

Uncle sam's burger bars essay



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BUSTER**

The Uncle Sam's first Burger Bar was opened in 1977 in the UK. It turned out to be the most successful, as burgers were still a relatively new phenomenon in Britain. This report sets out to analyse and evaluate strength and weaknesses present internally in the organisation, coupled with the opportunities and threats that the organisation faces externally (Lynch, 2003). Reasons for failure. Sam's approach to business strategy was "to keep it simple".

He was willing to invest heavily in modern, flexible and expensive equipment. However he didn't take into account a very slow sales growth, which had a negative impact on his business. Another big problem was a Human Resource issue. Sam believed that his business has no need for a Human Resource department. This created a number of problems with the employees. Operative environment.

In 1977 there was relatively little competition in fast-food industry, as this sort of business was new in Britain. Over the years the demand for fast food was growing steadily and it became much more harder to compete as new firms were entering fast food market continuously. Also peoples tastes are changing all the time and their needs in different kinds of food is increasing. Internal analysis of Uncle Sam's Burger Bar. Business is not going well. It needs to recover from the shock of BSE and foot and mouth, therefore there might be a need of a major review and change in all department of Sam's Burger Bars organization.

UK Burger industry External influences. There are a number of external influences that could possibly affect the size, structure and profitability of the

market. General factors are demographic structure of the British society and the state of the UK economy. Specific factors such as BSE and foot and mouth disease had a great negative impact on the fast food market. Fast food industry has experienced a rapid growth in the 1990s, especially during the second half of the decade, but faced numerous difficulties and new challenges in 2001.

The fast food industry has been seriously influenced by significant changes in some of the key elements of the external environment since 1998. BSE and foot and mouth influenced the cost of beef and product prices in fast food market. This affected Uncle Sam's Burger Bars business as it could take them many years to fully recover from the BSE and foot and mouth disease. Also, people's tastes are changing continuously. Public awareness of healthy living rose during these years.

Although Sam Prior has enhanced Uncle Sam's Burger Bars menus with organic, low fat beef, there is no product differentiation. This is a significant disadvantage, as the vegetarian segment was not taken into account, therefore this proportion of population is not going to be Uncle Sam's Burger Bars customers." At the height of the BSE crisis, confidence in British beef was shattered, and it was withdrawn from sale." The result of that was the rise of costs for the beef in the UK.

" Most burger companies introduced a supplementary menu, including many of the fish and chicken alternatives that are still with us today" (Mintel Market Research Report, 2002). As an effect of global recession slowed down economic activity in the world. This affected the level of unemployment. It

became higher, so it made people to cut their expenditure on eating out.

There was an essential need to reconsider the economies of scale in Uncle Sam's Burger Bars, to meet the right price level in order to cope with decreased incomes of the population.

There was no time to think, the decision had to be made straight away, as fast food businesses could start losing their potential customers, or even go bankrupt. According to the ' Mintel Market Research Report', British population takes a new step in moving to the healthy living and agrees that ' burger' food is unhealthy and makes you fat. This means that Burger industry in the UK has a big opportunity in expiations to a wide range food market, differentiation of products, offering their customers products that are good for their health. This issue gives Burger industry a new very important challenge and competition between each other. Looking at the ' UK's Vegetarian society report' a large proportion of people are trying to reduce consumption of unhealthy food and about 20% of families are consuming vegetarian food when eating out. In spite of the difficulties mentioned above, ' Mintel Market Research Report' forecasts that burger bars will continue to dominate the market in terms of size, largely due to the sheer volume of burger restaurants.

Growth over the forecast period will be 29% at current prices, which in real terms represents an increase of only 13%. This suggests that this market is reaching maturity, however, innovations and price promotions, will ensure that this market will continue to show some growth. Looking at the UK burger market by sector, takeaways will continue to dominate and show the most growth. At current prices expenditure on takeaways will show 50%

growth and in comparison for the eat-in sector growth will be only 7%.

Taking inflation into consideration the takeaway sector will show healthy growth of 31%, but the eat-in sector will in fact decline by 7% (Appendix 1).

Social and economic changes brought an effect on growing of the Burgers market. The number of one-person households and busy individuals is growing in the UK. These groups are most likely to visit burger restaurants and other fast foods rather than cook at home, therefore the demand for burgers is going to go up. The disposable incomes of the British are likely to grow as well, so the increased purchasing power of the population will drive the demand for burgers up. The active advertising campaigns by the big companies can also have a powerful positive effect on the industry. Internal influences.

OperationsOperations management is a very wide-ranging term. “

Operations are essentially a transformation process, which differs from company to company, often depending on the scale of business” (Marcouse, 2000). While the basis of operations management can be seen in the management of production process, the phrase covers much wider range of ideas. In particular, the term is applied equally to firms who provide a service as to those involved in production. StrengthsStrengths are those positive aspects or distinctive attributes which provide a significant market advantage or upon which the organisation can build-for example, through the pursuit of diversification (Marcouse, 2000). These are characteristics of the organisation such as present market position, size, structure, managerial expertise, physical or financial resources, staffing, image or reputation.

In 1980s, when Uncle Sam's Burger Bars started to expand rapidly, there was a little competition in UK burger industry. Sam's burgers became very famous and gained very good reputation. The company has experienced a major success, as Sam Prior was one of the first entrepreneurs to see the potential of burgers in the UK. Uncle Sam's Burger Bars became a strong brand over the years.

Introduction of children's parties was a very good, unique idea and had boosted company's profit by 5% in just over two months. " Children's parties play an increasingly important role in the revenue stream of chicken and burger restaurants" (Intel Market Research Report). Sam's burger business has never experienced financial problems, however there were no doubt the accounts did not look as attractive as they once had and something needed to be done. Weaknesses are those negative aspects in the present competencies or resources of the organisation, or its reputation, which limit its effectiveness and which need to be corrected or need action taken to minimize their effect (Marcouse, 2000).

With the rapid market growth in the fast food industry, new entrants, the competition became very tight. " The burger bar market alone grew by 87% between 1996 and 2001 with McDonald's still the most popular choice. However, with British sales of KFC in 2001 for the first time surpassing those of Burger King, a major shake-up of the industry is occurring which could have existing, new developments" (Intel Market Research Report, 2002). Uncle Sam's Burger Bars have lost its core strength, market dominance. Sam's old business strategy and leadership skills are not suitable enough to compete in present market.

The business had run out of ideas a while ago and needed to change significantly to survive. There are a lot of problems, in various departments of Uncle Sam's Burger Company. The business is rapidly going downstream. Leadership style is the main problem in Uncle Sam's Burger Ltd. Sam's Prior organisation is centralized; decision-making powers are kept at the top of the hierarchy rather than delegated.

This has created a problem, as franchisees are resenting against it. Sam's business approach to 'keep it simple', now is not enough to remain in such a competitive market. He is willing to invest heavily in equipment and machinery, such as IT system, making sure that his burger bars could deliver the same level of quality service. However, Sam didn't take into account slow sales growth. Therefore a company is experiencing high costs.

Even though, quality of burgers is still very good, customers' satisfaction is declining (Appendix 2). Production process time is slow and burgers often get cold by the time they reach the customer. Uncle Sam's Burger Bars are dependent on few products, there is no differentiation. The company has recently introduced to the menu organic, low fat beef and a wide range of drinks most notably a good range of coffee options, however this may not be enough to keep the business going on the same, high level. Taking into account that peoples' tastes and needs are constantly changing, this aspect may be a threat to Sam's business. Another huge problem within Uncle Sam's Burger Ltd.

comes, again, from his leadership style. Sam Prior feels that there is no need for Human Resource department in his organisation. Which brought many

problems with employee relationships within the company and therefore high staff turnover. To cut overheads and increase flexibility Uncle Sam's Burger Ltd.

had to move away from full time contracts for most of staff. Also the level of pay the firm was now offering tended to attract only short-term workers. Although staff were still trained thoroughly, the level of skills in the company overall has decreased. Furthermore the company started to lose its core of burger bar managers and deputy managers, backbone of the business, who had stayed for several years in the past, providing the experience that was needed.

In this case Sam Prior was unable to find anyone suitable internally and had to recruit from outside, offering higher salaries. However Sam did not think of remuneration for his employees. Instead he decided to introduce a system, where employees were fined for any mistakes they make on the job. Overall, Uncle Sam's Burger Bars staff were demotivated, unsatisfied with poor pay, no delegation, bad approach to management, which had a great negative impact on the quality of service and whole Sam's burger business. Conclusion By analysing internal and external influences of Uncle Sam's Burgers Ltd. It can be concluded that the major problem is inside the company itself through the lack of leadership and bad management.

Uncle Sam's Burgers Ltd. Weaknesses are outweighing its strengths. Sam Prior uses old business strategy, which is not suitable for a such rapidly growing market. Uncle Sam's Burgers organisation is falling apart due to poor Human Resource Management. Sam doesn't analyse his market

position in comparacent to its strong competitors, such as McDonalds, KFC, Burger King, etc.

These fast food businesses are also facing many opportunities in the growing market such as expansion to new markets or new segments, choosing the right location for the restaurants, development of new products and improving quality of tangibles as well as intangibles. Overall the business is rapidly going downstream and soon could become a bankrupt if changes in the whole organisation are not going to take place. It is a good opportunity for InVest company to merge, or even take over Uncle Sam's Burgers Ltd.