Transcom Foods helping youths build career

The company motivates young employees at a programme

STAR BUSINESS REPORT

TRANSCOM Foods not only sells delicious food items through its KFC and Pizza Hut outlets but also nurtures workforce in a way so they can have successful careers inside or outside the company or become entrepreneurs, a senior official of the company said.

"The company provides employees with an environment and culture so they can grow and unleash their potential," said Amit Dev Thapa, chief operating officer of the company, at a programme at Dhanmondi KFC in Dhaka.

The event was organised to show a group of young employees of the company how they can climb the career ladder within Transcom Foods.

"We are very customer-centric. They are at the heart of all of our efforts, and we continuously motivate ourselves and our people in that direction," said Akku Chowdhury, managing director of the company.

A number of outlet managers who started their career as dishwasher or frontline workers at either KFC or Pizza Hut shared their experiences at the programme.

One of them is Jahangir Alam. He said he had little idea about the fast-growing city's culture and lifestyles when he came to Dhaka from his village home. Alam struggled initially to cope with the new environment.

"Pizza Hut has taught me how to improve personal etiquette, treat others with respect and make guests happy through service," said Alam, who now manages six Pizza Hut outlets.

Another successful employee-turned-manager is Sheikh Zahir Ahmad. He joined KFC as a team member in 2007. Now he is operations manager of KFC.

"The company provides a clear-cut career path when someone joins," he said.

Thapa said the customers may come to the restaurants after a rough day. "We have to welcome him through a smile and serve him with smile. This simple act can even finish his worries."

Transcom Foods spends 40 percent of its annual revenues in ensuring compliance, according to Akku Chowdhury.

He said the company's employees put utmost importance on delivering high quality food produced in the best possible hygienic and compliant environment and served in a manner that gives families a thoroughly satisfying eating experience—whether it is in Sylhet or Cox's Bazar outlet.

The first Pizza Hut outlet was opened in 2003 and the first KFC outlet in 2006.

Transcom Foods, which is the franchisee of Yum! Restaurants India Pvt Ltd, a subsidiary of Yum! Brands Inc. Yum! Brands Inc is an American fast food company and a Fortune 500 corporation.

Owned by Transcom Group, the company now operates 20 KFC outlets and 16 Pizza Hut outlets, employing 1,300 people. The company plans to open 100 outlets across the country by 2020.

The company's annual turnover was more than Tk 130 crore last year and it paid Tk 22 crore in import duties, VAT, supplementary duties and income taxes.

Since its inception, Transcom Foods have so far provided jobs to 10,000 young people. Many of them have established themselves in public and private jobs, according to Kazi Md Zafrullah, deputy general manager for accounts and finance at the company.

The company's managing director said it is in the best interest of the government and the country to allow companies to create jobs for youth who make up 70 percent of the population.

"We are helping the nation by way of nurturing the students, training them and helping them become successful entrepreneurs," he said, adding that an outlet manager manages a business worth Tk 4 crore.

Zafrullah said the 10 percent supplementary duty imposed in the new budget could dent the growth of the restaurant business. He said the government should encourage the sector instead of denting its growth.

The customers would have to pay 26.5 percent taxes in total mainly because of the existing 15 percent VAT and the new 10 percent supplementary duty, he said.

TRANSCOM FOODS

Akku Chowdhury, managing director of Transcom Foods that runs KFC and Pizza Hut in Bangladesh, poses at a programme with the company's young employees at the KFC's Dhanmondi outlet in Dhaka yesterday.

Australia economy ties record for longest expansion, looking tired

REUTERS, *Sydney*

Australia's economy squeezed out just enough growth last quarter to match the Netherlands' record of 103 quarters without recession, but its stamina is in doubt as households struggle with paltry wage rises and punishing debt.

Government data out on Wednesday data showed gross domestic product (GDP) rose a pedestrian 0.3 percent in the first quarter, a pullback from the previous quarter's rapid 1.1 percent.

Yet that growth allayed fears of an outright contraction and helped lift the local dollar a third of a US cent to a one-month high of $0.7542.

"The Australian economy has had to contend with a lot of factors in the past year – geopolitics, weather events, the on-going unwinding of the mining construction boom and variable housing markets," said Craig James, chief economist at CommSec.

"Economic growth has trekked a zig-zag path but the bottom line is that the doomsayers will need to find another target."

Wednesday's result should be a relief for the Reserve Bank of Australia (RBA) which just the day before conceded the March quarter would likely disappoint.

But the central bank expressed confidence growth would pick up over the next couple of years to above 3 percent, and held interest rates at a record low 1.50 percent where they have been since last August.

So far, investors seem almost convinced the RBA is done with its five-year easing campaign. The futures market implies a 16 percent chance of another rate cut by December.

Australia has not seen a recession since 1991 and growth regularly outpaced its peers in recent years. But that changed in the March quarter when annual growth braked to 1.7 percent, below the 2 percent achieved by the United States and Britain.

Data from the Australian Bureau of Statistics showed output for the 12 months to March amounted to A$1.72 trillion ($1.28 trillion) in current dollars, or about A$71,000 for each of the country's 24 million people.

Treasurer Scott Morrison blamed bad weather for much of the slowdown and argued things could only get better as the year progressed. Morrison launched his annual budget just a month ago and already its economic projections are looking ambitious.

Many economists suspect the current quarter will be marred by the giant cyclone that barreled through Queensland in late March and caused weeks of disruption to coal exports.

Arab rift deepens woes for Gulf airlines

REUTERS/FILE

A Qatar Airways plane is seen in Doha.

REUTERS, *Cancun, Mexico*

A bust-up between Arab powers has dealt a blow to supercarriers already hurt by low oil prices and laptop bans, exposing the sensitivity of Gulf hubs to regional uncertainty and creating openings for rival airlines - at least in the short term.

The unexpected closure of most surrounding airspace to Qatar's airline and restrictions on travel for its nationals left passengers stranded and forced its high-profile chief executive to bail out of a meeting of airline bosses in Mexico.

"It completely surprised all of us," Alexandre de Juniac, head of the International Air Transport Association, said after overseeing the meeting of around 200 airlines.

Saudi Arabia, Egypt, UAE and Bahrain severed diplomatic ties with Qatar on Monday over its alleged support for militants. Transport links closed.

Plunged into a diplomatic row for the second time in three years, Qatar Airways was forced to reroute dozen of flights through Iranian airspace as the world's second-richest nation per capita found itself almost boxed in by no-fly restrictions.

It was a dramatic reversal for the once unstoppable carrier, which has splashed tens of billions of dollars on jetliners and clashed with U.S. rivals over its breakneck expansion. "The whole business model is based on being a hub. They have invested in the airport, invested in state-of-the-art aircraft. They are losing a key source of (traffic) feed from major local markets," British aviation consultant John Strickland said.

"With the overflight ban, it is not only a headache to reroute some of the operation, but it will make flights longer due to more circuitous routes. It adds time and cost and disrupts the schedule in terms of making connections."

Some demand may shift to other carriers, he said. IATA delegates said European carriers and Turkish Airlines could benefit, as well as UAE heavyweights Emirates and Etihad.

Disarray between Gulf allies left the region's wider aviation growth looking vulnerable in the eyes of some industry watchers and laid bare political complexities underpinning the diversification from oil into an East-West transit point.

"It has been a reality that they have adapted to and lived with. That said, there has always been a significant concern that this (Gulf aviation) is, if not on a knife-edge, then on a fairly narrow plane," said Peter Harbison, a former Australian aviation trade negotiator and chairman of consultancy CAPA. "It certainly does destabilize things that little bit further. Do you get to a tipping point? I don't think so."

IATA, whose members include national carriers of all the affected states, was reluctant to wade publicly into the row.

"Nations all over the world can close their borders and close or open their (airspace). But we would like the normal connectivity to be re-established, the sooner the better," de Juniac said.

While air travel between nations is governed by bilateral pacts, the right to overfly another country for civil transport is enshrined in international law through a 1944 transit accord.

However, Saudi Arabia is not a member of the treaty, which calls for disputes to be settled through negotiation before exercising the right to close airspace for limited reasons.

Here comes the sun: investors increasingly hot on solar projects in SE Asia

REUTERS, *Singapore*

INVESTORS are increasingly excited about the prospects for much faster growth in the solar power industry in Southeast Asia, which has until now been a backwater for renewable energy.

They say that the region is in a perfect position to benefit from rapidly declining prices in solar panels. It has strong economic growth, relatively high costs of electricity and a shortage from traditional sources, undeveloped infrastructure in more remote areas, plenty of sunshine, and backing for more renewable energy from many of Southeast Asia's governments.

"Dramatically falling costs for solar energy technologies means businesses and governments are choosing renewable energy not for environmental reasons but for economic ones," said Roberto De Vido, spokesman for Singapore-based Equis, one of Asia's biggest green energy-focused investment firms with $2.7 billion in committed capital. "It simply makes good business sense. And that's a trend that's not going to change,"

By the end of last year, Southeast Asia had installed solar capacity of only just over 3 gigawatts (GW), a mere 1 percent of global capacity, according to data from the International Renewable Energy Agency (Irena).

Steve O'Neil, the chief executive of Singapore-based solar panel maker REC, said he expects that to grow by 5 GW of new installations every year between 2017-2020. That's the equivalent of building five standard fossil-fuel power stations annually.

"People don't realize what is about to happen, when you're in the middle of exponential growth," said REC's O'Neil. "It's transformational.

Some European funds are among those looking at the region.

"The projects on offer in Europe are stagnating, so European investors are looking in that direction with great interest," said Armin Sandhoevel, chief investment officer for Infrastructure Equity at Allianz Global Investors, whose team manages 1.6 billion euros ($1.76 billion) worth of renewable investments.

"In Asia, you'd expect double-digit returns. That's hard to achieve in Europe," he said.

Southeast Asia has a population of more than 600 million and annual power demand growth of 6 percent, which most countries struggle to meet.

Solar power potential is measured by Global Horizontal Irradiation (GHI), a measurement of the intensity of the sun. Thailand has a GHI that can produce 1,600 to 2,000 kilowatt-hours of solar power per square meter (kWh/m2), well above the 1,000 to 1,200 kWh/m2 in Europe's solar leader Germany, according to solar weather and data provider Solargis.

The region is ripe for a boom because solar panel prices have crashed to under 50 cents per watt of electricity today from $70 per watt in 1980 as technology and manufacturing efficiency have improved consistently.

At the same time, Southeast Asian countries have all set ambitious renewable energy targets, ranging from 18 percent of overall energy generation mix in Thailand and Malaysia to 35 percent in the Philippines, up from negligible levels today.

There are, of course, still risks for investors - including currency volatility, the difficulties of making land acquisitions, and usually the lack of any government guarantees, said Sharad Somani, head of Asia/Pacific Power & Utilities at KPMG. Storing solar power through the night remains a hurdle too, though battery technology is improving rapidly.

Bringing together international investors, panel makers, and potential users is a small but growing group of venture capital firms, mostly based in Singapore.

GA Power is one such firm. Led by German solar business veterans, it focuses entirely on financing and developing solar projects across Southeast Asia.

"There is more money than there are projects. If you can offer professional developed projects, you'll have no issue organizing funding," said Roland Quast, GA Power's managing director, adding that "a solar boom in Southeast Asia is unavoidable" given it is now a competitive power source.

He said an investor can expect around a 12 percent economic internal rate of return on average in the region. The measurement reflects returns after costs for the construction, installation, and operation of a project.

Mid-sized solar projects that can be turned on without having to tap into a larger grid are in favor in the region as governments seek to bring power to an area without having to add expensive infrastructure, Quast said.

KPMG's Somani, who is an adviser in the renewables sector, said that Equis and other funds are raising capital with U.S. and European institutional investors, including pension funds. Equis declined to provide detail on the sources of its money.

"Today we have unique confluence of all three factors necessary for success of such projects – demand for projects from government/utility side supported by conducive regulatory framework, strong developer and supplier interest and abundance of domestic and international financing availability," Somani said.

At the REC solar panel factory in Singapore, one of Singapore's biggest manufacturing sites, a thousand workers and more than a hundred robots work around the clock, churning out 20 containers full of panels every day, which are immediately sent to overseas customers, increasingly to Southeast Asia.

"We produce 14,000 panels per day, which go into 20 containers, 24/7. We never stop," REC's O'Neil told Reuters during a recent visit to the factory.

REUTERS/FILE

An employee works at a production line in a solar panel manufacturing plant in Singapore.