



Case Study

Enterprising Nazrul in the Night Market Business

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Abstract

The future growth of the Malaysian economy depends, to a large extent, on the development of entrepreneurs with the ability to develop creative homegrown product concepts. This case study examined a young entrepreneur, who was relatively new to the retail business, and the variables that contributed to his achievements, the obstacles and challenges which he faced in expanding his small business. It looked into his characteristics, his family background, the production and distribution processes, and the strength of the entrepreneur's relationships with people around him, including his family, the employees, the suppliers and customers as the basis for understanding the entrepreneurial mindset. It was interesting to note that the entrepreneur did study, although on an informal, small scale, the factors that would have an impact on his earning such as environmental uncertainties and competitors. The last part of the case study focused on his future plans for the sustaining his business.

Keywords: Entrepreneur, Night Market.

Introduction

“Ma, could you please wait outside, or go and have a cup of coffee at that restaurant”, suggested Nazrul as he pointed to a restaurant across Sultan Ismail Road. “Please ma, let me talk to the officer this time?” pleaded Nazrul to his mother, as they walked towards the main entrance of the third bank today. “Hahya! these banking people..... don't they know how hard you've

worked! It isn't their own money we want... and the bank.. don't they have social obligations...! "Ma.. please, let me do this on my own" continued Nazrul. Alright... alright.. but, if you need me, call, I'll be just across the road. So off they parted ways, and Nazrul reached over to open the swing entrance door to the bank, while his mother trotted off to the street crossing a short distance away.

Nazrul's mother, Zabariah was still fuming over the morning incidents at the two banks they have visited. "How could the bank imposed such restrictions for small business loans!" she continued with her thoughts as she sipped her Old Town White coffee, and every now and then, she would glanced over the bank entrance, to see if her son had come out. "Your son is under the minimum age!" "Your son had no pay slip!" "Your son had no restaurant experience!" "What is your collateral?" On and on they gave reasons for rejection and not a word of encouragement! It was just for RM50,000. We already had RM150,000 to start the restaurant business". What made Zabariah more frustrated was the way the officers stated those requirements! "We are not just numbers to be processed, why can't they be more understanding and suggested ways of helping us!" One bank did not even allow his son to see the loan officer, and Zabariah was ready to put the clerk in his place had Nazrul not interceded then.

Nazrul's Background

Nazrul was a young man with a purpose. At 20 years old, he completed his studies in the diploma in business administration program at Polytechnic Ungku Omar in Ipoh, a city 40 miles south of Kuala Kangsar town where he lived with his parents. Nazrul had always known what he wanted to do, even while he was at secondary school. He could have easily got a scholarship to continue his studies because he was an excellent student. But, he wanted to be a businessman, following in the footsteps of his grandfather and now his mother, in the satay business. He completed an entrepreneurship program upon graduating from college, after which he fully immersed himself in the Jamasatay business. "To succeed in this business, I have to worked very, very hard, establishing contacts with suppliers, customers, local authority, and maintaining good rapport with other traders. But, above all I need experience on how to manage my money!" said Nazrul.

The Early Beginning

The satay business had been the focused of Nazrul's family business for almost 50 years. Nasrul's grandfather Abdul Manap had migrated from Padang Chandak in Medan, Indonesia at a very young age. He brought with him the family secret satay and gravy recipes. Abdul Manap started his satay business at a makeshift roadside stall in Bukit Chandan, Kuala Kangsar. He carried everything required for his business in two square aluminum tin containers which he hang at two ends of a pole that he balanced over his shoulder. He would walk the short distance, about ½ mile from his house to the roadside spot. The satay soon became the favorite of HRH the late Sultan Idris of Perak who never failed to order at least 10,000 sticks of satay for his birthday feast. On one occasion, the Sultan even presented his grandfather with a cow that was slaughtered to make beef satay.

Abdul Manap had four children, but only two were interested in the satay business. One was Narsul's uncle who, with his family sold satay at a stall in a popular riverside eatery in Kuala Kangsar. The other was Zabariah, Nasrul's mother. Zabariah, who in her early 50s, was a

very pleasant, cheerful and determined lady. She and Jamal had five sons. The eldest son worked as a land surveyor and the third son was a building contractor. Both had little interest in the satay business. Nazrul, the second son and Zulkarnain, the fourth, had shown interest and had helped in the satay business. The youngest boy Azam was still in year 4 at a primary school.

Zabariah married Jamal and moved to Jamal's family house in a village called Kampung Talang Hilir at the suburb of Kuala Kangsar town. Jamal had worked in an electronic factory in Kuala Kangsar, but was laid off during the 1980's recession. He and his wife then decided to seriously pursue the satay business which they named Jamasatay. Jamal was in charge of the overall satay operations, while his wife focused on the preparation of the satay and the accompanying peanut gravy. For the first 3 years, the family sold satay at two night markets per week.

Zabariah had supplemented the household income by making and selling cookies. She had learned to make cookies from a 'reknown' pastry chef in Ipoh. In her limited leisure time, she loved to tend to her orchids plants which she hanged in a covered area beside the front porch. She talked proudly of her sons, especially of Nasrul as, according to her, "Nazrul was the only one that had graduated from college". She seemed reluctant to prolong the conversation about her sons for she said, "I don't want to brag". Nasrul's family house was a cozy single storey detached house that had two living areas, three bedrooms, a dining and a large kitchen. According to Zabariah, "The house was build with income derived from the satay business". Before the house was build, the family had stayed in a big, quaint-looking kampung house which was situated in front of the present house. Zabariah's mother, who was in her late 70's still lived in that house. She had insisted on staying there, so Zabariah or a family member would send food and looked in on her every day.

Nasrul and the Satay Business

According to Zabariah, Nasrul had helped in preparing and marinating the beef and chicken for the satay since he was eight years old. He used to sit and observed his grandfather preparing the satay. Later in his teens, he would help to skew the meat and he would scribble some notes on what had been said by his grandfather. At 14, his father began giving him more responsibilities, such as dissecting the meat and chicken. His father gave him RM500 a month as incentive. In between school and work, he had hardly any time for other activities. His mother kept insisting that it was his choice. "He apparently enjoyed doing that, Nasrul aspired to be a 'successful entrepreneur' said Zabariah. Nazrul was a young man with very few words, he let his mother did most of the explanation. His face lit up when asked about his current challenged in the satay business. He was a soft-spoken, quite good-looking guy, and when asked about what he would like to do in the future, he readily and excitedly responded, "Expanding the business, open a restaurant with satay as the main featured item".

Recently, Jamal gave Nasrul with a Proton Pesona car for his help in the business. Nazrul had 3 workers helping him with the business. His father paid him and the other workers a weekly income of RM 400 per week per person. The three workers indicated that they wanted to work with Nazrul and gain experience on the satay business before venturing out on their own as traders in the night markets. One of them, Aminuddin said, "The night market business is such a lucrative, cash business with very little risk, but it required a lot of hard work". Faiz, another

worker, added that, “You could earned as much as RM7,000 in sales a week, no income tax to pay, and the stall permit is about RM15 a month”.

Nasrul indicated that his weekly activities were as follows: Everyday, except Thursday, he and the other workers (sometimes with the help of his youngest brother) would, at 10 am started cutting up the chicken and beef in small cubes. At noon until 3.30 pm, they would skew the chicken or beef with bamboo sticks. At about 4:00 pm, they would gathered all the necessities, loaded them in a minivan and headed for the night market/s. At about 9:00 pm they would clear the stall area and headed home. There they would unload and clean up. At about 10.30 pm, they would be ready to call it a day. By then they would be too tired to watch TV or do anything else, except rest or simply sleep.

Thursday was an off day for everybody. On that day, Nasrul would sleep or rest until noon. Then he would go and pick up his girlfriend. They would spent time, usually in Ipoh, to see a movie, had dinner at a restaurant such as Kenny Rogers, Secret Recipe or Pizza Hut and came home at about 10:30 pm.

The Business Operations

The Production: Jamasatay’s production site was a small work area located adjacent to the kitchen in the house where Nasrul and his family lived. The production area is separated from the Kangsar River by a 3 feet steep embankment. The production area is made up of a cutting area, a large refrigerator and freezer, three work tables with sinks, a storage room and a few wooden stools. Every day (except Thursday), 4,000 sticks of satay is produced at the kitchen, in a ratio of 70% chicken, 30% beef plus a few hundred sticks of beef tripe. However, in the span of 3 1/2 hours, Nazrul and the workers could only skewed 3,000 sticks; the balance of 1,000 sticks were contracted out at RM13 per 1,000 sticks.

The Workers: Including Nasrul, there were altogether four full time workers. All four had family ties. The eldest, Aminuddin was Nasrul’s uncle and he was 40 year old. Next was Zulkarnain, Nasrul’s younger brother. Then, there was Nasrul’s second cousin from his father side, 18 years old Ahmad Faiz. There were no job descriptions nor any stated division of labour. They shared all the tasks, except the purchasing which was done by Nasrul. But, it was amazing to see how well-coordinated they were in preparing their tasks when setting up the business and during the selling activities at the night market, Hardly any words were spoken among them, except with their customers. There were no queuing system, but they seemed to know which customer ordered what and in what quantity. When asked, Aminuddin said cheerfully that, “We knew who our regular customers were regulars. So, we only need to take notice and remember the orders from our new customers.”

Early morning, two or three times a week, Nasrul would go to Pasar Ayam (Chicken Market) in Ayer Kuning, Taiping, a town 20 km to the north, to pick up theready-packed supply of chicken breast. The beef was bought at the Pasar Besar (Main Market) in Kuala Kangsar, two or three times a week. The chicken meat and beef were immediately cut and washed at the kitchen before skewing and marinating. The four workers would cut while sitting crossed legs facing each other, on the floor. Right in front of each were wooden cutting boards, plastic bags with chicken or beef, and in the middle was a round tray for putting the cut up beef or chicken. Then, when all the cutting was completed, the meat would be skewed by piercing one piece of chicken/beef fat as bottom anchor, then 5 pieces chicken/beef were skewed, followed by skewing another piece of chicken/beef fat as top anchor. Jamasatay used only chicken breast and the best

beef cut for the satay. All the skewed meat is marinated with a specially concocted sauce (blended and mixed by Nazrul's mother) and refrigerated for the next day's business. Following this, the workers prepared the nasi impit (compressed rice cake) and refrigerated them. The next day, at about 4 pm, the food and accompaniments were packed in plastic bags and transported to the night market site/s. The satay sauce, made of peanut sauce and several herbs, was also prepared by Nazrul's mother, and cooked over very slow fire. The satay was sold with the accompaniments such as nasi impit, sliced cucumbers and onions.

Sales and Costing: Ten kilogram of chicken at M8.50 per kilogram would yield 1,000 sticks of satay. Ten kilogram of beef at RM10.50 per kilogram would yield 1,000 sticks of satay. The bamboo sticks for skewing were bought at a local store for RM5 per 1,000 sticks. Labour cost was approximately 15% of sales, the raw material cost was estimated at 30%, and all other costs including transportation and stall permit was at about 10%. Each stick of either chicken or beef was sold at 35 sen, while the beef tripe satay was sold at 40 sen per stick. On an average night, 2,500 sticks of satay would be sold at one night market.

Distribution Outlets: Jamasatay major sales outlet was the night markets in the district of Kuala Kangsar and one in Ipoh. On Monday, they operated at two night market locations: Jalan Baru, Kuala Kangsar and in Manong, a small town about 25 km to the west. On Tuesday, they also operated at two night markets: Simpang Lawin located next to the North-South Highway, and at Sungai Siput, a town about 20 kilometer to the south. On Wednesday, one location at the Public Housing Area 4 in Kuala Kangsar. On Friday, at a location close to the Main Market in Kuala Kangsar. On Saturday, at Jalan Dato Sagor in Talang. On Sunday, two locations; one in the small town of Karai, and at Desa Aman in Ipoh. On days when there were two night markets, the worker would be split in two teams, with Nasrul leading one and his brother Zulkarnain leading the other. Other than the night market outlets, Jamasatay also catered to request for special occasions or functions. They would prepare the satay at their production site and did the final cooking at the customers' designated sites. On average, income from the catering business was about RM4,000 a month. In addition, for one month of the year, the muslim fasting month, Jamasatay would set up at two designated locations in Kuala Kangsar and on average, it could sell 1,000 sticks of satay at each location per night. During that time, it would hire three extra workers for which it paid RM2,000 per person per month.

Competition: "Competition is quite stiff, especially at the fasting month because there would be so many traders, and also the time period for selling was quite limited, only for about three to four hours. Also, there was no restriction on the type of food the traders could sell", said Nasrul. However, at the night markets, the local authorities had limited the number of permits issued for certain product type, thus there would usually be one other seller selling satay. "Anyway, most of our customers at the night market were repeat customers, but it was different at the market during fasting month," continued Nasrul. Jamasatay received from 50 to 70 customers on an average night and almost every night, the satay would be sold out by 9:00 pm. Nazrul had observed and studied a few night markets to determine the quality of satay sold. According to Nasrul, the reason for Jamasatay's sustainability and success was the quality of the satay. "We used only chicken breast and among the best cut of beef, we had a special mixture of over 10 spices and herbs for marinating, and our peanut sauce was also special. We did not have to do any hard or pressured selling because the new customers we received were those that had heard about our satay", said Nasrul humbly.

The Future Challenge

Nazrul had been thinking about ways to expand the business, because the current distribution outlets were almost saturated. Nasrul wanted to start a small restaurant business with satay as the main menu item. He would need to invest about RM200,000 to get it started and to sustain the operations before it could make a profit.

DISCUSSION QUESTIONS:

1. Determine the current business profit for Jamasatay.
2. What are the success determinants of the night market business?
3. Discuss the advantage and disadvantage of venturing into the restaurant business for Nazrul.
4. Discuss ways of improving Jamasatay current operation to make it more professional.
5. Determine the skills required by Nazrul to be successful in the restaurant business.
6. Was the bank justifiable in rejecting Nazrul's application for the loan? Discuss.