

Strategic audit: buffalo wild wings essay



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In addition to the price of chicken wings, and how the restaurant industry is rule competitive, BOW and Hooters are known as the places to go for wings, but with McDonald's entering the wing business is concerning. McDonald's price point might persuade customer purchase. Another obstacle that BOW faces is going international, trying to establish in Canada and the UK.

The food provided and promotions will have to adapt to the culture and traditions of the abroad Strategic Audit Executive Summary limb Disbars and Scott Lowery founded Buffalo Wild Wings Bar & Grill (BOW) in 1982 near the Ohio State University campus.

Bow's main goal is to provide its customers tit a Buffalo, New York style of chicken wings saturated In a variety of sixteen signature sauces and five signature seasonings. Buffalo Wide Wings restaurants offer 20-30 domestic and imported beers on tap, as well as a large selection of bottled beers, wines, and liquor. BOW restaurants offer a welcoming neighborhood atmosphere, which Includes dining and bar areas that provide distinct seating options for sports fans and families.

BOW provides their guests with the option of widespread multi-media systems, which consists of approximately fifty televisions and projection screens capturing the hearts of sports fans and families alike. BOW differentiates their restaurants by the social environment created and the connection that Is made with team members, guests, and the community.

BOW has won a dozens of " Best Wings" and " Best Sports Bars" awards across the country. Their award winning food and memorable experience drive guest visits and loyalty.

The business strategy that AWE presents is to continuously grow and develop the BOW concept as a national leading, and potentially International leading restaurant chain. 800* company owned and franchise restaurants in states in North America poses as a strong starting ground to expand.

A team of 25, 500 members accumulated venue calculated to 303. 8 million, which is a 37. 8% increase from 2012. In most existing markets BOW plans to continually grow and open up new restaurants until a market is penetrated to a point that will enable them to gain marketing, operational, costs, and other efficiencies.

With intentions to enter new domestic and international awareness in both company-owned restaurants and franchise owned restaurants.

L. Current Situation Current Performance Buffalo Wild Wings (BOW) has been striving since the beginning. As of right now Buffalo Wild Wings currently has 381 company owned locations and an additional 510 re franchised. This creates a grand 891 locations in the United States and Canada.

BOW even proves that their company is growing by a glance at their balance sheet and seeing financial are adequately safe.

Having mostly franchised locations allows the company to have less risk attached. BOW has zero long-term debt. However, they do have other liabilities. The price per earnings is 41. 98 and their stock has doubled within the year.

Furthermore, BOW had a gain in profits nearly 80% over three years. The company is branching out and going international through agreements with

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new and existing franchisees. 1. Mission Our mission is to WOW people every day. " Four specific how-to-wow strategies: We are Guest Driven – We will WOW our guests every day.

.. ; Wearer Team- Focused – We will WOW our team members...

We are Community-connected – We will WOW the communities where we do business. ; We are Dedicated to Excellence – We will WOW our franchisees and stakeholders. 2. Objectives The overall objective for BOW is to expand and improve as a company. A milestone for BOW in 2015 is to enhance the company business strategy.

In addition, BOW wants to achieve having 100 chains in Canada by the end of 2015. The plan is to not only expand but also expand internationally continuing in Canada and over to Europe. As for the currently existing locations the objective is to innovate the customer experience and in flavors.

To achieve that an increase in budget for marketing and research on consumers tastes for new wing sauces must take place.

One more milestones would be to create a new sauce for each state by 2016. Finally is to obtain and accomplish 1,400 restaurants by 2017. 3. Strategies The goals for the year are to grow BOW by building up and promoting both the BOW brand and all their restaurant locations. They are not limiting themselves just mystically.

The reach is international now. Several more locations are hopefully to arise. BOW is striving on their pursuit of accomplishing their joint venture to be able to go abroad.

There currently are two signed franchises in development in Puerto Rico and in the Middle East. There have been negotiations and agreements for all franchisees.

In addition to that, BOW concept is to have that same BOW brand, all the flavored menu, and charming surroundings. II. Strategic Managers A. Board of Directors The board consists of seven members. Out of those seven, six of them are from outside of the company.

The only insider is Sally J. Smith who has been a director He has been there since 1994. Then follows Dale M. Appliqué's in 1997, J.

Oliver Mudguard in 1999, James M. Damn in 2006, Michael P.

Johnson also in 2006 and finally Jerry R. Rose in 2010. All of the directors on the board deserve to be there with all of their experience. Together they have a well-rounded portfolio including international accounting, marketing, advertising, legal and investment. B.

Top Management The top management was mostly brought in externally. A lot of the management though was taken in from positions where they started at in BOW. Currently the top management has been around in their position for years on end.

They all show that they have been successful so far at BOW in their careers.

With success, it shows that they are responsible. Sally J. Smith is 54 years old and she has been with BOW since July 1996. Currently her position is the

Chief Executive Officer and president. She came from Delbert Inc where she was a Chief Financial Officer.

Mary J. Twined is arrears old and has been with the company since 1995. She started at the company being the Controller, moved up to be the Executive Vice President, Chief Financial Officer and Treasurer a year later, and has held that position since.

James M. Schmidt is 52 years old and currently is the Chief Operating Officer. He has been with BOW since 1994.

In his time with the company he has served as Vice President, General Counsel, and Secretary and had been on the board from 1994 to 2003.

Before he came to BOW he was an attorney with the law. Kathleen M. Bending is 49 year's old holding Vice President, Global brand and Business Development since 2011.

She has been with BOW since 1997 being the Senior Vice President of Marketing and Brand Development. Kathleen started her career with an advertising agency. Judith A.

Should is 52 years old and is the Executive Vice President, North American Operations.

Was however, multiple Job description intermix of global operations and human resources. Judith overall has been with BOW since 2001. III. External Environment A.

Natural Environment The number one thing that is uncontrollable is the water source. Everything and everyone depends on water. We sometimes take for granted but it is a natural resource and we cannot produce it. Water is a needed to sustain life. Having sufficient amount water is needed for all plants and animals. It will provide grains, spices and vegetables to all.

An uncontrollable factor for BOW is the price of the chicken wings they purchase. There was originally a drought, which brought the cost of grain to go substantially higher. Farmers took a large loss during the drought because they were in a fixed price to their customer. Contracts ended and the farmers had to increase their price to gain back from their loss.

Before the drought chicken wings was easily accessible and super cheap. Mainly bars and chain restaurants were the ones who would sell wings. Since the price increased, they ended up promoting the wings as a specialty.

B.

Societal Environment Sales growth of many other U. S. Industries has been negatively impacted far worse than the restaurant industry sales growth. However, as a result of consumers' disposable income being much less than previous years, the sales growth rate of the restaurant industry is just not what it used to be.

Regardless of a rebounding economy and higher likelihood of more discretion's spending, the expectations of restaurant owners should be conservative, whether they remain hopeful that the growth predictions continue to prove correct or not.

With the Affordable Care Act going into effect this year, staff working an average of 0 hours a week, minimum, must be provided health insurance by their employer or they will face fines beginning in 2014. As a result, the preparation for the implementation of this health care reform will place additional cost pressure on the majority of restaurant operators this year. In return, a review of all operational costs related to employee hiring, training, retention and compensation would be necessary. Technological Technology is constantly improving and innovating daily, we all know that.

In today's generation and time the restaurants have to keep up with the technology to be efficient and competitive.

Renovations must occur to upgrade the business practices to be able to be understood, quick, with then satisfied customers. The company or franchised locations always need to have a side budget to upgrade all appliances in the kitchen and a system like an PIP (input-process-output). Company needs to spend the money to save money. Political-legal By generating an overall atmosphere of negativity, the heated competition of national election seasons can create notable problems for restaurants.

Uncertainty about economic conditions inflicts a significant, negative effect on spending. As a exult of guests being strongly concerned about the national budget, they are more likely to tighten up their own personal budget which would restrict the amount of times they go out for a meal and limit the money spent. A variation of politically motivated tax laws and financial regulations, including credit card swipe fees, rules for food donations and restaurant depreciation write offs, have a strong effect on restaurants.

Some top, notable political issues affecting restaurants today are the food and nutrition topics: childhood obesity, diet related diseases, food safety, menu labeling, and allergen concerns. Calculators a.

International traditions pose difficulty to break the barrier of entry. I. E. Traditional meals and popular sports. B. Growing population of young professionals likely to spend more eating out.

C. Increased brand awareness across borders C. Task Environment 1. BOW has an all around ambiance for everything. One of the factors is the higher quality food with a reasonable price that is attached.

The service for the guest is always a priority to always get the people to come back.

The locations of the restaurants are in prime spots, and of course, the decor atmosphere is always welcoming to all. 2. In the North American market, the competition is very strong, one with the majority of the market shares. 3. When industries are growing revenue quickly, they are less likely to compete, because the total industry is also growing.

The only way to grow in slow growth industries is to steal market-share from competitors.

When exit barriers are low, weak firms are more likely to leave the market, which will increase the profits for the remaining firms. A fast industry growth and low exit barrier positively affects BOW. 4. The distributors are having less of a bargaining chip towards the producers because they have a low

dependence upon them. In addition, when there is a large number of customers, no one customer tends to have bargaining advantage.

Low dependency and limited bargaining advantage positively affects BOW 5. A low concentration of suppliers means there are many suppliers with limited bargaining power.

High levels of competition among suppliers act to reduce prices to producers. The easier it is to switch suppliers, means that there is less bargaining power they have. Low concentration of suppliers, high level of competition, and low supplier switching costs positively affects BOW 6. An inferior reduce means a customer is less likely to switch from Buffalo Wild Wings to another product or service.

With that, it shows that there is a low threat of substitutes. 7. If strong brands are critical to compete, then new competitors will have to improve their brand value in order to effectively compete. It takes time and money to build a brand.

When companies need to spend resources building a brand, they have fewer resources to compete in the marketplace. These costs and strong brands positively affect BOW.

BOW has very high brand awareness through the country. In return provides customer loyalty. IV. Internal Environment Corporate Structure The corporate structure at BOW is the classic divisional structure. Divisional structure is that BOW has is just having a Chief Executive Officer who again is Sally J.

Smith who is also the president and is on the board. She will gather all the information from the other officers and report it to the board members.

Chief Financial Officer Mary J. Twined, and then the Chief Operating Officer is James M. Schmidt.

The upper level divisions are again the Global Brand and Business Development, North American Operations, Guest Experience and Innovation, General Counsel and Secretary, Talent Manager. Corporate Culture The culture that BOW is hoping to obtain is to be ethical and to be fully embodied by trust and fairness values. One of the BOW members commented that, “ If you can create a culture where team members are a top priority and focus, then the business follows. “..

. That has really been driven by Sally. She will roll up her sleeves and do whatever is necessary, and she expects that from everybody. “ 0 Corporate Resources Marketing The marketing strategy is to attract a large percent of the surrounding population.

The way BOW is penetrating their brand to their market is by partnerships, and by remissions with social media. In addition, with other media aspects BOW does are such ads with fliers and on the radio. The experience the customers gain while in the restaurants is positive that it amplifies the social interactions.

A high recent together with others and enjoy the time together with great food and drinks. Another promotion BOW does is for a cause, for example Home Team Advantage is the purchasing of wings. The money raised from

the Home Team Advantage goes towards a local community program or to a local sport team.

The efforts help to enrich the community appreciation. Finance In the finance department, revenues are comparatively higher, with operating being the opposite that is below average. More bad is that the net income is slightly below average as well by decreasing by a revenue percentage that has happened over a couple years.

BOW has weakening liquidity ratios posing difficulty for the company to pay off its short-term debt if the expenses came to at this point. The current record is there is a long inventory turnover with low current and quick ratios.

All of which provides a weakness towards BOW. Research and Development Innovation of sauces is continuously flowing because they have technological leaders. The new products are always being introduced to push the ceiling of customers' appreciation. A strength BOW has going for them is always trying to innovate their menu to keep the satisfaction of their current customers high and to intrigue new customers.

Operations The operation system is strongly based off Bow's culture component. They recruit people that will strongly fit into their restaurant family.

The fit is only part of the hire process; they look for qualified management with strong-headed leaders. In addition, they employ supporting and developing employees. The teams in operations strive to be excellent and want to prove and be proud of the BOW name. Information Systems Of

course the information system is the backbone of the whole operation. The company relies on the information that the computer system provides.

Examples of what the system computes regularly would be payments for customer and supplier, the point-of-sale for all the locations, allows authority towards the supply chain and much more.

The system has minimum limits, hence why the use of the system is highly encouraged and relied heavily upon. If any system failure occurred, it could damage both customer satisfaction and the brand. V. Analysis of Strategic Factors A.

Situational Analysis (SOOT) 1 . Strengths a. Sauces b. High brand awareness c. Unique atmosphere d.

Flexible service model e. No long-term debt 2.

Weaknesses b. Fluctuating traffic based on sporting events c. Reliance on chicken wing sales 3.

Opportunities a. New international presence/Globalization b. Product and services expansion c. Demand for low-cost high quality dining options 4.

Threats a.

Volatility of chicken wing prices b. Entrance of McDonald's c. Subject to intense competition in the restaurant industry B. Review of Current Mission and Objectives 1.

Current mission is appropriate. 2. Objectives have been quantified and given time horizons in which BOW is very likely to reach. VI.

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