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# Detailed Franchise Business Model

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**Moti Mahal Delux Management Services Pvt. Ltd.**

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*Wrap n Roll*

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## Key Requirements for Building a Successful Food Retail Chain in India

- High Quality and taste of the end product at a reasonable price – catering to the price conscious middle class Indian consumer
- Development of a nationally recognizable brand
- Ability to maintain consistency of taste and quality across the chain
- Building an efficient and standardized supply chain across the country for inputs
- Ability to institutionalize the process of food preparation; food preparation manuals with standardized inputs specifications
- Ability to train and hire quality management and skilled labour (quality chefs across the country etc...)
- Easy capital availability for investment in outlets; or in case of franchise model, ability to appoint ample number of capable franchisees
- Making Sensible Real Estate Decisions – not necessarily the highest priced prime location selection making the economics of the business unviable (for owner or franchisee)
- Ability of the chain to adapt to different retail formats depending on location/target consumer; fine dining restaurants / food courts / kiosks etc..
- End product (Cuisine) cannot be too niche and has to have mass appeal to be able to economically operate across the geographical spread of the country.

## Business Model

- Since inception in 2004, Moti Mahal Delux Management Services Ltd ('Moti Mahal' or 'MM') has adopted the franchise model for growing the reach of the brand across India.
- The Company's targeting the burgeoning middle class consumer in India with its range of tandoori and ethnic Indian fare.
- Phase-I of its strategy was to set-up franchises in key metros in prominent recreation areas and ride alongside the mall development surge in most metros. MM's target is to geographically spread itself over the metros with a 3 year plan to have 10-15 outlets in each of the key metros.
- MM has also ventured into Phase-II, by entering the Tier-II/Tier-III cities and capitalizing on the advent of the mall culture in these cities.
- Currently MM has entered in Phase -III which involves expanding the reach of the brand into international markets. Its currently in the process of implementing the same. Master franchise for the Middle East has been signed. The agreement is to open 21 fine dine MMs in a period of 5 years in Middle East. Canada and USA are on the verge of being signed up for the master franchise
- MM has adopted multiple formats to cater to varied end-consumer requirements at various locations:
  - Fine Dining Restaurants: Typical size- 1500-3000 sq.ft – Standalone or located in a mall – With or Without Bar/Lounge facilities.
  - In Food Courts : Typical size: 300-400 sq.ft
  - Quick Service Menus: Set Meals at reasonable prices are available at outlets present in commercial areas catering to the lunch-time office crowd.

## Promoters

### Monish Gujral, Managing Director

Monish Gujral graduated from Delhi University, majoring in Business studies. He then studied Hotel Management at Pusa Institute at Delhi, before sweating it out in the kitchen of Moti Mahal restaurant to understand first hand the concept of inventory management and learnt recipes directly from his grandfather. He is the grandson of legendary Sh. Kundan Lal Gujral. Monish is actively involved in helping and training students in Institute of Hotel Management, Catering & Nutrition, Pusa, Delhi in Tandoori and Mughlai culinary and is also a columnist with The Hindustan Times. His second book The Motimahal cook book won the best cook book of the world award in Paris on 11<sup>th</sup> Feb 2010.

Monish is the driving force behind the overall vision and growth of the business, with responsibilities ranging from menu design, to adding new recipes to the restaurant offerings, to selection of franchisees and conceptualizing the growth strategy for the business.

### Sachin Sarwal, Director

Sachin Sarwal graduated from Delhi University, and is a part original founding partners of Moti Mahal. Sachin has been a part of management of the Moti Mahal group since 1999.

He is actively involved in managing the catering services, staff management, accounts & banking and franchise co-ordination and management.

## Quality Control & Taste Consistency Process

- Moti Mahal through its century old legacy has trained hundreds of chefs in their legendary style of cooking Indian ethnic cuisine and thereby has access to a large pool of such chefs (some of them in their second and third generations)
- As per the Franchise Agreement, MM has the responsibility for training chefs and F&B staff. Each franchisee has 4 chefs, 2 for Tandoori Cuisine and 2 for the Curry Section. Typically, MM sends 2 chefs from its own staff and hires 2 more for the franchisee that are gradually trained on the recipes. Also, alongside 2 more assistants from the kitchen are trained, so that within a period of time, the 4 hired chefs are capable of independently running the kitchen and cooking the food as per MM standards and the chefs sent by MM return back.
- The objective of keeping 4 chefs is to have a back-up plan for absenteeism & turnover, as also from the perspective of peer monitoring to ensure the chefs do not steer away from the specified recipes and food preparation techniques.
- Chefs are usually rotated around different franchisees, to further ensure that consistency is maintained across all the franchisees.
- The Chief Chefs / Management periodically make visits to the franchisees to ensure that the requisite taste and quality standards are being complied with by the franchisee's.
- The Chief Chef is responsible for helping the Franchisee set-up the kitchen and for recruiting and training the kitchen staff. A typical fine dine restaurant's kitchen has a staff of 14-15 people including the 4 chefs.
- MM has F&B training managers who train the F&B staff (hired for the franchisees), for maintaining service standards associated with the brand.
- The company has developed a detailed recipe book and food preparation manual, based on which the franchisee chefs are trained by the Master Chefs at the corporate level.
- The company ensures that hygiene standards are maintained at the highest levels across its franchise network, through education & training of the franchise staff.
- MM has standardized the inputs for food preparation with objective of consistency of taste & quality across its outlets. Most of the approved inputs to be used for food preparation are available nationally, and as such are sourced locally by the chefs of the franchisees
- Suppliers for the poultry, fruits and vegetables and dairy products are identified and approved by the Chief Chefs to ensure quality of inputs are in line with acceptable standards.

## Risk Factors

- **Rising Real Estate rentals may make franchisee economics unviable** – *Several franchisees are entering into revenue share deals with mall owners to reduce the impact of higher rentals on their profits. Also, several national level real estate developers have been offering additional benefits to the Moti Mahal franchise (eg; additional base interiors done-up, etc..) to bring in MM as an anchor client.*
- **Revenues from existing/planned outlets in Tier-II/III cities do not pan out as planned** - *Besides the macroeconomic and the demographic factors supporting the demand for restaurants such as MM, the company has been further innovating on making its menus more pocket friendly to the average consumer with set-meals, combi-offers, with the objective of bringing down the average cost per meal of the consumer and thereby aiming for higher occupancy levels.*
- **Skilled staff to support the aggressive roll-out plans of the company** – *The company has instilled in place a strong mechanism for training junior staff under the guidance of its skilled chefs; in several franchisees even the kitchen helpers who initially started with only cutting and washing vegetables have grown to be full fledged chefs over a period of 1-2 years*

## Layout

The lay out design may change from location to location

