

Five guys in malaysia essay sample



**ASSIGN
BUSTER**

Our group has been chosen as a consulting team by the domestic organization of Five Guys restaurant here in the United States. Five Guys has hired us with the purpose of wanting to expand their successful restaurant chain into other parts of the world. Our goal as their consulting firm is to help them flourish in taking their first step in globalizing their domestic organization into a multinational company. We believe that their first foot step in foreign land should be imprinted in Malaysia, specifically the city of Kuala Lumpur located inside the region of Klang Valley.

Before moving a national company into a country like Malaysia for the first time there are many aspects of business and culture that must be taken into consideration and many decisions that must be made. Our group believes that it is crucial that you know and understand your company, which in our case is Five Guys, your consumer and your competitors. From there it is crucial that you learn and adapt to the culture of Malaysia and the way that they are accustomed to doing things.

Once you know those things that you can implement your communication and management strategies and you will be prepared to handle any cultural, social or technological issues that arise. Our team chose to work with Five Guys for multiple reasons outside of the fact that we all love and enjoy their food. But before working with a company it is imperative that you know the company inside and out. You must do research to become familiar with where they came from, what they provide to their customers, their values and beliefs, how successful they are and what their company culture is.

You can't advise a company and guide them to the successful route unless you are that company. This is exactly what we did with Five Guys. Five Guys has been a favorite in the Washington, DC area since 1986 when Jerry and Janie Murrell offered wise advice to their four sons: " Start a business or go to college. " The father, Jerry Murrell, got married after college, had three kids, divorced, then remarried and had two more, all boys I might add. This is where Jerry came up with the name, " Five Guys. " His two eldest sons, Matt and Jim, told their dad one day that they didn't want to go to college.

He supported them 100 percent and instead they decided to use their college tuition and open a burger joint. Jerry grew up in Ocean City, Maryland and there was always places along the shore selling boardwalk fries but only one place in particular that always had a 150-foot waiting line. They would serve nothing but fries, but they cooked them with a high-quality potato and peanut oil. That really impressed Jerry and he thought that a good hamburger and fry place could make it. Jerry read a book one time that said anyone can make money in the food business as long as you have a good product, reasonable price and a clean place.

That really made sense to him and he incorporated that philosophy into his business. In 1986, the first Five Guys location opened in Arlington, Virginia and it hasn't slowed down since. By 2001, they opened five locations around the DC area and perfected their business. In 2002 they expanded the Five Guys experience to Virginia and Maryland with franchising. A little more than a year later in 2003 they sold out of all their franchise territory and started to open the rest of the country for franchise rights.

That same year they expanded to over 1, 000 locations in 47 states and six Canadian provinces. The corporate headquarters of Five Guys Burgers and Fries is now located in Lorton, Virginia. This rapid rate of growth has made Five Guys Burgers America's fastest growing restaurant chain. The chain currently has 1, 039 stores open in the U. S. and Canada, with another 1, 500 committed to build. Since 2006, the company has grown 792% according to a Chicago-based food industry group. Its nearest competitor is Jimmy Johns which grew 241% over the same time period.

Five Guys has a mix of company-owned and franchised stores, but has sold out of all of its franchise rights in North America. The chain as a whole will surpass \$1 billion in revenue this year. Five Guys dominates in what people call the better burger category, which is hamburgers in the \$8 range, of fast-casual restaurants. This targeted segment is worth \$2. 2 billion and it grew 16% last year. Five Guys represents nearly half of the segment itself. Five Guys Burgers and Fries is experiencing great success here in the United States and in its Canadian Provinces. The question that we needed answer to is, why?

Every successful food restaurant chain has values, beliefs and rules to live by that complement the quality of product that they make and this is what we needed to understand about Five Guys. The Five Guys mission statement from Jerry Murrell himself is, " We are in the business of selling burgers. " Along with that they also have a goal; they want to sell the best quality burger possible by focusing on quality, service and cleanliness. Every Five Guys restaurant has a sign that hangs on the beverage machine, they like to

think of it has a service promise and it says, " You the customer are the most important visitor on the premise.

You are not dependent on us, we are dependent on you. You are not an outsider in our business — you are a part of it. We are not doing you a favor by serving you - you are doing us a favor by giving us the opportunity to do so. " As a consulting team we have identified at least five key reasons that are directly tied into the success of Five Guys. The first one and the most apparent one is definitely their recipe. You can't be in the burger and fries business and not provide your consumers with a great tasting product and they have a winning one on their hands.

The second is their philosophy that the customer is the best salesman. Jerry believes that if you treat the person right that they'll walk out of the door and sell for you. So far, his strategy has been working pretty well for him. The third reason is that at Five Guys they believe that every position at the company has to have value. Murrell stresses the importance of making the employee feel a sense of ownership and accountability. To help motivate their employees, Five Guys employs secret shoppers to randomly walk into a Five Guys restaurant and evaluate its performance.

The locations that receive the best performance remarks receive monetary bonuses. The fourth reason for Five Guys success is that they know what they're good at and they stick with it. Jerry says that they learned this lesson early on when their customers asked for coffee and they thought it would be a good idea. This ended up being their first lesson in humility. The young kids working for them didn't know anything about making coffee and it was

horrible. They even tried adding a chicken sandwich to their menu once but that didn't work either.

The final reason that holds a heavy burden on the success of Five Guys is their understanding that quality is everything. That's what makes their burgers taste so good. They toast their buns on the grill and they always use 80 percent lean beef. They always use Idaho Potatoes even though the cost is a lot higher. They even claim that their plants are so clean that you could eat them off the floor, a mopped one of course. Along with these five reasons that help drive Five Guys to their success we also pointed out some key beliefs that they live by. The first is that there is absolutely no delivery!

They've been tested with this belief but have stood their ground. The Pentagon called a Five Guys location one time when they first opened and asked for 15 burgers to be delivered. When Five Guys responded with the fact that they don't deliver the Pentagon decided to reply saying that everyone delivers to the Pentagon. " Not us. " they said in a respectful manner. The next day Jerry put up a big banner outside of his store that said, " Absolutely NO Delivery! " Jerry believes that a delivery service would bring down the image of the Five Guys brand. The next belief is that they will never serve anything frozen!

They just don't believe it tastes as good and people prefer fresh food. The third fact is that Five Guys compared to other companies spends nearly no money on advertising. Most companies allocate 3 percent of their revenue towards marketing or advertising. Instead Five Guys collects 1. 5 percent of revenue from all of its franchises and uses that money to give bonuses to the

crews that score the highest on the performance evaluations for that year. They believe that if they spend less money on marketing and advertising and more on keeping their employees happy and into the food that the customer would appreciate it more.

As our team got to know more about Five Guys it became evident to us that the successful restaurant runs on simplicity. Their menu doesn't go too in depth. They offer hamburgers and cheeseburgers with the option of adding bacon, a kosher dog and a cheese dog also with the option of adding bacon, a veggie sandwich with the option of adding cheese, a grilled cheese sandwich, and fries with your choice of five guys style or cajun style. Once you make that choice they give you the option of selecting any of their 15 toppings.

That's it right there, a whole restaurant menu, which fit into a little less, then what some people consider a full paragraph. Oh by the way, they always have about four barrels full of peanuts that customers can pick at while they are waiting for their order to come up. The interesting fact about it though is that there are over 250, 000 possible ways to order a burger at Five Guys. Jerry also confesses to not putting too much effort into the design of the place and environment of the place. He thought that their simple mindset should carry over to the appearance of their stores.

Just red and white-checked walls. Once our team agreed to work with Five Guys we were sure that there would be no place better to introduce it overseas then the Klang Valley area in Malaysia. The main reason why our group chose Malaysia as a starting point for the globalization of Five Guys is

because of the vastly changing environment. Businesses from around the world are being introduced into its culture. Malaysia is home to a vast amount of diverse people. The ethnic make-up of Malaysia is Malay 50. 4%, Chinese 23. 7%, Indigenous 11%, Indian 7. 1% and others 7. 8%.

Not only is the population so diverse, but most of the foreign people are from the fast growing empires of the world such as Chinese, Indian, American and even Europeans. Malaysia began as a high context culture that was collectivist. Everyone worked together for the good of the group in mind rather than the individual. As it continuously becomes more and more globally diverse, the culture is beginning to change into a lower form of context culture. Observations have been seen through the change of work policies, interactions are more direct in order to receive goals rather than trying to build relationships with co-workers.

Malaysia is slowly becoming more like an individualist country. With these changes arising, it would make sense to locate the Five Guys Company into Malaysia. Five Guys being solely adapted to the culture of America, which is also rich with diversity and various cultures, will have a great chance of success in Malaysia. There are still a lot of differences between the two countries but Malaysia is the best location to begin globalizing Five Guys with their cultures having so many similarities. Within Malaysia, there is a location called the Klang Valley.

This area doesn't have any defined borders and is mainly an area of high global business interaction. There are a few major cities in the valley including Kuala Lumpur, which is the capitol of Malaysia and the future

location of the Five Guys restaurant. Kuala Lumpur is the most populous city in Malaysia with an estimated population of 1.8 million people as of 2012. It ranks 79th out of 140 cities in the Economist Intelligence Unit's survey on livability and is also rated as the sixth most visited city in the world with nearly 8.9 million tourists per year.

Kuala Lumpur and its surrounding urban areas form the fastest growing industrial and economical region in Malaysia. Within the city of Kuala Lumpur is the Bukit Bintang district, which has the highest concentration of shopping malls in the city. It houses various cafes, dining outlets and retail malls. The district is one of the main tourist attractions in Malaysia. Inside the Bukit Bintang district there is a shopping mall called the Pavillion. It is the heart of the district and the biggest mall within the region. It is 7 stories tall and contains over 450 retail shops.

There are six shopping precincts within the mall to generalize shopping into certain categories such as food, clothing, entertainment, etc. The food precinct is called the Gourmet Emporium. This is where our group will integrate the Five Guys Company into Malaysia. Other restaurants and eateries from all over the world have settled into the Pavillion mall and Bukit Bintang district. Some from the United States include McDonalds, KFC, Subway, TGI Fridays, Starbucks, Auntie Annes, Pizza Hut and Hardees (Hardees in Malaysia was renamed Carl Jr's.). Out of these, our only main competitors are Carl Jr's. , McDonalds and TGI Fridays.

Each of these competitors have experimented with some types of menu adjustments to help them localize with the culture taste in the Klang Valley

area. Each has been very successful thus far. We plan to make some small adjustments to our menu as well to incorporate that local favorite interest in food. Primarily consisting of Malay, Chinese and Indian food, Malaysian cuisine also has its hybrids derived from cross-cultural influences such as Mamak (Indian-Muslim) and Nyonya (the Malay-Chinese mix). One adjustment to our menu will be the addition to satays. The satay is one of the most famous Malay dishes.

It is a barbecued skewer of marinated chicken, beef, or mutton dipped in a peanut sauce. Since hotdogs are not a very popular meal in Malaysia, we are going to replace the hotdogs with different types of satays. Also, along with the satay addition, we are going to add a wide range of spices to season the hamburger meat. Variety is the spice in Malay food. The traditional culinary style has been greatly influenced by the early trades from other countries, such as Indonesia, India, the Middle East, and China. Malay food is often described as spicy and flavorful as it utilizes a melting pot of spices and herbs.

For management purposes we are going to rely on the geocentric method to hire the best person for the position regardless of the country they are originally from. Since it is a restaurant, the best organizational pattern would be to stick with a mostly horizontal structure since everyone needs to be able to communicate together. As, the management gets higher up; it will become a more hierarchical structure to keep the more professional tasks in direct communication. Like any other great ideas, we too are facing issues about opening Five Guys in Malaysia.

The issues we are facing involves in multiple aspects that includes cultural, social, technological and management and communication issues.

Culturally, Malaysia which is well known for its diversity has a unique blend of food. One of the cultural issues that we might encounter is altering the taste of Five Guys to the locals. Because of the familiarity of Malaysians towards spicy and flavorful food, we need to come out with a new marinating recipe for our patties that infuses local and American known spices to make flavorful burgers for our Malaysian customers.

They also need to provide a 'halal' meat for their burgers. As Malaysia is predominantly a Muslim country, all restaurants should be able to provide 'halal' food and need to be pork-free to avoid any problems. We also suggest that Five Guys introduce a new menu that includes a local food which is satay for the Malaysian customers to imagine the taste of how Five Guys would taste. Another cultural issue that we are facing is the pricing strategies that we want to use. Our closest competitor, Carl's Junior uses a similar pricing strategy as in the United States.

They kept the same price that they use in the US but try to market their product to the high end customers in Malaysia by transforming them to an almost luxury brand to the Malaysian. This strategy was very successful to them that they were able to have already 7 branches in the Klang Valley area. We believe they were successful in implementing this strategy is because Malaysians who live in the urban area such as Klang Valley are much more globalized and curious to try new kind of food. The trend of foreign restaurant in Malaysia using this strategy has set a standard for us to get into the market using the same strategy.

However, this would give Five Guys advantages in building up our brand name in Malaysia besides implementing a segmentation strategy to only attract high class customers. Besides being a high-context culture, Malaysians are also known for their tradition. Colors also play their part in tradition when it symbolizes certain situation. For example, red symbolizes luck and prosperity according to the Chinese tradition. We believe Five Guys would be able to utilize this physiological factor to their own benefit as they are currently using red and white as the company's color.

The next cultural issue Five Guys would face is their interior design. Five Guys which are known for their simplicity would create a contrast image if they decided to stick with their current style in Malaysia while maintaining as a high end brand. Therefore, we would suggest that Five Guys would take an initiative to redesign the interior of their restaurant in Malaysia to foster the high end brand image. They should furnish the new restaurant to a high end restaurant standard. Socially, the issues that would face is building their brand image itself.

Besides leveraging their foreign brand and food, they need to foster a good relationship with their customers as well. This is really important for them to survive as Malaysian businesses are really particular about fostering relationship with their customers. We would suggest that Five Guys use social media as the medium to foster the relationship with their customers. They could also use social media such as Facebook and Twitter to advertise promotions and giveaways. The biggest social issue Five Guys would face is the ever increasing health concerns. Five Guys are getting the wrong attentions for the high content of calories in their food.

This would be a real threat to them as their potential customers would be people who have high level of awareness and health concerns would hinder them from eating at Five Guys. We would suggest that Five Guys uses the marketing strategy of McDonald's Malaysia which was able to differentiate them from their international image of being unhealthy by focusing on the freshness of their ingredients to illustrate a healthy choice of food. By using a similar strategy, Five Guys could leverage their image of using fresh ingredients for their food to counter the health concerns that they face. Technologically, the main issue that they face is finding suppliers that could provide high quality products besides being 'halal'.

The only company is able to provide high quality meat and 'halal' is ComGroup Prima which is a local company that is also a supplier to other foreign restaurants in Malaysian which includes Carl's Junior, the closest competitor to Five Guys. We would suggest that Five Guys try to negotiate and build relationship with ComGroup Prima to supply meat to them. We don't think that Carl's Junior would be able to step into this negotiation at all because the power is in ComGroup Prima's hand and Five Guys need to persuade them to supply the meat to them.

The next technological issue Five Guys would face is advertising their products. Because Five Guys is planning to open only 1 restaurant in Malaysia to cater a specific segmentation of customers, it is infeasible for them to invest in TV advertisements because of the high cost associated with them. We suggest that Five Guys uses the social media such as Facebook and Twitter instead for advertising. Other than that, they could also use billboards around Klang Valley to increase their brand awareness.

The last issue that Five Guys would face is management and communication. The only problem Five Guys would face is finding a manager that has experience dealing with both the company's culture and the local culture. There are two ways for them to deal with this issue. First, they could hire an American that already has experience in the company's culture and train the manager later about the local Malaysian culture. Secondly, they could hire a Malaysian that has experience in dealing with local culture and later train the manager with the company's culture.

We would suggest that Five Guys hire a Malaysian as a manager because it is cheaper for them besides being able to handle the local staffs naturally. The communication issue that Five Guys would face is for the manager to understand the way people communicate and the context they are implying in Malaysia. Five Guys would have no problem in dealing with this if they hire a Malaysian as the manager but they would need to do an extensive training to the American manager about the local culture if they decide to hire him or her.