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THE MOCHA MAN

wants to brew Rs 100 cr
in revenue. His formula
for fun might just do that.

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runs restaurants, but
sells experiences

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“AM BEING FORCED INTO A SUIT, SO IT TEARS A LITTLE AT THE SEAMS.”

That's Riyaaz Amlani protesting about having to rein in his free spirit and becoming more “corporate”. We are meeting on a rainy February evening at Smoke House Grill, his fine dining restaurant in a residential suburb of Delhi. He has just got off the plane and come straight to the interview.

He's built 29 restaurants in the last eight years—Mocha being the most visible of the various brands under the umbrella of Impresario Entertainment & Hospitality. Amlani is at the inflection point that inevitably follows an entrepreneur's initial success (read: infusion of private capital) and requires him to put systems and processes in place, and get more organised. It's a phase that many growing companies pass through while metamorphosing from a mom-and-pop store to a corporate biggie, a period where the term “scale” keeps popping up more than any other in the business lexicon.

And, that is where Amlani is still trying to strike out the right balance. “I am not opposed to scale”, you hear him say, “I just don't want to do that cookie-cutter”. During the course of the evening, there is a generous sprinkling of similar statements— “We did not want to do a cut-paste job of a coffee shop, which was essentially an American coffee shop, suited to Indian tastes, and inspired by Italy.” Or, “I don't want to take a brand and have 2,000 outlets.”

Odd as the logic may sound, this philosophy has been the secret of Amlani's success. And successful, he undoubtedly has been. In the eight years since he started the first Mocha outlet in Churchgate

in the heart of Mumbai, Amlani has grown his top line to Rs 40 crore and expanded his operations across the country. He has experimented with formats such as fine dining, which he started in 2005, all-day cafes and delis, and a special-catering division. He also runs the iconic Prithvi Theatre cafe in Mumbai.

“The first Mocha was a real joy. I also like what he did with the Salt Water Grill on Marine Drive and now with the Arthouse café in Delhi,” says AD Singh, who runs restaurants under the Olive brand.

Through each of his ventures, Amlani has let his creativity run free. His restaurants have never been just about the food they serve. They are as much about unique concepts as about catering to the changing moods of his clientele. “He's done different things with his restaurants; he ran the backpackers' club, held short screenings; I like the way his interests and passions reflect in his restaurants,” adds Singh.

Amlani has sought newer ways to “reach out to the many moods” of his clients—one day, chic and elegant, another day, social and well-lit, and yet another evening, sweet and romantic—instead of replicating his chain of coffee shops, cafes and delis

across cities in India. Even when he gave in to the franchisee route for Mocha, he ensured that no two restaurants look alike or offer the same experience.

But through it all, Amlani never looked to duplicate the success. He never had a formula. "I go by my gut. I can sense immediately what a property wants to be, or what vibe will work best," he says. Of course, his gut ditched him a few times. First, when he started Mocha in Goa in 2002 and the shop had to be shuttered within six months of operation when he, and his co-founders, felt the assets could be better utilised in another location. Then, again in 2003, when Amlani thought he could serve fresh donuts through The Donut Company. Instead of starting 600 such outlets, as he had thought, Amlani had to take the call that "it was too much effort for too little gain." He says: "We would have made Rs 3 lakh a month at maximum. It didn't make sense to create a management team and infrastructure for this kind of return."

"I don't worry about restaurants shutting down. It's part of the learning," he says, matter-of-factly.

He still believes in going by his instincts. "My gut has served me well so far," adds the 35-year-old, who took the call to start a restaurant with two other friends when he got sick of his job as the CEO of Prithvi Nandy Communications—based purely on one evening. The story goes that Amlani, and co-founders, Varun Sahni and Kiran Salaskar, were in Panchgani, sitting around drinking coffee and smoking sheesha, when one of them commented that they could become millionaires if they bottled and sold that evening. The idea got them on a high, without a drop of liquor. And the feeling stuck on with Amlani well into the future. Months later, when he bolted his job, those were the friends he sought out to build his pool of Rs 15 lakh.

What started out as a lark had turned into a business idea and Amlani backed it with research—an approach that he has followed through the years. Since the other two founders were otherwise occupied, the project became Amlani's baby, and he dived headlong into the quest for the perfect coffee. "I found out that the coffee shop had its origins in Ethiopia with the Quahveh Khanneh—literally the back of people's homes—where people gathered over hot coffee and sheesha. These were an important part of the social fabric of that culture. So we decided to take our inspiration from that."

This was at the beginning of the decade, when Mumbaikars did not have many entertainment options other than movies and five-star restaurants. "We knew we were going against the convention. No one thought that a place serving coffee alone—and no liquor—would survive," he recalls. Mocha not only survived, it found its sweet spot, becoming a "cool place" to hang around. It was also like no other restaurant

at that time. No two pieces of its furniture were identical. If customers liked an ashtray or chair, they paid for it and took it home. Amlani's takeaway from the original Ethiopian idea of punching sheesha and coffee was a cool hit. Such was the popularity of the concept that Amlani & Co drew sales of Rs 6 lakh a month out of a 500-square-foot space, and scaled up to three stores within the first year of operation.

Again, instinct kicked in. "We knew we had a profitable model," says he. So the trio signed up another property, this time in the cool suburb of Bandra, where their prospective clients preferred to hang out. With no money left to furnish the space, they simply brought stuff straight from home. The strategy worked wonders in a design sense, lending the restaurant a unique unconventional look.

In the process, they built a cool brand that resonated with Gen Y. There are now 19 such outlets (including franchisees), offering their patrons a "30-minute vacation" right in the middle of a hectic city life. With the wild popularity of Mocha, it wasn't long before hookah-serving copycats had mushroomed. Amlani knew he had to act fast and so he set about reinventing the brand through Mojo—with its '70s theme and album covers for décor.

"It's important to reinvent. Otherwise, someone will do what you are doing and do it better. It keeps you interested in the game," he says, confessing to the need for a Eureka moment every day.

Amlani also knows that to create a product that is a uniquely different concept, experimentation is necessary. "Be it sand or pebbles, or rustic-looking plates, it is my job to find out what uplifts a person, or makes them connect with a pleasant memory," he says.

It is this search for the wacky and out-of-the-ordinary that has led him to look at sources such as the Muruggan Idli House in Chennai, which turns around 2,000 people a day in a 100-seater restaurant, or try to copy the hospitality of the paratha guys outside the IIT, who "won't serve the second paratha till you finish the first,

"We looked at many players in the restaurant space. We found that Riyaaz not only had a scalable model in Mocha, he was a dynamic entrepreneur, hungry for growth. That seemed like an excellent combination."

—Kunal Rakshit

Vice President, Beacon India Private Equity Fund

so that you can eat it hot". In the same breath, he can reel off as much information about styles of masters like Adrian Zecha, the founder of Aman Resorts, a chain of luxury hotels, and Andy Warhol, the famous American painter and filmmaker.

To reflect on the bank of ideas he builds in the normal course of life, Amlani takes off 4-5 days twice a year. "I come across something that inspires me, and then research it more," he says. The brand extension, Mocha Mojo, came from one such retreat.

His management philosophy is almost an extension of his creative thinking. As Brainard Colaco, corporate executive chef, Impresario, who has been with the company since 2001, says: "Riyaaz does not treat us as employees; we are grey cells." The fact

that most of his core team members have been with him for most part of the journey is a testimony to that fact. (One of his co-founders, Sahni, left two years ago when he moved to another city, but that was an "amicable" parting.)

"I get a lot of freedom in the way I work. At my earlier places of work, I had to do things in a certain manner. Here, I can do things the way I want to do," says Colaco, on phone from Bangalore, where he was visiting the Coffee Board—his idea.

While most restaurateurs seek to better operations or financial expertise, Amlani's trying to put together a team of creative people in place, who can work full-time on research. "Restaurants need creative copy writers or art directors or designers," he says. There is

no precedent for this. These jobs are usually outsourced to an architect or an outside design team. But, of course, Amlani thrives on the unexpected.

Of course, growing up in the corporate culture has thrown up its own share of problems.

If everyone was doing everything earlier, they now have to get used to an organisation with job descriptions and processes and systems. Most old-timers feel the pinch of a layer of people between them and Amlani. And he likes it even less. "It is most painful when you are not able to scale up people who have brought you to where you are now; and take them to the next level," he adds.

A similar sentiment is echoed by Colaco: "We meet up 2-3 times a month, compared to every day earlier. We could sit across and talk about anything; now, we have our spaces. Riyaaz thinks about finances and growing the company; we take care of the nitty-gritty of individual businesses." There's, however, no resentment in his voice.

Anyone who has found success as a start-up and grown it in to an enterprise can relate to this stage of a company's life. There is no doubt it is painful. But hopefully, the gains from it

Retracing His Steps

Riyaaz Amlani's association with the food business is so strong that not many know about his first business venture. After working as a salesman at a Colaba shoe store, while still at school, he borrowed Rs 4 lakh from his grandmother and started his first business in 1991—selling shoes.

He used the capital to buy a shop—the size of an ATM, which is what it is today—furbish it and stock it. Shoe Wagon, selling "shoes that take you places", was one among many selling the same commodity. "My logic was simple. Everyone around me was selling poor quality shoes. If I could sell high-quality shoes in an air-conditioned ambience, I could not fail," says he.

So he stocked up on good quality shoes and waited for customers. "But no one came into my shop—not even to see what I was selling."

Amlani would still turn up at the store every day after college. One fine day, he couldn't afford the electricity bill any longer; so he threw open his door. And then, people walked in to check out shoes that weren't confined within the 'chic' cool climes of glassy

interiors. That's where he learnt his first lesson—"the AC and glass door intimidated people". Also, what worked in Colaba didn't work in Sion.

Amlani spent five years of his life doing this; and learnt some tough lessons. If people didn't bother to notice the shoes displayed on shelves, the moment he put them in bins and announced a sale, a crowd would emerge to check out the stuff. He also learnt the art of letting go of some low-hanging fruit. Customers who bought hawai chappals knew that a Bata pair sold for Rs 42.95 paise. So, Amlani would push back the price a little more at Rs 38. By letting go of his margin, he managed to create the perception of value in the mind of his customer. "People could compare apples. But the perception of lower price that it created was extended to everything in our shop," he adds.

The guy was also an enterprising business owner, learning through osmosis and adapting on the fly. When he saw the newly-launched Dock Martins, he promptly picked up the design and used it on industrial shoes, later selling them to high-

end stores in South Mumbai. "I got them to change the sole, put a nicer insole, and turned it into a fashion accessory," he recalls.

However, the price-conscious Mumbaikar finally got to him. "One day, I was haggling with a lady for about 15 minutes for Rs 3. That's when I realised I couldn't do this for the rest of my life," says he.

Luckily for him, Shoe Wagon had done well enough to free him up of his familial duties. It bought him his ticket to USA—and a management degree in entertainment at University of California, Los Angeles.

Amlani "flipped burgers, waited at tables, served as a barman—playing almost every role in a restaurant to pay for tuition."

When he came back to India in 1998, he started entertainment consulting with a friend. Together, they set up The Bowling Co in Parel, the Jammin' gaming centre at Crossroads and Hakone go-karting in Powai.

From here on, it was a matter of a few months—and a job—to finally discover his true calling. The taste of success has been addictive ever since.

"I only get to spend 10% on what I like to do. The rest is spent doing **CEO stuff: liaison, admin, politics, and so on.**"

Riyaaz Amlani



more than make up for the pains.

Amlani, too, is changing. Not only does he have to get used to working with an investor, he has to learn some hard lessons everyday. "You start a company with the intention of doing right and then a series of small betrayals make you a corporate," he says, citing the example of putting an HR policy after his first manager went off to another restaurant and set up the same menu. "Although it was never my intention, I have to be a little more cut-and-dried," he adds.

His investors have disciplined him a lot.

"They keep me on the straight and narrow, and make me meet targets," he says, admitting, in the same breath, that he's missed those almost every quarter, "not by a lot," though.

The past few months have not been easy on business either. With the economic downturn in full swing, business from corporates took a hit. Moreover, rising food prices cut into margins, since Amlani did not pass on the price rise to his patrons.

Despite the challenges, his investors are sure of his ability to reach the targets. Says Kunal Rakshit, vice president, BCP Advisors: "Doubling the top line is not a big deal. He's already done that last year. We have invested significantly in people to get ready for growth." There's a new leader for the fine-dining division. By April, a COO for the Mocha chain is likely to be in place.

Mocha is the flagship brand that the firm's banking on for growth. "It is easily scalable up to 100 stores," adds Rakshit. Instead of the multiple formats in the bouquet, Amlani will focus his energies on fine dining and all-day dining cafes, in addition to the coffee shops. The plan is to have four Smoke House Grills and six Smoke House delis operational by the end of 2011.

Amlani needs a cash injection of up to Rs 400 crore to fund the expansion. He also has to think of ways to reach the uphill target of Rs 100 crore—as envisioned by the board, and Beacon India Private

Equity Fund (now called BCP Advisors), who funded Impresario two years ago.

While Ernst & Young has been appointed to manage the process, and the first few management meetings have already happened, Amlani's learning that all investors want "to hear is scale."

And that's where he gets back to his mantra of evolution. "A PE guy will tell you to take the same format and copy it multiple times, but to me, every restaurant has to have a different flavour. Each Mocha should progress in a different direction. Each café and deli should progress in its offering," he says.

Much as he would like to fight off the formula approach that comes as part of scaling up process, Amlani just might have to fit into that suit to get to his target of Rs 100 crore. **■**

(Last Name)

(Middle Name)

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