



LIFESTYLE



SO YOU WANT TO OPEN A RESTAURANT?

The odds of success in Hong Kong's fairly saturated F&B market are low, but how do some of the industry's successful restaurateurs pull it off? Here's a full serving of good entrepreneurial advice.

STORY APPLE MANDY

COURTESY OF DUECENTO OTTO

The blue and white ceramic tiles that line the walls of 208 Duecento Otto give it that crucial differentiating character unique among successful restaurants.

Jonathan Glover is willing to take risks to succeed. In April 2013, he opened The Butchers Club in a run-down building in Tin Wan, Aberdeen, after transforming the 3,000-square-foot space into a dry-aging facility. He also added a chef's table in the middle, catering especially to meat-loving customers. The location wasn't ideal, but there was soon a six-month waiting list. A month after the venue's opening, Glover achieved his target investment return.

"I didn't spend a lot of money on the facility. It would [have] cost around HK\$2 million if we were to build one," says Glover. "It was a bit of an experiment and a bit for fun, and I think that attitude and mentality took the pressure off and allowed the personality to come out. It was like inviting people to our home for dinner."

The 400-square-foot The Butchers Club Burgers in Wan Chai also sparked diners' interests when it opened about eight months ago. The menu mainly focuses on dry-aged Australian Angus beef, topped with different ingredients. The highest sales reached around HK\$100,000 in a day and Glover's financial target was achieved within 11 days, he says.

As the sole owner of The Butchers Club brand, Glover has implemented seven concepts over the past two years – a deli, burger outlets, a steak frites venue, private dining, events, catering and a retail shop. These concepts revolve around the brand's beef label, which originated in New South Wales, Australia. Glover has mostly taken over existing businesses and replaced them with his concepts. He says his capital outlay has been very small, and runs his business profitably by focusing on products rather than design.



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– Jonathan Glover, The Butchers Club

COURTESY THE BUTCHERS CLUB



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02 The Butchers Club's dry-aged Australian Angus beef burger with bacon and cheese

03 Jonathan Glover is The Butchers Club's sole investor

04 The Butchers Club Deli in Aberdeen

05 Dry-aged steaks from The Butchers Club

"Some people open restaurants for the wrong reasons, thinking it will be romantic, easy and rewarding, but it isn't as easy as that," says Glover. "Opening a restaurant is really hard work. It is very demanding and time-consuming, which many people fail to realise."

A STRATEGIC EDGE

Glover learned some lessons the hard way. After giving up his two restaurants in the UK, he became a lecturer at Leeds Metropolitan University. This led him to Hong Kong in 1995, where he taught hospitality at the Vocational Training Council. He then set up a wholesale business importing meat and seafood from Australia, and started a seafood restaurant in

Discovery Bay, along with several partners. He decided that being the sole owner is the way to go, through personal experience.

"I have taken on investors in my previous businesses and I have vowed never to do that again," says Glover. "I spent all my time and energy managing investors instead of managing the restaurant and being creative. Managing investors and their expectations were too draining; you end up trying to appease them and make them happy."

Most restaurateurs seem to have a clear idea of what they want to achieve and how to achieve it. Choosing the right location and identifying specific clientele are also key to a restaurant's success.



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“IT IS IMPORTANT TO KNOW WHAT DIFFERENTIATES YOU FROM THE REST, AND BEING DIFFERENT FOR THE SAKE OF BEING DIFFERENT DOESN'T MAKE YOU SUCCESSFUL”

– Ivan Fernie, Big Cat Group

06 Ivan Fernie, operations and development director of Big Cat Group, the local operator of Jamie's Italian in Causeway Bay

07 Seafood Plank from Jamie's Italian

08 Prawn linguine, also from Jamie's Italian

“When one sets up the system, procedures and put people in place, most businesses will succeed just by implementing these parameters, whereas in the restaurant industry, this is only half the battle,” says Ivan Fernie, operations and development director of Big Cat Group, a local operator which brought Jamie's Italian to Hong Kong. “If you don't have a location that is good and easy for people to access, I presume it's going to be unsuccessful unless there is something to draw the guests to your location.”

Jamie's Italian in Causeway Bay drew large crowds when it opened in July 2014. The 208-seater restaurant, which carries the strong brand created by English celebrity chef Jamie Oliver, mostly caters to

locals who Fernie believes have a passion for Italian cuisine. The operators are confident in succeeding, although there are already many Italian restaurants in the city.

“The vision of the company is not just to build a single entity restaurant and give a return on an investment but to take on many facets and brands,” says Fernie, an Englishman who has been based in Hong Kong for over 20 years. “You have to have the confidence that your first restaurant is going to work, and I knew this brand was going to give us the best chance possible. It is important to know what differentiates you from the rest, and being different for the sake of being different doesn't make you successful.”

COURTESY JAMIE'S ITALIAN

“THERE'S NO SINGLE INGREDIENT SUCH AS A REPUTABLE CHEF THAT WILL GUARANTEE YOU SUCCESS”

– Xuan Mu, Maximal Concepts

STANDING OUT FROM THE CROWD

Maximal Concepts managing director Xuan Mu, who was born in Vietnam and moved to Bristol when he was two, also values building unique concepts that make good use of location. Together with partners Malcolm Wood, the group's culinary director, and Matt Reid, the group's marketing and creative director, the privately funded company founded in 2012 now has eight bars and restaurants in its portfolio, including the 7,500-square-foot modern-Chinese restaurant Mott 32.

“There's no single ingredient such as a reputable chef that will guarantee you success,” says Mu, who worked at PricewaterhouseCoopers before starting Maximal Concepts. “Success, like any good recipe, is a combination of many ingredients – like experience, market knowledge, hard work, good service and, most importantly, great food and a likable concept.”

How a particular style of a restaurant would best fit a space is crucial. When Mu found a space in the basement of the Standard Chartered Bank Building in Central, he tracked down specific demographics and created a cuisine concept that would attract them. The 170-seater Mott 32 opened last March and chef Fung Man Yip's modernised Cantonese food and Joyce Wang's East-meets-West interior design quickly made an impression.

“Our concepts are founded on very solid numbers, which we base upon reliable assumptions, our experiences and application of our financial background,” says Mu. “Through this process, we are able to critically analyse and predict our payback period to at least 5 per cent on the downside and by a significant number on the upside.”

Singaporean Yenn Wong, who founded JIA Group – a collection of residential-style hotels and restaurants – is another dominant player in the local food and beverage industry. Her group's 208 Duecento Otto on Hollywood Road, occupying a space that used to provide cold meat storage, is Wong's first standalone Italian restaurant. The area used to be quiet, but she managed to attract a

COURTESY MAXIMAL CONCEPTS



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09 Mott 32 is located in the basement of Standard Chartered Bank Building in Central.

10 Maximal Concepts managing director Xuan Mu

number of regulars soon after the restaurant opened in May 2010.

“Doing your own business is a little bit of gut,” says Wong. “The feeling of the whole environment is quite promising; the buzz may not be there yet, but there was definitely a lot of potential.”

Wong, partnering with Michelin-starred chef Jason Atherton and two Singaporean friends, also revived Ship Street, Wan Chai, with the vibrant tapas bar 22 Ships in October 2012, followed by *jamon* and sherry bar Ham & Sherry in December 2013. The same group is also behind Aberdeen Street Social, a modern British restaurant in PMQ, which opened in May 2014. Wong also owns, together with Paulo Pong and her husband, Alan Lo, two-Michelin-starred restaurant Duddell’s in Central, which opened in May 2013.

“We are always interested in taking calculated risks if we can find a good location that doesn’t cost us a crazy amount of rent,” says Wong. “That way, we can actually be able to source more quality and give better value for our customer’s money.”

Concept and location are vital, but Wong also looks into “supply and demand, detailed feasibility studies, set-up costs, returns, clientele, expenses, drinks versus food, and timing – whether the space suits lunch or dinner.”

PERILS AND PITFALLS

Soaring rents are the ultimate concern for many restaurateurs in Hong Kong. Landlords often double rents when they smell success, leaving owners to compromise restaurant product quality.

Press Room Group co-founder Alan Lo ventured outside popular areas in order to find a quality space he could afford. Lo’s first restaurant, The Press Room, occupied the former *Overseas Chinese Daily News* office, located in the middle of Hollywood Road – a sleepy neighbourhood back then. The French bistro-themed restaurant survived two leases and ran eight years before it closed last July.

“The last thing we want to end up is being held hostage by landlords in a way where it starts to compromise,” says Lo. “In order to make it work economically, we have to start cutting corners elsewhere – whether in staffing, food, quality, and chefs.”

Lo also leased two levels of a listed building in Wan Chai in April 2008, opening The Pawn bar and restaurant. The building was co-managed with the government-linked Urban Renewal Authority. Lo found the “can’t dos” and restrictions in design “tough” to deal with, but when the lease finished, Lo revamped the former British gastropub and gave the bar and restaurant a new concept in late 2014, highlighting British chef Tom Aikens’ modern British cooking.



“PEOPLE ARE CAUGHT UP IN THE EXCITEMENT OF OPENING SOMETHING NEW BUT DON’T CALCULATE THE RISKS AND OPPORTUNITIES BEFORE COMMITTING TO THE CONCEPT”

– Yenn Wong, JIA Group

Lo has been lucky in business partnerships with wine merchant Paulo Pong and former banker Arnold Wong, co-investors in the Press Room Group. However, Lo acknowledges that partnerships come with risks. “At some point, for whatever reason, the partner will go sour, lose trust or priorities will be different,” says Lo. “It’s super important to ensure whoever is involved in the partnership have common goals, common values and stand by the same principles.”

Bonnae Gokson is the major investor (with a few passive shareholders) in SEVVA, Central, which has been opened for seven years. Gokson also thinks that “starting up with too many shareholders could lead to a disaster”. She adds: “Everyone tries to be a boss and has too many opinions to share. Inefficient and weak management of staff from both front-of-house and back-of-house also causes problems.”

Low barriers to entry are another risk because there is always someone who wants to copy one’s concept. This happened to Chachawan, a Thai restaurant near 208 Duecento Otto, when a group in Shanghai copied its name, interiors and menu. The situation was “frustrating”, says Wong, but she eventually pressured the copycat operators to change their outlet’s name.

Obtaining restaurant and liquor licences can also be tricky. Hong Kong has very strict licensing conditions and there are many rules and regulations with which one

11 Yenn Wong, founder of JIA Group

12 Alan Lo, co-founder of Press Room Group

13 The newly renovated The Pawn bar and restaurant in Wan Chai

14 Bonnae Gokson, the major investor in SEVVA

PHOTOGRAPHY GARETH GAY



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– Alan Lo, Press Room Group



must comply. Glover of The Butchers Club suggests hiring a specialist to help with the process. According to Glover, obtaining a licence may take up to six months if one is starting from scratch.

“We have to constantly fight to get our [liquor] licence,” adds Wong. “The biggest issue we are facing right now is dealing with the local councillor who thinks he is helping the residents to fight for what they want. The councillor calls the police all the time and he makes it difficult for us to run our business.”

TIPS FROM THE EXPERTS

Cash flow is, of course, vital to the health of a business, as are good project management skills. Restaurateurs are advised to open as soon as possible to avoid wasting funds on rental and salary expenses.

“Get your restaurant open as quickly as you can,” says Glover. “The longer it takes to open, the more you pay your rent and staff. That mounts up and you’re losing revenue.”

Overspending on capital costs is another concern among restaurateurs. Maximal Concepts’ Mu stresses the importance of getting the figures right. One should be aware of rental deposits, as well as services such as electrical, plumbing, and media tastings during the course of restaurant opening, he says.

The past few years have seen plenty of restaurants opening in the city, only to find themselves closing within a short period of time.

“A huge mistake is not doing your homework,” says Wong. “People are caught up in the excitement of opening something new but don’t calculate the risks and opportunities before committing to the concept.”

“Keep it really simple and definitive,” adds Glover. “Be very clear of what you’re doing and create a message that is easy to convey. I believe in getting the message out – and your restaurant will appeal in a positive way.” ☺