

Happy bar and grill case study

[Business](#)



Happy – feeling or showing pleasure or contentment. Fortunate, lucky, glad, delighted, joyful, gleeful, ecstatic, favorable, blessed. Only one word but so many definitions. “ Happy Bar & Grill ” is a chain of restaurants in Bulgaria and Barcelona. Once experienced this place’s spirit, taste and service, you can easily associate the brand name with the meanings of the word “ happy”. You are in captivity of its quality food and high standards.

The “ Happy Bar & Grill” brand is the strongest in its class and the largest as well.

Important features the restaurant chain brings forward are its delicious and healthy meals, the care for the customer, food diversity, unique happy atmosphere, quick and flawless service, focus on bringing joy and smile in today hectic lifestyle. The case introduced here is an illustration of enterprising businessman with an exceptional flair in the field of food and beverage. Starting as a seller in a family fast food kiosk, the young at that time Orlin Popov recognizes an opportunity, meets the right people and dares to lay the foundations of a restaurant chain never existed till then in his native country Bulgaria. Nonetheless, in this case study we will concentrate on the development and the implementation (performance) of the “ Happy Bar & Grill”, as well as its achievements.

As far as the described enterprise is within the territory of Bulgaria it was impossible for us to conduct an interview with some members of the management face to face. Consequently, serial attempts were made to get the necessary information through social networks. Fortunately, a member of the marketing department was willing to cooperate with us on our project.

However, most of the provided data is due to the company's website, existing interviews with the founders, articles in newspapers and magazines. In this particular case, we have used the following framework.

First of all, we have taken under consideration the essential role of the entrepreneur and the motives behind the beginning of such a venture. In the second part we will focus on the idea, the resulting product and service offering, as well as the proposition of the value. After that, it is going to be described the funding, business and revenue model of the enterprise, likewise the business strategy.

Ultimately, a discussion will supply with main conclusions and insights. Analysis The entrepreneur and the team “ Happy Bar & Grill” has been established in 1994 by Orlin Popov. The first restaurant was opened on Christmas day.

The beginning was difficult and the place initially had only 18 seats capacity. Even though, the future was promising because the person behind the initiative was an ambitious and positive, conceptual and persevering, supported by his prior knowledge in the field.

Orlin Popov's has a bachelor degree in the area of management of hotels and restaurants, specialization in entrepreneurship and small business. He is a graduate of University of Economics – Varna, Bulgaria. Relying on Austrian theories, Shane(2000) claims that possessing an idiosyncratic information and prior knowledge about the subject, allows people to recognize particular opportunities.

Thanks to his education and experience in the family business, Orlin Popov lays the foundations of his enterprise.

Baumol (2005) exposes that exists an interpretation why the entrepreneur actually has not been said to be present in the contemporary theory of the firm and distribution. Schumpeter (1911) and Kirzner (1979) dispute the same explanation that equilibrium is just as much sustained from the entrepreneur as the disequilibrium. Schumpeter insists that entrepreneur's function is to seek for profitable opportunities disrupting any equilibrium through innovation. The initiation of the “ Happy Bar & Grill” restaurant in Varna appears to be 5 years after the big changes in Bulgaria.

At that time the transition from planned economy to market economy took place and lasted too long.

In the context of the historical circumstances, time conditions and the fact that the whole political and economical system took in new direction, Orlin Popov was one of the first who upsets equilibrium situations, starting an enterprise never existed till that moment. The idea and the resulting product / service offering Meanwhile “ Happy bar & grill” restaurants grew and diversified their concept. The entrepreneur and the team invested capital in several new ventures through the years.

These are “ Captain Cook” – high-end fish restaurants, “ Sasa” – top business class Japanese restaurant, “ Old village – traditional Bulgarian cuisine, “ Express cafe”, “ Industrial catering”. Nowadays all establishments of the company are united in the common chain “ Chef's group”.

The progress of the chain appears to be irrefutable evidence for innovative spirit and innovative service. Analyzing the degree of innovation in the context of our country, troubled times after the changes (1989-1994), the Bulgarian economy during the transition, we determine “ Happy bar ; grill” as falling within the scope of

Schumpeter’s(1934, p. 66) innovation scale occupying the 3rd category, which represents the introduction of a new good/new quality of handling. As long as “ Happy bar ; grill” offers service, we could situate the innovation in 4th quadrant(Fig. 1) – new service in existing market. Service | Existing | Existing | | New | Existing | | New | New | | New |[pic] | | | Existing | Existing
New Market

Figure 1.

Service and market recognition Schumpeter’s innovation ‘ cases’ build up advantageous framework for the dissection of service innovations. It might be expected that ulterior enclosure and amendment of Schumpeter’s categories of organizational, market and input innovations can essentially expand our understanding of the development of services (van der Haave, R. “ Dimensions of service innovations”). To be competitive “ Happy bar ; grill” chain changes half of the menu every six months, which is always appropriate to the season and fully meets the customer’s needs of healthy and quality food.

On a regular base they do constant market research cooperating with highly qualified professionals and engaging outside experts. (www.

happy. bg) The value proposition “ Happy bar ; grill” makes an ongoing efforts to offer the most delicious, healthy and nutritious meals, prepared in accordance with international quality and safety standards. It has been proposed a quality service by well trained staff, working according to HAPPY rates (norms), whose emblems are the smile, the hospitality and customer care.

The restaurants with this brand possess an unique own communication channels – HAPPY television, HAPPY radio, HAPPY NEWS magazines (www. happy. bg) Funding model The founder of Happy bar and grill Mr.

Orlin Popov used his own funds acquired from his previous sandwich booths business for financing the initial phase of his new company. More money were raised from an American investment fund called ASC. The representative of this fund for Bulgaria was named Ventzi Vasilev and Mr. Popov met him at a franchise fair. Mr.

Vasilev agreed to grant some funding for the first Happy restaurant after a business investigation and mainly after seeing himself the success of Mr. Popov’s first business (despite its little scale – two sandwich booths). So the founder’s investment was 70% of the own capital of the venture and ASC provided the rest 30% under very reasonable conditions and low interest. After the successful start of the company, Mr. Popov funded its activities by the profit generated by the chain’s operations. For the expansion that followed however, bank loans were taken, turning the loans to equity ratio to 60: 40.

The hyperinflation in Bulgaria during the period 1995-1998 was an additional problem for the company's finances, but it managed to control it by converting its revenues into foreign currency (mainly USD and DM) every three days. The business & revenue model of the venture Happy Bar & Grill started as a small 18-place restaurant but with original idea – to introduce the American bar and grill culture and best practices in Bulgaria and to combine it with Bulgarian cuisine and preferred foods and to create a new type (for Bulgaria at that time) of everyday restaurant.

To succeed in that Mr. Popov contacted an American company called Lowel which operated several bar and grill restaurants in the USA. He used them as consultants when he was materializing his idea – they helped for the creation of the whole branding – the name, the logo, the interior, the whole atmosphere. For the creation of the menu however Mr.

Popov relied on a simple rule, he applied in his previous food stand business – “ Ask the customer! ” He himself asked more than 1 000 customers of his sandwich booth what would they like to have on a restaurant menu.

He summarized the most common answers and thus the initial version of the menu was created. The whole idea of the Happy restaurant proved to be very successful. Nowadays Happy Bar & Grill is a chain of casual restaurants that consists of 27 locations in Bulgaria and one in Barcelona, Spain. The restaurants are usually positioned at key locations in the big cities and important road junctions on the motorways and highways of the country.

They are famous for their excellent food quality and high-class service.

Happy is the strongest and biggest brand among all full-service restaurants in Bulgaria.

Business Strategy The strategy of the organization aims to fulfill its main objectives, which are maintaining the leader's position on the Bulgarian market and expanding the network of restaurants. They rely mostly on carefully monitoring the performance of any part of the process and continuous improvement and refinement of both the food and the service (www. referati.

org). The short-term strategies of the company are: expansion of the portfolio which means new services in the restaurant area, new brands restaurants and relationship with the customer expressed as our restaurants being clearly preferred place.

Happy's long-term strategies are being a brand bearer of love, preferred employer, European employer's practices, impact on local consumer, ethical principles. The venture's development cycle Initial condition " Happy bar ; grill" was founded in December 1994 by a young and inspired entrepreneur. At that time, between the years 1989 and 1995 which appeared to be transitional for Bulgaria, small and medium enterprises have been characterized with several weak points.

We should mention that all of the points we are going to present are due to the condition of the economy in this period.

Features which we defined as weak points are that most of the firms operated in the trade/commerce sector, did not look for growth and increase <https://assignbuster.com/happy-bar-and-grill-case-study/>

in the number of employees. The internal sources of financing of companies' growth were limited, sales were mainly on the local markets (town, region) and little number of them operated on the national market, the access to new technologies and know-how was difficult. There was an insufficient experience in the field of marketing, strategic planning, accounting and administration as well as very insignificant internationalization of the business (Miroslav Mateev 1998).

The exposure of these general characteristics of the ventures at the time of founding of “ Happy bar ; grill” should prove our statement for a real entrepreneurial success, attractiveness of the entrepreneurial opportunity, because of the small number of competitors and the originality and innovation of Mr. Popov's idea at that time.

The Bulgarian economy during the 1990s with the collapse of the Council for mutual economic assistance system and loss of the Soviet market could be depicted as dramatically decreased one.

The standard of living fell by about 40 %, the inflation surged in 1994 to 122 % and even more in the years after that. The bank system got decentralized. There was a wave of hyperinflation throughout several countries of Eastern Europe, slow reforms, collapse national currencies. In the year 1998 the economy began to stabilize(Wikipedia. org).

Nevertheless, “ Happy bar ; grill” restaurants managed not only to survive, but also to benefit from the current situation of the economy and to apply their innovative ideas.

The company's strategic focus nowadays is basically on the customers, the competence and the business as follows: accent on servicing multinational clients, improvement of the base and the accompanying competencies, impressive service type " We are welcoming guests at home". Mr. Orlin Popov has been the first local entrepreneur to provide the service at the time. The initiative was successful because there was no similar type of establishment in the country. It had a need of high quality service at an affordable price, loaded with positive mood and atmosphere saturated with a sense of comfort.

Precisely for this reason the idea for the first restaurant was born of the particular niche that has existed in the market in 1994. The idea is patterned after the American type restaurants TGI Fridays, Hard Rock Cafe, etc. Effects of major events and resulting course of action

- Summary of major events
- 1995 – second restaurant was opened, expansion of the first restaurant
- 1998 – professional management team was hired, introduction of strict priorities and long-term strategy, ISO 22000 and HACCP certification.
- 1999 –
- 2001 – rapid growth in the period, expansion loan, start of " Industrial catering" – centralized supplier of all Happy restaurants
- 2002 – international expansion, first restaurant in Barcelona

Shortly after the start of the first Happy restaurant in Varna, the idea proved to be very good and successful. So, as a logical step, half a year after the start of the company, a new restaurant opened, again in Varna.

Also the first restaurant was expanded significantly to 100 seats from its initial 18 seats.

The second restaurant was financed solely from the revenues from the first one. The success of the first two restaurants was a real proof that Mr. Popov have found a new niche in the Bulgarian market, that his idea for a new type of restaurant was well accepted by the market and the consumers. Unfortunately, the years that followed (1995 to 1998) were a dark period for the Bulgarian economics as a whole, with bank crisis and hyperinflation of over 200%.

This only slowed down, but did not stop the growth of the company.

By 1998 Happy Bar and Grill operated 4 restaurants (2 of which in other cities than Varna) and could already be called a chain. Mr. Popov got more and more experienced, dealing with the financial crisis and managing his restaurants. An important thing he did in that period was to sign a contract with the (then) regional CCB Bank for automatic exchange of the company's revenues into foreign currency each three days.

This was done as a countermeasure for the hyperinflation. The partnership with CCB Bank turned to be a good step and this is still the main bank that serves the chain.

Another lesson learned - find stable business partners. Had it not done this, the company would have probably gone into bankruptcy as many companies did in that period. Ever since then the company has tried to sign long-term contracts with suppliers and to form stable and lasting business relationships.

In 1998 the currency board was introduced in Bulgaria and the economics stabilized, the hyperinflation stopped. During that year a lot of important

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things happened in the company that were essential for the big expansion that came shortly after.

First, Mr. Popov hired professionals to aid him in the management of the company and thus formed a strong team that led the company. Mr.

Popov knew hiring a professional management team was a key point (and usually a problem) for the growth of each young company and did not hesitate to take this step. Then the newly-formed team introduced a long-term strategy of expansion and set priorities of the company. The priorities set and customers targeted are as follows:

- Key priorities:
 - Constant expansion of the company, including international expansion
 - Restaurants should always be at the best locations in the cities with heavy footfall: downtown area, squares and shopping malls;
 - Fast and friendly service;
 - Beautiful waitresses;
 - Very delicious food with chicken meals prevailing.
- Target customers:
 - Dynamic people at the age of 25-50;
 - Income – medium to high;
 - Medium to high level of education.

And last, but not least – all restaurants were certified under ISO 22000 and HACCP as a guarantee of the high quality of the products and services offered.

Thus the foundations of the expansion that followed were laid.

The only thing left was to finance it. Using Mr. Popov's business contacts and history with CCB, Happy Bar and Grill applied for a big loan from CCB Bank. The loan was granted fast and as a result from 4 restaurants in Varna region in 1998 the chain grew to 15 restaurants all over Bulgaria in 2001. In order to optimize the operations of the chain, in the year 2000, when 10 restaurants were operational, a subsidiary called Industrial Catering Ltd.

This company was supplying all restaurants with products and was experimenting and testing new foods that were to be introduced in the menu.

[pic] Another major event that happened in 2002 was the international expansion. A new restaurant was opened in Barcelona, Spain. At the beginning, the restaurant started with the same menu as in Bulgaria. But it was not as successful as expected. The first year ended with losses.

Then Mr. Popov remembered and decided to apply once again the simple rule that was in the basis of his success – “ Ask the customer. Again a number of surveys were taken and as a result the menu was changed drastically to suit the requirements of the Spanish customers. The new menu, combined with the traditional nice atmosphere and superior service immediately turned this restaurant into a profitable unit of the chain.

Lessons learned • Good innovative idea + new niche = success The entrepreneur saw an opportunity, an empty market niche and had a good idea how to fill that niche.

He had previous experience in similar business and still hired consultants to help him realize his idea in the best way possible.

The result was ultimate success. • Stable partners and flexible decisions were vital for the survival of the company in hard times Stable partnership with the bank as well as flexible financial decisions helped the company survive an extremely bad economic period of hyperinflation when lots of other companies bankrupted. The entrepreneur learned that his company can rely on stable partners and tried to make it a trustworthy and reliable

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partner itself. • Hiring professional management was very important for the expansion and transformation of the small young company into a serious business chain.

A big step in the development cycle of each entrepreneurial venture is the introduction of professional management.

This is one of the best answers of the so-called “ problems of the growth” and one of the hardest decision for an entrepreneur to take. Mr. Popov did not hesitate to take this step and the results of this decision was rapid but controlled and managed growth of his company. • Expansion into new international markets means new customers with new requirements. The first international steps of the company were not very successful.

The new customers had different expectations from the restaurant.

The initial strategy of addressing the customer, that made the company successful in the very beginning, were applied once again in the new market. It worked again! Discussion The case of “ Happy bar & grill” reveals different terms of the development of an enterprise with entrepreneurial visage. An irrefutable proof appears to be the fact that the main figure behind the management of the venture is the entrepreneur.

He is the driving force of the company, main engine, uniting factor, the core, source of ideas. Consequently, we might claim that entrepreneur’s role is indicative and essential, it is a landmark. Baumal(2005) states that even the entrepreneur is not mentioned in the contemporary theory of the firm, he has a significant role.

Another issue related to the entrepreneur in this particular case is the educational background and acquired experience throughout the years before the start-up of the company.

Reviewing the “ Happy bar & grill” venture, its development path, the events in the market, the decisions made by the entrepreneur led us to the conclusion that the prior knowledge in the particular field and the possession of information for the concrete subject or market situation, play critical role for the movement and the evolution of the enterprise. According to Shane(2000) only individuals who have the familiarity of the subject are able to recognize opportunities and to be innovative. References “ Happy bar & grill” homepage [http://www.happy.](http://www.happy.bg)

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