



Chief Operating Officer, Gray Mackenzie Restaurants International (Pvt.) Ltd. (Franchise of KFC Brand) Raza Pirbhai

ICMAP: Please tell us about your company, brands and contribution towards economy?

RPB: We have been in the Pakistani market since 1997 when we started first outlet in Karachi at Gulshan-e-Iqbal. KFC has 60 franchise outlets in Pakistan i.e., 21 outlets in Karachi, 14 in Lahore, 7 in Islamabad/ Rawalpindi and remaining 18 in other parts of country. I may mention here that M/s Gray Mackenzie took over KFC business in 2014 from M/s. Cupola.

Globally talking, China, due to its huge population, is our largest consumer market with more than 4000 outlets. In South Africa whose population is half of Pakistan KFC has 850 outlets. In Pakistan, we have to go a long way considering the potential here. Of late, situation in Pakistan is improving for business growth and we hope to have expansion in next few years.

ICMAP: What do you say about growth trend of food business industry in Pakistan?

RPB: There is a growing trend in Pakistanis to eat hygienic food so they trust on international food chains. This can be gauged from the fact that only Clifton Dolmen Mall at Karachi generates over Rs.10 million on weekends. This trend is visible in other major cities as well. In fact, four main

factors viz. globalization, urbanization, ideal population and positive environment has given impetus to food business growth in Pakistan. The food has also become an entertainment activity in our society. Any activity such as meeting, shopping, get-togethers, etc ends on food.

Our business has been growing in view of positive economic indicators favoring food industry. Since, Pakistan has more business for home and office deliveries so we prefer to make them efficient. Sometimes, the anti- American and other religious sentiments have a negative impact on businesses of international franchised food companies. Although KFC outlets are not much effected as we are maintaining globally prescribed standards. The current inspection campaign by food authorities followed by social media hype are having direct impact on potential sales. We also pay taxes in millions for our existence and operations in Pakistan. We need to have broader vision considering that whatever is invested in Pakistan will ultimately benefit the country in terms of employment, entertainment, quality food, etc.

ICMAP: Can you briefly explain your supply chain from purchase to sale outlets?

RPB: We have standard items and all core items are procured from within Pakistan. For Chicken, we have contract with M/s K&N; Buns from M/s Dawn; Oil from



IFFCO; sauces from Unilever whereas French Fries are imported from Middle East. All items meet Halal requirement of Middle East and Pakistan. The Middle East market has more strict requirements for Halal foods and ingredients so we are safe in adopting their standards in Pakistan.

Our supply chain is backed by efficient software that controls in-time supplies while maintaining parameters defined for shelf life. The software based on past trends also forecast future demand. The internal food safety systems are installed as per global benchmarks. We also have quality assurance teams to ensure quality of above-mentioned items. In addition to quality audit of our vendors, there are also two structured audits in a year to ensure quality processing

ICMAP: Do you import your machineries or buy it from local sources?

RPB: Yes, we import machineries with defined specifications only from KFC's approved vendors/ suppliers in Germany, China, and other countries. Even our furniture follows internationally prescribed standards and mostly they are imported from approved suppliers in China. The company fulfills all requirements of import and pay necessary taxes and levies.

ICMAP: What are your operational challenges and how you overcome them?

RPB: KFC suffers a lot from the negative propaganda on social media and anti-American sentiments. We have been convincing people that KFC never contributes towards Israel and Jewish political agendas or any other interest. We were being blamed for using doubtful chicken not complying Shariah requirement. We lost our outlets and employees through these waves of sentiments which end on one thing that our country of origin is United States. Let me reiterate here that KFC has transparent system ensuring Halal food requirements and we are open for any inspection right from poultry firm of our suppliers to ready-to-deliver items. We employ Pakistanis and our supplier also operates in Pakistan so what we earn is paid back to the country's economy through salaries to Pakistani workers. We pay

some loyalty amount to originator against which we get best standards and guidelines for food safety, cooking, hygiene.

KFC by virtue of a global brand cares more about its prestige and reputation. The burning of outlets and casualty of employees become extremely difficult for local franchise owners to convince the parent company to continue business as they can compromise on profitability but have low tolerance towards their repute. Anyhow despite so untoward incidences, so far KFC has managed to convince its parent company to continue business operations in Pakistan.

ICMAP: Do you favour need for effective regulations to ensure food quality and pricing?

RPB: Yes, we agree that there is a high need for regulation in the food sector so that every tom and harry should not play with the health of citizens. There should be minimum standards and specific guidelines to ensure safe food for everyone, thereby maintaining hygienic environment. Unfortunately, Pakistan has no national food safety and quality standards. The concerned food inspection agencies also lack competency and basic knowledge about food safety and quality. There is need for a Food Safety framework supported by qualified professionals to ensure implementation of regulations in a transparent manner. In think that government should take all stakeholders on board. KFC and other global food chains would be more than willing to assist the government in developing a national framework to ensure food safety and quality.

The international fast food restaurants follow international rules and regulations. When KFC entered Pakistani market there was no concept of food quality and there were hardly any food outlet that ensured global food safety requirements. We have standard prices all over the country and while setting our price structure we consider all income classes. Our standard one person menu cost is ranging from Rs.400/- to 600/- which is not only competitive but also reasonable and affordable by middle class considering the value they get.

ICMAP: How Management Accounting can help make food business supply chain and resource utilization efficient?

RPB: In my opinion, management accounting can bring value addition not only to financial management and accounting operations but also to processes as well. The activities related to management accounting are undertaken under the title of "Assets Protection". The management accountants are very useful for our quality assurance which ensures compliance of international and local company's standards. We do have management accountants in the areas of Finance, Assets Protection, Audit and Quality Assurance.

The 90-minute interview was conducted by Director Research and Publications, Mr. Muhammad Kamran Jamil accompanied by Joint Director, Mr. Shahid Anwar and assisted by Research Trainee, Mr. Shabbir A. Baqai at M/s Gray Mackenzie's office at Park Tower, Clifton.