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Ezic Restaurants (Northern Cyprus)

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EZIÇ RESTAURANTS

Introduction

In 1990, following the bankruptcy of the business for whom he had worked, Mehmet Eziç came up with the idea of starting a business of his own, and wanted to accomplish his childhood dream of 'being his own boss'. Mehmet had been negatively affected by the economic stagnation which took place in North Cyprus, particularly between 1988 and 1990. Despite the poor market conditions and the economic crisis in North Cyprus, Mehmet decided to take a risk, and as such he established his own small business. Over the years that followed, he developed and opened four additional branches and in 2008 he was awarded the title 'Entrepreneur of the Year' by the Young Entrepreneurs' Association (JAYCEES). Each of the five Eziç Restaurant branches were connected to a central food production centre, as well as a purchasing and accounting department. Each restaurant had a manager and a saloon official leader, that is, a person responsible for the kitchen. There was no cook or chef in the branches as the food was prepared in the centralised manufacturing branch and distributed to the individual restaurants. Throughout the time of developing the businesses, Mehmet was also heavily involved in socially responsible activities such as charities and providing university students with the opportunity of doing their internships in his restaurants. Eziç Restaurants became well known amongst local and international customers and became established as a reputable brand name, principally through word-of-mouth advertising.

As the business grew, skills and strategies had to evolve, and the challenges in the external environment impacted his future business plans. As a result, Mehmet endeavoured to professionalise the business, and so he had to invest money to train himself and his staff. More recently, Mehmet made a huge investment in the establishment of another branch with the hope of gaining more international customers, but there was considerable disappointment with the outcome to this venture. He suspected that the major reason behind the failure was due to the increase in the number of competitors in this particular segment of the market. Mehmet had now become unsure and hesitant regarding the next step to take. A further issue he needed to address was whether his business should be fully professionalised in all of its operations as some elements of it were still too 'ad hoc' in the manner in which they were carried out. Mehmet needed to hire a professional consulting firm, either from a private

company or from one of the universities locally, so as to inform him about what actions he needed to take to improve the performance of his business. As Mehmet believed that he first needed to professionalise his business more effectively in order to expand further, he was considering postponing his dreams of international expansion. Moreover, he was also starting to lose hope of realising his expansion dreams in the local market due to recent increases in the number of competitors.

The Entrepreneur's Background

Mehmet Eziç, the founding entrepreneur of Eziç Restaurants in North Cyprus, was the son of a harbour worker and a housewife. He was 44 years old, married and the father of two children. Mehmet came from a poor family background and started working during his elementary school years in order to finance his education. For many years he worked in the village coffee house and a small grocery store. During his high school years he also worked as the conductor on the village bus service. The experiences he gained through working in the village coffee shop were the main motives for starting up his own business in the future. Being a graduate of a technical school, he also worked as an electrical technician for many years. This was followed by a job as a pollster in a public survey company. Mehmet often stated that he gained valuable skills whilst working as a pollster, such as doing research and analyzing the market. According to Mehmet:

“If someone wanted to be successful in life then they needed to take risks”.

Mehmet shared his life philosophy as:

“Risks should be experienced, because the greatest risk of our lives is not taking any risks”.

Furthermore, Mehmet believed that the key to success was in taking risks and in differentiating your products/services from the competition. He explained this further by stating:

“I have always tried to be different in my businesses by introducing unique tastes”.

He hoped that his philosophy to life and to business would never change.

Start-up, Growth and Development of the Businesses

After a thorough, but quick, research Mehmet identified that there was no restaurant offering grilled chicken in Kyrenia. Therefore, in 1990, the founding owner started his first business as the sole proprietor of a small roast chicken take-away restaurant in a rented shop of only 60 square meters. Kyrenia is the most popular tourist location in North Cyprus. After 1974,

Kyrenia re-established itself as a place for eating and entertainment for local people and as a resort for tourists, predominantly from Turkey. He chose this location in particular because he realised that eating and drinking were the favourite pastime of Kyrenia locals. When setting up his first business, Mehmet financed the operation through his own resources, he sold his house and used half of the money raised from this sale to buy chicken grilling equipment, while his acquaintances donated him a fridge and a desk.

Within a period of one month he had developed a significant number of regular clients. Over time, and as a result of increased customer demand, new dishes that were not offered by other restaurants were added to his menu. In 1993, after approximately three years of running the business as a take-away restaurant, he decided to expand. Using his earnings from the take-away business he bought and moved into the store next door. The business was given a new décor and offered chicken for both eat-in and take-away customers. In the words of the entrepreneur:

“While we were growing through innovation, we were trying to offer our customers different dishes that they would never find anywhere else”.

Meanwhile, Mehmet invested time and money in travelling, observing and tasting chicken menus abroad, and continued to learn new tips from cookbooks. He successfully managed to adopt menus suitable to the local culture and taste. Mehmet believed that being successful mainly depended on establishing close contact and good relations with customers, and taking their feedback into consideration when updating or adding new menus.

In April 2003, after the opening of the borders within Cyprus and the free movement of people between north and south Cyprus, the restaurant sector was positively affected with increased business. However, this also increased competition from South Cyprus, and so the restaurants had to improve food and service quality. In May 2004, Cyprus gained entry into EU and this prompted the northern part of the country to prepare itself for the EU standards regarding hygiene and food. As a result of the free movement of people within the island, there was an increase in demand, and a new restaurant named Eziç Peanuts was opened in 2005. The entrepreneur explained that developing the new business idea, including planning and initiating the restaurant took about one year. He never received any support from professional counselling when developing the business idea. Located on the Kyrenia coast, 22 workers were employed in this branch, and the restaurant followed a new product concept where peanuts were offered to customers prior to taking their orders from the menu.

With the expansion of his business, Mehmet's operations took on a more professional approach. A centralised food production centre was formed in 2004, where all of the food was prepared in a standardised form and then delivered to the restaurants ready to be cooked. From this centralised food production centre Mehmet adopted a scientific working method in his restaurants, and from 2005 Eziç Restaurants was the only restaurant in northern Cyprus to employ a full time food engineer. Because of the way that his operations were designed, there was no need for chefs in the Eziç's Restaurants as all the meals were pre-prepared in a single facility and then Mehmet used the 'cold-chain' method to distribute the meals to his restaurants in three different cities. Mehmet believed that the high quality and the consistency of the food offered were the beneficial consequences of this method. In spite of a very busy work schedule, Mehmet still preferred to spend time working in the kitchen and trying new menus.

Mehmet was always prepared to make changes in his businesses. For example, he updated the food menus by taking into consideration customer feedback and directed his employees accordingly. During 2006, due to the outbreak of bird flu, Mehmet started to introduce meat and fish menus. Another restaurant, Eziç Premier, was established in 2007 in Kyrenia which was a modernised adaption of the traditional Eziç concept of dining. This was a huge investment, in which financing was provided via private bank loans. Mehmet Eziç explained that:

“Eziç Chicken Bar was very busy and overloaded. We thought it would be a good idea to create a comfortable venue for our guests and, thus, built this restaurant. We created Eziç Premier”.

Opening Eziç Premier was a personal pleasure of Mehmet Eziç. He continuously consulted with an architect to develop an attractive building and design for the business. It took him about four years to make his dream into a reality. The new restaurant was a full concept dining restaurant consisting of different sections of unique decoration, elegant lighting and comfort. The two-section dining hall was designed in three tiers to give a clear view of the Mediterranean Sea from wherever the guests are seated. The new menu included delicious dishes of different cuisines, offered a large selection from which to choose. Another room mainly accommodated families with children. The dining hall offered a warm and cozy atmosphere and included a children's game room at the back. An a la carte service was accessible at the Platinum restaurant section. A Café Espresso room, offering 40 types of

coffee, sandwiches and breakfast items was also available. In total 65 employees worked in Eziç Premier (including the managers of Eziç Restaurants, such as purchasing and accounting). Eziç Premier quickly became a well known and preferred location by locals in which they would host their guests visiting from abroad.

A branch of Eziç Restaurant was opened in Nicosia (the capital city of northern Cyprus and the most populated city of Cyprus) in 2008 with 45 employees. Being satisfied with the sales volume in Nicosia, in 2009 the Famagusta (Famagusta is a coastal town and the second most populated city of northern Cyprus) branch with 36 employees was established. Mehmet Eziç extended his staff of management, as the business expanded rapidly through the years, to include a restaurant manager and an assistant restaurant manager for each restaurant, and also sales and accounting managers who directed the work in all five restaurants. Table one below provides a brief summary of Eziç Restaurants according to their order of establishment.

Table One: Eziç Restaurants, in order of Establishment

<p>Eziç Restaurant Year of establishment: 1990 Location: Kyrenia Description: Take-away Details: It expanded by moving to a larger location in 1993 with a dining room with a superior menu.</p>
<p>Eziç Peanuts Year of establishment: 2005 Location: Kyrenia – sea-side Description: Dining Room – indoor & outdoor</p>
<p>Eziç Premier Year of establishment: 2007 Location: Kyrenia Description: Five dining rooms including Brassiere-style salons, Café Espresso room, Platinum, and a family restaurant. Details: Modernised adaptation of the traditional Eziç dining concept</p>
<p>Eziç Lefkoşa Year of establishment: 2008 Location: Nicosia –the capital city Description: Dining Room – indoor & outdoor</p>
<p>Eziç Mağusa Year of establishment: 2009 Location: Famagusta</p>

As Mehmet began to increase the number of Eziç Restaurants between 2004 and 2010, the figures on revenue increase (%), number of managers, number of workers and percentage change in profitability ratio are shown in some dramatic changes (reference Table two). However, revenue and profitability slowed down in 2008 due to the preparation for the launching of two more new branches. The increase in the number of managers also reinforced the need to take more steps to professionalise more of the operations within the Eziç Restaurant branches.

Table Two: Expansion of Eziç Restaurants

	2004	2005	2006	2007	2008	2009	2010
Number of branches	1	2	2	3	4	5	5
Revenue increase/decrease (%)	70.1	35.2	38.5	35.8	6.00	19.7	20.32
Number of managers	2	7	10	18	19	19	24
Number of workers	35	76	105	117	180	210	195
Change in Profitability Ratio (%)	25.5	17.4	23.2	20.2	16.3	7.00	18.22

But Mehmet also had significant support from his wife and family as he built up the business. In his own words, Mehmet emphasised the contribution of his wife to his business particularly during the start-up years:

“My wife provided labour support, especially in the initial stages of this business. I was unable to run the business and take care of everything on my own, and so she would come and help me. Fortunately, as the business grew, we employed many other workers, and now there is no need for her labour. But even today my wife greatly contributes in my business success. I always get her valuable ideas on developing the business. My work involves working long hours such as 17-18 hours per day, and my wife has always shown tolerance and patience”.

As the business was growing and expanding Mehmet found that the issue of getting qualified staff was problematic for him, and a general problem in northern Cyprus. As a solution, he preferred to allocate managers from within the business, using internal promotions. Low qualified employees such as those working in the kitchen, commies or waiters were trained internally by the food engineer or the sales manager. Managers in the branches were regularly sent out to training activities such as courses on food quality and management skills. The founding owner personally and professionally developed also, and gained experience through trial and error. However, he also attended to various courses such as management skill development and cost reduction courses. He stated that he was reluctant to make a huge

investment as the economic situation of the country was unstable, the population was very small, and peoples' preferences and needs were changing too quickly. Mehmet admitted that fully professionalising the business was not easy for him, and added that this might be related to his character, as he always needed to closely control the operations of the business and did not trust people to manage his business branches.

North Cyprus Restaurant Industry and Country Background

A census carried out in 2006 revealed the population of North Cyprus to be 265,100, of which the majority is composed of indigenous Turkish Cypriots. Of the 178,000 Turkish Cypriot citizens, 82 percent are native Cypriots (145,000). Of the 45,000 people born to non-Cypriot parentage, nearly 40 percent (17,000) were born in Cyprus, while the figure for non-citizens, including students, guest workers and temporary residents stood at 78,000 people. The population of North Cyprus' cities was stated as follows: North Nicosia: 85,579; Famagusta: 64,269; Kyrenia: 62,158; Morphou: 31,116; and Trikomo: 21,978.

The tourism sector has traditionally occupied a very important place in the economy of North Cyprus. There was a significant increase in the number of tourists visiting the country in the early years of the Millennium, and as a result the Gross National Product (GNP) per capita had continuously increased. According to the State Planning Organisation, the number of tourists visiting the country increased from 365,097 in 2001 to 652,779 in 2005 and the GNP per capita increased from \$4,303 USD in 2001 to \$11,802 USD in 2006. Therefore, the demand for eating out and for restaurants increased during that time in North Cyprus. Also according to the State Planning Organisation the total number of restaurants in North Cyprus was 423 in 2000 but by 2004 this had grown to 520. A detailed description of the hotel and restaurant sub-sector is depicted in Table three, based on the survey conducted by the Ministry of Economy and Tourism in 2006. Consequently, there were a total of 1,506 establishments in the tourism sector described as hotels and restaurants. Of these 520 (34.6 percent) were classified as restaurants, 330 (21.9 percent) as coffee shops, 208 (13.8 percent) as bar or cafes, 92 (6.1 percent) were hotels and 22 (1.4 percent) were motels. The breakdown of the 520 restaurants according to the main cities in North Cyprus is as follows: 178 in Kyrenia, 135 in Nicosia, 110 in Famagusta, 62 in Güzelyurt, and 35 in Yeni Iskele (The Ministry of Economy and Tourism 2006). More recently, it was estimated that there were approximately 900 restaurants of various sizes in the rural areas and cities of North Cyprus (Köseoğlu 2010).

Table Three: Number of Organisations in the Hotel and Restaurant Industry (2004)

Description	Numbers	Percentage
Restaurant	520	34.6
Coffee shop	330	21.9
Bar or cafe	208	13.8
Other places providing eating and drinking facility	99	6.7
Hotel	92	6.1
Internet cafe	86	5.7
Patisserie	68	4.5
Canteens	33	2.3
Pensions	27	1.8
Holiday village	22	1.4
Student dormitories	10	0.6
Apart hotel	4	0.2
Other provision of short stay accommodation	4	0.2
Motel	3	0.2
Total	1506	100

Source: Department of Statistics, 2006.

Mehmet Eziç was the first restaurateur to establish brasserie restaurants in the sector. Eziç Restaurants uniquely created and standardised original chicken dishes, approximately 10-12 menus, which comprised 50 percent of their total sales in all restaurants. Some competitors tried to copy the menus of Eziç Restaurants, but the original idea belonged to Eziç. In his own words, Mehmet stated that:

“I have always tried to be the market leader in terms of introducing new and unique menus, and methods.”

Other strengths of Eziç Restaurants, stated by the founding owner, was the welcoming, well disciplined staff members who acted like the owners of the business. Hand-in-hand with this was the low employee turnover rate at Eziç’s Restaurants. This was enabled by rewarding employees with bonuses and above average salaries in comparison with the other restaurants. Furthermore, ensuring customer satisfaction through detailed analysis of customer feedback, as well as meeting and exceeding customer satisfaction was one of the primary objectives of the staff of Eziç Restaurants. In addition, Mehmet was also the first restaurateur to use tiles and granite in the decoration of his restaurants. When compared to his competitors, Mehmet had spent a significant portion of his budget on the interior design of his restaurants,

employing professional decorators to ensure that his customers were able to enjoy their meal in a five star setting.

Future Plans

In a north Cypriot magazine, Mehmet stated that his sales and profits were dropping, and a possible option was to downsize the business by closing one of the branches. Although he was facing competition in the local market, he had the opportunity of expanding his business in a nearby foreign market by using his experience in this market. Therefore, in future years, in terms of a growth strategy Mehmet considered the possibility of entering the restaurant sector in overseas markets, upon the graduation of his daughter who was studying Tourism and Hospitality Management in one of the best universities in Europe, and as a result she could closely control the management of the overseas business. He was also thinking about the possibility of setting up a new restaurant on a busy street or in a shopping mall, but he was not willing to provide details on his future overseas expansion strategies. Although his plans are not yet concrete, the best locations according to Mehmet were either Ankara or İstanbul where there were direct flights every day and he could comfortably commute to these locations and manage the business in a very personal way. He also knew that his daughter would play the key role in expanding the business to overseas as she was the person most likely to take control of the business when he eventually retired.