

Jollibee foods corporation (a):



**ASSIGN
BUSTER**

Protected by his office air conditioner from Manila's humid August air, in mid-1997, Manolo P. ("Noli") Tingzon pondered an analysis of demographic trends in California. As the new head of Jollibee's International Division, he wondered if a Philippine hamburger chain could appeal to mainstream American consumers or whether the chain's proposed US operations could succeed by focusing on recent immigrants and Philippine expatriates. On the other side of the Pacific, a possible store opening in the Kowloon district of Hong Kong raised other issues for Tingzon.

While Jollibee was established in the region, local managers were urging the company to adjust its menu, change its operations, and refocus its marketing on ethnic Chinese customers. Finally, he wondered whether entering the nearly virgin fast food territory of Papua New Guinea would position Jollibee to dominate an emerging market—or simply stretch his recently-slimmed division's resources too far. With only a few weeks of experience in his new company, Noli Tingzon knew that he would have to weigh these decisions carefully. Not only would they shape the direction of Jollibee's future internalization strategy, they would also help him establish his own authority and credibility within the organization.

Company History Started in 1975 as an ice cream parlor owned and run by the Chinese-Filipino Tan family, Jollibee had diversified into sandwiches after company President Tony Tan Caktiong (better known as TTC) realized that events triggered by the 1977 oil crisis would double the price of ice cream. The Tans' hamburger, made to a home-style Philippine recipe developed by Tony's chef father, quickly became a customer favorite. A year later, with five stores in metropolitan Manila, the family incorporated as Jollibee Foods Corporation. The company's

name came from TTC's vision of employees working happily and efficiently, like bees in a hive. Reflecting a pervasive courtesy in the company, everyone addressed each other by first names prefaced by the honorific " Sir" or " Ma'am," whether addressing a superior or subordinate. Friendliness pervaded the organization and become one of the " Five Fs" that summed up Jollibee's philosophy. The others were flavorful food, a fun atmosphere, flexibility in catering to customer needs, and a focus on families (children flocked to the company's bee mascot whenever it appeared in public). Key to Jollibee's ability to offer all of these to customers at an affordable price was a well developed operations management capability. A senior manager explained: It is not easy to deliver quality food and service consistently and efficiently. Behind all that fun and friendly environment that the customer experiences is a well oiled machine that keeps close tabs on our day-to-day operations. It's one of our key success factors. Jollibee expanded quickly throughout the Philippines, financing all growth internally until 1993. (Exhibit 1 shows growth in sales and outlets.) Tan family members occupied several key positions particularly in the vital operations functions, but brought in professional managers to supplement their expertise. " The heads of marketing and finance have always been outsiders," TTC noted. (Exhibit 2 shows a 1997 organization chart.) Many franchisees were also members or friends of the Tan family. 34 Chapter 1 Expanding Abroad: Motivations, Means, and Mentalities Case 1-2 Jollibee Foods Corporation (A): International Expansion