

**BEST PRACTICES FOR SMALL FOOD ENTREPRENEURS
IN THE ONLINE DELIVERY ERA**

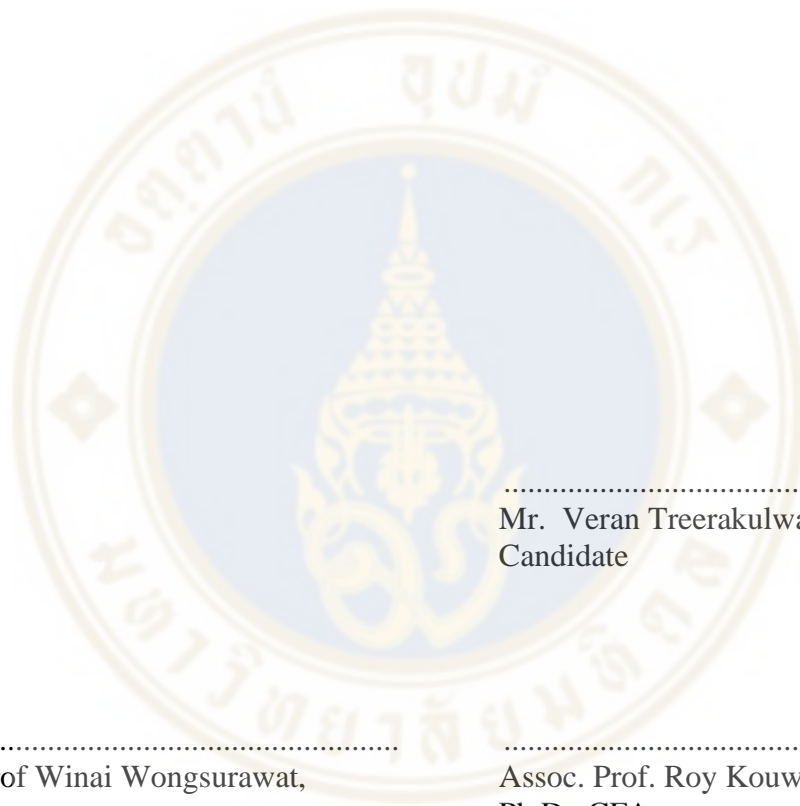


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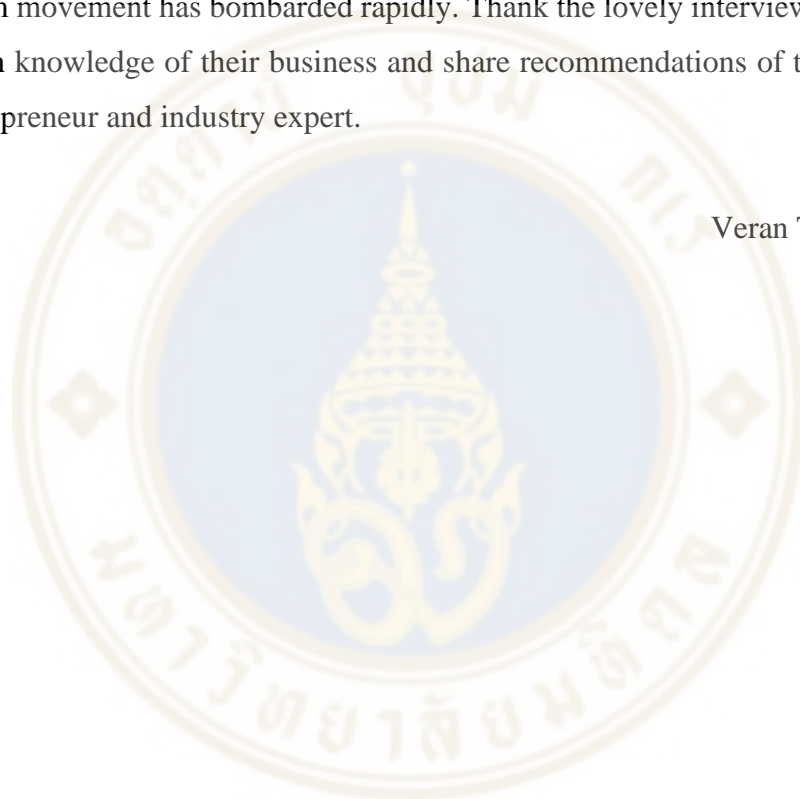
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ABSTRACT

The objective of this thematic paper is to be the guideline for the future entrepreneur who wants to establish their restaurant by addressing the essential matters and advice from successful small food entrepreneurs. Notably, future food entrepreneurs should know that technology allows the restaurant to survive and expand the business without reliance on the location as a primary factor to success, as they have new tools like social media and food delivery platforms to help. The finding will focus on the best practice of the small food business's value chain, which is sufficient enough for the future entrepreneur to see the whole picture of the business.

KEY WORDS: Restaurant/ Food/ Small business/ Delivery/ Best practice

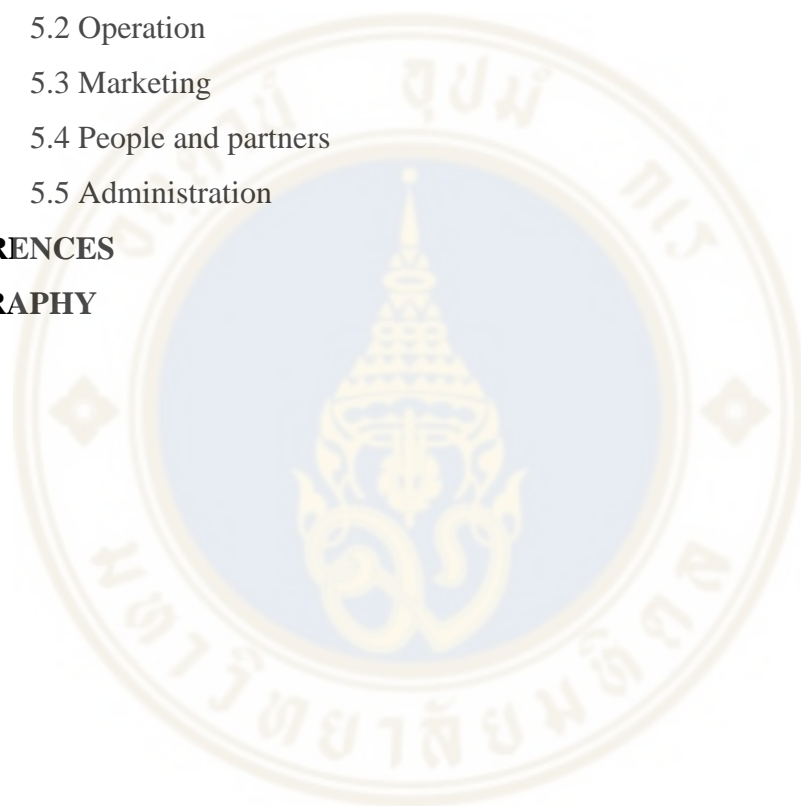
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CHAPTER I

INTRODUCTION

1.1 Introduction

Food always in our life as it is a factor that fulfills fundamental human needs, and it tells many stories about the person's lifestyle, culture and beliefs, or even the economic movement. Food does not only solve the hunger (physical needs) refer to the base of the pyramid from Maslow's hierarchy of needs; it is capable of fulfilling other human needs as well, such as the variety choices of food for health controlling (safety needs), be an excuse and tools to connect with friend and family (love and belonging needs), be a subject for new experience exploration (self-esteem needs), become part of the way of living that reflected yours believe (self-actualization needs). In Thai culture, food has become a destination. It is one of the values that define the attractiveness of one country or province to pay a visit or be the excitement of the day to discuss with colleagues, friend, and family about what to eat at lunch, which place should order in for dinner, where to have a family gathering brunch this weekend, or new trending dessert to try before anyone else. Surely that many people value food more than just only food to fill the stomach; it becomes a lifestyle of a person that links to all kinds of aspects in a person's life.

Like other people that food consuming has played a big part in their life, but not everyone wants only to consume and appreciate the food; some people want to produce food and do business out of the food industry. This industry has many types of businesses, such as food manufacture type that produces food or ingredient as an individual item that sold via the retail shop, and the foodservice type that offers food as a meal and also offer service via their channels. This thematic paper will focus on the foodservice type of food business only. To give an example of the business that offers both food and service, it includes wide range of the business's scale and different nature of businesses model such as food business holding group, chain restaurants, gourmet cuisine, chef table event, huge or tiny independent restaurant, homemade kitchen, café,

and bistro, grab and go food kiosk, online food delivery, subscription meal, and much more. The reason for focusing on the foodservice type instead of food manufacturer type is because of the writer's interest in gastronomy as it allows the food to tell the story of the restaurant and the food itself stimulates consumer's emotions and rise enthusiastic experience of craving the food; and also writer's another interest in the small entrepreneur that does not require a substantial initial investment to establish their business, he wants to find out how food entrepreneurs that establish their food startup from a tiny scale then manage to make their business survive in a highly competitive industry.

In the past recent years, the consumer market has changed its behavior due to the disruption of the technology that offers convenience to the consumer by allowing them to order the food from anywhere without bother to transport to the restaurant by using food delivery platform, and the communication platform such as social media that helps the business to tell the story, get attention and discover by the consumer. Online communication enables businesses to be able to push out their value proposition, communication message, and brand visibility into consumer perception much more effective and comfortable in the way that small businesses could never achieve in the past. Food entrepreneurs have no longer rely on their location to get customer solely, but now they can acquire customer from anywhere by using online communication, on the other hand, consumer does not have to worry about parking space, traffic jam, transportation time, or queuing time because they can use food delivery platform to get their food for them. The way appetite people getting food for the have modernized and changed the consumption behavior forever by the technology disruption of online communication and food delivery platform. Small food entrepreneur has more chance to survive without demanding much investment into their rent for a prominent spot in the prime business area because of how they can reach to their customer by using online advertisements, and they can speak to them as much as they want to without waiting for the footfall to pass their place like the past.

The objective of the thematic paper is to learn from the food entrepreneur that who survives through their establishment and development stage of the business lifecycle, also learn how do they sustain in the startup and growth stage, which are on their way toward the expansion stage. The subject expecting to learn from those food

entrepreneurs about how do they originate the business idea, the process to prepare before launching the businesses, turning point in each movement of their business, struggle found along the way in the management aspects, the key of development to sustaining the growth of the business, rationale and mentality behind the journey of their business. The scope that is expecting to learn from the food entrepreneurs include back-end, middle-end, and front-end: for the back-end include kitchen management, inventory management, supply-chain management, operation management; for the middle-end include product development, information system, financial management, business model planning, logistic, human resource management; for the front-end include marketing, communication, pricing, brand positioning, conceptual design, and much more. The expected outcome should be a pathway for the future food entrepreneur, allow them to see the bigger picture of the food business, and be able to refer to this paper as their checklist before they kickstart their business, or be a guide for the current food startup who wants to sustain their business as a checklist for their business growth's missing piece of puzzle.

CHAPTER II

LITERATURE REVIEW

2.1 Definition of food business (Ashfield district council, 2019)

The definition of food includes drinks and beverages. A food business is any undertaking involved in any of the operation task following: preparation of food, processing of food, manufacture of food, packaging of food, storage of food, transportation/distribution of food, handling of food, and offering food for sale

2.2 Commercial foodservice segmentation (CHD Expert, 2019)

1. Table service restaurant, full-service restaurant

- 1) Café, Bistro, Diner restaurant, family-style diner
- 2) Traditional restaurant, casual diner
- 3) Upscale casual dining restaurant
- 4) Fine dining restaurants

2. Limited-service restaurant

- 1) Quick service restaurant, fast food, snack
- 2) Delivery and take away only
- 3) Self-service restaurant
- 4) Food court, Hawker stall, snack stand, street vendors

3. Beverages

- 1) Ice cream parlor, frozen desserts
- 2) Coffee shop, Tea house
- 3) Smoothie, Juice

2.3 Matter to accomplish before establishing a small restaurant.

Administration work: As a food entrepreneur, besides the concept, menu, operation, supplier, there are other essential things to concern before establishing one food business: clarify the business idea, make the restaurant official, and keep the finances matters in order. (Wood, 2019)

2.4 Why do many restaurants fail?

There are many reasons to blame for the failure of one restaurant: economic downturn, consumer behavior change, higher rent, cost of material, oversupply, and much more. There are a few lessons learned from the mid-market chain's internal factor regarding the cause of struggling in their business. Begin with the inconsistency during the expansion of the reasons that cause the restaurant to fail due to their incapability to manage the quality control of their food and service, which is risky because of one-time disappointment will distrust customer forever. Another factor is unable to find the staff that makes the shortage in manpower, which is the primary cause of the inconsistency service and even stimulate the higher turnover rate. The staff shortage will affect the company's performance more negatively in the long run, so they have to make sure that the staff is happy to stay, which causing the company to grant an extra benefit to the staff as a higher wage or more holiday. The employee perks affect the restaurant industry because it has a more significant percentage of labor costs compared to other industries. (Cumming, 2018) (Suzuki, 2019)

2.5 Change in consumer behaviors

Consumer behavior has changed because of the rise of the "fickle diner" or "discerning customers" which described as the picky customer who is looking for the better place from the reviews that they found while searching for the more exciting restaurant nearby over the same place that they used to visit; this type of customer tends to demands for short-lived restaurants with specialist theme as they seeking to impress friends by photographing themselves eating at trendy "pop-ups," these changes force

the restaurant to adapt themselves to pinpoint their specialty and deliver more dynamic into their product communication. The fickle diner is commonly shared the lifestyle of open-minded people that is most likely to be young people are flexible, curious and well informed, this group of people is unlike their parent that tends to revisit their favorite place more frequently which required the restaurant to adapt their expected returned customer to be less than the past. (Hwang, 1999) (Brown, 2018)

2.6 The rise of the delivery services, ghost restaurant

The restaurant that does not require to has a sit-in table or storefront in order to service the customer, this type of restaurant is a growing trend around the world especially in Asia due to the rise of the delivery platform, it even more excellent when the delivery platforms endorse food delivery as their main feature. Estimate that food delivery service will grow 11% in 2023 while sitting down dining expected to fall from 10% growth down to 7.5%. Ghost restaurant has emboldened entrepreneur chefs well because it helps them avoid the risk of high investment cost for decoration and worker shortage; (Nagumoto, 2019) said in his article “With no storefronts, takeout-only eateries offer less risk for would-be owners.” The restaurant that serves their food via delivery only able to save their cost from the rent can grow their profit margin from 10% to 20%, and to establish delivery base restaurant demand 20 times less initial investment to rent ghost kitchen compared to the actual restaurant. (Nagumoto, 2019)

2.7 Ghost restaurant’s business model and value chain

Though behind the ghost restaurant is different from the traditional restaurant, the key to success for their product and branding is specializing in their cuisine, doing what they exceptionally well. The business model for ghost restaurants has two additional factors to concern: first is to separate menu within the traditional restaurant; second is a kitchen without the front house is one way to establish or expand the business. The owner should leverage the opportunity that offers: lower risk to test the menu, less capital, and time than a traditional restaurant, fewer worries about

servicing staff, while should focus on overflow capacity from incremental demand and expansion of the delivery fulfillment hub.

The value chain also different from the traditional restaurant as the ghost restaurant could operate without the dining area while relying on the technology to serve the customer. So, the value-chain begin with: (Fifth Wall Ventures, 2019)

Brand:

Unique value, exciting menu, business strategy

Supply chain:

Procuring of material and inventory management

Real estate:

Space for cooking and delivering that meet the regulatory conditions

Food prep – equipment:

Kitchen area and equipment that cooks and clean

Food prep – staff:

Prepare the food and clean the equipment

Logistic – ordering:

Platform, aggregator, third-party tools

Logistic – delivering:

Channel to transfer food from kitchen to customer

Other services:

Marketing, account, technologists, financial controller

2.8 Attitude to prepare for starting up foodservice businesses

In foodservice, the owner needs to prepare their expectation that it is a business that is required to invest much capital and afford to run the business; hence, it is not a quick turnover investment. Moreover, be an owner of the growing food business got to be ready to be there to assist the team all the time because of the random issue will occur. Before launch one foodservice, the owner needs to clarify their business plan and visualize how their business will grow, what required of market position, operation, and feasibility to moving forward.

Workforce plays a vital role in the business; the decision to hire the essential helper required excellent timing, especially when the company is still small because it involved the payment of the salary, team's workload management, and grooming their skill. Staff training guides, recipes for the cook, and other material is a necessity so the employee can start their work quickest as they can.

Make sure regarding how much money needed to get the business off the ground. Considering divide the capital pool needed into three parts: the first pool is a one-time cost for the equipment, the second pool is to cover the regular expense for the next six months, the third pool is to cover the owner's bill for the next six months. The owner must prepare for their startup to return a negative yield for the first six months. Foodservice will not make profitable overnight. Should prepare the business line of credit for the unexpected issue that might happen, especially at the beginning.

Investing time in the problem and looking for the solution, small tweak like the frequency for ingredient could help restaurants optimize their cost and inventory. Keep monitoring the food cost and inventory and waste; if they are out of line, it will end up losing money. (Furgison, 2019)

2.9 Types of restaurant owners reflected the business positioning

The restaurant owner's hierarchy of needs is the framework that explains the needs in each stage of running the restaurant, which inspired by Maslow's hierarchy of needs. The first level of the pyramid is generic material that required to open the restaurant, such as logo, decoration, table, chair, menu, food, staff, or kitchen. The second level is the sales volume that good enough, which can reduce stress and also provides security to the business. The third level is a social need that refers to the ability to connect and share the story, acquiring more visibility on the media, and follower base among the circle of customer's social media. The fourth level is social approval, which refers to the reputation earned from the blogger review and comment on the social platform that could contribute either useful comments or bad reviews of the business. The fifth level is self-actualization, which is the peak of the pyramid; it refers to the desire for more growth and development for the self, restaurant, employee, and community beyond the average standard.

Types of restaurant owner could be categorized into three types: First, The Enthusiast is the owner that has a less professional practice in the food business, which mostly serves the first two-level of the pyramid until they have enough cash flow to expand their knowledge to the higher level of the pyramid. Second, The Idealist is the owner that has a high ego and pride like an artist, which goes all into their concept without concerning other management factors, which could do well in the beginning but at risk to turn-out badly in the long-term as the lack of proper management thought. Third, The Realist is the owner that sees the restaurant as the investment with a clear strategy to run the business; they seek the optimal point to operate and continuously improve with help from external professionals as part of the investment. (Burns, 2015)

2.10 Product life cycle

The product lifecycle consists of four stages of market behaviors: Development, Growth, Maturity, and Decline, which will go-on from birth to the death of the product as the natural phenomenon of the market. Avoiding the death of the product cycle required the has the subsequent extension of the life cycle, recommended strategies to expand sale via a different route such as promoting more frequent use of the product, develop more varied usage of the product, create a new user by expanding the market, find a new use of the product. (Levitt, 1965)

2.11 RACE Model, marketing framework

The RACE model consists of Reach, Act, Convert, and Engage. It is the four-step of the customer journey from the awareness to the conversion. It is a simple framework that tends to use widely in the digital marketing field of work. The principle of it is quite similar to the marketing funnel as it runs from the Awareness, Consideration, Conversion, and Retention.

“Reach” is the awareness stage of the brand which focus on how to make the market know the business. “Act” is the interaction or taking action with the marketing campaign, which looking for the moment that the market stops by to consume the advertisement and consider converting in the future. “Convert” is the part that makes

the prosper customer take action of purchase, which focus on reducing the chance of drop-off customer who almost purchases but postpone the purchase because of some reason. “Engage” is the part that retains the customer and builds loyalty, which focuses on the spread of good recommendations about the business and stays in the stage of prospering customers until its time to repurchase again. (Chaffey, 2017)

2.12 Net working capital

Is the surplus of the current asset of the short term asset after deducted from current liabilities, meaning the surplus of cash in the business account and account receivable from the client and the inventory that could liquidate into cash within one-year minus liabilities of the account payable that the business needs to pay the supplier as the business owe the vendor and other credit as well as employee salary and taxes that the business needs to pay and other accrued expenses. (Bank of America, 2019)

2.13 Power distance, cultural dimensions

It is the theory to describe the way leaders position their power to manage their staff or subordinate. As the belief that societies are not equal, and each culture has a different acceptance level and reaction of the unequally distributed power. With the high-power distance management tend to show more of the formality, hierarchical, and control from the superior rank of the office in the organization to the employee that has more lesser authority. (Geert, 1984) Utilizing the Power Distance could help the employer and manager to be able to manage their subordinate easily because of the obligational duty to obey the order and hierarchy, meanwhile using too much Power Distance could cause too much fear and discouragement to the subordinate which preventing them from contributing constructive idea to the organization.

2.14 Theory X and Y, human work motivation and management

The assumption about the motivation of the people with two distinct approaches. Theory X assumes that this type of people does not like working and avoid responsibility, so they need direct order and greater control. Theory Y is the people who are interested in their work and seek responsibility and have creativity in solving problems, so they can be managed with the freedom to think and take action as they are self-direction people. (Morse, 1970)



CHAPTER III

RESEARCH METHODOLOGY

The research will follow qualitative research, interview method to learn insight from the interviewees who are the restaurant owners that incorporate online communication and delivery service into their business. The interview aims to extract the experience and lessons learned that restaurant owners have acquired throughout their business years via the opened-end question that allows them to tell the story tips and concerns. The interviewer will ask the interviewee to tell the story of each designated business management scope, beginning from the origination of their business to the sustaining period, also their future expansion plan. The interviewer will announce the overall scope and means of the question to the interviewee before the interviewing date; the session will follow the order of eight categories of ghost restaurant's value chain to help restaurant owners comfortably organize their thought during the interview.

3.1 Information analysis

An analysis of insightful information extracted from the interviews to construct the best practices and cause of the action. Insight refers to tips that highly suggest following and concern that should avoid and also an example of how other entrepreneurs make a decision their business and other matter that required to prepare for managing the restaurant.

3.2 Interviewee profiles

1. profile 01: Fah Kawin, 34, Tennen tofu and EUI Food group

He runs and establishes the family-owned restaurant Tennen tofu. The owner of the business background of knowledge and career in business and laws while he has no education background in the food business, but his experience in food business

came from his family, who run the food business group that focused on Asian cuisine. The restaurant specialized in tofu-based cuisine and flavored soymilk drinks in the sealed cup, established since 2015 in Bangkok near the Sathon road CBD, on a highly competitive food district near a Chan road.

The restaurant began from the traditional restaurant, which also produces tofu as the manufacture for other restaurants at the same time to keep the machine capacity occupied. The restaurant considers as lightly digitized because it began from the traditional approach, then it incorporates the restaurant reservation platform, food delivery platform, and online PR to enforce their business, which receiving and a great leap of growth for their customer acquisition of both restaurant and manufacturing side.

2. Interviewee profile 02: Chao Tawjan, 37, Bite me softly

She established her uniquely delicious bakery as a premium homemade bakery which offers both dessert and savory dish. The owner has a background of knowledge in film and advertisement, marketing management, and culinary. Also, she has work experience in the food industry as a food project manager for the CP group, food product developer Gateaux House, food innovation specialist manager for the CRG group, and freelancer establishment consultant for small to medium restaurants before starting her business.

The shop was selling by preorder online-only since 2012 and also produced bakery to supply other cafés, which later expanded to open the café in front of her own house in 2018 — the café located near the Phra Sumen Fort, located near the royal palace. This café considers as a heavily digitized case because the origination of the business came from the online channel only then expand, which still focused on the online as a primary channel to acquire the new customer.

3.3 Interview introduction

Please share the experience of running a restaurant over the past few years. Freely sharing the story from originating the business until the current situation and also the expansion plan. The interviewee could feel free to avoid answering the sensitive question directly, such as the name of the supplier or exact financial numbers; hence, it would be grateful if the interviewee could provide the suggest information instead.

3.4 Interview questions

There is a structure that adapted from the “Ghost Restaurant Value Chain,” which could assist in organizing the story to the business into nine categories and its related topic provided.

1. Brand:

- 1) Please share the inspiration, business origination?
- 2) What is the process of planning before launching?
- 3) What is the major evolution turning point?

2. Supply chain:

- 1) What is the process of source the ingredient and managing it?
- 2) How to store the ingredients, any special treatment?

3. Real estate:

- 1) Please explain the space management in the restaurant.
- 2) Do you mind discussing the rent expense?
- 3) Is there any regulation to apply for the restaurant?

4. Kitchen:

- 1) How to plan for purchasing equipment for the kitchen and washing area?
- 2) How to deal with the maintenance and recurring items?

5. Staff:

- 1) How do you acquire the staff for each role?
- 2) Do they need any preparation for training or guiding?
- 3) How to manage the cost, workload, and team’s spirit?

6. Ordering and delivering

- 1) How many channels could that customer order food?
- 2) How to set up the fundamental of each channel?
- 3) Does each channel need specialized training?
- 4) Is there any issue that happens frequently?

7. Financial and administration:

- 1) Handling the registration, regulatory, and documents?
- 2) How to estimate the budget and breakeven?
- 3) How to tracks of the transaction and expense?

8. Marketing and Technology:

- 1) Have you collected customer data, inventory, order, supplier in system?
- 2) How the restaurant manages and utilizes customer data?
- 3) How does the team prepare the marketing campaign?
- 4) How does the production team prepare the media?
- 5) How much budget to put into marketing?
- 6) How do you price your food?

9. Additional notes:

- 1) What mistake causes a food entrepreneur to be failed?
- 2) Any suggestion for the future food entrepreneur?



CHAPTER VI

FINDINGS ANALYSIS

In this chapter will summarize the insight that got from the interview session of two of the interviewee into the framework of “adapted ghost restaurant value chain” which consisted of nine topics, then summarized the lesson learned and key takeaway the beneficial for the food entrepreneur who want to establish one in the future or who already has one but want to expand the business.

The two of interviewees are considered expert in their field, who has experienced in the food business for more than five years but both of them stand for a different point of view and business direction, which the writer found that the learning from both side of wisdom which contains different approaches, is the most beneficial method for other entrepreneurs to see the bigger picture of their business.

4.1 Finding of profile 01

Fah Kawin, 34 years old, Tennen tofu and EUI Food group

The interview did by face to face interview with the voice recording; the session took 90 minutes of an interview at Samyan Mitrtown from 12.30 p.m. to 2.00 p.m. on the 9th of November 2019. The interview begins with submitting a question structure to the interviewee before the interview date, on the interview date start the interviewing process by announcing the right to remain anonymous, the right not to answer inconvenient questions, and ask for permission to record the interview.

1. Brand

The restaurant originated from the idea of the owner’s father, who has experience as a pasteurized tofu manufacturer in Vietnam for almost 30 years before selling the factory to the CP group in 2015. Moreover, the owner’s family running a restaurant group called “EUI Food” with 11 branches of franchise ramen restaurant and 3 branches of Shabu-shabu restaurant a couple of years before establishing the Tennen

Tofu, so they are quite experienced and already learned the proper system to run a food business from the Japanese franchiser, and also the owner's younger brother who is the co-founder of the business has studied the hospitality service from Japan is also an important reason that drives his family to open a tofu-based restaurant.

At the beginning, after decided that fresh-made tofu-based restaurant is the direction of their new venture, they went to Taiwan to find the possible tofu making machine that is small enough to put it in the storefront, and visit their tofu factory in Vietnam to learn to formulate and technique about related variable like temperature and humidity that could affect the tofu making process. The difference between small machines and large machines is the production capacity, and ability pasteurizes the package, but the formula and controlling factor are similar.

Food recipe and menu design came from the EUI Food's head chef and the owner's research from the Japanese cookbook to try many variations of taste and presentation of the food. The menu design with a criterion that it should be friendly to serve in take-away or delivery package, like a Japanese Bento (lunch box). They produce the sauce and soup at the group's central kitchen then send to the storefront because they want to prioritize the simple operational task that required minimum storefront's learning curve, prevention of the recipe leakages, save space for the storefront, leverage sharing of main kitchen capacity, avoid duplication of investment in the store front's kitchen. Using a pre-pack sauce that able to reheat to serve daily, so the staff needs to know just the instruction about how to slice the tofu, meat, vegetable, how to seasoning the dish, duration to boil the sauce with the ingredient, and food decoration.

The revenue from the restaurant that has only one branch; if the restaurant share the overhead cost of the machine into the business, a single branch cannot bring the business to the breakeven because of the cost of machines is high, but they expected the revenue from retail channel to make the benefit without OEM business after the branch expansion with a new business model that would move the factory out of the storefront, so the storefront required less space which allows them to open more branch easily. At this moment, they rely on the revenue from OEM client who is individual Japanese cuisine, Chinese restaurant, and HORECA to keep the business survive; as

currently, they cannot supply the OEM tofu to the big chain restaurant as they lack FDA approval, means on the OEM side is not leverage its full capacity as well.

2. Supply chain

The ingredient supply of the sauce and other premade ingredient using the same supplier from the other business in the group which obtains by the trusted supplier, some ingredient like the seasoning and concentrated flavor need to import from Japan, while the simple fresh ingredient like egg and cabbage are using the local market nearby the storefront. Using frozen premade food is the recommended option if it is substitutable quality, and the price is acceptable because it could reduce waste from production and also minimize the workload for the operation. It required the sample trial with a small batch of the customer to check whether they know the difference by asking the feedback from customers with an excuse for the new recipe testing session.

Find of trusted supplier for the central kitchen selected by paying a visit to all the candidates who are farm or butcher or manufacturer, which they found from google searching, food fair, and recommendations of friends. The criteria are low price, ability to handle the high volume, hygiene, and quality. Also, the service of delivering and credit term also a vital factor to consider; usually, the supplier allows 7-30 days of the credit cycle. The fresh ingredient of the storefront purchase daily due to limited space of storage, but the central kitchen that serves the entire group purchase in large volume which will refill the ingredients when it reaches the point to repurchase, which has the staff that record the flow-in, flow-out, and manage the repurchasing. Tennen Tofu could save a lot of storage and kitchen space because they produce many gradients from the central kitchen, similar to other businesses in the group.

3. Real estate

In the beginning, the location was decided to be on Phompong Road as it is near the Japanese community, but there is an option: St.Louis Road near the Thai-Chinese community. The decision comes down to St.Louis Road because they got a decent area that has excellent visibility and footfall and also was allowed to park the car on the street with cheap rent of 40,000 THB for a three-story townhouse. However, the district regulator not allowed parking on the street anymore, which significantly affects the sales volume, so they are currently looking to move the location.

The location affected their ability to grow as an OEM for the big client because those clients demand FDA approval, but their location is on the residential area which FDA is not allowed to operate the factory, so they were recommended to move the machine to city skirt area that allowed to operate the factory in order to acquire FDA approval, meaning they should separate the storefront and tofu factory to maximize their profit for both retailing and manufacturing.

At the current location, a townhouse 4-meter width to 12-meter depth, the owner divided the space by letting the staff stay on the third floor, using the second floor as a dining area, first floor for taking an order, and kitchen. The kitchen area takes the most space on the first floor because of the half of the space is occupied by tofu machine that connected to boiler machine and washing area, while the rest of the kitchen is just a stove and refrigerator, then the cashier that connected to the beverage bar of making the sealed-cup soymilk, and two dining table, and toilet.

4. Kitchen

The storefront's kitchen, if excluding the tofu making machine, the kitchen is very tiny just a size of six square meters, which contains each of two head stoves, one door refrigerator, microwave, a two-section washing sink, a shelf that attached to the wall, and walking way. All equipment purchased together at the beginning. The list of the required equipment in the kitchen came from the menu specification; if the menu has grilled tofu, then they need a grill pan.

Meanwhile, the central kitchen that following the advice of the Japanese adviser suggestion, which the owner is sourcing the equipment by himself and his procurement staff. The size is enormous with an area of hundred square meters, which excludes the storage area where they put the cold room to preserve the large item, freezer, and dry storage separately from the kitchen. The kitchen layout place the chiller on one side of the wall while having the working island and separated packing islands in the middle, then the placement of cooking area, wettable, washing sink, ingredient preparation area, and plate storage are design following this order in L-shape which is usual practice in food business by putting the cooking area the shorter end of the L-shape. However, on the business side of the central kitchen has not reached its full capacity, so the bigger the business, the more the company could leverage its investment from the central kitchen. The maintenance of equipment for both storefront and central

kitchen using the company's maintenance staff to repair everything, as most of the equipment is simple enough to fix by a staff in-house.

5. Staff

The staff separated into the storefront staff that represents each restaurant and the back-office staff, which work for the whole group. The back-office staff has a very low turnover, more than five years, wise verse the storefront also has low turnover in the cashier and manager position, but the food assembly and waiter position has high turnover as the staff mostly young and still be a student who cannot bear the job that required to stand up most of the time for long hours.

The company did not put extra effort to motivate the staff via personal and emotional level; they prefer to motivate the staff by using the cash reward when reaching the goal and career opportunity to incentify the staff. Also, there is a penalty when the staff misbehaved like dress inappropriately to work, which the fines will go to the tip box. The operation in the shop oversees by the store manager, then reported to the area manager that oversees all the restaurant, the reported to the operation manager who is also a head chef.

Acquiring the employee in Bangkok using online job board and the hiring poster at the shop as a primary channel and they are the most successful channel to get the staff, but for out of Bangkok find the staff by the same channel while adding province's job center, and mall's job board too because there is less candidate submit the job application compared to Bangkok.

There is a training session for the recruit about processes to service the customer and how to prepare the food precisely, which recorded as a guideline to reference. Also, apply the buddy system that lets a senior staff coaching the recruits onsite.

The issue found regularly is skipping the process and poor quality control like not careful with the soybean preparation causing contamination makes the tofu got rotten fast or has gas inside the tofu, or adding too much salt or using the wrong temperature causing the incorrect tofu texture. This poor quality control could damage the reputation severely and difficult to detect; the only channel to detect the flaw is when the customer complained via social media already. Meanwhile, the missing ingredient and damage utensils are acceptable if the yearly occurrence is less than 5%.

6. Ordering and delivering

Channel to order is a storefront, delivery service mobile applications, and direct message on a Facebook page for catering service. The storefront and catering service is quite simple, but the delivery service has other processes. The delivery service and mobile application can classify into two categories: the service without fee like Lineman and Get delivery; and the service with a fee like Food Panda and Grab Food.

The delivery service that collects fees usually settle monthly via a bank transfer, which handles by the company's accountant. The fee of each platform charge differently: Food Panda collects as a percentage of the total value while the Grab Food collects as a fixed cost per item.

The issue that commonly found in the packaging that leaked by not handled with care from the delivery man even though the food designed to be takeaway friendly since the beginning, while the difficulty from the wrong order rarely occurs because the menu is simple and not change often.

7. Financial and administration

Registration of the foodservice license and business entity using the staff from the center office of the restaurant group to process all the registration because they are familiar with every process already, but flashback in the early day of register the first restaurant even the owner has background about the laws it is still struggling a little with the complication of the documents. On the other hand, the restaurant part is doing fine with the registration, but the company still cannot obtain FDA approval for the factory part due to the zoning regulations, not because of the quality of the factory.

The breakeven of each business or branch estimated by referring to feasibility projection. The projection based on the amount of seat, average value per order, and turns of customer round in one day, which update yearly. Working capital has not reserved in particular because every business shares the capital from the main pool of funding from the central office, they only left a small amount of cash enough to buy the fresh ingredient, and banknote and coin for change at 5,000 THB per day, while deposited the rest every day.

Most of the group's businesses reach the breakeven after three years before delegating the overhead cost from the central office to the account, but if the sharing of the overhead cost founded, some branches may not hit the breakeven yet. The

investment mostly sunk at the cost of the store decoration, rent, and store's kitchen equipment; meanwhile, the central kitchen considered a modest investment because it is an asset that can serve and share the cost to many branches.

8. Marketing and Technology

In the early day of the business, they barely acquire footfall from the customer until the first food reviewing the show on TV has visited, then another show and blogger keeps visiting his restaurant after the first one. This PR will drive the sale growth to spike around two weeks after the show on-air, especially the online delivery order; then, the peak will fade out. The company focused on organic communication via social media and food recommendation platforms such as Facebook, Google Maps, TripAdvisor, Wongnai, and Eatigo, they regularly joining the campaign that set by the platform if they invited, and always welcome and offer free food to the blogger from famous to micro-influencer to review and share images of their food. Meanwhile, the membership system still uses the manual method, which is a physical card, and making a note because of the limitation of the database, so they cannot do the CRM much.

The tofu restaurant is having once a year seasonal menu on the vegetarian festival which is a must-do campaign as it is a restaurant's specialty, while the special menu updated every quarter which is one way to help customer to discover us from the seasonal menu, and the one-day promotion on the selected menu on the same day 12th of every month, which brings in the regular customer to revisit or online order often.

POS system using an outdated program to record the order, which is unable to modify or integrate into other plug-ins or visualize the report to analyzes or record membership data, while the company is managing the stock via accounting programs that required the manual setup to match the requirement to control the stock and repurchase. The owner currently looking for a new system for both functions that can synchronize, able to record membership data.

The average price of the tofu business is around 90 THB has calculated by using the cost of the ingredient at 35% from the selling price, which refers to the tofu's market price, but the actual cost of food is 20% because they are the producer of the tofu which is the main ingredient.

9. Additional notes

Need to be committed to the business because it is a type of business that demands much attention in detail, and many unexpected things occurred all the time. The recipe from a great chef may not always deliver as expected to the customer because of poor quality control that causes by poor workload management for the operator during the busy time. Knowing how to convince the chef is essential because the chef always passionate, confidence, and stubborn, then sometimes refused to listen to the reality of the business side.

4.2 Analysis of profile 01

Fah Kawin, 34 years old, Tennen tofu and EUI Food group

After interviewing with Tennen tofu, Fah Kawin, 34 years old, who runs his food business with a mindset like management of the mature corporate than an entrepreneur who did everything, even though his new venture is still small as a startup business. He provides plenty of useful information that he learned from the Japanese franchise business and his experience of running many types of small food businesses. Found that the interview result can categorize the extraction to seven pillars, which are the crucial takeaway for other food entrepreneurs who are looking for the mentality and management style of the franchise restaurant's efficient operation that transfers to the small food start-up which aims for expansion later to the mass consumer market via both offline and online channels.

1. Owner's Mindset and Business model

1) "Understand their positioning" that they are not a premium food business is vital because it is the seed to plan the business and other execution, many of food entrepreneurs are passionate until they get lost in their dignity and dream, they forget to look at the floor of their capability and actual goal which cause the cloudy decision that not align with original direction, which reflected by overdoing or ignore the helpfully substitute to save initial investment and operational effort. For example, if the business wants to sell the fried chicken to the mass market which is the customer that is not sophisticated who looking for delicious food at the affordable price, while the fried chicken cause the business to prepare the batter mixture and clean the cooking station

which consumes an extra one hour twice a day, then the business should consider the premade suppliers as a substitute if the taste and price is acceptable price.

2) “Know their category” because thinking in the way of a chain restaurant, boutique café, or delivery oriented food is different; each category has its uniqueness and needs different planning since the core competency, revenue model, menu designing, key message to the target audience. So, the owner needs to stay true to their category and business direction to optimized the energy and effort that put into the development of the businesses. Changing the direction is good too; if it is time to change because the old one does not work, recommended to change the whole paradigm of the business, do not change just one part while expecting the significant change to happen.

3) “Revenue model” with OEM and retail restaurant together. The owner planned to run parallel channels of income since the beginning because the machine is costly and has a high capacity that could cover both tracks easily. The rule is higher productivity equal to better cost-efficient of the machine investment as both tracks sharing the same asset, so the growth in one track will automatically subsidize another track’s productivity pressure.

2. Menu design strategy

1) “Bento Box” menu design that planned to be friendly for the takeaway order or delivers since the beginning as the owner inspired the way that Japanese consumers purchase food on the way back home, which most of the food packed in the box. Simple menu options, so it causes less confusion for taking the order and less chaos in the kitchen, especially the order taken from in the delivery service that too many menus is difficult to navigate and decided on the customer side.

2) “Scalable food preparation system” means it required a low learning curve to make the food, so there is no need for a high skilled cook to control the taste of the food and can find the replacement of the food assembly position easily. They try to use the material that distributed from a central office as much as possible, such as pre-marinate ingredient, pack of the sauce mixture, or a pack of seasoning and condiment mixture to cook a specific menu to control the taste.

3. System for Operation

1) “Inventory system” to manage the inventory is vital to optimizing the freshness of the ingredient, the right amount to order, and control the unnecessary sunk cost. So, recording the flow-in and flow-out of the inventory is a must, also the trigger to reorder the ingredient, which would take a while after open the business to learn the right stock and right time to trigger.

2) “System to operate” the kitchen for a chain restaurant help the company save additional investment on kitchen equipment, able to control the standard of the test, prevent leakage of the recipe, and make the business is scalable. They use the centralized kitchen to produce the sauce and marinated ingredient to send the standard recipe to the storefront kitchen to reheat again at the smaller kitchen, which saves the space for the storefront.

4. Quality control

1) “Quality control” is the most crucial factor to manage in operations, the factor that will define the sustainability of the restaurant. To earn the customer is demanding, but to lose them is easy because of the quality of food and service that below standards will create a negative attitude toward the brand. To maintain excellent service and food is involves the art of managing the workload of the staff because it will reflect on the careless quality if the staff has too busy.

5. People management

1) “Managing people differently” is essential because of the highly skilled and lower-skilled staff think differently. The highly skilled or talents like a chef or operation manager are confident in their thought, which will not comply with everything, so they need more convincing when their idea does not align with the owner’s preference or direction, while lower-skill staff sometimes careless of their duty, so they need to incentive and penalty to manage them.

2) “High power distance” is a suitable management style for the owner and top tier staff to manage the operational staff of the restaurant that aims to expand widely in the future, as the company is the aim of mass expansion and implemented a scalable system since the beginning, so the system was already designed for flexibility to replace the staff quickly if they cannot perform their task. This means the lower-tier staff should feel intimidated for losing the job if they are not complying with the direction that comes

from the top tier staff. Meanwhile, the management staff allowed to invest less effort in the operational staff's emotional factor and motivational factor, and leave the operation manager and store manager to handle their team with a low power distance.

6. Other Administration

1) "Separating the overhead cost," when determined productivity's performance for each business is necessary because the cost that able to share between businesses like OEM and retail will get cheaper over time by the contribution of both tracks combined. So, to identify the performance should not include the overhead cost like the tofu making machines into the calculation, then look into the operating profit as a critical factor to decide for future strategy.

2) "FDA approval" is different from the permit of food business license, the food business permission will inspect the kitchen layout of the kitchen, storage hygienic, and standard of cleaning area to identify the risk of bacterial contamination, which is complicated to follow the suggestion but still in the level that an entrepreneur could handle on their own. Nevertheless, for the FDA inspection is more complicated because it involves the pollution, equipment, environment, zoning of location, and much more; it is not necessary to the restaurant that does not want to supplies their product to the big retailer or big business, which requires a factory hygienic certification like FDA or GMP. The problem found in this business is they put the machine in a residential area where they not permitted to establish a food factory, so the must move the machine to another location where they allowed in order to get the FDA approval, which is vital to their OEM business track.

7. Marketing and merchandising

1) "Restaurant awareness" is essential; otherwise, no customer will discover the business even though it has opened for a month. Bloggers review will keep attracting another food reviewer to visit and make a review of the business continually. Make sure that every platform, application, website, or service related to the food and restaurant has a restaurant's account on it.

2) "Seasonal menu" help customer recognize the restaurant specialty easily as it is a powerful message for communication in each month, so the audience finds it is eye-catching than the standard menu that they get familiar with already.

3) “Monthly promotion” that has a pattern tend to increase the revisits frequency of the existing customer; it is like a milestone of the existing customer to get a good deal in a limited time frame, which is excellent for the business that surrounded by substitute option to keep the customer if they do not revisit they always have another choice to choose for their meal.

4.3 Finding of profile 02:

Chao Tawjan, 37 years old, Bite me softly

The interview did by face to face interview with the voice recording during the interviews, the interview to time around 90 minutes at the Bite Me Softly ‘s café from 4 p.m. to 5.30 p.m. on the 3rd of November 2019. The interview begins with submitting a question structure to the interviewee before the interview date, on the interview date start the interviewing process by announcing the right to remain anonymous, the right not to answer inconvenient questions, and ask for permission to record the interview.

1. Brand

She began from a tiny business among the circle of friends before she decided to establish a Facebook page for her businesses as she saw the opportunity to make an extra income from her additional interest. She began her business while she was working as a food developer for a full-time job. The turning point that drives her to resign from the full-time job is that she got orders the OEM clients that began to exceed her capacity, while she saw the opportunity that her business still has much potential to grow if she put full effort into the business. Likewise, the owner wants to turn her hobby business into the family business with her husband, who was a freelance photographer at that time, because of this business could provide a stable income for her husband.

The business proliferates after the owner decided to put the full effort into the business, especially the first three years; the business facing a slowdown due to the external factor, which is the coup d'etat in Thailand. The owner understands that it is a business lifecycle that has passed the growth spike already, which she decided to keep the business steady and stable with minimal grow is the best way to handle the situation. That action that she took is trying to balance the ratio of her business 's source of income

between OEM and retailing, Trying to find OEM client to keep the company running with lower risk even though the profit margin from OEM is skinny; while trying to grow the retail customer because it is her brand that she could push an effort to in the market by herself.

Every growth in her business occurred when she did a rebrand, repositioning, and adjust her food portfolio. Change in graphic, photo-shooting style, and continuously adjust the product line with a seasonal menu and menu of the month does create significant growth. Also, expanding the product line to the savory food to a casual Chinese cuisine that compliments the existing bakery line help expand the basket size. The major rebranding was when she decided to do a significant update to her logo and business positioning from the bakery to home kitchen and tone of the cuisine from European base into Asian base cuisine; she opens a café and bistro as her showroom in 2018 in front of her house.

2. Supply chain

Selecting the supplier that she already knows well or referred by its excellent reputation and must be the reliable supplier that able to deliver to the shop because she avoids wasting the time of transportation; that recommended supplier does have a trade-off, which is the higher volume of minimum order. The owner should prepare multiple suppliers and substitute for creating the bargaining power over the supplier, especially the fresh ingredients supplier. The problem found with the supplier is missing the quantity, different specifications, offer the order to other businesses that more prominent during the supply shortage. To handle the problem with suppliers efficiently required a connection and good reputation among people in the food industry to pressure the supplier to comply with the agreement and remain honest.

The storage is able to divide into three categories: room temperature, chilled temperature, freeze temperature. There are regulations for the food ingredients storage that bases on temperature that suitable to the ingredient in one chiller, and another essential rule is always to keep the ingredient that has a higher risk to spread the bacteria at the bottom of the chiller.

The ingredient will be refilled weekly as the constraint of the storage size and want that need to keep the ingredient fresh. For the payment term, there are two

payment methods: cash payment for the local farmers and tiny suppliers, and another method is one-month credit for the professional supplier.

3. Real estate

She does not pay the rent as it is her house, but the cost of the central kitchen is unable to track as she invested overtime. The construction cost of the 60 square meter café is 1.8 million THB as she builds the foundation of the building for future expansion. Area management of the business consists of cooking area, washing area, storage, pick pack area, and café. The café is the extension of the business that consists of the dining area, light kitchen, and cashier.

The kitchen area connected to the washing area, which supposed to plan in the standards L-shape kitchen by locating the washing and cleaning area distance away from the cooking area. The raw ingredient preparation area in the middle because the kitchen supposed to separate the contaminable area away from the cooking area. The cooking area can categorize into a hot kitchen for cooking a meal and cold kitchen for the bakery.

4. Kitchen

From the early day of the business, she invests in her equipment little by little; she was not purchase everything at once, only purchase the equipment when necessary. The rule that she applied to the purchasing decision is that equipment must contribute an income that could payback within two to three months, and timing the purchase closer to the high season as the high season would generate the return quickly, then she does not have to sink her invest too long.

Purchasing of the kitchen equipment divided into machine and equipment which obtain different criterion of purchase. For the small equipment and fridge using price and quality as a criterion while the maintenance not included because it is cheaper and easier to replace by the new one, while the machine is necessary to have the mechanical support for fixing. The dispensable item is not repurchased weekly like a food ingredient as it purchased in a gallon, so it would take a longer time to repurchase.

The stock fulfillment for both food ingredients and other supply has a system to track the flow-in and flow-out and trigger point to repurchase, which she uses just a simple excel sheet to communicate among herself and the employee.

5. Staff

Acquiring the staff by the referral of the staff only because of the circle of a friend tends to share a similar attitude and value, which she tried to recruit via the recruiting platforms before, but it does not work with her business as it causes very high employee turnover. The business currently has 15 fulltime staff, salary range between 15,000 to 30,000 THB with 1.5 months yearly bonus, got ten days vacation date and flexible personal leave, the average age for the kitchen staff is older around 35 years old while servicing staff is younger around 20 years old. She prefers to recruit the inexperienced person, as the experienced staff demands a high salary and stubborn to adapt to the company's methods of cooking and operating, which refer to French Kitchen management mixed with Food manufacturers system.

To maintain the low staff turnover, she using the activities that build the engagement among the staff and attentiveness into each person's emotions to take care of the staff as the high proportion of female staff, the jealousy among the employee is the frequent issue, which demands a customized session to discuss with each individual. Another issue regularly found in her business is the new recruit is not determinant and scare of hard-working because the work task is demanding high attentive to details and precision.

The teaching process is to follow the company's recipe. The process is letting senior staff teach the new employee while the owner is monitoring the detail of teaching process because it is an excellent method to check the completeness of the senior staff at the same time and she would like the junior staff to respect the senior staff to the contribution of senior employee's self-esteem.

6. Ordering and delivering

The café did not join the restaurant discount platform like Eatigo or Hungry hub because it is damaging the brand image. So, the channel to ordering food from the café consists of Facebook messenger, Line account, Lineman, Get delivery, and Café. However, the ordering channel does not include Grab food because of the bad experience the occurred to the owner about damaging the cake very severely, and the company refused to acknowledge the issue.

The owner prefers ordering via Lineman the most because the POS system is the Wongnai system, which connected to Lineman directly, which means the café can

manage their menu at the Lineman platform in realtime via the Wongnai POS system. Issue about taking order found in Get delivery as of the system of the platform is not mature yet, which causes the wrong order input due to the café can not update the menu regularly; causing her customer to adding extra note to the driver to modify the order into new menu that updated at the café but not yet appear in the Get delivery's menu.

7. Financial and administration

About the licenses, part of the company registration at DBD there is a license form the food regulator that required to achieve before opening the proper restaurant and cafe, but mostly the owner prefers hiring a lawyer or agency to handle the process for the convenient as the regulator seems to be overly strick to minor details, which may involve with bribing that officer in some case. Meanwhile, the GMP license is not necessary to obtain one yet, according to her business scale and ability to negotiate with the OEM client; she decided to submit her food for contamination test every month instead because it cost less and less complicated.

Working capital needs to reserve at least for two-month expenses, which include employee salary, ingredient supplier billing, and utility bills; Mostly get tight when acquiring new OEM client. Usually, regular credit term for food industry supplier is 30 days, but the OEM client is 60 days. For the breakeven of the latest investment in café, take one year to hit the breakeven point. Taxing is being paid for a couple of years already since she operates the online-only business as the government addressed that online business must pay the tax.

8. Marketing and Technology

In the early day of the business, she did a blog for the cooking tips and dessert recipe; she has to create the credential that builds her fanbase that believes in her cooking skill. Currently, the company has developed from a blog into an online cooking school which teaches all the recipe in her café and bistro, the reasons for having an online cooking school is to strengthen the core business's reputation and become another channel to reach out to the broader audience.

She decided to build a café after the online business is stable enough because the café itself is an excellent tool for marketing that allows the blogger and content creator to pay a visit to her showroom for the food review, which unable to earn this type of media in the online-only business. Also, it is a great way to earn a free media

from customer that even better than before because usually the customer love to take a picture of their food but its never appear in a consistent format as the plating of the food depend on customer, therefore with the controlled environment, the café can decorate the dish nicely for the customer to take a picture of their food.

The café store the data of all order and even customer profile because of she using Wongnai POS which provide the report of the item ordered and customer demographics, the café utilized the report to adjust the menu planning.

The communication campaign takes one week to prepare the marketing material as she did it in-house by her husband, who is a professional photographer. Usually, she spends around 5,000 THB for buying ads on Facebook but will not pay for the influencer review; she only accepts the influencer that visits organically, which she willing to offer the food sample for the review. The owner prefers earing relevant audience persona via word of mouth from her existing customer's circle of friends and family rather than blast out to earn an irrelevant audience.

The pricing model is around a three-time multiplier from the cost of ingredient and will add half time multiplier into a specific menu that is difficult to produce, while the industry average pricing model is four-time multiplier from the cost of ingredient. The reason she can charge for a lower margin because of rent has not included. This pricing model will prevent the business from distributing via malls and retailers as those will collecting a commission around 30% of the gross profit, which will cause her food price to be unreasonable to purchase.

9. Additional notes

The owner encouraging the future food entrepreneur to find a career in food companies before starting their own food business because of the work experience will help the entrepreneur survive through the tough time. She emphasizes that the experience and knowledge that she learned while she works as a project manager for the CP group is a significant key to success to her career and business as she got a chance to handle the whole value chain of the food business. The system in the business is the core of efficiency and sustainability. Implementing the QCQA system (Quality checking and assurance) similar to the big corporate to the small business is easy and very helpful even though it creates additional tasks to the employee, but it is essential to implement.

Also, provisioning the future of the business five years ahead of time is very important to plan can curate the journey of the business.

4.4 Analysis of profile 02:

Chao Tawjan, 37 years old, Bite me softly

After interviewing the owner of Bite me softly, Chao Tawjan, 37 years old, who has offered valuable insight and recommendations from the aspect of an experienced consultant in the food industry and food entrepreneur who started her business with limited capital to invest in the early day of her food start-up, which she cover-up with attention to detail and perfection of her food.

Found that the interview result following the structure of the adapted Ghost Restaurant Value Chain can categorize the extraction to five pillars that are the crucial useful takeaway for other food entrepreneurs who want to start an efficient small food business with a limited investment resource which aim to be the best of what they do in a boutique style and leverage from digital media and channels.

1. Owner's Mindset and Business model

1) "Patient" is necessary to develop a business because of the skill, experience, understanding of the business's nature, brand reputation and food signature will not going to acquire easily and quickly if the business has limited investment to spend. It is not necessary to go big since the beginning, start the business with a smaller scope that allows the owner to see the problem clearly, and avoid overspending on the investment that is not necessary yet because it is a distraction to the necessary matters. The mindset of the owner looks for stability in the business, prefers small growth, which growth consistently more than the peak of the growth.

2) "Provision and Planning" for the future allow the owner to build the roadmap to complete, and then it will show the necessary action to take and the goal of each milestone in order to reach the destination. Working system implementation is necessary to improve the company operation, and business models that make sense are essential for an efficient business, which required clear provisioning into the future in order to build a working system and business model that suits the business.

3) “Multiple-channels of income” play an essential role in the company’s stability and growth because OEM keeps the company financially healthy while Retail allows the company to maintain the value of creativity. Be an OEM contribute a low-profit margin per piece, but when it has accumulated together, the amount of revenue is not tiny. Meanwhile, the retailing part allows the company to be discovered by the future customer and OEM client, so they need to pay attention to build-up a good brand reputation in order to earn trust from the consumer end, which is directly attributed to the healthy growth of the company.

2. Data Utilization

1) “Inventory system” to manage the inventory is the key that keeps the operation in order and prevents wasting the company resources. Keep tracking the flow-in and flow-out of the inventory, who deposit and withdraw the inventory, notify what, and when to reorder.

2) “POS system” that is competent does help a lot because it is a tool that reports the volume of each menu, customer demographics, synchronization with the online delivery platforms, settle the payment and billing management. It will envision the owner to see the opportunity for change and reduce the administration task.

3. Marketing and Merchandising

1) “Blogger reviews” is a significant benefit of having the storefront, which is a beneficial asset because it allows the company to earn the media’s reviews that pure online business could never obtain. On the other hand, it could be a risky burden if the storefront is making losses that could jeopardize the stability.

2) “Merchandise rotation” with the seasonal menu every month and continuously update the portfolio will keep the stickiness between the business and the customer and also make the business look active in the customer's eyes. Which should refer to the historical data of the order and upcoming trend as a reason to define the direction of menu adjustment.

3) “Update the appearance and styling” regularly when there is a change such as product line expansion or especially a significant change in direction like the business repositioning. Because the customer base of the company is anticipating to witness the change from the brand that they love, it helps the audience notice the change

in the direction of product and business via the new mood and tone of the communication material.

4. Acquiring supplier and employee

1) “Referral” among the circle of trusted people help to filter-out the mismatched partner and shorten the process of recruiting the right employee. Because of the referral of supplier the company could have saved a lot from lousy supplier’s mistake, and the referral of the employee help the company see the similar persona of the potential candidate that could be a match to the existing employee; hence it helps the employee took care of each other.

2) “Connection” among other food entrepreneur help to empower the bargaining power with supplier, even though the supplier is the trusted one but the minor mistake of delivering and quality control happen all the time. So, reliable bargaining power could help the business cover-up from those mistakes that could have ignored when it happens to the small business.

5. Other administrations

1) “Agency” is an excellent way for food entrepreneurs to register the business at DBD and process for the food producer license from FDA regulator. Because of the professional who could be the lawyer or license specialist could save a lot of time and effort for the owner during the startup of the business to focus on other things that added value to the company.

2) “60 days” reserved working capital is a mandatory, as many businesses got an income as cash and credit term which sometimes be suspended from 30 to 45 days up to 60 to 90 days which damage the company cash flow; on the other hand when the company pay the supplier it need to be on time the maintain good reputation which is 30 to 45 days, so there are a 30 to 60 days different of inflow and outflow of cash.

6. Expertise

1) “Knowledge and experience” in the field of business is fundamental to see the big picture, as the owner of the café has a side job as an establishment and business planning consultant for small-sized to medium-sized food businesses, so her business has all rounded planned and has executed precisely since the beginning of her venture.

CHAPTER V

CONCLUSIONS / RECOMMENDATIONS

The topic is “Best practices for small food entrepreneurs in the online delivery era” which refer to two main topics: “small business management” and “leveraging from online delivery,” means that the conclusion supposed to deliver the wisdom about that able to teach the prospect food entrepreneur to manage the business effectively and suitable for online food delivery activity.

The valuable insight that learned from both interviewees shows that two businesses have different background and has a different way of thinking while sometimes share the similarity in many actions. The insight from the small restaurant that applied chain restaurant work method is highly systematic, organized, and design for mass-market scalability, while it demands higher capital for the initial investment and more staff to maintain the organization. On the other hand, the insight from the ambitious boutique café and bistro is also systematic as well but executed by the smaller scale that still demands the owner to take efforts in many actions, as they lack the significant investment capital and have less staff to operate the business.

Meanwhile, each food businesses approach, whether they aim for mass-market or niche-market, still shared many similarities in their practice and way of thought. So, the insight of the food business best practices refers to the structure of the ghost restaurant’s value chain that contains nine topics: Brand, Supply chain, Real estate, Kitchen, Staff, Ordering and delivery, and Notes. Which concluded into five categories of Mindset and Strategy, Operation, Marketing, People and partner, and Administration.

The conclusion will conclude by focused on the best practices for the food entrepreneur of smaller investment capital that stay in the start-up stage of the business life cycle, who plan to prioritize their distribution and acquisition via online channel, which likely to begin their food business with a single branch before confidence enough to expand their business. Additionally, the conclusion will add the recommendation that

useful for the future during their expansion stage to help the entrepreneur to provision the future of their business since the early stage.

5.1 Mindset and Strategy

1. Know the direction of the business and goal to accomplish

The best practices that we learned from the interview found that the essential factor is to know the business direction and revenues model first because it is a factor to decide since the early day of the business, which will be the seed that defines other management decisions.

Whether the business wants to go for the vertical axis as the boutique direction that drives deep in their food specialty which could slowdowns the branches' expansion as it demands higher-skilled staff to operate the restaurant, the strategy could refer to pull tactics that highly demand the marketing communication that tells information regarding the quality of the product to attract the customer to the business with the appreciation in the story of the brand and food. In this case, the customer could come from far away to visit the restaurant or order via the delivery service even though it is costly for the delivery fee and takes a long time to deliver.

Meanwhile, the direction could go for the horizontal axis as the multi-branches restaurant that focuses on the convenient and accessibility which required the simplicity of the operation to be able to scale the business with constant standards; the strategy could focus on to push tactic that chasing the customer by offering the convenience to customers by open the branch that closes to them and also promotional campaign that could trigger the impulse purchase. In this case, the purchase could occur by the massive discount or footfall as the restaurant is close to their resident or convenience of delivery service that costs less delivery fee and rapid delivery.

Multi-branches restaurant direction required much higher investment to implement compared to the boutique direction, for the small food business that has a goal to expand the branches yet has insufficient fund could stay as a boutique restaurant then expand the business later on when the funding is ready, and also the operation should be restructured to suit the multi-branches restaurant model.

2. Clarity of the brand positioning and target customer

Target consumers that focus on the mass-market, niche-market, sophisticated, or casual customer need different standards to determine the minimum requirement to satisfy each market, the consequence of the decision will influence the direction of each step in the value chain. The clarity of the decision will dramatically help to channel the scope for procurement, marketing communications, and menu design. Then the business could serve a suitable restaurant to the right customer without losing the opportunity from misunderstandings.

As the business should not confuse the customer with their positioning, for example, the casual customer who is looking for an average price of food would not consider ordering from the fancy restaurant as they could assume that the price and the food is not the scope that they are seeking. Also, procurement and ingredients selection could adjust to suit the positioning as well; if the restaurant serving a side dish to compliment the main menu and it causes the operational complication to prepare the side dish, then the restaurant should consider purchasing the side dish from the reliable supplier that offers the equivalent quality and acceptable price point because the operation issue could lead to endless issue later.

3. Multiple-channels of income

Both interview cases have two sources of income are the retail and OEM channels, which mentioned as equally crucial for the business — highly recommended if the company has the specialty and capacity to operate the OEM channel. The OEM provides stability of income, keeps their kitchen occupied, and increase the volume of their ingredient purchase which will affect for the cheaper cost of ingredient and quicker return of the equipment investment. Meanwhile, the restaurant part is the company asset and goodwill that keep the business stay active and creative, which lead to a better reputation, more significant profit margin, and more chance to be discovered by future OEM client.

4. Menu design for suitable food concept

A restaurant this day could leverage its investment in the storefront much more from the delivery services, so the food itself should be designed to maintain its appearance and quality after it delivered. The point to notice is it required less

packaging, not involve leaking issues, does not demand complicated preparation before eating, and able to maintain its quality after delivered.

Minimize the customization, avoiding too many additional options and modifications, as it will cause the operation issue such as producing the incorrect order, confusion in the kitchen, complain from the upset customer that received the wrong order, refund, or billing adjustments.

5. Owner's patient and expertise

To manage a food business demand, an intense commitment to the business as it is a high detail business and has many uncontrollable issues occur quite often that other types of business, also excellent cooking knowledge is difficult to acquire in a short period as it needs a lot of experiment and experience to master. It is not necessary to invest in unnecessary equipment since the beginning; the decision to purchase should consider the frequency of use and revenue it could contribute if the current order volume is not reaching the optimal point to purchase, but it would cause the difficulty if not purchase one then the business should increase the goal and find more order to prevent long-time payback period on the investment.

5.2 Operation

1. Inventory management system

To optimize the supply chain management required the assistance of software that helps record the flow-in and flow-out off the ingredient and the trigger point and identify the amount to reorder the ingredient and utility stuff for the inventory fulfillment, the software can be simple as Microsoft excel up to the specialized accounting software.

2. Scalable food preparation system

The food preparation should not rely on specific person's skill as the standard of food is difficult to duplicate, so the recipe instruction that identifies the amount to measure and action to take specifically like a cookbook is one of the suggested methods to train the food preparation staff to learn the recipe, which is suitable for a kitchen that prefers freshly cook food.

Another suggested method is suitable for the larger scale of the business that can afford the central kitchen which able to delivers the precook ingredient or semi-ready to serve recipe to another light kitchen as the storefront to assembly the food, which the person in charge of the light kitchen dose not required an excellent cooking skill to prepare such menu because they just follow the instruction that easy as tear the heated sauce package and pour it on the meat, then it ready to serve to customer.

3. Ensuring Quality control

The consistency of the food quality is the most vital factor of the food business yet one of the most difficult to control as the food business relies a lot on human which sometimes tend to careless with their duty during the rush hour or when they are over exhausted. So, a random quality check is necessary, and also balanced workload management to the kitchen staff is essential too.

5.3 Marketing

1. Restaurant's brand awareness and blogger reviews

Discover by the customer is the only situation that nourishes the business, so awareness of the restaurant's existence is vital. The restaurant could begin by word of mouth among the circle of friends and buy online advertising on social media to initiate brand awareness, then the leap of awareness will come, the blogger review. The review is vital to the awareness and consideration in the digital ear where there is too much information, so the influencer plays an essential role in filtering the quality information to their audience; once the first reviewer visited there are more to follow including the customer-generated content that they post and share among their friend.

Having a storefront has one benefit that the pure online business cannot obtain; it is the restaurant review because the reviewer is usually seeking for the rich content that describes that experience of having a meal, so running a pure online restaurant may limit an opportunity to get the review by many bloggers.

2. Rotation of seasonal menu and Portfolio adjustment

Having a dynamic content from the monthly special to communicate with the audience will help the restaurant to look active from the customer perspective, and the seasonal menu also helps the business catch the trend and occurring events.

Moreover, it will keep the existing customer stay alert and maintain the stickiness with the brand because there is always has fresh content continuously updated.

3. Keep refresh the brand appearance and styling of media

When the restaurant has a new message and marketing campaign like launching the new product or expansion of the product line or even re-positioning. The communicated look and feel should stick to the brand identity but refresh the marketing material to each campaign's theme. It will help the customer recall the brand and realize that there is a new message from the restaurant.

4. Utilizes data learned from POS system report

Choosing the POS system that able to record the customer profile and membership record is essential to the business these days because of those will be the data to generate the report of the best-selling product, who is the customer, when they order, and where do they order. That information helps the business to understand its customers more so the restaurant could adjust their food portfolios according to the data and also could target the right audience to communicate.

5.4 People and partners

1. Classify people and managing them differently

Managing people is a delicate matter because each person demands different conditions, which will be much work for the owner to manage. So, classifying the staff helps manage people more effectively; the classifications could be done by junior-senior staff or low-high skilled staff because it will prevent the situation where every employee contacts the management directly, which is not necessary because of the senior or higher-skilled staff could handle them easily. Leaving some distance from entry-level staff helps the senior to the manager to management govern the company with less chaos; the company could govern by applying low-power distance and flat organization style but still need to maintain some distance for each class.

2. Referral and Connection

The recommended method to acquire the staff is through the referral among the current employee's circle of a friend because they tend to share a similar interest and

feel less shock when beginning a new job; also, friends will take care of each other so there will learn the job faster.

For food entrepreneur to socialize among the community of other food entrepreneur and food lover is recommended because of the foodie community has much knowledge sharing among the group, and it will help the business gain the bargaining power to the supplier when there is an issue occurred, or the restaurant could accumulate the order with their alliance to purchase from supplier in a more significant portion to reach minimum order or get discount

5.5 Administration

1. Food business license and FDA approval

It recommended a restaurant to acquire the permit to operate the food business, which is simple enough to obtain it without special requirements. FDA approves required more, which takes more effort even sometimes need to hire the specialist to help process and audit the business in order to acquire it, but there is an issue about the business location related to factory zoning, which obstructs much business to get the FDA approval. The food business that wants to operate as OEM needs to locate in the designated area that permits to run a factory only, so many businesses need to move their equipment to that location in order to acquire the FDA.

2. Reserve working capital for 60 days

Recommended cash to reserve to operate the business is equal to two months of the business because it needs to be able to pay the bills, salary, ingredient, and more for the current month and before the coming month began the business need to purchase the ingredient, and reserve for next month salary in order to operate continuously. If the restaurant operates, OEM channel suggested complying with two-month reserve of working capital similar to the restaurant channel because the common credit term for a food business is sixty days after invoice the client, meaning the business has to purchase the ingredient and deliver the order at least two months before receiving the payment of that order.

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