

Quah's recipe for sauces

SMEBIZ

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By Joy Lee



Having variety: CareFood has a wide range of products to suit the needs of various customers.

Manufacturer finds new lease of life in the Horeca industry

SETBACKS are a norm in business. And Mickey Quah has taken a few hits in his time.

After more than 20 years, Quah, a self-professed foodie, has managed to carve a decent business in the food manufacturing industry despite many challenges and a lack of relevant training – unless you count cooking and eating as training, he points out.

Quah, 69, is the managing director of CareFood Industries Sdn Bhd. The company manufactures and exports Asian sauces. It also does contract manufacturing works and develops products with some of its partners.

Quah saw an opportunity to go into the food business in the early 1990s while operating an event organising company. Foreign delegates who came for the events, he notes, were always on the lookout for authentic local food.



Right talent pool: The company has a heavy emphasis on product development with three food technologists under its employment.

At the same time, the food enthusiast also noted that there was an “erosion of our food heritage” as more of the younger generation started eating out and not many were learning the art of cooking authentic food from their parents.

“Young people can’t recognise what is good *rendang*,” he laments.

“So I thought it would be good business if I can find a way to pack authentic food, especially sauces for cooking. There was a big opportunity there. We could even expand into our own restaurant chain!” he enthuses.



Good taste: Quah saw good business in preparing pre-packed Asian sauces.

Quah founded CareFood in 1993 and launched a range of pre-packed sauces under the Mums brand.

He came up with an elaborate promotion campaign for television, and within a short span of time, captured the attention of the market.

To add to what he thought was his good fortune at the time, Mums also caught the eye of a big distribution agency. This would enable the brand to penetrate retail outlets nationwide.

With a big opportunity at his back, Quah invested RM500,000 to build its factory in Kepong, Kuala Lumpur. He was all ready to service the deal and take Mums further.

Alas, the distribution deal went awry. The agency did little to push the brand out. Products were not replenished at stores and it botched relations with retailers.

Very soon, Mums lost its place among retailers. Whatever relationship Quah had with them prior to the distribution deal did little to placate the retailers. No one wanted to carry the brand. In other words, the brand was destroyed, he says.

Saddled with a factory, Quah had no choice but to find a way to carry on with the business.

In 1994, he started a new brand – Asian Meals.

But no one was willing to take a chance on his second brand.



In need to grow: The company currently has three automated lines with 25 employees running its operations.

With no place for Asian Meals on local shelves, CareFood had to look to the overseas market.

Quah decided to try his luck in the Japanese market. Given the strict standards in Japan, he figured he would be able to make it anywhere else if he could cut his teeth in that market.

“My wife says I like to suffer, always taking the tougher option,” laughs Quah.

It certainly wasn't easy. Requirements were strict and communication was a real barrier for him.

Fortunately, he met a local agent who spoke English and was able to help him penetrate the market.

With some inroads made in Japan, Quah then looked into other markets that he could explore.

CareFood garnered some strong interest from food producers when it took part in the Anuga Food Fair in Germany not long after. The company managed to secure a few contract manufacturing deals from the fair, among which was a German company that was producing Asian food. The German company became one of its biggest clients and enabled CareFood to continue developing its products and expand its range.

However, the euphoria of a new business opportunity lasted only a short while.

By the late 90s, things were winding down for its German client. A change of leadership at the company saw it closing its doors after 80 years in operations. Sure enough, it became another lost business for CareFood.

To add to its woes, CareFood also encountered some problems with another client in the UK.

With prospects looking not too good in Europe, Quah had to look elsewhere to sell his products.

This time, he found an opportunity to go to the US.

The American market had another set of teething problems. Marketing costs were high. But once again, Quah met someone who gave the company the support it needed to find its way around the new market.

After many years of working the North American market, CareFood landed another large client – Costco – in 2017 to retail its products. Costco is reportedly the second largest retailer in the world after Walmart.

But just when things are looking good again, Quah is faced with another dilemma – the ongoing trade war between the US and China.

Quah explains that the US' policy is making it more difficult for companies to export to the country as businesses there are obligated to procure locally-produced goods first. This caused CareFood some losses.

“The US and Canadian markets are very big markets. But we are seeing a decline there. So we have to change our direction again,” he says.

Circumstances, it seems, is forcing Quah to come full circle. He found himself looking, once again, for opportunities in the Malaysian market.

Only this time, he isn't interested in the retail market.

“We are looking more at the service industry rather than retail. We are already supplying our products to quite a lot of local restaurants. And we are only scrapping the surface of the Horeca (Hotel/Restaurant/Café) industry,” he says.

Its new focus on the service industry is giving the company a new boost.

Poised to grow

After many years of exploring and learning from the many markets that it has been in, Quah believes the company is now in a good place to grow.

Quah explains that CareFood's position in the middle of the value chain gives it the opportunity to explore expansion either in the upstream or downstream. The company also has a wide range of products and a good talent pool to support its growth.

CareFood has three food technologists in its employment. For a company of 25 people, having that many food technologists shows its emphasis in product development, he points out.

But most of the product ideas still come from Quah himself.

"Food is like wine. You need to be able to recognise that this is the taste that this dish is supposed to have," he says.

He trusts his palate.

"So I write new recipes and our food technologists will look into the stability of the product to maintain the shelf life," he adds.

The company is also looking for more opportunities to develop and customise products for its customers.

Notably, its move away from the retail segment in Malaysia is giving the company a new lease of life here.

The retail segment currently makes up more than half of its sales. But moving forward, Quah expects the Horeca segment to drive growth for the company.

"There are already a lot of brands in the retail market and consumers don't necessarily know what is a good product. It is a difficult market. So we want to focus more on the business-to-business segment," he shares.

CareFood has also recently been approached by distributors for the Horeca industry, which could help the company expand faster in the segment.

Should this deal materialise, sales will most certainly take a leap and Quah will need to look into increasing its output.

CareFood currently has three automated lines. Each line is capable of producing 10 tonnes of products a day.

"When we built this factory, we thought it was so big and there was so much space. Now, we need more space.

"If we can add another floor to our factory, we can increase our capacity by another 50%," he says.

While prospects are looking up in the local market, Quah is still keen on growing the export market. At the moment, 90% of its sales is derived from the export market. He wants to take a bigger look at the market in Canada and hopes to revisit the European and UK markets to expand its Horeca services there.

With more supermarkets looking to provide ready-to-go meals, he notes that there is also a different kind of potential to explore in the retail market.

Quah hasn't given up on his dream to launch a restaurant chain that leverages CareFood's products and expertise to promote authentic local dishes.

"These foods have tremendous potential," he insists.

And if there is one thing he has learned from his years in the industry, it is to have the conviction, commitment and confidence to see his goals through.

"With the right partners, the company can go to the next level. We are rightly poised," he says.

He is bringing in more professional talent who will be able to eventually run the company in his stead. For now, though, he is happy to take the lead.

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