

Benihana of tokyo

Food & Diet



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1. Prepare a detailed process flow diagram of a Benihana restaurant on a typical busy night. a) See exhibit 1- Benihana restaurant flow diagram 2. Describe the process flow diagram in detail and contrast it with that of a typical sit-down restaurant. a) See exhibit 2 — typical restaurant flow diagram b) Benihana is much like a typical restaurant in terms of the main process flow of the customers. The flow begins with hungry people entering the restaurant and ends with full/satisfied people leaving as shown in exhibits 1 & 2. The main differences in the flow of a Benihana restaurant and a typical restaurant exist with the external interactions that occur with the main flow of the people. i) In both flows the hungry people enter the restaurant and approach the Maitre d to acquire about a table to be seated. If there is a table available the people will be seated immediately, if there is not the people will have to wait in the bar & lounge area. ii) When a table is ready the Maitre d seats the party and the group proceeds to order. In a typical restaurant all the food orders would go through the waitress and there is no direct communication with the chef. In a Benihana restaurant the soup, salad, and drinks (quick/easy orders) are ordered through the wait staff and the main dish is ordered directly to the chef who is stationed at the same table. iii) It is in step 2. ii) that Benihana was able to make the process flow quicker and more efficient by eliminating the wait time in ordering and receiving a meal that one would experience in a typical restaurant. iv) When the meal is complete the people will leave the restaurant. In a typical restaurant the “runner” would then clear the dishes and set the table for the next customer. In a Benihana these tasks are assumed by the wait staff and chef, this eliminates the need for extra “runners.” c) A second significant flow to mention is the flow of the food itself. The flow begins with the raw

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materials and ends with the completed/served meal. In both exhibit one and two the food will experience the same beginning and end but the process of getting there is much different. i) The raw materials enter the restaurant and are prepared for the chef to cook. At this time the materials are accounted for as Works in Progress (WIP) because there is a time when the materials will sit before the chef receives them and cooks the meal. ii) After the chef cooks the meal at a typical restaurant the prepared meal sits and waits for the wait staff to pick it up and bring it to the table; therefore creating another WIP. At Benihana the chef cooks the meal at the table; therefore there is no WIP for food after it is prepared because the food goes directly to the customer. d) In a typical restaurant there is no direct communication with the chef, all communication is made through the wait staff. This is different from the flow in the Benihana design as chefs are preparing food in front of the customer and has direct interaction with the customer in front of them. At Benihana there is no wait time (WIP) for food after it is prepared, it is served by the chef directly to the customer. At a typical restaurant the food changes hands to the wait staff from the kitchen before it is served to the customer. e) The role of the "runner" at a typical restaurant is assumed by the wait staff as they serve the food to the table. At a Benihana restaurant the chef assumes this role as the food is served by the chef as it is being prepared. The wait staff solely is responsible for drinks and salads and does not actually serve the meal to the customer.

3. Compare and contrast Benihana's cost structure with a typical sit-down restaurant. a) Benihana was able to develop a high profit margin mainly through reduced menu selection and labor costs. i) The 70/30 split is in line with typical restaurants for total sales. Food costs were lower by approximately 10%.

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This was achieved using a limited menu consisting of limited combinations of 3-4 menu items. ii) The majority of savings found in a Benihana restaurant compared to a typical restaurant are in payroll and management salaries. Typical restaurant was 32-41% (including management salaries) whereas Benihana is 14-16%, approximately half of the typical restaurant. This was due to the fact that the chefs were in essence the servers, which cut out a large portion of the extra wait staff and runner functions found in the typical restaurant. Management was limited to one manager, one assistant manager and a few front men (serving a maitre d function) who were in training for management positions. b) Reducing "unused space" by cooking at the table eliminated the need for full service kitchens that take up space that is not filled with customers. This allowed Benihana to increase the bar and lounge areas. Benihana recognized this as a key money making area, this area proved to be a profitable asset for Benihana as it produced an 80% margin on beverage sales, whereas typical restaurant turned a 70% margin in this same area. c) Rent costs were not a significant cost savings although Benihana rent costs were in the low range of rent costs for a typical restaurant. d) Benihana ensured that bonus incentives were available to all employees. This is not normally seen in a typical restaurant where management may receive bonus incentives but they would never be spread throughout the organization down to the wait staff. Benihana incentive system was set up by introducing sales budgets and goals. Financial controls and budgets in place allow Benihana to pay bonuses across a single unit from management through to servers and chefs. e) Benihana was not about saving in all areas. Compared to typical restaurants Benihana spends 5 times more in advertising. A typical restaurant spends 1-2% of revenue in

advertising; Benihana spends 10% or more. f) Benihana restaurants also paid more for the authenticity of the restaurant. i) Associated with the start up costs of a Benihana restaurant is the certification of becoming a master chef. This training instills the intangible asset of the knowledge needed for Benihana. At a typical restaurant the cooks need little to no training at the cost of the restaurant. ii) Also associated with the start up costs of a Benihana restaurant are the authentic artifacts imported from Japan. The cost of importing these artifacts and building materials adds to the startup costs of a Benihana. What is the Benihana concept? a) Benihana redefined success and differentiated itself from the typical restaurant norm when it introduced its totally new concept of "entertainment" dining to the restaurant scene. At its debut, this concept was one of a kind. b) Benihana provided an exotic and authentic atmosphere by transposing Japanese concept into American culture. It capitalized on Americans love of the steak house but with an added difference, the food is cooked in front of the customers, which leads to a "live" and "exotic" show. c) Benihana removed the American "distrust" of exotic foods and eased customer fears with hibachi style food preparation in front of the customer. d) Benihana strived to design its restaurants to maximize profit potential. The use of hibachi table arrangements eliminates the need for a kitchen and therefore expands the actual seating space for customers for dining and lounge area. e) The tables were set up for 8, causing different parties to sit together at one table, something that differed from the typical restaurant scene which encouraged the social appeal of this style of dining. f) Benihana recruited a staff from Japan to highlight the Japanese culture. Chefs are high skilled with years of practice and training, and can perform great Japanese culinary

entertainment. g) Keeping with the need for authentic hibachi cooking the décor was as authentic as possible to showcase the Japanese culture to the American people, Benihana used building materials: walls, ceilings, beams artifacts and decorative lights straight from Japan. Even the carpenters constructing the restaurants were Japanese. h) The design of Benihana highlighted a large amount of waste and spoilage in a typical restaurant. The menu at Benihana was designed to reduce waste and food costs (30% to 35%) by keeping the menu simplified to steak, chicken and shrimp. i) The overall concept of these new style restaurants was to lower cost and bring a unique, fast paced strategy of operations, which will be discussed in the next question. 4. How does Benihana's strategy differ from that of a typical sit-down restaurant? How are the production processes different? a) The fast paced environment enabled the wait staff to turn over tables quickly, allowing Benihana to have as many parties as possible. This high volume approach to service was essential to their survival. b) The food has the perception of high quality due to the atmosphere, but in actuality it was basic, consisting of only three to four menu items, as compared to a typical restaurant where a variety of menu items are offered. c) This strategy of simple food allowed for Benihana to keep overhead costs and food waste low in contrast to what typical restaurants can't usually control. d) Benihana recognized the need for high traffic through their restaurant to succeed. They identified locations that were close to business districts that received the most visibility. i.) In order to compete, the strategy for lunch was to reduce food portion size, which in turn reduced the price for the customer. The reduced portion sizes decreased the total time spent at Benihana to meet the customers' needs of a fast lunch as the majority of these

restaurants were placed in business districts to help their lunch business. e) The management structure was small but incorporated with highly skilled managers based around performance. Any manager that beat the monthly quotas was rewarded financially. This created employee loyalty to Benihana allowing for a continuum of skilled employees. This sharing of performance based compensation to all employees is foreign in a typical restaurant structure. f) The " Benihana Family" was built with low employee and management turnover. Largely based on the intangibles of loyalty, job security, etc. This reduced training costs of having to repeatedly training new employees and managers. g) The layout of the restaurant was different from the typical set up, the reduction of " unused" space gives more dining room which allows Benihana to make more profits (see 3b). h) Additional cost compared to the typical restaurant was invested in advertising. This was done with different advertising methods such full pages in national publications rather than a regular schedule of small ads. Advertising was not done in the normal entertainment page of the newspaper yet it was spread throughout unlikely magazines and market focused areas. i) Advertising strategy brought patrons in for the first time and the excellent food and excellent service kept them coming back. Not only did it keep them coming back it caused the " word" to spread about Benihana. Based on the survey in Exhibit #4 of the case study, " What the Customers Think" shows that there was a 67% recommendation rate for learning of the Benihana experience. j) A key to the Benihana strategy was that the company would not expand through franchising due to the disconnection of objectives and cultures. The management team understood Benihana's objective and understood the restaurant business as a whole. By discontinuing their franchising efforts

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Benihana ensured the quality of its name was upheld. k) The process of people moving through a Benihana restaurant can be categorized as an assembly line. Their goal is to move a high volume of people through the restaurant while keeping costs low. Costs are kept low for the customer by the reduction in menu items. This differs from a typical restaurant where the flow of people can be categorized more as a disconnected line. The typical mom and pop restaurant survives on a moderate volume of business but is faced with higher costs due to food waste and increased number of menu choices. l) The physical tasks or external interactions the customer has with Benihana restaurant are a mix between a disconnected line and an assembly line. They must service a medium to high volume of customers, accomplished by maximizing customer areas while producing a medium to high margin. This is accomplished by minimizing the costs by reducing the number of employees (runners, wait staff, prep cooks) to keep the restaurant functional. In a typical restaurant these costs are higher due to the increased employees and the decreased customer space that is lost to the kitchen. It functions more like a job shop that offers many choices to their customers.