

# Six sigma project for house of tea business plans examples

[Business](#), [Customers](#)



## **Executive Summary**

House of Tea is a hypothetical business that provides food and drinks by way of a small two-story storefront branch. Their products consist of tea, coffee, snacks, and light meals, but they specialize in milk tea products. Their store is located in front of an elite university, the students of which mostly comprise of people from the middle to the higher class. House of Tea has only been open for a year but, recently it is already experiencing some difficulties with regard to its business. During its first five months, business was doing great. Their sales were more than what was expected.

However, during its sixth month, the area where the milk tea store is located saw a sudden emergence of cafes that provide similar products to those in House of Tea. The unexpected arrival of competition caught the small business off guard and it had a huge blow on their profits. Less and less customers are choosing to buy from the store. There would even be prolonged hours of the store being completely empty. This is particularly frustrating because the two floors of the store hardly being used. Wary that the disappointing performance of the store might not allow for it to see another year, the business owner decided to take on a six sigma project. She's hoping that the project would not just solve the problem of the business, but completely improve it as well.

## **The Problem**

After conducting the necessary research and survey, the House of Tea business has found that they didn't have the necessary competitive advantage that would encourage customers to choose their store over other

cafes in the vicinity. This is an extremely difficult problem to address because the milk tea industry has seen a rise in popularity in the recent years (Monirul & Han, 2012). Playing in a field where there are already numerous players, most of which might even have more tricks up their sleeves, is no easy task. What House of Tea needs to do is to further analyze the nature of its problem, dissect it into concrete issues, and then think of specific steps that would resolve each issue.

The first step is to determine the competitive advantage that House of Tea needs to have in order to outdo their competition. The answer can be found in three basic aspects of good food service: ambiance, food quality, and customer service. These are the three key ingredients to a successful restaurant or food and drink business (Ryu & Han, 2014). It might seem too obvious but most restaurants usually overlook two of the three aspects (Abukhalifeh & Albattat, 2013). Unfortunately, House of Tea is one of those. Upon careful analysis, the business has arrived at the conclusion that while their customer service is great, their food quality is only average and the ambiance of their store is below average. These are the issues that they need to resolve in order to gain a competitive advantage over the other cafes. Specifically, the root of their problem lies in the following:

- The ambiance of the store is not appealing; hence, it fails to attract many customers.
- The ambiance of the store is not cozy. During the rare times that it is able to attract a few customers, it still fails to make them stay for a while longer and possibly buy more food or drinks.
- Their products are good but they need to be great in order to have an edge

over the other competition.

- The prices of their products are too low for the business to make substantial profit.

## **The Process**

With the use of the six sigma process, House of Tea is able to define the problem, realign their business objectives, and charter a project that would improve their services altogether. Led by the business owner and the store manager, the store is going to conduct surveys and gather data, which they would then use as a guide for the project. In addition to that, they are also going to consult with appropriate professionals such as interior designers, chefs, and food entrepreneurs in order to come up with the best possible solutions to the specific issues that they are dealing with. Upon determining the best solution, it is then imperative to manage this new project through six sigma's DMAIC model which stands for: define, measure, analyze, improve, and control (Gygi, Williams, & DeCarlo, 2014). The new project will be entitled "Rec-tea-fication Project" and it works in two ways. First, it is a playful and catchy spin on the words "tea" and "rectification," which would hopefully attract a lot of attention. Second, it refers to the actual improvements that will be done on the store itself, alluding to the future rectified state that House of Tea will be in.

## **Definition Phase**

Voice of the Customer

Since House of Tea is located near a university, the biggest percentage of their customers is made up of students from the university. With this

information, one can already infer things about the potential customers such as their taste in food, their financial capacity, their preference in environment, and other miscellaneous things (Theodoras, 2009). Seeing that the university is of an elite class, the students (or potential customers) have high financial capacities. This means that House of Tea can charge high prices for their products because their potential customers are capable of paying huge sums of money. The only issue would be if they are willing to do so, which will be further expounded on later. Being students, these types of customers all belong in the young age demographic. This means that their tastes in food are often quick to change, depending on what the current food trend is (Theodoras, 2009). House of Tea should be able to properly adapt their menu to the constant changes in the youth's preferences.

In addition to that, House of Tea should also be able to create an environment that would best suit their potential customers (Petzer & Mackay, 2014). Because they are students, they need a place where they can not only eat and drink but also bond with their friends or study for their classes. In this regard, for House of Tea to gain a competitive advantage, they need to be able to provide both kinds of environment to the customers. Another need that the young customers have which should be provided by House of Tea—something that this generation seems to need as much as food and drinks—is Internet access. May it be for their school works, to stay in touch with their friends, or for simple leisure, students are always eager to connect to the Internet. Only a few places in the area are providing free Internet access, which means that House of Tea should capitalize on this opportunity before any other milk tea store does.

## **Project Charter**

### Measure Phase

#### Critical to Quality Characteristics

The critical quality characteristics or CTQs refer to the most important outputs of the project, which would ensure its over-all effectiveness (Pyzdek, 2003). For House of Tea's Rec-tea-fication Project, the CTQs include:

- Ample presence of customers who enter the store.
- Ample presence of customers who stay in the store.
- Great reviews regarding the food and drink quality.
- Great reviews regarding the customer service.
- Consistently impressive profit for 10 months.

## **CTQ Measurements**

The first CTQ addresses the first and second goal of the project enumerated in the project charter. These include improving the look of the store and increasing the customers who enter the store. Creating an exterior look that is eye-catching and appealing will definitely encourage more people to enter the store and buy their products. Therefore, House of Tea should create a new look that will appeal to the potential customers but should also be able to express a certain unique identity (Ariffin, Bibon, Saadiah, & Abdullah, 2010). By establishing a unique image, it will set itself apart from the competition because it is no longer a generic brand but rather, a specific brand with a story behind it.

The second CTQ addresses the first, third, and fifth goal of the project. Being able to attract customers from the outside is just the first step in creating a

successful business. The next step is making them stay. House of Tea is not a fast food restaurant. It does not aim to cater to as many customers as possible. Instead, House of Tea wants to provide a cozy environment that encourages customers to stay for a long time and continue buying more products from the store. Customers will not be encouraged to hang around the store if the interior is not comfortable and presentable (Soraa, 2013).

The third CTQ addresses the fourth goal, which is to improve the menu and serve better quality products. Upon conducting surveys around the university campus and on the Internet, House of Tea should use the results to determine the most in-demand food and drinks. They will also be conducting monthly surveys (every first Friday and Saturday of the month) on 50 random customers to guarantee that the quality of their products is consistently excellent. They will also use those surveys to acquire suggestions from the customers for new kinds of food and drinks. As a part of the Rec-tea-fication Project, House of Tea will be constantly updating half of their menu every start of the season. Regularly changing their menu, except for some staple products, will keep the customers from getting sick and bored of their items (Dube, Renaghan, & Miller, 1994).

The fourth CTQ addresses the sixth goal, which is to maintain the great quality of customer service. The monthly customer surveys will also include a rating of Hosue of Tea's customer service to ensure its consistent standards. The last CTQ addresses the last goal, which is to increase the business profit. Increasing the prices of the products is the best solution to this because the potential customers have a high financial capacity. They would be willing to

pay a lot of money for great quality food, service, and ambiance; and House of Tea already promises to deliver on all three (Perutkova, 2010).

## **Measures for Evaluation**

Analyze Phase

Quantitative Analysis

Data Analysis

The first image shows the progress of the House of Tea service, both in food and customer service, from the re-opening until the end of the Rec-tea-fication Project. It shows a huge boost in food quality from the months of January to March but there was a sudden drop in May and August. This is because those two months signal the end of a season. May is the last season for Spring and August is for summer. These are the times when the customers will have gotten used to the menu and are craving for something new. This is why during the first months of a season such as March, June, and September, there are sudden increases in food quality satisfaction. This is because during these months, the menu is updated to correspond to the current season. For the customer service, the months of January until May saw poor reviews because the staff wasn't completely prepared for the sudden surge of customers who were curious to see the newly 'rec-tea-fied' House of Tea. But customer service eventually improved during the summer months when there were less customers due to the summer break.

The second figure shows the relationship between the number of customers staying in the store and the monthly profit. For the most part, whenever the presence of the customers dropped, so did the profits. The exception for this



is during the summer months. Despite the relatively low number of customers, the profits were still impressive. This can be better understood once the first table is taken into consideration. According to the first figure, the summer months saw great reviews for both food quality and customer service. It can then be inferred that the few customers who went to House of Tea stayed longer and were willing to pay for more products; hence, providing more revenue for the store.

## **Improvement Phase**

### Implementing the Solution

Now that House of Tea has been able to renovate both its look and its menu, it needs to continuously maintain its high standards for food, ambiance, and service. Only in doing so can it preserve the competitive advantage that it now has over other cafes in the vicinity. To guarantee this constant maintenance, a plan in the form of this flowchart will be implemented:

## **Control Phase**

In the control phase, House of Tea is going to need to standardize the implementation plan developed during the improvement phase. This will make sure that not only is the plan being constantly implemented, but that it is also being regularly adjusted when needed. Being able to standardize the plan is one of the most important parts of the project because it assimilates new and more effective practices and activities into the lives of House of Tea's staff. It does not just force them to follow a flowchart every single day; it actively changes their working habit so that they develop a healthier and more productive routine. After all, the project aims to provide success to

House of Tea's business not just for a year but for many more years to come.

For this to be possible, the plan also needs to be regularly checked and regulated. In a field that is so competitive like the food service industry, businesses have to always remain on their toes. They should be ready to change their strategies at a moment's notice. The control phase acknowledges that and so it discourages complacency and leniency among employees. In the case of House of Tea, this would and should not be a problem, seeing that they are expected to change a part of their menus every season. This may seem extremely tedious for other businesses, but House of Tea is not just any other business—and that is what the customers need to see.

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