

Critically evaluate the
operations
management strategy
of hard rock cafe



**ASSIGN
BUSTER**

Global competition increasing every twenty-four hours, while others theme eating houses have come and gone Hard Rock coffeehouse is successfully response to complexness, hazards and competition of planetary economic system with flexibleness and velocity. From one London coffeehouse in 1971, Hard Rock Cafe (HRC) has grown to over 163 locations in 52 states, and most of that growing has occurred in the last few old ages. With the mission ' To spread the spirit of Rock ' n ' Roll by presenting an exceeding amusement and dining experience. We are committed to being an of import, conducive member of our community and offering the Hard Rock household a merriment, healthy, and fostering work environment while guaranting our long-run success ' (Heizer & A ; Render, 2009) . HRC enjoys a 92 % name acknowledgment world-wide, seting it in the top 10 of all eating houses. HRC has accomplished this by altering from a ' themed ' eating house into one take parting in what is now called the ' Experience Economy ' .

. Let ' s place how each of the 10 determinations of operations direction is applied successfully and efficaciously at Hard Rock Cafe .

1. Design of goods and services:

HRC is flexible and alone with their merchandise and services design base on the local market that they enter into. Every different eating house has alone design by uniting traditional and civilization of the locals with the position in head such as when they open HRC in Ho Chi Minh, Viet Name and adorn the saloon with lantern. One of the most popular errors of eating house is seeking to do their nutrient be the best to be successful. But world is rather different when Bugger King and McDonald ' s do n't hold the best nutrient. I

did n't intend that eating house should n't seek to do the most delightful nutrient but in the procedure of doing delightful nutrient (touchable merchandise) they should maintain their eyes on supplying the intangible merchandise which is called experience and HRC sells experience. HRC is utilizing nutrient as medium to animate exceeding amusement and dining experience. As Professor C. Markides of the London Business School says, ' The fast one is non to play the game better than the competition, but to develop and play an wholly different game ' . (Markides, 1997)

2. Pull offing Quality:

One of the most operations scheme is quality. Harmonizing Jay Heizer, quality as ' the entirety of characteristics and features of a merchandise or service that bears on its ability to fulfill stated or implied demands ' . (Heizer & A ; Render, 2009, pp. 222-225) . In Hard Rock ' s Cafe , the nutrient is the merchandise and quality must be top the charts. Menu and quality studies are being invariably and on a regular basis reviewed by operations forces. In operation direction, set uping choice criterion and control to run into these criterions is the key to success but HR do better when supplying the alone experience. Hard Rock is rather successful when utilizing nutrient (touchable merchandise) as the medium to present exceeding amusement and booming experience (intangible merchandise) and client about satisfy with alone ocular and sound experience non duplicated anyplace. (Heizer & A ; Render, 2009, p. 83)

3. Procedure and capacity design:

When make up one's mind the locations of their installations, Hard Rock coffeehouse has the procedure and capacity design with effectual analyses the whole production procedure from buying nutrient ingredients, to fixing the nutrient to guarantee the merchandises in an efficient mode, cost effectivity and labor demands.

4. Location:

Harmonizing Oliver Munday, Senior Director Worldwide Cafe Development, ' when sing a new location, a careful determination devising procedure is used, as the investing for a new location is big and for illustration normally includes holding to a longer term rental on the location of 10-15 old ages or more ' because it ' s play a function to guarantee organisation recovered the initial investing capital every bit good as minimal net income. . HRC carefully looks at several factors when sing a location.

' Political hazard: In general, stable political of state can impact the determination of economic activities. It can be seen by the consistence of authorities policies that helps to guarantee the involvement of investor. On the other custodies, a stable political state of affairs will do people experience safety in working and increasing figure of people comes to entertaining topographic points.

' Currency hazard due to rising prices doing the economic crisis.

Consequence, endeavor faces with hard in exchange rate when earning net income can non enough to counterbalance. Currency price reduction means pricing intensify, people live from manus to talk. At that clip, consumer will

be reduced and the ensuing diminution in concern gross and net incomes, even losings.

' Social norms: in position consuming capacity of client, there are two factors dominant: people ' s income and civilization, disbursement wonts. If people have high wage, they ' re willing to pass much more money for better life. On the contrary, they merely spend money on what they truly need. Second, due to civilization life and disbursement wont they spend money on amusement, leisure activities that their civilization allows. But there are topographic points where even though people ' s incomes are truly high but they pattern in salvaging and disbursement.

' Brand tantrum: This factor is really sensitive and of import that Hard Rock should see carefully before calling hallmarks and deploying their concern. Customer will be outraged and boycott instantly with goods or services that offend communities cultural or their belief.

' Social costs: This is cost that concerns have duty to lend to society including revenue enhancements '

' Business patterns: Hard Rock interested in life criterions and rational degree where concern located.

5. Lay out:

Another ground helps HRC stands out the crowded eating house is their layout. Merely looking their large guitar outside, decidedly it stimulates your wonder acquire indoors. The wall is being slapped with tonss of memorabilia:

guitars, membranophones, shirts, bloomerss, places, scarves, handwritten
<https://assignbuster.com/critically-evaluate-the-operations-management-strategy-of-hard-rock-cafe/>

come from music set or legendary instrumentalists, such as Jimi Hendrix, Elvis, John Lennon ' HRC seems to be a ' live ' museum.

6. Human Resources:

Company from little to big merely merely archive their operation direction scheme with competent and motivate people. Many organisations have demonstrated that competency advantage in operation can be build through a good human resource scheme. In Hard Rock Cafe , portion of their missions is making a friendly, amusing working environment non merely for employee but besides for their household to do them experience non merely come for work merely but to bask the work since so they can present professional alone amusement and dining experience to their invitees and to guarantee long term company success. Hard Rock has an employee Bill of Rights, outstanding wage, benefit and publicity that helps employee self-motivated person, they besides have policy engaging the best qualify non merely best available. Human resource can be expensive, hard to file away and hard to prolong but what we ' ve seen in Hard Rock Cafe with pattern preparation and dainty employee as you need individualism that non merely good for concern but besides decidedly ' rock ' . (Heizer & A ; Render, 2009, p. 445)

7. Supply-chain direction:

Hard Rock has been explored new planetary resources to accomplish maximal profitable via supply concatenation. Be cognizant the most advantages of outsourcing is cost economy and better services degree. Hard Rock has selected USCO logistics, a subordinate of Kuehne & A ; Nagel, to

take over distribution and refilling of collectable and manner ware for its coffeehouse, hotels, and casinos in North America. (Albright, 2004)

8. Inventory, stuff demands planning, and JIT

Inventory is one of the most expensive assets of many companies and Hard Rock is no exception. With more than 70 thousand pieces of memorabilia, Hard Rock besides has invested 40 million dollars in one of the universe ' s largest aggregation of rock ' n' roll memorabilia stock list. Harmonizing Jay Heizer ' the aim of stock list direction is to strike a balance between stock list investing and client services ' and by utilizing efficaciously package such as Excel OM, POM, Hard Rock has done a great of cataloguing every individual point. With 1000 memorabilia spread out 163 cafes world-wide in 52 states, they know precisely what is on the wall in what coffeehouse. Through stock list system and engineering they ' re rather comfy to remember any memorabilia to renovate it every 5 to 7 old ages. (Heizer & A ; Render, 2009, pp. 500-501)

9. Intermediate and short-run programming.

In Service Sector such as eating house and hotel, we must calculate capacity for long term, buying contract loaning orders for intermediate term and for short term we must calculate agenda and purchase labor, nutrient, supply. Hard Rock Cafe is utilizing a batch of calculating techniques such as traveling norms, weighted Moving Averages, Exponential Smoothing and Regression Analysis that helps director to see the impact on demand of other bill of fare points if the monetary value of one point is changed. For illustration, ' if the monetary value of a cheeseburger increases from \$ 6. 99 to \$ 7. 99, Hard <https://assignbuster.com/critically-evaluate-the-operations-management-strategy-of-hard-rock-cafe/>

Rock can foretell the consequence this will hold on gross revenues of poulet sandwiches, porc sandwiches, and salads. Directors do the same analysis on bill of fare arrangement, with the centre subdivision driving higher gross revenues volumes ' (Heizer & A ; Render, 2009, p. 647) .

10. Care

Hard Rock Cafe got the end of care when they win to keep the capableness of the system over 52 states and maintaining a system ' s equipment in working order in 163 coffeehouse around the universe. To acquire care activities more efficaciously Hard Rock need to implementing or bettering preventative care and increasing fix capablenesss or velocity. (Heizer & A ; Render, 2009, pp. 682-683)

In visible radiation of the above, ' discuss'the operations direction challenges and

chances for'Hard Rock when sing an'expansion of its concern into Hanoi.

Opened the first 1 in December 2009 in Ho Chi Minh, Hard Rock is confronting with challenges and chances to spread out the 2nd one in Hanoi capital of Viet Nam. Let ' s utilizing SWOT to analysis their strengths, failings, chances every bit good as menaces when coming to Hanoi

1. Strengths:

' With more than 40 old ages strong experience deploying services: hotels, coffeehouse, eating house spread out over 52 states. Hard Rock perfectly trade name power with high capacity, engineering and web relationship.

<https://assignbuster.com/critically-evaluate-the-operations-management-strategy-of-hard-rock-cafe/>

' Hard Rock had experienced about VN market through the first Hard Rock in Ho Chi Minh. Hard Rock perfectly has some lessons learn from the first one about human resource, supply concatenation, stock list that is a challenges factor for ' Multi-Domestic ' scheme.

2. Failings:

' Possibly need more research in emerging market every bit good as life wont in Hanoi.

3. Opportunities:

' Hanoi is the capital of Vietnam and was formed 1000 old ages ago, the centre of political relations, civilization and economic system of Vietnam. Hanoi is the first halt of tourers on their manner to see Ha Long Bay which is a natural admiration of the universe, Tuan Chau resort, The Hai Phong port metropolis

' Hard Rock will make a exchange cultural span between Vietnamese vocalist and international vocalist.

4. Menaces:

' Considerations should be taken every bit good on regional cleavage of the market, like we normally say in the selling and advertisement industry, in Vietnam: ' Saigonese makes 10 vaulting horses, borrows 1 and spends 11 while Hanoiians makes 10 vaulting horses, spends 1 and saves the remainder. ' Do n't travel hotfooting to Vietnam hearing the rose-colored

narratives. Take your clip and breathe like a local before you make your move.

‘ Vietnam, like any other emerging market, is a long-haul market for any investor. While it is looked at as one of the 10 hottest emerging markets in the universe with a really immature population and a lifting in-between category, it is by no agencies supplying a speedy return on investment’especially when you are offering a new merchandise or service construct.

‘ Educating the market on the forte java class. Try to understand consumer perceptual experience towards the class and fit it with what you have in your pocket. You either are a innovator and pass money to educate the market or delay until your rivals have done so and piggy back on market growing. Nevertheless, if your pocket is existent deep, purchase out a local concern in the class and take it from at that place.

Let me utilize the PEST model for deep analysis and see other positions of challenges every bit good as chances to spread out Hard Rock in Hanoi.

PEST Analysis:

Political:

‘ Government Stability:

Since 1975 up boulder clay now, the political state of affairs in Vietnam is really stable. This is a state of no force, no terrorist act, no changeless protests that doing the political state of affairs, civilization and economic

<https://assignbuster.com/critically-evaluate-the-operations-management-strategy-of-hard-rock-cafe/>

system of the state. Peoples feel peace in head to work and populate, drama and amusement. Therefore, many foreign do put to Vietnam, and many tourers from all over the universe visited Vietnam. Hanoi is the capital of Vietnam so that it ' s inherited all the best features.

Economic:

' Growth, Inflation & A ; Interest Rates:

In 2010, gross domestic merchandise GDP in Hanoi increased 11 % over the same period last twelvemonth. Foreign investing in Hanoi reached \$ 800 million, entire gross per capita GDP reached about 37 million per twelvemonth (about \$ 1, 950 per twelvemonth) . But people who work in services, stock, handcrafts, proprietor of big, medium or little concern have truly high income.

Price index additions, particularly nutrient trade goods increased to 5. 37 % . Beverages monetary value index rose 4. 17 % . Cigarette monetary value index is up 2. 25 % . General nutrient sector services have increased the monetary value index

' Real Estate Market: Hanoi is a turning and spread outing metropolis so that existent estate monetary values increasing so fast. Wherever roads and public services are built, the belongings monetary values rose faster and rather high. Although the metropolis is be aftering to spread out but belongings monetary values in the old metropolis still really high and that led the fact, although Vietnam is a hapless state, but belongings monetary values is more higher than other states in the universe.

' Tourists/business visitants: Harmonizing to statistics, the figure of international visitants come to Hanoi in 2010 increased 62 % compared to 2009 while a domestic tourers increased by 10 % . And has more than 30, 000 international tourers visited the capital in 10 yearss Hanoi organized the jubilation of 1000 old ages of Thang Long ' Hanoi

' Hotel: There are tonss of luxury five start hotels in Hanoi such as Hilton, Sofitel Plaza, Sheraton, Sofitel Metropole, Nikko.

' Convention Center: Hanoi National Convention Center Vietnam was built with graduated table and international degree, located at 57 Pham Hung Street, Tu Liem territory. It was held the Economic Cooperation Forum Asia - Pacific Economic Cooperation (APEC) in 2006.

' Retail: Equally good as other metropoliss of a underdeveloped state, outside the supermarket and shopping centre, the old town around Hoan Kiem ' s lake where the celebrated retail merchant of the metropolis including most of the indispensable goods from persons and households materials to keepsakes.

Socio-cultural

' Population Growth/Age Profile

Population of Hanoi is about more than 6 million people. Particularly, urban countries, downtown country and old town such as Hoan Kiem, Ba Dinh, Dong Da, Hai Ba Ba Trung territory is really crowded. In these countries, the population denseness is up to about 35, 000 people/km² while other

countries merely 2000 people/km². Age of working capacity is about 66 % of the entire population.

' Education, Social Mobility: Capital of Vietnam now has 52 primary schools, 27 colleges and 50 universities. There is besides the Academy and the Center for scientific research.

' Transportation system:

' Airport:

a) Age of airdrome: Noi Bai International Airport had built in 1977 and official opened in 1978.

B) Number of Passengers: In 2010, Noi Bai International Airport has mean 170 flights taking off and set downing daily, and has served 9.5 million riders

degree Celsius) Airlines: Vietnam has three airlines Vietnam, Jetstar and Vietjet airline. And most major airlines around the universe have representative offices in Hanoi.

vitamin D) Direct Flights: Noi Bai Airport has direct domestic flights to other metropoliss in Vietnam such as Ho Chi Minh, Nha Trang, Hue and international flights to other metropoliss around the universe as: Moscow, Paris-Charles de Gaulle, Seoul-Incheon, Kuala Lumpur, Tokyo-Narita ' .

vitamin E) Hubs: Presently, Noi Bai International Airport is non on theodolite routes the international flights. However, visitants can halt to see the capital

Hanoi in Vietnam on the manner to Hongkong, Japan, Korea, China, Singapore ' .

' Railing: Hang Co railroad station is the centre of the state, the get downing point of five railroad lines throughout the state from north to south and to the northern boundary line. From the boundary line, Vietnam railroad connect to international railroad to Beijing, China, and go on to many European states.

' Road: Hanoi is the traffic junction of the roads in the state. Hanoi is the get downing point of the path of Highway 1A entered into southern and path into Laos and Cambodia every bit good as spell to the north boundary line VietNam-China.

' Sea / River: Capital of vietnam is puting on both sides of Red River, an of import paths to Hung Yen, Nam Dinh, Thai Binh, Viet Tri, Pha Lai.

' Restaurants and Nightclub: Hanoi has many Restaurants and Nightclub and chiefly concentrated in urban territories such as Hoan Kiem, Hai Ba Trung, Ba Dinh and Dong Da.

' Sports: My Dinh Stadium which was built in 2003, located in the South of the metropolis, suiting 40, 192 seats. Sports Congress in Southeast Asia in 2003 and football Championships Southeast Asia 2008 was held here.

' Entertainment:

' Parks: There are tons of Parkss as Thong Nhat, Tuoi Tre, Thu Le which pulling visitants.

' Lake: One of the most outstanding characteristic in Hanoi is a batch of natural lakes i. e Hoan Kiem, Dong Da, Thien Quang. The lakes in Hanoi are besides pulling tonss of visitant particularly Hoan Kiem turtle lake associated with history.

' Theaters: Most of these theatres are concentrated in two territories of the metropolis centre is the Hoan Kiem and Hai Ba Trung territory.

' In add-on, the old metropolis where the traditional small towns and many other historical sites that tourers frequently come to Hanoi to first precedence visit i. e ' Quoc Tu Giam ' topographic point where President Bill Clinton had visited in 2000.

Technological

' Impact of Emerging Technologies.

' Impact of Internet and Reduced Communication Costs.

' R & A ; D Activity.

' Impact of Technology Transfer..

Vietnam is a underdeveloped state and all demands for life invariably increasing. Vietnam is besides a topographic point pulling many tourers from Europe, Americas..

Because of these grounds, the consideration of spread outing Hard Rock Cafe in Hanoi in this period is a occupation should be considered.

Assume Ba Dinh Square or Hoan Kiem Lake is halfway point, the most possible country for concern location should be placed on Ba Dinh or Dong Da territory or adjacent to the Hoan Kiem or Hai Ba Trung territory. Similar as people in Ho Chi Minh and other metropoliss across the state, every dark, people is traveling toward business district. It has created revival of " City Centers " at dark

Therefore, Hoan Kiem and Hai Ba Trung territory or near the Hoan Kiem country is perfectly a great ideal for location, but found available infinite here is highly hard.

Furthermore, location determination is at a 10-15 old ages committedness. First, rental premises from 10 - 15 old ages to guarantee hold adequate clip to retrieve the initial investing capital and derive a net income. Second, the premises are non in the countries that the authorities put into the clearance program within 10-15 old ages.

In the other custodies, due to harsh natural conditions, Hanoi normally got flooded yearly or catastrophes that damaged harvests. Since so demand of amusement will be cut off. The consumers will important lessening.

Besides see psychological factors of Hanoi in peculiar and people in northern Vietnam general. Due to undergo the adversities of changeless war

Due to undergo the adversities of changeless war, the rough natural conditions, people are salvaging as a safeguard for the hazards in the hereafter, with hope to construct a better life for following coevalss.

Therefore people are sing on disbursement something.