

Go sushi case study

Business



This report analyzed and exposed the issues facing Go Sushi, a small franchised retail enterprise in the take away food industry. The information received is based on interviews with owner and innovator Lugging Birthplace, and research in to the external and Internal environment related to Go Sushi and the take away food Industry. Go Sushi first opened as a sushi train In 1999 and a further 4 trains were opened In the next 6 years. In 2006 the company's business model was re-written and the sushi trains were transformed in to cabinet sushi take away shops, then by 2010 there ere 32 franchises Australia wide.

The key business issues and challenges were then Identified. It was found that most of the challenges of Go Sushi was related to franchisee issues Including the taking on of franchisees that did not have adequate business skills, being to generous with franchisees by taking them on when they may not have sufficient capital.

These issues led to the franchiser sacrificing royalties and assuming rent to prevent the loss of stores and keep the growth rate up. The other major issue identified is the lack of expansion into regional areas and in to a foreign market. The external environment was analyzed and It was found that there Is still potential growth in the take away food industry, particularly when the franchise is health related as healthy take away is becoming more popular. It was also identified that there is some competitive advantage for Go Sushi due to the current hype of take away sushi popularity.

The Internal environment was analyzed and It was found that there are Issues relating to management and store operation from a managers

perspective. Although the company has good physical and organizational resources, the human resources need to be improved to gain the maximum potential of the company. Short-term recommendations were made including the development of a relationship with a nation wide supplier to improve buying power and improving HR management through training to current under-performing managers.

Long-term recommendations were then made including the expansion in to regional areas to capitalize on a new market, merging with a beverage company to increase knowledge, capital and customer throughput, creating a system to ensure the correct selection of franchise purchasers and the expansion to a foreign market to increase profit, growth ND business knowledge ladle AT contents 1. 0 Introduction This report examines the issues facing ' Go Sushi', a small, franchised enterprise in the take away food industry.

The report conducts a situational analysis of the business including its strengths, weaknesses, opportunities and threats then discusses strategies to assist with future business expansion. The information in this report was gathered from research into the take away food industry and by conducting an interview with Lugging Birthplace, former owner and innovator of Go Sushi. 2. 0 Business Profile & Industry Information 2. 1 Company History Go Sushi was one sushi train in 1999, then Expanded into four before Mr. Birthplace re-wrote the business model in 2006 to increase profitability.

This change consisted of changing the business from a sushi train to a takeaway cabinet sushi shop focused on healthy food in the take away food <https://assignbuster.com/go-sushi-case-study/>

industry. By 2008 there were 32 franchises in Australia. 2. 2 Important Developments for Go Sushi Important developments for Go Sushi included putting sushi-making machines in the store because at the time people wanted to see that the sushi was hand made. By putting sushi robots at the front of house in front of the display was another placement that drew in customers, as this was the authentic Japanese style.

Changing to cabinet sushi allowed the franchises to break the barrier in to shopping centers and by putting a western touch on the Asian food, the target market was increased. At the time when people were looking for healthy options back in 2006, the only available franchises were things like Wendy, Donuts King, McDonald's, KEF etc. So by having a healthy take away option in food courts with limited options attracted customers. 2. 3 Growth of the Business The company has grown significantly and increased profitability since Mr.

Birthplace started it in 1999. Mr. Birthplace believes that this is largely due to the business model.

It is easy and accessible and doesn't require a lot of training, there are large profit margins due to the nature of the product and the model was prepared for rapid growth. All this combined with the ability to adapt has ensured comfortable growth.

3. 0 Current State of Business 3. 1 Vision 10 Decode ten Largest Susan Trances In Australia Ana gal. International growth throughout Europe and Asia. 3.

2 Mission and Business Objectives Go Sushi has and always will, provide to its customers the freshest, tastiest and best laity take away sushi in a friendly and hygienic environment.

Our commitment to detail, quality and service assures our customers a superior product which is consistent and of the highest quality. Go Sushi will continue to carry this same promise throughout our ever expanding franchise/retail outlets. 4. 0 Identification of Key Business Issues and Challenges Most of the challenges of Go Sushi arose from franchisee issues including taking on franchisees that did not have the skills to run the businesses, being to generous/ lenient with franchisees and taking on franchisees that did not have sufficient capital.

This led to the issues of the franchiser having to assume rent and sacrifice royalty income payments during tough times in fear of losing stores to keep the business growing. Some franchisees also tried to take too much control of their stores (fit outs, workability etc.) without the adequate knowledge of what they were doing. This led to disagreements and discomfort between the franchisee and franchiser. These issues make expanding difficult, as every store must be up to standard with other stores to ensure a positive brand and good relationships between management.

Another issue is that the stores are mainly in metropolitan areas of Australia where the market of healthy take away stores is becoming saturated and haven't been migrated to regional areas or a foreign market. 5. 0 Situational Analysis A situational analysis of the external and internal environment of Go Sushi and the take away food industry is important in order to identify

potential issues and capitalist on potential growth and profitability. See appendix 2 for an in depth analysis of the strengths, weaknesses, opportunities and threats using a SOOT analysis. . 1 External and Competitor Analysis The external analysis examines external influences that cannot be controlled by the firm including competitors, the economic environment, suppliers, and the socio- cultural environment.

These issues can affect both the firm and the industry in which it competes.

5. 1. 1 Takeaway food industry “ Australia is expected to spend more than \$37 billion on takeaway food this year, making us the 1 lath biggest- spending fast food nation on earth. This figure is up by \$4 billion in just three years”.

Although this incorporates all of the take away options including the leaders in the industry, it still means people are spending on take away food.

“ The number of Australians who are overweight and obese has bulged over the last four years, government statistics show’ . Articles like this show that there is current concerns about obesity in Australia meaning people will be more likely to turn to healthy fast food options such as Go Sushi. 5. 1. 2

Economic Environment I en major economic rollovers In ten Industry are real nonsense’s Leasehold Income, consumer sentiment, health consciousness and number of secondary school students.

See Appendix 1 for more detailed information on the Supply Chain.

“ It is expected that real household disposable income will increase by 3. 4% over 2012-13, to reach \$934. 4 billion” . This means with more disposable

income, people will spend more money on take away food. “ Times are tough, but takeaway profits are up” proving that even when there are economic low times, people will still spend on takeaway.

“ The level of health consciousness of the Australian public is expected to increase by 0. 6 percentage points to 64. 5% in 2012-13” .

This may lead to people looking towards healthy options in takeaway foods which will benefit companies like Go Sushi and have negative effects on the less healthy competitors in the industry. 5.

1. 3 Competition Go Sushi has multiple competitors, some more direct than others. There are the leaders in the take away industry such as McDonald’s, KEF, Domino’s pizza etc. As well as indirect competitors like supermarkets, and eat in sushi trains, plus all the chains in between. The more direct competitors are other stores that focus on the healthy aspect of take away food.

Mr.

Birthplace believes Go Sushi’s main competitor is Sumo Salad as it also has many franchises scattered throughout Australia and is marketed as a healthy option of take away food. They are also often found in the same food courts as Go Sushi within shopping centers. Although Go Sushi was around first, Sumo Salad has the advantage of more variety in the menu and also has more stores located in more states around Australia. Feed The Mind, 2012 states that, “ A Sushi Craze seems to have hit Australia”. This craze is a

great competitive advantage for Go Sushi, as the popularity for sushi and the image consumers have is generally very positive.

As well as this, the product is extremely cheap to produce and therefore is a low cost to consumers and has high profit margins for Go Sushi giving them some competitive advantage.

5. 1. 4 Suppliers Suppliers are extremely important in the takeaway food industry, particularly when the food is focused on health, as the ingredients must be fresh and consistent. It is essential for Go Sushi to maintain a good relationship with suppliers as the bulk of their purchasing will be similar every time and a trust can be built.

If the supplier is happy, they will deliver a good service.

Due to the amount of Go Sushi stores, the company would have increased purchasing power if the ingredients were purchased for each store from the same supplier nation wide. 5. 1. 6 Socio-cultural environment As well as the current sushi hype, people are beginning to understand the effects of an unhealthy diet. In Australia, an odometer slowly moving towards healthier foods and so choosing healthy take away options.

Many of these consumers are likely to frown upon healthy food, which is beneficial for Go Sushi as they are both healthy and producing a popular food so a great option for this whole segment of the market.

5. 2 Internal Analysis The internal analysis examines the internal influences that can be controlled within the company. This includes the physical

resources, the human resources and the organizational resources. These issues relate directly to the company. 5. 2.

Physical Resources Due to the physical nature of the sushi product, a lot can be done from a small store.

This gives the company and franchisees more variety in the placement of each shop. With the correct sushi robots and sushi-making machines, a lot of sushi can be produced from a minimal amount of staff in a small area decreasing labor costs. The display cabinet also makes it easy for customers to see what they are purchasing. 5.

2. 2 Human Resources In the takeaway retail industry, human resources are extremely important. The company must have quality staff in all aspects including franchisees, managers, previous and talented employees.

The staff performance must be measured to ensure the most effective feedback, training, customer service and production is achieved. Due to the poor decision making in choosing potential franchisees for Go Sushi, the management was not quite up to standard therefore the potential prospects of the company are not achieved. This was due to lack of experience and capital of the franchise owners.

Mr. Birthplace states that he is lucky that the floor staff in most of the stores are very talented and therefore gaining customer loyalty, despite the low standards of store management. . 2. **Organizational resources** Due to a good business model the organizational resources of Go Sushi stores are very

effective. These include the good customer service training, cooking systems, food preparing systems and packaging systems.

The company has a great reputation for having fast service, good quality food and having a clean environment. The whole preparation can be seen by patrons so they can see what is happening at all stages of preparation and the fast service is due to the pre-making of all roles every day. . 0 Strategic Plan: Recommendations for Future Business Expansion 6. 1 Vision and Mission Statement The mission and vision statement are both already set in the correct direction although action must be taken to ensure there is actual specific goals set in place to make sure these visions can be achieved. 6.

2 Future Business Objectives and strategies For Go Sushi to actually achieve the intended vision they must set in place formal strategies and goals and implement certain systems to improve the current issues.

These goals need to follow the SMART+C theory to achieve the most potential from the business expansion. 6. 2. 1 Short Term Develop a relationship with a nation wide supplier – because of the high quantity of reduce needed to keep the stores running at maximum capacity, it would be beneficial if the owner got contracts with all the franchise owners so that they all used the same company to supply the stock therefore increasing the buying power of each store and becoming more profitable.

Vendors and buyers are both better served when they come together to form strong, mutually beneficial, and secure business relationships” . Improve HER management and provide training to current under-performing franchise owners – to prevent the risk of the under-performing franchises harming the <https://assignbuster.com/go-sushi-case-study/>

company and other franchise owners, formal training could be implemented and monitored for managers. This training could include how to run a business and how to use capital wisely. Although this could be costly, the long-term advantages would be beneficial. Franchisers' investments in strategic resources reduce franchisee failure" . 6.

2. 2 Long Term Expand more in to regional areas – With the popularity of healthy take away stores increasing, particularly in metropolitan areas, the migration in to regional areas could open up a new market. Incentives could be given to potential franchisees in regional areas to open stores in food courts or areas where there only unhealthy options. Go Sushi could gain first mover advantage if this tactic is used.

Merge with beverage company to increase customer throughput – because Go Sushi has a main focus on healthy food, merging with a healthy beverage company could introduce a new market base and increase customers as they can get a complete healthy package. This could also increase the capital of the stores.

“ A merged company can make use of the very best minds from both companies and make up for shortfalls in the individual companies' skill-sets”

Re-design franchisee approval checklist – “ One of the most important management functions is selection of employees and business matters” .

Instead of taking on any franchisee that is willing to throw their money in, there must be a detailed system to make sure that all the franchiser and franchisees goals and visions are aligned and that the franchisee has the knowledge and capital to successfully run the franchise. Expand

<https://assignbuster.com/go-sushi-case-study/>

Internationally - Once the Australian franchises have been properly trained and receiving good profits, the company owner should gain technological knowledge, skills and resources to begin travels to Europe to understand the potential market and begin contracts to build stores internationally.