

# The mongolian grill essay



**ASSIGN  
BUSTER**

TABLE OF CONTENTS EXECUTIVE SUMMARY2 PROBLEM STATEMENT2  
SITUATION ANALYSIS2 Mission2 Objective2 Background2 Strengths2  
Weaknesses3 Opportunities3 Threats3 FINANCIAL ANALYSIS3 Assumptions4  
ALTERNATIVES3 EVALUATION CRITERIA4 Key Success Factors4 Key  
Uncertainties4 ANALYSIS OF ALTERNATIVES4 Criteria #14 Criteria #25  
Criteria #36 RECOMMENDATION6 ACTION PLAN7 CONTINGENCY PLAN8  
APPENDICES 9 Appendix A9 Appendix B10 Appendix C10 Appendix D11  
Appendix E12 Appendix F12 EXECUTIVE SUMMARY

John Butkus was considering changing the preliminary design of the Waterloo restaurant location to increase its capacity and serve customers more quickly. Mr. Butkus wants a design that will optimize the restaurants profit without compromising the customers dining experience.

There are several design options available to consider: adding a second food preparation area, moving the cooking grill, both options and neither option.

In order to find the best design option, I have used the detailed data collected from the London restaurant location by Mr. Butkus, as an estimation to evaluate different design options. For example, how long it took customers to go through the food preparation area, the average number of trips customer took, and the duration of the average meal time.

Based on this data and current information in Waterloo restaurant location, a SWOT and financial analysis have revealed the strengths and weakness of each design. It is recommended that a combination design of adding a second food preparation area and moving the cooking grill should be used in the design change. PROBLEM STATEMENT John Butkus, the owner of the Mongolian Grill in Waterloo location, wants to find the design that will

optimize the profit during peak business hours without compromising the customer's dining experience. Also, he must take into consideration the inherent costs of making a change as well as the potential for creating a negative experience for the customer due to possible bottleneck issues.

**SITUATION ANALYSIS** Mission: Provide entertaining and unique dining experience to customers. Objective Optimize the restaurant profitability without compromising the dining experience for the customer. Background

- John's first Mongolian Grill restaurant in the London location is successful. However, due to the capacity constraints during busy times, the restaurant has turned customers away.

John is in the process of opening his second restaurant in Waterloo. He wants to make sure the design will optimize the profit without compromising the customer's dining experience.

- John is considering changing the design for the Waterloo location to increase its capacity and serve customers more quickly.
- There are two major design changes that can be used to increase capacity: add a second food preparation area and move the cooking grill.

- There are additional fixed capital investments and operation costs for the design changes.

Strengths Data collected from the London restaurant location provides preliminary information for the Waterloo restaurant location.

- Be able to duplicate the successful experience and avoid shortcoming from the London location.
- The Waterloo restaurant is positioned at an accessible location at the northern edge of a growing metropolitan area.
- Access to a growing market with 60% more population than the London location.

- Have a concept that matches the trends of customer' needs: quality ingredients, healthier food and a variety of choices. Weaknesses
- Extreme competition in the restaurant business. Profit opportunity loss during the peak times due to having to turning away potential customers.
- Excess capacity during slow times could add additional costs, such as food and labour costs.
- Inability of store excess capacity during non-peak hours for later use.
- Customers demand time for the restaurant is different, for example, weekends are busier than weekdays, and 6: 00 to 10: 00pm generally is the busiest dinner time.

- Customer service durations in the restaurant are variable, for example, some may take 90 minutes and some may take 60 minutes. Opportunities

Increased capacity presents opportunities for increased profits and provides better competitiveness in the very competitive restaurant industry. Threats

- Adding a second food preparation area may create bottleneck that defeats the purpose of reducing the customer waiting time.
- Utilizing seats in full capacity may make customers feel crowded and compromise the customers dining experience.

- The market may not need the increased capacity. FINANCIAL ANALYSIS

Assumptions 1. All data will only apply to busy nights (Thursday, Friday and Saturday), when the restaurant is in full capacity. .

During the busiest hours, 6: 00 to 10: 00 pm, each table would seat 4 separate groups of customers rather than 3. 3. Information from the London location are used to analyze the Waterloo location, such as an average of 3 trips to the food preparation area during dinner, average group of 4 to 6

people spent 90 minutes on busy nights. •Analysis between design changes versus capacity changes (see Appendix D) – A combination design of adding a second food preparation area and moving the cooking grill will have the most impact on the capacity by increasing volume by 19%. Analysis scenarios of design change associated with capital cost, operating expense, gross profit, and payback time (see Appendix E).

– A combination design of adding a second food preparation area and moving the cooking grill will generate the most profit with relatively small amount of capital cost and operating expense and a payback time of less than two months. ALTERNATIVES 1. Do not change the design. 2. Change the design by adding a second food preparation area.

3. Change the design by moving the cooking grill. 4. Change the design by adding a second food preparation area and moving the cooking grill.

EVALUATION CRITERIA Key Success Factors The selected alternative must: 1. Reduce the duration of the average meal time.

2. Optimize the restaurant's profit. 3. Not compromise the dining experience of the customer. Key Uncertainties 1.

Change trends in the restaurant business. 2. Actions of competition and customers. 3. Economy and market changes.

ANALYSIS OF ALTERNATIVES Criteria 1: Reduce the duration of the average meal time Comparing the reduction on the duration of the average meal time, alternative #4 will decrease the duration 17 minutes, which has the highest reduction of the average meal time. Therefore, under criteria 1,

alternative #4 is recommended. Alternatives

Criteria 1: Reduce the duration of the average meal time

1. Do not change the design
  - Not reduce the duration of the meal time
2. Change the design by adding a second food preparation area
  - Reduce the duration of the meal time by 13 minutes (see Appendix B)
- 3.

Change the design by moving the cooking grill

- Reduce the duration of the meal time by 4 minutes (see Appendix C)

4. Change the design by adding a second food preparation area and moving the cooking grill
  - Reduce the duration of the meal time by 17 minutes (see Appendix B and C)

Criteria 2: Optimize the restaurant's profit

Comparing the profits of each alternative will generate, alternative #4 will increase the profit about \$42, 000 annually, which will generate the highest profit. Therefore, under criteria 2, alternative #4 is recommended.

Criteria 2: Optimize the restaurant's profit

1. Do not change the design
  - No additional capital cost
  - No additional operation expenses
  - During the busy days, John may turn away 30-40 people (see Appendix D)
  - Possible profit loss between \$31, 000 to \$43, 000 (see Appendix F)
- 2.

Change the design by adding a second food preparation area

Require additional investment costs of \$5, 300 (see Appendix E)

- Require additional new employee with wages and benefit about \$9, 984 annually (see Appendix E)
- Increase capacity by 14% (see Appendix D)
- Increase the profit of the restaurant by about \$32, 000 annually with short payback period of 1. 98 months for the capital (see Appendix E)

3. Change the design by moving the cooking grill
  - Require additional investment costs of \$600 (see Appendix E)
  - Require additional new employees with wages and benefit about \$18, 720

annually (see Appendix E) • Increase capacity by 4% (see Appendix D)

Increase the profit of the restaurant by about \$9, 880 annually with short payback period of 0. 73 month for the capital (see Appendix E) 4. Change the

design by adding a second food preparation area and moving the cooking

grill • Require additional investment costs of \$5, 900 (see Appendix E)

• Require additional new employees with wages and benefit about \$28, 704

annually (see Appendix E) • Increase capacity by 19% (see Appendix D)

• Increase the profit of the restaurant by about \$42, 000 annually with short payback period of 1.

9 months for the capital investment (see Appendix E) Criteria 3: Do not

comprise the dining experience of the customer Two food preparation areas

may confuse customers. In addition, customer may want to go to the food

preparation area that is the closest to their tables. Therefore, bottlenecks

may occur. In severe situation, bottlenecks will frustrate customers.

However, the bottlenecks can be managed.

See a detailed action plan below and Appendix A. Assume that the

bottlenecks can be managed. Therefore, under criteria 3, alternative #4 is

recommended. Alternatives Criteria 3: Do not comprise the dining

experience of the customer 1. Do not change the design • Long waiting in

line will give customer unpleasant dining experience since there is no

reduction on the duration of the meal time 2. Change the design by adding a

second food preparation area • Potential bottleneck caused by customer

confusion of two food preparation areas, but it can be managed (see

Appendix A) • Maintain customer pleasant dining experience as a result of

shortening waiting in line time 3.

Change the design by moving the cooking grill Since the 4 minutes reduction duration of meal time does not have much impact, long waiting in line will still exist and give customer unpleasant dining experience •Provide more space for entertaining customers from the expansion of the counter 4.

Change the design by adding a second food preparation area and moving the cooking grill •Potential bottleneck caused by customer confusion of two food preparation areas, but it can be managed (see Appendix A) •Maintain customer pleasant dining experience as a result of shortening waiting in line time •Provide more space for entertaining customers from the expansion of the counter

RECOMMENDATION I recommend that John implement the design change of alternative #4 (a combination of adding a second food preparation area and moving the cooking grill) in order to maximize the profit without compromising the customer's dining experience. Alternative #4 will provide a better customer dining experience by reducing the " in line" waiting time as a result of adding the 2nd food preparation area. In addition, by expanding the counter at the cooking station, this alternative will provide more entertainment space.

Also, reducing the customer's duration time in the restaurant will increase the customer turnover. Therefore, it will increase the capacity of serving additional customers and generate more profits for the restaurant. Further, alternative #4 will produce the most profit with the highest seating capacity and have a payback time of less than two months. Lastly, this alternative, with the most maximized capacity of the restaurant, may provide an excess capacity cushion and better prepare the business for future customer



demand. Alternative #4 may create confusion and traffic congestions due to two food preparation areas.

This potential bottleneck could frustrate customers and reduce pleasant dining experience. However, the bottleneck could be controlled and managed. ACTION PLAN Short Term (1 to 3 months) •Control and manage the potential bottleneck - Hang up bright signs from the ceiling clearly showing where the four bars are - Use colours to code the floor. Paint the floor with bright colors, such as yellow to direct customer to food preparation area, such as blue to direct customer from the source bar to the counter of cooking station (see detailed information in Appendix A) •Put a customer suggestion box near the restaurant entrance. A free dinner for 2 people will be honoured if any suggestion is implemented. •Design a 4" x8" suggestion pamphlet.

The content should include the experience of the restaurant, food bar quality and sauce bar quality. •Train the employees to inform the customers of the two food and sauce bars, suggestion pamphlet and box and walk through with them. •Use demand management to offset the peak hours between 6: 00 to 10: 00pm on Thursday, Friday and Saturday. - Offer " happy hours" between 3: 00 to 6: 00pm at reduced prices, such as \$8. 95 instead of \$11. 95.

Offer two for one coupons promotion valid on Sunday to Wednesday. Middle Term (3 to 12 months) •Monitor the result of the design change and color coding tactics •Evaluate and gather feedback from the employees to look for any further improvements •Observe the food preparation area and gather

actual data comparing the data from the London location. Make necessary adjustments. •Review the customer suggestion box.

Ensure any customer complaints are taken care of and good suggestions are implemented. •Plan and prepare expansion of the restaurant if the capacity is still not sufficient. There are three possible expansion options. 1. Expand the current physical size of the Waterloo restaurant if it is possible 2. Move to another nearby location with bigger seating capacity 3.

Open another new restaurant nearby Long Term (1 to 3 years) •Analyze the financial results to see if the profitability is optimized •Perform demographic analysis and marketing survey to ensure the current service matches the customer needs •Closely watch the trends in the restaurant business to see if there is any change in the customer's demand. Make adjustments to align with the change •Keep an eye on the competitors around the area to adjust the change properly CONTINGENCY PLAN If alternative #4 does not provide enough capacity to serve the customer and the issue of the bottleneck not contained under a reasonable level, John should obtain professional consulting service to analyze the current situation. If the consulting service will suggest expanding the business, John should be very careful to make the decision. A list of possible options in the event of expansion is also presented as part to the Middle Term action plan.

The three expansion plans will have large capital cost involved, and a thorough analysis of financial and economic risk should be conducted to avoid investment loss and achieve maximum profit. Analysis will include but not be limited to conducting market research, such as population growth in

the next five years and average spending capacity. John would then use “ what if” scenario analysis to determine the method that best optimizes the companies profit and monitors the competitor’s reactions. Overall, the monitoring and adjusting of the trends in the restaurant business, competition, and economic change will give John a competitive advantage over his competition.

APPENDIXES Appendix A: Signage and Floor Coding for Food Bars and Cooking Grill \*\*\*\*\* KitchenKitchen

CUSTOMER SEATING AREAS CUSTOMER SEATING AREASauce, Oil&Spice

Bar#1 Sauce, Oil&Spice Bar#2 Food Bar #1==> Food Bar#1====> Food Bar #1Cooking GrillFood Bar #2 <==== Food Bar #2 => Food Bar #2 Food Bars =====>

Food Bar #2 =====> CookingFood Bar #2 =====> Food Bar #2 =====> Washroom CounterCounterCounter Grill CounterCounter Food Bar #2 \*\*\*\*\*Food Bar #2 ==> Counter Bar Food Bar #2 =====> Food Bar #2 =====> Hostess Station Entrance

Appendix B: Time Saved on Adding a Second Food Preparation Area

Seconds Saved per Trip	Number of Trips per Group	Total Seconds Saved
903	270	Waiting in line at the food preparation area
803	240	Waiting in line at the sauce, oil and spice bar
603	180	Selecting items at the food preparation area
303	90	Selecting items at the sauce, oil and spice bar
		Total time saved in seconds
		780
		Total time saved in minutes
		13

Appendix C: Time Saved on Moving the Cooking Grill

Seconds Saved per Trip	Number of Trips per Group	Total Seconds Saved
803	240	Waiting for space at the counter of the cooking station
		Total time saved in seconds
		240
		Total time saved in minutes
		4

Appendix D: Capacity Changes Vs.

Design Changes No Change in Design (Time in seconds) Add 2nd Food Preparation Area (Time in seconds) Move the Cooking Grill (Time in seconds) Add 2nd Food Preparation Area & Move the Cooking Grill (Time in seconds) Customer walks from table to food bar 25 25 25 25 Customer waits in line at food bar 10 6 16 10 6 16 Customer takes bowl, adds selected items from food bar to bowl 16 11 0 16 11 0 1 Customer walks from food bar to sauce, oil and spice bar 12 12 12 12 Customer waits in line at sauce, oil and spice bar 9 4 14 9 4 14 Customer adds selected sauce, oil and spices to bowl 9 9 6 9 9 6 9 Customer walks from sauce, oil and spice bar to cooking station 10 10 10 10 Customer waits for open space at cooking station counter 8 0 8 0 0 Customer gives bowl to cook, watches as food cooks on grill 24 6 24 6 24 6 24 Customer receives bowl of cooked food and returns to table 3 3 3 3 3 3 3 Total seconds for a single trip 86 66 0 67 86 52 6 Total seconds for three trips 2, 598 1, 818 2, 358 1, 578 Total seconds saved for three trips - 780 240 1, 020 Average number of seconds spent by each group (90 minutes) 5, 400 Average number of seconds spent on eating and others (fixed) 2, 802 2, 802 2, 802 2, 802 Average number of seconds spent by each group with design changes 5400 4620 5160 4380 Average number of minutes spent by each group with design changes 90 77 86 73 % of time reduction stayed in the restaurant per group 14% 4% 19% Total number of seats 190 217 198 226 Increase in number of seats 0 27 36 Possible number of people turned away on Friday and Saturday 30 to 40 people 3 to 13 people 22 to 32 people 0 to 4 people