

Caterer
Fostre invests,
sees profit
climb despite
downturn



He's hungry for top spot

By Chua Kong Ho

MR Alson Teo (pictured) has turned the perception of food catering as a low-technology, labour-intensive, low-margin business on its head.

The chief executive of Stamfles Group, whose core business is managing staff cafeterias for multinational companies such as Hewlett Packard and 3Com, has spun off the group's catering arm into a separate, wholly owned company to better concentrate on grabbing a top-three market position in the mid-range to upper segments of the catering industry.

And his trump cards: the former executive chef of Traders Hotel and a hefty \$200,000 investment in a Web-based ordering and tracking system.

Called Fostre, the catering company has to date handled events ranging from the President's Star Charity show to private functions for the Prime Minister's Office.

Fostre has 40 employees, 10 of whom work under executive chef Toh Thian Ser, formerly of Traders Hotel.

The company has a 5,000 sq ft kitchen in Changi North.

Sales increased from \$1.3 million in 2001 to \$1.8 million last year, validating Mr Teo's belief that there is a market for cost-conscious companies and individuals even in these tough economic times.

"We're telling companies that look, you don't have to spend so much to get the kind of quality catering previously only associated with five-star hotels," said Mr Teo, 34, who was a finalist at this year's Rotary-Asme Entrepreneur of the Year competition.

Menus are priced from \$10 to \$28 per person for buffet spreads.

"We're not aiming to be the cheapest caterer. But you're getting value for money."

Mr Teo expects sales to increase even more dramatically now that his \$200,000 ordering and tracking system has gone online.

One simple reason: The Web-based system allows customers to key in orders anytime, anywhere.

"Previously, like any other caterer, we were only able to take orders over

the telephone or by fax. And if the telephone line is busy, you can't get through. Or if the fax is blurred... there's a lot of frustration and inefficiency, which can result in missed deliveries or other problems."

But while the catering business is off to a good start, it still contributed only a small part of Stamfles Group's \$23 million turnover last year, up from \$19 million a year before.

Stamfles Food Management handles 25 staff cafeterias and food courts for big companies. Mr Teo told Streets he was looking to expand into China's second-tier cities, particularly into industrial parks.

But any talk of an IPO (initial public offer) is premature – for now.

Asked whether he felt envious that peers like Apex-Pal boss Douglas Foo and BreadTalk founder George Quek have all recently listed their companies, he laughed: "They all seem to be listing, aren't they?"

"It's still too early. I'm still learning how to run a company that can deliver consistent returns."