



**GO BIG or
GO HOME ...**

Big box stores flex their muscles in Pretoria

Kit Kat Cash & Carry Pretoria West is the group's flagship store. They plan to open up more big box stores in the near future.

The decision to ignore the supermarket business and concentrate on the big box format is one of the reasons that Kit Kat Cash & Carry is booming with a R5 000 per m² turnover in their flagship store in Pretoria West. The company has been revolutionised since the SAP system was implemented, allowing owners, Riaz and Ahmed Gani (joint CEOs) and Mohsin Gani (CFO), to run the most efficient and cost-effective operation possible. They launched the banner group, Kit Mart, in December and have already seen 75% of their franchise members achieve target by February.

Thinking big

"I don't agree with the small store concept, we refuse to be in the supermarket business. We want to go for the box store format. The plan is to open up more boxes, regionally

By LAURA DURHAM

Store: Kit Kat Cash & Carry

Location: Pretoria West

Trading area: 8 000 m²

Tills: 36

Staff: 300+

Turnover: R5 000 per m²

Distribution centre:

15 000m² in Pretoria industrial area

first, then we will go national," Riaz says. The company is geared for growth, thanks to the strong family foundation that has built up for over fifty years, since the opening of Kit Kat Café in 1953.

Franchising

Launched in December, the banner group, Kit Mart, gained 17 members in the first month alone. The banner group allows its members, who are spread as far as Jane

Furse near Polokwane, to benefit from the brand and its pricing, while remaining independent in terms of store management. "It's a no-frills franchise," explains Riaz. "When dealing with independents in townships, we believe they won't assimilate themselves with our structure," he says. The franchises can therefore keep their own management structure and benefit hugely from monthly pricing pamphlets provided by Kit Mart. Kit Kat essentially becomes a DC for them. The communities continue to shop at the familiar, existing stores, and Kit Mart increases the brand awareness of the group by displaying their banner above the store name. Monthly targets are set for the franchises, and if met, the price pamphlets are free. "Thirteen out of the seventeen were meeting their targets in February," Riaz says.

Wal-Mart model

Understanding every aspect of their store has allowed Riaz and Ahmed to create the most efficient and profitable system on every level. It is this hands-on approach that differentiates Kit Kat from its competitors.



A bird's eye view of Kit Kat Cash & Carry Pretoria West shows a colourful display of football fever.

"Efficiency is crucial in my life," says Riaz.

Converting all systems to SAP has been a huge undertaking for Kit Kat, but it is already paying off and the ability to measure everything – from load weight to stock numbers to daily turnover – has drastically improved efficiency. The SAP roll out will be completed by June, with the flagship store in Pretoria West being the last to be included in the new system. This has allowed Kit Kat to follow the Wal-Mart recipe even more closely. "Wal-Mart measures sales versus budget daily, we do the same thing," Riaz says. This scientific system adds to the solid foundation that Ahmed and Riaz have built over the last twenty years and creates an excellent platform from which to grow. "By the end of the year, systematically, we are ready to go," Riaz says.

Kit Kat opened its 15 000m² DC in 2007 in the industrial area of Pretoria and the centralisation of distribution has proven very effective. The basement storage at the Kit Kat Pretoria West store in its current state is unnecessary double handling. He plans to remove the basement, or open it up as an independent warehouse. As a group, the DC holds 35 days stock.

Back to the beginning

The Kit Kat group was started by Riaz and Ahmed Gani's grandfather and brother-in-law in 1953. It has grown from strength to strength, moving from cafés to supermarkets to wholesale business in its current form. It remains a corporate family business, with Riaz and Ahmed joining the Kit Kat game in 1992, which, at that time, was a non-food wholesaler. In 1999, they opened up Kit Kat Cash & Carry in Pretoria West and the Silverton store sprung up in 2007. Kit Kat Cash & Carry Kliptown opened up its doors in Soweto last year, after buying the site from Orient.

Riaz and Ahmed went through every stage of the Kit Kat business chain before taking up their management positions. "It was only given to us once we had proved that we were capable of taking over the reigns," explained Riaz. "When the bakery started in 2001, I baked the bread myself. When we got the first truck, I drove it myself. There is nothing in the business I don't know," he says.

Operation basics

Kit Kat Cash & Carry is a hybrid store in that it is both a wholesaler and retailer. Retail accounts for 60% of the feet count



Kit Kat remains a corporate family business since its humble beginnings in 1953. Riaz (pictured) and Ahmed Gani are joint CEOs of the company.

but on the flip side, wholesale has the larger turnover. The Pretoria West store has a 8 000m² trading floor, with a product range of 50 000 and 36 tills operating full time. There is a till at both the butchery and bakery and express tills for 10-or-less items. They tried the snake queue format but it proved to be unsuitable for the type of business conducted in the store, with customers buying big goods and large-quantities of products.

Although Kit Kat Pretoria West does not have an HMR department within the store, the 'Eat 'n Go' outside the store offers customers and staff take-away options, as well as having a 200 people seating capacity. Run as a separate profit centre, 'Eat 'n Go' also acts as an indirect canteen for staff where they can get a plate of food for a subsidised price.

The cellular and cigarette counter is booming at Kit Kat Pretoria West. "There's a huge cash spin," Riaz says. The flagship store operates at a turnover of R5 000 per m² per month. "We're on top of the competition. Undoubtedly," he says.

The greatest challenge is cost cutting ... By implementing a measuring system, we have saved R8 000 of fuel per month that was disappearing due to pilfering.

Cost-cutting through accountability

"I'm a numbers man." Riaz has become a fanatic over measurements in last two years in order to cut costs. "For us, the greatest challenge has been cost-cutting; but it has just made us smart." he says. Through implementing a measuring system, they have saved R8 000 of fuel per month that was disappearing due to pilfering. "It is a massive problem in this business, but if you can measure it you can find the solution." He also advises other business owners to create accountability amongst staff (e.g. through daily or weekly stock takes) as this will instil a sense of shared responsibility to reduce pilfering.

Kit Kat is not a business that runs on credit like so many others and they adhere to a very strict payment schedule – with both suppliers and customers. "A supplier can ever receive a payment late from us.



The cellular and cigarette counter has the biggest cash spin in the store.



Kit Kat opened its 15 000m² distribution centre in 2007 in the industrial area of Pretoria and the centralisation of distribution has proven very effective.

As soon as the delivery comes in, the payment date has already been set," Riaz says.

One of the biggest problems with including fresh produce in your store is that you cannot re-use old produce. "We will never stock fresh produce – we tried it and we failed," explains Riaz. Other departments, such as the bakery, do not have a wastage problem. "We don't sell today's bread tomorrow, but we use it for other things so there's no wastage," says Riaz.

The Kit Kat difference

Kit Kat Pretoria West caters for a wide range of customers from traders to housewives in the 3-8 LSM income bracket.

"We're very scientific in how we trade with customers," Riaz says. Floor managers

are called customer relations managers at Kit Kat because it is the relationship between the store and its customers that differentiates Kit Kat from its competition. "The customer doesn't push the trolley in our business, we do," he said. They encourage customers not to carry cash, offering them an in-store bank where they can deposit cash upon entering and retrieve it when they leave again.

Every day is a busy day at Kit Kat Pretoria West. "There are no quiet days. If it's quiet then we get sick," jokes Gani. "Over the store's birthday at the end of September and Christmas we work for 24 hours". The retail trend at the Kliptown store has been easier to quantify, as their busiest days are when government grants are issued. A lot of work



The flagship store in Pretoria has 36 tills that are operational full-time.

has been done at that store and proper parking facilities will soon be built. "It's a township store but it's going to trade like a city store," he said. That is in line with one of the company mottos: "We don't see the difference". "We're trying to standardise throughout the group," explained Mohamed Sultan, GM at Kit Kat Pretoria West.

Multi-skilled policy

Kit Kat provides ongoing training for its staff, in accordance with their multi-skilled policy. After a programme was rolled out in January, all truck drivers received training to be able to drive forklifts. This was an effective cost-cutting action that broadened the employees' skills, as well as increased their salaries. The group employs 750 people, with over 300 staff members at the

Kit Kat Pretoria West store. "It's not 750 people we support, but 750 families. We have to understand the magnitude of the people we have to look after," says Riaz.

Collective responsibility

Kit Kat Cash & Carry falls under the holding group, Gani Brothers. Within the group, the Ganis run a diverse culture of business, including the Cash & Carries, 'Eat 'n Go', Build Mart (DIY and building division), Spares Mart (motor supplies) and Anbra Properties. "Each division is a profit centre really and it works for us," Riaz says.

"Although Kit Kat remains a corporate family business, Riaz has put a strong management structure in place that allows for the business to run without its owners. "We can work 24/7.

However, we have structured ourselves so we don't have to," he says. All decisions require two signatures.

Marketing and advertising

Kit Kat utilises an array of advertising techniques to keep its customers up-to-date with monthly specials and promotions. They print retail leaflets – knock and drops – to reach the end market and trader booklets for traders only. They also utilise the media to stay on top of the competition, advertising in broadsheets, inserts in the Daily Sun and adverts on Jacaranda FM. Kit Kat also uses smses for promotional purposes.

Looking ahead

Riaz wants to see more Kit Kat Cash & Carries opening up in the future, although it is quite difficult to find sites big enough, with 6 000m² to 8 000m² being the ideal size. "We have to grow, or else you stagnate and die," he says. The final roll-out of the SAP system in the Pretoria West store will further optimise the efficiency and cost-cutting ability of the business. Adding to the solid foundation that has been built over the last fifty years, creating an excellent platform from which to grow.

A separate profit centre, Eat 'n Go offers customers takeaway and sit-down options, as well as acting as an indirect canteen for staff.

