

# The Broken Restaurant, A Task Force Case Study

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## Introduction

For graduates of hospitality programs who enter a multi-unit operating company, the opportunity to participate on a “task force” is quite common. Companies will often select a younger entry-level manager to participate in these improvement exercises as both a training tool and as an opportunity for the newer manager to demonstrate his or her capabilities. Younger managers are generally much more “portable”, less expensive, and less critical to their “home” business unit than more senior manager and thus often used for these assignments.

This case offers a rich learning opportunity. It is designed to be as complex or as simple as the instructor chooses and may be incorporated into a multiple exercises or as a holistic analysis experience. The case may be assigned to groups of students (the authors recommend no more than three students to a group) or to individual students.

The case is designed for an upper/senior level capstone course in which the students will have the opportunity to bring all of their learning to bear on the identification and solution sets, and on presenting their results. The case study allows the instructor to focus the students on analysis, synthesis, and evaluation using skills they have learned in earlier coursework.

The case is very flexible. The instructor may vary the complexity of the case by simply removing certain reports from the case. For example, an instructor may choose to remove guest satisfaction data, and focus exclusively on the financial statements. The case may be approached from multiple perspectives and instructors may choose to use the student driven solutions in either a presentation format (students present their findings and recommendations to the class) or a discussion format. Finally, the instructor may easily vary the number of “items” required to be identified in the case, increasing or decreasing either the specific items identified or the recommendations for management for each item.

## The Broken Restaurant, Case Study and Questions

You are working for a major national restaurant chain. The chain has 6 separate brands and over 1,500 casual dining restaurants in op-

eration, with more opening each day. You began your career with the company one year ago, and have been very successful.

You have been promoted to a team of managers that travel to restaurant units that are struggling; to help the on site managers diagnose problems and implement corrective action. Your team serves as “internal consultants” to the managers of these troubled units. Typically you have one week to diagnose the problems and recommend solutions to the unit managers. The unit managers are then responsible for implementing those solutions.

Prior to departing for a unit, the company provides you with access to the various financial statements, guest satisfaction scores and employee satisfaction scores, along with a brief overview of the restaurant. You study this information carefully, and begin to formulate a plan based on what you see in these reports.

First, look through the reports and write down EVERYTHING you see as a problem.

Next, recommend five (5) specific areas the management team of the unit must correct. These should be prioritized so as to *maximize the financial improvement of the unit*. Those items which, if corrected, would result in the highest improvement in profit.

For each step you recommend, you must provide the local team with:

- The calculation of the financial impact that would be achieved if this unit moved to the benchmark (based on 2013 volume).
- Three (3) **specific** actions the local management team should take to either continue the diagnosis of the problem or correct the problem.

Your paper must take the form of a *professional letter to the management team*.

Each of the five (5) items must have a separate paragraph header, show the calculation of the improved financial performance that would be expected (based on 2013 revenue and costs) and the three (3) specific actions. An example of a response is included in the appendix, and of course may not be used as one of your submitted items.

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## Fact Pack

### Restaurant Unit Number 705

**Location:** This unit is located in a suburban multi-use development consisting of shopping, entertainment, apartments and condominiums, and office buildings.

The unit is in leased space on the ground floor of one of the office buildings.

**Size:** This unit seats 200 plus 24 at the bar. The floor plan for both the front and back of the house are consistent with all other units in this brand concept.

**Opening:** May 3, 2008

**Market:** The surrounding area continues to grow, with additional condominium and office buildings having been built from 2007 through the present. The area is very popular as an upscale entertainment destination. There are presently a number of restaurants in the complex, which compete directly with this unit in the casual dining space. The competition is fierce, but the number of patrons in the complex continues to increase as well.

**Management:** Due to the poor performance of this unit in the past year, both the Unit General Manager and 2 Assistant Managers have been terminated, and a new team assigned to this unit. Each of the new managers is from a top-performing unit in the system. They have been in place for one week. They have not worked together before this.

**Reports:** Your team will have access to standard unit Financial Statements, Guest and Associate Satisfaction information, and Market Share analysis. In addition, you will have access to company performance benchmark information for the top quartile of units system wide.

**Assignment:** Your team is to analyze the performance of this unit and recommend 5 prioritized steps the unit team must undertake immediately to raise the performance of this unit to acceptable levels. The prioritization should be based on the financial impact it represents. Those items which, if corrected, would generate the highest improvement in profit.

