

**SMALL AND MEDIUM SCALE BUSINESS (RESTAURANT):
A Career opportunity for Nigerian youths.**

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Abstract

The key challenges facing potential Youth enterprises are the promotion of awareness of various career options and possibilities for business set-up. Young people in this category largely require awareness and understanding of what enterprise is and what it takes to own and manage a business so that they can consider self-employment realistically as a career option. This paper provides information on how to establish and manage a restaurant as a career option for Nigerian youths. It provides information on issues that relate to preliminary considerations before venturing into food service enterprise, proper examination of the business idea (feasibility study), self analyses, start-up capital sourcing, facility location, food procurement, inspection and quality control, among others. The operation of food service system is well explained and different types of services that may be adopted are mentioned. The sole aim of this paper is to present food service as a career option for potential youth entrepreneurs in Nigeria.

Keywords: food services, self-analysis, end-in-view, feasibility study

Introduction

The socio-economic imperatives of the Nigeria economy of today are systematically drifting in favor to the growth of small and medium scale business. Among the reasons for this trend is the sudden realization of the economy. For a long time government had taken centre stage hoping to carefully and centrally plan the economy. At the core of this approach is the presumption that it is better to centrally manage the scarce resources than to manage it in fragments. In so doing government hopes to redistribute income, reduce unemployment, provide infrastructure and facilitate the growth of Gross National Product (GNP). Unfortunately, after a period of four decades, they are several miles behind the initial expectations. At the last count, our public corporations have turned out to be a conduit pipe to entrench mediocrity, inefficiency and enrichment of few at the expense of the struggling masses. Riding on the strength of monopoly coupled with its legal immunity, they have given and continue to

give sub-optimal and epileptic services at high rate. In some cases of petroleum products, the products are not even readily available. It is against this backdrop that successive governments have taken a major rethink to this public sector domination of the economy. Consequently, it has embarked on systematic deregulation of the economy. The first step was to carefully privatize some of the corporation, while others were commercialized. The ultimate goal is to make the sector amenable for others to come and compete. This is what is called liberalization or deregulation. The bottom line is that deregulation in its wake will see the shift in emphasis from public to private sector domination of the economy. Expectedly, many small and medium scale businesses will come on stream. This unit in anticipated of this scenario seeks to acquaint entrepreneurs and would-be entrepreneurs with the basic ingredients on how to set up and run small and medium food service enterprises. Oni & Daniya (2012)

What is Small and Medium Scale Enterprise (SME)

The concept of SME has enjoyed some measure of controversy in the literature attempt at consistency and ambiguity. Consequently, there are as many definitions of SME as there are scholars and institutions defining it. Scholars are to use parameters such as number of employees, sales volume or turnover, capital small, medium and/or big scale.

At one point some people, rightly contended that these parameters do not provide uniform benchmark for all industries and for all time. For instance, what could pass for a big capital in food and beverage industry will certainly be small when compared to that in steel or aviation industry. Further, what is a big capital today may become small in five years to come (Ezeife, 1998). The above discrepancies, notwithstanding, we are constrained to use these measures, mainly for want of any other parameter to define SME. For the purpose of this study, we shall adopt the definition by the National Council on Industry (NCI). The reason for this is its currency and simplicity. NCI at its thirteen meeting in July 2001 adopted the following as the reclassification of industrial enterprises in Nigeria.

a. Micro/Cottage Industry: An industry with a total capital employed of not more than N1.50 million, including working capital but excluding cost of land, and/ or, a workforce of not more than 10 workers.

b. Small-Scale Industry: An industry with a total capital employed of over N1.50 million, but not more than N50 million including working capital but excluding cost of land and/or a workforce of 11- 100 workers.

c. Medium-Scale Industry: An industry with a total capital employed of over N50 million, but not more than N200 million, including cost of land, and/or, a workforce of 101-300 workers.

Following the above classification, SME consist of all business organizations whose total capital employed is above N1.5 million, but not more than N200 million including the cost of land and workforce capacity of between 11-300. Available statistics show that 95% of establishments in the organized manufacturing sector fall into SME category. More disheartening is the fact that at least three out of every four SME fail every year (Nzelibe 1996, Tinubu 2002). What is more, over 90% of those who wished to go into business do not eventually get to start. (Ezeh, 1999).

Preliminary Consideration before Venturing into SME

Most SMEs fail as soon as they are started because those who start them do not properly appraise themselves and their business idea before embarking on the venture. Consequently, the following should be done before starting a small or medium scale business.

a. Self Analysis

Those who break the frontiers of business to start new ventures, even at the risk or failure, are called entrepreneurs. It is pertinent to note that not all prospective SME

owners have the requisite personality trait and skills to succeed as entrepreneurs. Consequently, one must objectively appraise himself to ascertain whether one has all it takes to set up small or medium scale enterprise. Oni (2008) discovered through research findings that successful business owners must have high “Need for Power and Achievement” Onodugo, (2000). They are generally aggressive, confident, upwardly mobile, positive toward risk, hardworking and dogged. A checklist of the characteristics of would-be entrepreneurs provided by small business management, Honolulu (1977) has the following traits; self confidence among others.

It is unrealistic to expect one to have all these traits to qualify to own a business; it is equally true to note that the more you have these traits the higher the chances of success. Again, even the ones you do not presently have, one need to have the in-built flexibility to acquire them overtime. In assessing oneself, one needs to take resources, to one’s aptitudes, the things one has done in the past, opinion of close and yet objective friends and confidants, spouses and professional business consultants. If in the end, one discovers that he is bereft of most of these traits, he should think twice before starting a business venture. If the person must, he can partner with another person(s) who score high on these traits.

b. Proper Examination of the Business Idea (Feasibility Study)

Next to self-diagnosis, is a careful and yet systematic examination of the business idea. This is what is generally called feasibility study. Several people start business because their friends are doing the same business. Others are advised by their folks to join and yet some get into business on the presumption that it will succeed. It is some of these tendencies that account for the preponderance of the failure of most SMEs. To avoid this, it is important to carry out feasibility studies before going into business. The detail of feasibility studies will be discussed in the next unit.

Strategic Business Planning

Once the preliminary considerations are done with, the next most important activity in starting up SME is planning. It is often said that when one fails to plan such a person has planned to fail by default. Nzelibe (1996) rightly observed that one of the most serious operational problems of SME is lack of effective and formal planning.

Planning is the process of determining what to do in the future and how it is going to be done. It takes discipline and mental hard work to plan.

At the end of the planning process the following outcomes would be arrived at:

a. ends-In-view- The first major outcome of planning is a clear statement and objectives. They reveal what the owners of the business entity want to achieve. The difference amongst vision, mission statement and objectives is a matter of scope and specification. Vision and mission are broader; cover a longer time span and less specific. Objectives are specific measurable, realistic and time bounded. They are derived from and are a stepwise means of attaining visions and missions.

b. Strategy- This is the means of realizing these objectives. It also encompasses how one would compete. This strategy even starts with what legal forms of business ownership that one chooses. Is it going to be a sole proprietorship kind of business or a partnership? Again one may consider starting a new business entirely, buy an existing one and/or merge with another organization. Under strategy, one needs to consider the particular market to go for and what special offer to give them. Depending on the organization's strength and weaknesses one may offer unique, high value products or penetrate the market with low prices. Another important consideration under strategy is on how to grow. A forecast of the business environment need be made and careful decision of how to enable the business to grow. Growth can be undertaken by expanding the current business operations. In this case, what is required is to operate at full capacity or integrate either forward by taking on the activities of distributors or backward by doing what your supplier used to do. Growth can be undertaken by outright diversification into entirely new field. This happens when growth prospects in the current

business are limited or not very rewarding. Growth can be attained through merger, amalgamation or acquisition. Both forms entail fusing two existing organizations into one. It is called merger when the identity of one of the old firms is retained. It is amalgamation if a new identity is entirely given. And acquisition when one possesses the other.

c. Financing options- It is during planning that one determines how to finance a business. The major determinants of the choice of financing options are the willingness or otherwise to dilute ownership, the size of the business and its profitability. Meanwhile the spectrum of financing options available to a prospective SME owner is personal savings and contributions from family members, equity financing from partners and other stakeholders and debt financing. The latter which is debt financing entails seeking credit in commercial banks, finance houses and government financial institutions. All of them require some processes and technicalities, which for the most part and for a long time, have not been met by most SMEs leading to poor flow of fund from such sources.

A new scheme however has been invented by the Bankers' committee supervised by CBN to help the funding problem of SMEs. It is called Small and Medium Industries Equity Investment Scheme (SMIEIS). This scheme came to fill the gaps which debt financing created. Another scheme has just been lunch by the minister for finance who also is the coordinating minister for economy, it is called "you-win"

d. Personnel requirements- The wheel that moves organizations forward are the human resources therein. During planning, a careful design of how to attract and retain requisite personnel to run the firm will be undertaken. An organization may shop for one or two experienced hands and use them to train other personnel. Another may go for experienced people immediately and get trainees later. The approach used is a reflection of the nature of the organization and the strategies with which they want to invade the market with. Personnel policies are designed to guide the implementation of personnel decisions.

Location of restaurant

The location of an enterprise like restaurant needs to be very strategic. The first task of the entrepreneur is to survey the market population and the level of competition in the catchment area. The enterprise should be sited where what is intended to be served is acceptable and as well match the need of the environment, provided that the competition there is not keen. Firstly, the part of the country where the enterprise would be located should be carefully selected. Secondly, the type of menu items to be served should not be against the religious and cultural beliefs of the people in whose area the enterprise is located. Thirdly, the main purpose of venturing into the enterprise is for profit maximization, the entrepreneur should set up the restaurant where it will be economical to produce whatever is to be produced. Therefore, both geographical and economical conditions should be taken into consideration. Some other factors that can influence the choice of location for a restaurant include; personnel preference, hygiene, availability of raw materials, availability of cheap labor, availability of capital and basic facilities. All these factors may not be necessarily present in an area, hence the entrepreneur has to weigh the factors and make trade-off before a final decision is taken. However, availability of capital goes a long way to determine the decisions to take concerning many aspects of the business e.g urban or rural location, choice of technology, scale of operation etc

Restaurants' facilities & equipments

The facilities and equipments needed to start a restaurant includes accommodation space for preparation, storage space for warehousing of items not immediately needed, customers' dining area, service point, convenience room, washing space, measuring equipments, knives, spoons plates, pans and ovenware baking equipment, plate rack, oven cloths, scrubbing brush, towels, chairs and tables, a set of audio and video instrument, fan, air-conditioners etc

Methods of cooking

Reasons for cooking food include killing germs so that food can keep longer, making the food more tender and easier to digest, to improve and add to the flavor and to improve the appearance. Food manager must make sure that food items are prepared under strict hygiene conditions and that the nutritional value of foods are not lost during the process of food preparation. The basic methods of cooking includes, baking-cooking in the hot dry air of a heated oven e.g cake, bread; roasting-using a spit of barbecue over a fire to cook food, or oven roasting which is suitable for tender meat, poultry and games, potatoes and other vegetables, stewing a long slow method of cooking tough meat. Meat pieces are browned in fat and then simmered in a fairly small quantity of liquid, braising a method used for tender cuts instead of stewing. The meat is browned in fat and then cooked on a bed of vegetables in a small amount of liquid. Pot-raosting poaching, steaming, frying, grilling, cooking by radiate or direct heat on preasure cooking are other cooking methods a prospective entrepreneur can adopt.

Components of Food Service Operation

Food service system can be described as an organization that procures raw food items and prepare them for the consumption of the consumers on the same premises (Oyinlade, 2005). Food service enterprise therefore is both a service and manufacturing system. The principal characteristic of manufacturing is that something is physically created i.e the output consists of goods which differs physically from material input to the system. The principal characteristic of service is the treatment or accommodation they offer intrested customers.

Food service industry is generally, concerned with the quality preparation, presentation and delivering of foods usually for immediate consumption away from home. Food service industry is categorized into two. These are:

- (i) The commercial segment

(ii) The non-commercial segment

The commercial segment comprise of five major types of operations. These includes full service restaurant, fast food restaurant, hotels and motels, retails stores and recreational facilities.

The non-commercial segment includes hospitals, schools, parks, institutions, military establishment and transportation industry. It primarily caters for the needs of captive audiences. The customer has limited or no choice in the selection of centers and the operators has more influence on the quality service and price than the customers. Whereas the commercial segment has to compete for customers through service, quality and price.

There are four major food service systems. These are:

- (i) Conventional food service system
- (ii) Commissary food service system
- (iii) Ready prepared food service system
- (iv) Assembly served food service system

Conventional food service system

Conventional food service system is the type of food service that most establishments have used over a period of many years. Foods are purchased by the individual food service in various stages of preparation but all preparation is completed and foods are made ready for service in a kitchen on the premises where the food is to be served.

Commissary food service system

Commissary food service systems have centralized food procurement and production function with distribution of prepared menu items to several remote areas for final preparation and service. The actual food product flow varies with different commissary adoptive. The common feature of all commissaries is that the food production centre and service areas are located in separate facilities. Therefore, the function of food distribution

must receive considerable emphasis for effective operations of these food service systems.

Ready prepared food service system

Ready prepared food service system is a food service system in which foods are prepared on the premises and then frozen immediately and held for use at some later time. It was first introduced at Cornell University School of hotel administration research development. They produced their own foods for chilling or freezing.

Assembly served food service system

Assembly served food service system is one in which completely prepared foods are purchased from the food processing industry. This concept of food service is also known as hotel convenience and minimal cooking. Its objective is to curtail the expenditure of labor time and other management resources by divorcing the manufacturing process from the distribution process. Three forms of food may be procured for assembly service system. These are:

- (i) Completely prepared foods: ready-to-serve.
- (ii) Completely prepared foods: ready-to-serve after simple preparation method
- (iii) Partially prepared foods: ready to combine with one or more ingredients prior to heating or chilling.

Desirably, menus are planned by dietician or nutritionist working co-operatively with the organization providing the meals. Food is prepared by restaurants, hospitals or other foods services and may be delivered by them or by volunteer workers.

Management of Small and Medium Enterprises

To effectively run SME after inception entails these three related activities:

- design and implement actions of systems and structures
- motivation

□□controlling

a. Design and Implementation of Systems

Hindsight in consulting for SMEs has shown that most business concerns that fail do not have systematized procedures of doing things. Those who overtime and through rigorous effort were able to systematize the way they recruit, dissolve authority and responsibility, manage inventory, train, discipline, record and disburse funds, etc, hardly ever do badly. Essentially there is need to have the following systems for effective running of SMEs. They are:

Administrative system: this comprises organigram and job description manual. It shows at a glance who occupies what positions, who reports to whom, and their authority relationships. With this, vacancies can be declared and training of new entrants proceeds systematically.

Accounting system: this shows in a nutshell how money comes and moves within and outside the organization. It entails the design of requisition forms and payment vouchers. This system defines authority limits in terms of finances. Impress for various offices and its retirement procedures are identified.

Inventory system: This simply details what happens to raw materials from the point of purchase till it is turned into a finished product. It says something about the required quantities of both finished product and raw materials that should be held at any point in time. Issues as to when to order for more discard the ones held and the like will be handled by it. A large restaurant may require a store keeper to take the stock.

Personnel policies record: personnel are the most important resources of a company, successful operation of a firm depends on the organizational structure. Good human relation within the organization plays a major role in the success of an enterprise. The ability of the management to understand people, recognize their potentials and provide

for their growth and development on the job is of inestimable worth in helping to create goodwill among workers. Its however important for every staff on entry to be acquainted with the code of conduct expected of him/her. It defines what are the dos and don'ts. This is important. Most SMEs carry out these things retroactively. Sometimes punishment is determined only when the offense is committed. This does not augur well for the smooth running of the organization.

b. Motivation

Motivation constitutes those things which when put in place propels a worker to behave in desired manner in the work environment (Onodugo, 2000). It is what explains why people behave in certain ways in an organization. This is very important, as the bane of most SMEs is their inability to retain staff. High staff turnover makes succession and continuity difficult and throws overboard the benefits of training. To overcome these, one need to motivate staff to make them put in their best. Below are basic guidelines that underlie effective motivation.

Adequate reward for labour: Workers respond to their work the same way they are treated. Often time entrepreneurs and business managers think that they are doing themselves a favour by paying pittance to their workers. Once a worker is not well paid, not only will he not put in his best but he will be looking for job elsewhere.

Participation in decision making: there is nothing as motivating as a feeling of sense of belonging. When workers are allowed to know what is happening in an organization to the point of being allowed to make an input, they will naturally own the outcome of such decisions. Feeling of sense of belonging and camaraderie will pervade the environment leading to increase in productivity.

Reinforcement: staff members can be prodded to put in their best by acknowledging their efforts in the work place. It is not always money that motivates. Acknowledgements

such as praise, certificate of merit and/or promotion can equally serve as a positive reinforcement to such worker to do more.

Job environment and growth path: One thing that makes inward drive to dampen is a job schedule that is monotonous. Once worker can readily predict what he/she is required to do most of the time, boredom starts setting in. If on the other hand, the job is challenging presenting varying phases and fronts, it draws out the best from the worker. This is more so, if such a staff knows the clear growth path such a hard work will earn him.

Training: Training does two functions. It empowers the staff to do work better. It also meets the intrinsic desire of staff members who crave for improvement. This is motivation.

c. Controlling

This is the managerial function which ensures that the goals and objectives of any organization are realized. It is not enough to plan and start up businesses, it is equally important that close monitoring of the activities are embarked upon to ensure that it conforms to the initial plan. This is where controlling comes in. SMEs by their very nature are prone to fraud and waste. In order to ensure proper running of the firm, adequate control measures must be deployed to guard the conduct of organization members. The following are the techniques that will help business organizations to facilitate control.

Careful adherence to plan and policies: the results of planning are enshrined in a document called plan. It is important that the targets contained in the plan and policies initiated to facilitate it are all religiously adhered to. In other words, a sine-qua-non for good control starts with good planning.

Periodic evaluation of the finances: one way of controlling of the financial activities of SMEs is by looking at their financial statement. It consists mainly of income statement and balance sheet. The former reveals the difference between operating income and expenses. The balance is either profit or loss. While the latter shows the net worth of the organization. It shows in sum the profile of organization's assets and liabilities. With this information, managers of SME would make the necessary adjustments to ensure that the organization is financially healthy.

Budgetary control technique: budgets are action plans expressed in quantitative terms. It is a statement of future expected income and expenditure. Budgeting is the process of preparing a budget, while budgetary control is the process of controlling organization's activities through the instrumentality of a budget. As a medium of control, budgets are very effective. Once a budget is prepared, every operative will align its activities to conform to the budget items. Deviations from the budget estimate must be done with prior knowledge of the appropriate authorities. With this, financial recklessness is reduced to the barest minimum in restaurant setting.

Inspection and quality Control: this is mostly used in manufacturing concerns. It proposes periodic check of the manufacturing process to ensure that the output conforms to initial design specification and level of performance. In the process sub-standard and defective products are isolated for rework or discard. This helps to ensure that the products that reach the consumers are top value products that are intended for them. Big restaurants with chains of outlets like Mr Biggs have this unit.

Benchmarking: This is one way by which SMEs can ensure control and attain improvement. This is the process by which organization's products and processes are matched with prevailing standard of the "best practice". The closer a firm's activities are to the best practice the better the chances of it realizing its corporate goals.

Designing accounting system and having qualified personnel to manage it: As has been stated above, it is good for every organization that is control conscious to design accounting manuals and ensures compliance by staff members. Central to the effective implementation of accounting manuals are qualified personnel. A well paid chartered accountant would not easily commit fraud since he knows that he will not only lose his job, but his license may be withdrawn. People who are not so qualified may not exercise such restraint. This also presupposes that staff members should be paid comparatively competitive salaries. Anything short of this could make them not to value the job as to wanting to retain it.

CONCLUSION

The central thrust of this paper is that in the wake of the deregulation of the Nigerian economy, we shall witness the birth of many SMEs. These firms, well managed, will bring about the required turn-around of our economy.

This unit had deliberated on how to set up and run small or medium scale business concern. While one cannot claim that it is exhaustive, it certainly has the basic ingredients that will help those who genuinely want to start and run restaurants as enterprise. To be an entrepreneur, you must be able to control, motivate, direct and take calculated risks.

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