

Turning

PASSION

into

PROFITS



# Foreword



In recent years, the local food and beverage (F&B) industry has seen many embarking on their entrepreneurial journeys, bringing novel concepts, remarkable interiors, international flavours and other fresh ideas.

It is certainly encouraging to see many entrepreneurs interested in joining the industry, and the sustainability of these businesses is an area of great importance for the Restaurant Association of Singapore (RAS) as part of our vision and mission to advance the industry and ensure business success for all.

So what do we do? Besides conducting workshops and creating an online community, we felt that new and existing entrepreneurs could also benefit from a guidebook to better understand the industry's challenges and to navigate through the different stages of running their

own F&B businesses. To achieve this, RAS collaborated with Enterprise Singapore (then SPRING Singapore) to produce *Turning Passion into Profits: A Guidebook for Singapore Food & Beverage Entrepreneurs*.

New entrants into the Singapore F&B market and those looking to enter will find this guidebook beneficial as it presents essential knowledge, useful statistics and checklists, realistic business circumstances and alternative business formats.

I strongly recommend for anyone who wants to set up a F&B business in Singapore to read this guidebook and use it to plan a roadmap for the journey ahead.

**Andrew Tjioe**  
*President (2012 - 2016)*

*Restaurant Association of Singapore*

*Executive Chairman*  
*Tung Lok Group*



Speak to any Singaporean about food, or ask for a meal recommendation, and you would most likely get myriad impassioned opinions. Food is indeed one of the pillars of our social identity - one that touches the hearts of all Singaporeans.

Behind the exciting food blogs and beautifully-plated morsels are entire systems of processes, supplies and talent that have to be methodically organised to give patrons their best experience. Successfully putting these complicated pieces together is both an art and a science. In recent years, it has become harder to run an F&B business as the environment has become more challenging.

With the aim of helping both aspiring and established F&B operators to succeed in these times, Enterprise Singapore is pleased to lend our support to *Turning*

*Passion into Profits*, which contains facts and tips to achieve success. It is our wish to see all new F&B businesses start on the right footing and all existing businesses stay in good health.

Whether we are business owners, or consumers, or food critics, we are part of the community to shape the future of Singapore's food industry and continue the legacy of our fabled food culture. We hope that with information, templates and examples, this publication would provide the practical guidance to complement your entrepreneurial spirit and gastronomic creativity.

Happy learning!

**Kee Ai Nah**  
*Executive Director*  
*Lifestyle & Consumer*  
*Enterprise Singapore*



# Menu

How to use this guide:

Chapters 1 to 3 (red) specifically address topics for new and aspiring business owners.

Chapters 4 to 8 (blue) address topics applicable to both aspiring and existing F&B owners.

## Chapter 1

What you need to know about the food services sector in Singapore ..... 6

## Chapter 2

Checklist for starting a successful F&B business .. 12

## Chapter 3

Business formats to consider ..... 18

## Chapter 4

What you need to know to build a strong core business ..... 28

## Chapter 5

How you can build a strong team ..... 44

## Chapter 6

How you can reach your customers effectively .. 50

## Chapter 7

What resources are available ..... 54

## Chapter 8

Knowing when and how to exit ..... 58

## Appendix

Manpower-lean formats ..... 62





# Chapter 1

What you need to know about the food services sector in Singapore



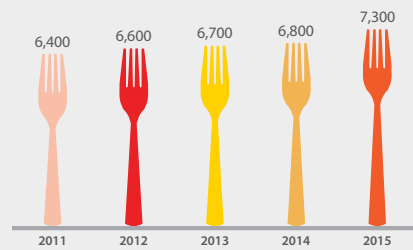
Singapore's food and beverage (F&B) sector is thriving, apparent from its standing among the world's great food cities. Its bustling restaurants, cafés, food stalls and fine dining establishments receive equal accolades and offer first-rate gastronomical experiences.

Not surprisingly, these businesses also face intense competition, and great food alone is no longer a recipe for success.

- Only 60% of smaller F&B businesses make it past the five-year mark<sup>1</sup>.
- The average business runs at an annual operating loss of 8% and takes about 30 months to recoup initial investment.
- 28% of F&B outlets are replaced yearly<sup>2</sup>.

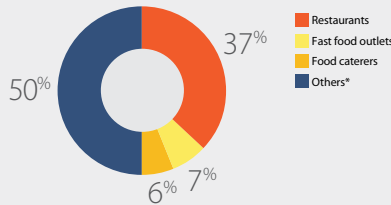
1 SPRING Singapore; Study of micro food enterprises landscape in Singapore, 2014. Micro food enterprises are defined as those that earn \$1 million or less in annual revenues.  
 2 SOURCE: National Environment Agency, Licensing Record, from 2010 to 2015.

**SINGAPORE F&B SECTOR – A SNAPSHOT**  
NO. OF ESTABLISHMENTS



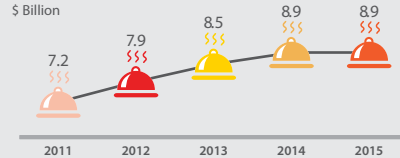
SOURCE: Department of Statistics Singapore, 2015.

**FOOD ESTABLISHMENTS – BY TYPE**



\* Includes cafes and coffeehouses, snack bars and food kiosks, food courts, coffee shops and eating houses, pubs, canteens and other restaurants.  
 SOURCE: Department of Statistics Singapore, 2015.

**OPERATING RECEIPTS**



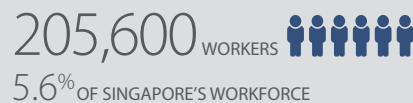
SOURCE: Department of Statistics Singapore, 2015.

**FOOD ESTABLISHMENTS – BY OPERATING RECEIPTS**



\* 85% of all enterprises are micro-enterprises (< \$1 million). They contribute 15% of Food Service's industry's total operating receipts.  
 SOURCE: Department of Statistics Singapore, 2015.

**WORKFORCE**



\* This includes hawkers and stall-holders selling cooked food and prepared drinks.  
 SOURCE: Ministry of Manpower, Manpower Research & Statistics Department; Labour Market Report, 2015.

**What makes the sector particularly challenging?**

**1. Shortage of manpower.** The vast majority of F&B businesses cite manpower as their main concern<sup>3</sup>. The number of workers in this sector will continue to be constrained in the coming years, an issue exacerbated by tight foreign worker quotas. Furthermore, hiring locals, and younger Singaporeans in particular, is challenging due to their changing career aspirations.

3 SPRING Singapore; Study of micro food enterprises landscape in Singapore, 2014. Micro food enterprises are defined as those that earn \$1 million or less in annual revenues.

**2. Rising manpower costs.**

Overall, labour costs have grown faster than revenues over the past five years, at 8.6% versus 7.3% annually<sup>5</sup>.

At the same time, enterprises have not been able to optimise manpower. The industry average for VA/Salary paid has not shown strong growth, hovering at an average of 1.28% for the past five years.

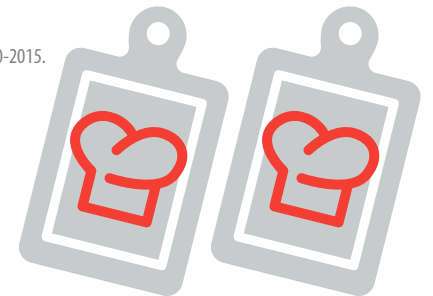
5 Department of Statistics, Singapore; Annual Survey of Services, 2010-2015.

**3. Low barrier to entry.** Assuming some degree of available capital, the ease of doing business (e.g., renting space, identifying suppliers) and obtaining the requisite licenses makes the F&B sector an attractive proposition for new owners.



- The job vacancy rate in the F&B industry was 5.4% in 2015, among the highest across all industries<sup>4</sup>.

4 Ministry of Manpower, Manpower Research & Statistics Department; Labour Market Report, 2015.



**4. Maintaining customer loyalty.** F&B operators have to compete for the palates of discerning and selective customers, necessitating strong customer value propositions to attract and retain customers.

- Singaporean diners have more than twice as many dining options as their counterparts in Hong Kong, on a per capita basis<sup>6</sup>.



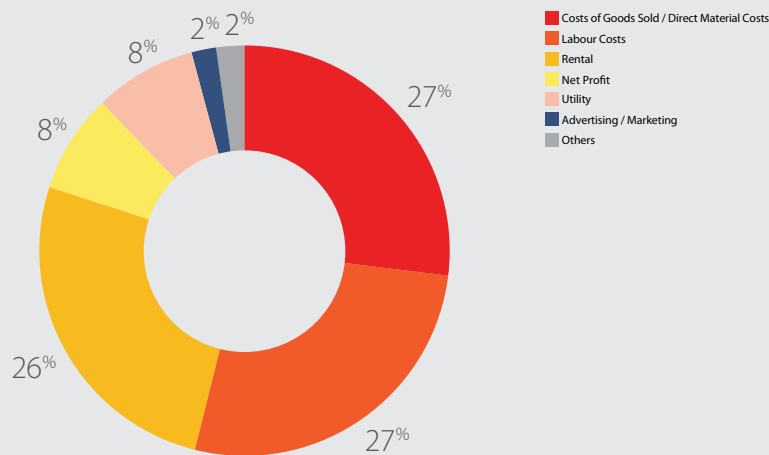
<sup>6</sup> Euromonitor International; Consumer Foodservice 2015 and Packaged Food 2015.

**5. Rising rental and real estate costs.** Despite an increasing supply of commercial real estate, significant competition for desirable locations has pushed up the cost of real estate.

A comparison of operating costs across business formats shows that labour is the most significant single component of operating expenses, followed by rental.

EXHIBIT1: OPERATING EXPENSES FOR F&B BUSINESSES

% OPERATING EXPENSE COMPONENT



SOURCE: Singapore Productivity Centre; Productivity Benchmarking Report (Food Services), 2016, based on a survey done with 325 companies.

**What's required to survive?**

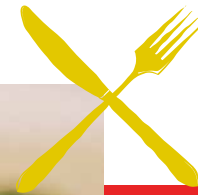
Given the sector's deep-rooted challenges, the fittest players thrive by being able to maximise returns from input. This could be achieved through simplifying labour-intensive or inefficient processes, menu engineering, managing working capital efficiently and better space utilisation.

**Sales comparison of micro food service businesses (annual revenues less than \$1 million)**

	Most successful	Least successful
Sales per full-time equivalent	\$164,000	\$61,000
Sales per seat	\$37,000	\$21,000
Sales per square foot	\$150	\$40

Source: SPRING Singapore; Study of micro food enterprises landscape in Singapore, 2014.

Some players are challenging the paradigm of food services by fundamentally rethinking their business models. Manpower-lean formats, such as grab-and-go kiosks, vending machines and online meal delivery (delivered meals that are ordered online), which replace some functions with technology or entirely eliminate physical locations, are proving successful. The subsequent chapters provide a primer for new entrepreneurs and existing business owners to evaluate the health and future of their operations.



## Chapter 2

Checklist for starting  
a successful F&B  
business





You have an idea, you have the business concept, and you are deeply passionate about your new venture. The following checklist is recommended for new and aspiring entrepreneurs to evaluate your own capabilities and resources. You can also use it to assess your business proposition expansively and identify potential gaps that require attention.

### 1. Business value proposition

- What makes your concept particularly distinctive? Is it something consumers are willing to pay for?
- How often are they willing to pay for it?
- What specific consumer need does it fulfill?
- What is the incremental value it provides?

*Your F&B business needs to have an identifying element that sets you apart from the competition. It could be an innovative format, a signature dish, or even a new approach to managing operations. Do your market research and test the idea to refine your unique value proposition.*

### 2. Competitive analysis

- Who are your closest competitors? Both direct (e.g., similar formats, similar cuisines) and indirect competition (e.g., home-cooking)?
- How does your value proposition compare with their offerings (product, price, place, promotion)?

*Carefully study competing businesses and identify what your competitive advantage will be.*

### 3. Customer analysis

- What are the profiles of your target customers (e.g., demographic, preferences, dining behaviours)?
- How do they make dining decisions?
- What is the size of your target market?
- What are the most effective channels to reach the target customers?

*The core components for any consumer business are knowing the customers and fully understanding their preferences.*

### 4. Financial costs and projections

- What are your main cost items in running this operation?
- What are the start-up costs involved (e.g., fit-out/renovation costs, equipment costs)?
- What is the working capital required? Typically, an estimated one-year working capital is required at start-up.

*Ultimately, you need to be profitable to succeed. Work out the numbers—your initial capital outlay, recurring cost items, projected revenues—to test whether your business is viable in the long term. See Chapter 4 for more details.*

## 5. Business format evaluation

- Have you assessed your planned business format (e.g., full-service restaurant, café, kiosk) against the primary needs of your target customers (e.g., speed, ambience, good food, good service, accessibility, affordability)?
- What will be your operating model?
- What are your manpower requirements?
- Do you absolutely need a brick-and-mortar outlet?

*In view of the tight manpower situation, there are alternative business formats that you should consider. Some of these formats can be implemented more readily with the pervasiveness of technology. See Chapter 3 and Appendix for more details.*

## 6. Risk assessment

- Have you conducted an assessment of your personal financial resources? For example, how much are you willing to invest? How long can you afford to wait to break even?
- Have you considered alternative sources of funding and financing?

*From the outset, it is helpful to know how much you are willing to invest—both financial resources and personal time. Government grants and financing options are available. See Chapter 7 for more details.*

## 7. Location

- Does your preferred location attract your target customer segment? Are your customers willing to travel?
- Are competitors or complementary businesses already present in the area?
- How much is the rental and can you afford it?
- What are the lease termination penalties?
- Have you ensured your operations will not cause any disamenities (e.g., noise/smell nuisance) to nearby residents?

*Evaluate the tradeoffs between selecting desirable locations and anticipated traffic. An assessment of location also involves evaluating the health of surrounding businesses and the landlord's track record in managing retail real estate.*

## 8. Resources and capabilities

- What role will you play? What skills do you bring?
- If working in collaboration, how does your business partner(s) complement you in terms of skills/knowledge? How well do you work together?
- What are the ownership and financing structures between you and your business partners?
- Do you have milestones for extracting yourself from daily operations (if that is a goal)?

*Be honest about your capabilities and how much time you are able to contribute. Pull in additional support for areas where you know you lack experience. When working with partners, have contractual agreements in place that address ownership structure and exit clauses.*

### Common pitfalls

- Overspending on initial set-up costs or in non-core areas → increases fixed start-up costs.
- Overly large menus that create operational complexities → uneven dining experiences and food wastage.
- Committing to long-term lease contracts → decreases flexibility.
- Choosing an uninspiring location to save on rental costs → compromises valuable foot traffic.
- Overestimating demand without in-depth customer analysis → not enough sales.
- Over-committing on space → creates operational inefficiencies at high cost.
- Underestimating relatively minor expenses → higher than expected operating costs.



# Chapter 3

Business formats  
to consider



Umisushi: Started in 2007, Umisushi (part of Neo Group) was conceived as a quick dining and takeaway service to serve fresh sushi and bento sets at affordable prices. With over 25 outlets across Singapore, Umisushi's grab-and-go kiosks and quick dining options are primed to capitalise on the high foot traffic at MRT stations and shopping malls.



"Now that we are at scale, we are more selective about the location; we'll consider factors such as sustainable high traffic, visibility, and other existing businesses and service offerings that may be in direct competition."

Jeffrey Liew  
Executive Director, Neo Group Limited

Be open to considering a variety of formats that are compatible with your unique value proposition. They include full-service restaurants, cafés, quick-service restaurants, other traditional formats, as well as alternative manpower-lean formats such as vending machines, grab-and-go kiosks and food trucks.

EXHIBIT 2: MANPOWER REQUIREMENTS ACROSS THE VALUE CHAIN

	1 Food preparation	2 On-site Cooking	3 Packing or plating	4 Processing orders & payments	5 Seating & table service	6 Bussing & cleaning	7 Delivery
<b>Food service formats</b>							
Fine Dining	Regular staffing	Regular staffing	Regular staffing	Regular staffing	Regular staffing	Regular staffing	Not present in format
Full-Service Restaurant (Casual Dining)	Regular staffing	Regular staffing	Regular staffing	Light staffing / automated	Regular staffing	Regular staffing	Not present in format
Limited-Service Café	Regular staffing	Regular staffing	Regular staffing	Light staffing / automated	Light staffing / automated	Regular staffing	Not present in format
Quick Service (Fast food)	Regular staffing	Regular staffing	Regular staffing	Light staffing / automated	Not present in format	Regular staffing	Not present in format
Hawker Centre/ Coffee Shop/ Food Court Stall	Regular staffing	Regular staffing	Regular staffing	Light staffing / automated	Not present in format	Regular staffing	Not present in format
Online Cooked Meal Delivery	Regular staffing	Regular staffing	Regular staffing	Light staffing / automated	Not present in format	Not present in format	Regular staffing
Grab-and-go Kiosk	Regular staffing	Light staffing / automated	Light staffing / automated	Light staffing / automated	Not present in format	Not present in format	Not present in format
Food Truck	Regular staffing	Light staffing / automated	Light staffing / automated	Light staffing / automated	Not present in format	Not present in format	Not present in format
Vending Machine	Regular staffing	Light staffing / automated	Light staffing / automated	Light staffing / automated	Not present in format	Not present in format	Not present in format

SOURCE: Based on expert interviews and market observations.

With the sector's intrinsic manpower challenges, business formats that require fewer workers should be considered. They perform particularly well by automating certain service and food preparation elements, or even entirely eliminating physical locations with mobile and digital business models. They adhere to lean operations and make efficient use of limited resources. Consider four global case examples<sup>7</sup>:

<sup>7</sup> Case examples are based on company research, press searches and expert interviews.



The creation of three soup-loving university mates, The Soup Spoon launched its first store at Raffles City in 2002. It has since grown to more than 20 outlets and expanded to include other brands like The Handburger and The Salad Fork, as well as moved into the retail market.

"To get into the retail ready-to-eat market, the key step is to figure out how to stabilise and extend the shelf life of the take-home packs. We did this by investing in high-pressure processing technology."

Andrew Chan  
Managing Director, The Soup Spoon





## Pret a Manger (Grab-and-go kiosk)

Pret a Manger is a London-based chain of sandwich shops recognised for fast and genuine service, and good-quality sandwiches prepared on-site daily. Established in 1986, the company has grown to more than 350 stores across five markets. In 2014, it achieved 14 percent year-on-year growth to reach £594 million in annual sales<sup>8</sup>.

### What enabled their success?

**Well-executed value proposition:** Pret a Manger means "ready-to-eat" in French. Its positioning of "better for you" is well executed with fast service and freshly-prepared sandwiches and salads with no "sell-by" date labels.

**Lean operations:** Ingredients for sandwiches are pre-portioned in a central kitchen and delivered to the outlets. Employees at the outlet only need to assemble the sandwiches. Every employee is trained and provided with a manual and standard operating procedures (SOPs).

**Multitasking:** Employees at the front-of-house are trained to multitask. During periods of peak demand, all employees are equipped to take orders and process payments to clear the line. Employees are also trained to make coffees (one size only) and restock the refrigerated case.



Pret a Manger by Zhongyang (CC by 3.0)

## Kogi BBQ (Food truck)

Kogi BBQ is a fleet of five food trucks based in Los Angeles, famous for their Korean-Mexican fusion food. The Kogi family has now added two restaurants—Chego and Alibi Room. Apart from affordable and high-quality food, Kogi actively uses social media (Twitter) to engage customers and keep them updated on the trucks' whereabouts.

### What sets them apart?

**Simple menu with strong brand and identity:** Kogi BBQ distinguished itself initially with the unique offering of Korean-Mexican fusion street food<sup>9</sup>. The menu is kept simple with a few main ingredients. This allows economies of scale to be achieved in procuring ingredients and minimises the amount of time required to prepare the meals.

**Lean operations:** There are only four or five people on a Kogi truck at any time. Employees have clear roles with one person in charge of the hot station, one at the prep station, one or two at the assembly station, and one taking orders, collecting payments and dishing out the food.

**Mobile operation:** As a mobile unit, the food truck travels to customers. This allows the food truck to cover a larger footprint and reach a wider customer base easily. It also provides the flexibility of moving away when demand in an area has dwindled.



Kogi BBQ by Sherry Main (CC by 2.0)

<sup>8</sup> Pret A Manger; 2014 Annual Results.



## Farmer's Fridge (Vending machine)

Farmer's Fridge is a vending machine offering fresh and healthy salads and snacks. Headquartered in Chicago, it has launched more than 25 machines in the past two years, allowing consumers to get their food 24/7 without the need for any manpower on-site<sup>10</sup>. All salads are made fresh everyday in a central kitchen, and then distributed to the vending machines by a delivery team. The vending machine minimises operating costs, but upfront capital investment is required.

### How did a simple vending machine become so popular?

**Well-executed value proposition:** Salads are made fresh everyday, guaranteeing quality and freshness. The machine automatically reduces the price by a dollar after 6pm daily, and the company donates unsold salads.

**Environmentally-friendly packaging and efficient technology:** Salad jars and lids are fully recyclable, and on-site recycling is provided next to the vending machines. The machines are designed to consume less energy and maintain low monthly power consumption, reducing overall overhead costs for Farmer's Fridge.

**Accessible 24/7:** Machines operate 24/7 providing healthy meals and convenience for customers.



## Munchery (Online cooked meal delivery)

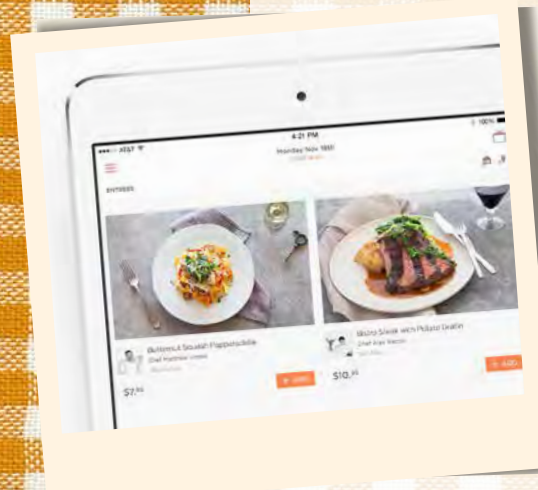
Munchery is a US-based online food ordering and meal delivery service that allows users to order meals for same-day delivery. By having customers browse the menu, place their orders and make payment on its website, Munchery is able to operate more efficiently with less manpower. Orders are consolidated and prepared in one central kitchen per city. The delivery volume can be maximised because the food is delivered chilled and is less time sensitive than hot food delivery.

### How does its online model work?

**Elimination of retail presence:** The format leverages digital technology to perform all front-of-house functions. It also provides better value for customers as cost incurred from retail presence is saved. Customers order their meals online and these are delivered to their homes<sup>11</sup>.

**Delivering food chilled:** Food is chilled upon preparation to keep fresh, and delivery becomes less time-sensitive. The subsequent effort of heating food is shifted to customers, made easy with oven/microwave-safe containers for reheating.

**Consolidation of operations:** Munchery hires full-time chefs and consolidates its procurement, preparation work and plating/packaging under one roof to achieve consistency in quality as well as greater savings through economies of scale.



*(Please see Appendix for more on each business format and their approach to managing operations).*



*Should you be interested to start a productive business format (e.g., hot food vending machine, grab-and-go kiosk), please contact Enterprise Singapore at [food\\_division@enterprisesg.gov.sg](mailto:food_division@enterprisesg.gov.sg) for more information on the assistance available.*

<sup>10</sup> [www.farmersfridge.com](http://www.farmersfridge.com).

<sup>11</sup> Ajay Deep, "How Munchery works," Juggernaut, August 6, 2015.



## Hear from Singapore's F&B entrepreneurs

### Starting up - what's required

You have to know your budget, how much you are spending, how much you are willing to lose, what is your risk profile, and what is your safety margin. Location is important, but would your sales be able to hit what you want and make your business profitable?

### Sustaining the business

I started with a food stall, which is never a sexy business. I eventually grew it to 13 stalls within about four or five years. And then it hit a plateau. So you've got to challenge yourself to move to the next level and innovate. For me, it was creating a new brand. Challenge your status quo, don't be comfortable all the time.

F&B is going to be tough within the Singapore context, especially for new players. We are facing the same problem with staffing and that's why we are looking at expanding into the region. I am also diversifying my investments beyond F&B.

Frank Lau  
*Founder, Seoul Yummy*



### Learning the business

My first job after my MBA was handling just one restaurant. I mopped the floor, I cleaned everything, I was cooking meat (and I don't even eat meat). But that was the only way to learn the business. Most people are not willing to learn that way. They want to invest, wait and hope that it is profitable.

### Operations

Operations are the key in F&B and the core underlying factor; everything else is an add-on. If your operations are not good, the rest doesn't matter. You can do the best marketing and PR, and have people come to your door but it won't matter if your operations, food and service can't support the demand and make the customers come back.

### Taking risks

If you focus only on the numbers, you wouldn't necessarily take that big bet. You really need to be in it for the right reasons, and be able to balance taking risks to grow the profitability of your business.

Vikram Natarajan  
*CEO, Copper Chimney*

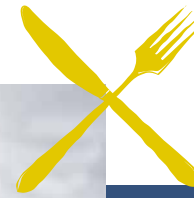


### People

Assuming the business is profitable, the key to sustaining the operation is staff retention. Running a company isn't just being a "business". It's about being a leader because it's almost like going to war. You need to have people who are willing to work overtime for you, give up their public holidays, give up time with their families...some of it is intangible and bigger than dollars and cents.

Li-Shenn Sim  
*Founder, Carpenter & Cook*





## Chapter 4

What you need to know to build a strong core business

## Pulse check: A mini-health diagnostic for existing business owners

Complete this short diagnostic to reflect on your existing operations and tabulate your scores at the end to find out where you stand.

Disagree Sometimes Agree

**Concept of business**

1. My business has a distinct service offering that sets me apart from my competitors.
2. This is evident in every aspect of my business (e.g., service offering, customer service, marketing campaigns).
3. My target customers are aware of my business' unique value proposition.

**Growth of business**

1. My profits have been increasing year-on-year.
2. My customer base is stable (or growing).
3. I believe I can increase my earnings further/ I know when my business should break even.
4. I have a clear strategic vision to advance my business in the next 6 to 12 months.
5. I know what areas to focus on to develop or expand my business.

**Finance of business**

1. I know my monthly fixed costs (i.e. utilities, rent, depreciation, capital investments).
2. I know my average monthly variable costs (i.e. salaries, raw material costs, promotions).
3. I know my current operating cash flow.
4. I know how many customers I need to serve each month to break even.
5. On average, I am meeting my sales target that I have set for each month.

**Business operations**

1. I have codified standard operating procedures (SOPs) for different parts of my business. My processes and procedures are clear, detailed, documented, current and followed.
2. I have a systematic way to track and manage my inventory to ensure minimum wastage and maintain sufficient inventory for operations.
3. I keep track of my monthly restaurant operations (e.g., seat turnovers, average check size, customers per check).
4. I constantly look for ways to improve operational efficiency.

Disagree Sometimes Agree

5. My team members are cross trained to allow operations to flow when someone is absent.

**Management of employees**

1. My employees clearly understand each of their roles, and each team has clear group goals.
2. I check in with my team on a regular basis to address some of their developmental goals and send them for training when and where necessary.
3. I have a system to track and manage workforce to ensure efficient scheduling.
4. My employees have a clear understanding of where the business is going.
5. I keep track of my employees' productivity (e.g., sales per employee, number of meals served per employee, employee turnover).

**Customer outreach**

1. I follow a clear marketing plan.
2. I have a website/social media channel where my customers can reach/ find out about my business.
3. I measure all my marketing strategies and know my return on investment on each campaign.
4. I have a system in place to build loyalty among customers (e.g., rewards or points collection card).
5. I have at least 3 ways to introduce new clients/customers into my business.

**Scoring system:**

**Agree – 2 points, Sometimes – 1 point, Disagree – 0 points**

If you score between

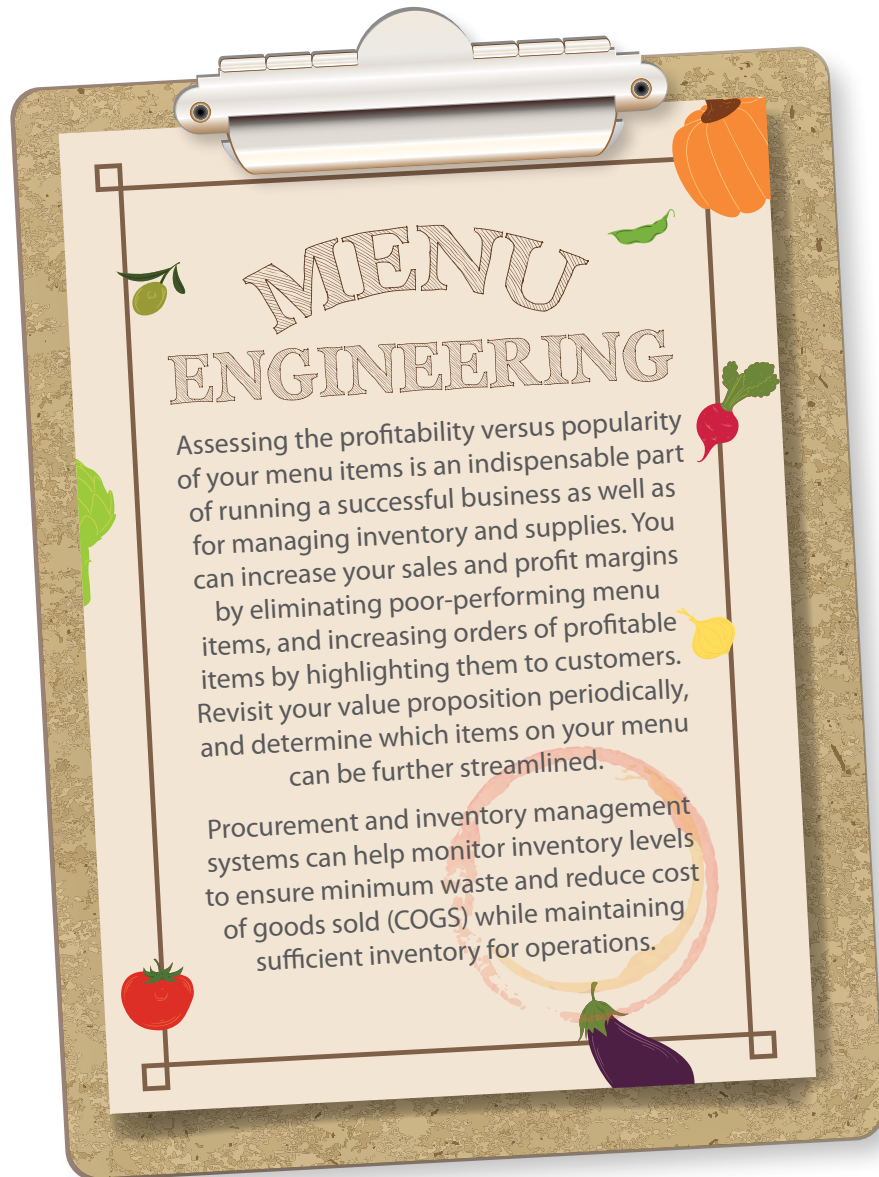
- 46-56: Keep up the good work! Your overall business health score is high. This means that your business is doing well overall. Refer to sections of this book where you scored 1 or 0 points to close the gaps and improve your business plan.
- 24-45: Your overall business health score is medium. This means that your business is doing well in certain areas but requires improvement in other areas. Refer to the chapters ahead to see where you can improve.
- 0-23: Your overall business health score is low. This means that your business requires improvement in a number of areas. You can use the worksheet below to assess areas for improvement, and read through the subsequent chapters for guidelines and additional resources if required.

	Concept of business	Growth of business	Finance of business	Business operations	Management of employees	Customer outreach
Your category scores						
Target range	4 - 6	8 - 10	8 - 10	8 - 10	8 - 10	8 - 10



In a highly-competitive market, managing your business efficiently is critical. Successful businesses pay close attention to the following three aspects: menu engineering, lean workflow management and financial management.

## 1. Menu engineering



## 2. Lean workflow management

It is highly recommended that you track the following set of indicators to maximise your business' productivity and uncover hidden opportunities.



### A. Operational metrics

- **Seat turnover** is the number of times a seat gets reoccupied by a new customer during a given day. Though several other factors are at play, it can serve as an indicator of efficiency.
- **Occupancy ratio** is a measure of how efficiently a restaurant is utilising its space. It can be calculated by taking the total number of customers served in one day over the number of seat turnovers, and finally dividing it by the total number of seats in your restaurant.
- **Average check** indicates the average amount of money each diner spends in your restaurant.
- **Percentage of dine-in customers** refers to the number of customers who dine-in versus takeout.
- **Customers per check** is the average group size that your restaurant receives on a given day.

### How to improve workflow management

**Process redesign:** Creating more efficient spaces, for example, in the food preparation area. Kitchen staff who need constant access to the fridge or storage room have their workstations close by, while staff who plate dishes are closer to the serving area.

**Service model changes:** Automating orders via self-service kiosks or iPads could be a more effective way for large restaurants to cope, particularly during peak hours.

**Labour management and scheduling:** Assigning roles to ensure employees are focused on the right activities at the right time. Also, reallocating tasks based on varying levels of demand.

**Store management structures:** Optimising management to the extent required. In highly automated restaurants, where most of the front-of-house is self-service, one store manager could oversee multiple outlets.

## HOW DO YOU COMPARE WITH YOUR PEERS? SINGAPORE F&B OPERATIONAL INDICATORS

### INDUSTRY OVERVIEW

#### REVENUE PER SEAT

Among micro food enterprises

Top quartile enterprises

\$100

in revenue per seat per day



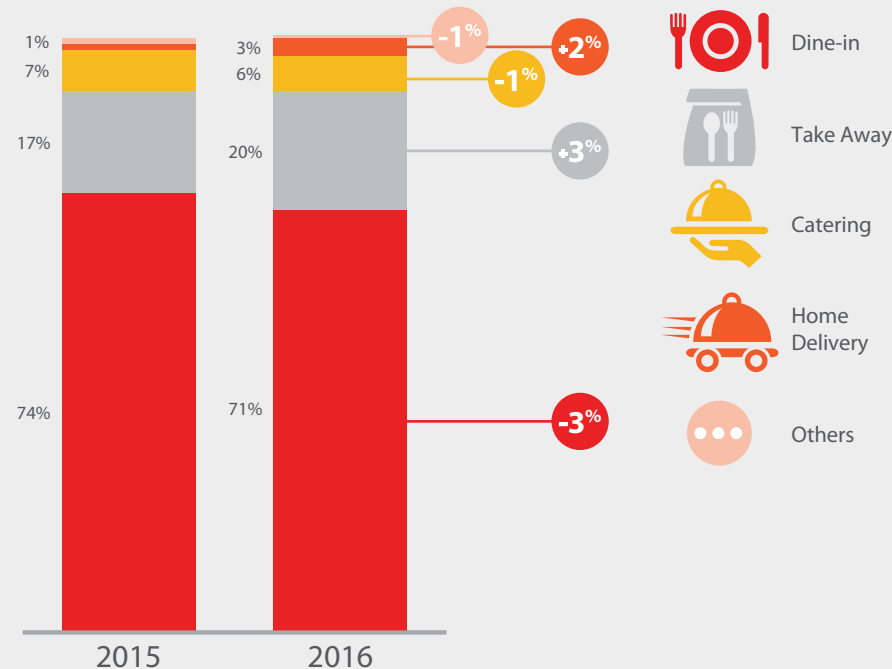
Bottom quartile enterprises

\$60

in revenue per seat per day

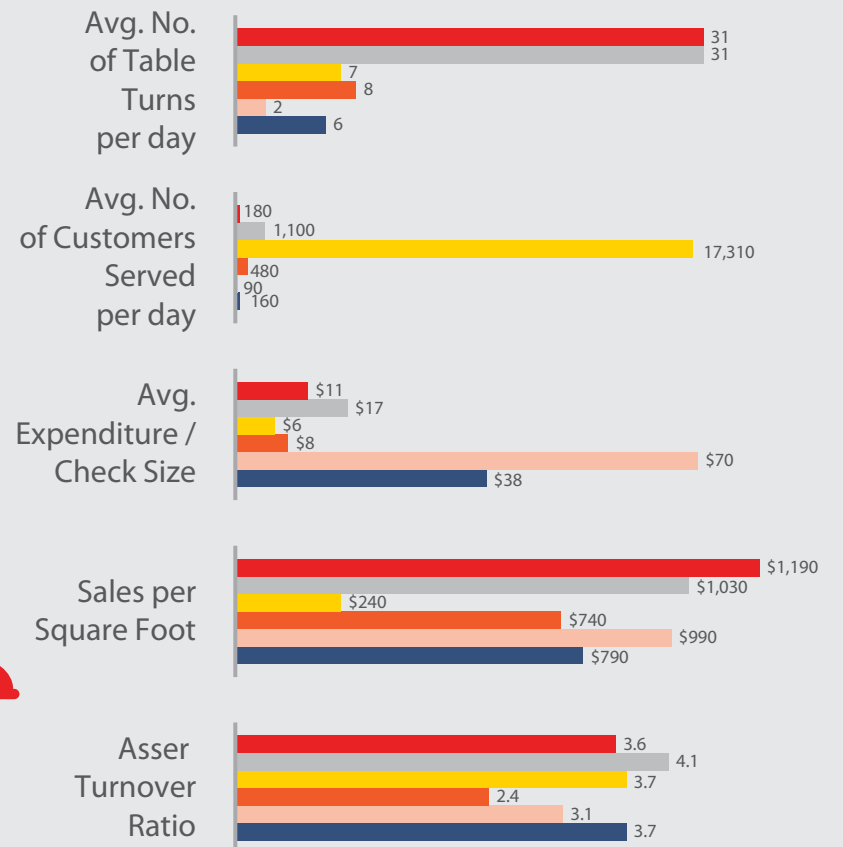
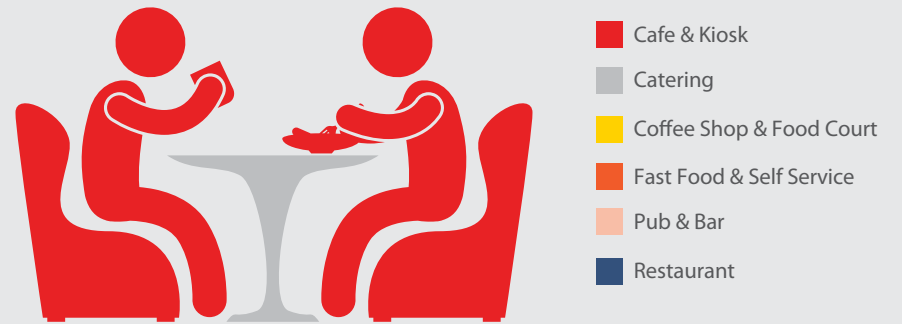
SOURCE: SPRING Singapore; Study of micro food enterprises (annual revenues of SGD 1 million or less) in Singapore, 2014. Top performers were survey respondents in the top quartile by net profits, while least-successful players were in the lowest quartile.

#### AVERAGE % OF SALES GENERATED BY AN OUTLET



SOURCE: Singapore Productivity Centre; Productivity Benchmarking Report (Food Services), 2016.

### SUB-SECTOR SPECIFIC OVERVIEW



SOURCE: Singapore Productivity Centre; Productivity Benchmarking Report (Food Services), 2016.



## B. Productivity metrics

- **Sales per square foot** is simply the average revenue a retail business creates for every square foot of sales space. It is used to measure the efficiency of a restaurant in creating revenues with the amount of space available.
- **Fixed-asset turnover ratio** is the ratio of sales over total fixed assets. It measures a company's ability to generate net sales from fixed-asset investments—specifically property, plant and equipment—net of depreciation.



**Sales per seat** is the amount of revenue generated per seat in your restaurant. It is determined by dividing total restaurant revenue by the number of seats you have in your restaurant.

## C. Employee productivity

The success of any organisation relies on the productivity of its employees. Typically, employee productivity is assessed against an average for employees doing similar work within the organisation or against industry benchmarks.

- **Employee turnover** is the percentage of employees who leave within a period of time. It is calculated by dividing the number of employees who left voluntarily by the number of full-time employees, within a specified time period.
- **Value added per employee** (or labour productivity) is a common measure for output. It is the difference between what the customer pays (sale price) and what the business pays for raw materials/other inputs (all costs excluding wages), divided by the number of employees.
- **Sales per employee** measures the average revenue generated by each employee of a company and is calculated by dividing the business' revenue by its total number of employees.
- **Number of meals served per employee** is the total number of meals served divided by the number of employees.



Managing process flows is an additional way to improve employee efficiency and productivity:

- Processes and procedures can be codified into standard operating procedures (SOPs) to enable efficient workflow and regularly update SOPs for continuous process improvement.
- Several IT systems can be implemented to improve workflow processes. For example, e-scheduling solutions are available to better manage schedules and shifts.

## 3. Financial management

### A. Key financial concepts

- **Revenue** is the amount of money your restaurant receives from sales.
- **Cost of goods sold (COGS)** is the direct cost attributable to the production of food including the cost of ingredients and sourcing.



### Managing supply chains to improve productivity

Managing robust supply chains is often a critical differentiator for businesses to minimise wastage, reduce COGS and improve productivity.

- When **identifying reliable suppliers**, understand the extent to which they can cater to your needs. Are their supplies varied enough to accommodate all your needs? Do they have people to discuss and suggest solutions for your needs? Ask around and get recommendations from other restaurants.

Also, do you agree with their policies? For example, weekend and holiday deliveries, credit terms and payment schedules, returns, minimum order amounts, late and inaccurate shipments, and shipping and receiving.

- **Determine supplier lead times:** Ensure some lead time to replenish stocks before you run out. Conversely, too lengthy a lead time will compromise freshness and also lead to wastage. Supplier policies are important to help your advanced planning of when and how frequently you need to place an order.

Multiple workflow management systems and resources exist in the market. Please contact Restaurant Association of Singapore for more information.

### How can I improve productivity?

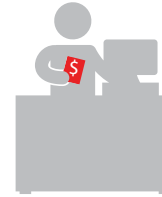
Consider two examples of local businesses.

**Case example 1:** Restaurants A and B have the capacity to seat 300 people. At Restaurant A, the management decided to automate certain front-of-house services (ordering and payment) and allow customers to seat themselves and pick-up their own orders. Food is already semi-prepared in a central kitchen. When it arrives at the restaurant, kitchen staff are only required to assemble, reheat and serve. The reframed format requires five front-of-house staff and nine kitchen staff to manage operations. In comparison, Restaurant B, a regular full-service restaurant needs 34 full-time staff to manage the same number of customers.

your profitability with peers because it eliminates the effects of financing and accounting decisions.

- **Net profit margin** is the percentage of revenue remaining after all operating expenses, interest, taxes and preferred stock dividends (but not common stock dividends) have been deducted from a company's total revenue.
- **OPEX vs CAPEX:** Operating expense (OPEX) is the ongoing cost of running your restaurant. Capital expenditure (CAPEX) is the cost of maintaining non-consumable parts of your restaurant. For example, the purchase of a coffee machine is CAPEX, and the cost of coffee beans and maintenance of the machine represents OPEX.

- **Gross profit** is calculated by deducting COGS from revenue.
- **Operating income** is the profit your restaurant earns after deducting operating expenses (e.g., COGS, utilities, wages, rentals) from revenue.
- **Operating margin** is used to measure your restaurant's pricing strategy and operating efficiency. It is a ratio of your operating income divided by revenue. Higher operating margins indicate your restaurant is financially healthier.
- **Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)** is calculated by deducting expenses (excluding tax, interest, depreciation and amortisation) from revenue. EBITDA is useful for comparing



- **Operating cash flow** refers to the amount of cash a restaurant generates from revenues, excluding costs associated with CAPEX and OPEX. It helps you pay bills, buy equipment and handle all the other costs necessary to keep your tables filled.

- **Working capital** represents the liquidity available for day-to-day operations. It is a measure of a company's efficiency and short-term financial health, calculated as current assets minus current liabilities. The best way to optimise working capital is to look at your business model periodically and understand the movements of cash in and out of the business.

### B. Key financial ratios

- **ROCE and ROIC:** Return on capital employed (ROCE) is the rate of return a restaurant generates on total capital. The ratio is calculated as operating income over capital. Return on Invested Capital (ROIC) quantifies how well a restaurant generates cash flow relative to invested capital. It is calculated as net operating profit less adjusted taxes divided by invested capital.
- **Inventory turnover** is the ratio of sales to inventory. It shows how many times a restaurant's inventory is sold and replaced over a period. Typically, a higher inventory turnover ratio is preferred. However, it is important to compare your inventory turnover ratio with industry benchmarks; very high ratios could also result in lost sales and not enough inventory to meet demand.
- **Occupancy cost ratio** is the ratio of a restaurant's annual rent to its sales receipts.



**Case example 2:** Café B's value proposition is to provide office workers with high-quality artisan coffee. The owner made this a pure-takeaway business format. In a typical restaurant setting, the manager and servers make up 40 percent of the entire labour force. By entirely eliminating front-of-house services, Café B is able to save 40 percent of its manpower cost.



- **COGS/ Sales** shows the percentage of sales revenue used to pay for food inputs. This is often referred to as the efficiency ratio as it is a measure of productive or efficient restaurant operations.



- **Labour Costs/ Sales** measures how effectively a restaurant is using its labour to generate revenue.



### Sample one-year financial statement for an illustrative F&B business

<b>Revenue</b>		
Food	1,000,000	
Beverage	300,000	
<b>Total Revenue</b>	1,300,000	..... A
<b>Cost of Goods Sold</b>		
Food	330,000	
Beverage	60,000	
<b>Total Cost of Goods Sold</b>	390,000	..... B
<b>Gross Profit</b>	910,000	..... C = (A - B)
<b>Key Operating Expenses</b>		
<b>Labour</b>		
Management	60,000	
Staff	150,000	
Employee benefits	36,000	
<b>Total Labour Costs</b>	246,000	
<b>Rent and/or Lease</b>	276,000	
<b>Other Operating Expenses</b>		
Legal/accounting	6,000	
Music and entertainment	60,000	
Marketing	6,000	
Utility services	26,000	
General administrative	55,000	
Licenses/permits	12,000	
Repairs and maintenance	30,000	
<b>Total Operating Expenses</b>	717,000	..... D
<b>Operating Profit / EBITDA</b>	193,000	..... F = (C - D)
Depreciation	60,000	
Interest cost	9,600	
Other (income) expense	2,400	
<b>Net Income before Taxes</b>	121,000	

#### Financial Ratios (illustration)

- Operating Profit = Revenue - COGS - Operating Expenses  
**\$193,000**
- Operating Margin or EBITDA Margin = Operating Profit/ Revenue **14.8%**
- Value Added = EBITDA + Labour Cost **\$439,000**
- Value Added per Employee = Value Added/ Number of Employees **\$43,900\***
- Occupancy Cost Ratio = Rent/ Revenue **21.2%**
- Efficiency Ratio = COGS/ Revenue **30%**
- Labour Costs/ Revenue = **18.9%**

\* We assume that the F&B business has a total of 10 full-time employees. When calculating the productivity metrics of your own business, you may wish to use this simple conversation rule of "2 part-time employees = 1 full-time employee" as a proxy.

## HOW DO YOU COMPARE WITH YOUR PEERS? SINGAPORE F&B FINANCIAL INDICATORS



Figures are given on a per annum basis unless otherwise stated.

SOURCE: Department of Statistics Singapore, 2015.

### REVENUE PER SEAT

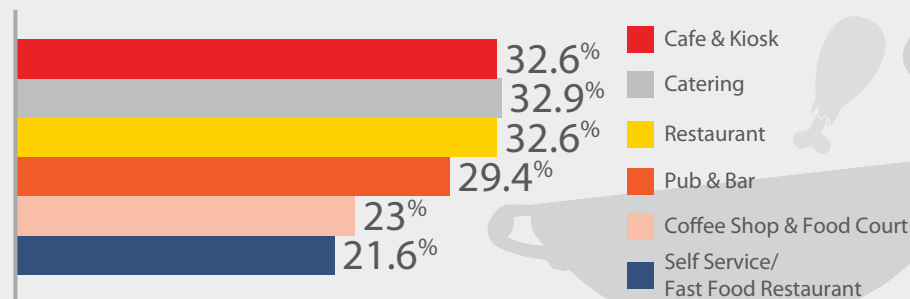
Among micro food enterprises



\* Micro food enterprises

SOURCE: SPRING Singapore; Study of micro food enterprises (annual revenues of SGD 1 million or less) in Singapore, 2014. Top performers were survey respondents in the top quartile by net profits, while least-successful players were in the lowest quartile.

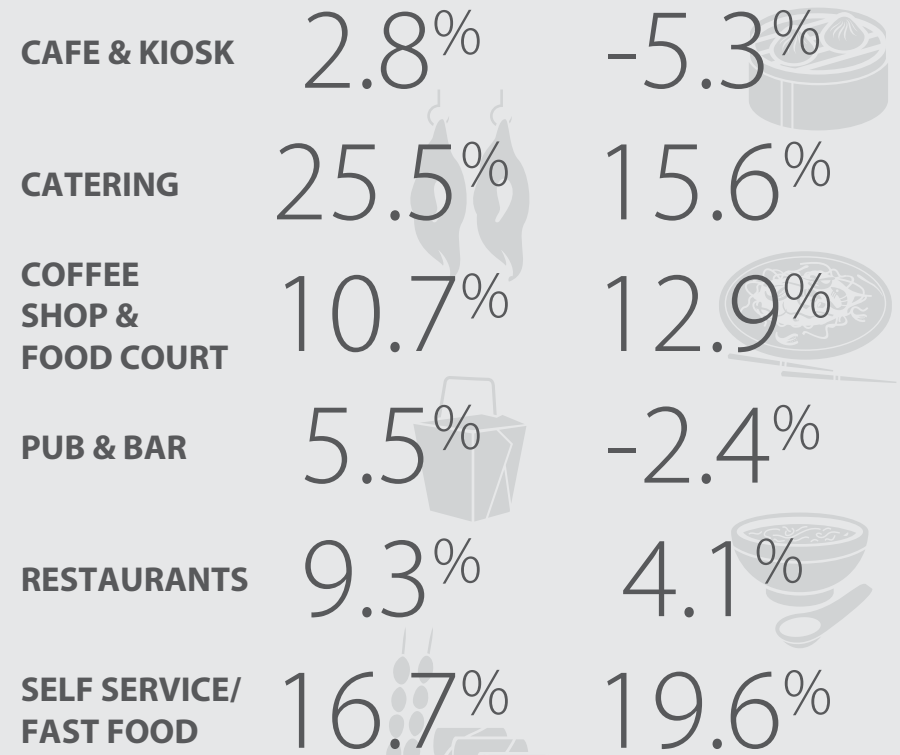
### LABOUR COST AS PERCENTAGE OF SALES



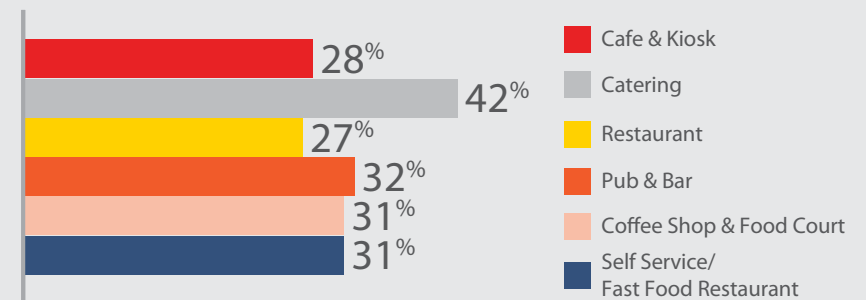
SOURCE: Singapore Productivity Centre; Productivity Benchmarking Report (Food Services), 2016.

### RETURN ON INVESTED CAPITAL

### RETURN ON CAPITAL EMPLOYED



### COST OF GOODS SOLD (COGS)



Figures are given on a per annum basis unless otherwise stated.

SOURCE: Singapore Productivity Centre; Productivity Benchmarking Report (Food Services), 2016.



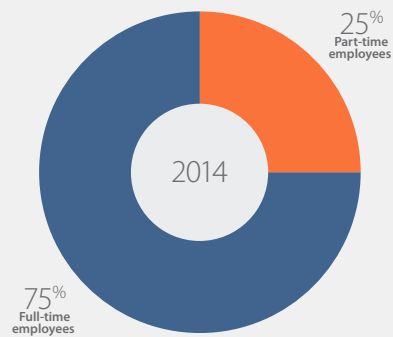
# Chapter 5

How you can build a strong team

The ability to manage workers—from recruiting and training to motivating and retaining—requires business owners to provide structured HR management and practices. Fostering a sense of community at the workplace is also cited as valuable by F&B entrepreneurs.

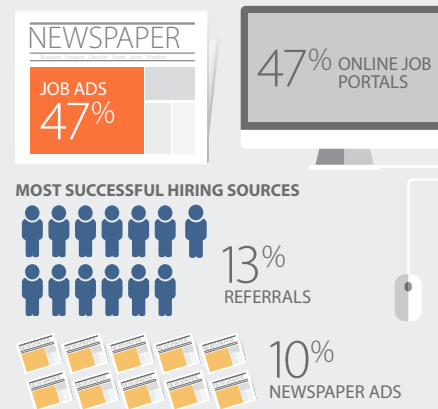
#### SINGAPORE ACCOMMODATION AND FOOD SERVICES SECTOR – SOURCES OF MANPOWER

TOTAL NUMBER OF EMPLOYEES (FULL-TIME AND PART-TIME)



SOURCE: Ministry of Manpower; Labour Force in Singapore, 2014.

#### MOST COMMONLY USED JOB-APPLICATION CHANNELS



SOURCE: SPRING Singapore (2015), Manpower and Compensation & Benchmarking Study.

### What training should I provide?

- On-the-job (OJT) training remains the widely adopted training method, with 85% of F&B owners using OJT to train its staff. New employees receive an average of 65 hours of OJT training<sup>12</sup> in 2014 as compared with 111 hours in 2013. F&B employees would require shorter training time if the job functions are simplified through the adoption of productive measures.
- Employers can also tailor and map out employees' training needs and requirements by utilising the Food Services Skills Framework. The Food Services Skills Framework can help companies to identify emerging skills, develop occupational profiles and create competency and training frameworks for their employees. More information on the Skills Framework and how companies can use it is available at <http://www.skillsfuture.sg/skills-framework/food-services>.

<sup>12</sup> Singapore Productivity Benchmarking Food Service Report, 2015

- The Basic Food Hygiene Course (BFHC) is mandatory for all food handlers<sup>13</sup>. All food handlers working in F&B establishments need to be registered with the National Environment Agency (NEA)<sup>14</sup>.
- Other agencies, such as Singapore Workforce Development Agency (WDA), provide an extensive list of approved training organisations offering basic food hygiene and related courses.

### How do I retain employees amidst high turnover and tight labour conditions?

- **Learning and development:** Your employees are looking for ways to grow and gain additional skills. For example, kitchen staff at a local restaurant's main kitchen were deployed to man a smaller, satellite outlet. They were cross-trained to handle both front-and back-of-house duties at the new outlet and gained new skills and exposure to point-of-sales (POS) technology as a result.
- **Flexible work arrangements:** Offering flexible hours is more likely to attract certain segments of the population, such as housewives and senior citizens, who prefer part-time work.
- **Employee remuneration and benefits:** Base pay/salary was cited as the number one driver of retention. Businesses can consider structures for bonuses, sharing of tips, profits and commissions.

<sup>13</sup> A food handler refers to any person who handles and prepares food and beverage in NEA-licensed food establishments. Chefs, sous chefs, cooks, kitchen assistants and food stall assistants are considered to be food handlers as they are primarily involved in food preparation.

<sup>14</sup> For more information on the Basic Food Hygiene Course, please visit NEA's website at [www.nea.gov.sg](http://www.nea.gov.sg).



**SkillsFuture** is a national initiative focused on training and continuing education. It was set up to equip workers with skills to take on new job functions and provide practical experience through partnerships with various industry associations. The scope of the programme is wide-ranging. It targets students and young and mid-career professionals.

Several initiatives are applicable to the F&B sector:

**SkillsFuture Earn and Learn Programme** is a work-study programme to provide fresh polytechnic and ITE graduates with structured on-the-job training and institution-based training aligned to their field of study. It is designed to strengthen leadership skills and accelerate career progression for young graduates.

**SkillsFuture Employer Awards** recognises employers who support the SkillsFuture programme and make an exemplary effort in the training and development of employees through structured skills-based career pathways.

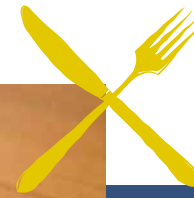
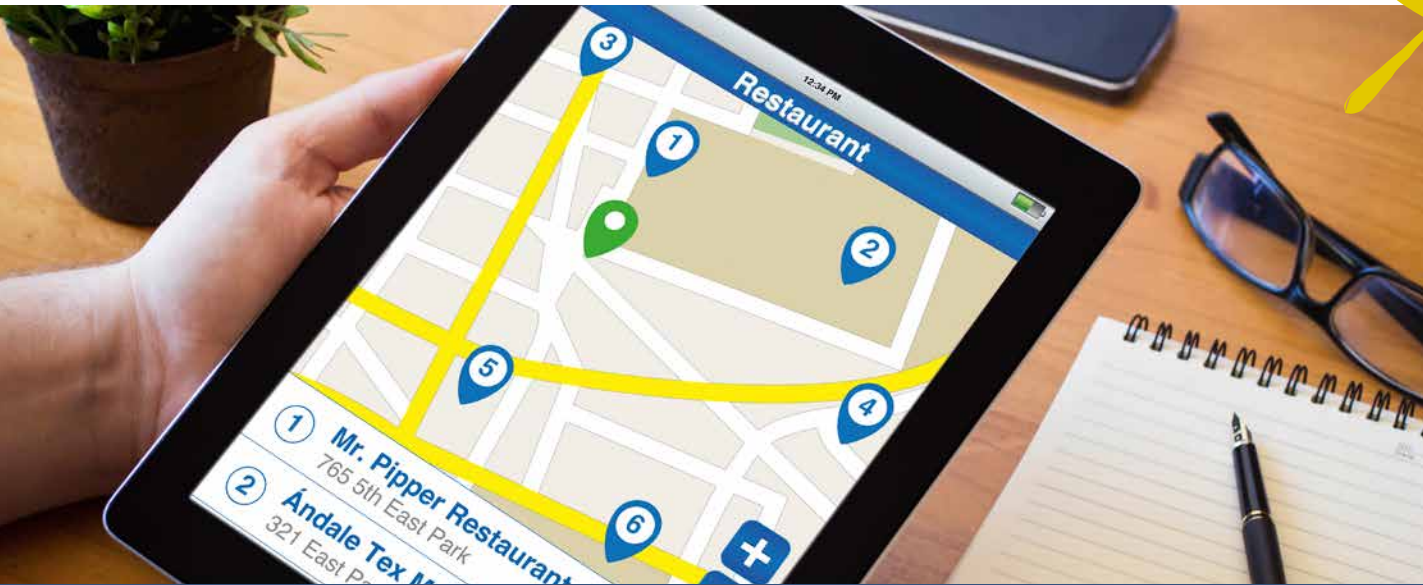
**Enhanced Internships** provide students enrolled in polytechnic and ITE courses with internship opportunities, giving them experience and exposure through meaningful work assignments.

Please visit the SkillsFuture website (<http://www.skillsfuture.sg>) to learn more about the various programmes and initiatives.

### Case in point: McDonald's upsizes the McJob

Fast-food giant McDonald's is regarded as one of the best employers globally. In particular, the company has invested in:

- Creating **structured pathways** from shop floors to headquarters with clearly defined criteria for progression. The majority of middle and senior management (e.g., regional operations managers) started their careers on the shop floor.
- Providing rigorous **on-the-job training**, for example, live training programmes at kitchen stations. This is supported by formal programmes at Hamburger University and online learning courses.
- Incentivising employees with **rich perks** such as discounts for a range of consumer products and a comprehensive insurance and healthcare policy.



## Chapter 6

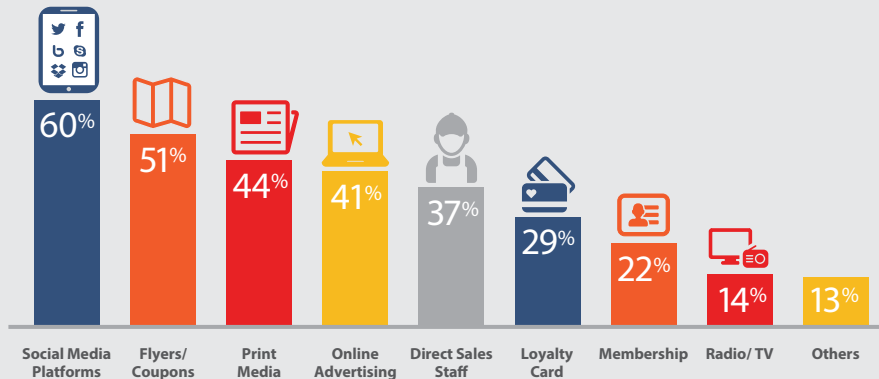
How you can reach  
your customers  
effectively



**Create a marketing plan** that takes into account how you position yourself in the market versus peers. Consider short-term tactical strategies such as special promotions to encourage sales in addition to longer-term brand building efforts.

**Understand the consumer decision journey:** If marketing has one purpose, it is to reach consumers at the moments that most influence their decisions. Know your end users and adopt marketing strategies that will directly appeal to them, particularly when they are in the “evaluation” phase of the consumer decision journey.

#### METHODS USED TO RAISE BRAND AWARENESS AMONG TARGET CUSTOMERS



SOURCE: Singapore Productivity Centre; Productivity Benchmarking Report (Food Services), 2014.

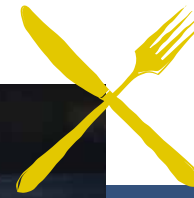
**Improve customer engagement:** Singaporeans are highly connected to mobile and online channels, and businesses can leverage a variety of advertising and social media platforms to raise awareness. Many businesses are taking a multi-channel approach to marketing—including loyalty cards, promotions, print and online advertising.

**Leverage new technologies:** A wide range of digital marketing tools are available for marketers to design, deploy and monitor campaigns. For example, search engine optimisation (SEO) can help drive traffic to your portals while customer relationship management (CRM) analytics can track customer data and allow you to customise promotions for your customers.

**Capitalise on food technology applications:** Mobile applications you could tap into include reservation applications, payment and bill-splitting applications.

**Customer loyalty programmes:** There are many ways you can build a loyal following. For instance, points or rewards-based systems, membership programmes and benefits/ customer loyalty applications where customers receive points for checking in at the restaurant.





## Chapter 7

What resources are available

Here are several organisations and resources that can help you get started.

### Agencies and associations

- **Restaurant Association of Singapore**  
(<http://www.ras.org.sg/>)  
Promotes the development of Singapore's food and beverage community through advocating, promoting and advancing the interests and aspirations of operators.
- **Enterprise Singapore**  
(<http://www.enterprisesg.gov.sg/>)  
An agency under the Ministry of Trade and Industry responsible for helping enterprises grow. Enterprise Singapore works with partners to help enterprises in financing, capability and management development, technology and innovation, and access to markets.
- **Singapore Productivity Centre (SPC)**  
(<http://www.sgpc.sg/>)  
A one-stop competency centre, endorsed by the National Productivity Council, set up to improve the productivity of enterprises. SPC focuses on the retail, food services and hotel sectors.
- **Ministry of Manpower**  
(<http://www.mom.gov.sg/>)  
Source for all manpower-related information and services including work passes, employment practices, workplace safety and health, and labour laws.
- **Singapore Workforce Development Agency (WDA)**  
(<http://www.wda.gov.sg/>)  
Supports sustainable and productivity-driven growth through continuing education and training programs. WDA helps the Singapore workforce stay competitive and employable by promoting lifelong learning and upgrading skills.
- **SkillsFuture**  
(<http://www.skillsfuture.sg/>)  
A national initiative focused on training and continuing education to equip workers to take on new job functions and provide practical experience through partnerships with various industry associations.

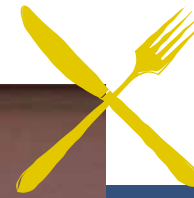
### Government schemes and grants

- **SME Portal**  
(<https://www.smeportal.sg/>)  
SME Portal offers comprehensive information, resources and e-services on available government schemes and grants to help you start, grow and sustain your business.
- Business advisory services are also available at **SME Centres** on topics ranging from productivity and financial management to technology innovation and overseas expansion. Please visit the SME Portal to schedule an appointment with a business advisor by selecting Networking >> SME Centres >> Make an appointment.

### Regulatory agencies

- **National Environment Agency**  
(<http://www.nea.gov.sg/>)  
Licenses and regulates all food retail businesses. Additionally, NEA's Code of Practice on Environmental Health sets the guidelines on environmental health concerns in the design of retail food establishments.
- **Agri-Food and Veterinary Authority of Singapore**  
(<http://www.ava.gov.sg/>)  
Sets and enforces food safety standards for all food entering the Singapore market, from production to pre-retail.
- **Singapore Police Force**  
(<http://www.spf.gov.sg/>)  
Issues liquor licenses if you plan to serve alcohol on your premises.





## Chapter 8

Knowing when and  
how to exit

Finally, given the challenges of the F&B industry, entrepreneurs need to be prepared for situations when it no longer makes sense for the business to continue operating.



40% OF MICRO  
FOOD ENTERPRISES  
DON'T MAKE IT PAST THE 5-YEAR MARK

SOURCE: SPRING Singapore; Study of micro food enterprises (annual revenues of \$1 million or less) in Singapore, 2014.

### How do I set up my business so I can exit easily if I wish?



There are a few mechanisms that can be put in place early to minimise costs, should you choose to terminate operations.

- **Lease contracts:** Singapore leases are typically negotiated on three-year terms, and these mark natural milestones to evaluate the sustainability of your operations. Watch out for punitive lease termination penalties which may result in long lock-in periods.
- **Minimise start-up fixed costs:** As with any start-up, the

proof-of-concept in the cheapest format possible (e.g., online channel, food stall, pop-up stores) allows you to test your product directly with customers and to manage costs prior to a full-fledged investment. Several businesses start small and invest incrementally only as volume picks up. You could also consider taking over the lease from an existing restaurant to reduce costs incurred in setting up new premises. Pre-owned equipment is another way to save on high initial capital outlays.

### What are the signposts that indicate I should exit the industry?

Singapore's F&B landscape is challenging. It takes approximately two years for businesses to break even (based on revenues covering operating expenses).

Carefully monitor the health of your business using the financial and operational metrics outlined in Chapter 4. While profitability is the most clear-cut indicator of success, it must be considered within the context of your long-term strategy and whether your profits need to be reinvested to expand operations. If you are making an operating loss, you should have a clear vision to turnaround the business or consider getting out. F&B entrepreneurs, driven by passion, often fall prey to sunk cost fallacies of having invested much time and effort, and fail to exit at opportune times.



### How can I do so with the least risk and greatest return?

Businesses wishing to shut down should seek to minimise real estate exposure by negotiating lease terms and trying to sell the business to other F&B enterprises. Another option would be to sell off the machinery, equipment and other supplies through online platforms.



# APPENDIX

Manpower-lean  
formats



F&B entrepreneurs can consider alternative formats that minimise the number of workers required.

### 1) Grab-and-go kiosks

- Mainly provide food and beverages for takeout, some with limited seating capacity.
- Minimal service; customers order at the counter, collect the food and dispose of the waste themselves (if seating is provided).
- Most kiosks are small in size, approximately 150 to 200 sq ft (no seating) and 400 to 500 sq ft for 12-18 seats.
- Rely on high sales volume. It is critical for kiosks to be located in high foot traffic areas where customers get in and out within a few minutes.



#### Operations

Employees typically take on multiple roles—cashier, food preparation, stocking the food display, and packing orders. About 50 to 65 percent of the food is pre-processed in a central kitchen or pre-made and packaged to minimise the time needed for on-site preparation. Manpower needs can be further diminished with self-ordering and self-payment machines or via online and mobile channels. Grab-and-go kiosks are able to serve the same number of meals as full-service cafés and restaurants with 64 percent fewer workers<sup>15</sup>.

### 2) Food trucks

- Mainly provide food for takeaway. Unlike grab-and-go kiosks, food trucks are mobile and travel to customers in different locations during the course of a day.
- A mobile food truck must be supported by a back-up kitchen, approved by the NEA and other relevant authorities. Only simple cooking and preparation of food is allowed if appropriate facilities and appliances are provided inside the vehicle.

<sup>15</sup> SPRING Singapore; Study of productive business formats, 2015.

- Potential to secure sales volume by going directly to target customers.
- Rental costs vary based on terms negotiated with the landlord (for parking spaces). Food truck costs, maintenance and licensing fees (e.g., Temporary Occupation License) may apply.
- Minimal service provided; customers are expected to walk up to the counter, collect their own food, and dispose of the waste themselves (if seating is provided).
- Mobile kitchenette spans about 100 sq ft in size.

#### Operations

Limited space necessitates lean operations as most employees have to take on multiple roles. Although food trucks are not as common in Singapore, this format has proven to be quite successful in other cities, requiring 36 percent less manpower to serve the same number of meals per transaction as full-service cafés and restaurants<sup>16</sup>.



### 3) Vending machines

- Offer food to consumers 24 hours, 7 days a week.
- No manpower required on-site to operate.
- Minimise the burden of rising rental costs.
- Flexible to shift the machines (subject to contractual agreements) when sales in a particular area are dwindling.



#### Operations

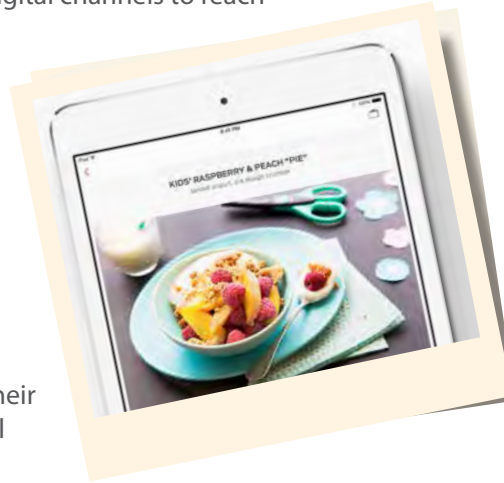
The main manpower requirement is to prepare meals, deliver and replenish the machines at regular intervals. Vending machines require 91% fewer workers to serve the same number of meals / transactions as full-service cafés and restaurants<sup>17</sup>.

<sup>16</sup> SPRING Singapore; Study of productive business formats, 2015.

<sup>17</sup> SPRING Singapore; Study of productive business formats, 2015.

#### 4) Online / prepared meal delivery

- Online and mobile formats do away with a retail presence and leverage technology and digital channels to reach customers.
- Eliminate manpower requirements by showcasing food offerings and allowing customers to place orders and make payments online.
- Potential to scale quickly with no physical bottleneck in taking orders and processing payments. At any one time, multiple customers can order their food and pay without a physical employee being present.

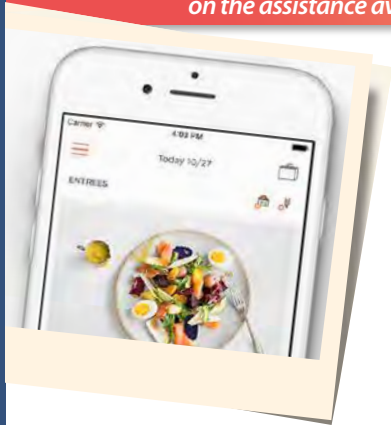


#### Operations

Food is prepared in satellite kitchens, which allows for economies of scale to be achieved. The manpower-intensive part is delivering food to the customers. Depending on the modus operandi, food is delivered to a pickup location, which is more efficient, or delivered directly to customers, which requires more manpower resources.











*Should you be interested to start a productive business format (e.g. hot food vending machine, grab-and-go kiosks), kindly contact Enterprise Singapore at [food\\_division@enterprisesg.gov.sg](mailto:food_division@enterprisesg.gov.sg) for more information on the assistance available.*



### Conditions for success

	Grab-and-go kiosk	Food truck	Vending machine	Online / prepared meal delivery
<b>Demand</b> (e.g., consumer adoption, target customer, product offerings)	<p>Packaging suited for on-the-go consumption</p> <p>Quick turnaround time per transaction</p> <p>Located in high foot fall traffic areas</p>	<p>Packaging suited for on-the-go consumption</p> <p>Quick turnaround time per transaction</p> <p>Must be highly-accessible</p>	<p>Located at places with round-the-clock traffic and limited food options</p> <p>Frequent servicing and replenishment</p> <p>Assurance of freshness</p>	<p>User-friendly experience with online platforms</p> <p>Reputation for timely and reliable delivery</p>



	Grab-and-go kiosk	Food truck	Vending machine	Online / prepared meal delivery		Grab-and-go kiosk	Food truck	Vending machine	Online / prepared meal delivery
									
<b>Supply</b> (e.g., suppliers, in-house operations)	<p>Sufficient central kitchen capacity</p> <p>Lean operations with SOPs reinforced for optimal efficiency and minimise wastage</p> <p>Combination of meals prepared in advance and cooked on-site to manage space constraints</p>	<p>Lean operations with clear roles in food production</p> <p>Proper and sufficient storage space within the mobile kitchenette</p> <p>Lean and efficient layout of the kitchen space</p>	<p>Food technology to preserve the quality and freshness of the food</p> <p>End-to-end food preparation and cooking technique to ensure taste is not compromised when extending shelf life</p>	<p>Sufficient central kitchen capacity</p> <p>Optimised delivery route with sufficient runners</p>					
<b>Enablers</b> (regulatory environment, business partner network and enabling technology)						<p>Availability of digital solutions to accelerate payment process (to shorten transaction time)</p> <p>Strong relationship with landlords and private developers to secure good locations</p>	<p>Sufficient venue permits to operate on a more regular basis</p>	<p>Suitable technology vendors and suppliers with the right capability to customise the vending machine for your food offerings</p>	<p>Right balance of outsourced and in-house delivery model</p>







## About Restaurant Association of Singapore

At the Restaurant Association of Singapore (RAS), the success of your business is important to us as we strive to advance Singapore's F&B industry.

Therefore, we are actively recruiting food services companies to be fellow members of ours, coming together as one representative body to provide diverse views and opinions, with the common goal to propel the industry forward.

We invite you to be a part of the Association to bring the F&B industry to greater heights with us.

### Some highlights of our membership benefits:

- ✓ Members' rates on our workshops, programmes and overseas trips
- ✓ Members-only industry networking events
- ✓ Exclusive access to statistics, survey/research results, white papers and proceedings from relevant government and private organisations
- ✓ Regular dialogue sessions with senior officers from relevant government agencies
- ✓ Business tips and contacts from a network of industry mentors and successful restaurateurs

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