

# The key elements of outback steakhouses strategy business essay



**ASSIGN  
BUSTER**

According to Thompson Outback Steakhouse strategy in 2005 included reinforcing of their product offering and amenity lines to entice additional business, upsurge revenues and segregate themselves from competitors. Accompaniments such as Curb Side Take-Away, call ahead seating/reservations and relentless embellishments to their previously distinctive food and drinks menu displayed the improvement being achieved. Appreciating principles and beliefs while company motivates part of the training that their employees see. Customer-service is the utmost importance for any restaurant within the industry and OSH is very diligent on making sure their employees are aware of this reality. Guarding their dinner portions amply priced to appeal to large audiences. Relentless development, recognition and growth of employees internally deemed critical at the same time. Delivering sufficient and reasonable training to workforce by experienced crew members prior to working. Paying employees well enough to continue success, increase motivation, and keep turnover rates at industry lows.

Concentrating on their “ Curb Side Take-Away” development stipulated feasible prospect and forte for the company. Competitors on the other hand, within the industry are very dissimilar but also very comparable. OSH’s distinctive style and menu topographies are huge-strength of the enterprise. Accompaniments to their menu are an opening to further segregate them and broaden their prospects to fascinate new clients. Concentrating on incomparable customer service and indulgent of the principle and beliefs of the company will level out to a practically solid method of success. Well-informed, experienced staff and pleasant hosts, workers overall will lead to

further repeat patrons. This is undoubtedly strength of this corporation. Of course, quality tasty food at reasonable pricing is additional icing on the cake equally rather.

## **2. What is your assessment of the caliber of Outback's portfolio of restaurants? Do the different brands/restaurant themes fit well together? Does the ownership of multiple restaurant chains benefit Outback? If so, how?**

OSH has myriad various zones that they can push and advance promptly, however they also have frequent fragments that they may look at and think about sustaining them. OSH has many fortes and prospects, however the intense nature of the industry provides them with many threats and also weaknesses to build upon. OSH features dishes that are completely exclusive when compared to the industry and extraordinary at the same time. This gives OSH major caliber lead to advertise and market their offering that nobody else carries. OSH paybacks have been designed through patron's preferences to cherry-pick their chain because of gratifying meals at reasonable prices. OSH executes at an extraordinary level from the instance chefs arrive in the starting of the day in early sunrise to the public around evening time till restaurant closes. Customer approval rates are always high and there has been steadiness shown for the company. OSH's goal is to service their patrons like God and guarantee gratification. On any particular evening the almost all their booths within the restaurant are occupied and the patrons are being attended enjoying great food. OSH comprehends the powerful environment of the business and knows that it is critical to segregate services and give patrons reasons to come and become repeat customers. Changing prospects into strengths and shielding alongside all

<https://assignbuster.com/the-key-elements-of-outback-steakhouses-strategy-business-essay/>

conceivable pressures is critical to their accomplishment. The restaurant business focuses on service, atmosphere and great food quality. OSH has found achievement within all three surroundings; conversely due to decline in profits may want to pursue alternatives to bring profits back. Growing perspectives is quiet a feasible prospect because OSH unquestionably has the assets and has a positive theme.

OSH does an excellent job providing high quality meals, choosing ingredients and making sure that everything is 100% fresh. OSH on most occasions fills the restaurant with patrons who all come back for the same reason. Once again this brings us to declining profit margins and the possibility that prices need to steadily increase, purchasing from buyers may be done regionally to reduce costs, or possibly other external solutions to raise profits. OSH Steakhouse has wider geographic market coverage than its rivals. Including the other restaurants and franchises, there are over 800 locations compared to Lone Star with 241 locations, because OSH has increased the number of locations by 30 to 65 locally and internationally, in places like US, Asia, Europe, Australia, etc. The fact that OSH is almost everywhere and new locations are added each year makes their strategy stronger than its rivals and strengths the company position in the industry that is plus point (Thompson, 2006).

### **3. What role do you see that Outback's Principles and Beliefs have played in the company's success? What relevance do these Principles and Beliefs have to Outback's strategy? How does the STARS program support Outback's Principles and Beliefs?**

According to Thompson (2006) the personal ambitions, business philosophies, and ethical beliefs are all a staple of the industry through the five and a half page "Principles and Beliefs" document that founders of OSH created to distinguish proper operational procedures. The strategies are laid out for all aspects of the company from the employees, the consumers, partners, purveyors, and neighbors. They put forth emphasis on creating a fun, friendly atmosphere and environment that makes people feel valued makes them want to return. Top management has a vision to create a restaurant that everyone can say is their favorite. That kind of hospitality and recognize ability ultimately drives their success path. The first sentence of Outback's guide to success reads "We believe that if we take care of Out People, then the institution of OSH will take care of itself." That sentence fuels the company to be able to reach and obtain all goals. It is these efforts that lead to the company's competitive capabilities to be able to deliver a product that is so diverse and creates such a unique atmosphere.

Management has done a good job being able to deliver what was initially set forth and get the attention of many throughout the country within such an intense rivaled industry.

The soul of OSH is "Taking care of people." Other casual dining restaurants state that patrons come first, but at OSH Steakhouse the management team will put outbacker's first as company policy, because if the outbackers are

<https://assignbuster.com/the-key-elements-of-outback-steakhouses-strategy-business-essay/>

been taking care of, the patrons will get take care of very well also. The well-organized culture fits perfectly with Outback's strategy; on promotion and hiring, training, outbackers trust the STARS program and community involvement. The STARS program or (sharing the action, responsibilities and success) gives outbackers a sense of ownership and team membership. Hourly workers were compensated quarterly through the STARS program, which gave them an extra bonus and a sense of ownership, if the restaurants quarterly profitability was increases from the prior year. The extra bonuses like STARS that OSH gives to their employees, gives the employee a sense of ownership and loyalty to OSH which gives them a strength over their rivals.

#### **4. What do you see as the key policies and operating practices that Outback is using to execute its strategy?**

Restaurants that serve alcohol are subject to strict federal regulations and are constantly checked upon to see if they are abiding to these regulations. Restaurants must apply to the state in order to be able to obtain an alcohol-selling permit. Control regulations for everyday operations are heavily enforced statewide and nationwide as well. These regulations consist of minimum age of patrons and employees; hours of operation; advertising; wholesale purchasing and inventory control. Penalties for failure to reach these regulations are very harsh and may lead to temporarily shutting down of operations. This is bad for business because first of all they lose the business for a period of time and people are out of jobs for that time, and also bad publicity will leave consumer awareness leery to go back to that restaurant. Every restaurant controls their path of success and the ethics

upon which they run by. These regulations are not an opportunity for the industry and may be considered a threat to the industry.

### **5. What do you think of Outback's emphasis on "taking care of Outbackers first?" What evidence indicates that this is a successful policy or not?**

OSH feels that they need to take care of their people, Outbackers, Patrons, Neighbors, Partners and Purveyors and then the company will take care of itself. The soul of OSH is "Taking care of people." Other casual dining restaurants state that patrons come first, but at OSH Steakhouse the management team will put outbacker's first as company policy, because if the outbackers are been taking care of, the patrons will get take care of very well also. They felt that it just as serious to take care of Outbackers, as it is to take care of your patrons. The knowledge that Outbackers have along with the education that they give to their employees gives them strength over their rivals. No rule, just right, is the OSH mantra. Making sure that the customer is the focus, Outbackers are encouraged to accommodate any special request. Also, allowing patrons to call ahead for seating or participate in curbside pickup are natural offshoot to excellent customer service. Outbackers receive both intrinsic and extrinsic rewards for their hard work. Employee recognition and bonus incentive programs cap already competitive wages.

**6. How would you characterize Outback's culture-strong, weak, healthy, unhealthy, high performance, adaptive? What are the chief components of the culture? Is the culture well matched to the strategy? Why or why not?**

The soul of OSH is " Taking care of people." Other casual dining restaurants state that patrons come first, but at OSH Steakhouse the management team will put outbacker's first as company policy, because if the outbackers are been taking care of, the patrons will get take care of very well also. The well-organized culture fits perfectly with Outback's strategy; on promotion and hiring, training, outbackers trust the stars program and community involvement. Even though OSH never created a human resource department its managers were capable to hire and promote people with different backgrounds, energetic, fun-loving, positive outlooks. As soon as they were hired they became part of the team and given the highest level of training. As a result OSH has the lowest management and hourly turnover rate in the industry. Training of outbackers is done on daily and weekly basis. It includes all the working staff from waitresses to kitchen chefs. They are trained to perform with quality on each job task. These mini-classes are a part of the implementation of " Principle and Belies" or theories of success. The other program BYTE ( the better yourself through education) helps managers of OSH to establish better skills such as , communication , human resources and business skills needed. OSH trust and stars program. The Outbacker Trust was created in 1999 to help every outbacker in difficult times of life such as, death, loss of housing from fire, flood etc. The STARS program or (sharing the action, responsibilities and success) gives outbackers a sense of ownership and team membership. As a part of its culture strategy, OSH has



been involved in many community events. For instance, more than 5000 restaurants were involved in helping the September 11 victims' families, and provided food for 13, 000 military troops in Afghanistan. The help provided to people, shows the strong values that are part of Outback's culture.

**7. What grade would you give Outback management for the manner in which it is trying to execute its strategy? What support can you give for assigning this grade? How close is this company to achieving operating excellence?**

I would give OSH management A grade. OSH trains its management staff thoroughly and expects the highest level of performance. OSH has one of the lowest turnover rates in the industry helping to add to its management's long-term experience. The company stresses the need of having well-trained and educated employees. All OSH employees receive intensive on-the-job as well as classroom training. In addition every month employees need to attend " Serious Food" seminar that emphasizes food and service quality, include tasting, kitchen tours and food preparation procedures. Managers are required to participate in the " Better Yourself Through Education" 12-week training program that enhances management skills. Implementation of these training strategies resulted in the lowest management and hourly turnover rate with comparison to the entire industry. Managing partners even have a stake and incentive to drive for business success. Their compensation and return on investment is key. Having long-term management provides steady leadership for the employees.

## **8. What is your assessment of Outback Steakhouse's financial performance and financial condition? Is the company in good financial condition? Why or why not?**

Revenue growth in sales increased in 2002 from \$1.9 million in 2001 to almost \$2.4 million. The company's cash from financing activities at the end of period per 2002 increased to almost \$190K from \$132K in 2000, that is more than 40% increase. Again, in 2002 Outback's sales increased by 2.36 million and revenues to 11%. As per 2004 due to increase in sales of 2.68 billion OSH revenues increased to 13% compare to previous years, compare to its competitors. However OSH lost a lot of its tangible assets due to the store damaged (204 restaurants) caused by hurricanes. Looks like OSH had an overall poor financial position due to decreasing profit margins and declining cash reserves and is a threat to the company. Overall, OSH had a weak financial position, but it was stronger than its rival Lonestar that is a strength.

## **9. What major issues and concerns is Outback facing in 2007?**

Outback's cash flow from operations has increased, on average, 12% yearly between 1999 and 2004. Over this same time period the cash flow also decreased over some periods, Outback's cash flow per share behaved in the same manner increasing, on average 12% yearly. Outback's cash flow per share depends not only on cash but also on the number of shares outstanding and OSH has been increasing treasury stock which decreases shares outstanding and increases the cash flow per share ratio. Outback's inconsistent cash flow is cause for concern as is their increasing treasury

stock at the risk of substantially decreasing cash. Both of these issues create a weakness for the company.

### **10. What recommendations would you make to Bill Allen, CEO of Outback, regarding Outback's strategy and its approaches to strategy execution?**

There are several recommendations such as increase marketing and advertise efforts overall, specially to push their "take away / curbside" availability; maximize utilization of broadcasting media usage such as TV, cable, etc. for advertising. Promote their offering widely and at the same time train detailed customer service techniques. Perhaps extend number of hours to accommodate older generations; extend hours for holidays that fall on weekends; offer discounts and promotions such as birthday specials; revise menu selections to include healthier choices and supply fat and calorie content upon request; expand marketing department tasks to study growth strategies in foreign markets; best fit foreign locations with existing brands; choose foreign restaurant brands to acquire or partner with; build, staff, open and promote new locations and measure results and apply corrective action where needed. Last but not least, have a closer look at financials.