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Implementing ToC in a Restaurant in Mexico

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Sanjay Ghoshal

- Sanjay is a founding Director of Avenir, a management consulting firm that is at the forefront of TOC implementation in India and Mexico.
- He has more than 15 years of consulting experience working with large as well as medium sized organizations across the world.
- Associated with TOC for last ten years. Sanjay was a key member in SFSCo and Goldratt Consulting, India operations
- Sanjay has led many TOC projects in India and abroad. Sanjay was directly involved in implementing TOC in Steel, Pharma, Real Estate, Cements, Consumer Products, Industrial Chemicals, Engineering Companies and Infrastructure.



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Agenda

- About Tai Pak
- The situation before TOC implementation
- Unique challenges in Restaurants
- How TOC was implemented
- Results
- Key Learning's



About Tai Pak

- Started in 1973 by Mr. Manuel Pun, an emigrant from China
- The restaurant was started in Culiacan a small town where Chinese food was rarely known
- So, Tai Pak sold Mexican food as well and the main products were desserts
- The menu based on available ingredients rather than dish requirements. Tai Pak had to invent new Chinese recipes to suit the ingredients
- The dining room capacity of 40 clients with a very few employees. The Pun family was involved in all the operations



Tai Pak in 1970's





Tai Pak in 1970's





The first phase of growth

- They changed their location in 1985 in the down town Culiacan. They also expanded the capacity
 - Capacity of 150 clients
 - 12 employees (4 woks)
- Some new *novel concepts* were added like Air Conditioner, Waiters, Proper Kitchen etc.
- A lot of people were asking whether fast pick-ups will be allowed. They started To go service in 1991. They also created another kitchen and service staff. Tai Pak segmented the market and also the resources.



The new Tai Pak





The next phase of growth

- The facility was enhanced in 1995
 - Capacity of 300 clients
 - 90 employees (18 woks)
- Tai Pak worked towards renewing their brand. They started looking at better service and quality levels
- Now the customers started asking about delivering food at their doorstep. Tai Pak started the Home delivery service in 1997
- Tai Pak opened another (new) restaurant, Quintas in the year 2000



The new restaurants





Over the years, Tai Pak added newer infrastructure

- 2000 – A separate raw material processing facility to cater to both the restaurants
- 2001 – www.Tai Pak.com was established
- 2002 – Started the Call Center to aid the delivery service
- 2006 – The dream of a premium restaurant Pangú catering to higher income level, with a completely new menu and much better throughput
- 2008 – Started a standalone Express restaurant to cater to Delivery service



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The new restaurants





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The new Express Restaurants





The way of working before TOC implementation

- Two independent kitchens per restaurant
 - Why delaying a “to go” order because of the restaurant?
 - It’s easier to manage kitchens independently
 - Twice the problems, one kitchen idle and the other very busy
- Batching was the base of the kitchen strategy
 - Customized IT system to implement batching
 - Different size of dishes
 - Taste was modified
 - Quality inconsistency



Other Practices (I)

- Only 3 waiters delivered food in the dining room
 - Resource segmentation
 - Poor service levels
 - Other waiters only took orders
- Process was unclear
 - Hard to manage and supervise
 - The staff didn't know how to do their job
 - Higher levels of employee stress



Other Practices (II)

- Independent departments
 - Kitchen didn't know how to help dining room
 - Resources were limited per department
- Unable to improve service levels
 - Initiatives were live for a couple of months only
 - Employees time was bad organized
 - Dissatisfied clients



The delivery statistics before TOC implementation

- Complex MTS in the express service
 - Food waited for over 40 minutes
 - Food quality was impacted
- Peak delivery times of 65 minutes per order
 - Constant delivery time complains
- Marketing focused on less important issues
 - Dining room image
 - Live music
 - Short period marketing initiatives



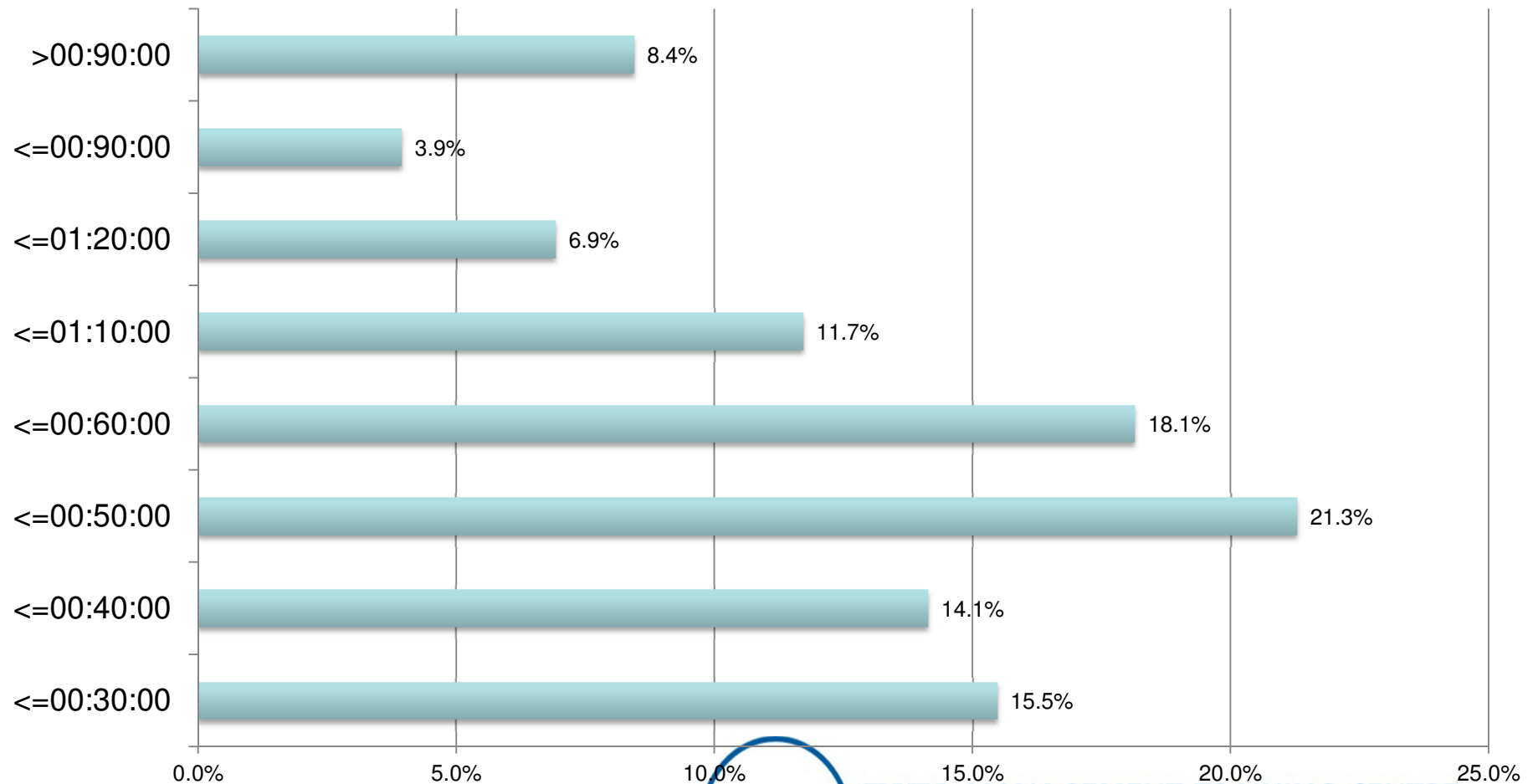
The expansion strategy before TOC implementation

- Just about to open 5 new Express facilities
 - It's easier to manage 1 kitchen
 - Lower investment
- Introduction of tea at retail stores



The key statistics before TOC implementation

Turn Around Times (January 2010)





Unique challenges in Tai Pak as compared to a manufacturing set-up

- The order is given only when customer walks in
- Customer needs to be serviced immediately while it being in an MTO environment
- Very short product shelf life
- Quality is extremely important but no statistical method available for Quality Control
 - Tasting is the only way of supporting quality
- Very high perishability of capacity
- Huge spikes and trough in demand
 - In the year, in the month, in the week and in a day



Constraint Identification

Peak Hours



Ingredients



Kitchen



Dining Hall



Customers

Non Peak Hours



Ingredients



Kitchen



Dining Hall



Customers



The first step was to increase price

- Realized that during the peak hours, 5 dishes amount to more than 50% of the orders
- It was decided to increase price by 10% for these dishes. This meant an immediate increase of 14% in throughput
- Generally management used to take a lot of time to decide on price increase (last time they took almost three months to increase the price by 5%). This included printing of menu with new prices
- This time the exercise was completed in 7 days
- There was no significant reduction in sales observed in the next couple of months!!



Weekly Report

- We developed a culture of weekly reporting
 - Weekly vs monthly
 - Gained a month, 13 four week period vs 12 months
- The only focus is throughput increase
- The whole top management attends this meeting religiously



Segment the market but do not segment the resources

- Combined the kitchen (restaurant and “to go”)
- Developed a “To Be” process both for dining hall and the kitchen to take the advantage of
 - Resource de-segmentation
 - Eliminating non value added activities
 - De-batching to improve quality
- Focus on quality – cooking manual
- This was achieved by people involvement, the processes were designed by the people rather than consultants or top management

Cooking Manual

Lección del Día

COMAL LIMPIO Y CALENTAMIENTO DEL COMAL



CORRECTO



Qué hacer

- A. Tener completamente limpio el comal
- B. Mantener el comal caliente a una temperatura ideal

INCORRECTO



Que NO hacer

- A. No tener el comal sucio con impurezas, algún material extraño, jabón, residuos etc.



Un-refusable offer in the restaurant

We serve your order in less than 15 minutes or you get a 50% discount



15
minutos
o paga el
50%

Su platillo en **15 minutos**
o paga sólo la mitad*

*Consulte bases y condiciones

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Promise to the clients

- If you don't like your dish you don't pay it
- Every single dish is made when you order
- Cooked one by one
- You can customize your dish as much as you want
- Time and taste complains reduced significantly



The focus was to create a win-win-win

- Every single change was done in collaboration with employees
- A strong focus towards training and development
- Linkage with performance management system
- The Head of operations became the real champion



The implementation accelerated rapidly across restaurants

- 1 month in the first restaurant
- 1 week in the second
- 1 day in the third one

TT This was made possible through people involvement



Tai Pakalso worked towards increasing off-peak hours traffic

- Introduction of “Happy Hour” concept
- Aggressively marketing events
 - Birthdays
 - Anniversaries etc.



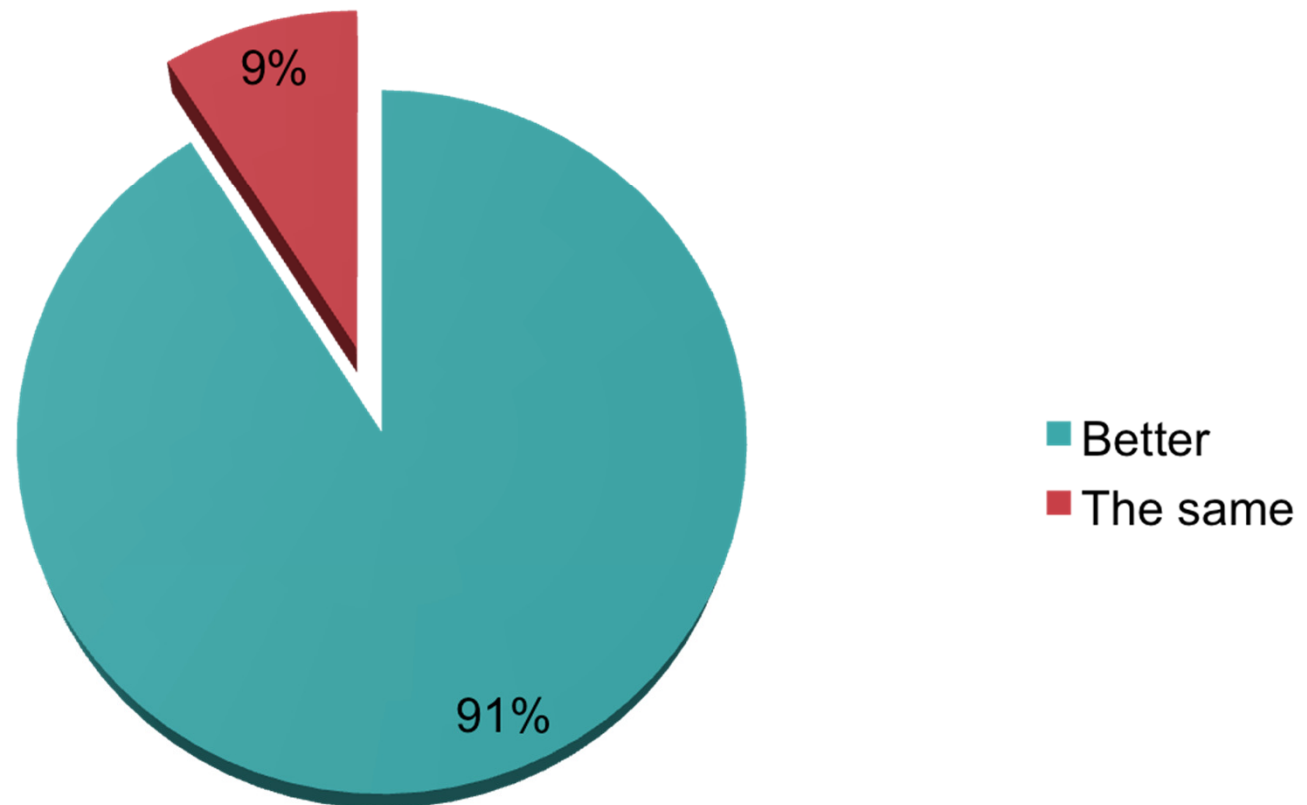
The expansion strategy was also based on TOC principle of Focus

- Focus in the restaurant business only
 - Do not diversify into retail tea or other businesses
- Open new restaurants in Culiacan only
 - Enough opportunity in Culiacan before moving out to other cities
- Open one by one
- Select and train the “opening team”



Results - Clients

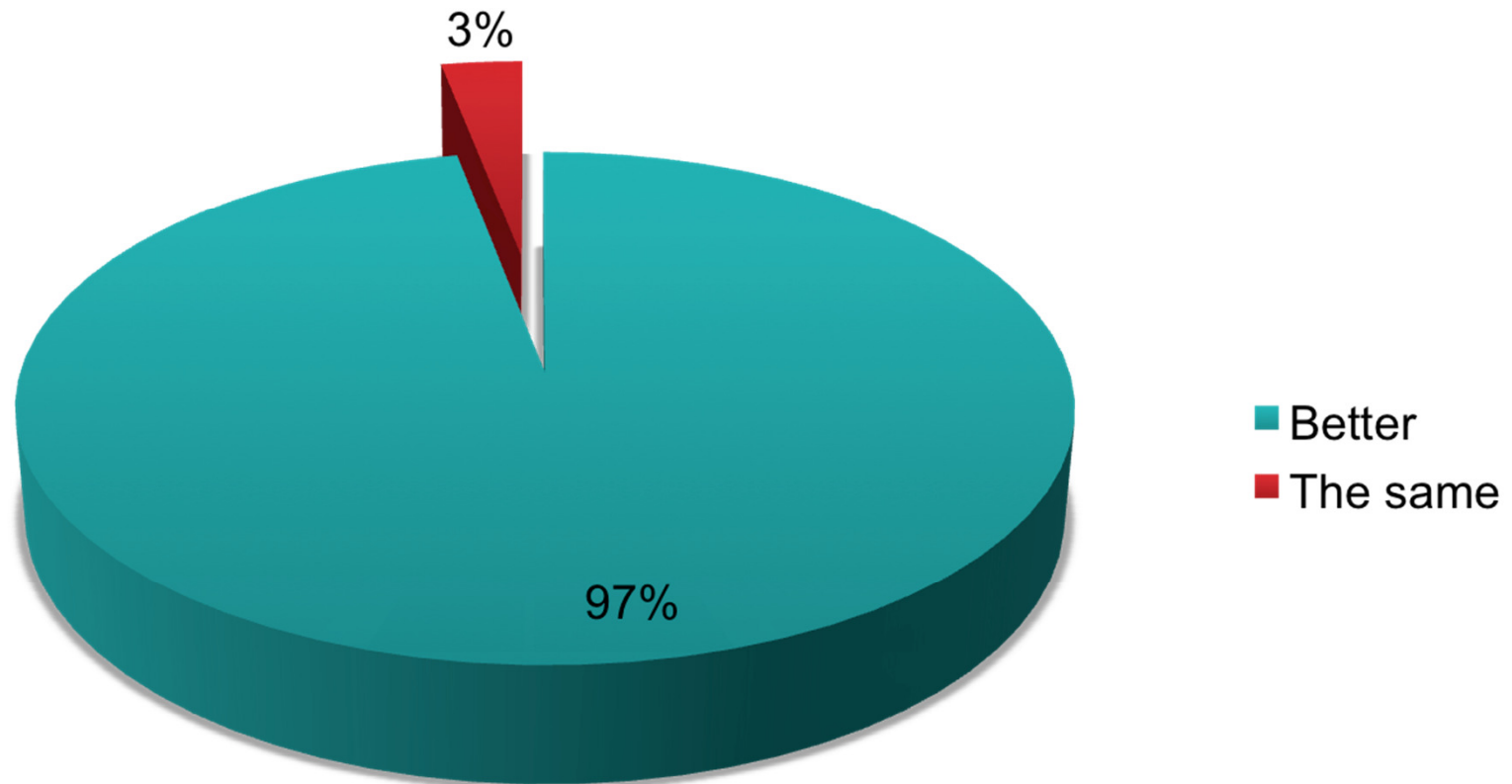
How is our service compared to 2 months ago?





Results - Clients

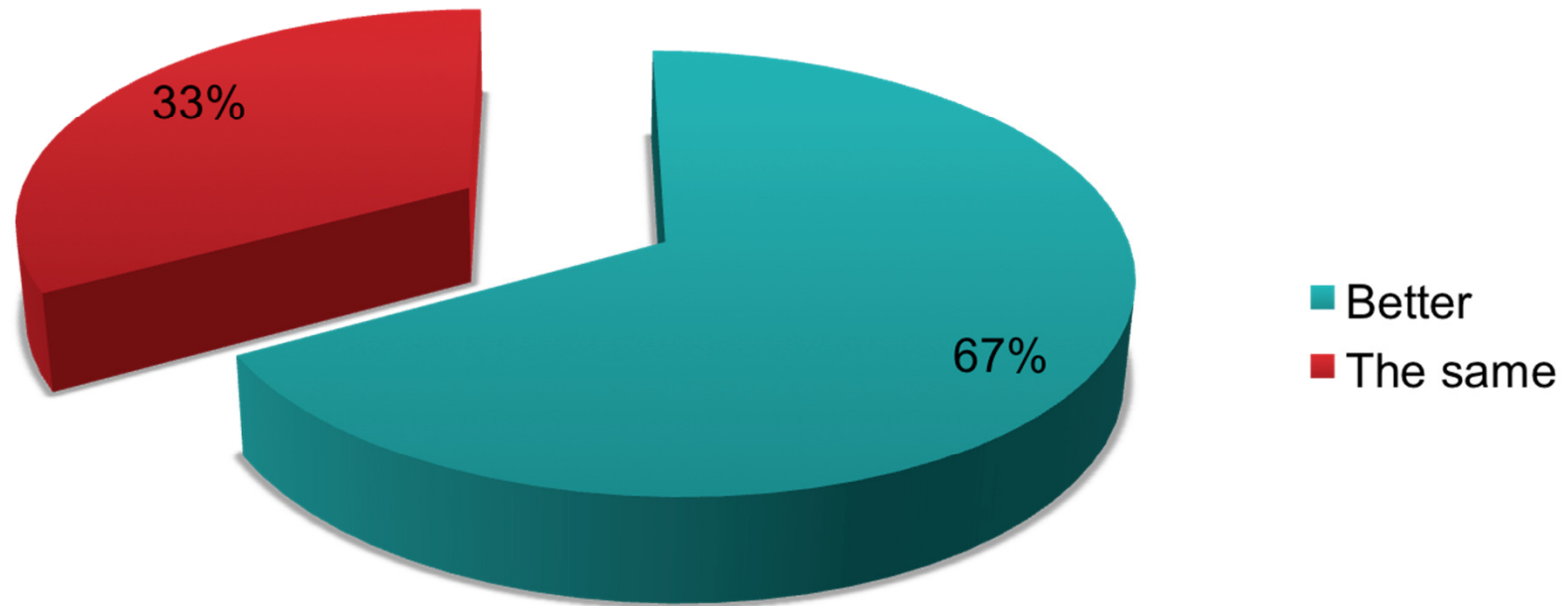
How is our delivery time compared to 2 months ago?





Results - Clients

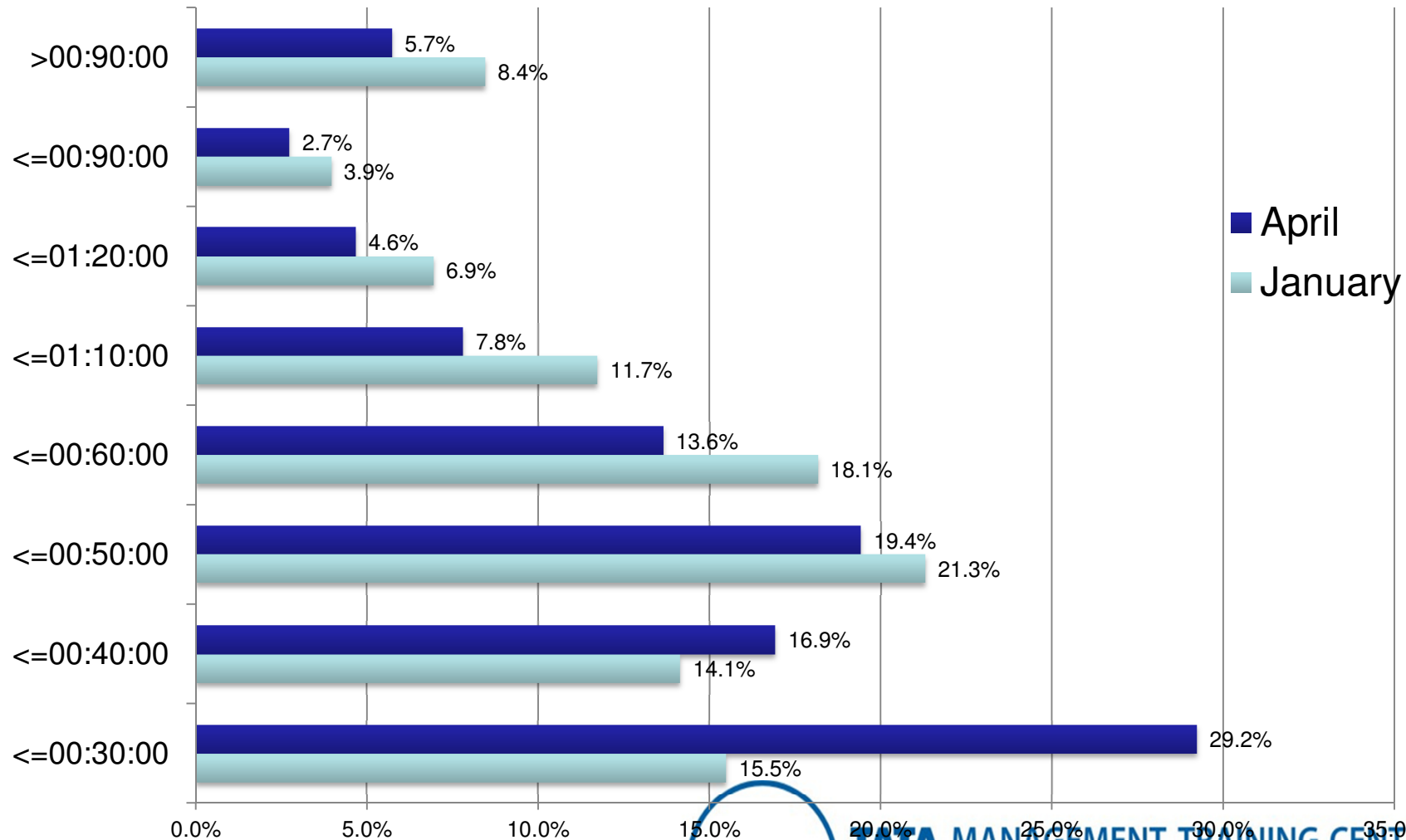
How is the food taste compared to 2 months ago?





Dramatic improvement

Turn Around Times Comparison – Order to payment





Results - Internally

- Only 0.35% of the orders had discount in the 1st month
- Increased 2 cooks per restaurant
- Decreased kitchen staff from 50 to 40
- Culture change where everything is possible
 - Everyone now want to participate in the new changes
 - They are able to design and execute changes
- It's easier to supervise every step of the process



Internal Changes

- Everyone knows how to do their job
 - Significantly reduced stress levels
 - People are happier with their work
 - They perform better



Results- Internally

- Valentine's day 2009
 - Peak delivery time 60 minutes
 - First kitchen break in the day at 8 pm
 - Extremely high stress levels
- Valentine's day 2010
 - Peak delivery time 15 minutes
 - First kitchen break in the day at 3 pm
 - Staff was smiling



Results - Internally

- Cooking manual creation
 - Created along with the cooks
- Quality management program
 - All cooks are evaluated once a month
 - All cooks assist to at least one quality class per month



Way forward

- Un-refusable offer for the “To Go” i.e. delivery
- Start breakfast – Utilise the premises in the morning
- Desert trolley – Increase throughput per customer
- Coaching and mentoring of supervisors
- Improve service quality by instituting a dashboard
- New ideas cell
 - Include new items
 - Include new desserts
- Create a standardized template for expansion