

THE CATERING KING: CASE STUDY ON HANIF RAJPUT

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I keep six honest serving men (they taught me all I knew); their names are What and Why and When; and How and Where and Who.

Rudyard Kipling

Abstract

Hanif Rajput pioneered the catering business in Karachi. Weddings in Pakistan had become a festivity and the ever increasing guest list forbade the possibility of holding such functions at homes. This need was satisfied by Hanif Rajput in the 1970's. Within a decade this company spread its operations in all parts of Sindh and Pakistan. Hanif rose from a humble background. Despite his lack of experience in the Hospitality Industry, he organized his operations with meticulous details expected from people with rich experience in business which Hanif lacked. Package deal taking care of food, décor and lighting was the main product which conveniently took care of all chores related to marriage functions. Serving 10,000 guests with sumptuous cuisine certainly requires logistical planning which Hanif Rajput performed admirably. The present challenge before the catering industry is stiff competition and government regulations to cut down excessive spending and move towards austerity

Keywords: *Caterers, Marriage Functions, Decorators, Diversification, Hospitality Industry.*

Sher Khan folded his jai namaz mat presented years ago by his mentor Hanif Rajput and got ready for his daily chores. He is a driver of one of the many catering vans possessed by Hanif Rajput Caterers. Putting on his jacket with HR block printed on its back he got behind the wheels and headed towards the kitchens to load the cuisine and head for the KMC Gardens where it had to be delivered for the wedding party of one of the clients.

He rolled out with many other vans from the kitchen located in KMC sport complex at 7 PM. The traffic was heavy tonight however, he managed to reach the DHA Gardens at 8.30 PM. He offloaded the “dhegs”; Mohammad Khan an old crony of his meticulously checked the contents with the Tally Card and signed the receipt. Meanwhile Sher Khan looked at the Gardens, which were cloaked with shamianas and blazing with fancy lights. It was too early for guests but there seemed a lot of hustle and bustle in the vicinity. The stage decorators were in their last phase plugging in the orchids and roses around the podium, waiters were putting the spirit lamps under the dishes and carpets were being swept. He thought of the day when his daughter got a similar wedding treat from the company five years ago, which was funded by Hanif sahib!

Mohammad Khan refocused his attention by delivering the receipt, which he pocketed and looked up his next call station. He had to go to KMC Gardens and pick up the shamianas and chairs of last evening's function and offload them at a business tycoon's residence in Bath Island. By the time all his chores were over it was well past 2AM and Sher Khan parked his van and took the M17 coach and headed for his home in Balouch Colony.

This strenuous schedule is routine for many employees working at Hanif Rajput Caterers (HRC). The task for most of the employees starts after dusk and lasts till dawn. Most nights 50,000 guests at dispersed locations are treated to sumptuous

feasts ranging from kormas, Chinese food, and seafood cuisines all arranged by the legendary food master. HR Caterers was launched in 1979 by Muhammad Hanif Rajput, a small businessman at Karachi. The breakthrough was provided by the KMC manager Major Jalaludin Shah who awarded a contract of a local catering function to Hanif Rajput. Today, HRC is the largest catering organization of the country in terms of quality food and has a client base of several millions customers. The company has an asset base of approximately Rs 5 billion and an inventory of furniture, crockery and transport worth Rs30 million. The company is well known for its in door / out door catering services. It operates from many well-maintained beautiful grassy lawns and wedding halls dispersed throughout Pakistan. The company is fully equipped with necessary infrastructure to cater the diverse sections of society at competitive rates. It is the only catering service in Pakistan, which has the capability to organize a function for up to 20,000 guests at a time. The record number of parties held on a single day is 130.

The Company also has served the most prestigious organizations in the country and has been placed on the approved list of catering contractors by several diplomatic missions and federal and provincial government departments.

Marriages were a solemn affair till the 1970's in Pakistan. The celebrations were entirely family oriented, confined within houses and attended by close acquaintances. Hanif Rajput revitalized the concept of marriage functions. This added color to the ceremonies and became a part of our urban culture. In the 1970's the parents had to negotiate with individual vendors of tents, decorators, cooks and crockery to arrange weddings. Hanif provided packaged deals with no hassles, all ends tied up, in the words of Hanif, “I run a one window operation”. This entrepreneurial spirit was welcomed by the public. HRC responded to a new market trend. Family socializing was expanding, homes were becoming inadequate to house functions, flat

living was becoming common and the average disposable income was getting better. The fad, which started as a small business enterprise, became an industry. The concept was refined; shadi gardens mushroomed, tentage firms innovated, and functions like mayoon mehndi and dholkis added color to celebrations. Modest income groups could also celebrate in style by renting fancy halls and gardens. By the 1990's the competition in the catering business became intense. Today, approximately 150 caterers are supported by over 100 halls/gardens in Karachi. La Roshe, World Catering, Professional, and others do roaring business but Hanif Rajput is still the undisputed king of catering. Keeping recent trends into context, the catering industry employs over 150,000 persons in Karachi and has strong backward linkage with several supplier vendors.

ORIGINS

Hanif Rajput was born in 1944 into a lower middle-class family in Rohtak district (India). The family moved to Nawabshah just before independence. He discovered his organizational talent at an early age as a boy scout entrusted with carrying out independent tasks. After a college education, and with some financial assistance, he left for the UK in 1964 with the ambition to become an aeronautical engineer. However, he soon became disillusioned with studies and went about doing odd jobs in London. These were toiling days, he never realized that the experience of washing dishes in Piccadilly and serving in clerical positions at the Intercontinental Hotel in London would come in handy one day. During this period his intense interaction with the blue collared working class refined his ability to understand the human psyche.

He returned to Pakistan in 1974 and began to operate a cold drink truck-shop in KMC sports complex. His great persuasive powers finally convinced the management to allow him to arrange wedding functions in the lawns of the Complex. Thereafter, it was a rag -to-riches story.

He remained proud of his modest origins and despite his phenomenal success, retained small town simplicity. Strategy and marketing were concepts unknown to him but his talents, as organizer and his uncanny ability to understand the imperatives of business should be analyzed in detail to understand entrepreneurship in Pakistan. Customer satisfaction remained his top priority. Prospective customers never left his office without a deal. His interpersonal skills, friendly communicative style, and quick decision making impressed his clients. He possessed the knack of evaluating the worth of each of his potential customers accurately and suggest a menu package accordingly.

In the early days of the Zia-Ul-Haq regime he designed a "Martial Law Menu" for the austere class. He also introduced the "per head" concept in the catering business. He therefore avoided haggling on price. He mastered the art of management "on the job". In the 1980s, on a typical day he used to arrange about 50 functions, each averaging 500 guests, dispersed over a radius of 30 kms. This required adroit handling, organizational skill, good teamwork, and stringent control measures. Although he did not have had the opportunity to get formal training in of the catering business, yet he was able to build an empire. In 1985, the net worth of his company was Rs 1.25 million expanding every year at a growth rate of 15%. The peak period of earning for the catering industry was the early 1990's when the government used to spend lavishly on parties. HRC focused during this period on building the image of Hanif Rajput as a brand through public relationing.

THE COMPANY

Javed Rajput, the present CEO of the company disclosed that there is approximately 15 to 20% profit margin in this business. The debt equity ratio is low. HRC has no long term debts. On a standard menu, 60 to 65% is attributed to cost of catering, 10 % to setting and decoration and 15 % to

overheads. Presently the company has hub stations at Karachi, Hyderabad, Lahore, and Islamabad, which act as networks to nearby cities and towns all over Pakistan. Most of the business is concentrated in Karachi since the brand name is more familiar here.

The core competencies of Hanif Rajput Caterers revolve around loyal customer base, efficient logistic management, and quality service. Hanif Rajput treats his customers with respect offering them large discounts and innovative menus. He expanded into the corporate sector arranging conference meals and government functions in the 1990's. Hanif realized early on that with the growth of intense competition, he had to differentiate himself from the crowd. The company's philosophy is "To stay on top in our business line". This is achieved through quality control, and assured and prompt service. In 1995 HRC began shifting its menu mix to higher-priced offerings and investing in décor. It identified a market shift from food to finesse and therefore came up with innovative layouts, rich embroidered table coverings, and quality crockery. ". The rapid expansion and continued diversification of the business are attributed to three essential pre-requisites: creativity, precise planning and enthusiastic teamwork. Mr. Atiq, a long time employee commented that, "we have been a volume oriented company all along. Since our founding, we always felt that the basic way to run a catering house is to control food costs, and word-of-mouth advertising. But we also realize that as you become larger and the competition becomes intense, you have to market the product. The way we are organized, any additional volume really makes a difference when it comes down to the bottom line

MARKETING STRATEGY

The marketing strategy formulated during the 1980's by the company focused on creating awareness amongst the prospective customers. The "Martial Law Menu" and the "per head menu" were an instant hit. Although initially there was no proper

market segmentation and; customers with diverse profile received the same kind of service. In the 1990's however, the strategy became more specific and customers were segmented according to their tastes, status and budgets. Nevertheless, low cost remained the cardinal principle. In order to increase quality control, the company went in for forward integration. It invested heavily in developing infrastructure which includes shamianas, designer crockery, furniture, and illumination lights. This not only assured standardized décor, but also reduced dependence upon intermediary vendors. Through these measures HRC were able to keep costs from escalating while at the same time serving the high end of the market. The company has gained commendation from various quarters for its enviable and eye catching decoration services and awarded certificates of honor and letters of appreciation by valued customers.

Catering business thrives on efficiency, sustenance of logistics support and assured service. The company from its inception began to build a stable supply chain management. On average in 2004 HRC was providing catering services to nearly 45 to 50 parties everyday. This was made possible through HRC's kitchens having a workforce of over 100 chefs. They have the capacity to easily fulfill customer's last minute requests to increase quantities of supply. These challenges are met through integrating the front end of the supply chain, the customer's demand, to the back end of the chain, the production and distribution units. This complex operation is undertaken by employees who may not have any formal expertise but through trial and error have developed operating procedures, which sustain the daily operations effectively. Imran Bari the kitchen manager, proudly talked of the company's supply chain, "HRC has dependable suppliers who make money on volume, and our kitchen services are efficient and organized to sustain large operations. We accomplish low-costs in the volume we handle. An order sheet is well-documented and helps the staff to avoid confusion. We pay them handsomely too". The fleet of

transport was fitted with wireless radio sets in 1990's to monitor progress and implement contingency changes.

DIVERSIFICATION

In the late 1990's the company had stabilized and was still focused on catering. During the Nawaz Sharif era, ordinances were passed which put an end to this bonanza; austerity was to be practiced in wedding celebrations. The catering business was seriously affected. Some of the firms could not survive. HRC decided to diversify, and new portfolios were added to the Company. Hanif Rajput also decided to reorganize HRC. He formed the following autonomous divisions.

- **HR Decorators.** Formed in 1997 this division is responsible for supporting the catering business. It procures, maintains and provides all kinds of infra structural assistance for the numerous functions held all over the country. It works in close liaison with the marketing and catering divisions. This investment has been recovered many times over. HRC possesses the capability to organize functions for 15,000 persons, which no other caterer can match.
- **HR Industrial & Field Management Services.** Diversification in this area is a true reflection of business insight. Union Texas which was facing dire problems in supporting their operations in interior Sindh, outsourced this function to HRC. Established in 1997 this division provides permanent contractual catering, housekeeping, janitorial, and allied services to multinationals and large organizations. The division has been awarded ISO 9000 certification for its varied operations. Major clients include BP Exploration, Liaquat National Hospital, International Container Terminal Port Qasim, and Jinnah Terminal Karachi. These large organizations are satisfied with HRC on account of quality assurance and sustained

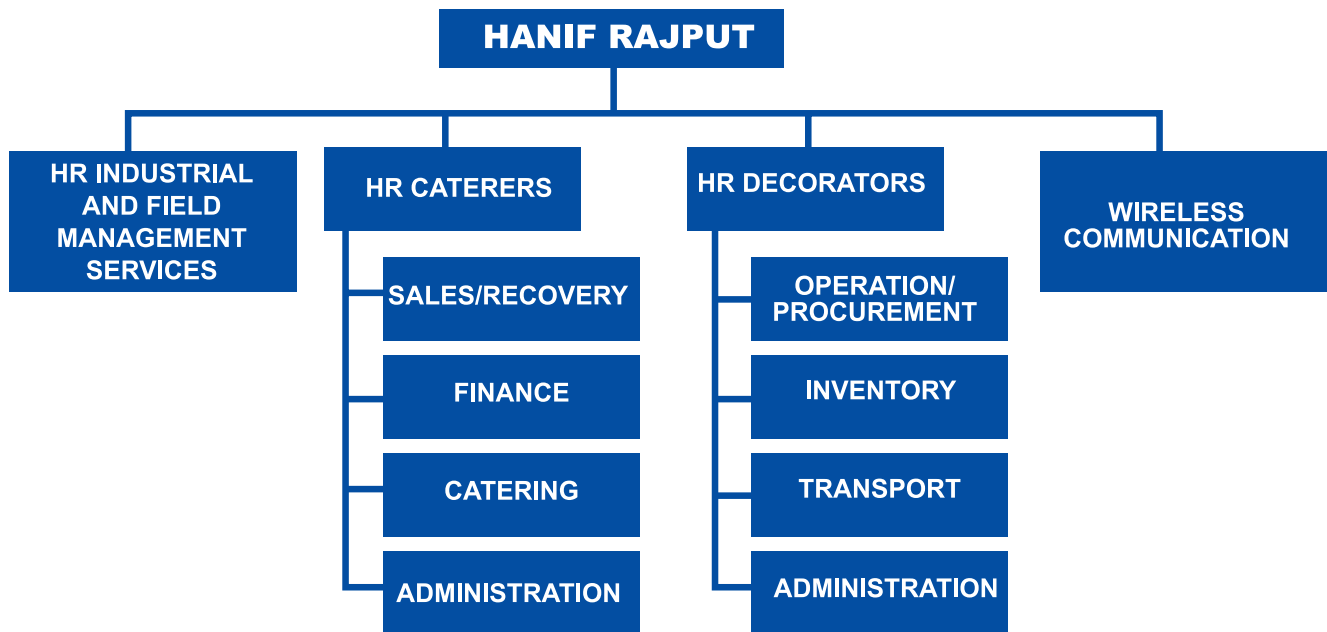
services.

- **HR Communications** was founded in 1994 at Islamabad and Karachi to provide VHF, UHF, and HF communications to clients. Their services include installation of radio and antenna towers, consultancies in communication solutions, and sale of equipment. This diversification into an unrelated field is questionable. On query, Javed Rajput the present CEO maintained that this is a growing field and HRC would like to explore opportunities in this area.

THE WORK FORCE

As of December 31, 2004 approximately 200 permanent employees who are divided into Billing, Sales, Operations, and Billing/Recovery departments. There is no union facility in the company. The permanent employees are paid on monthly basis while the waiters etc are paid on a daily basis. Approximately 300 to 400 part-time workers support daily operations and earn up to Rs 6000 to Rs.10,000 per month. Employee turnover is almost nonexistent; Mr. Naqi a longtime associate in HRC say " Hanif Bhai never fired an employee no matter how big a mistake he committed". Most current employees have been recruited by Hanif himself. The recruitment and selection process is essentially restricted to the referral method. On the job training is imparted to new employees and within a period of four weeks they are conversant with their duties. Catering staff is rigorously trained in all essential skills from hygiene to merchandising to good culinary practices. The employees are regularly medically examined. Catering training programmes are designed to ensure that the skills of the staff is continually improved staff members are encouraged to develop their abilities to meet the high standards of the catering industries.

The guard changed at HRC on 8th November 1999 with the sudden demise of the founder. The family business, which had turned into an empire, did rumble but did not disintegrate. Two sons of Hanif



Rajput, Javed and Naveed took over the company. They had no succession training; neither of the two had been associated with the company's operations, they were therefore assisted by some veterans in the company. Some structural changes have taken place and the subsidiary divisions have become more autonomous and are now functioning as SBU's. The company hasn't considered expansion internationally, there is however the possibility of expansion in the Gulf States due to large Pakistani expatriate population.

Javed Rajput the new CEO of HRC is of the view that, "catering business is still a disorganized sector, professionalism has really not permeated; areas like hygiene and quality are neglected. Due to fierce price cutting tactics, reputable caterers cannot hire qualified chefs or graduates with hotel management degrees. Catering business gives impetus to other

related industries, generates employment, consumption and adds value to our life style. The recent restrictions imposed by the government would hurt us."

Hanif Rajput Caterers is a true reflection of entrepreneurship in Pakistan. It started from scratch and became a multibillion enterprise. This success is attributed to its owner Hanif Rajput who not only provided the required direction but also at each step steered his ship adroitly. In spite of little experience in business he did not drift from the basics and masterminded strategies, which laid the foundation for the catering industry in the country.

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