

HEARTBEAT - Are They Killing Each Other?

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Just in the past year we have witnessed the sprouting of FilAm businesses in the retail, restaurant, and healthcare industry in United States. Some were change in management and/or expansion while others are really new in the arena. In West Valley (Phoenix) alone there were five stores/restaurants I can account for where three of them closed down for some apparent reasons. Recently, in a week time, two of the three owners have decided to quit conducting business. What's the reason for all of these? Was it the economy? Was it the lack of business knowledge? Was it the scarcity of patrons/customers? Was it the competition? Whatever was the reason, I hope those owners were not hurt financially in a large scale.

If you are planning to open up a business, don't do it in a rush or in an impulsive manner. Conduct your homework and meticulously study the prospective venture you will engage into. Otherwise, you may end up losing your investments and may be in financial trouble for a long time. Here are some points that you may consider before pursuing into a serious investing:

1. Prepare a feasibility study of the business you would like to venture in.
2. Identify your prospective customers or patrons.
3. Project the volume of business you can generate to achieve breakeven.
4. Hire professionals to assist you such as Accountant and Lawyer.
5. Solicit more information from people who are experienced in that line of business.
6. Gauge the depth of competition.
7. Project your overhead expenses and income.
8. Calculate the needed capital and prepare for at least 2 years of losses.
9. Provide budget for cases of contingencies.
10. Find a strategic location.
11. Avoid getting a short-term high interest loans.
12. Remember numbers seldom lie.

If someone is selling his business to you, don't feel very excited. First, investigate the reasons why he is getting rid of it. Ask for financial records to determine if he was making money or not. Do not put too much emphasis on "GOODWILL"; when buying an old business. After takeover, the "GOODWILL" may become "BADWILL" overnight. For instance, here in the Valley, many of our Kababayans are in Homecare business. They will sell it to you for a premium because it is already established with full capacity of patients. However, few weeks or months after your takeover, your patients are moving out because the previous owner established a new one and sucking in your patients. THAT'S A SCAM. This is happening in ARIZONA, CALIFORNIA, NEVADA AND FLORIDA. If you are not careful enough, you will be victimized by your own people just like that. In an existing retail and restaurant business, do not bank on "GOODWILL" that much. The current customer base may just dwindle away if you can't maintain or improve the quality of product or food you serve. Right talent and expertise are very vital in a restaurant business. Remember you will be dealing with the "TASTE BUDS" of your customers which become very crucial and challenging in this area. Assuming you have the right taste of the food, is the price right? Some owners have the tendency of increasing the price exorbitantly knowing that they have a captive market. NOT TOO FAST FOLKS! You may not have the ability to maintain the quality of the food you serve. Remember, you don't operate the business alone. To stay in control, you should take care of your key staff (Chef) and other employees. I know a real good Filipino Chef who already worked in three (3) different restaurants in a 12 month period. He has the expertise of authentic Filipino cooking and people are following him wherever he goes.

CONSUMER WATCH: What are the basic things we need to watch for with Filipino Stores/Restaurants establishment? In my honest opinion, the following are the most important.

- First, make sure that the place is clean and food preparation is highly sanitized.
- Second, beware of short orders. In most cases the food was cooked long time ago and kept in the refrigerator/freezer for a long time and will reheat them when an order comes through. Food freshness is being compromised in this respect. Remember salmonella, e. coli, and other bacteria can grow and survive in cold and extremely hot temperatures. The effect on your body can be felt from 12 to 72 hours. Please, do your research.
- Third, some owners may be recycling food leftovers. For instance, they serve fried rice, this could be the rice leftover from yesterday. Dinuguan, Adobo, Afritada and Lechon paksiw may be 3 or 4 days old, who knows?
- Fourth, observe how they manipulate the price and the size of your orders. They may charge you the same but the size of order is getting smaller. The place who can offer the best price is the one whose overhead cost is low. Based on my experience with these places, I prefer to eat where the food is being served freshly cooked everyday and leftovers are discarded at the end of the day. It is your job to find those out and I know they are existing out there……

Owners of these type of businesses should not rely on Filipino customers only. Let's accept the fact that our Kababayans are hard to please. They can magnify your small mistake and spread it around thus hurting your business. We call it "SITSIT OR TSISMIS" or Rumor Mongering. You will be successful as long as you maintain your transparency to your customers, honesty in conducting business and fairness to your competitors. Good luck to all!