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“It has been hard to hire Singaporeans, there is always an unglamorous stigma attached to this industry, not till the last couple of years when there was a revival of interest in gourmet cuisine.”

– Mr Goh, on hiring foreign workers so as to expand into ethnic cuisines





PHOTO: YEN MENG JIN

◀ **BURNING PASSION**
Food has always been a passion, says Alan Goh, founder of Katrina Holdings

[by **Nicholas Yeo**]

GOURMET GROWTH

The emergence of the food court trend in the early 1990s not only gave Singaporeans a wider selection of food options in a more comfortable setting, it also paved the way for Katrina Holdings to grow from a single *nasi padang* stall to a chain of F&B outlets in under two decades



AS many food and beverage (F&B) operators in Singapore like to make it known, the food retailing business is hardly a cushy job. Notwithstanding the long working hours, one also often has to deal with a shortage of service employees, proud kitchen staff, high rental rates and sometimes inconsistent suppliers.

But for 52-year-old Alan Goh, founder of Katrina Holdings, "food has always been our passion".

To hear the man tell it, the story is one of persistence meets opportunity. Privately held


Katrina Holdings, which operates a chain of 19 outlets with a total of seven brands, started out as a single *nasi padang* food stall at Junction 8 shopping mall in 1993, some 18 years ago.

"We offered something different then, in addition to good food, we focused on presentation of the meal, which was very refreshing at the time," said Mr Goh, now Katrina Holding's managing director. "It was a small but very intense business. Business was good, and we didn't expect the kind of turnover."

As an indication of how brisk business was, Mr Goh revealed that the turnover of the

▲ SPICY VARIETY

(Clockwise from top) Katrina Holdings outlets have always offered something different from the start; the company hires foreign workers so as to expand into ethnic cuisines; one of its outlets is Hutong, which specialises in Northern Chinese food



nasi padang stall was three times more than the apparel sales at another fashion business that he and his wife, Catherine, were also managing at that time. It was then that he knew that they were on to something.

Spurred by the boom of the food court phenomenon, Katrina Holdings started opening a new food stall every two months – just a year after opening its maiden outlet at Junction 8's Kopitiam.

"We couldn't just stick with *nasi padang* though, we had to branch out to various concepts and food types, such as Thai food, cut fruit juice, economy rice, Ipoh and Penang food," Mr Goh said. "At the end, we reached a peak at 40 stalls – and we were running the business McDonald's style, with area managers taking care of certain locations."

Katrina Holdings could have stayed that way – an operator of numerous food stalls. But the onslaught of the Asian financial crisis in 1997 presented it with a unique opportunity that turned out to be pivotal to its transformation to a mid-market F&B player.



PHOTOS: YEN MENG JIN



"During that period, most restaurants were in the east and in the city – there were very few in the west," Mr Goh said. "Rentals were dropping, and restaurant spaces were much cheaper than food stalls on a per square foot basis."

In addition to the cheaper rent, the lease periods offered were longer, which added a sense of stability to the business, and also "allowed more certainty to the brand", as Mr Goh put it. "I wanted the company to involve itself in more brand building. It would be beneficial to the company in the longer term."

Mr Goh explained that food stall leases usually last from one to two years, and there is no certainty that the leases will be renewed. "There was no branding involved so in a sense, it wasn't a sustainable model of business. We were just riding the food court trend."

Thus, Katrina embarked on a quest to build a brand – with its first BALIthai outlet in West Mall. "It was a suburban mall in the west, gaining popularity," he said. Serving *halal*-certified Indonesian and Thai cuisine, BALIthai was banking on the western region of Singapore having more Muslim dwellers – and it paid off. By 2001, there were two more BALIthais – in Jurong Point and IMM mall – both in the west. At this point, the company also decided to open a RENNthai restaurant, a more upmarket venture, at Ngee Ann City.

"However, the 9/11 terrorist attack occurred three months later and shattered the world economy and took its toll on tourism on which the Orchard Road outlets are very dependent," said Mr Goh. Other events such as the Iraq War, Bali terrorist attack, bird flu and Sars followed, taking turns to drag down consumer sentiment throughout the mid-2000s. "Fortunately, these events only affected RENNthai, which had only one outlet at that time," said Mr Goh.

Although the chain of food stalls and BALIthai continued to do well, the poor performance of RENNthai dented confidence. For a few years, the company halted its expansionary strategy.

Then, things changed in 2006. Led by Prime Minister Lee Hsien Loong, a new Cabinet promising a first-world, pro-business environment gave Mr Goh and his management plenty of encouragement.

"It was a new team with a new direction; and encouraged by their promises, we decided



to open more restaurants," said Mr Goh. Katrina Holdings went on to set up streats, a Hong Kong style café which now has five outlets. In an attempt at market differentiation, Mr Goh decided to make streats *halal*-certified. "Especially for Hong Kong cafés, it's particularly hard as people often cannot tell the difference between different restaurant chains."

More new brands followed, including Hutong, which specialises in Northern Chinese food, and Hongguo, which specialises in Yunnan noodles. The group also moved RENNthai to Clarke Quay, along with Muchos, a Mexican bar and restaurant.

"Of these outlets, we believe that BALIthai, streats and Hongguo are the more scalable ones, and will be opening more outlets in Katong Mall in November 2011," said Mr Goh. Katrina Holdings is now 100 per cent in the restaurant business and has phased out all its food stalls.

The variety of ethnic cuisines was in part driven by the government's policy to allow more foreign workers into Singapore. So the group capitalised on that to expand into ethnic cuisines – hiring foreign workers from all over the world. However, with the regulations on foreign workers tightening in recent times – "our foreign chefs have to head back home after two years" – expansion plans in the domestic turf have also been strapped.

"Singaporeans don't want to go into the food and beverage business. The hours are long and there are no holidays – and those are the days when they have to work the hardest," Mr Goh explained. "It has been hard to hire Singaporeans, there is always an unglamorous stigma attached to this industry, not till the last couple of years when there was a revival of interest in gourmet cuisine."

Nonetheless, the company is looking elsewhere for growth. "We have always been trying to expand to China, since 1996. However, the venture failed as we tried to enter the market too early with our *nasi padang* concept," said Mr Goh. "We were not discouraged, and we then folded up the *nasi padang* business and entered into a JV with local Chinese partners but that did not work out either."

Despite past setbacks in China, Mr Goh is undeterred. In end-2009, the company brought the BALIthai concept to Raffles City Beijing. He said: "This time, it was 100 per cent-owned

and managed by us, and the business model has been fine-tuned to suit the tastes of the local market. We now know who our customers are, the government regulations, the suppliers, especially after many painful lessons – but yes, we are doing well there." Another BALIthai will open in Shanghai in December this year.

As for further fund raising, Mr Goh said that he is deliberating whether to look at an initial public offering or the entry of private equity investments. "We are always looking for good partners who will help us to expand overseas – we are looking for synergy."

Mr Goh and his wife have two children – Donovan, 23, who works as a stockbroker in CIMB, and Krystal, 18, who is currently completing her high school education at Anglo-Chinese School (Independent). On succession planning, Mr Goh is waiting to see "if my kids have any interest in the business", but wants them to discover their own potential before they decide on what next. ■



➤ KATRINA HOLDINGS

Year of founding: 1993

Founders: Alan and Catherine Goh

Rate of growth: 20 per cent

Staff strength: 320

Services: Food and beverage

Number of outlets: 19 with a total of seven brands (BALIthai, RENNthai, streats, Hutong, Hongguo, Muchos and Bayang)

Expansion plans: A new BALIthai in Shanghai and five more restaurants in China

Photography: Ching, Capsule Productions
Styling: Li Rong
Makeup: Lay San, Face Bistro using colours from Wetosa
Hair: Jaden, In@Backstage
Wardrobe: Mr Goh's own