

1-1-1989

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Recommended Citation

Harrison, Douglas F. (1989) "Systematic Analysis of Change in Restaurant Operations," *Hospitality Review*: Vol. 7 : Iss. 2 , Article 7.
Available at: <http://digitalcommons.fiu.edu/hospitalityreview/vol7/iss2/7>

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Systematic Analysis of Change in Restaurant Operations

Abstract

The successful management of change is a key factor in ensuring growth in the restaurant industry. The author discusses how to evaluate and act on a management change plan beginning with a total understanding and knowledge of the environment within which it operates.

Keywords

Douglas F. Harrison, Systematic Analysis of Change in Restaurant Operations, Menu Analysis, Human Element, Entrepreneurialism, Leadership, Learning Phase, Analysis Phase

Systematic Analysis of Change in Restaurant Operations

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The successful management of change is a key factor in ensuring growth in the restaurant industry. The author discusses how to evaluate and act on a management change plan beginning with a total understanding and knowledge of the environment within which it operates.

From 1987-88, the restaurant industry experienced flat to little growth. During this time, a number of dramatic success stories do exist both in startup operations and in the revitalizing of current locations. The success of T.J. Cinnamon's as a startup operation and the continuing growth of Chili's are examples of where direction and initiative have generated positive results in this otherwise lackluster period.

In many cases, the shining examples may be the result of good solid effort and the constant attention to detail that produces a sustaining reputation and its consequent rewards. However, other success stories may additionally show great dependence on the constantly active process that the operators are daily involved in, the successful management of change.

Change is discussed at length in recent management studies. Both Richard Foster¹ and Robert Waterman² discuss it in detail as vital to a progressive and successful company; it is one of the fundamentals of the ability to plan and remain on the right track. Charles Garfield³ records this as a process of "course correction," where one knows the theoretical or ideal path and spends much of the time monitoring and making the small course adjustments necessary to keep to the track: a process of iteration.

Surely, the restaurant industry must be one of the most changeable that exists. Unfortunately, the very nature of the industry requires and dictates change on a daily, if not hourly basis. It is probably one of the most resistant to those influences that affect its working styles and attitudes. There is still a strong sense of traditionalism and familiarity both from our employees and our guests.

This is clearly seen as a demand from the guest in restaurants across the country such as Anthony's Pier 4, Ernie's and Tony's, where the known, the expected, the understood, and the memory of a prior wonderful time is important. This does not mean to say that these and other apparently "traditional" establishments do not successfully execute the changes necessary in their developing business, but possibly

that they are successful at doing so. Keeping a freshness and vitality for new guests while keeping the ongoing changes transparent for those seeking memories is vital.

Other industries do seem to be much more aware and understanding of change implementation. However, this may be solely a perception of the beholder, for often these are technology-driven fields and may just be in a "following the industry" mode rather than individually successful at change. In the restaurant industry, it is ever harder to manage the necessary change. This is definite, for the most successful technology and resource is in people, and the proactive management of this aspect is infinitely more complex than a piece of computer hardware.

How do successful restaurant operators manage this change process and keep the course corrections to a minimum? How are the deviations and fluctuations kept to a low level to allow the impetus to be forward and progressive, rather than widely errant from the path?

A change management and informational system can revitalize an operation. It can practically be used in order to identify the course of action necessary to achieve the objective, while at the same time highlighting those areas where operators as individuals need to place extra emphasis owing to personal shortcomings.

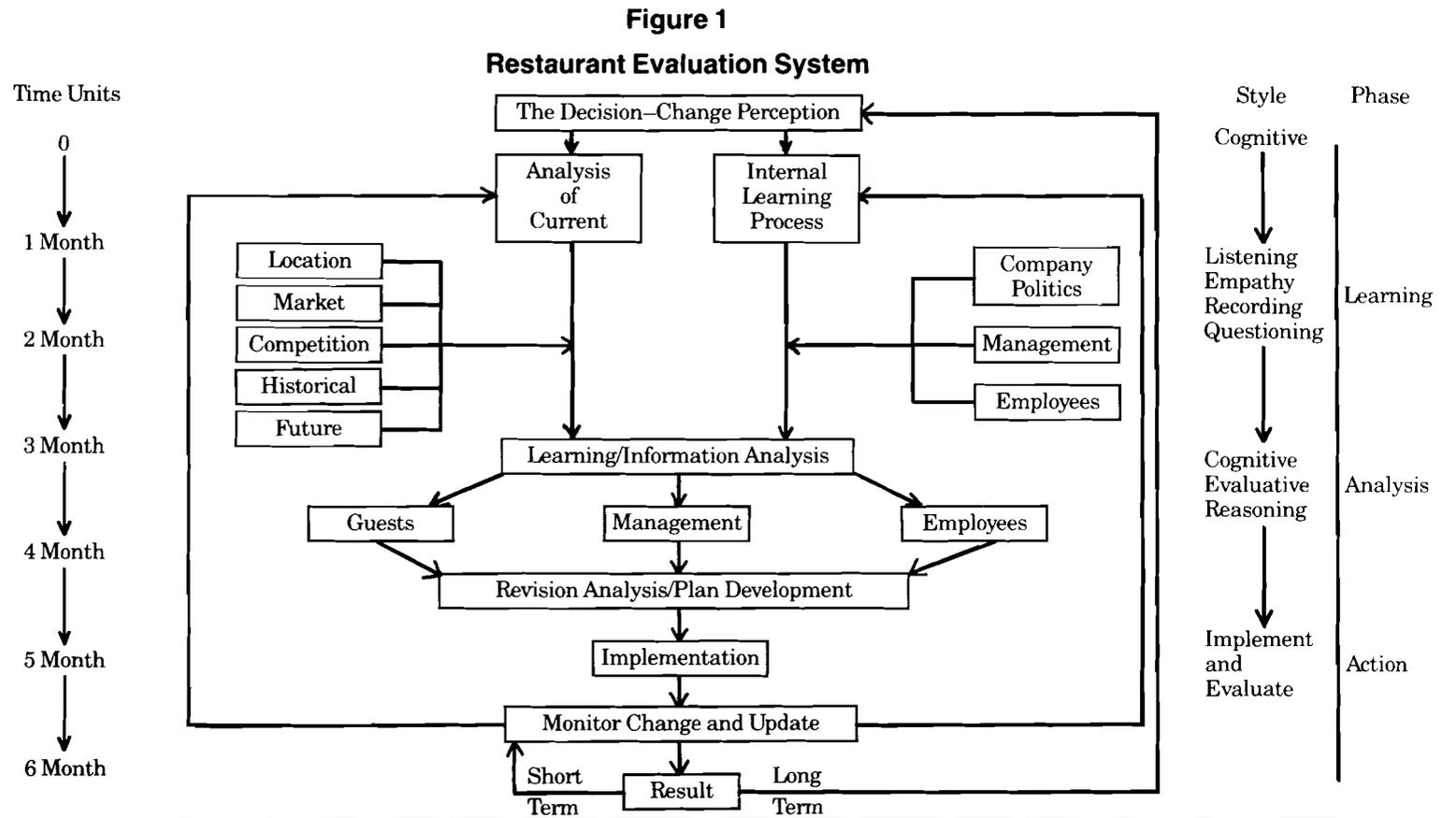
Decision Is the Origin of Action

Clearly any decision to implement controlled change depends on two functions: the perception of the need, and the action to carry it out. Without both of these being complete and in control, the path that results will widely deviate from the optimum. The initial perception must be examined closely to determine exactly where the operation stands, whether the action needed is reactive to an imposed situation or proactive to produce a planned or designed outcome—a problem to be fixed or an opportunity to be maximized.

Some operations appear to be classic examples of being static through the years, of not implementing changes yet remaining successful. However, it is more probable that these operators have successfully managed the negative influences that have appeared, while at the same time have moved positively ahead with the varied and changing demands of their guests.

Figure 1 shows the operating system necessary to fully evaluate and act on a management change plan. It is organized into four vertical sections: time, system, style, and phase. The central influence is the system, which forms the basis of any plan and is evaluated over time according to certain styles. These styles are in turn phases in the whole process which can be recognized and grouped. A time scale is necessary to the operation, as without it there is neither any urgency, nor any need to achieve the objective.

Before the operating system can be examined, it is necessary to refer to the initial perception. What caused the initial decision? Who said, "We need to change?" Why? Clearly the answer to this lies in the body of the working system, and once established, would feed on and regenerate itself.



Is there a specific problem level evident in each property or operation where a red flag is raised? Does it get raised at the same level by each individual? Or does it get raised by a specific action or financial result? None of these answers is correct in its own right, but in following the overall program it will be clear that the key feature is the involvement and interaction of others. The non-judgmental generation of information, ideas, opinions, and experiences becomes the source of that spark that ignites the flame of development. Stifling the free exchange of ideas and opinions will only inhibit the flame, and may only ignite a small part of the necessary change. In many cases a partial and half-hearted change may generate more problems than currently exist.

Consequently, the use and involvement of all contributors is vital to the successful management of change; this quality is a commitment and possession by the individual, with others recognizing his contribution, utilizing his ideas, and rewarding him for it.

The Market and the Operation Must Be Learned

Having established an origin or presumption of the need, the first phase is that of learning, of finding out who we are and where we stand. Many restaurant operators have traditionally done research and development by solely visiting and dining in their competitor's location, perhaps removing a menu in a shopping bag or tucked inside one's jacket. These menus end up on the desk of the executive chef, who may glance through them and try the odd special for political's sake. However, the vast majority of the menus are just filed and largely forgotten without any proper analysis of their content or information. It may be that the competitor has spotted something unique about the market and designed his menu to take advantage of this; a filed, discarded, or unevaluated menu may be totally ignoring a valuable source of information that the other operator has taken years to identify.

No longer can R&D be so blase and misunderstood. The successful management of an operation depends on the total knowledge and understanding of the environment within which it exists.

For example, menu analysis may take two directions: an examination of it on its own and an examination of it in its environment and in relation to its competition. Each menu can yield the following:

- price estimates per menu category and overall, averaged and weighted
- food cost estimates, based on neighborhood supply and price knowledge
- target market segmentation from projected check averages
- ethnic targeting from item frequency
- market awareness (what the guest knows) from item types, wine menu depth, etc.
- supply availability of product from the item descriptions
- supplier data, e.g., your produce supplier may not be able to get product X, yet the competition has it all the time. Why?

- kitchen labor estimates, e.g., amount of prep, cross-utilization of product, etc.
- ability to change, i.e., his flexibility to react to you (if he is even aware or worried about you!)

Given the raw menu evaluations above, the environment can then be examined for the following:

- the facility, the location, the view, its recognition, memorability, etc.
- the product, food and service
- the market, meeting the objectives of the menu, or are there other influences affecting the situation, e.g., changing ethnic or racial surroundings and an unchanging menu targeted to the prior guests?

Figure 2 takes the key facets in the system and lists the detail level and items that need to be examined and researched. These are listed subjectively, but each may, as in the main analysis, be totally objective and often quantifiable. Richard Pillsbury⁴ attempted unsuccessfully to develop a theory of restaurant location. Unfortunately, his paper was inconclusive largely because he studied where the operations were located, not why they were there, their reason for being, their need to serve the guests.

It is the ability of the restaurant to examine in detail the reasons, and to combine this with the quantifiable that will enable a positive direction to develop out of this learning phase.

From Figure 2 specific examples of the complexity, and of the ability to be specific and accurate, are as follows:

- **Location**–time: an analysis of the full drawing area for guests, where they live, how far away, how many, how far/long they will travel to spend what sum of money, their price sensitivity, transportation/connections, changes
- **Self**–employees: who they are, their abilities, qualifications, involvement, execution times on production, tableside selling ratios, appearance, timeliness, guest response, etc.
- **Historical**–financial: profit, food, liquor, and labor costs, overhead, utilities, supplies, product demand/change, price escalation, trends, equipment maintenance–planned or ad hoc, etc.

Consequently, the “Learning” phase in Figure 1 is a highly complex and involved process, where each of the components needs to be closely analyzed and examined in detail. It is by building up a volume of data for each of these components that the operator will be allowed full insight into his market and his own operation. Similar questions must be answered about the internal, the management, the employees and the general standard at which the location operates (some facets are included in Figure 2). These questions must be objective and non-judgmental, with the answers being truthful and realistic. Do not shy away from difficult conclusions about the “self.”

Figure 2
Detailed Breakdown
of Learning Phase

| Location | Market | Competition | Historical | Future | Self |
|-----------------|---------------|--------------------|-------------------|---------------|-------------|
| place | day | how many | origins | timescale | employees |
| building | night | lunch | reasons | feedforward | management |
| access | target | dinner | scenario | market | systems |
| people | advertising | where | financial | competition | quality |
| social | PR | prices | from/to | objectives | detail |
| economic | destination | value | confusion | change | sanitation |
| offices | natural | who | | cycles | service |
| transport | traffic | reputation | | openness | food |
| distances | | style | | | |
| time | | appearance | | | |
| parking | | quality | | | |
| | | ambiance | | | |
| | | better | | | |
| | | worse | | | |
| | | detail | | | |

Each facet is inter-related, and the above list is only a sample of the detailed analysis necessary for full understanding.

Analysis Provides Meaning and Direction

Learning is not just data; it also necessitates decision. Hence, moving from the "Learning" phase into the "Analytic" poses another set of problems:

- to fully understand the data that has been gleaned
- to be able to act in a positive direction
- to be willing to accept the implications of the increase in understanding
- to recognize that the whole process will constantly be needing review
- to fully involve and work with all parties, guests, employees, etc.

Some questions may even change the original concept and function of the location. However, this should not be avoided, as the whole issue is progressing on the basis of a need, of a decision to change.

Many of the key features to understanding and analysis will have become evident during the learning phase. It is at this stage that the interactive involvement of others is crucial. This is necessary to produce a balanced rather than extremist view. Also, it generates understanding of all viewpoints rather than just following the opinions of one key person or influence. As already indicated, authoritarianism has little place in this evaluative process.

This does not negate the need for entrepreneurialism, the sense of mission and leadership. Each of these has its own place and contribution in the system and, in fact, is a vital facet for successful progress.

- **Entrepreneurialism:** needed as a source of new ideas, the trendsetter and innovator rather than the follower. Generate these ideas from all levels of your employees and in relation to the small problems as well as those larger. There are many companies in the technological/industrial world that reward their employees for cost saving or sales building ideas that work. Why must this be so rare in the hospitality industry?

- **Sense of mission:** a key part of the pathway that maintains the overall system. This is the pathway around which the iteration process is made; it is the why, rather than the how, we get there.

- **Leadership:** necessary as part of the mission and as a facilitator of orderly progress in a unified direction. Leadership can generate commitment and dedication, and, as a consequence, success. The authoritarian style goes hand in hand with conflict, often spilling out onto the floor of our establishments in the attitudes of our employees.

Analysis, therefore, is a reasoned and open look at the information gleaned. It is the determinant of action specifics, and it establishes the dedication, motivation, and direction of your operation. In turn, this can be the pulse and vibrancy that is often felt in a successful restaurant, a feeling everyone knows and would like to keep in restaurants.

Action Is the Key to Success

Ideas and dreams do not generate success, only actions do. It is possible that the whole "Learning" and "Analysis" phases may be completed only to stumble at the action. Many people, individuals, and corporations have ideas but fail largely because of the action, either because of failure to implement or because of the method by which it is undertaken, half-heartedly, or without the commitment and backing of all.

Failure to implement implies that the key action effectors are either not convinced fully of the direction which has been suggested, or that they are unable to do so owing to personal incapacities. With the former, the "Analytic" phase cannot have been completed properly or the plan cannot have been developed by rational examination of the options, i.e., there is something incomplete which is holding them back. That something must be examined totally on its own merits; it may be the key facet which will properly revise the plan and permit its total and absolute success.

With the latter, the method in which the action is taken, personal incapacities are often the hardest obstacles to climb and probably inhibit the growth of several viable operations. This feature ties hand-in-hand with "action without commitment," either from the operating level or from the controlling level. To overcome this is difficult, but it must start with the recognition that not every person is correct all of the time, and the decisions coming from the analysis must prevail rather than the parochial viewpoint of any one individual.

Results can be monitored in two ways:

- Short term where the operation is either getting better, maintaining, or appearing to get worse. The key to this monitor is the analysis phase where failure can be planned for, i.e., results get worse on a temporary basis because you expect them to do so, because you have planned for this change decline and are managing it for long-term benefit.

- Long term where the full effects of the decisions can be monitored and properly evaluated. One cannot change a menu and expect to see results in one to two weeks. The full development of the menu (and its acceptance by the clientele) may take up to six months, often longer. Only then can success or failure be measured. However, plan for the interim and let the actual match the expectation. Full application of the learning and analysis phases should minimize the options for making poor decisions.

This is not to say that constant revision on a small scale will not be necessary to respond to the change level of daily or other situations, but these also require full examination for optimum effectiveness.

Clearly, this is an ideal analysis situation, which in the frenetic day-to-day life of our industry is hard to implement. But with the dynamics, demands, and demise of the current and future markets we seek to tap, some targeting system cannot be ignored. Those operators who properly, completely, and honestly evaluate the changing nature of their business are the ones who will remain successful, while those who maintain their non-questioning styles will increasingly stagnant. Re-

sults come from maximizing the opportunity and managing the new market demands. Change in the restaurant industry is a strong and demanding market necessity.

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