

Evaluate the
operations
management strategy
of hard rock cafe



Needless to say Hard Rock is one the most globally-recognized trademarks in the world due to its success and history for over 40 years. From a small café located in London in 1971, through various owners and acquisition, Hard Rock now consists of 171 venues in more than 52 countries around the world, including 134 cafes and 15 hotels and Casinos play a critical role making Hard Rock has become a truly universal phenomenon. It is done this by adopting what can best be described as an experience strategy. Hard Rock don't only process with café, they have food with entertainment, to food with an experience. Customers don't just want a meal; increasingly, they want an experience. Hard rock's operation strategy is designed to province that experience. Orchestrating all of this becomes an operations management responsibility. All ten operations management decisions can be significant in building that experience as below :

1. Product and service design.

As you known, the great product and service is the key to success of firm and a good operation management has to build and design product and service depend on demand of customers and their participations. In Hard Rock's case, these products are designed, tested and then analyzed for cost of ingredients, labor requirement and customer satisfaction. On approval, menu items are put into production and the only if the ingredients are available from qualified supplier. All steps seem perfecting in Hard Rock's processing production. But there are many customers need to serve in short time, so much material raw need to ship out or in and keep in their storages, there is challenge with operations management in Hard Rock. They have to control how to good serve to customers and quickly, and keep quality meal.

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With a typical image of an electric guitar and simple logo, Hard Rock Café creates for all people entering its places the environment full of rock music which they will not feel in any other public houses and restaurants. Hard Rock not only serves its clients food but also unique “ experience” with rock enthusiasm. They prepared over 3500 meals each day in Orlando, Florida. This is result from good serve to Customers with plentiful meals in the menu. Of course, they don’t mean that dishes are not taken into consideration. Hard rock’s menu are modified, upgraded and concentrated to fit the local taste. To attaching customer comeback again and again, also persuading them use drinks and meals. Hard Rock should add more fish, seafood, and fruit into their menu in the world.

Regardless of sex, age or class, Hard Rock Café slogan “ Love all-serve all” has been going together with its development throughout the years. All people putting their steps into Hard Rock’s door feel that they are always welcome by an enthusiastic attitude.

2. Quality management.

Managing quality help build successful strategy of differentiation, low cost and response. Improvements in quality help firm increase sales and reduce cost, both of which can increase profitability. In Hard Rock’s processing production, from receiving, to cold storage, to grilling or banking or frying and a dozen other steps, is designed and maintained to yield a quality meal. Operation manager, using the best people they can recruit and train also prepare effective employee schedules and design efficient layouts. Survey on food and service quality is carried out regularly and it is require to get the

highest assessment from customers to make sure quality at café is always be ensure and achieve basing on customers evaluation. Hard Rock café pays attention to change and update by time the music as well as menus, layouts, memorabilia, service and strategy to improve quality and adapt with the demand as its clients' responses. Anymore, Hard Rock need deep control to franchise companies about quality management. They can bring high profit to Hard Rock and also lose image Hard Rock in the world.

3. Process and capacity design.

Production processes provide an excellent way to think about how we organize to produce goods and service. And capacity is the throughput or number of units a facility can good serve, store and safe in a given time. Hard Rock manager consider and evaluate how to serve quickly to customers, how many employees need to serve this volume of customers, Hard Rock uses long range forecasting menu items if the pr in setting a capacity plan and intermediate-term forecasting for looking in contracts for leather goods and for such items as beef, chicken, and pork... other manager can compute the impact on demand of other of one item is changed. Therefore, they have to consider very carefully and organized efficiently, labour, material, inventory, scheduling are all elements related which are described with more detail in the following decisions. In the world always change , to building process and capacity not easy with manager. Your process can other person using in their business or using some good points. Managers need to improve their process and use new knowledge in building capacity.

4. Location selection.

One of the most important strategy decision made by many companies is where to locate their operations. The strategy impact, cost, and international aspect of these decisions indicate how significant location decisions are. Hard Rock expands its cafés to major big destination cities throughout the world. Their strategy has gained success over the decades, the recent economic crisis really had a bad influence because of the tourist industry decrease. The choice for Hard Rock café is to locate in other cities which are not rush tourist cities in order to less depend on such a fragile business.

The analysis is based on these following fundamental elements including demographics, visitor market trend, transportations, restaurant and light clubs, risk of politics, real estate market and comparable market, then leveled with very further details and marked for each. This serious quantitative market research supports Hard Rock café to make right decisions for its business growth. Moreover, the success of every café in each location is also contributing to the cash flow efficiency and the whole chain's success.

5. Layout design.

When we come any Hard Rock café in the world, we also see that customer is central of location. Customers easily find their seats, they easily view around of Hard Rock Café from their seats, also they comfortable to see into stage and hear music, their seats are large space. Employees also easily serve to Customer and quickly. Hard Rock have the order systems by computers, after employees receive orders from customers, they will move them

through their system without take walk into process places. Customers don't
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need to waste long time for serve. The distance between customers, order staff, kitchen, cashier, storage, door,.... Is very reasonable and comfortable. This is the most scientific and perfect system , I have been known.

6. Human resources and job design.

Hard Rock Café has demonstrated that sustainable competitive advantage can be built through a human resource strategy. Everyone receive their wallet sized “ Hard Rock Value” card which they bring at all time. The Hard Rock Value system is to bring a fun, healthy, nurturing environment into Hard Rock café culture. Employees are require to have not just job skill but also passion of Rock music as well as to engage their personalities. All Hard Rock employees will be proud to work in a unique working environment. Moreover, this training also allows Hard Rock staff to undertake different positions or duties that mean one can be a waiter, retailer or cover kitchen... and Hard Rock has the internal promotion policy as well as to engage their employees.

All of this human resource policy help Hard Rock take a competitive advantage, earn more revenue and save cost by deciding which item will be replaced.

7. Supply chain management.

Supply chain management is the integration of activities that procure material and service, transform them into intermediate goods and final products and delivery them to customers. Hard Rock improves working capital, inventory management and operating margin by applied for supply chain management. Qualified suppliers or vendors are chosen to ensure

enough, fresh and quality meal. In 2003, Hard Rock reduced North American warehouse space by 44%, reduced operation cost by 20%, improved service level by 22%, real time web based supply chain visibility, optimized transportation costs, optimized distribution network, optimized contract term and liability protection, improved operational efficiencies. This is good result from the right choice.

8. Inventory management.

Hard Rock has 177 cafes world-wide in 52 countries , they know exactly what is on what wall café and what they have and that is important, one because it is a lot of value that we have out there, so it is important that we have inventory system that allow us, through technology, to bring up and say okay. Inventory in Hard Rock has large value and spread all the world. They would more better if Hard Rock use local material, they will cheaper, fresher and high quality.

9. Scheduling management.

Hard Rock café applied the weekly report begins with a sales forecast. Form the forecast, they calculate how many people they need to have on duty each day for the kitchen, the bar, as host and for table service. Moreover, Hard Rock depend on hourly sales which are possible to know the time for rush or low hour in order to allocate suitable jobs for its employees. Or , like upcoming event, major convention, concert... are referred to.

This allow Hard Rock Café manager can predict the volume of people may get in and enjoy in its restaurants and prepare a pretty right human, foods and services Just-in-time to save the cost.

10. Maintenance management.

Quality control is the key of success, Hard Rock adjusted its menus and music time by time and by locations, basing on the survey done. All kitchen, Bar, Restaurant or retail shops or equipments are maintained regularly. This result bring successful for Hard Rock as today.

In light of the above, discuss the operations management challenges and

opportunities for Hard Rock when considering an expansion of its business into Hanoi. (50 marks)

Hard Rock Café came to Ho Chi Minh City, in Viet Nam. Now there is a opportunity and challenge expending business into Hanoi. We will consider some factors and indicators in Ha Noi Capital as below :

1. Population and economic indicators in Ha Noi.

Ha Noi is the Capital of Viet Nam, it is also head of Viet Nam's area, with a population of 6, 472 million. Located between the rich Red River Delta, where has soon become a center of political and religious right the beginning of Viet Nam history. After the expansion of administrative boundaries in August 2008, Hanoi now has an area of 3344. 7 km ², including a town, 10 districts and 18 suburban districts. Together with Ho Chi Minh, Hanoi is one of two economic centers of the country. In 2009, after expansion, the city's GDP increased by 6. 67%, total revenue of about 70, 054 billion. With the above results, the average GDP growth period 2006 - 2010 the city had reached 10. 7%. GDP per capita reached about 37 million Viet Nam Dong (approximately \$ 1, 950). Hanoi is a center of culture and education with the

theater, museums, the traditional villages, the media agencies and national universities.

Moreover, the cheap labour is an important advantage that affect to the company's human resource strategy, and particularly to low cost.

With huge young population, increasing economic and class of people have high income is so much, this is important point Hard Rock need to expend into Ha Noi soon.

2. Visitors market.

Hanoi is really a big tourist center of Vietnam. Hanoi has always been one of the places that attract tourists domestic and international. There are 1. 227. 500 international visitors and 7. 392. 000 domestic visitor. This level is increasing annual.

Hanoi has over 200 graded hotels with over 12. 000 rooms from standard to luxurious rooms in 2010. in near future, there are 6 - 8 hotels with 4 to 6 stars will be using. They will serve tourist demand well.

Hanoi is central of political in Viet Nam which concentrate many events about culture, economic, ...many people in the world will come to Hanoi,

Hanoi leading the country in number for 3840 relic Vietnam monument on the relics of nearly 40, 000 in Vietnam (including the monument in 1164 a total of nearly 3500 national monuments). Therefore, Hanoi has advantages and good conditions for the development of cultural tourism, and spiritual workshops.

Hanoi retail systems have 402 markets with a total area of over 1.5 million m², 11 trade centers, 62 supermarkets, total 20-21% of the trade center-supermarket of country.

3. Currency risk

Hanoi has many people who love Rock & Roll music, long time ago, we known that people in Hanoi love music so much. Their love will bring opportunities to Hard Rock.

The class of young people in Hanoi, they are so dynamic and like discovery. They are from rich and super rich families. They want to find out the new culture, they want freedom and style from Rock & Roll in Hard Rock's culture and ready payable high cost for them. Those classes don't care how much they have to payment. This matter is how serve from Hard Rock Café. This point is very important in expending into Hanoi.

Vietnam's youth oriented, they like modern life in big cities. Also, they like taste and value true American standards, in a youth space, I think they would succeed Hard Rock Café.

Hard Rock bring a new breath, wind and new style to the Hanoi Culture. The people Ha Noi like choices. If Hard Rock doesn't bad affect to environment, they will well come new trending, new culture.

4. Political Rick.

Likely any other industries, Viet Nam government is establishing a system of open policies, encouraging foreign investors to invest, develop Viet Nam economic and create jobs for local people.

Viet Nam recognizes and protects property rights, investment, profits, rights and lawful interests of other investors. Assets, investment capital and profits of legitimate investors can not be nationalized. All of them were taken and the specific laws in Vietnam and Vietnam signed commitment.

5. Brand fit.

Viet Nam state and Government recognize and protect any brand under law.

6. Transportation in Ha Noi.

Hanoi city is located in the central area of the North, along the Red River, transportation from Hanoi to other provinces relatively comfortable, including air, road, waterways and rail. Air traffic, apart from Noi Bai International Airport about 35 km from the center, the city also has Gia Lam Airport in the east, Long Bien district. Former main airport of the 1970 Hanoi, Gia Lam airport currently serves only for flights of helicopter services including travel services. Hanoi is the traffic hub of the railway in the country and a transportation route to Beijing, China, to many European countries. Moreover, from Hanoi to other big economic central as Hai Phong , Thai Nguyen, Lang Son, Quang Ninh, are so easy and advantage. Hard Rock will easy attract customers from this area with their brand and quality.

7. Restaurant and nightclubs in Hanoi.

Hanoi has many small restaurants and nightclubs, the most of them is local. There are some famous brand in the world which they are researching. Hard Rock expand in this time will take market share and image in Hanoi.

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