

MORE THAN FISH AND RICE

Sakae Holdings founder Douglas Foo has ingrained cross-industry pollination into the company's culture

BY MINDY TAN

DO WHAT no one dares may well be the (secret) slogan that drives Douglas Foo, founder of Sakae Holdings. With absolutely no experience in the food and beverage (F&B) industry, he started his first Sakae Sushi outlet smack in the middle of the Central Business District – during the Asian financial crisis – and has set himself the lofty target of 30,000 units worldwide.

If not for the fact that this figure is a constant motif across his conversations with different stakeholders, one might be taken aback – 30,000 units is a lofty ambition, one all the more impressive given that Sakae has yet to touch the 300 mark.

“From day one, we set out to become the first global brand recall for sushi and Japanese food. We intend to build a global brand with 30,000 outlets, and bring our frog (Sakae’s mascot) prints across the globe. After completing our current acquisition, we will have approximately 300 stores, mostly under the Sakae Sushi brand,” says Mr Foo.

This is a dream that Mr Foo has harboured since the establishment of the very first Sakae Sushi restaurant.

DREAMING BIG

At the table in Douglas Foo’s mind, there are four larger-than-life personalities. You no doubt know them too, by sight, if not by taste. It is at this table that Mr Foo hopes to one day score a seat. It is, after all, a dream that the company has worked relentlessly towards – to sit at this table as an equal to the food giants – McDonald’s, KFC, Pizza Hut and Starbucks.

They represent such simple things, says Mr Foo – hamburgers, fried chicken, pizza and coffee. How is it that Asia has nothing to offer? This was the impetus that started Mr Foo on the journey to hit a target of 30,000 units. Instead of taking the easy way out and going down the franchise route, he decided to start from scratch.

“In 1997, a lot of enterprises were looking to buy brands. In fact, we were organising trips to shop in the US . . . and operate here,” says Mr Foo. So when the idea to start a F&B business took hold, others similarly posed him the same question.

“We decided no, we want to create a brand. Because when you create a brand, it’s forever. It’s sustainable. So we decided to take the hard way and build it from scratch. But the thing is, what do I know about food? At the time, Japanese food was very expensive. It’s a premium product which was given to a certain group of people in society. So the question became: Why can’t we make it like Starbucks or McDonald’s – something that everyone can afford?”

Ever aware of the perilous balance between pricing and



PHOTOGRAPHY: CHING, GREENPLASTICSOLDIERS STYLING: DAN FOO HAIR & MAKEUP: ERNEST LIM, USING LANEIGE HOMME WARDROBE: MR FOO'S OWN

“IT’S ABOUT LEARNING HOW TOYOTA MAKES A CAR, AND APPLYING IT TO SUSHI.”

– Douglas Foo, founder of Sakae Holdings

quality, Sakae Sushi was one of the first restaurants to have interactive menus back in 1999. “Back then, a single computer system cost S\$4,000 to build, and really, how many people would fork out S\$4,000 to have an interactive menu installed at each table? However, we did so because we wanted to be operationally ready to better serve our customers, offering a menu that empowers them to easily click on the screen, explore and self-order directly from the table.”

The team scouted for IT companies that could build them such a system but it was unheard of then, so they had to conceptualise, pilot and patent the project themselves.

Sakae Holdings has come a long way since the setting up of the very first Sakae Sushi outlet in 1997. Today, its portfolio of brands include Sakae Sushi, Sakae Teppanyaki, Sakae Delivery, Hei Sushi, Senjyu, Crepes & Cream, Sakae Express, Sachi, Kyo by Sakae and Nouvelle Events, each one firmly anchoring Sakae in the F&B space.

BREAKING NEW GROUND (AGAIN)

It hence created a flurry of interest when Sakae first announced that it was setting up Sakae Corporate Advisory. There was similar confusion when Sakae Holdings first enrolled to become a member of the Emerging Markets Private Equity Association (EMPEA), the global industry association for private capital in emerging markets.

“When we set up Sakae Corporate Advisory and enrolled and were later appointed as a member, people asked: Who is Sakae Corporate Advisory?” says Mr Foo with a laugh, who himself holds a degree in business administration (finance) and originally wanted to be an investment banker after graduation.

But to say that Mr Foo, who is now the driving force behind Sakae Corporate Advisory, has taken his eye off the F&B ball, would be far from the truth. While the setting up of Sakae Corporate Advisory has been described in many quarters as a form of diversification, it is but one of four pillars – human capital, global food resource, real estate management and corporate advisory services – on which the company is depending to propel Sakae towards its target of 30,000 units.

The idea was sparked during a two-month stint with the Eisenhower Fellowship programme in 2013. The course, which is designed for entrepreneurs and mid-career professionals worldwide, not only showed Mr Foo how to grow a global brand in a sustainable manner, but more importantly, the differences between capital markets in Asia and the US.

And that was where it clicked – the idea to set up a corporate advisory. In January this year, Sakae Corporate Advisory signed a memorandum of understanding with India-listed corporate finance firm, Religare Capital Markets Corporate Finance and quickly landed its first client – Q&M Dental.

“Sakae Corporate Advisory is not comparable to anything in the market . . . we tailor (our solutions) to our clients’ needs and how their business models will transform, and help them realise this using our network and our ideas. We look at ourselves as going in to create value,” says Mr Foo.



◀ **EYE ON THE FUTURE**

Sakae Holdings is also invested in ensuring that the ingredients required by the business – both in terms of human capital and food resources – are sustainable.



PHOTOS: YEN MENG JIN



“We bring a perspective that is not from their industry. Take for example, Q&M Dental Group – I am not completely new to health care as I sit on the MOH Holdings Ltd Audit committee, and was part of the team that was involved in the building of Khoo Teck Puat Hospital (KTPH). I joined Alexandra Health System back during the Alexandra Hospital days, and I am currently the audit chairman for Alexandra Health System. Alexandra Health System continues to oversee the effective management of KTPH hospital and aims to improve health care for the northern precinct. We are also currently building Yishun Community Hospital. All these experiences help, and through the collective perspectives and experiences that we offer, we intend to value-add to Sakae Corporate Advisory’s clients.”

On the flip side, this helps Sakae as the returns on corporate advisory work is not only faster, it is also a stable inflow of fees which will ultimately help the group fund its growth.

“We’re coming in from a totally new background; what we’ve done has set some good track records, and we’re very lucky,” says Mr Foo, whose team has also made a foray into asset management with the establishment of a S\$250 million fund. Comprising internal and client capital, the fund’s mandate is to invest in public and private opportunities that it believes have deep value due to growth prospects or market inefficiencies.

This idea of cross-industry pollination is one that many successful businesses reference and one that Mr Foo himself has ingrained into the Sakae Holdings culture.

“When we were learning how to build a global brand, we did not always learn what other restaurants do. Because then, you’re always copying. So I often challenge our colleagues to think this way – it’s about learning how Toyota makes a car and applying it to sushi. Because car manufacturing is one of the most challenging industries around!”

ENSURING SUSTAINABILITY

Growing a brand in a sustainable manner is not just about financial sustainability. Sakae Holdings is also invested in ensuring that the ingredients required by the business – both in terms of human capital and food resources – are sustainable.

On the human capital front, Sakae established its first Institute of Technical Education, Singapore On-The-Job training centre back in 1997 and became an in-house Workforce Skills Qualifications (WSQ) approved training organisation in 2006. It also works with At-Sunrice GlobalChef Academy to develop training programmes.

“If we have 30,000 units around the world, and each shop needs 10 people, we are talking about 300,000 people. Where are we going to find them? Who is going to manage them, who is going to lead

them? So we need to start planning at a very early stage,” says Mr Foo. “And we want to help upgrade our colleagues. Everybody has their aspirations, and we want to take them with us.”

Sakae Holdings is also heavily invested in ensuring that its food ingredients are sustainable. Mr Foo in fact often visits the farms that it buys from, something which used to take these farms by surprise.

“First, they were very surprised by us being there because you don’t often see the end-user at the farm . . . So we explained, we are going to build 30,000 units – we only have a few hundred now – but we still need you to get ready to move with us,” he says.

“At the same time, we work very closely with universities and so can pipe new information to the farms. Because by the time the academics publish their paper and the paper gets adopted, it takes too long! So we bridge that gap and they find a lot of value in partnering us.”

The next step for Sakae is investment in upstream resources; one of the areas that it has its eye on is Chile.

“If you want to build a brand like Sakae that is synonymous with quality, we need to be very involved with the raw materials . . . we need to be tied in with the resources. It’s about food security, food safety and continuous sustainable supply to continue building the brand.”

In line with the focus on securing fresh produce and having a farm-to-table approach, the group’s modern cold-chain supply system with automated self-retrieval system allows it to store its raw materials and ensure efficient usage and tracking of inventory.

“Today, you go to any place, you will probably have somebody intending to order for tomorrow’s business. So how much to order? Nobody knows. The guy who is in charge might say okay, I guess I need 20 kg of fish. But because it’s safe, he will buy more and bigger fish.

“So we use machines and technology to help them and make sure they do their job even better. The evolving use of technology to make their jobs better lets them know that we’re on the journey of building a global brand together.”

Standing at the 300th store mark, it may seem like there is a long journey ahead for Sakae. But Mr Foo is certain that it will get there in its own time. “Right now in Singapore, we have about 50 outlets. Singapore’s population is five million, so that’s a nice ratio. You see, building an outlet is not difficult – you put a table, chair, lights, all this is easy. But where do you get the raw materials? The fish takes time to grow. Your people need time to prepare. All this has to be right before you actually roll out the stores. So it has to be a thought-through brand building journey.” ■