

Flipside Strategy Plan

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COMM 486M

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3/27/2017

Strategy Plan

Prepared for **Flipside, AMS**



COMM486.Team8

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Executive Summary

In July 2015, AMS launched its new student Union building called The Nest and with it came several new restaurants including FlipSide, Grand Noodle Emporium, Palate, Peko Peko, PieRSquared, The Pit, and Uppercase. In 2017 however, one particular restaurant, Flipside, seemed to be facing several issues. As a result, we were asked to create a strategic plan to address the question, “How should we solve Flipside situation of being financially unsustainable over the last year?” We approached this question by investigating what values and principles The Nest and the UBC community associate themselves with, an coming up with a strategy that highlights those value and principles while leveraging any opportunity identified in our primary analysis.

Our Client: Flipside

The AMS is a student run and operated organisation whose mission is to : “To improve the quality of the educational, social, and personal lives of the students of UBC. They pride themselves on offering clubs, events venues and food/drink services for the UBC community. AMS is located in the newly built multifunctional building called AMS Nest Building. Built at a cost of nearly \$108 million dollars with multiple outlets and tenanted spaces, it is a multifunctional building with kitchens that chefs dream about.

Flipside, originally a restaurant predicted by the AMS to be a leading restaurant in the Nest, has been experiencing financial instability over the last due to the following issues:

- Financial sustainability
- Challenges in aligning the restaurant to represent the values associated with The Nest the the UBC community
- Undefined Target market

Decision

Flipside has several advantages which give it potential to be profitable and integrate itself into the UBC dining industry as the ‘go to’ place for burgers, our team found that there were too many issues associated with the current overall business strategy which Flipside adopted. The criteria for our decision was have a restaurant that fulfilled the values and principles which we associate with The Nest and the UBC community such as: Fast serving, culturally inclusive, healthy and sustainable.

As a result, our strategy of choice was to leverage the entrepreneurial spirit which UBC portrays, while still making sure that the service was Fast serving, culturally inclusive, healthy and sustainable. To achieve this, we chose to rebrand Flipside into a hot dog place called HawtDawg.

The tactics which we will implement to achieve this strategy include:

- Create an inclusive business
- Increase Visibility and Engagement
- Create a specialised R&D team for market research
- Enhance Operation

FLIPSIDE

COMM486MTeam8

Anquan Wang, Max Wolf, Nya Worifah, Wenyan Huang, Jinpeng Liu

April, 2017

Our Team



Max Wolf
Project Manager

Oversees the project, execution



Anquan Wang
Strategic Analyst

Strategic planning and situation analysis



Jinpeng Liu
Operation Officer

Current operation, partnerships with supplier



Wenyan Huang
Financial Analyst

Financial planning and projection



Nya Worifah
Research Analyst

Market forces, innovation and sustainability

The project for AMS Flipside is directed and updated by a diverse group of student with multicultural background, started since the mid of January 2017. A combination of majors and backgrounds provides our team with various perspectives and approaches to making improvement in current situation. With a specific responsibility distribution, we are able to work on our own strength effectively and come up with a credible report for the AMS. Below are the detailed breakdown of each member's information:

Project Manager

Max Wolf is the project manager of the team. He has an extensive background in the fields of finance, restaurant management, and real estate. He is planning on graduating from the Sauder School of Business with a bachelor degree, specialization in General Business Management. Max was responsible for the strategic approach of establishing a "hot dog joint with a twist."

Strategic Analyst

Winston is the Strategic analyst of the team with an accounting background. He was involved primarily in the strategies and tactics planning of the project. Winston also contributed his mathematics skill to work with our Financial Specialist in coming up with a more accurate financial forecast on his strategy making.

Operation Officer

Jeremiah visited most of the eateries in the campus and directly involved in external competitor breakdown and analysis. As an operation officer, he dedicated his operation related learning in one of the tactics in the report, to help with operational enhancement. He has experience in helping a Chinese restaurant optimize their functioning capacity, and same knowledge applies to this project.

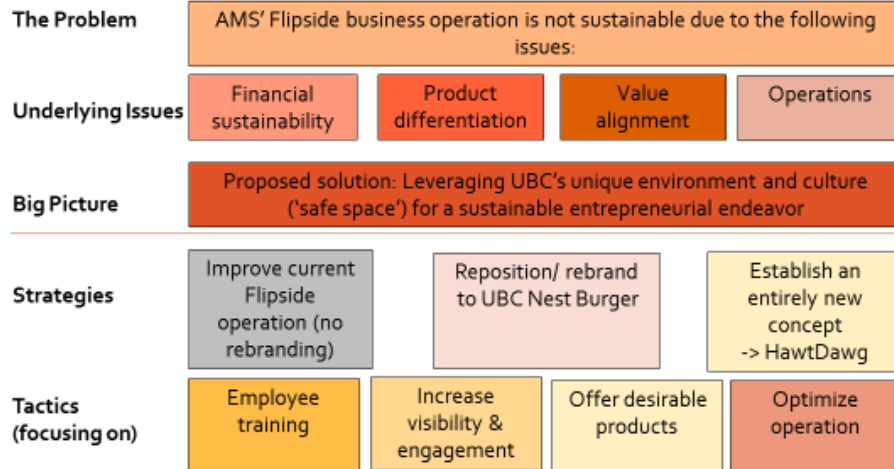
Market Research Specialist

Nya Eugene Worifah was involved in the Market research aspect of the project. He has professional experience through several marketing positions in various industries and graduated from the University of British Columbia with a specialization in Marketing. Nya was responsible for coming up with the proposed digital and visual marketing strategy for flipside as well as the criteria under which the proposed R&D team will conduct their Market research.

Financial Specialist

Regina Huang is the financial specialist of the team, involved in the data collection and analysis part of the project. She has proficiency in associating collected data with the actual implementation of the report in an efficient manner. Regina also keeps track of Flipside's current financial reports and sets financial objectives for our future project.

Situation Overview: Bird's Eye View



Situation

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Situation Analysis: Internal

Situation Analysis: Internal

1) Financial Issues



- ❖ Revenue keeps decreasing since the last quarter of 2016
- ❖ Most recent average monthly revenue hits a new low of \$41,433

2) Value integration

- ❖ Products don't fully represent customer values
- ❖ Lack of an inclusive community

3) Visibility and Marketing

- ❖ 54% respondents never heard of Flipside
- ❖ Unappealing exterior design



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Internal-Problems with Flipside

- **Financial issues**

Decreasing sales: The financial information provided by the client shows that Flipside's revenues have been declining since the last quarter of fiscal 2016. Though revenue in November 2016 was \$54,680, there was a loss of \$3,439. Two months later in January 2017, revenue dropped to \$42,558. The most recent sales report shows that the average monthly revenue generated from Jan. 1st, 2017 to Mar. 16th, 2017 is \$41,433, which indicates a continuous decreasing trend in total revenue.

Among all food and drink eateries operated by AMS, sales revenue of Flipside ranked only ahead of Palate and PH tea as the third last for both November 2016 and January 2017. Thus, there is a clear indication that Flipside is not likely to be financially sustainable under its current business model.

- **Flipside does not fully represent the value of UBC community**

The Delly, Pie pizza and Upper Case are the top three most frequented places in the NEST according to the responses from the survey conducted by our team. Apart from "just like the food," the top three reasons that students choose to eat at their favorite AMS restaurants are fast serving, fair price, and healthy food. All the top three food service places share common features of providing express service, offering diversified food products with a traditional value and creating an inclusive community environment. In contrast, Flipside's menu lacks cultural influence and focus, which makes it difficult to capture any customer segment.

- **Lack of visibility and marketing**

Around half of the participants of the primary research (Survey and interviews) said they have never eaten at Flipside. Among those, 54% stated that they never heard of Flipside, and another 5% answered Flipside is not visually appealing. Residing behind the staircase in the basement of the NEST is a natural disadvantage to the business. It is less frequented by students because students prefer to hang out in an open, inclusive environment, rather than behind a staircase.

Research showed that a restaurant's design is instinctual and has a direct effect on consumers' choice regardless of food and service quality. Compared to popular fast food restaurants, Flipside's current environment and design is relatively pale and dark. In addition, without a proper marketing plan, Flipside there is little association between Flipside's design and the values and principles that the restaurant chooses to represent.

Situation Analysis: Industry

Situation Analysis: Industry

❖ 8 major competitors in the NEST

❖ UBC Food Service

- 3 advantages
- 30+ locations in campus

❖ Other locations

- University Village
- Westbrook Village
- Upcoming restaurants under by University Boulevard



Student Society
of UBC Vancouver



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UBC is a community that encompasses various food experience at each corner of the campus. Due to many food venues and varieties in the NEST, Flipside is facing not only massive pressure from all surrounding restaurants but more specifically direct competition, which is a situation in which two or more business offer products or services that are primarily the same. Even though there are relatively high barriers to entry UBC food market due to UBC regulations and licensing, many existing competitors and new entrants make it easy for customers to switch to substitutes. (Refer to Appendix: Porter's Five Forces)

Competition within the NEST

There are eight major competitors in the NEST owned and operated by the AMS:

Grand Noodle Emporium	Palate	Honour Roll	Pie Pizza
The Pit	Uppercase	Gallery 2.0	Ph Tea

These eateries have their unique themes and offer different tastes to customers. However, they operate based on similar characteristics: Fast serving, affordable prices, etc. Besides, Flipside is further threatened as some of the items offered by competitors overlap with Flipside's main course. For example, Gallery 2.0 has burgers and fries that directly compete with Flipside.

UBC Food Service

The competitive advantage of UBC Food service is to provide UBC students with three ultimate benefits in 30+ locations:

- Instant Savings: Saving money on food and drinks
- Budget Friendly: No transaction on bank statement
- Fast and Convenient: Swipe UBCcard, add credit online when needed

The service is spread out across the campus with its self-operating UBC residence dining and grocery market, as well as its partnerships with food trucks and big brands within the campus. One example of Flipside direct competitors is Triple O's.

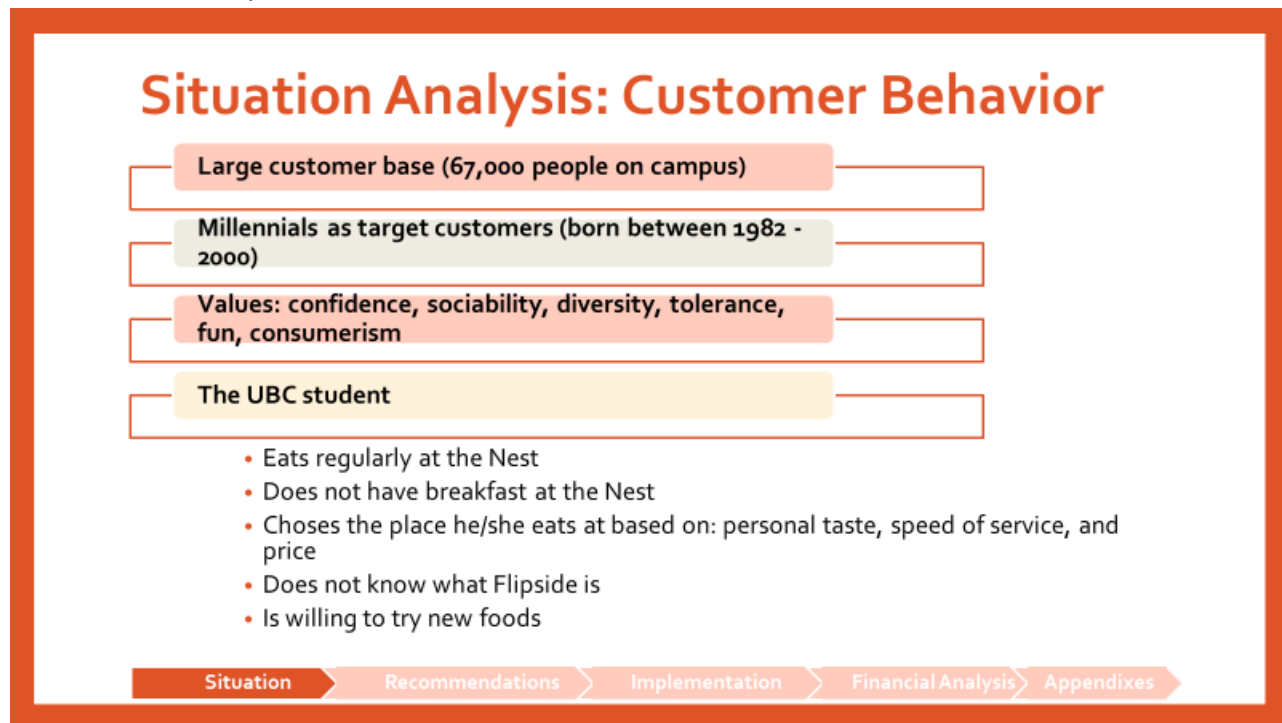
Others

Most third-party restaurants are located in the University and Westbrook Village with a large selection of Chinese, Korean, Mexican, and Japanese cuisine. They attract customers with their various food choices and relatively low price for a large portion.

There are direct competitions such as McDonald's, Vera and other fast food restaurants in the Village. These brands have relatively higher reputation than Flipside, and they have a stronger association with fast food burgers.

Bao Down, Jamjar, JJ Bean, Joe Pizza, Nori, Rain or Shine, and Tacomio will open this summer in the area bound by Westbrook Mall, University Boulevard, East Mall, and Student Union Boulevard. Even though there none of the new venues offer similar food products to Flipside, the increasing number of substitutes inevitably elevates the competition.

Situation Analysis: Customer Behavior



The UBC Vancouver Campus can be described as a small city with over 53,000 students and over 14,000 Faculty and staff. Thus, there is a relatively large market for all kinds of business endeavors, particularly in the food industry. With over 12,117 international students and rising every year (11.1% increase over 2014/2015), there is a high demand from several thousand people every day (at least Mon-Fri) for at least one meal from as many cultures as possible.

UBC is much more than just a university or a potential marketplace for business. It is a space of inclusiveness. There are students, and faculty, from all different cultures and regions. This fact is visible all throughout the campus. There are, for example, various clubs, and events highlighting this diversity. An additional vivid example, are the different food options available on campus. People have the option of choosing foods from nearly every region of the world, which is a trait that makes the UBC campus unique compared to other campuses in the province.

Students at UBC are generally millennials. Millennials are defined as the generation of people born between 1981 and 2000. There are certain core values (or traits) uniquely attributed to this generation. These include; confidence, sociability, diversity, tolerance, fun, and consumerism. Catering to this generation poses many opportunities, and also challenges. Since undergraduate students (millennials) make up the majority of people on campus, we created a generic UBC student. This UBC student can be viewed as a target consumer for the Food location.

'The' UBC Student

Based on primary and secondary research, and a few assumptions, we created 'the' average UBC student:

- Eats at the Nest (different intervals)
- Does not have breakfast at the Nest
- Prefers: (names were not always mentioned)
 - The Delly (Deli serving Sandwiches, soups, salads etc)
 - Pie R Squared (Pizza)
 - Upper Case (Cookies and Coffee)
- "Why do you eat there?"
 - Likes the food
 - Fast service
 - Fair Price
 - Healthy
- The UBC student does not really care about portion size
- He/ She is willing to have new culinary experiences
- The student has never heard of Flipside

Opportunity



Opportunity

- ❖ Culture of inclusiveness
- ❖ Unique place -> unique opportunities
- ❖ Safe space for entrepreneurial activities
- ❖ AMS should seek business opportunities leveraging: tradition, inclusiveness, sustainability, efficiency

Situation Recommendations Implementation Financial Analysis Appendixes

UBC cherishes values such as academic excellence, diversity, open-mindedness, and enjoyment, to name just a few. These values make UBC and the campus a special place. All these values represent the UBC culture, a culture of inclusiveness. Located right at the center of UBC campus, The Nest is an integral part of this UBC culture. At last, the Nest and the AMS represent the student community.

A unique place like UBC creates unique opportunities. There are very few other environments that have this 'safe space' for businesses, characterized by a large open minded potential customer base, which is an ideal setting for entrepreneurial undertakings associated with a degree of risk.

AMS should seek business opportunities deeply associated with values. Tradition, inclusiveness, sustainability and efficiency are values that should be embedded in all of AMS' businesses.

Alternatives: Scenario 1

Alternatives: Scenario 1

Improve engagement and communications with the Nest community by promoting and marketing Flipside as 'A classic burger joint, hand made burgers with fresh ingredients.'

We choose NOT to pursue this alternative for the following reasons

- ❖ Threat of competition from the Pit.
- ❖ Nest Values (Fast serving, healthy and inclusive) aren't reflected by Flipside.
- ❖ Flipside has been unprofitable since it was opened a year ago.

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Following extensive research and analysis, we developed two scenarios that would solve the current problems while taking advantage of the opportunity in the Nest food industry. The scenarios we considered when addressing these issues and opportunities include:

Improve engagement and communications with the Nest community by promoting and marketing Flipside as 'A classic burger joint, handmade burgers with fresh ingredients.'

The main reasoning behind this scenario is to preserve the fast food atmosphere that AMS had for Flipside while improving the menu and atmosphere to reflect Flipside as "a classic hamburger joint. Hand-made burgers with freshly made, freshly baked potato buns." Flipside is currently the only fast food place at the Nest and is located next to the front and side entrances of the lower Nest. Thus they have significant competitive advantages to develop and sustain a core loyal customer base, only if they can better leverage the association of Flipside as the organic and healthy burger option at the Nest.

However, we choose not to pursue this alternative for the following reasons:

- The Pit will start serving food during the day in the near future and that will be too big of competition for flipside to overcome.
- Flipside does not fully represent the values that the Nest has set out to represent, which include: Fast serving, healthy and inclusive.
- Flipside has been unprofitable since it was opened a year ago.

Alternatives: Scenario 2

Alternatives: Scenario 2

Alter atmosphere into a student friendly/cozy burger bar by rebranding Flipside into a new burger Joint called **UBC Nest Burger**.

We chose NOT to pursue this alternative for the following reasons

- ❖ The demand for burger at the Nest is not very high. The research (survey) indicated that fried chicken and poutine are more popular than the burger alternatives.
- ❖ Potential new threats arising from the Pit and reopening of the old Student Union Building.

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Alter atmosphere into a student friendly/cozy burger bar by rebranding Flipside into a new burger Joint called UBC Nest Burger.

Though Flipside initially intended to brand itself as 'the' fast food place to go to at the Nest by providing the most typical fast food menus: Burgers, fried chicken, and French fries; they promoted and branded the fast food joint in the wrong way, to the wrong target segment. By rebranding Flipside to 'UBC Nest Burger,' Flipside will be able to directly target UBC students by creating a direct association between their school (UBC) and their student building (The Nest). The main idea behind this scenario was to create a new brand that better targets UBC students who like spending times on campus, while still leveraging the competitive advantage of being the only burger place at the nest.

However, we chose not to pursue this alternative for the following reasons:

The demand for burger at the Nest is not very high. The research (survey) indicated that fried chicken and poutine are more popular than the burger alternatives.

Alternative: Scenario 3

Alternatives: Scenario 3



Introduce a new culture and Fast food environment through a hot dog place, inspired by Vancouver based hot dog innovator, **Japadog**.

Why we chose 'HAWTDAWG' as the main strategy

- ❖ Opportunity in Nest food industry for a culture fusion restaurant
- ❖ Success of Japadog in Vancouver
- ❖ Aligns with values students seek when looking for food at the nest: Healthy, Quick serving, Culturally distinct

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Introduce a new culture and Fast food environment through a hot dog place, inspired by Vancouver based hot dog innovator, Japadog.

Through analysis of our secondary and primary research (surveys, focus groups, and on-site interviews), we established that UBC students, particularly UBC student who spend time and eat on Campus greatly value healthy, inclusivity, fast serving, culturally and atmosphere when deciding where to eat. The main idea behind this scenario was to create a brand that embodies all the values that UBC and its students represent. Students are busy and are looking for 'on the go food' that's appetizing yet doesn't take too long to make or eat.

Japadogs became an overnight sensation in Vancouver in 2005, and the reason for their success was their ability to effortlessly fuse a traditional North American food (hot dogs) with traditional Japanese toppings. UBC is a campus comprised of several cultures, as represented by the variety of food offered in the Nest and the rest of UBC campus. There is a significant opportunity to leverage this appreciation for different cultures by providing food that contains elements of several cultures. As a result, we believe the concept of Japadog greatly aligns with the values the NEST tries to reflect with its hospitality and food services.

Thus, our strategy is to replace Flipside with a new food service named 'HawtDawg'. When choosing the name, we looked at what our survey told us about what UBC students, particularly how those that spend their time in the Nest associate themselves.

Competition against other food services in the NEST is reduced, as none of the eateries there serves hot dog, and more specific Japanese style hot dog. With a unique theme appear in the NEST, HawtDawg can capture people's attention with the food, reasonable price, and quick serving advantages.

UBC Food Service is an inevitable competitor of HawtDawg, regardless of any change made proposed in this report. UBC Food Service operates a hot dog stand outside of Ponderosa at Lower Mall. However, it only offers basic traditional American hot dogs to a small customer segment. In general, food services operated by UBC have natural advantages to compete on campus with the marketing and financial support from UBC. Due to our special market position in the NEST as an eatery that provides both convenience and pleasure, we are less worried about the competition of a simple but expensive hot dog offered by the food trucks.

Other restaurants in Village and Westbrook mall are not our main competitors because of the long distance from these two locations. The introduction of hotdog reduces the chance of direct head-on competition with their fast food restaurants, and thus, counteract a "red ocean" battle.

Implementation

Implementation

HawtDawg

Offer innovative and healthy food through an inclusive community

1. Support employees and create an inclusive business culture

2. Increase visibility through exterior design and marketing campaign

3. Establishing R&D group to Improve food and menu

4. Improve operation through quality control and bottleneck analysis

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Tactic 1: Culture and Employee

Tactic 1: Culture & Employee

- ❖ Training Program: train chefs for preparation of hot dogs
- ❖ Training and learning within the restaurant to create an inclusive environment
- ❖ Establish scholarship program



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Training program:

Based on our observation, Flipside currently has nonuniform attires and work ethics that need to be fixed right at the start of our implementation. We will adopt a standardized training program that improves the efficiency of our staff along the way towards success. The program targets both cashiers and chefs, designed to enhance their comprehension of the importance of having a common goal and vision, and performing their daily routine efficiently.

Part of the training program aims to prepare the chefs specifically for making hot dogs. The training will be provided by the Menu Research and Development team. Chefs will then lead future training on how to prepare food on the menu. The transition of skills and training within internal staffs can help to save costs and create a closer inclusive working environment.

Scholarship program: Considering that majority of employees HawtDawg will be hiring are UBC students, creating a scholarship program can create an incentive for the employee to work at their full potential and demonstrate HawtDawg's value of establishing a supportive and inclusive working environment. The scholarship program will provide two \$500 scholarship each term. Employees will be evaluated based on a combination of work performance, customer satisfaction, financial status.

Metrics:

Employee turnover rate: a good training program and inclusive working environment should result in a low employee turnover.

Customer satisfaction: on a scale of 1-5, customers will evaluate the service provided by the cashier and food prepared by the chief when they pick up the food.

Tactic 2: Increase Visibility and Engagement

Tactic 2: Increase Visibility and Engagement

Exterior Design:

- Appealing overall design
- Underline cultural influences (USA/ Japan)
- Simple, timeless design
- Characterized by 2-3 colors
- Uniforms for employees!

Outsource the design process to a professional third party



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Exterior Design

The location at which Flipside is located is rather suboptimal. It is located on the periphery of the lower floor behind a large staircase. Flipside is not an appealing location; it lacks an effective and visually appealing design concept.

Regarding overall design and appearance, the new proposed venture needs to accommodate the disadvantages the location brings. It furthermore needs to be visually appealing for the consumer. Ideally, the design concept highlights the two most important aspects of the food served; North America (the classic hot dog) and Japan/ Asia (pertaining to the Asian inspired fixings of the hot dogs). The proposed hot dog creations look rather colorful and are an exciting new addition to the UBC food spectrum overall. Therefore, the design of the proposed business should also reflect these aspects. Overall the new design should be elegant and timeless, to still be relevant in the future (15yrs), yet also modern, fun, and creative (to highlight that this is not just an average hot dog place, and to attract attention to the physical location).

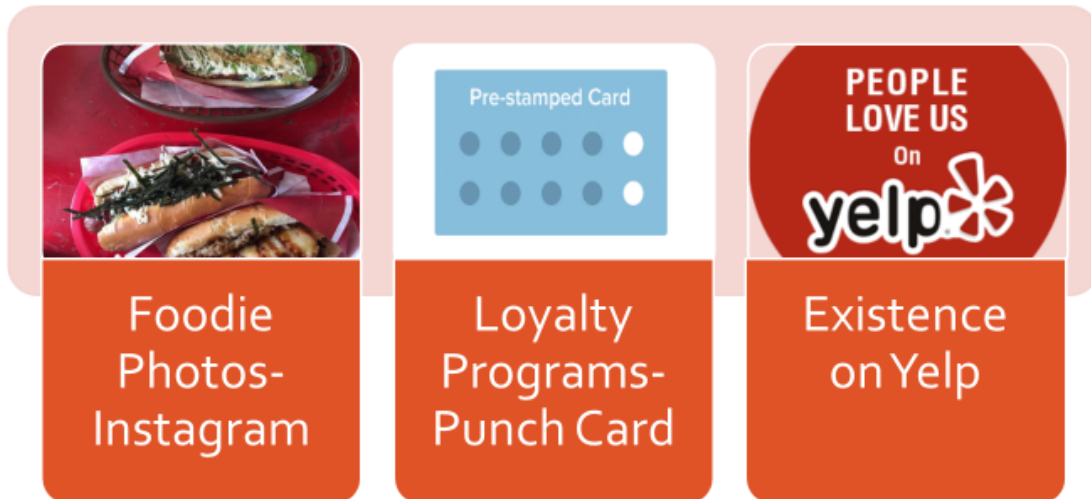
An additional important part of such a restaurant's design is the packaging. The packaging this case does not need to be fancy. Since the product served is colorful and appealing on its own, we suggest serving the hot dogs in a simple red cardboard box. We recommend limiting packaging materials to a minimum to cater to UBC's overall goal towards sustainability.

Ultimately, to give the operation an overall professional look, uniforms for the staff are necessary. We suggest a simple and comfortable uniform (ex. red polo shirts) be worn.

Planning and designing a successful restaurant is a complex task. Numerous issues, from hygienic regulations to the proper lighting, need to be considered. Therefore, we suggest external planners/ architects specializing in gastronomy to take on this entire process.

Tactic 2: Cont'd

Tactic 2 (Cont'd): Visibility & Engagement



Increase visibility, awareness and customer engagement (Digital and Visual Marketing)

The Nest has many restaurants located in its building, which makes it difficult to promote and market its restaurants individually. However, to acquire the target customer segment and communicate our values and principles to that target market, it is important that there is a marketing strategy in place.

Marketing tactics that should be used increase awareness and maintain engagement include:

- **Foodie Photos**

The strength in HawtDawgs isn't only in the taste but also in the visual aesthetic of the hot dog. As a result, A HawtDawg Instagram account should be made to display drool-inducing, high-quality photos. UBC has many visual media groups such as CUS Visual Media who are very qualified and available to help other UBC affiliated organizations take high-quality photos.

- **Loyalty Programs**

Customers like when they feel like their loyalty is appreciated and valued. To achieve this, HawtDawg could offer free purchase or discount for visiting a certain number of times. This could be done by handing out punch card to clients at the store and around campus. After filling the punch card (Buying x number of hotdogs, the customer gets a free one).

- **Yelp**

Yelp has great power in the service industry, particularly the restaurant industry. Most people review restaurants on Yelp regardless of whether they have an account set up or not. As a result, it is important to be proactive and set up an account that works for you rather than against you. Details that should be included in the account are pictures, location, menu, price, Wi-Fi/seating, etc.

Tactic 3: Create R&D Team

Tactic 3: Create R&D Team for Market Research

Establish a R&D team exploring recipes and the menu

- ❖ Evaluate the Japanese and Vancouver fast food/ hot dog industry
- ❖ Innovate on recipes with special ingredients



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The main competitive advantage of 'Hawt Dawg' is that it combines ingredients and foods that traditionally aren't associated with each other in a simple and organic way. Thus, it is important for experts in the food industry to do research and development on Japanese style hot dogs, particularly the fast food industry. The core R&D team will consist of two fast food Chefs and AMS staff. One Chef will be experienced in Vancouver fast food cuisine while the other chef will be experienced in Asian fast food cuisine, preferably Japanese.

The goals of the Research and development team will be to:

- Evaluate the Japanese and Vancouver fast food/Hot dog industry to develop a menu that represents the Vancouver and Japanese culture. It will consist of primary research such as going to local hot dog places in Vancouver and Japan to get quantitative and qualitative information on what options are most popular on Hot dogs, what customers in hot dog restaurants will love to see on their hot dogs, and what menu sizes/ prices are most favorable yet affordable in Vancouver and Japanese hot dogs.
- Establish ingredients that compliment each other to make delicious yet varied and inclusive menu items. 'HawtDawg' consist of Japanese ingredients/ influence on traditional hot dogs. After identifying Japanese and Vancouver inspired toppings people like best, it is important to establish which ingredients will work best to make an item on the menu. For example, Japadogs have an item called Negimiso which is a turkey sausage, topped with miso sauce and shredded cabbage. When doing this research, the team should keep in mind that HawtDawg is also looking to uphold the Nest's values of its food being organic and locally produced. As a result, as much as possible of the ingredients in the menu should be locally produced and grown, preferably by establishing a supplier partnership with UBC farms.

Metrics: Sales of menu items, Food cost percentage - Cost of creating a menu item vs selling price of that menu item

Product oriented with less service

Flipside only owns a kitchen area and a counter, not much service involved except ordering and calling for numbers. A study from the survey shows People are very interested in food that pushes the norm to differentiate itself from other similar offerings. They are willing to pay a few dollars more for the food that looks appealing, adventurous, culturally unique and tastes better.

We will focus on innovation on our hotdogs to deliver the best look and taste among other hotdog stands on campus.

Combo

It is a common strategy suggested and used by many restaurants to gain additional margin upon the main dish. We are going to keep the tradition by providing drinks and side dishes beyond our delicious hot dogs.

Tactic 4: Enhance Operation

Tactic 4: Enhance Operation

1) Quality control

- ❖ Ensure safety and promote healthy
- ❖ Metrics: Food quality/safety checklists

2) Inventory management and Purchase

- ❖ Sustainable business with efficient procurement to minimize waste and stock out
- ❖ Metrics: Procurement cycle time, Waste measure, % of items backordered

3) Bottleneck elimination

- ❖ Process redesign to ensure time spent on each step is balanced
- ❖ Metrics: Throughput rate, Waiting time, Waiting line length, Service time

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Quality control: Healthy is one key idea that AMS promotes to UBC students. HawtDawg will adhere to the policy by setting a strict standard to control our food safety throughout the supply chain, cooking, and handling of the food.

Metrics: Food safety/quality checklist.

Inventory management and Purchase

Every restaurant controls its cost on inventory by purchasing the right number of ingredients and reducing waste to the minimum. Upon decision making on a stock purchase, we have to determine the cycle stock, which is the average amount of inventory a restaurant needs to fulfill demand before making another order. Set a safety stock, safety lead time and a precise reorder point to prevent any backorder. We suggest HawtDawg implementing a moving average or weighted average forecasting method to collect data for stock management decisions, and based on which, we can predict the amount to be purchased in the next round.

- Moving average: a mathematical result that is computed by averaging some past data points.
- Weighted average: a mean calculated by giving values in a data set more influence according to some attribute of the data.

Metrics: Procurement cycle time, Waste measure, % of items backordered.

Bottleneck elimination

Bottleneck determines the throughput rate of an operation cycle. Understanding and modification on the bottleneck will increase transactions and cash flow. It is a constraint in the process that requires the longest time to complete before proceeding to the next step of the operation. There are two scenarios where bottlenecks exist during busy hours.

1. Long waiting line at the cashier

Low capacity in the ordering step 'starves' the cooking activity and limits the entire process flow. The bottleneck is the ordering step and it can be modified in several ways:

- Assign more staff to the counter to help with the order
- Improve software on computer to improve order processing speed
- Add another entry machine to take orders

2. Long waiting line for the food

The order is a flow unit taken by the cashier, waiting to undergo a 'cooking' activity. However, the process is 'blocked' due to the capacity constraint in the kitchen. In this case, the bottleneck is the kitchen and it can be modified through in ways:

- Assign more staff to the kitchen to help with the cooking
- Add one more stove to cook the food
- Improve chefs' proficiency

Metrics: throughput rate, waiting time, waiting line length, service time.

Success Metrics

- ❖ Return on Investment
- ❖ Gross Profit Margin
- ❖ Employee turnover rate
- ❖ Customer satisfaction survey
- ❖ Customer Churn rate
- ❖ Waiting time



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Financial Analysis: Costs

Financial Analysis: Costs

Our Startup Budget and Expenditure	Costs
The costs for design and decoration	\$ 2,000.00
The Budget for insurance, permits and license	\$ 700.00
The costs for renting fee	\$ -
the costs of the equipment (Hot dogs roller grill)	\$ 700.00
the costs for the uniforms	\$ 500.00
the costs of marketing promotions	\$ 1,500.00
the costs of disposable tableware for three months	\$ 1,290.00
the costs for employees salaries	\$ 15,000.00
the costs for ingredients for a quarter year	\$ 5,600.00
Total fixed costs	\$ 27,290.00

- ❖ Start up costs \$27,290
- ❖ Cash flow \$30,000
- ❖ Major Expenses: employees salaries, design and decoration

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We made two assumptions for our financial plan:

1. The economy will remain the same, and there will be no recession in the next three quarters of 2017
2. Taste preferences will not change dramatically, and therefore our predicted of the market will remain valid.

Start-up costs

The investment amount of \$50,000 will be used for transition from Flipside to HawtDawg and start-up costs for our first three quarters of the year. The start-up costs are calculated to \$27,290. This amount includes major expenses such as the costs of design and decoration, insurance, and uniform. We estimate that we need four employees who will almost work 6 hours per day. In the afternoon, we can have two employees working, reducing the costs of employee's salaries. The financial statements include all the variable costs such as ingredients expenditures for three quarters. We will build a relationship with our suppliers to get a line of credit. We estimate that most of the investment amount will be used for transition and the remain for later operating.

Financial Analysis: Projections

Financial Analysis: Projections

Unit Sales	the 2nd quarter	the 3rd quarter	the 4th quarter
Total Number of Units	21700	32550	43400
Total Sales	\$ 81,650.00	\$ 122,475.00	\$ 163,300.00
Total Direct Cost	\$ 21,275.00	\$ 31,912.50	\$ 42,550.00
Gross Profit	\$ 60,375.00	\$ 90,562.50	\$ 120,750.00
Gross Profit %	74%	74%	74%

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Break-Even Point

The break-even point of sales will be achieved in the second quarter of the operation. After the second quarter, the variable costs also need be covered by the sales. These variable costs are easy to be tracked because they are based on the customer's demand. Even if the demand is low after the second quarter of the year, we can still have a positive return because the variable costs are also low.

Sales Revenue

According to our marketing research, we have estimated the number of sales per day for the three quarters of the year. The list for our gross profits from sales revenue is presented above. The gross profit is \$60,375 for the second quarter of 2017. HawtDawg will earn 73 cents for every dollar sale because Japan dogs have low ingredient costs. The estimated growth in the sales from second quarter to the third quarter is one and a half time more, due to the marketing promotion. From the second quarter to fourth quarter, we predict the growth in demand increase two times the sales because of the estimated lower customer turnover.

Conclusion



Risks and contingencies

- Capture early adopter:

Japanese-style Hot Dogs is in the development stage of the product lifecycle. According to the survey, 45% of the respondents committed that they have never tried a Japanese style hot dog before. Although 80% of people said they are willing to purchase the HawtDawg at least once a week, there is still uncertain if HawtDawg can capture enough early adopters and early majorities.

- Recipe and Menu:

Japadog has become a pioneer in providing Japanese-style hot dogs. Given the uniqueness of Japanese style hot dogs, Recipe and Menu R&D may face challenges in creating a competitive menu. Therefore, further investment in R&D may be required, which will likely increase the budget.

Social Enterprise:

Looking at HawtDawg from the perspective of a social enterprise. Note that social enterprise is not a legal term; hence there are many definitions. The BC Centre for Social Enterprise defines the term as: "An entrepreneurial approach to addressing social issues and creating positive community change."

Note:

A social enterprise is essentially a regular business offering a product in the common market. However, it takes a triple bottom line approach (occasionally there are four bottom lines with the cultural aspect being the fourth). Note that social enterprises are no quick fix to organizational issues of an organization. Furthermore, these types of businesses generally take several years to break even.

HawtDawg can certainly be viewed as a social enterprise. We define the business as having two main purposes in this case:

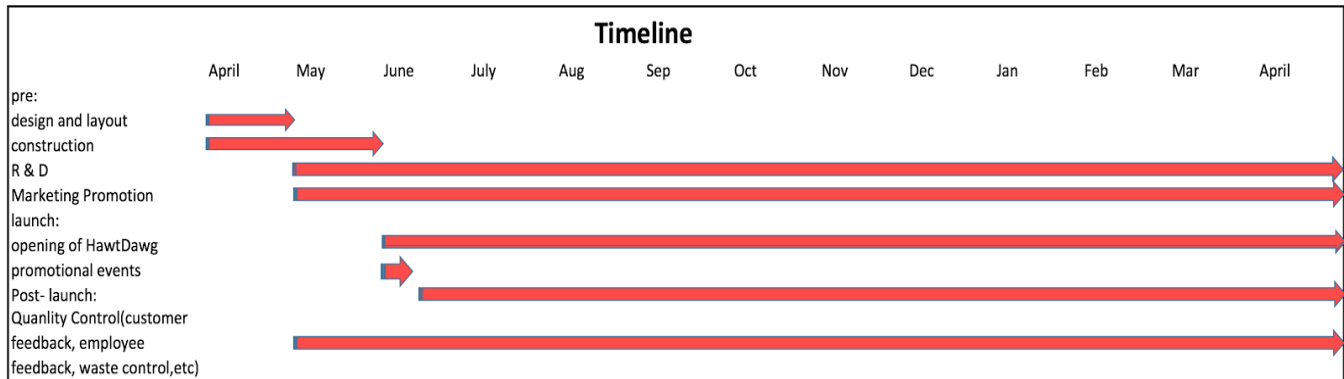
- Make a profit: A key aspect of the business is to provide revenues for the parent organization, the AMS. The AMS uses these funds to finance projects and programs, which benefit the entire UBC student body.
- Employment opportunity: HawtDawg can provide training and employment for students. Students, especially international students, often find it difficult to find appealing job opportunities that they can accommodate with their academic program. Employment at HawtDawg has various benefits.
 1. Proximity to classes: The fact that HawtDawg is located on campus is very beneficial for most students since it enables them to get to and from work easily after their lectures.
 2. Source of income: Employment at HawtDawg can serve as a source of income for students. One should keep in mind that many students have limited budgets and need to generate additional income.
 3. Employment opportunity for international students: HawtDawg also serves as a potential employer for international students, as this group of students generally is not legally allowed to take on employment outside of the campus.
 4. Other benefits: HawtDawg is also seeking to provide additional benefits to its team members, such as scholarships (see tactics section) or coupons for the Birdcoop Gym.

Concluding:

Ultimately implementing HawtDawg's at the current Flipside location would be beneficial.

By opening HawtDawg we are taking a very entrepreneurial approach. Keep in mind that opening a 'hot dog stand' is the epitome of entrepreneurship. Undoubtedly this project bears certain risks (see risk section), however, we believe the overall risk is manageable. In the long-run HawtDawg will be a sustainable business for the AMS, thereby serving the UBC community.

Appendixes



Appendix I: SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ❖ Only burger place in the Nest ❖ Offers popular fast food (Fried chicken, Burgers, Fries, Putin etc.) ❖ Burgers are handmade and 100% meat. ❖ Quick wait and serving times. 	<ul style="list-style-type: none"> ❖ Very little awareness in UBC community. ❖ Financially unprofitable ❖ Distinct sitting/ queue area
Opportunities	Threats
<ul style="list-style-type: none"> ❖ The AMS is considering closing the Nest and allocating the space to a new food service. ❖ Lack of culture fusion food options on campus. ❖ More defined target market. 	<ul style="list-style-type: none"> ❖ Likely entry of a new competitors ❖ Rising desire for foreign and cultural food is having impact on demand for regular fast food

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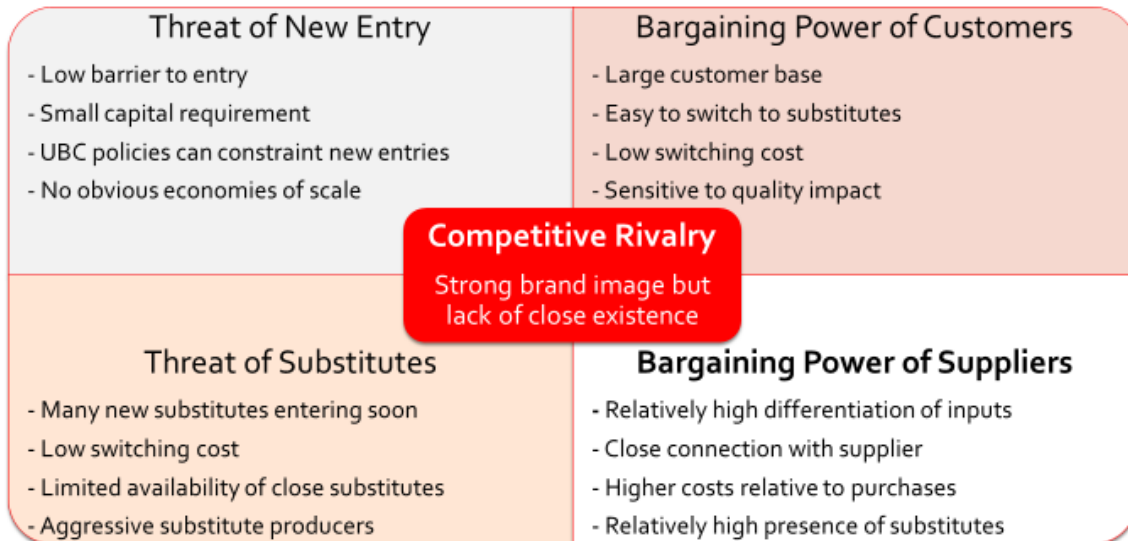
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Appendix II: Porter's Five Forces



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Appendix III: Business Canvas

key partners	key activity	value propositions	customer relationship	customer segments		
<ul style="list-style-type: none">designers & set up contractorsretail partnershiplocal raw materials suppliers	<ul style="list-style-type: none">dedicated the cooking and serving hot dogsproduct R & Dmarketing promotion <div>key resources</div> <ul style="list-style-type: none">active waitersexperienced chefkitchenutensilsequipment	<ul style="list-style-type: none">service the healthy, yummy, innovative hot dogs with Japanese toppingsconsistent high quality foods with no long linesvariety of options for hot dogs and beverages	<ul style="list-style-type: none">high level and friendly customer serviceoffering discount for students who use student cards to payfast quality service <div>channels</div> <ul style="list-style-type: none">physical store in the Nestpartners' events	<ul style="list-style-type: none">undergraduate studentsgraduate studentsfaculty & staffvisitors & parentsconstruction workers		
cost structure			revenue streams			
<ul style="list-style-type: none">marketing and advertisementemployees trainingdesign and decorationuniformsinsurancetableware			<ul style="list-style-type: none">In stores sales			

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Unit Sales and Unit Costs							
times for sales		1.5	2				
Unit Sales	the 2nd quarter	the 3rd quarter	the 4th quarter	Price Per Unit	the 2nd quarter	the 3rd quarter	the 4th quarter
Kwakiutl	3000	4500	6000	Kwakiutl	\$ 6.00	\$ 6.00	\$ 6.00
Totem	2000	3000	4000	Totem	\$ 6.50	\$ 6.50	\$ 6.50
Creek Dog	1800	2700	3600	Creek Dog	\$ 5.00	\$ 5.00	\$ 5.00
Van city	1200	1800	2400	Van city	\$ 5.00	\$ 5.00	\$ 5.00
Kitasoo	1000	1500	2000	Kitasoo	\$ 5.30	\$ 5.30	\$ 5.30
Water	2500	3750	5000	Water	\$ 1.50	\$ 1.50	\$ 1.50
Vitamin Water	1000	1500	2000	Vitamin Water	\$ 3.00	\$ 3.00	\$ 3.00
Soda	800	1200	1600	Soda	\$ 3.00	\$ 3.00	\$ 3.00
Juice	1600	2400	3200	Juice	\$ 2.00	\$ 2.00	\$ 2.00
Fries	3000	4500	6000	Fries	\$ 2.00	\$ 2.00	\$ 2.00
Yam fries	2600	3900	5200	Yam fries	\$ 3.00	\$ 3.00	\$ 3.00
Chips	600	900	1200	Chips	\$ 2.00	\$ 2.00	\$ 2.00
Salad	600	900	1200	Salad	\$ 5.00	\$ 5.00	\$ 5.00
Total Number of Units	21700	32550	43400				
Sales	the 2nd quarter	the 3rd quarter	the 4th quarter				
Kwakiutl	\$ 18,000.00	\$ 27,000.00	\$ 36,000.00				
Totem	\$ 13,000.00	\$ 19,500.00	\$ 26,000.00				
Creek Dog	\$ 9,000.00	\$ 13,500.00	\$ 18,000.00				
Van city	\$ 6,000.00	\$ 9,000.00	\$ 12,000.00				
Kitasoo	\$ 5,300.00	\$ 7,950.00	\$ 10,600.00				
Water	\$ 3,750.00	\$ 5,625.00	\$ 7,500.00				
Vitamin Water	\$ 3,000.00	\$ 4,500.00	\$ 6,000.00				
Soda	\$ 2,400.00	\$ 3,600.00	\$ 4,800.00				
Juice	\$ 3,200.00	\$ 4,800.00	\$ 6,400.00				
Fries	\$ 6,000.00	\$ 9,000.00	\$ 12,000.00				
Yam fries	\$ 7,800.00	\$ 11,700.00	\$ 15,600.00				
Chips	\$ 1,200.00	\$ 1,800.00	\$ 2,400.00				
Salad	\$ 3,000.00	\$ 4,500.00	\$ 6,000.00				
Total Sales	\$ 81,650.00	\$ 122,475.00	\$ 163,300.00				
Direct Cost Per Unit	the 2nd quarter	the 3rd quarter	the 4th quarter	Direct Cost	the 2nd quarter	the 3rd quarter	the 4th quarter
Kwakiutl	\$ 1.00	\$ 1.00	\$ 1.00	Kwakiutl	\$ 3,000.00	\$ 4,500.00	\$ 6,000.00
Totem	\$ 1.20	\$ 1.20	\$ 1.20	Totem	\$ 2,400.00	\$ 3,600.00	\$ 4,800.00
Creek Dog	\$ 0.70	\$ 0.70	\$ 0.70	Creek Dog	\$ 1,260.00	\$ 1,890.00	\$ 2,520.00
Van city	\$ 0.75	\$ 0.75	\$ 0.75	Van city	\$ 900.00	\$ 1,350.00	\$ 1,800.00
Kitasoo	\$ 0.77	\$ 0.77	\$ 0.77	Kitasoo	\$ 770.00	\$ 1,155.00	\$ 1,540.00
Water	\$ 0.45	\$ 0.45	\$ 0.45	Water	\$ 1,125.00	\$ 1,687.50	\$ 2,250.00
Vitamin Water	\$ 1.50	\$ 1.50	\$ 1.50	Vitamin Water	\$ 1,500.00	\$ 2,250.00	\$ 3,000.00
Soda	\$ 1.40	\$ 1.40	\$ 1.40	Soda	\$ 1,120.00	\$ 1,680.00	\$ 2,240.00
Juice	\$ 1.00	\$ 1.00	\$ 1.00	Juice	\$ 1,600.00	\$ 2,400.00	\$ 3,200.00
Fries	\$ 1.00	\$ 1.00	\$ 1.00	Fries	\$ 3,000.00	\$ 4,500.00	\$ 6,000.00
Yam fries	\$ 1.10	\$ 1.10	\$ 1.10	Yam fries	\$ 2,860.00	\$ 4,290.00	\$ 5,720.00
Chips	\$ 0.90	\$ 0.90	\$ 0.90	Chips	\$ 540.00	\$ 810.00	\$ 1,080.00
Salad	\$ 2.00	\$ 2.00	\$ 2.00	Salad	\$ 1,200.00	\$ 1,800.00	\$ 2,400.00
				Total Direct Cost	\$ 21,275.00	\$ 31,912.50	\$ 42,550.00
				Gross Profit	\$ 60,375.00	\$ 90,562.50	\$ 120,750.00
				Gross Profit %	74%	74%	74%