CASE STUDY: "Sagafat's Metamorphosis: Thriving Against the Odds of COVID"

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Case Study

In 2020, Mr. Mobin Piracha took on the role of CEO at "SAQAFAT" Sargodha during the height of the COVID-19 pandemic, a challenging time for many businesses. Despite these circumstances, driven by a shared passion for great food and recognizing the absence of a thriving confectionery industry in Sargodha, the idea to establish a bakery began to take shape. Two primary motivations fueled this concept. Firstly, the team's inherent love for delectable food and the stark gap in Sargodha's confectionary market. Notably, Cakes and Bakes, one of the renowned bakeries in Sargodha, had transitioned into a carriage business, resulting in the scarcity of confectionary products in the city. Being young, visionary, and dedicated teams to work, Saqafat became a successful venture.

1. BACKGROUND

On August 14, 2020, the journey of "Saqafat" began during the peak of the COVID pandemic. The whole world was grappling with the pandemic, which brought about drastic changes. Mr. Mobin Rauf Piracha and two of his friends conceived the idea of opening a bakery in Sargodha that would offer a unique experience, unlike typical bakeries. Sargodha had a gap in the cake and confectionery market, and its mission was to delight customers with a unique culinary experience and create lasting memories.

The business was christened "Saqafat," a name thoughtfully chosen to encapsulate the essence of the city. A stroke of fortune smiled upon them as their team predominantly comprised individuals hailing from famous cafes in Lahore, who were highly skilled and unwaveringly committed, remaining disquieted about their salaries. Mobin belonged to the business class; he was involved in the fabric, tires, and property business. Before the pandemic, he was generating handsome revenue from all of his business. Due to the pandemic, he was caught in trouble just like other businessmen.

As a young businessman, he has many innovative ideas for expansion and new ventures. First, he decided to open a franchise but then launch his products. Saqafat was one of his new innovative ideas. He came upon this idea while he was searching for confectionaries based in Sargodha. Mobin, Abdullah, and Talal, three friends, decided to turn their dream of making a confectionary and café into reality. Though all of these three belonged to different backgrounds, their parent' idea to start a venture joined them together from inauguration day till today.

Mobin has an intellectual personality; when he decided to start his own business, he had three names in his mind "Dastan", "Riwaj" and "Saqafat". One of his friends from the United States suggested Saqafat. Now they have reserved rights and trademarks for Saqafat. He graduated from Punjab University in 2010. He is not only looking after his business but doing MSC. His thirst for learning led him to take executive classes at TMUC (The Millennium Universal College). He has wide market exposure due to his family businesses, to whom he was engaged from high school.

In August 2020, they launched their inaugural outlet named "Saqafat", marking the inception of a family enterprise managed by a consortium of cousins. Abdullah and Talal have made investments initially rather than managing a café and bakery. Therefore, the café and bakery for the first six months or more was managed by Mobin and his cousin, who actively took part in the bakery operations and fully supported Mobin in his decision. In the beginning, Mobin was considering the role of CEO and manager (see exhibit 1).

Saqafat is an AOP(associate of persons). As Mobin, Talal, and Abdullah invested equally in this venture. They have an equal share in the profit and loss of the business. At the outlet, Mobin undertook the role of a salesman, passionately introducing customers to their diverse products. Given the absence of a prevailing cake culture in Sargodha, Saqafat Bakery diversified its offerings, featuring an extensive selection of cakes, including tantalizing options such as KitKat,

Mars, double chocolate, cheesecakes, and customized cakes tailored to the unique preferences and requirements of the local populace.

2. PRODUCTS AND MARKET

Setting yourself apart from competitors in the bakery business requires innovation. While basic confectionery items remain the same, introducing innovations like using Canderel instead of sugar to cater to diabetic patients or offering sugar-free options can be a distinguishing factor. Beyond the shape of cakes, the true differentiator lies in the rich taste and superior quality one can provide. They justify their premium by the quality of their products and enriching taste.

Arabian sweet date basbousa is one of the particular products at Saqafat that led Mobin to hire his head chef. He narrated; I first met him in Lahore, I tried date basbousa for the first time. The product itself convinced me to hire him. The product line divided the kitchen into four main domains: sweets, baking, cross, and meet. All the recipes are confidential with the head chef. So, the head chef is all in one who leads the kitchen by himself.

Their diverse product segments include methai, cakes, buns, etc., with cakes being the most sought-after. Alfredo pasta was one of the hot sales at the beginning stage. Lemon tarts, bread, and doughnuts are their routine sales. In café Mexican stake, crispy sesame chicken and masala rice are highly demanded by customers. The bakery has a wide range of mithai and other premium-quality sweets. Though Saqafat is not involved in direct exports, their sohan halwa is highly demanded by overseas Pakistanis, as one of their customers bought it and sent it to his relatives abroad (see exhibit 2).

Notably, Saqafat Bakery achieved a competitive edge by being among the first in Sargodha to introduce food-graded packaging. That means they use a type of packaging that is safe for food. This material is free from harmful chemicals and residues that could contaminate food. Food-graded plastics adhere to strict purity standards and ensure safety and quality. Saqafat takes an extra step by packaging items in aluminum before placing them in plastic boxes. They ensure the freshness of food and also focus on customer safety.

Food packed in plastic wrapping does not have a great chance of staleness, but when put in the microwave, it also causes bacterial cancer. Saqafat charged more than their market competitors. Premium prices are justified by the superior quality of food ingredients, which enhance taste buds. Their packaging, utilizing steel and pentagon boxes, is distinctive, with some priced above 200 but provided to customers free of cost.

For special events like weddings, birthday parties, and ceremonies, they made customized goodie bags or single servings on customer demand. CEO and his team have a clear stance that their mission is to provide fresh, delicious baked food made from the highest quality ingredients, served in a warm and inviting atmosphere that creates a sense of community. They are committed to sustainability and supporting the local community. They believe that great food brings people together. They claim that their unique culinary experience delights the customer and creates memories that last a lifetime.

3. EXPANSION

By opening their first outlet at University Road, their strategy targeted college and university students, motivated by the region's substantial population density and numerous educational institutions, hospitals, offices, universities, and hostels. They offer food like pasta, pizza, and coffee, which appeals to students, who are their main focus. They tried their best level to provide a warm, welcoming atmosphere and exceptional services.

Mobin believed that the outlet's aesthetics greatly impacted cafés customers. He has chosen UJ's architect and engineers based in Lahore for the interior of all four outlets. Saqafat has a specific six-color pallet consisting of shades of brown, off-white, and lemon, which they use for outlet infrastructure. Food packaging follows the same theme to create an aesthetic vibe. Mobin restrained architects not only for a specific six-colour pallet but also for a specific writing style. Their outlets are comprised of a bakery, café, and confectionary, all designed and themed by the CEO.

On 1 January 2022, they expanded their footprint by establishing another branch in proximity to Satellite Town. This strategic move was aimed at targeting residents of this area, whose robust spending power presented a compelling opportunity for growth. They target customers and get justified premiums for their products. After getting a warm response on opening their second outlet, they decided to open two new outlets.

At Kotmomin, they have opened their third outlet. This branch is running smoothly but not as successful as other branches. On 4 November 2022, they opened at Queens Road, Sargodha. This outlet is established near the cantonment area, and they have to get permission for a parking lot. The Queens Road branch represents a substantial 45 million investment, shared equally among three partners, covering an area of 1800 square feet. This is the largest branch, under construction with a 6000 sq feet total area, and a future party hall in its basement.

Mobin has an optimistic approach and has faith in his team and his skills. He believed his compassion for his business results in monetary terms and made Saqafat one of the leading national brands. They plan to expand their business by opening two more outlets soon. One will be opened on the city road, Sargodha. The other one is in the queue to be opened in Bhalwal.

4.0 OPERATIONS AND CHALLENGES

All the operations related to Kharkhana, café, and bakery are divided among different management teams, who are not given training for their duties by special programs but are trained by their years of experience and become experts in their field. Demand and supply WhatsApp groups are made to coordinate. Before 10:00 pm, routine demand, aligning with display and sales information, was sent to the group so they could get their product on time.

Food delivery to customers sometimes shifted to second priority as they focused more on customers who came into sight at the café. If one customer creates a mess, it disturbs all the customers and the café's environment. Delivery times vary based on kitchen activity, with customer satisfaction within the branch taking precedence. They are aligned with Foodpanda, which is a social app for delivering food. Delivery time also varies with traffic, and challenges with Food Panda include fines for delays.

Accounts handling is a crucial task. Risk is involved as most of their transactions result in cash. The person who deals with cash must be trustworthy. No accountant or auditor is specified with a set of accountancy skills. Mr. Jillani deals with all of the activities like staff attendance and supervision. He had done BS-IT and was a logistics lecturer at a private institution. Mr. Jillani is the key person who manages account details, too; though he is not specialized in this field, he is a supervisor of all those activities and has years of experience.

Mr. Piracha said:

"There is no accountant in our business as 80% of business handling depends upon cash, but Mr. Jillani is a man with superpowers who keeps all the records up to date."

All outlet setups are managed by Jillani. He has to decide when and where maintenance is required, advance payments, and receipt, and he also handles order taking to order deliveries in bulk. He also supervises bookkeeping and bill payments. Even all the kharkhana matters are nourished under his supervision. All the cash payments are made with the consent of the CEO, though Mr Jillani is the supervisor of all accounts and cash handling. He has to follow all the instructions given by the CEO.

There are four operational managers in all four outlets. Every outlet has its own operational and branch manager, who deals with all the daily affairs of his concerned outlet and reports accordingly to Jillani and Mobin. Mr. Faiz, Mr. Mubashir, Mr. Ali Hamza and Mr. Shoaib are the operational managers at Saqafat (see Exhibit 3). At their main outlet, built on University Road, Mr. Faiz is the operational manager with eight years of experience at Cakes & Bakes.

Operational challenges include staff distraction with gadgets, issues in conveying customer preferences to the chef, and managing orders across multiple branches, leading to customer dissatisfaction. There is a head chef who looks after all the domains at kharkhana. The ustad handles Its four domains, and the ustad is answerable to the head chef. Low-level laborers observed their ustad with principle.

When they opened their first outlet, Alfredo pasta was one of their hot sales. Alfredo sauce is a delicious, indulgent sauce made for pasta to enrich its taste. Workers in the kitchen used to make this sauce fresh whenever it demanded. To make this sauce and serve it with pasta, it took 20 to 25 minutes, which resulted in the customer's infuriation. When they asked their workers to make sauce before ordering, they refused to do so because their ustad was not used to doing so.

If the business is in the operational phase, it has to face challenges daily. Like other businesses, Saqafat faced challenges and obstacles, which multiplied during the pandemic. The most crucial event that affected the business was fluctuating petrol and diesel prices. The bakery's heavy machinery and the ventilation system, essential to maintaining a smoke-free kitchen, demanded significant electricity. To ensure uninterrupted operations, a 100 KVA generator was required, but the high fuel consumption of 8 to 10 liters per hour put a strain on the budget, prompting considerations of whether to continue the business or not.

At the beginning stage, the pandemic was in full swing. Lockdown and SOP were observed strictly. Saqafat had constraints on operating hours, as business hours allowed by the government typically till 6 pm hindered the bakery's ability to cater to the customers effectively. Customers were allowed to takeaways, which bound them for limited customer engagement and hindered sales. Prohibition of dine-in services forced bakeries to rely solely on takeaways. In the beginning stage, they just relied upon takeaways, as they had no supportive circumstances to entertain customers at their outlet. There is no way to dine in, so the chances to retain customers by giving them a cherished environment were minimal.

By managing such issues, they also had to deal with regulatory bodies such as civil defense and social security, which added operational complexities. They were navigating through regulatory hurdles to ensure compliance and smooth business operations. Taxation-related issues posed a significant challenge for Saqafat. Dealing with tax matters during a pandemic created additional financial strain and administrative burdens.

The CEO himself oversees Saqafat's tax management. Notably, the taxes in question primarily revolve around sales taxes, which customers absorb. Saqafat, like other product-based businesses served as the intermediary. Serving as a bridge between consumers and the relevant departments. Mobin Piracha's role involves facilitating this transaction while ensuring compliance with tax regulations.

By acting as the liaison between the squat and the taxing authorities, he plays a pivotal role in maintaining transparency and adhering to legal requirements. Compared to Indonesia and Malaysia, which initially had imposed a 2 percent tax as GST, it reached 7 percent after years, the Pakistani government levied heavy taxes on the public.

Last year, the FBR implemented the Point of Sale (POS) system, which applies to stores with an area exceeding 1000 square feet and equipped with card payment machines. By following this, a store having air conditioners and belonging to a multinational chain, a mandatory 16% tax from each customer must be collected and remitted to the FBR. (see exhibit 4)

Despite all the challenges, Saqafat has become a leading brand in Sargodha. Mobin gave all credit to his team and said: "We had a smoother transition, thanks to our trained and experienced staff, effective mechanisms for customer retention and order management. We have many challenges while opening our first outlet. When our second outlet opened, we were more confident because we were not beginners but the players in the game at that time."

By taking a reality check, they performed well beyond their expectations. Though in Sargodha, other bakeries were traditionally doing business, high competition existed all over the market. They overcame all the hurdles and made their café and bakery a leading brand in the market. CEO is now in a view to expand the third outlet into a party hall and ready to set another exemplary place to celebrate events.

5.0 MARKETING STRATEGIES

Abdullah had invested in Saqafat and is also running a food business in Australia. Like Abdullah, Talal's other partner is an IT expert who previously worked in a multinational firm. They have both invested their relevant skills and experience with Mobin to make Saqafat one of the leading brands, as Talal oversees marketing campaigns and strategies. They maintain a strong social media presence managed by an efficient team, which has contributed to building a positive reputation.

Utilizing various social media platforms, they run campaigns by events, i.e. Eid special, Mother's Day, New Year, and Christmas. Following the trend from October to December, they launched the "Shaddi/Wedding" campaign, specifically targeting customers aged 45 and above. They targeted parents looking for goodie bags for the nikkah ceremonies of their son or daughter.

Mobin and Talal didn't follow the traditional approach of marketing and advertisement. Talal has exposure in a multinational firm, so he has cashed his experience by adopting new advertisement tools rather than relying on word of mouth for publicity. Using different social heads like Instagram and Facebook, campaigns on special events are run to capture customers and frequently post about their weekend buffet, which results in catching customers on routine. Streamlined baking and preparation processes guarantee consistency in product quality and timely customer deliveries. Notably, Saqafat Bakery fulfills a pivotal role in maintaining stringent food safety and cleanliness standards, thereby reinforcing its commitment to providing safe and hygienic culinary delights.

6.0 HUMAN RESOURCE STRATEGIES

The bakery's hiring process is structured into two distinct segments: "Front" and "Back,". "Back" is the pivotal domain where baking and production activities occur. As Back is further subdivided into specialized teams, comprising segments such as Sweets, Baking, Cross, and Meetha, each with its unique domain of expertise. Within the "Back" category, the heart of the bakery's operations, a fundamental division arises between Bread and Spunch, which serves as the foundational point for the segment's organization.

The CEO himself manages front HR and back HR or kitchen staff hired and managed by the Head chef. CEOs and managers have no direct concern and liberty to interfere in the chain process of backend HR. Front HR has no proper chain process and recruitment policies for hiring and recruitment. They used to adopt source-based hiring. They are not in practice to give some advertisements or hunt talent, quoting the right people for the right job. According to Mr. Mobin, loyalty doesn't exist in our field. We pick employees from the ground level. They hired an

employee as a dishwasher, and he got promoted to helper. Then he became a cook, then a trainee. Lastly, his position advanced to chef.

Mr. Mobin, being a man of a practical approach, has a view from an ordinary employee to be a chef, a person requires 8 to 10 years to practically approach all the steps in one night by watching a single or even multiple YouTube tutorials you can cook well for once or twice but could not create an exemplary taste for others. To face a baking oven with 260 degrees and 280 degrees temperatures is not an easy job. It's like burning hellfire. To bear this heat, you have to train yourself for years.

If an employee is hired as a helper, his job is just to help in topping pizza; being a helper, he just needs to put sausages, mushrooms, capsicum, onions, and olives over the top of the pizza. He is not concerned with why the dough is not in a deep pan or has a thin crust. He has no idea how much time the dough is left after knitting. The helper is concerned with topping and baking the pizza in the oven. The helper is not concerned if the pizza is put in the oven for 8 mins why is it not placed for 10 mins?

As there is no proper channel for HR policies, hiring and firing rules are not observed. Employees easily switch from one working role to another working role and from one organization to another organization. Though employees are hired from ground levels, groomed, and got promotions over the years. But organization failed to create a resistance to turnover.

Employee turnover increases if they find a spark and salary increase by another firm. This increment is not in big figures but a mild difference like Rs. 2000 to 2500 increment. Employees switched their jobs without bothering their existing teams. They don't even consider whether the team can survive or not if he immediately quits his job. If your competitor in the market attracts your employees by offering a little more than you, you must face a labor shortage. Lower-level laborers are highly unethical and disloyal.

Saqafat trains their employees from step 1 as they hire an employee as a waiter and train him to order taker. After serving as an order taker, he has a chance to get a promotion and become a captain. Captain duties are similar to floor managers. To be a floor manager, you must have a keen eye for customer service. From attending to customers to checking table clearance and cleanliness is all under the captain's duties. Once employees gained enough experience, their level advanced as general manager. To be on a front counter and to become a branch manager of the outlet, an employee needs to cross the ladder as general manager. Emplacement sometimes fails to counter real talent and dig into complicated human resource practices by following the pattern.

Notably, Saqafat Bakery places a paramount emphasis on the recruitment of chefs, as these culinary artisans hold the key to the company's delectable recipes and culinary innovation. All bakery staff are under the vigilant oversight of CEO Mobin Rauf Piracha, but their critical role is truly dependent on the expertise and direction provided by the culinary expert—the head chef. The bakery's overall performance is intrinsically linked to its specialized teams' capabilities and cohesion, and the team members' caliber significantly shapes the bakery's outcomes.

Conversely, the "Front" segment focuses on recruiting personnel responsible for direct customer interaction, tasked with customer service and sales duties. The managerial and top-level executives who prioritize personality and interpersonal skills to craft a welcoming and amiable ambiance conduct recruitment within this sphere, ensuring customer satisfaction.

The thriving success of Saqafat Bakery hinges upon a meticulously designed system and processes. Acting as adept system managers, they have successfully implemented and continuously refined their operational framework. This has resulted in improved operational efficiency, heightened customer satisfaction, and sustainable growth and triumph. A critical component of any bakery's success lies in the meticulous handling of fresh ingredients.

Saqafat's growth in Sargodha exemplifies a convergence of strategic foresight, market responsiveness, and localized engagement. This case study sheds light on the importance of grassroots-level understanding and customer-centricity in expanding operations successfully within regional markets. By leveraging community ties, tailoring offerings, and nurturing symbiotic relationships with local stakeholders, Saqafat not only navigated but thrived in an environment marked by unique challenges and opportunities.

Moreover, Saqafat's journey in Sargodha serves as a testament to the transformative power of adaptability and innovation in business expansion. Embracing agility and a nimble approach enabled the company not only to penetrate but also to become an integral part of the social and economic fabric of the region. This case study underscores the significance of a holistic approach that integrates market insights, cultural sensitivity, and strategic agility, offering invaluable lessons for aspiring entrepreneurs navigating diverse and evolving market landscapes.

Exhibit 1

SAQAFAT Overview

Sr. No	Key Points	Brief Detail	
1.	Introduction	This is a type of food business that started during the time of COVID-19 at Sargodha.	
2.	Objective	Reality is quite better than expectation.	
3.	Target Market	Sargodha Residents	
4.	Menu or Specialty	Cakes, Meethai & Fast Food (like pasta, roll, etc)	
5.	Customer Experience	Having 3.7 (54 reviews) according to their social media account (Facebook Page)	
6.	Financial Performance	Have a huge amount of investment (Roundabout 47M only on one branch)	
7.	Future Plan	They have a plan to expand their business by opening two more outlets soon	

Exhibit 2 SAQAFAT BRANDING APPROACH











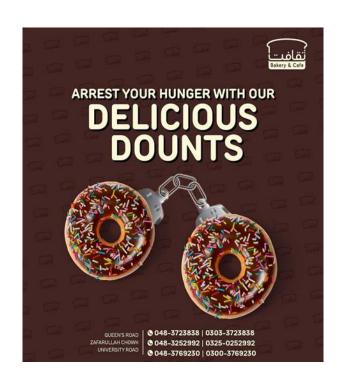


Exhibit 3
Organizational Structure

Sr. No	Employee Name	Employee Designation	Key Job Responsibilities
1.	Mobin Rauf Piracha	CEO	Deals overall the operations of the firms.
2.	M. Abdullah	Investor	He invested in a friend's business and ran his own business at Aus. He helps them how to engage customers. He also helps them to make marketing strategies.
3.	M. Talal	IT Supervisor	Handle social media accounts of the Saqafat. Also, he's handling all the marketing strategies of the Saqafat.
4.	Jillani	Accountant	Manages or records all the daily or other financial transactions of the business.
5.	M. Sohaib	OM	Manage daily operations of the branch
6.	M. Faiz	OM	Manage daily operations of the branch
7.	M. Mubashir	OM	Manage daily operations of the branch
8.	Ali Hamza	OM	Manage daily operations of the branch







Exhibit 4

Organizational Challenges

- **Petrol Prices:** The most crucial event that affected the business was fluctuating petrol and diesel prices. To ensure uninterrupted operations, a 100 KVA generator was required, but high fuel consumption of 8 to 10 liters per hour put a strain on the budget, prompting considerations of whether to continue the business or not.
- **Taxation:** Last year, FBR implemented the Point of Sale (POS) system, applicable to stores with an area exceeding 1000 square feet and equipped with card payment machines. By following this, a store having air conditioners and belonging to a multinational chain, a mandatory 16% tax from each customer must be collected and remitted to the FBR.
- Office Timing: Saqafat had constraints on operating hours, as business hours allowed by the government are typically till 6 pm, hindered the bakery's ability to cater to the customers effectively.
- Take Away Service: Customers were allowed to take away, which reduced time for customer engagement and hindered sales.

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