

Hard rock cafe: operations management



As we know, Hard Rock is the number one themes restaurant in the world. The first Hard Rock Cafe opened its doors to the public on June 14, 1971, in London, England. Founded by Isaac Tigrett and Peter Morton, two enterprising and music-loving Americans. Although other theme restaurants have come and gone, Hard Rock Cafe is still going strong, with 129 restaurants in more than 40 countries, and new restaurants opening each year.

As an industry leader, its strategy has changed with the times. Hard Rock has migrated from a London restaurant modeled on a Tennessee cafe, to food with entertainment, to food with an experience. Restaurant-goers don't just want a meal; increasingly, they want an experience, and Hard Rock's operation strategy is designed to provide that experience. Orchestrating all of this becomes an operations management responsibility.

All ten major operations management decisions are required of operations managers are: Design of goods and services; Managing quality; Process and capacity design; Location strategy; Layout strategy; Human resources, job design, and work measurement; Supply-chain management; Inventory, material requirements planning, and JIT; Intermediate and short-term scheduling; Maintenance – can be significant in building that experience.

Let's take a look at HARD ROCK CAFE's service quality and product design, at Orlando's Universal Studios, a traditional tourist destination, HARD ROCK CAFE serves over 3500 meals each day (Heizer, J & Render B (2008), Principles of Operations Management (8thed). Harlow: Pearson). In Hard Rock's case, the food is the product, and its quality must top the charts.

Operations personnel constantly review menus, and food research is ongoing. Hard Rock chefs are modifying the menu from classic American – burgers and chicken wings – to include higher-end items such as stuffed veal chops and lobster tails (Heizer, J & Render B (2008), Principles of Operations Management (8th ed). Harlow: Pearson). Quality surveys are done regularly. If food scores aren't a seven on a one to seven scale of quality, it's a failure. Establishing quality standards and controls to meet these standards is the key to a successful restaurant.

The HARD ROCK CAFE Company also had raised Competitive Advantage through the creation of a unique advantage over competitors. Mainly they focus on differentiation. It means they offer another services and products than other restaurants, which the customer perceives as adding value. Those features are very difficult to copy!

Quality Management

Hard Rock Cafe, an immensely successful restaurant and retail chain with locations throughout the world, follows religiously the service tenet of “double checking” to minimize errors. The tenet is: Be careful and don't make a mistake in the first place. If a mistake does occur, correct it before it reaches the customer. Hard Rock Cafe Orlando implements double checking through two “extra” people in the kitchen. One is stationed inside the kitchen and the other at the kitchen counter. The inside person reviews everything that is going on, looking for signs of undercooked or overcooked meals, wilting lettuce, etc. The counter person, or “expediter,” checks each prepared plate against the order ticket before the plate is delivered to the table. While this system is an added expense, it has worked well for this

<https://assignbuster.com/hard-rock-cafe-operations-management/>

restaurant which on a busy day will serve 6, 000 meals to customers who may have waited in line for a table for an hour or more. (<http://areas.kenan-flagler.unc.edu/Marketing/FacultyStaff>). Quality is very important for Hard Rock Cafe, every single waiter/meal is important. At Hard Rock Cafe, operations managers are responsible for the quality of food, they not only design the meals, test the meals (recipes), analyze meals for the cost of ingredients, but also have to research food, supplier and surveys about food quality.

Process & Capacity Design

At Hard Rock Cafe operations managers arrange the efficient employee schedules. Hard Rock Cafe serves over 100, 000 meals, such as: Starters; Sandwiches; Salads; Burgers; Sides; Entrees; Desserts; ... The production process, from receiving, to cold storage, to grilling or baking or frying and a dozen other steps, is designed and maintained to yield a quality meal (Heizer, J & Render B (2008), Principles of Operations Management (8thed). Harlow: Pearson).

Location

Location is a major long-time decision, it can make or break business strategy. Location decision starts with a global view on Political Risk; Currency Risk; Social Norms; Brand Fit; Social Cost; Business Practices.

Finding the perfect location for each cafe is another operations management decision. The company systematically narrows the search from country to city and then precise street corner. It's the job of Oliver Munday, Senior Director of Worldwide Café Development, to make the choice. Hard Rock has

<https://assignbuster.com/hard-rock-cafe-operations-management/>

a tremendous brand. We're a global brand. We've been around for thirty years. A part of the reason we've been around for such a long time, I like to think, is that we've taken a lot of care and attention in looking at the markets we should expand into, and it is a very critical pursuit because it really underwrites and underpins the future success of the Hard Rock brand. If I make a mistake, if I pick the wrong market, if I make a bad decision, that affects us all for a long time because these are major long-term commitments. Going into new markets and renting space and signing new leases for a ten to fifteen, sometimes longer period of time, so once that decision is made, it's there forever virtually, and so we have to be very careful so it is an important, strategic exercise to make sure that on a global basis we're looking at the right markets and we're going into the right markets, and we're also going in at the right time. (<http://cdis.missouri.edu>)

Layout Design

Another operations management decision is layout. Operations managers have to set-up the process for purchase, construction, remodeling existing site, and food protection as well. Operations managers must consider the kitchen flows for food preparation and restaurant and bar layout for maximum revenue. Every piece of the experience strategy including memorabilia, music, and visuals takes on a new significance. This means lighting, sound, screens, contemporary music, and circulation paths are designed to show off memorabilia and expose customers to merchandise for sale. The retail shops generate close to half the companies profit and are carefully integrated into restaurant layout, flow, and work stations.

Human Resources

HR is the conscious of the company and is a true “ support center” for employees, serving with training programs and being the voice of them. With employees, seeking people who are passionate about music, love to serve, and convey the experience to visitors. To spread the spirit of rock ‘ n roll by delivering an exceptional entertainment and dining experience.

According to Jim Knight, Manager of Corporate Training: When you start talking about a human resource department that really is a true support center for such a big, international company, you kind of have to realize that the cafes and the individuals that work within can probably stand on their own when we were much smaller, but I think there’s a role that human resources now plays to sort of be the conscience of the company and make sure that we’re doing the right thing by the people, so I don’t mind us being a voice for them, and doing what we can to help recruit, maintain, to truly train them, to develop them, to grow them. Anything that we can do to support the individuals-I think that’s really what human resources is all about. (<http://cdis.missouri.edu>)

Supply Chain Management

Hard Rock works with qualified suppliers to ensure fresh, quality meals.

Menu item selection depends on supplying right amount of ingredients from qualified suppliers on time.

Inventory Management

Also takes on a different meaning at the Hard Rock Cafe. There is of course food and merchandise, but Hard Rock also has over forty million dollars

<https://assignbuster.com/hard-rock-cafe-operations-management/>

invested in one of the world's largest collections of rock-and-roll memorabilia inventory. Most of which is on the walls of its cafes around the world, mainly from Elvis, The Rolling Stones, Jimy Hendrix and The Beatles. The souvenirs are in one restaurant only a short period of time and then goes the next one in another city or country, to show tourists new souvenirs all the time.

Scheduling

Scheduling is another of the ten operations management decisions. With twenty-three departments and over six hundred people on the payroll, Hard Rock Orlando General Manager, Ken Hoffman, considers many factors when preparing work schedules. We look at sales. We look at sales for prior year, and see what kind of business we did during that week when we're writing the schedule. We also take into consideration any events-community events- in the area, seasonality. We also take a look at trend for our trade for the past couple weeks, and then what we do from that is we come up with a sales forecast. The sales forecast is basically that nucleus that we write the schedule from. (<http://cdis.missouri.edu>)

Operations managers considers many factors when preparing work schedules like: Sales; Sales for priority, type of business: meal, merchandise etc.; Community events in the area; Seasonality; Sales trend in last couple of weeks and Sales forecast

Maintenance

Quality and control are key to success. Menu review; Surveys; Kitchen, bar, retail shop layout and equipment maintenance and Maintenance of memorabilia at Orlando.

The HARD ROCK CAFE is not only a network of restaurants. Those are as well hotels in some locations (Orlando, Las Vegas) and network of shops where tourists can buy souvenirs with HARD ROCK CAFE special logo. Special because each shop has special collection with logo of HARD ROCK CAFE and the name of the city. The 48% of sale coming from merchandise. (www.hardrock.com)

THE HARD ROCK's global operation management strategy successfully combines:

Music

International locations

Globally branding merchandise

The World Wide Web attention to each quest experience

Operations management is an important element in restaurant management, but at Hard Rock, it's the key to providing their unique experience at each and every cafe.

In light of the above, discuss the operations management challenges and opportunities for Hard Rock when considering an expansion of its business into Hanoi.

From my point of view, an effective operation management effort must have a mission so it knows where it is going and a strategy so it know how to get there.

So, what is HARD ROCK CAFE mission & strategy?

<https://assignbuster.com/hard-rock-cafe-operations-management/>

With mission is: to spread the spirit of Rock ' n' Roll by delivering an exceptional entertainment and dining experience. They are committed to being an important, contributing member of the community and offering the Hard Rock family a fun, healthy, and nurturing work environment while ensuring our long-term success.

With mottos: Love All – Serve All; All Is One; Save the Planet; Take Time to Be Kind (www. hardrock. com).

The HARD ROCK international operation strategy is Multi-domestic Strategy:

They use existing domestic model globally

Franchise, joint ventures, subsidiaries

Let's analysis case of HARD ROCK CAFE when considering an expansion of its business into Hanoi to see their the operations management challenges and opportunities.

With a SWOT analysis, we will have a formal review of the internal Strengths and Weakness and the external Opportunity and Threats. Beginning with SWOT analyses, organizations position themselves, through their strategy, to have a competitive advance.

HARD ROCK CAFE opened in HCMC, December 2009, located at the commercial and residential Kumho Asiana Plaza, the restaurant is the first of the four HARD ROCK CAFE outlets to be opened in Vietnam.

It is part of franchising agreement between U. K.-based Hard Rock International and the Viet Thai International Joint Stock Company, owner of

<https://assignbuster.com/hard-rock-cafe-operations-management/>

the popular coffee shop chain Highlands Coffee which has more than 60 outlets across Vietnam. (Tuoi Tre Newspaper)

The world-renowned HARD ROCK CAFE brand started as an American diner in London, opened by two American music lovers in 1971.

Hard Rock began its global expansion in 1982 with the opening a series of outlets in some of the biggest cities across the globe, including Los Angeles, New York, Paris, Tokyo and Berlin.

HARD ROCK CAFE, the originator of theme-restaurant dining, is known as a haven for rock n' roll fans, offering a full rock experience through cafes, hotels, casinos, memorabilia and music venues.

The brand nowadays includes over 157 venues in more than 52 countries and 127 cafés and 12 hotels/casinos across the globe.

High-profile rock-themed restaurant chain HARD ROCK CAFE is planning to open three new outlets in Hanoi Capital, northern Hai Phong City and central Danang City by 2012.

The expansion of HARD ROCK CAFE franchise in Vietnam is aimed at tapping the potential of a growing economy and an expanding young population, the target customers of the chain, according to David Thai general director of Viet Thai International Joint Stock Company.

The detailed plan, however, is undisclosed.

Viet Thai International, owner of the popular coffee shop chain Highlands Coffee, late last year signed a franchising agreement with U. K.-based Hard Rock International to develop four HARD ROCK CAFE venues in Vietnam.

The chain will bring international artists to perform in its Vietnam-base venues and invite local artists to tour to HARD ROCK CAFE outlets around the world, Thoi Bao Kinh Te Sai Gon (Saigon Economic Times) newspaper reported.

American hip hop artist Darryl “ D. M. C.” Matthews Mc Daniels was the first international artist to perform on HCM city’s HARD ROCK CAFE stage.

Mc Daniels, a member of hip hop band Run-D. M. C., whose more than 30 million copies have been sold worldwide, was invited to join local artists to perform at the opening night of the café last week.

The 542 square meter newly-opened café was officially opened on January 22 at the commercial and residential Kumho Asiana Plaza in the city’s central District 1.

The venue includes 205 seats and the standing space for 400 guests, a live music corner, a bar and a Rock Shop selling souvenirs.

HARD ROCK CAFE’s business is very successful in Ho Chi Minh city, but in Hanoi whether it is still same with Ho Chi Minh? As, the living standard in Ho Chi Minh city is higher than Hanoi,...

A HARD ROCK CAFE franchise allows you to become part of one of the most successful internationally recognized brands anywhere in the world. (www.hardrock.com)

Think about whether Hanoi has the qualifications the HARD ROCK CAFE looks for. While they do not require certain exact qualifications, franchise applications are very competitive and you must have strong qualifications. Business experience, marketing experience, management experience, experience with restaurants, night clubs, bars and live music can help your chances.

Find a location for the franchise appealing to the HARD ROCK CAFE. There are 120 HARD ROCK CAFES in 40 countries, so opportunities are limited. You must find a large metropolitan area that does not already have a HARD ROCK CAFE.

Assign people in your company the task of deciding if a HARD ROCK CAFE makes sense for your company. Involve a business strategist, accounting and hire a franchise attorney. The HARD ROCK CAFE gives you benefits including advice on site location, design help, access to consultants, operations and budget advice, grand opening assistance, business planning, marketing, advertising, promotion and training. However, they do take 5 percent royalties on food and 10 percent royalties on merchandise.

With the company's mottoes embody the Hard Rock philosophies: " Love All-Serve All," " Take Time To Be Kind," " All is One," and " Save the Planet." The focus of the original restaurant was on treating all customers equally well, a strategy that has paid off worldwide. The company's anti-elitist-and
<https://assignbuster.com/hard-rock-cafe-operations-management/>

ostensibly American-stand has made people around the world feel comfortable and welcome in the Hard Rocks, and customers have responded by buying the chain's hamburgers, beers, T-shirts, and pins. HARD ROCK CAFE has always placed importance on environmental and humanitarian issues, pursued with a definite sense of "coolness." This emphasis has contributed to the chain's popularity with customers, some of whom could be called "followers," so devoted are they to the restaurants. HARD ROCK CAFES around the globe still adhere to the original vision of its founders, which was to provide customers with a complete rock experience.

The U. S.-based Hard Rock plans to open hi-end cafe shops in Vietnam by master-franchising the name to a local partner, vice president of Hard Rock Oliver Mundo said yesterday.

Hard Rock vice president Oliver Mundo and James Cavalaris, director for Asia Pacific franchise development and operations of Hard Rock, met the Vietnam Franchise Club yesterday in HCMC to find a master franchisor for the company's plan.

"We have decided to open HARD ROCK CAFE shops in Vietnam. However, we still look for a right partner to franchise our business, Mundo said.

"A master franchisor has to pay to Hard Rock from US\$200,000 to US\$1 million for the initial fee, in addition to 1% of total revenue for promoting the brand, 5% of food revenue and 10% of clothing and gift revenue, he said.

According to him, some 35% of total revenue of a HARD ROCK CAFE shop comes from

clothing and gift business.

Hard Rock's policies permit its partner in Vietnam to open only one HARD ROCK CAFE shop in each city. (<http://franchise.business-opportunities.biz>)

HARD ROCK CAFE with The Know-How is:

Initial ideas: “ Nothing can be the same as the initial thing”, CMO of Hard Rock, Mr. Steve Glum, said with Detroit Free Press magazine on Nov 2003, “ They can imitate us, take our original model and insert different content but we have nothing that everyone can easily contact that is music and mementos about rock ‘ n’ roll which other restaurants can not attain.”

Customer attraction: As being a live museum and locating in touring places, HARD ROCK CAFE quickly became a famous brand, attracted a lot of tourists. Famous HARD ROCK CAFE T-shirt printed with the city name where they were bought was another attraction to tourists.

(Extraction from “ Brand Royalty – Successful know-how of 100 premium world brand names” published by Frist News – (Phuong Trinh – VnBrand))

AND THIS STRATEGY WORKS

#1 in the world – 92% name-brand recognition

The HARD ROCK CAFE is in the top ten of the world brands recognition.