Profiling Inspiration – Michael Elias Caffe Neo

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There is no such thing as an 'easy' business. The world, every country, and every industry within it is super competitive. We constantly seek out and draw inspiration from the best of the best, because we know there is value in learning from successful businesspeople. We support and profile them because we feel it is how we can show our respects.

To begin with, the sit-down restaurant industry is arguably near the top end of the global competitiveness scale. Take a moment to think about how many restaurants may have come and gone in your own neighbourhoods and lifetime. In addition, this industry has clearly suffered more than many others during the global coronavirus pandemic, and disproportionately so in South Africa with an already weakened economy and consumer, repeated alcohol sales bans, and curfews. Large numbers of restaurant businesses have permanently or temporarily closed. To have at all survived the past couple of years is a *remarkable* achievement, worthy of attention. It is relevant to us, because our investment approach relies in part on our assessment of the ability to cope with significant adversity of the businesses we select to acquire for the truly long-term.

Michael Elias is the founder of Caffe Neo next to the Mouille Point lighthouse in Cape Town. One of the first things you notice when you enter the restaurant is a picture of Michael's father, Papou Aleko. Theirs is a remarkable origin story. Mr. Aleko emigrated to South Africa on a one-way ticket boat ride from Cyprus when he was just 13 years old. By himself - let that sink in for a moment! He could not speak any of South Africa's languages at the time. He managed to build a life for himself and got all 4 of his children through university, including his only son, Michael. With a degree in commerce, Michael carved out his experience in the restaurant industry in South Africa before eventually opening Caffe Neo in 2003.

Mr. Aleko joined Michael at Caffe Neo to run the kitchen. Most of the authentic Greek food on their menu was based on his personal home recipes. He was 80 years old at the time, and they worked together side by side until he passed away 11 years later. As Michael put it in his own words: "*The best part was working with my father every day. We opened and closed the restaurant together daily, and we greeted every customer at the door, every time. Even now, years after his passing, our customers continually talk with me about my father.*"

There are clues in the paragraphs above to help us understand and appreciate why Caffe Neo survived the past two brutally tough years, and why it remains busy every day despite there being so few tourists in Cape Town currently. It is easy to think of it as being just another place to get a meal and a drink, but, as with other businesses we admire, we feel it is the people and purpose behind it that gave it staying power when it mattered most.

Our work continues...

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