

# How to manage a company successfully



**Nagi Morkos**, managing partner of hodema consulting services, takes a look at the changing face of food & beverage management companies in Lebanon

For decades restaurant owners and operators in the Middle East have managed their kitchens, staff, dine-in areas and finances on their own. But, with the boom of the F&B industry and the increasing complexity of running operations, some are now struggling with their management. It took them a while to process the idea that

they could outsource it all to outside companies.

The trend of outsourcing arrived in the region mainly through hotel chains that come in with management companies, whose mission was to implement and supervise their facilities. Then, slowly, local F&B professionals started offering their expertise to restaurants, bars and cafes to help them boost their efficiency and profitability. However, after a few years, the framework of these companies and their added-value to restaurants have failed to be clearly identified.

So, what exactly do management companies do? They define the guidelines and put in place the whole management chain, which goes from service, purchasing, receiving, storing,

issuing, sales promotion, food menus and beverage lists to planning, budgeting, training and production amongst others. Management experts also need to know about the environment they work in including legislation, taxation, licensing laws and local regulations - all have a deep impact on the business.

With their flair for global trends and the local revival of the F&B business after the end of the war, the Lebanese established F&B management companies in the 1990's. As the management business boomed in the west, three main players shared the market in Lebanon: Consult, Idarat and Synergy.

Consult, co-owned by Ziad Jumblatt, became well-known for Henry J. Bean's, Lone Star Cafe and News Cafe. It was also behind the drive-in movie at Johnny Rocket's in Downtown Beirut. Idarat was founded by Bechara Nammour (who still owns shares in La Mie Dorée and Paul today), managed up to 24 outlets during its golden years as an outside management company. Synergy managed the

Virgin Cafe, Circus Restaurant-Bar, Bamboo Bay and La Posta on Maarad Street. All have ceased to use these companies primarily due to the rise of professional hospitality schools which provided trained employees who know their job and the fact that owners have now realized that they could do the job themselves.

### When management mingles with consulting

After a few years in abeyance the management business has started to rise again with new names eager to cross swords with international experts. Protocol and Cru are some of the fresh faces in the market, but, under the designation of "management company" the services have evolved. Rather than employing the managing staff themselves, companies have now shifted towards a consultant role, assisting in the recruitment and setting the rules without putting their shoulder to the wheels.

"We provide a whole range of consultant services, as well as training and operations supervision", says **Wael Bou Jaoude**, managing director at **Cru**

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## “The boom of the industry in the region has indeed brought a new type of clientele for the sector”



### Management.

The company stands out in Lebanon's mostly consultant market by owning a wine bar, Cru. It is currently

revamping the former Mace Hotel in Hamra to turn it into a boutique hotel.

“The hospitality market and the way it evolves globally shows us that we need to provide more than the traditional management services now,” says Bou Jaoude.

The boom of the industry in the region has indeed brought a new type of clientele for the sector. Many investors with no knowledge in F&B now want to give it a go, seeing the restaurant and bar businesses as sexy and generating a quick return on investment. The easy way is usually to acquire a franchise. But their lack of experience forces them to ask outside experts to take over the management.

For outsourced management companies, this growing type of investors is a stable clientele that is usually open-minded and is willing to learn from them. It is harder with clients who already have one or two outlets and who want to expand as they have fixed ideas about how things should be, with sometimes no proper expertise

Some management companies, who have decided to expand their scope to consulting, have also shifted to the more lucrative hotel business, which requires a larger range of expertise. A curriculum that many companies don't have as they throw themselves on the hospitality market. Big hotel brands are also fierce competition, as they give added value to their clients by bringing in their name and image, as well as their management skills and distribution systems.

### F&B groups set up their own teams

The rise of F&B chains and groups

has also triggered another trend when it comes to management. In order to make their life easier, keep a closer eye on services and maybe save money some F&B groups have decided to build their own in-house management teams and they are in charge of all the outlets.

In Lebanon, big players such as Boubess Group (Piazza, L'Entrecôte amongst others) and Antventures (Casper & Gambini's, Falafel & More) manage their outlets internally following the lead of global F&B giants. This insourcing trend has cut the number of potential clients for independent management companies.

Another option, specific to investors wanting to acquire a franchise, is to ask the franchisor, who sometimes offers its managing services to its franchisees. This alternative

is known as “manchise”. Finally, partners in restaurants can also have their own management company as in the case of Giovanni Casa, whose company Casa Giovanni Management has signed management contracts with all the outlets in which he is a partner.

Independent management companies can see this insourcing as a loss of income but most of them feel there is room for all. “With outsourced



management we have a different approach, more objective, less sentimental maybe than an inside team. We tend to make better decisions,” says **Chadi Chidiac**, managing partner of **Protocol**, Protocol

specializes in catering, to airports or universities. The extra money spent on these companies is also seen as the price to pay for hassle-free operations.

This overview shows that companies providing pure management have proven to lack viability for small to medium F&B groups, however, hotel management companies provide added-value (network, sales, IT system, loyalty cards). The boom of consulting companies today prove that helping a restaurant developer in the conceptual and implementation stages and providing ongoing support after the outlet opening is a successful venture.

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