

INCREASING THE PROFITABILITY OF A GROWING BUSINESS IN RURAL LEBANON

After a long 3-hour ride from Beirut to Northern Bekaa, we finally arrived at Ras Baalbek restaurant. Situated at the entrance of the town, at an important crossroads between many different towns and villages, the restaurant fits perfectly in its surrounding environment. Akram Barakat, the restaurant owner, welcomes us and seats us at a table that is generously packed with various Lebanese meze and dishes.

“I’m a retired Lebanese general security officer who served for over 19 years. I learned a lot about cooking preparation for big groups during my service. However, my love for cooking came from my mother’s kitchen. She was an amazing northern-style cook, and I’ve learned how to cook by spending my time with her around the Butcher’s block”, says Akram, adding that her lessons shaped his approach to feeding others.

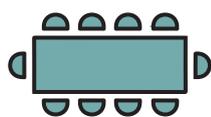
Back in 2010, Akram spent most of his severance pay on building his restaurant. He started off with a seating capacity of 150 persons in an indoor area, in addition to a large terrace that he could use during the summer season.

Thanks to his personal contacts amongst the residents of Ras Baalbek and the surrounding villages, as well as amongst the army and the general security forces which have an important presence in the region, the business kicked-off very quickly. Akram soon started delivery and catering services to expand his business beyond the physical space of his restaurant. Akram was determined to build his business in a way that would support the community. He teamed up with local farmers and suppliers to support local rural livelihoods, putting money back into his community and helping locally-owned businesses and farms to achieve financial stability.

GROWING THE BUSINESS

The business blossomed as the years passed. The restaurant grew busier, welcoming an increasing number of customers and big groups of tourists in addition to catering for big events in the region. In 2018, 8 years after opening, Akram decided it was time to expand the business by increasing the indoor space and equipping it properly to be able to welcome more people throughout the year. This would help to reduce seasonality and increase the restaurant's revenues and profitability.

To do this, Akram had to turn the available outdoor terrace into an indoor space to welcome 450 additional people throughout the year and host big events. He had to equip it with a heating and cooling system, roof insulation and an industrial vacuum cleaner. In addition, he needed to install a new generator and all the electrical work required for the newly created indoor space. All this work required a considerable investment which he was able to get thanks to a loan from SGBL Bank which was matched by a LEEP grant.



+450
Additional people



Heating
system



Cooling
system



Roof
insulation



Industrial
vacuum cleaner



New
generator



Electrical
work

LEEP'S MATCHING GRANT: SCALING UP THE BUSINESS

Akram heard about LEEP at a meeting in the village where one of LEEP's team member, Elie Daoud, presented the programme and explained how SMEs could benefit from it. Akram immediately got in touch with him and applied for the grant which he successfully obtained.

"I was sceptical at first but I was stunned at how fast and easy the process was", says Akram. "In a matter of weeks, I got a loan and the LEEP grant to grow my business, in addition to the LEEP Business development sessions to improve my business and grow my team!"



The new indoor space with 450 additional seats opened new doors to Akram, allowing him to tap into the profitable events and celebrations segments more. He admits that growing his business meant he had to release the reins a little and put other trustworthy people in charge of parts of the business. Thanks to LEEP, he was able to create 3 new jobs: A person in charge of procurement and purchasing (this task was increasingly important as the business grew); a full-time in-house butcher (as Akram wanted to control both the supply and the quality of the meat); and finally, a commis chef to help in the kitchen.

BUSINESS DEVELOPMENT SESSIONS

LEEP offered Akram 10 business development sessions on financial management and operations with a consulting company called SABER Middle East. Like most small business owners who are highly skilled multitaskers, Akram was accustomed to doing a lot himself, though many aspects of the business would be better handled by specialized technical experts. The BDS sessions were an efficient way to tap the expert knowledge the restaurant needed to support its growth.

The consultant undertook an assessment visit to the premises and interviewed staff and other stakeholders, which enabled him to pinpoint a number of challenges that needed to be tackled to grow the business more sustainably:



Improved operations/
management
procedures



Better stock
management



Operational control
tools including cost
control



A POS system to
automate purchases
and sales records
(currently recorded
manually)

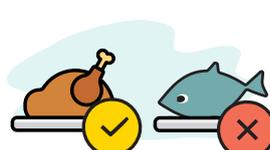
The training sessions covered a large amount of ground: a process review to identify and resolve problem areas, developing models to validate and link process steps, evaluating potential POS systems and, very importantly, developing cost estimates, revising pricing and supporting menu engineering. A number of key tools were set up as a result:



A data sheet to enter
all expenses by
category, date, and
description



A profit and loss
statement capturing the
restaurant's full income
and expenditures



A menu engineering tool, which allows Akram to
identify the items that he should sell (the most
popular and profitable) and eliminate
unprofitable items



A POS software system was purchased and setup to help Akram run his operations at peak efficiency. This system allows him to track and optimise table reservation and management, stock management, management reporting, financial management, costing and profit control, digitized inventory management, catering planning and more

Using these tools, Akram was able for the first time to really understand his cost and profit centers, with data analysis tools giving him a clearer financial vision. This data has enabled him to increase his profitability, thanks to proper pricing and profit margins and to make sound decisions for sustainable growth.

IMPACT OF LEEP SUPPORT



4 STEPS TO BENEFIT FROM A LEEP GRANT!

-  Acquired a loan from a bank or financial institution starting December 2018, or invested in your company starting January 2020 onwards.
-  LEEP grant matches up to 50% of the loan or the investment
-  10 Business development sessions offered by LEEP to improve the business
-  Job creation