



CAFÉ KUDUMBASHREE

India Food Court

Culinary diversity from across India





HISTORY & BRIEF INTRODUCTION

Café Kudumbashree is an umbrella brand under which several canteen/catering units operate throughout Kerala. The tagline is '*Athithi Devo Bhava*' meaning 'The guest is like a God'. The Café Kudumbashree concept was pioneered by the Thrissur district mission in 2009-10 in order to improve the conditions of canteen/ catering units operated by Kudumbashree members.

A management and marketing group called AIFRHM (Adebha Institute for Food Research and Hospitality Management) was formed to aid the process. The team has hotel management professionals who provide both technical as well as marketing support to create Kudumbashree canteens and restaurants.

The restaurants are branded under a common brand called 'Cafe Kudumbashree' and standardized foods and services provided. Handholding support to units is given for quality, management diversification of products, new recipes, best practices in the industry, better resource utilization, catering to customer needs. They have trained more than 400 Kudumbashree catering entrepreneurs in 27 batches (Kudumbashree, Cafe Kudumbashree, 2015).

Café Kudumbashree units have a strong presence in food festivals/fairs, catering for various occasions and canteens. Novel concepts like food court and amenity centres are also coming up.

The brand represents 'quality, pure food served with care by women'. The groups receive tremendous support from the local community and the enterprise has helped many women upgrade their social status by way of revenues from the units.

PROFILES OF UNITS IN KERALA

1. Park-In Food Court, Pathanamthitta

This is a unique model of Café Kudumbashree where Kudumbashree has rented the building and premises, and different units operate out of the common facility for a fixed duration.

Of the total revenue, 10% is given to the owner of the building who takes care of electricity and water charges. The furniture and equipment belong to the owner, hence there has been negligible setup expenses.

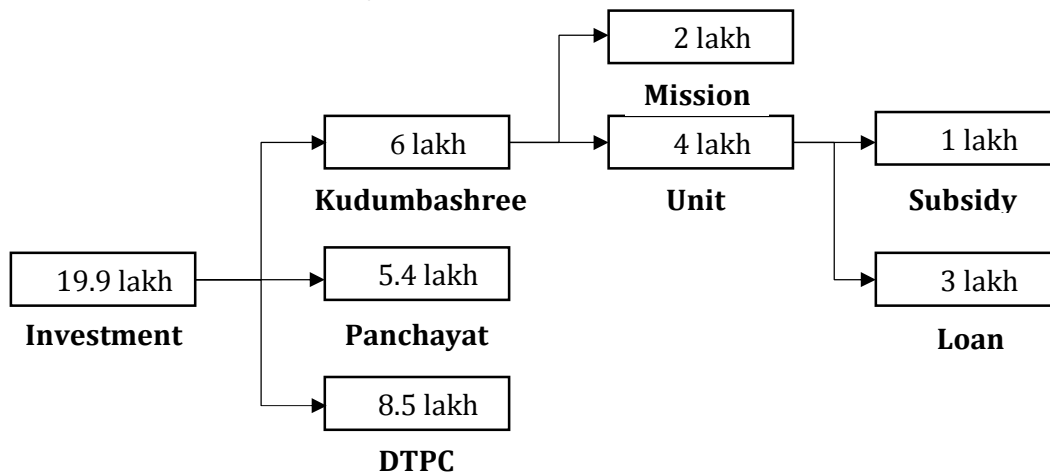
Kudumbashree further takes 11.5% of the total revenue, by which it pays salary to the service and cleaning staff, as well as takes care of common expenses.

The premises has also been used to host various fairs and to display wares of various Kudumbashree units. Currently two units, Neighbours and Anubhava, a total of 7 women is providing canteen service in the food court.

2. Mount Inn, Malayalapuzha, Pathanamthitta

This unit was started in November 2014 out of an unused Pilgrim Amenity Centre built by District Tourism Promotion Council (DTPC). A Kudumbashree unit took over the operations and converted it into a Tourist Amenity Centre.

The unit started with 9 members, now only 8 members remain. This project was as a result of a three way convergence between the District mission, Panchayat and the DTPC. The furnishing was taken care of jointly by DTPC and the Panchayat. The amenity centre has 8 rooms, 1 dormitory and a conference hall, besides the kitchen.



The members have been able to give themselves a remuneration of approximately 25-30K per month on an average monthly revenue of 1 lakh from food only and other revenue from the amenity centre.

As part of the agreement, 5% of the revenues apart from food revenue has to be given to DTPC and 5% to Kudumbashree mission till they recoup their investment of 2 lakh.

3. Naveena Canteen, Koyilandi, Kozhikode

Started on December 12, 2001 as a Soap making unit with a project cost of 2 lakh. However this lasted only for a year. On October 28, 2002, Naveena Canteen officially started operating out of a shed for a circus performance in Kozhikode. The group of 10, now reduced to 7, continued operations in this temporary shed, where its products were well accepted. The group under the leadership of Prema chechi was a popular presence in various fairs throughout the state.

On May 9, 2008, the group was granted four adjacent rooms in the municipality building right at the busy Koyilandi bus stop.

The group took a loan of 75,000 from SBT, which was paid back in just 1.5 years. Since they already had an enterprise before this, they did not receive any subsidy from Kudumbashree.

An indicative list of fairs attended by the group and the profit earned is in Appendix 3.

The members take a daily salary of 400 per day. There is also a daily wage worker employed by the group.

4. Ruchippura, Kozhikode

This enterprise was started in 2014 by 6 members. The group was allotted a corporation building next to Focus Mall – a prime location in Kozhikode.

The project cost was 5 lakh, of which the Kudumbashree subsidy was 1.75 lakh. The rest was in the form of loan. Each person gets weekly salary of 3000.

The unit now employs 14 other women on daily wages.

OPPORTUNITY IDENTIFICATION

Categories of Café Kudumbashree

Category	Investment	Revenue Stream	Profit	Risk Factors	Examples in Kerala
Fairs and Festivals	Medium	High fluctuation	Very High	<ul style="list-style-type: none"> • Dependent on frequency of fairs • Novelty of food items and competition from other units 	Ruchippura, Kozhikode (near Focus Mall)
Catering	Medium	High fluctuation	High	<ul style="list-style-type: none"> • Dependent on frequency of catering events • Proximity to local offices and institutions 	Ruchippura, Park-In, Naveena, Mount Inn
Food Court	Low	Steady stream	Low	Acceptance by the local community	Park-In Food court, Pathanamthitta
Canteen	High	Steady stream	Medium	Competition from local canteens	Naveena Canteen, Kozhikode (near Koyilandi Bus Stand)
Hotel	Very High	Mild fluctuation	High	<ul style="list-style-type: none"> • High maintenance costs • Location dependent, revenues dependent on occupancy rate 	Mount Inn, Malayalapuzha, Pathanamthitta

Customer Profiling

- It is crucial to first understand the potential customer segment, their preference and pattern of food, their outside dining behaviour etcetera in and around the proposed site for café to decide the menu etcetera of the cafe.
- Secondly, among the customers too, the kind of potential customers who would be benefitting from the services of the café as proposed need to be identified so as to decide various aspects of the cafe.

A sample from the NSS survey report no. 558 on average monthly spend by a household on served processed food is given below for key states in India

State	Monthly per capita consumption of served processed food	
	Urban	Rural
Kerala	159.67	166.94
Karnataka	186.75	80.07
Tamil Nadu	130.41	79.36
Andhra Pradesh	113.57	75.35
Maharashtra	176.89	58.65
Gujarat	72.50	40.57
Rajasthan	114.89	34.33
Bihar	33.94	33.99
Jharkhand	79.16	50.66
Assam	62.03	38.49

It is interesting to note that in Kerala the average monthly expenditure on served processed food is higher in rural areas as compared to urban areas. This points to the potential for raising the monthly consumption in the other states especially in the rural areas.

- Thirdly, the frequency of outside dining of customer segment would also be needed. For instance, a café on the highway would largely serve truck-drivers with lunch meals comprising of rice and dal for instance as compared to a café in the premises of a block office serving the government officials with tea and snacks. It would require that a survey is conducted to understand the above either through a questionnaire or through observations on a daily basis near the vicinity of the proposed site for a café.

- a. Strategic advantage of attracting customers like public office places, markets etc
- b. Accessible to public in general and also to travellers
- c. Clean and hygiene area
- d. Safe and secure work place for women.
- e. Access to basic amenities such as drinking water, drainage systems, electricity and provision for proper waste management.
- f. Sufficient space for preparation and serving.

Suggestion: Any common public gathering places such as central/state government office premises, market place etc.

Building

It is advised to avoid / reduce the high investment required for establishing the building. Hence possibility of getting any existing public buildings or private buildings in the above mentioned venues may be identified for starting the café. Wherever possible efforts to get the building free of cost in case of government buildings or on least rental rates be tried. This will have an impact in establishing the unit keeping in mind the cost factors. Even if building is not available but the location has a strategic advantage with respect to attracting customers the idea of cost effective structure may also be floated.

Suggestions: Any unutilized buildings constructed under IRDP/SGSY etc can be identified where space for setting up restaurant is available. Private property in good locations like market places can also be a good option if the rental rate can be controlled.

Scale

It would be necessary to identify the possibility and hence feasibility of a restaurant or a café in terms of the target customer segment and kind of tentative food items/special cuisines for the menu. This is significant keeping in mind the competition likely to be faced by existing café(s) or the like in and around the vicinity of the proposed site for the café. In addition to this, depending on the identified and suitable scale of the café, seating capacity of the café and work timings for the entrepreneurs could be thought of.

ENTREPRENEUR SELECTION PROCESS AND CAPACITY BUILDING

On an average the café units would require 4-7 members depending upon the business volume. For any business it is important that entrepreneur group has the self-motivation and entrepreneurial drive to push the business activity ahead. Further for café it is important that the entrepreneur already knows about the preparation of tasty and ethnic in a proper hygienic conditions. Following factors may be kept in mind during identification of prospective entrepreneur groups.

1. The entrepreneurs' needs to be members of Jeevika promoted SHG(s).
2. The group need to be formed based on their individual and family consent and cohesiveness of the members than by compulsion or force. Hence interested women from different Jeevika SHG in the vicinity of the proposed sites for the cafe can be motivated to form a team for the café unit.
3. The members should not have past records of financial or otherwise misconduct or unethical conduct. Such things can affect the group functioning in future.
4. Have entrepreneurial spirit to come forward and do business.
5. Prior experience of running small dhabas/café/restaurant would add value to their entrepreneurial engagement.
6. Willing and able to undergo training programs and exposure visits.
7. Willingness to put own investment is highly preferred
8. Ability of members to work as a team will also play a good role in successfully establishing the unit.
9. Flexibility of working in the timings as necessary.

The project is circulated among all the SHGs. Those women interested in being part of the enterprise applies. All the women are given a pre-orientation and a general orientation training. They are made aware of the challenges and risks involved, as well

as success stories of the past. It is seen that as many as 30% of the original applicants drop off at this stage.

The District Mission and the training team (AIFRHM in Kerala) assesses the interest of the applicants through an interview. They are further required to attend an Entrepreneurship Development Programme, funded by the district mission. After this there is a skill training (residential or otherwise) of 8-13 days conducted by AIFRHM on various recipes, quality standards, hospitality restaurant management and interaction with customers. The broad topics covered include:

- a. Communication with customers
- b. Accounting and Book-keeping
- c. Techniques of bulk cooking and preparation of traditional cuisines of Bihar
- d. Maintenance of cleanliness and hygiene
- e. Group Behaviour
- f. Crisis Management
- g. Use of Occupational Safety gear
- h. Waste Management
- i. Technique of purchasing raw materials
- j. Business Promotion

Post this, the women are required to apply for loan from the bank to finance the project. This requires documentation like educational qualifications, past liabilities and tax payment certificate. At this stage, close to 5-10% of the initial applicants are seen to drop off.

LICENCES REQUIRED

For the establishment of the café, licensing of the same would need to be ensured. In addition to this, as a signal of credibility and faith in the customer segment, it would be highly preferred to avail the rating/grading for food standards (FSSAI) by health inspector under the local self-government to avoid any unforeseen circumstances with regard to the service provided to the cafe.

BRANDING AND MARKETING

Pricing: Café Kudumbashree units are known to be affordable but not cheap. Providing food at very low prices may result in inadequate compensation to the entrepreneurs, and a compromise on quality. It should also not be priced outrageously so as to exclude the average customer from quality food.

Pricing must be done in consultation with several stakeholders. An executive committee comprising of people from the District mission, entrepreneurs and Panchayat can help set and revise prices. Periodic external benchmarking to understand the prices of similar items in the neighbourhood is required.

Branding: For the purpose of branding, the proposed café(s) could be promoted under 'Jeevika' to establish credibility of the café(s). The promotion of the café(s) could be done through local fairs, Jeevika's network of SHG/VO/CLF, newspaper advertisements, meetings at block/district level offices of the government or BRLPS.

The three main pillars of branding could be:

- **For the health conscious:** Food served in the Café is nutritious and provides a balanced diet. It doesn't contain unnecessary quantities of unhealthy material like excess oil or sugar.
- **For safe food:** Food served in the Café is prepared from safe ingredients and prepared in a hygienic environment. No chemical taste enhancers are used.
- **For socially committed people:** By patronizing the Café, ordinary people are given a chance to empower women from the lower segments of the society facing adversities.

Social welfare: Several units have tried to extend the benefits they have gained to the society. One unit regularly contributes 3000 to Asraya fund (fund for the destitutes). Apart from this they also employ a lot of other women of limited means on daily wage, paying as much as 500 per day, plus travel allowance. They also envision enabling them to set up their own catering or restaurant service.

STANDARDIZATION VS. FLEXIBILITY

Certain aspects of operations of the Café must be standardized to offer a pleasant customer experience, however certain other aspects must be flexible to help the entrepreneur thrive against her adversity.

Quality: In one unit (Ruchippura), a squad of four members each is assigned the role of quality control on a rotation basis. They inspect the facility and are empowered to levy fines from other members for not adhering to quality standards including not being in proper uniform. The squad which has the best quality record is given a prize at the end of each rotation.

Consortium: Main ways in which a consortium of units could enhance the operations are:

- **Procurement of raw material:** Several items required for the operations of the café can be procured in bulk and at a lower cost by the consortium.
- **Smoothing of demand:** Several units may be facing excess demand for catering, which can be given to other units if there is a coordination mechanism. This is a 'coopetition' model, whereby units compete with each other but also cooperate with each other.
- **Mentoring and guidance:** Experienced units could use this as a platform to share their experiences and mentor budding units
- **To raise issues or concerns:** As a collective voice of several units, the consortium would have a larger say and influence in policy decisions which impact the working of units.

Timing: Working hours of units vary based on two factors – entrepreneur convenience and customer demand. On one extreme is Ruchippura canteen located next to Focus Mall, Kozhikode. It serves only lunch and operates from 10 AM to 4 PM. Naveena canteen, located in the Koyilandi bus stand operates from 8:30 AM to 5:00 PM and serves only breakfast and lunch.

On the other extreme are the Park-In Food Court, Kozhikode and Mount Inn hotel in Malayalapurza, Pathanamthitta which operate from 7 AM to 9 PM. At the food court, since the women operate only for a short duration and there is accommodation available for them, the timing is okay with them. On the other hand, the women at the

Mount Inn hotel say that they earned support from the family by virtue of the profits they have been generating.

INDICATIVE FINANCIALS OF SAMPLE UNITS

First, the unit members must decide which category of Café they plan to start operations with. Starting with fairs and festivals is one way to learn in a low risk environment. After adequate training and experience, the unit can start operations in food courts, where the infrastructure is already present. Once the unit has achieved adequate success, then it can move on to having a fixed investment like a canteen or a hotel.

Enterprise Setup

Investment in a canteen ideally require the following consideration:

- Pick up and Parcel area
- Dish wash area
- Pot wash area
- Butchery area
- Bulk cooking area
- Cooking area
- Dining table and chairs
- Steam cooking machines – Boiler, Rice, Curry, Idli cooker, Put cooker
- Restaurant management software
- CCTV

The indicative investment required to set up different categories of units are:

Sl. No	Description	Fairs	Catering	Food Court	Canteen	Hotel
1	Fixed Assets	232,000	232,000	7,000	257,000	257,000
2	Pre-Operative Expenses	-	-	-	4,500	4,500
3	Working Capital	31,000	31,000	31,000	31,000	31,000
4	Building Modification	-	-	-	50,000	50,000

5	Machinery	-	-	-	112,400	112,400
	Total	263,000	263,000	38,000	454,900	454,900

Indicative Financials

(*this is based on investment in a Kerala based canteen)

Fixed Assets

Sl. No	Description	Nos	Cost	Fairs	Catering	Food Court	Canteen	Hotel
1	Grinder	1	40,000	Y	Y	N	Y	Y
2	Fridge	1	15,000	Y	Y	N	Y	Y
3	Mixie	1	5,000	Y	Y	N	Y	Y
4	Gas	2	20,000	Y	Y	N	Y	Y
5	Gas Cylinder	4	20,000	Y	Y	N	Y	Y
6	Vessels (Cooking pots, plates, glass, etc)		100,000	Y	Y	N	Y	Y
7	Canopy	1	25,000	N	N	N	Y	Y
8	Water Heater	1	15,000	Y	Y	N	Y	Y
9	Dosa Stone	1	10,000	Y	Y	N	Y	Y
10	Uniform		7,000	Y	Y	Y	Y	Y
	Total		257,000					

Building Modification

Sl. No	Description	Cost	Fairs	Catering	Food Court	Canteen	Hotel
1	Building Modification	50,000	N	N	N	Y	Y

Working Capital

Sl. No	Description	Cost
1	Rice	7,500
2	Coconut Oil	2,000
3	Masala	2,000
4	Vegetables	5,000

5	Coconut	500
6	Fish	2,000
7	Meat	2,000
8	Wood	5,000
9	Others	5,000
	Total	31,000

Working capital is required for all categories.

Equipment

Sl. No	Description	Nos	Cost	Fairs	Catering	Food Court	Canteen	Hotel
1	Table	8	80,000	N	N	N	Y	Y
2	Chairs	32	22,400	N	N	N	Y	Y
3	Cabinet	1	10,000	N	N	N	Y	Y
	Total		112,400					

Enterprise Operations - Food Court

Monthly Revenues

Month	Revenue	Groups	Members
November	743,000	Anugraha, Krupa, Sneha, Al-Amin, Home Café	15
December	764,000	Anugraha, Krupa, Sneha, Al-Amin, Home Café	15
January	825,000	Anugraha, Krupa, Sneha, Al-Amin, Home Café	15
February	761,000	Anugraha, Krupa, Sneha, Home Café	12
March	654,000	Anugraha, Krupa, Sneha, Home Café	12
April	532,000	Anugraha, Krupa, Sneha, Home Café	12
May		Neighbours, Anubhava	7
Average Monthly Revenue		713,167	

Description	Nos	Monthly Salary
Managing Staff	2	30,000
Cleaning	2	18,000
Serving	4	39,000
Billing	1	12,000
Total		99,000

Other Expenses*		8,000
Total expenses to be met by KS		107,000

*Other Expenses include Tissue Paper, Soap, Hand wash, Petrol, Newspaper, Billing machine rolls, Garbage bag, Municipality garbage disposal charges, Aluminium Foil, Cloth Duster, Uniform, Cap, Tooth Pick, Saunf

Average Daily Customers 350-400

Rent to Building Owner 71,317

Contribution to KS to meet expenses 82,014

Excess (Loss) to KS -24,986

Average revenue to the units 559,836

Average no of members 13.5

Tentative Operating Cost Structure

Raw Materials 69% 387,047

Electricity 0.1% 829

Wood 2% 12,579

Gas 1% 6,497

Sub Total 406,952

Profit before salaries 152,884

Monthly salary to each member 11,325

Enterprise Operations – Canteen

Tentative Annual Operating Expenses for a Kerala based canteen

Sl. No	Description	Cost
1	Raw Material	2,800,000
2	Salaries	650,000
3	Electricity	6,000

4	Rent	54,500
5	Wood	91,000
6	Gas	47,000
7	Travel	2,000
8	Wages	4,500
9	Taxes	7,000
	Total	3,662,000

Revenue

Sl. No	Description	Revenue
1	Canteen	3,500,000
2	Fairs	300,000
3	Catering	250,000
	Total	4,050,000

Profit = 388,000 (9.6%)

