow them to juggle reservations, manage customer loyalty programmes, run campaigns and channel real-time transactional data straight to their accounting software.

Local tech company TabSquare has four different mobile solutions for F&B businesses. The SkipQue app, for instance, lets restaurants build their own custom app so they can easily offer customers mobile and online ordering, payments and loyalty programmes.



Photo credit: TabSquare

Its e-Menu solutions for the iPad offer food and wine menus that are fully integrated with kitchen and point-of-sale systems. So customer orders are sent directly to the kitchen and the bills are printed out.

The third solution is eWaiter, a digital platform that allows restaurants to get their customers' history, orders, and order status. Kitchen staff can look at the order status, then inform servers and diners when the dishes are ready to be served.



Finally, its eKiosk is a self-order kiosk, better suited for quick service players such as fast food outlets and cafes. It lets customers browse menus, place their orders as well as pay the bill.

Frunk, another startup in Singapore, allows customers to view the restaurant’s menu on their smartphones and decide what they want to order while they are on the road or waiting in line at the restaurant.

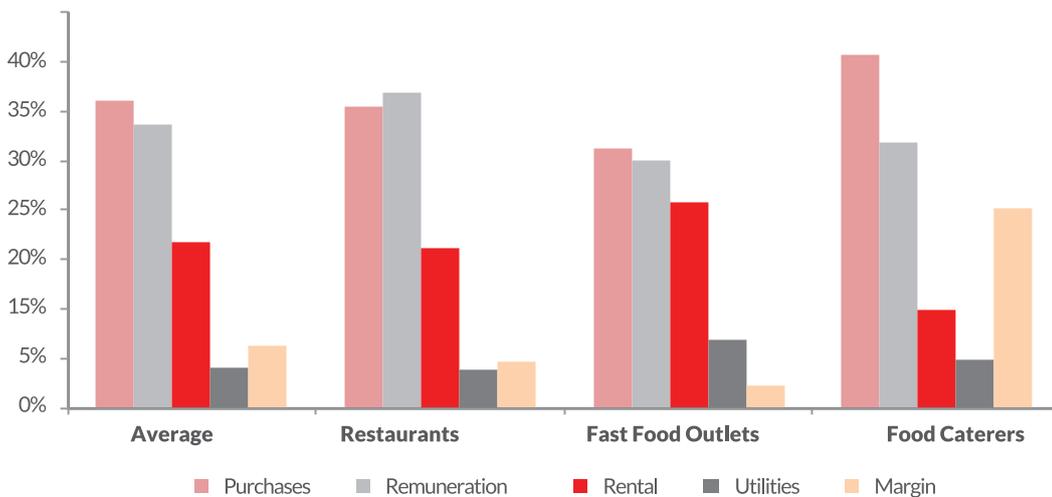
Once seated, all they need to do is simply tap their phones on a specially enabled tabletop sticker for verification, and their orders are electronically transmitted to the kitchen. These stickers make use of Apple’s iBeacon technology, which is an indoor proximity system that allows actions to be performed from a smartphone.

Frunk hopes that its low-cost solution is one useful and smart way to resolve the ongoing manpower shortage.

Cooking central

Food caterers have an impressive profitability of an estimated 20.1 per cent, compared to 6.4 per cent for other industry players. This is due to the significant rental cost savings through centralised kitchen operations and the absence of physical outlets.

Chart 3: Top 4 Business Costs and Margins in Consumer Foodservice, 2013



Source: Singstats, DBS Bank

Other F&B businesses in Singapore have also turned to central kitchens – armed with cooking robots and machines that can stir fry noodles or create desserts – in part to resolve their labour woes.

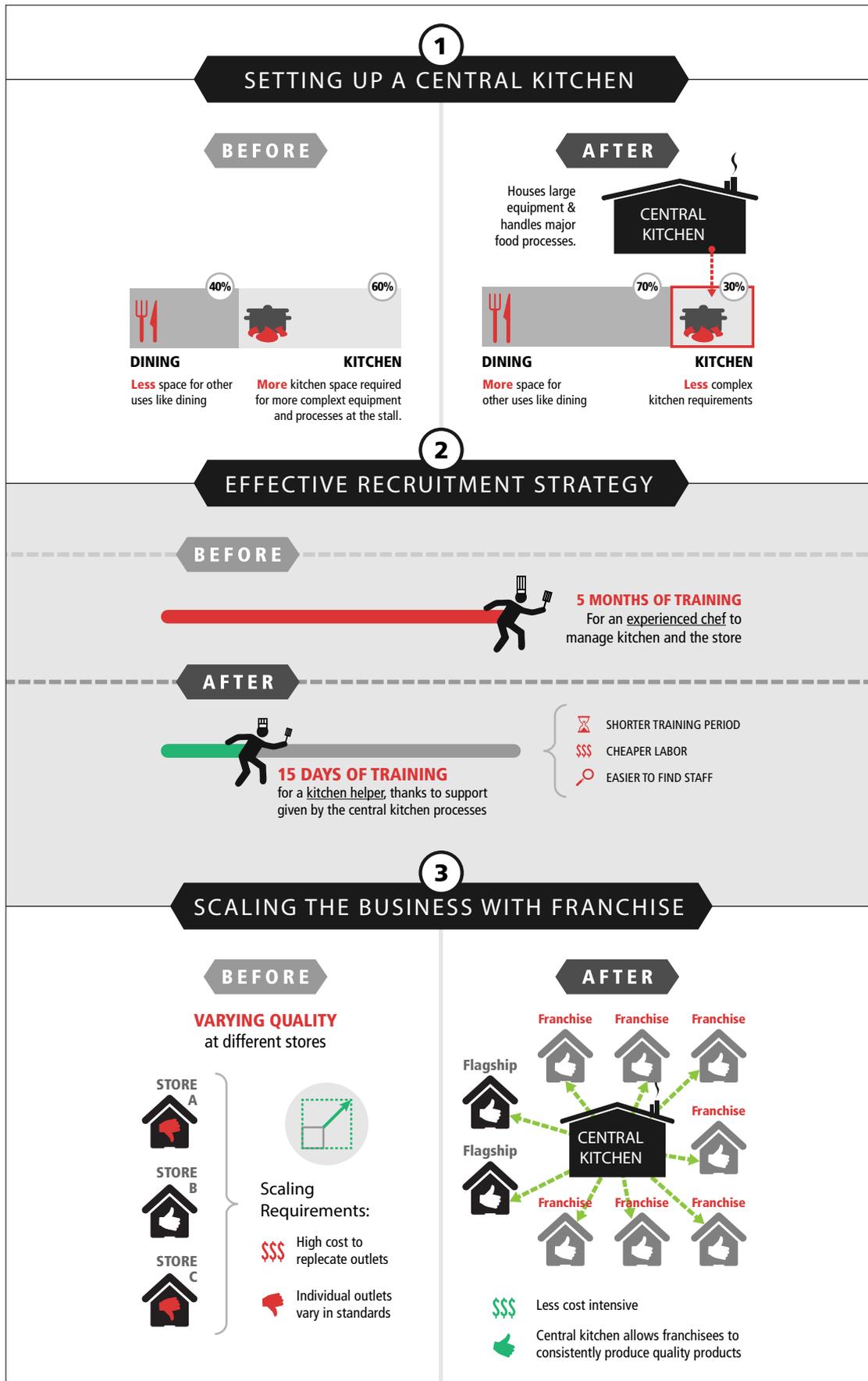
Investing in robotic and automated cooking equipment makes sense especially for larger companies, such as Select Group, TungLok or BreadTalk. It can help companies grow and maximise their capabilities, without needing to deal with the manpower crunch.

Char-Grill Bar, for instance, set up a centralised kitchen to boost efficiency, cut down on the group’s labour requirements as well as to ensure consistency of food quality across all its 23 outlets.

Though the solution “was forced out” of Char-Grill Bar, owner Fong Chee Cheong has seen obvious productivity improvements. Training time of staff has been cut down, processes have been simplified and the transfer of knowledge to its franchises has been made easier.



The group's central kitchen consists of four 2,000 square feet units in Bedok, with many of the food preparation processes now automated.





Kitchens of the future

More cooks are already depending on tablets or smartphones to help them in the kitchen for shopping lists and recipes online. For restaurant owners, smart kitchens can cut down on waste, resulting in cost savings. Connected refrigerators can inform chefs via their smartphones of the items already stocked on the shelves, so they will not order excess items.

No need to throw old food out either – some fridges can now show the expiration dates. Other appliances such as the portable Penguin Organic Food Safety Checker, shown earlier this year at the Consumer Electronics Show (CES), tests food for traces of pesticides and antibiotics within minutes.

Plus, a smart kitchen can mean a safer work kitchen and better peace of mind. Appliance makers are engineering connected appliances to be shut off remotely, to prevent stove fires.

Or who needs a sous chef when one can have Panasonic's kitchen of the future? The Japanese brand showed off its vision for the future of cooking at this year's CES with self-stirring pots for curries, soups and stews, along with an induction range that will not burn fingers as well as a camera-enabled oven, fridge and dishwasher that are monitored from a connected tablet.

Want more inspiration?

Here are other smart kitchen ideas to chew on:

Cinder Sensing Cooker

To be released in 2016, the **Cinder Sensing Cooker** can cook food remotely via a smartphone or tablet. Just tap on the app, pick the food and cooking method, and Cinder's smart, cast-iron cooking plates will start searing the food evenly.

Meld Knob + Clip

Meld Knob + Clip which combines a Bluetooth thermometer that is clipped on to the pot, along with an automated knob that replaces one of the existing gas cooker dials. Together with a mobile app, the system automatically and accurately adjusts the cooker's temperature, resulting in perfectly cooked meals.

World's first Bionic chef

Eduardo Garcia, the **world's first bionic chef**, is the epitome of wearable tech. The man, who lost his left arm in a hiking accident in 2011, now has a prosthetic left arm so advanced, he can still work full time as a private chef and food company owner.

It allows his skin and muscles to "respond" to software, so that he can grip in 25 different ways and continue to slice and dice vegetables or fry up steaks. Last year, he switched from his five-fingered bionic hand to a lightweight and durable bionic hook, which still allows him to cook; the hook is detachable so that he can even fit in a spoon or whisk if he has to.

While Eduardo continues to fulfill his childhood dream of being a chef, his real vision, however, is to create the perfect wearable prosthetic for the kitchen, with truly high-tech features such as built-in knife sharpeners, screens that display bacteria warnings and temperature sensors.

Challenge #2: High Rental Costs

Solution: Cutting Out the Middle Man

Faced with high rental costs, F&B players are turning to creative ways of getting their food and drink to their customers



Photo credit:
The Coffee Bandits

Paying the rent is probably one of the least-liked tasks of any entrepreneur. That probably goes double for those in the F&B sector in Singapore, where sky-high property values and fierce competition for prime real estate is taking its toll on the bottom line.

While the growth in retail rental rates have eased in recent quarters as new supply comes online and tenants resist further hikes, this is likely to be offset by new entrants into the market.

A report by real estate consultancy Colliers International noted that in Q1 2015, “the F&B scene continued to be abuzz with activities, with new restaurants and eateries opening both in conventional malls and non-mall locations – such as shophouses, commercial spaces within HDB estates and the ancillary retail space of commercial buildings.”

Finding the right location has long been a key competitive advantage for any F&B business, particularly those at the premium end of the market. Not being in the right place can adversely affect traffic into the establishment and impact revenues, even as steep rental costs squeeze margins.

While delivery services have long brought food and drink to the customer’s doorstep, these have largely been an extension of traditional brick-and-mortar businesses, or limited to a handful of fast-food operators.

Newer players in Singapore are throwing out the rulebook when it comes to distribution, and utilising business models that are bringing high-end fare such as premium oysters, exclusive French wine and gourmet coffee to customers, without having to deal with landlords or contractors.

Here is a closer look at one local start-up, The Coffee Bandits, who had to navigate a regulatory maze to start their food truck business.

CASE STUDY

The Coffee Bandits

When corporate warriors Jessica Chow and Cheryl Ong became mothers a few years ago, they used it as an opportunity to take a step away from the rat race and indulge in their twin passions of food and entrepreneurship.

They partnered up to form The Coffee Bandits, which had a simple premise: to bring good coffee to places in Singapore that do not have it. So, they decided to start a food truck business, which was still a new concept in Singapore.

They believed that a food truck would allow them to reach markets brimming with eager consumers but with little competition, even as they avoided the hassle, and costs, of a physical location. And it gave them the flexibility to switch locations to capitalise on changing market dynamics.

However, getting their idea off the ground proved to be a much tougher proposition than they first envisioned. As the concept of a food truck was new here, many of the local government agencies were not equipped with the guidelines to regulate it.

What ensued was a nine-month game of pinball with government agencies to get all the necessary licences and permits in place.

“There were a lot of grey areas about who should be overseeing what. So there were many chicken and egg situations. But we eventually got it done,” said Chow.

The next challenge was getting their truck fitted out for an F&B operation. With no benchmark to follow, the entrepreneurs designed the interiors of the vehicle based on what they thought would work. Not surprisingly, there was much trial and error before they struck the right formula.

The Coffee Bandits finally hit the road in September last year, visiting industrial and business parks in far-flung areas such as Seletar Aeropark, Jurong West and Jurong Island. Business has been brisk since day one, as customers flocked to their menu of premium cafe fare – such as the popular pulled pork sandwich – and, of course, good steaming cups of coffee. The team keeps their customers aware of their locations through social media.

With their mobility and self-contained kitchens, The Coffee Bandits food truck has also proven popular for private events, and they have seen increasing demand from that segment of the market.

While there have been the inevitable hiccups like broken generators and the perennial problem of finding staff, the adventurous pair behind The Coffee Bandits proves that taking a gamble on an innovative, if largely untested, business model can pay off in many ways.

“The food truck model gives us many advantages. Being mobile, we don’t have to wait two years to review where we want to be,” said Ong.

“There are only a few food trucks in Singapore now, and we think there is plenty of room for more. We would be happy to help anyone who wants to do a food truck.”

Like Cheryl and Jessica, other enterprising entrepreneurs are experimenting with mobile models of distributing their food. The Oyster Cart, for instance, serves up its premium offerings of freshly shucked oysters on a mobile cart. The founders started by customising a cart bought from Ikea for their very specific needs. The company is now working on supplying regular oyster nights for two establishments.



Photo credits: The Oyster Cart

Alternative Distribution Models for F&B



ONLINE SUBSCRIPTION MODEL



RESTAURANT-LESS RESTAURANT



AIRBNB FOR FOOD

1/ Online Subscription Model



While online wine merchants have existed for a while in Singapore, these have mostly been the e-commerce platforms of traditional businesses that replicate the offerings of their physical stores.

The French Cellar is a pure online seller with a twist. Rather than offering a fixed inventory, members who sign up for their service by paying a fixed monthly fee receive two bottles of premium French wine handpicked by their in-house sommelier from vineyards in France. Many of the wines chosen are not available elsewhere in Singapore. This combination of curation and convenience is proving a hit with lovers of the tiple here.

The service has already garnered a few hundred subscribers since starting in late 2013, and aims to reach 1,000 by year’s end. Customers can choose from one of three plans ranging from \$80 to \$400 a month, and are able to re-order the wines that they like from the company’s online store.

Said co-founder Eric Joubert: “Our model of an inventory that changes all the time is what is disrupting the industry.”

Benefits:

- **Ever-changing inventory based off popularity of products** – allows subscribers to constantly discover new products
- **No storage facility costs** – demand determines supply, and supply can be shipped directly from the supply source to the customers’ doorstep
- **Predictable revenue** – customers sign up for a subscription plan and revenue can be projected

EXAMPLE

The French Cellar offers its customers a subscription service that delivers two bottles of premium French wine to their doorsteps every month.



2/ The Restaurant-less restaurant



Delivery food has always been seen as slightly inferior to restaurant fare. Menus are slimmed down and dishes are simpler. Consumers accept this as a trade off for the convenience of getting decent meals delivered to their doorstep.

A venture in New York City is trying to change that perception by offering a “full-stack” menu for delivery. Maple, a mobile app and delivery-only service that started at the end of April, features investors such as celebrity chef David Chang, founder of New York’s renowned Momofuku restaurant chain.

Unlike restaurants that have delivery services added on, Maple only makes dishes designed to be transported on a bike, ensuring that no flavour is lost in the process. In early tests, fried food, for instance, failed to stay crispy while tacos unravelled along the way. So adjustments were made.

“When you order in the hole-in-the-wall Chinese restaurant, it’s the same experience sitting on the couch in your apartment or eating at the restaurant,” Chang says in a recent article in Fast Company. “But would you order fish at any restaurant? It’s usually not done well. And you’re ordering from a place that is making it to be served on a plate.”

Benefits:

- Nullify rental costs – by having on-site setup
- Goes to where the customer is – people get to enjoy the food from the comfort of their homes / offices

EXAMPLE

The Oyster Cart provides premium oysters to private parties and events on a cart that they have customised for their own needs.

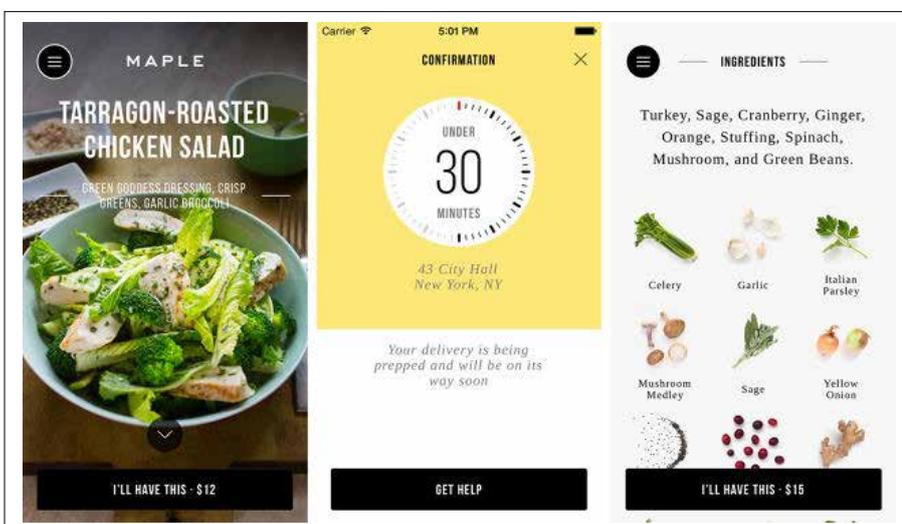
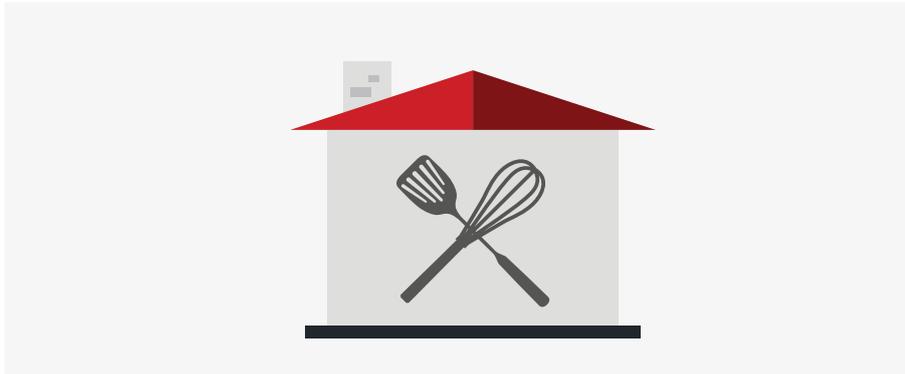


Photo credit: App screenshot of Maple Restaurant

3/ AirBnB of food



Another innovative take on going restaurant-less are up and coming chefs who invite patrons into their homes for a good meal. In the US, website Feastly helps connect adventurous diners with these enterprising chefs for an exciting dining experience. Similarly, eatwith.com lets customers host a professionally-cooked dinner in the chef’s home or at their own abode.

Singapore has its own version of these home-cooked meals, although not necessarily always by professional chefs. Plate Culture is a website that allows anyone to open up their dining rooms and kitchens to anyone wanting to taste authentic cuisine and make new friends.

Benefits:

- **Lower barriers to entry for chefs** – anyone can monetize their passion for cooking
- **Non-existent rental costs** – setup is at the host’s address and customers go to where the host is

EXAMPLE

Feastly serves as a social dining marketplace for cooks and customers, where cooks host meals for diners outside of restaurants.

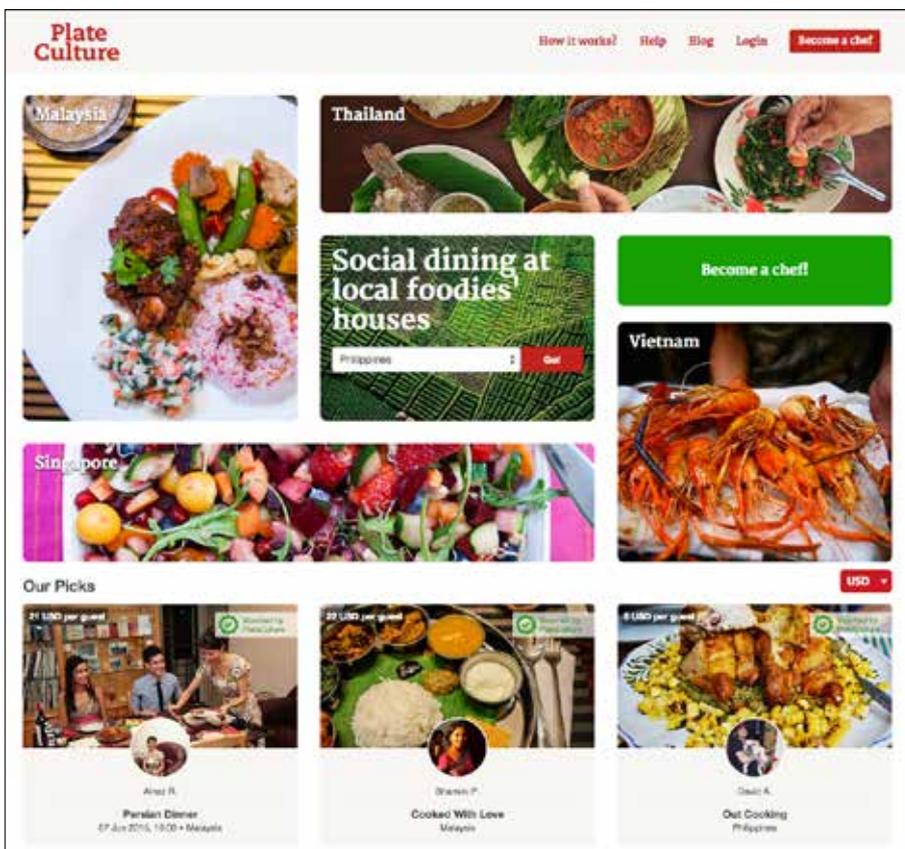


Photo credit: Plate Culture website - plateculture.com

Challenge #3: Securing Food Supply

A BRAVE NEW MENU

New solutions to growing food shortages around the world could have big implications for the F&B sector.



Photo credit: Engineering Computer Service(s)

Even as many F&B businesses battle with soaring costs and hard to come by employees, more progressive players are looking further up the value chain at new food sources coming down stream.

This has become increasingly urgent as the world faces critical food shortages in the future. Research shows that by 2050, the world is predicted to require 85 per cent more staple food crops than were produced in 2013. Meanwhile, demand for meat is expected to increase by more than two-thirds and current production methods are not sustainable, according to the Food and Agriculture Organization of the United Nations.

F&B players must therefore consider alternative sources of food to manage rising costs as a result of shortages, and to maintain the quality of their offerings.

This is especially pertinent to larger operators whose growing footprint requires a growing supply of quality raw materials to ensure that quality remains consistent across their various outlets.

Sakae Sushi founder and chairman Douglas Foo, for instance, has stepped back from the day-to-day running of his international, 200 plus-outlet Sushi restaurant chain to focus on a few key strategic areas – one of them involves securing a long-term supply of fresh seafood that is a core ingredient of the brand's offerings.

In an interview with The Business Times last year, the entrepreneur revealed that he scours the world looking for new food resources to support the planned growth of the brand globally, or in his own words, to “future proof” his business. Sakae Sushi's 40-odd outlets in Singapore alone consume around 30 to 40 tonnes of salmon a month, he reveals.

As the competition to secure limited food supply continues, advances in technology have resulted in a host of ground breaking solutions – from beef grown in a lab to using big data analytics to create new types of food. These have many implications on the way people eat, and will also impact the operations for F&B operators, whether in terms of lower cost, more consistent quality or a menu catering to consumers who value sustainability. Some of these innovations also address rising demand for healthier food options and concerns over the carbon footprint of what they consume.

These are innovations still in their infancy, and would probably take some time before they reach the tables of diners in Singapore. Yet, as the pace of technology advancement continues to quicken (who would have imagined seeing drone waiters here just a year ago?) it could come sooner than expected.

Here are some of the more exciting developments happening around the world that are set to change the industry in profound ways.

Victimless Beef – The \$300,000 Burger

In-vitro meat is created by harvesting muscle cells from a living cow, which scientists then feed and nurture so they multiply to create muscle tissue, which is the main component of the meat that people eat. It is biologically the same as the meat tissue that comes from a cow, according to the team at Maastricht University that is doing research in this area. (<http://culturedbeef.net/home/>)



The cells grow into strands that are combined to create the meat. In 2013, Professor Mark Post of Maastricht University unveiled the world's first in-vitro burger made up of around 20,000 such strands. The burger was made with a little egg powder and breadcrumbs and a few other common burger ingredients.

While the cost of that first burger cost a whopping US\$325,000, Prof Post recently told ABC News that it is possible to produce lab-grown beef for as little as US\$80 a kilogram today, and that it will be priced competitively to the real thing within a few years. He noted that one could produce 10,000 kilograms of meat from a small piece of muscle.

University of Oxford research also suggested that producing in-vitro beef could use as much as 99 per cent less space than what is needed for current livestock farming methods.

Also known as cultured beef and victimless meat, supporters say that it is less objectionable than eating traditional meat because it does not involve killing and reduces the risk of animal cruelty.

Some argue, however, against eating any kind of food that has not developed naturally. In a Food Forward Trends Report last year, public relations agency Weber Shandwick found that 74 per cent of the 750 Singaporeans surveyed are not comfortable eating meat grown out in a lab.

Salmon on Steroids

While genetically modified (GM) crops have been around for over two decades, the world is still waiting for the first GM livestock to be approved. Hopes are high among advocates of the controversial food type that this could finally happen this year.

GM Atlantic salmon has been developed by US company AquaBounty, and is currently awaiting approval by US regulators – a wait that has lasted 20 years. The company submitted its application to market the salmon way back in 1995, but it was not until 2012 that the US Food and Drug Administration (FDA) issued a Finding of No Significant Impact – the last hurdle before approval.

AquaBounty Scientists took a growth hormone regulating gene from a Pacific Chinook salmon and inserted it into an Atlantic salmon. The resulting fish grows all year round, rather than just during spring and summer. It also grows to market size in 16 to 18 months, rather than the usual three years. This accelerated growth means shorter production cycles, resulting in a more efficient use of feed.

“The impact on global food production is potentially enormous,” said Ron Scottish, AquaBounty’s chief executive, in a recent interview with BBC. “It is identical to all other Atlantic salmon: it looks the same, it tastes the same. The only thing it does different is grow faster.”

But GM food remains a contentious issue. In April this year, U.S.-based Mexican food chain Chipotle announced that it would no longer serve food with genetically modified organisms.

Big Data for New Foods

A San Francisco tech startup called Hampton Creek is applying the science of big data analytics to new kinds of food.

The firm is building a massive database of all known plant proteins (which could eventually reach up to 18 billion in number) that can be used to model the creation of new foods. Biologists at the company have already catalogued and analysed about 4,000 plant proteins, running about 30 biological tests on each of them.

Using the data, the scientists can predict how others will interact and identify combinations that are likely to produce enjoyable foods. The company has already produced a “reasonable facsimile” of the chicken egg, using proteins from the Canadian yellow pea and an American variety of sorghum.

“With this egg we’ve made a better mayo and a better cookie,” wrote the company’s vice president of data Dan Zigmund, in a recent article for Wired.com.

“The idea is to create new food sources for an expanding global population—sources that are cheaper, safer, and healthier than what we have today.”

Challenge #4: Growing a customer base

Solution: Building up a digital app-etite

Do not get left behind in the mobile revolution. Food apps can help to boost business – and its bottom line.

When hunger strikes, what do average Singaporeans do? Whip out their smartphones to check on the latest and best food offerings, of course.

From leaving reviews on social media (HungryGoWhere, Makansutra, Burpple and soshiok) and tracking their calories (MyFitnessPal, iDAT) to online food ordering (foodpanda, Oddle) and making real-time reservations (Chope.sg), there is a whole gamut of mobile apps out there for foodies to tap on and play with.

The numbers prove it: According to digital marketing agency We Are Social, more than 85 per cent of people in Singapore are active users of mobile social media. Another survey by Deloitte's Global Technology, Media and Telecommunications division showed that Singapore also ranked the highest for smartphone penetration globally, with nine out of 10 having access to a smartphone.

With Singapore's digitally savvy population, F&B players should seriously consider riding this mobile wave if they do not want to be left behind. And that means doing more than simply engaging diners on social media to build up a customer base. So how can small and medium-sized enterprises in the F&B industry work these food apps to their advantage?

Pushing for the upsell & cross-sell

First, these apps – whether on smartphones or on tablets – can help businesses increase cross-sell revenue via mobile order-ahead apps and interactive menus. For instance, American quick-service chains like Taco Bell, Pizza Hut and Chipotle are now using order-ahead apps to boost their order sales, attract customers, and increase brand loyalty.

Early indications, as reported by Business Insider, are that these mobile apps can drive revenues, as they appear more effective than human staff in upselling add-ons (“Would you like fries to go with that?”) and increasing average order values (“Yes, please!”).

As for interactive tablet menus, the restaurants of celebrity chef Gordon Ramsay even have electronic wine lists that one can search for ratings, suitable pairings, and recommendations.

So, it pays to have glossy, well-taken photos of food and drink, nutritional information and other details constantly available on the table. Diners will be more inclined to order items with a simple tap on the screen – no need to wait for a waiter.

The result of this upselling is higher revenues for some eateries that use these digitised menus, something an ordinary menu printed on paper would not be able to achieve. Indeed, these systems claim to lift sales by 10 to 15 per cent. As one CEO of a restaurant consulting firm told Reuters: “The machine never forgets to upsell.”

The rewards of reservation apps

Reservation apps have their own reward systems to entice customers and keep them hooked on the app. As TechInAsia reported, South-east Asian apps such as Dineout from the Philippines and MakanLuar from Indonesia offer free perks and points, which can be converted into gift certificates or redeemed for meals.

The online reservation platform Dineout, for instance, does not just allow customers to book a table on their smartphones or recommend a restaurant based on their cravings or location. Its customer reward system gives users freebies, such as drinks to restaurant discounts; it also lets them earn points, which are converted into gift certificates, when they make a reservation. Dineout also has a reservation management system for restaurants too, allowing them to confirm reservations and generate market trend reports.

Similarly, MakanLuar offers a loyalty programme for diners, who chalk up points that can be later converted into cash and deducted from their bill. Like Dineout, MakanLuar also gives users freebies such as desserts and drinks. It has even tied up with GrabTaxi to offer discounted rides to the restaurants. The app also offers backend data solutions for restaurants, such as tracking customer order histories and food preferences.

Payment integration

On the back office front, integrated business-to-business platforms like Mobikon collect data from restaurants, and allow them to juggle reservations, manage customer loyalty programmes, run campaigns and even channel real-time transactional data straight to their accounting software.

Easing payment friction is a key benefit for many players in the US because of the increasing popularity of mobile payment platforms like Apple Pay and Google Wallet, which are convenient and easy to use. Smartphone and smart watch users link up their credit or debit card to these payment features, then pay for items with a simple tap of their gadget on the register.

This growing phenomenon explains why a number of new American startups are focusing on mobile dining payments. They are now creating apps that allow diners to pay for their meals with their smartphones – not with cash or card, or even a tap at the register.

This “Uber-isation” of restaurant payments, named after the popular ride-sharing service, makes getting the bill a whole lot easier for diners. These apps also allow for better customer relationship management, including collection and analysis of customer data as well as customer loyalty programmes.

PaidEasy, a new app using Apple’s iBeacon technology that is in Beta testing in New York, lets customers pay for meals with the app as well as gives additional security by encrypting their credit card so their details remain private. The app integrates seamlessly with a merchant’s existing point-of-sale system, and does not require additional steps or hardware.

Pay with OpenTable is a more established player in the mobile dining payment scene. The app now aims to be a one-stop shop of sorts for restaurants with its integrated functionality, letting diners book a reservation and pay for their meals within the app. The service is due to be available throughout the US by the end of the year.

CASE STUDY**Premise**

Imagine tracking food items at grocery stores and markets in Singapore, and even around the world. One would be able to verify a product's availability and price, and adjust them accordingly. Or even understand how a competitor prices the dishes served at his restaurant.

This large-scale tracking of food staples and other items is what San Francisco-based data technology startup Premise offers. It creates software and mobile apps that can track business and economic trends in real time using thousands of online and on-the-ground sources.

It pays ordinary citizens to keep track of these products, by snapping photos and keying in data such as date, location and price. The data is then classified and analysed, with actionable insights created.

Already, it is working with multinational companies as well as governments to trace food prices – it is tracking more than 25 food staples in 25 cities across India, China, Brazil and other countries, according to TechCrunch.

The hope is that the data will allow for a more meaningful understanding of food pricing and availability. For companies, it also allows for better branding strategies when targeting customers. Other business-to-business mobile solutions include those that free up manpower and boost customer satisfaction, such as self-service restaurant reservations and queuing systems.

Ticktok's automated queuing and reservation platform lets customers join a restaurant's queue. When their table is ready, all you need to do is "ping" them on the dashboard on your tablet and the customer responds on their mobile phone. Said to process more than 136,000 diners a month in Singapore, Ticktok also allows you to drive repeat customers back to your restaurant.

CASE STUDY**Nara Logics**

A bunch of neuroscientists from MIT have created an artificial intelligence "brain-like" system for hunting down restaurants and other businesses.

Instead of using the usual tedious online searches, the folks at Nara Logics employ a cloud-based neural network to "deep-dive" into the Internet. Data is analysed from the different relationships between restaurants, cooks, chefs, diners, and other sources.

Here is how it works: Nara gathers web data from restaurant listings to blog posts, indexes that information, then recommends a slew of recommended venues. All this is based on a customer's food preferences, his likes and dislikes. In effect, it is building a massive, dedicated web that is tailored to his interests and tastes.

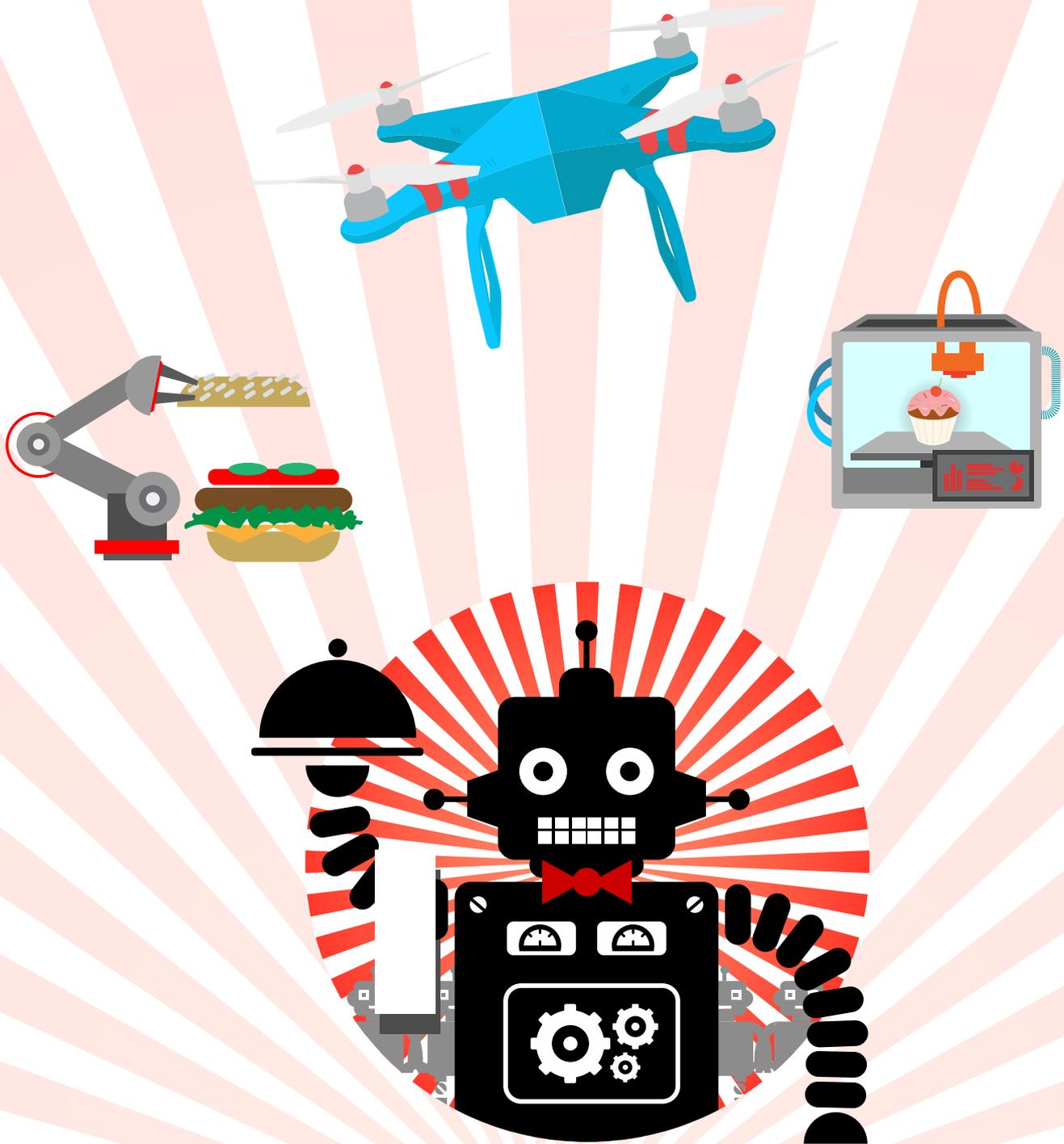
For F&B owners, Nara clearly shows that it pays to have an active presence online. The more visible a business's presence, the better it seems its results will appear in the Nara system.

CASE STUDY**Path Talk**

Soon, customers will not need to call the grocery store to check if white asparagus is in season or if a particular brand of oyster sauce is on the shelves. With Path Talk, they can now SMS their query to a store, instead of dialling its number.

A standalone smartphone app, Path Talk lets them text message all types of businesses, from supermarkets to coffee chains. Path Talk call centre employees will then note their request, call the store and reply to their SMS within minutes.

The feature is known as place messaging, and Path Talk is already becoming popular in the US and Indonesia. It is a boon for busy customers who do not have the time nor the energy to wait on hold while their request is being attended to.



NEW SKILLS NEEDED TO SUCCEED

THE F&B ENTREPRENEUR OF THE FUTURE

With technological advancements and changing consumer habits, the knowledge and skills needed to run a successful F&B business is changing rapidly. Here is what it could look like in a few years' time.

I, Robot

The restaurateur of tomorrow has to be comfortable dealing with staff of the robotic kind, as automation takes over more functions in the front and backend of F&B establishments.

Drone wait staff and tablet-based ordering is just the start; if self-service billing technology starts appearing in establishments, an entirely server-free restaurant could be just around the corner.

Ramping up automation by using smart kitchens and a wired-up restaurant allows a business to boost productivity, while technology can also generate new revenue streams such as delivery services.

Know the customer – really, really well

To stay ahead of the competition, entrepreneurs will need to leverage the copious amounts of data flowing through their various social media platforms from their customers.

As data analytics tools become cheaper, businesses can gather customer feedback and sentiment on everything from new dishes to service experiences – and react almost instantaneously. That steak tartare entree not going down well with diners? There is no need to see customers dry up before changing it to something else more palatable.

Amazon is already using power predictive tools to deliver items to people's doorsteps before they have bought them. One day, a diner's favourite bottle of Pinot Noir could be already decanted when he reaches his table.

Show a softer side

With persistent labour shortages, hanging on to good staff has become an imperative for entrepreneurs. That means shedding a Gordon Ramsey style of tough management and going for a more touchy-feely approach when dealing with the Gen Z types who will be entering the work force in droves over the next decade. EQ trumps IQ when it comes to dealing with the next generation of workers.

Channel surfing

In the retail world, the online and physical worlds are colliding as e-commerce players add a physical presence to offer a true multi-channel experience to their customers. Likewise, F&B players must be omnipresent to their customers, whether they are online using an app to decide what to eat next, or across a variety of physical platforms – whether it is from a food truck, delivered to their doorsteps or at temporary pop-up location.

With competition for prime real estate unlikely to ease up anytime soon, being fleet-footed will be a major advantage.



Eat Responsibly

Sustainability is becoming increasingly important to consumers around the world. Some will only eat the meat of animals that were not cruelly treated, while others insist that their coffee is made from beans bought from countries that have not been exploited.

Showing green credentials is no longer a trendy nice-to-have, but rather a winning hand in a market that values eco-friendly practices.



The picture for the F&B sector in Singapore may appear a little grim at the moment, but the current situation of rising costs and stiff competition presents a rare opportunity for industry players to build a more resilient business for the future.

Government assistance schemes and different forms of bank financing can assist SMEs tide through the tough times. DBS's working capital advisory solutions, for instance, can help businesses unlock valuable cash by assessing and optimising their cash conversion cycle – where and when does it have cash outflows, cash returns, and areas of strengths and risks.

In the long run, however, it is the robustness of a firm's business model that will ensure its sustainability.

As such, moves to boost productivity, introduce new modes of operations and technology, and secure alternative food sources will prove to be the difference between success and failure. Only by disrupting the status quo can businesses thrive in this challenging environment.



According to Mr Lim Chu Chong, Regional Head of DBS SME Banking:

“The ability to adapt in the face of multiple business challenges in a fast-changing environment must be the long-term goal, even as financing helps to facilitate growth.”

It appears that local business owners are starting to take note of this. A survey conducted by DP Information showed that SMEs have embraced the need to restructure; With slightly more than half saying their main strategy going forward is to rethink their business model. An increasing number of businesses surveyed are also seeking to improve productivity through technology and innovation.

Yet, much more can be done to jolt SMEs here into action. This is where events like Disrupt @ The Bay can play an important role in raising awareness of important trends in the industry and offering participants an opportunity to meet entrepreneurs that have successfully disrupted their industries.

“We will bring in innovations from robotics and drones to 3D food printing, that will help industry players boost their efficiency and inspire new thinking in business models,” said Mr Lim.

Disrupt @ The Bay is the first in a series of similar events that will explore the dynamics of various sectors in Singapore. It is hoped that it will inspire industry players to think differently about the challenges they face, and develop new innovative solutions to persistent problems.



WORKING CAPITAL FOR F&B



What is working capital and why is its management critical to new F&B businesses? Are there any best practices in optimising working capital?

Stanley Tan, Head of the Working Capital Team in DBS Bank, answers these questions.

1/ For new F&B businesses, could you explain what working capital is, and why its management is important?

Working Capital involves financing the day-to-day operations for a business. It is linked to the company's business model and supply chain. In the F&B space, they are two broad business models: Retail (selling to consumers), and B2B (business-to-business).

For F&B retail, working capital would include payments received from customers, the amount of inventory/food ingredients it keeps on hand, as well as its payment cycle to suppliers.

For B2B, this includes payments from buyers (e.g., restaurants), inventory (e.g., food ingredients to manufacture packaged foods), and payments to suppliers.

Working capital management is critical as it is linked to liquidity/cash flow.

Businesses need to ensure there is sufficient cash for operations; for new businesses in particular, there is a need to ensure sufficient cash reserves to tide through the start-up period.

2/ What best practices are there to optimise working capital?

Working capital management involves a holistic assessment of the cash conversion cycle – where/when do I have cash outflows, where/when do I get cash returns, and where my areas of strengths and risks are.

Best practices are built upon this assessment. For example, a restaurant operator could choose to differentiate itself on the quality of its food ingredients. It might invest working capital into the on-site food production process (for freshness) and deemphasise other aspects, like full-table service. This then translates into how it manages its suppliers, for e.g., between food ingredient suppliers (critical) and non-food equipment suppliers (less critical).

The emergence of the “fast casual” sector is linked to this - “Fast casual” combines casual dining and fast food convenience. This has led to successful

companies such as Chipotle, Shake Shack and Panera in the US.

For food producers/manufacturers, working capital best practices are often linked to optimising the production process (e.g., reducing working capital tied up through extended inventory days and inefficient production means) and how it manages its distribution channels - where/how does it sell and on what terms.

3/ How have the skyrocketing operations costs over the recent years in Singapore affected the working capital of small F&B businesses? Do you have any management advice for them?

Singapore F&B retailers have been hit, particularly by the limited supply and high cost of manpower. Assuming labour continues to be scarce/expensive, one should review the business model and determine where/how best to compete. For example, food delivery services are emerging, whereby food is pre-ordered online, prepared off-site, and then delivered to office/high-density areas for pick-up. The labour needs are vastly different from that of a physical food retailer.

4/ Is there a rule of thumb on how much of a cash buffer, for example x months of working capital requirements, that you typically advise a F&B company to put aside before thinking about investing excess cash in other higher-return assets?

There is no magic number – it depends on the business model. That said, 3-6 months is a rough guide for a stable business (longer if the business is just starting up). If a company is looking to deploy excess cash, it could also ensure incremental yield without sacrificing too much liquidity, for e.g., by setting up a ladder of fixed deposits.

5/ At what point should an F&B business start to consider outsourcing receivables?

Receivables outsourcing or financing is largely for B2B companies and is suitable for a company looking to optimise or free up cash flow. This could be for a variety of reasons: to fund investment (e.g., machinery), expansion or simply to focus management resources on other operational matters. The business should have a loyal customer base, ideally with regular/repeat customers.

6/ What financial instruments would you recommend for small F&B businesses looking to manage their working capital?

Robust cash management systems would be strongly recommended. In particular, internet and mobile banking services which provide convenience and security and the ability to track/review payments. For B2B companies, proactive management of Accounts Receivable and Accounts Payable Days are effective means to manage working capital. Beyond these, certain solutions like Accounts Receivable Financing can also help free up working capital and allow for funds to be redeployed. Ultimately, these instruments should enable business owners and staff to focus on the businesses by running/optimising their operations and supply chains.

“ Working capital management involves a holistic assessment of the cash conversion cycle. Restaurant owner might invest working capital into the on-site food production process (for freshness) and deemphasise other aspects, like full-table service. ”

Stanley Tan,
Head of the Working Capital
Team in DBS Bank.

HELP WANTED

I/ Talent Development

The Chefmanship Academy

This institute set up by Unilever Food Solutions and the Restaurant Association of Singapore provides training to budding entrepreneurs on the various aspects of running an F&B business.

The programme covers 165 topics across 12 modules, combining real-world insights with industry research to offer hands-on learning experiences. The modules are presented through interactive workshops, seminars and online learning. Modules cover topics such as maximising efficiency and profits, menu planning and food safety.

ACE-NUS

Businesses looking for formal training in entrepreneurship or scouting for apprentices can turn to this new tie-up between the Action Community for Entrepreneurship (ACE) and the National University of Singapore (NUS) Business School.

Unveiled in April, this two-year initiative aims to conduct research on issues facing startups and facilitate apprenticeship opportunities for university students. ACE and NUS will also jointly host a range of master classes on entrepreneurship, and hold conferences between industry leaders and members of academia. ACE is a private-led entity run by entrepreneurs and investors.

II/ Technology Adoption

A*Star and Singapore Productivity Centre (SPC)

Government agency A*Star and SPC recently launched a two-year programme to help businesses in the food, hotel and retail sectors become more efficient through the adoption of technology. SPC will identify industry-wide productivity gaps that can be addressed with technology, while A*Star will match companies with suitable solutions.

Some of the operational areas that can be improved with technology under this scheme include management, customer service and human resource development.

III/ Overseas Expansion

International Enterprise (IE) Singapore

For those ready to venture abroad, IE Singapore's Market Readiness Grant funds up to 70 per cent of the costs of eligible activities – including market set-up and market promotion – capped at S\$20,000 per company per fiscal year.

The agency also supports SMEs by providing networking opportunities, overseas market knowledge and assistance with assessing market attractiveness and risks.

IV/ Design Innovation

DesignSingapore Council

Good design can be a key competitive advantage in a crowded market. The Design Innovation Assistance (DIA) scheme aims to support Singapore enterprises in adopting design for service innovation.

This initiative by DesignSingapore Council aims to enhance business competitiveness as well as create differentiated experiences, better products and brand retention.

V/ Government Subsidies

The Singapore Government offers many forms of technical and financial assistance schemes through various agencies, many of which can be applied to the F&B sector.

SPRING Singapore

The lead agency for supporting local enterprises rolled out about 12,000 projects in 2014 to help SMEs deal with rising business costs and labour constraints.

SPRING Singapore offers a multitude of assistance schemes including the Capability Development Grant, which can provide subsidies up to 70 per cent of cost when applied to 10 areas, including brand development, service excellence and human capital development.

Inland Revenue Authority of Singapore (IRAS)

Dispensed by IRAS, the Productivity and Innovation Credit scheme (PIC) provides subsidies and cash back rebates for investing in productive or innovative business activities. An automated noodle-making machine, for instance, would qualify under PIC.

VI/ Financing for Start-ups

Ranging from working capital and venture debt financing to raising funds through the capital markets, DBS offers a range of financing solutions for SMEs that is complementary to government funding and equity financing.

The bank's working capital advisory team, for instance, has helped many of its SME customers unlock cash through better working capital practices, and in the process lower their funding costs.

DBS also recently introduced Venture Debt, a first-of-its-kind product that aims to help start-ups navigate their next stage of growth.



Edward Chia,
Co-Founder & Managing Director,
Timbre Group



Cynthia Chua,
Founder of the Spa Esprit Group, which owns
several Food and Beverage outlets such as
Skinny Pizza, 40 Hands Cafe and House



Andre Chiang,
Chef-Owner of Restaurant ANDRE



Dennis Foo,
Former CEO of Nightlife and F&B
Conglomerate St James Holdings



Vincent Tan,
Managing Director of Singapore-listed food
service provider Select Group

TASTY TIPS FROM THE PROS

The best tips and lessons learnt from those who have already made it in F&B



Edward Chia, Co-Founder & Managing Director, Timbre Group, which now has a diversified portfolio that includes five live music restaurants and bars, a pizza restaurant and delivery service, and two music academies.



1/ Be open

“Sometimes, Singaporeans think ‘will a technology be safe? Will the drone crash? Is it too noisy?’. When I speak to other people, they say, ‘oh man, this is cool! how is it going to be done? When will it launch?’. One has to be open-minded. If you are not, you tend to shoot down ideas ideas before they are even really talked through. I am not saying, let’s be reckless and just do anything we want to do or be too idealistic. But do be open.”

2/ Give Everything

“Once we decide to do something, then we make sure to put our heart and soul into developing something. Often enough, it takes a lot of willpower to see through new technologies, systems or ideas, because there are always going to be unforeseen obstacles or roadblocks.”

3)/...But do not be afraid to call it a day if needed

“Sometimes, we do give up. Sometimes, for projects where we try our very best and they just don’t work out the way we want, then let’s just stop. We are there wasting more time and resources. But sometimes, if it feels like you know it is going to work out, let’s just press on. It all comes down to circumstance, and doing our own evaluation.”

Cynthia Chua, Founder of the Spa Esprit Group, which owns several Food and Beverage outlets such as Skinny Pizza, 40 Hands Cafe and House.



1/ Inspiration is everywhere

“Everything you see can be adapted... I can’t draw or paint, but I can express my creativity in business. I’m good at seeing opportunities, putting things together, and getting people together. And I move very quickly... (But) just because I love something doesn’t mean I want to start a business in it. It’s easy to start something, but you must remember that your resources are finite.”

2/ Think through decisions carefully

“Today, I consider more factors. Do I really feel passionately about it? And what are the practical aspects involved, such as getting the right target market? Yes, you might like to educate the people with new concepts, but can your store squat there through that period, with the rent, and become commercially viable?”

3/ Hire a great team

“You need people to run the business for you, because at any one time, there could be a hundred problems that come with it. You have to take stock, and find the right people... My standards are very high, and I will always push you to do better.”

Andre Chiang, Chef-Owner of Restaurant ANDRE



1/ Singapore's F&B scene is mature and international

"Singapore's culinary market is very mature and international. When it comes to restaurants, people are not into fame chasing, brand names, or 'marketing'. It creates a equal platform for every restaurateur or chef, and that is how Restaurant ANDRE got appreciated and embraced by many international and local communities."

2/ The business is an endurance race

"I believe the next five years will test the endurance of all restaurants, new and old, for those will be replaced by better ones, and push the good ones to get even better. In the next five years, the culinary scene will get even more mature than it is today."

3/ People want quality

"Sometimes, people always tell me that the market is very 'price-driven', but for me that was six years ago when I first arrived in Singapore. Now, people are concerned about the quality, and are appreciative about the chef's effort and great quality produce. I believe in five more years, the market will get even more mature and 'quality-driven', which is what Restaurant ANDRE always stands for."

Dennis Foo, Former CEO of Nightlife and F&B Conglomerate St James Holdings



1/ Persevere

"In Chinese, the phrase 'jian chi' (perseverance and determination) describes everything that any entrepreneur must have. Its connotations are endless. Words like the following are but a part of it: persistence, perseverance, fortitude, resolute, hold firm, determination, grit and even guts."

2/ Choose a partner wisely

"My biggest lesson learnt is that in order to trust someone, we must make sure that someone is really tested especially when we are going into partnership. So choose your partners carefully."

Vincent Tan, Managing Director of Singapore-listed food service provider Select Group



1/ Getting ideas for productivity

“The hike in our productivity journey took off during a Japan Learning Trip that the senior management team participated in 2009. We were inspired that a single restaurant could be managed well with just two to three staff deployed, even during peak period, which is a rare feat in Singapore. Since then, we started actively looking into our processes for opportunities for productivity improvement and sourcing for technological solutions (IT and kitchen automation) to decrease the labour intensiveness of our operations and business processes. Even now, we obtain many of our productivity ideas from trade shows and other market players overseas in countries such as Japan, Taiwan and Europe.”

2/ Always on the lookout for improvement

“We are constantly looking into our processes and sourcing for technological methods to improve our productivity. We engage polytechnic students embarking on their internships and final year projects to study our processes using analytical techniques gleaned in their course of study, and together with our Productivity team, identify gaps for improvements and implement suitable solutions to help our operations.”

3/ Getting staff buy-in

“Any implementation of technology or process redesign involves changes in operations and daily activities of staff. Staff are used to their traditional methods of doing things, and do not see that the benefits of the change would eventually outweigh the costs when the initiative is first being implemented. Hence, we try to increase buy-in through quarterly sharing sessions about productivity to all operation managers, conduct in-house training, introductory demonstrations and standard operating procedures to facilitate the induction of the change, and even implement incentive systems if necessary.”

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