

# Hard rock cafe operations strategies



The Hard Rock Cafe is a restaurant that is well renowned and spread worldwide. It is considered to be the number one restaurant. The first restaurant was founded in 1971. Currently, there exist one hundred and six Hard Rock Cafes restaurants worldwide. The main objective of Hard Rock Cafes restaurants is not only offering meals, but the restaurant also currently want to convey a powerful practice through the music history. The initial Hard Rock Café was opened in England, London as a propensity cafe, but in the meantime, the policy of Hard Rock Cafes changed (Grushkin, et al. 2001, pp. 13-21).

The human resources of Hard Rock Cafes choose their employees cautiously. They look for individuals, who are love music, people who adore to serve and able to express the experience to Hard Rock Cafes customers. Also, Hard Rock Cafes' staff is maintained by the company and gets additional training. On the other hand, in Hard Rock Cafes, the most imperative Hard Rock Cafes inventories are all types of roll and rock items, which can be found in every Hard Rock Café. The firm has invested more than 40 million U. S dollars in the biggest collections of Roll and Rock memorabilia inventory. The 60, 000 items become catalogued, renovated and modified with time On the other hand, when the management of Hard Rock Café chooses a location, it does it extremely carefully. Usually, the decision get based on long term investment; therefore, the firm stresses on the importance of getting a market that is right based on the international basis. Hard Rock Café select first the country and then confines to the city, and moreover the street (Culp 2001, p. 61).

Caribou Coffee is a company that specializes in retailing espresso and coffee. In United States, the company is the biggest after Starbucks. The company sells tea, coffee, as well as goods for the bakery in 415 coffeehouses that are company-owned in the District of Columbia and 40 states, and 126 international franchised locations. The original location for the company “ France and 44th’ or Store 101 is situated in Minnesota, Edina. The company was first started in 1992. Since its opening, the company has extended to 415 locations. Caribou preserves its headquarters, as well as facilities for coffee roasting in the metropolitan area of Minneapolis. The major shareholder of the company is Arcapita .

The company has an efficient and effective system of management, which frequently focuses on development of products improvement and effectiveness through vendor – buyer collaboration. Nevertheless, the advance in an industry that specializes on services has a vaguely different importance. On the other hand, the company’s supply-chain prospects often manifest through users who estimate options of purchase with an ambition of superior products. The Company is able to extend custom products requiring collaboration down to the third tier of the supply chain. With key cost savings, products purchase orders, standardization, more control of product development, and long-term contracts, the company benefits are substantial (Grinsven 2009, pp. 91-93).

## **Hard Rock Café Operations strategies**

Hard Rock Café employs several strategies in running its business. There are several strategies that are involved. One of the strategies that Hard Rock Café uses is quality management. Usually, several companies recognize that <https://assignbuster.com/hard-rock-cafe-operations-strategies/>

quality is an extremely powerful and necessary element for growth. Quality management connects strongly to the satisfaction of customers, low cost, reputation, productive that drive the profits of the company. Hard Rock Café strongly deploys a system of quality management in their restaurants so as to ensure continuous growth. The system of quality in the firm gets implemented starting from input to processing then to output (Franzetti 2011, pp. 45-46).

The other Hard Rock Café strategy is location. Hard Rock Café considers political risks that are the economic environment safety and the stability of political organizations. Hard Rock Café also considers the risk of currency that is the depreciation of currency, rates of exchange. On the other hand, the firm considers the social norm, whether the public or society wants to openly reveal revolt with rigid passion or not. Also, the fit of the brand, social cost and practices of businesses get also carefully considered. Market analysis and research get conducted after a location gets selected, that is the visitor market, demographics, night club and restaurant, real estate market, and analysis of comparable market (Franzetti 2011, pp. 49-51).

Layout strategy is also another Hard Rock Café strategy. Optimal layout generates long-term competent operations. The purpose of layout approach is to increase an efficient and proficient layout that can meet the competitive requirements of the firm. In Hard Rock Café, layout offers an efficient flow among the bar, dining area and kitchen, reducing the time of waiting and reducing transportation. On the other hand, job design and human resources perform a crucial part in the achievements of Hard Rock Café. The firm constantly implements its human resource strategy from training, recruiting,

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staffing, promotion to compensation. Requirement for applicants are talent and rock music passion. Successful applicants must be received 2 days earlier for training before entering to employment (Franzetti 2011, pp. 57-58).

The supply procession is a strategy of Hard Rock Café. Currently, outsource trend turn out to be highly fashionable with several companies globally because of its reimbursement as well-organized and effectual inventory management; Hard Rock Café carefully selects competent suppliers who offer goods and materials consistently in eminence and quantity.

Alternatively, Hard Rock Café hires AVICON, which is a specialist company in logistics for their gift operations and retail apparel. Hard Rock Café just focuses on their interior business, and as a result, the profits after outsourcing warehouse space reduction by 44 %, reduced cost of operation by 20%, service level improvement by 22 %, distribution network and transportation that become optimized (Grinsven 2009, p. 103).

The other Hard Rock Café strategy is JIT, planning requirements for materials and inventory. By accurate forecast and outsourcing, Hard Rock Café reduces considerably their inventory. The firm use intermediate, long-range term in foreseeing things like food supplies such as chicken, beef, and pork. On the other hand, short-term sales get forecasted in monthly basis by the café. Hard Rock Café has a system known as “ Point of Sale” that captures all transaction data in Hard Rock café worldwide, and then transmit to the headquarters. This data is extremely critical for the headquarters and every branch forecasting. Gap that exists between actual and forecast get regularly checked and specified approved action gets implemented. Through <https://assignbuster.com/hard-rock-cafe-operations-strategies/>

this way, it can be assumed that Hard Rock Café forecast is extremely accurate and well-organized. Or else, the firm will lack materials, food, or enormous inventory creating elevated cost, and reducing provided services (Grinsven 2009, pp. 106).

Short-term and intermediate scheduling is another Hard Rock Café strategy. At Hard Rock Café, the daily forecast gets broken down into hourly transaction. This drives short-term programs, an hourly estimate of \$5, 500 in transactions transforms into 19 workstations; therefore, the job gets assigned to hosts, wait staff, kitchen staffs and bartenders, with the numerous staffs getting mobilized. The firm equipped an automated forecast software plugs on employees based on their accessibility. So they managed the best deployment on their income to make the operation more competent (Sutton 2010, p 67).

Hard Rock Café acknowledges that maintenance is extremely essential to improve and maintain the firm's performance. Usually, maintenance makes the firm's system to be reliable, anti-disruptive, and reduce waste. Generally, maintenance strategy focuses on upholding the system capability. Hard Rock Café has an arrangement to frequently maintain their equipments, kitchen machines and the overall system to keep smooth and reliable operations to deliver superior products and services to its consumers (Sutton 2010, p 74).

### **Strategy changes that have taken place at Hard Rock Café since its founding in 1971**

The radical changes that have taken place in Hard Rock Café since its foundation in 1971 have been brand globalization. Initially, Hard Rock Café

began as a British café, but now it is a worldwide brand with hotels and restaurants. However, it is not only globalization, the transformation on the offer made Hard Rock Café to become what it is today. Hard Rock Café not only offers products and meals, but also experiences. Hard Rock Café is raising the concept “ economy experience” to the operations in the café. The aim of this strategy is to integrate an experience that is unique into the operations of the firm. This improvement is rather analogous to manufacturing customization. The purpose of experience in the Hard Rock Café is to offer not only custom meals shown in the menu, but also a banquet event that can include a unique sound and visual experience that cannot be duplicated anywhere else in the world (Grushkin, et al. 2001, p. 42). This strategy seems to be succeeding. Other restaurants come and go, but Hard Rock Café continues to progress

Ever since the launching of Hard Rock Café’s first café in 1971 in London, when the rock music in Britain was exploding, Hard Rock Café has always served rock music and food with equal passion. The firm has 40 locations in the United States, In Europe, there are about a dozen, and the rest are scattered all over the world from Beijing and Bangkok to Beirut. Whereas Hard Rock Café can be regarded as the most acknowledged brands on the planet, it does not imply that the café is natural everywhere. Therefore, exceptional consideration has to be set to the chain of supply for restaurants and the supplementary retail stores. The business model in Hard Rock Café is distinct but due to several differences and risk factors in the practices of business and the law of employment, the firm elects to license half of its outlets. Social preferences and norms habitually advocate tweaking local

menus. For example, Europeans, principally the British, still fear of diseases like the cow diseases. As a result, the firm focuses less on beef and hamburgers and more on lobster and fish in its outlets in Britain (Grushkin, et al. 2001, pp. 47-49).

Hard Rock Café's 70% guests are tourists, therefore, the current years have seen it expand to destination cities. Whereas this has been the firm's winning approach for years, permitting the firm to expand from 1 café in London to 110 outlets in 41 nations, and; therefore, it has made the firm vulnerable to the fluctuations of the economy that hit tourism business drastically. Therefore, Hard Rock Café prefers signing long-term leases. On the other hand, the firm is upgrading its menus (Grushkin, et al. 2001, pp. 52).

## **SWOT analysis and Hard Rock Café's competitive advantages**

Hard Rock Café faces threats. Usually, several young citizens in Hanoi are lovers of rock music. Teenagers are the ones who prefer to demonstrate their high level and stylish lifestyle when they practice in some expensive and famous restaurants. Alternatively, the majority of the people in Hanoi prefer taking coffee or eating at the street sidewalks. Also, traditional and local food is more preferred than the foreign food. Moreover, income is low, and as a result, an average cost for Hard Rock Café meal pose a challenge for customers from the locality to experience the services. On the other hand, there exist competitors who are extremely strong including domestic and international restaurants bar and café with unrivalled price. There exist lovers of rock music among the young generation and; therefore, allows the



firm to reveal its experiences to its consumers through teenagers. On the other hand, place with high density and population, political stability of a country, vast growth in the economy, young and cheap labor, and convention of international standards boosts the experience of Hard Rock Café. Hard Rock Café always chooses the best positions, a recognized name of the brand with customers worldwide. The company's system of management and efficient and effective operation boosts the business. The firm's weakness is that target market and high price can only be available where rich people and tourists can be accessed. On the other hand, not everyone loves or enjoys rock music. In addition, Hard Rock Café foods come from overseas making the firm face a challenge in the locals who prefer local and traditional food (Sutton 2010, pp. 113-117).

## **Caribou Coffee Quality**

Operations process is crucial for any organization. Although all operations processes look similar in that they all transform inputs, they do differ in several ways such as volume of output, variety of their output and variation of demand for their output. The quality of a service can be defined as the consistent conformance to the expectations of customers. The quality of a service operations and quality of a manufacturing operations can be defined through increased productivity, lower scrap costs and rework and lower costs of warranty. Quality of services is truly crucial towards the success of the company or business. Managing quality chains differentiation, response strategies and low cost. Quality is also vital as it helps Caribou Coffee to reduce its costs and increase sales. On the other hand, through the building of a quality organization becomes a demanding task. The culture of quality in

Caribou Coffee can be built by improving the responses and developing pricing that is flexible. Improved reputation and increased productivity will help the company to establish an effective culture of managing quality. On the other hand, lower warranty costs, lower scrap costs and lower rework can boost the management of quality in Caribou Coffee (Garcia 2009, pp. 23-26).

Caribou Coffee uses several techniques in driving continuous and quality improvement. The first technique that Caribou Coffee employs is the managing of quality, which in return allows the company to support responses that arise due to strategies implementation, support low cost and differentiation. This in return reduces the company's costs and increases the sales. The other technique that Caribou Coffee uses to improve its quality is by the effective performance and application of the company's reliability. The company also improves its quality through conformance, serviceability, durability, and product value (Garcia 2009, p. 31).

## **Fish-bone diagram illustrating the quality variables for Caribou Coffee**

### **Forecasting**

Forecasting is vital for any service and manufacturing operations. Usually, the forecast in Hard rock café can be divided into long term routines where the prospects are to institute a better short term and aptitude plan methods where the firm looks for good conventions with providers. This makes it undoubtedly to become more open to discussion with the dealers of foodstuffs. In addition, Hard rock café pays consideration to potential

proceeds using costing and pricing information of each café. Sales forecasts that are short term get calculated every month by each established site

Models of forecasting can be useful in areas such as:

1. New food products and its effect. Will the consumers accept them?

(Strategy- Long term).

2. Forecasting of the Human Resource. Are they competent enough on their roles or will it be efficient in a different way? (Operating, Medium term).

3. Economic information forecasting like economic growth or crisis.

4. New establishments opening. Does the market look substantial enough?

(Strategy, Long term).

The role of the Point Of Sale system is to gather data of every customer in each café. This implies that there will be enormous information if the amount of visitors gets checked in each Hard rock Café. Moreover, this enormous information implies even more gains if managers become more effective in using proper means. Therefore, the combination of these transactions and other data such as sales of the previous year, information of tourists and local events might assist managers of the firm to recognize the gains of each café. Therefore, the Point Of Sale system needs to be accurate, or somewhere else gets needed to examine and identify errors as they occur. Or else, if the Point Of Sale system fails to work efficiently, the firm will incur issues like return orders as a substitute of benefits (Culp 2001, pp. 63-69).

The use of the weighting method used for assessing managers for yearly bonuses can be justified. Using this method, the firm anticipates the local executives to capitalize on their current and prospect results. This implies to all yearly bonuses for local executives and even extra payback for the entire company. The fundamental perceptions of the yearly bonus deem the cost-effective data of the past 3 years. For instance:

Year before: 40%

2 years before: 40%

3 Years before: 20%

The trick that exists here is that local executives must be continuous and effective, which implies there is a need to have better results always so that managers can get their bonuses. If something wrong happens like unsatisfactory results or less sales in the firm than the previous year, revision will be done by the headquarter of the firm and managers will end up getting no bonus

## **Capacity Planning**

There are several variables besides those mentioned in the case that could be used as good predictors of daily sales in each café. For instance, a bottleneck can be used in capacity planning. A bottleneck is a resource that whose capacity is lower than the stipulate placed on it. Usually, bottlenecks manage the output rate of any organization and not just the manufacturing plant. A bottle neck can be described using the five steps of the Constraint Theory. The Theory of Constraints states that, there usually exists a scope

for overall performance boosting. Therefore, the best way of managing this is by realizing and eliminating bottleneck or things that hold the company back. HRC uses the Theory of Constraints (TOC). The theory of Constraints helps HRC to recognize the most significant bottlenecks in its systems and process so that it can deal with it and advance its performance. Bottlenecks occur and avert a business from making the most of its performance and realizing its goals. Constraints involve people, information, supplies, policies, or even equipment, and they may be either external or internal to a business (Grushkin, et al. 2001). The theory is divided into five steps as follows:

1. Identify the constraint.
2. Exploit the constraint.
3. Subordinate everything else to the constraint.
4. Elevate the constraint.
5. Go back to step 1.

The first step is that HRC identifies its weakest link and starts to look at the progressions that it can use regularly like flow charts, storyboarding, swim lane diagrams and effects Analysis and Failure Modes. Then the second step will be to manage the constraint by figuring out the change that can be made to improve efficiency in that area and heal the problem minus committing to harmful expensive changes. The third step will be reviewing the system's performance with the basic fixes that have been set in place, and then use problem solving tools to identify the actual issues that cause the problems. Then once the possible solutions have been identified,

decision making tools like Cost or Benefit Analysis and Grid Analysis to assist in choosing the best solution. Then the constraint is eliminated. After the constraints have been removed, then the process can be repeated by starting over by moving back to step one to identify another constraint (Grushkin, et al. 2001, p. 126).

## **Conclusion**

The operation management lessons learned from the two companies is that technology plays a mighty influential role in the operation, performance and success of a business. My opinion is that, for companies to be able to withstand competitions and challenges, they should learn to change with changes in technology and consumer preferences. I suggest that companies should forecast on developing long term strategies. On the other hand, the companies should forecast on options of Human Resources so as to be competent enough and to be efficient enough to deliver quality services. Alternatively, forecasting of economic information is extremely necessary in determining the growth of the economy in order to establish when and how to establish new openings.