

Khalifa Fund

Kitchen Incubator Initiative

- KF in partnership with ADFCA has identified the need to setup & operate a shared kitchen incubator (KI) to support food-related businesses
- This presentation outlines the need as identified through KF's pool of applicants
- Key stakeholders has shown great interest in supporting a KI concept

A KI is a **shared commercial kitchen-space facility** that seeks to **provide** its clients with strategic, value-adding intervention system of **monitoring & business assistance**. These systems **controls and links resources** with the objective of facilitating the successful new venture development of the clients while simultaneously **containing the cost of their potential failure** (*Hackett & Dilts, 2004*).

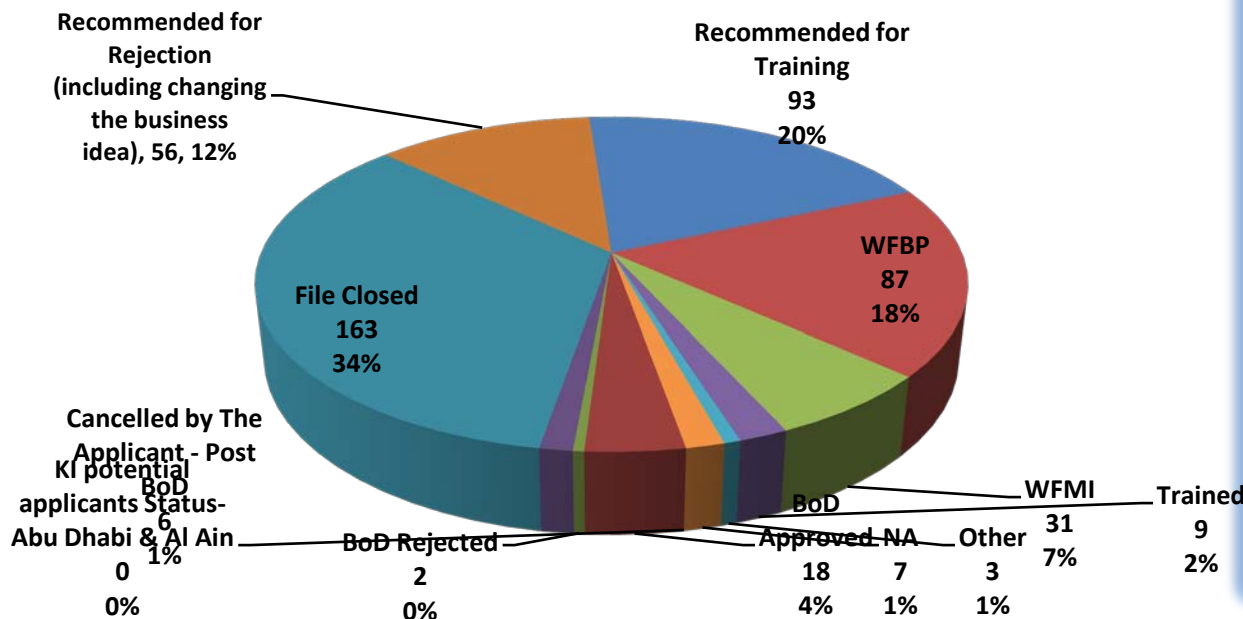
Abu Dhabi

- 370 Applicants
- 10 Approved by BoD & Didn't Cancel (3%)
- 188 Pending (51%)

Al Ain

- 105 Applicants
- 2 Approved by BoD & Didn't Cancel (2%)
- 38 Pending (36%)

AD & AA Combined - Total Files: 475



With the existence of the KI, an average of 20 food-related businesses can be supported at a total funding amount of circa AED 1M/year

- Culinary business is a highly regulated sector
- Limited number of suppliers of specialty food
- High rental expenses
- High setup costs

Targeted Group

- Underserved UAE National Population through Mubdeea, Family Dev. Foundation, Tawteen, etc.
- Early Startup Ventures (e.g. KF's potential applicants)
- Stakeholder/Partner Referrals (e.g. ADFCA leads)
- Fresh Graduates

Characteristics of Targeted Group

- Little or no business experience
- Home-based production
- Weak in “Good Food Practices”
- Lack of startup capital
- Lack of product development
- Minimum access to market

Selection Criteria

- Realistic Business Plan
- Pass in “Food Handling” Course
- High Level of Dedication
- Need for KI Services & Good Fit Within
- Creditworthiness
- Coachability & Willingness to Participate

Service Offering

- Training
- Business Counseling
- Market Intelligence
- Funding
- Networking
- Monitor & Development
- Culinary Supporting Services

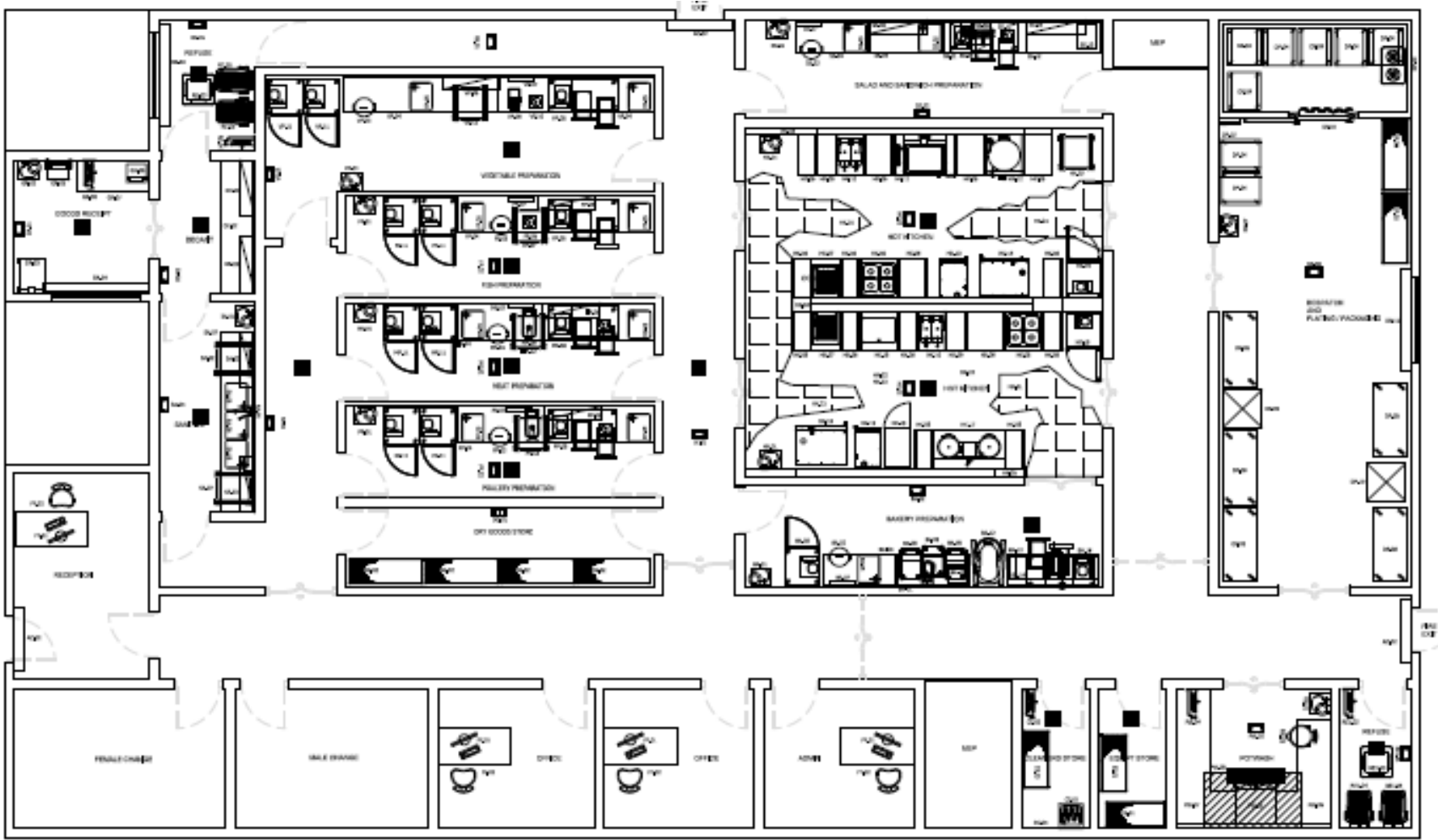
Stakeholder	Contribution
ADFCA	<ul style="list-style-type: none">• Providing Setup & Operational Guidelines• Best Practice Implementation & Monitoring among KI Clients & Staff• Help in Marketing the KI among Potential Clients• Provide the necessary Technical Training
ADM	<ul style="list-style-type: none">• Provide Land & Existing Facility• Provision of Infrastructure Works
DED	<ul style="list-style-type: none">• Provision of Licenses based on a Shared-Facility• Clients Ability to Hire Staff at Near-Graduation

All of the Key Stakeholders has shown interest in providing support for the KI concept

Facility layout design of the KI...



مندوقه خليفة لتطوير المشاريع
Khalifa Fund for Enterprise Development



Al Shahama – Proposed location for the KI...



مندوقه خليفة لتطوير المشاريع
Khalifa Fund for Enterprise Development



- ✓ Close proximity to target market (High Emirati Population)
- ✓ Good Plot Size (2,000sqm)
- ✓ Good Facility Layout
- ✓ Satisfactory Building Structure
- ✓ Plenty of Parking Space
- ✓ Good Access to Highways
- ✓ Easy to Locate

- The KI will have **2 multi-purpose commercial kitchens**
- The maximum capacity of the KI are **24 clients** based on 12 clients per kitchen
- Clients will be sourced based on **KF's potential applicants, stakeholder/partner referrals, awareness sessions, marketing campaigns, exhibitions and word-of-mouth.**
- Market price of a commercial space in Abu Dhabi is circa AED 1,000/sqm before fit-out and excludes any operational expenditures
- Clients will pay **below market price**; this to include space, equipment, kitchen help and both technical and business support
- Clients can utilize the use of the facility based on their needs and charged per an **hourly rate**
- We suggest that clients pay an hourly rate for facility usage of **AED 75/hr**
- Based on an average usage of 20 hrs/month; clients will end up paying **AED 1,500/month**. This includes all operational expenditures, employee salaries, rent of space and equipment usage.
- Funding of the KI program will be **80%** from sponsorship/grants and **20%** rental revenue
- By the 3rd year, expected occupancy rate to reach circa **80%**

foster ***specialty food businesses*** by ***UAE Nationals*** that can be nurtured and developed to achieve its growth potential, with the end result being ***profitable businesses***, increase in ***entrepreneurial talent***, and the promotion of ***good food practices*** for the ***betterment of individuals, families and the community.***

Scenario based on KF supporting 20 food-related projects...



مندوقه خليفة لتطوير المشاريع
Khalifa Fund for Enterprise Development

With-Out a KI

- Avg. required to start business is AED 500K
- Assume a SME Failure Rate of 50%
- Based on a 20 project approval rate per year

Cost of Failure: AED 5M

With a KI

- Avg. required to start business is AED 50K
- Assume a SME Failure Rate of 50%
- Based on a 20 project approval rate per year

Cost of Failure: AED 0.5M

Cost

- The required setup costs is circa **AED 7M**
- Operational expenditure is expected at circa **AED 2M/year**

Benefit

- **20+ projects** supported @ a **funding cost** of circa **AED 1M/year**
- **90% reduction** in cost of failure – circa **AED 4.5M**
- **Legalizing** operation
- Providing “**Good Food Practices**”
- **Developing & commercializing** food products
- Broadening KF’s **social & economic impact**
- Engage in several **social responsibility** programs

Project timeline for the KI...



مندوقف خليفة لتطوير المشاريع
Khalifa Fund for Enterprise Development

Milestone	Description	Expected Date
Briefing w/ Key Stakeholders	Conduct a briefing and awareness session with key decision-making stakeholders to gain buy-in and move forward into the implementation phase	End of Oct, 2011
Funding Mechanism	Identify entities, approach & communicate, and gain commitment for necessary financial support	End of Dec, 2011
Secure Space	Secure the commercial space required to setup the KI	End of Jan, 2011
Governance	Agree on Ownership/Project Management & Governance Structure	End of Feb, 2012
Project Setup	Commission the contractor for fit-out works and equipment purchase & installation	End of March, 2011
Operational Model	Draft the KI manual, contracts, service guide, selection process, and other business processes required to operate the KI	End of April, 2012
Potential Client Pipeline	Create awareness among potential clients of the KI through the various marketing channels identified in the BP; pre-incubation process	End of April, 2012
Secure HR	Identify & Secure the key staff for the KI operation	End of April, 2012
KI Opening	Incubate potential clients based on pre-incubation and selection criteria processes	End of July, 2012