

APPLICATION OF HILL'S STRATEGY DEVELOPMENT FRAMEWORK ON FAST FOOD RESTAURANT BUSINESS IN BRUNEI DARUSSALAM

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ABSTRACT

This paper is an analysis of the Hill's Strategy Development Framework and application of the framework to a Fast Food Restaurant business which is operating in Brunei Darussalam. The study of this article concentrates on corporate objectives, marketing strategy, order qualifiers, order winners, and the operations strategy within the company. A review of the relevant literature conducted on corporate goals, competitive priorities, Order Qualifier and Order Winner. The methodology based on a desk review of secondary data and non-participant observations research approach. The findings demonstrated that Fast Food Restaurant Business in Brunei Darussalam required more considerable attention to focus on improving the Customer Service Relationship (CSR) value. It is crucial to concentrate on CSR that would enhance the business brand value, a better image rating and thereby contributing to company's sales and gaining a new customer. The study recommended that Fast Food Restaurant Business create a new market such as selling the frozen product. Fast Food Restaurant Business potentially can sell this in their store or export their patent right on the product internationally. The contribution of this paper is to provide provides a review of the application of the strategic framework to uncover the potential customer benefits package of the strategy.

Keywords: *Hill's Strategy Development Framework, Corporate objectives, Marketing strategy, Operations strategy, Fast Food Restaurant Business, Brunei Darussalam, Conceptual Paper*

INTRODUCTION

A strategy development framework that based on integrated working partnership is gearing towards meeting customer needs. It consists of defining corporate objectives, developing marketing strategies to achieve these goals, assessing how different products win orders, establishing the most appropriate means to manufacture, and providing the necessary manufacturing infrastructure. There are various frameworks and approaches used in the analysis of a company's strategic position. One of the most straightforward is

the SWOT analysis; SWOT is an acronym for “strengths, weaknesses, opportunities, and threats.” Nevertheless, the research of the usage of such a tool is comparatively rare. Fast Food Restaurant Business is restaurant chain and international franchise. It has over 15,000 locations worldwide as of 2015. It is not only a restaurant business but also does delivery services. It is known for its Italian-American cuisine menu including pizza and pasta, as well as side dishes and desserts. It has diversification of product especially in their pizza, for example, different country has a varied menu with a unique local taste. In Brunei, its signature Fast would be *Honey Garlic Chicken* and *Tuna Delight*. These two pizzas are favorite as it has been on their menu for over a decade. Fast Food Restaurant Business in Brunei Darussalam started its operation in over two decades, under a Registered Local Corporation (RLC). RLC handle two brands of Fast Food Restaurant Business. Currently, Fast Food Restaurant Business Brunei has branches nationwide, including three (3) Primo Fast Food Restaurant Business. The primary objective of Fast Food Restaurant Business Brunei is to be the number one favorite fast food restaurant brand in Brunei, and other purposes discussed in following a section of Table 1; the application of the Hill’s Strategy Development Framework.

HILL’S STRATEGY DEVELOPMENT FRAMEWORK

The Hill’s Strategy Development Framework is a useful framework for strategy development that ties up with corporate objectives. It provides the organizational direction, and marketing strategy that defines how the organization will compete in its chosen markets, and the operation strategy that includes the capability to compete in those markets (Hill & Hill, 2009). It seeks to establish how the operations of a company contribute to the competitive advantage of the company. This framework defines the critical elements of an effective operations strategy that includes operations design choice and building the right infrastructure. To use this structure, it consists of five steps: Define corporate objectives; determine marketing strategies to meet these goals; assess how different products win orders against competitors; establish the most appropriate mode to deliver these sets of products and provide the infrastructure required to support operations. As summarized in Hill’s Strategy Development Framework application in Fast Food Restaurant Business Brunei demonstrated in Table 1.

Table 1
 Application on Hill's Strategy Development Framework to Fast Food Restaurant
 Business Brunei

Corporate Objective	Marketing Strategy	Competitive Priorities Ranking	Operation Strategy	
			Operation Design Choices	Infrastructure
To drive aggressive growth	<ul style="list-style-type: none"> ➤ Suggestive selling ➤ On-going promotion 	Quality Product	<ul style="list-style-type: none"> ➤ Standardize in order taking, food preparation & delivery time ➤ Store location, warehouse, call center & a system ➤ Food quality control 	<ul style="list-style-type: none"> ➤ Recruiting proactive individuals ➤ 1-month training ➤ Recognition and Rewards ➤ Enthusiasm to achieve daily target sales
Excel at providing product quality and customer satisfaction	<ul style="list-style-type: none"> ➤ Get customer feedback to see what need to improve ➤ Announce CHAMP! Challenge publically ➤ Entertainment 		<ul style="list-style-type: none"> ➤ Standardize CHAMP! principles ➤ Internal & External Product Audit 	<ul style="list-style-type: none"> ➤ Challenges program CHAMPS Challenge ➤ Quality & Expiration check
Develop and support workforce and proactive leaders through learning and growth	<ul style="list-style-type: none"> ➤ Empowered & enriched working environment 	Quick Service	<ul style="list-style-type: none"> ➤ Monthly Teamwork building (HWWT) ➤ Safe & Healthy Environment 	<ul style="list-style-type: none"> ➤ Focused on employee's well-being on serving customer
To be the leader in creation & innovation of products and services	<ul style="list-style-type: none"> ➤ Produce new pizza flavor occasionally & twice per year ➤ Pizza customization 	Demand Flexibility Product Variability	<ul style="list-style-type: none"> ➤ Using one Information systems for all process ties from call center and stores 	<ul style="list-style-type: none"> ➤ Food testing Central Kitchen ➤ Order via Website & Mobile Application
Intensify Social Responsibility	<ul style="list-style-type: none"> ➤ Partnering with local community 	Brand Image	<ul style="list-style-type: none"> ➤ Packages use recycling materials 	<ul style="list-style-type: none"> ➤ Mobile donation health center ➤ Financial support to charities

Corporate Objectives

RLC Corporate objective defines the company directions to continue to be competitive in the industry. The corporate goals provide a path for the organization and performance indicators that allow progress in achieving those goals to be measured. The organizational goals for the internal and external stakeholders dependent on the financial measure that includes profit and growth rate, employees practices such as skills development and environmental policies. The RLC and Fast Food Restaurant Business Brunei corporate objectives, vision, and mission, are similar. The visions have been translated into following areas of findings:-

Driving aggressive profitable growth

It is an attempt to achieve the highest capital gain and cash flow growth. The marketing strategy in Fast Food Restaurant Business Brunei support this is by continuous promotion. Fast Food Restaurant Business products are slightly expensive from other competitors. An example of their continuous promotion is *Double Every Day*. It is where the customer buys two pizzas with a lower cost – 15% lower than the original price. The development done over decades and customer are well aware of this event. The marketing strategy is to carry out suggestive selling by the operator and restaurant server. Employees need to recommend another menu as an appetizer, to the customer before their order is confirmed. The core competencies of this corporate objective are maintaining high-quality product and quick service. The operational decision is to have their standard order taking process, the usual duration of food preparation and approved delivering time. Any flaw in this matter Would be reported and investigated. For taking order either by phone or over the counter, the employee needs to respond less than two minutes because they have another customer that is waiting for their order to be taken. Fourteen minutes is the standard duration of food preparation. Delivering food to the customer must be done within 30 to 45 minutes. 1 hour would be taken into consideration such as on peak time. Hence, the company needs to hire a proactive employee. In a call center, most of its employees are Bruneian as it would not have a language barrier when communicating with the customer. Moreover, to achieve this standard, Fast Food Restaurant Business Brunei employees will be given one-month training after joining the organization. When employees can follow the standard operating procedure, they would be motivated by recognition and rewards. By continuously manage to support the standard and expectation, the company can achieve the corporate objective that will contribute to customer satisfaction and repetitive order form Fast Food Restaurant Business Brunei.

In practice, before the business operation, the manager usually conducts a briefing, motivate their team members and remind them to achieve targeted sales, as well as to maintain excellent service to the customer. Should they reach their target, a team member would be rewarded, and each member will be given recognition for their hard work. For the business operator, their goal will be promoting a new product and do the suggestive selling.

All the branches of the Fast Food Restaurant Business Brunei stores located at strategic places. Most of it situated in the central business district (CBD). Hence, it is easily reachable for the customer. Other than stores, Fast Food Restaurant Business Brunei has its warehouse, central kitchen, and central call center equipped with advanced technology, as well as a system that connects call center to all stores. With this method, the company can monitor and organize Fast Food Restaurants Business activities such as food preparation, delivery time, and targeted sales. By having their warehouse that facilitates dry and frozen products that serviced to their central kitchen and all the restaurants, this makes them have total control of their product quality. For example, they use freezer or chiller trucks that keeps frozen product to be at the standard temperature (-13C to -23C) while transporting it to all stores. Hence, Fast Food Restaurant Business serves fresh ingredients on their menu.

Excel in providing product quality and customer satisfaction

In achieving this corporate objective, marketing team collected customer feedbacks from a survey that were done by the customer once they received their receipt. This study called *Guest Experience Survey*. Customer will get a free appetizer for their next purchase item BND\$10 above by filling in the study. With this information from the study, operation management can decide on what needs to improve to satisfy the customer experience. Fast Food Restaurant Business valued their customer and their feedbacks. They continuously attempt to improve their product and services as well as keeping customer needs as priorities. Hence, the company trained their employee to maintain and understand Fast Food Restaurant Business standardize the method of producing high food quality and its consistency. On the other hand, speedy delivery is crucial for customer satisfaction as they need to deliver to the customer within the time given.

Every employee of Fast Food Restaurant Business needs to undergo challenge program called *CHAMPS! Challenge*. It is used by manager and mystery customers to train, assess, and reward employee on specific aspects of each restaurant or branches. These issues are; Cleanliness, Hospitality, Accuracy, Maintenance, Product, and Speed. It is a challenge to formalize best-practice sharing with other Fast Food Restaurant Business from different countries. The CHAMPS is applied to their daily business activities, such as anticipating speedier delivery service and more accurate order taking will retain the regular customer and invite new customers in the long run as shown in Figure 1.



Figure 1
CHAMPS Principles

Marketing Department has announced this challenge to the public to get the customer attention and for attraction by providing positive feedbacks that Fast Food Restaurant Business has a high-quality product and services delivered are as what the customer expected. Also, Fast Food Restaurant Business Brunei restaurant always put high awareness of the product expiry date. Every month, Fast Food Restaurant Business undergoes internal and external product auditing. This is to ensure ingredients are fresh and no expired foods served to the customer. Furthermore, customer satisfaction is not only of the food quality but also how they perceived when dining in the restaurant. For example, the ambiance of the restaurant, the music, free Wi-Fi and a big screen television. Fast Food Restaurant Business Brunei restaurant is not only an eating space but used for socializing and doing the events.

Develop and support a workforce and proactive leaders through learning and growth

XYZ Business also values their employee as their significant asset. In line with the corporate objective, they created corporate values that can share with team members will drive both leader and team member to work together. This corporate value called How We Win Together (HWWT), illustrated in Figure 2. It has a unique set of principles guiding all aspect of daily work lives, professional and personal development, and customer interaction.



Figure 2
How We Win Together (HWWT)

Producing a quality product and services is essential. Apart from that, employees' safety and health are also necessary for the manager to emphasize on preventing or eliminating all possible causes of accidents where inspections conducted monthly. Having a positive working environment and organized sanitary facilities are influence factors for an employee to do better. Furthermore, Fast Food Restaurant Business provides an initiative atmosphere and value their employee creativity. They listen to all employees feedbacks and give the opportunity to them to improve and develop their skills and abilities within the company.

Leader in Creation and Innovation of Products and Services

Fast Food Restaurant Business is innovative when it comes to producing a new product. Their strategy is diversification of their pizzas. Fast Food Restaurant Business is always trying to mix up ingredients in an innovative way to make a pizza into something slightly different especially following the local taste. For example, the bestselling pizzas that do not sell in other country are Honey Garlic Pizza and Tuna Delight Pizza. Another local taste pizza created was Chicken and Beef 'Rendang' Pizza. The current topping, they created is Floss 'Serunding' Pizza. The preparation to develop this is made at their Central Kitchen, provided with highly automated equipment that allows the customer to customize their pizza or create their pizza with additional charges.

Regarding information technology (IT) Fast Food Restaurant Business information system from the call center to other stores called One System license under Fast Food Restaurant Business. It monitors the progress of the business activities at any time, anywhere via remote login functionally. It serves as the core of information and communication between customer and stores. The operator will receive a call from a

customer, then enter their number, address and order. With just pressing enter, it instantly sends to the respected branch as demonstrated in Figure 3.

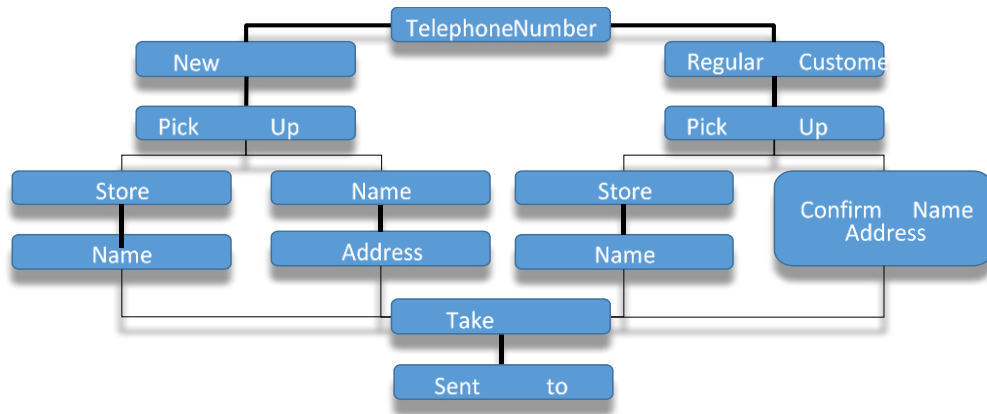


Figure 3

Fast Food Restaurant Business information system from call center to other stores

Figure 3 is the system flowchart when the order is taken via phone call. The operator can also know customer order's status has been away, cooked and delivered. With this, it can eliminate waiting time wastage like manually transferring order to store. Hence, with this system, it makes some more efficient business activities. Other than innovation in developing food product and information system innovation; recently Fast Food Restaurant Business launch ordering from the website and mobile application that eases the customer and lessens the waiting time when calling to the call center. The wastage mention here can be waiting call time as Fast Food Restaurant Business only have 20 operators when they received minimum 500 calls per day and maximum 2000 calls per day in peak season such as payday. Moreover, with the launching of ordering via the website and mobile application, the customer can pay their order online.

Intensify Social Responsibility.

Fast Food Restaurant Business believes that they need to invest in giving back to the communities, making a positive difference in the lives of customers, and employees in making food accessible to the less fortunate such as providing financial support to charities. The latest social responsibility activity they did was \$10,000 donation to SMARTER Brunei. Their vision is to help the community and strengthen ties with the communities. Also, they engaged in donating blood that usually twice a year. They collaborated with RIPAS Blood Donation Bank. This help raises awareness for the benefit of giving blood. The donor gets free pizza and baked garlic chicken Rice. Every time they did this activity, they successfully received minimum 100 donors. With this event, they could also use it to test their new product to the customer and get their feedback. Furthermore, Fast Food Restaurant Business social responsibility is by using

disposable material packages such as take away paper box for pizza and appetizer, as well as an aluminum foil for their pasta and dessert.

Marketing Strategy and Competitive Priorities

Marketing strategy defines how the company will compete in the chosen market. The marketing strategy involves identifying a target market and how to compete in these markets. Competitive Priorities represent the strategic emphasis that a company places on specific performance measures and operational capabilities within its value chain. Often, however, competing priorities led to tradeoffs between quality and cost. For Fast Food Restaurant Business Brunei, their strategy is to sacrifice price to develop high-quality products for competitive advantage as demonstrated in Figure 4. The list of Fast Food Restaurant Business Brunei's competitive priorities was distinguished either within or under the category of order winner or order qualifier. Fast Food Restaurant Business Brunei apply order qualifier by maintaining high food quality and high standard of services which are the primary customer expectation.

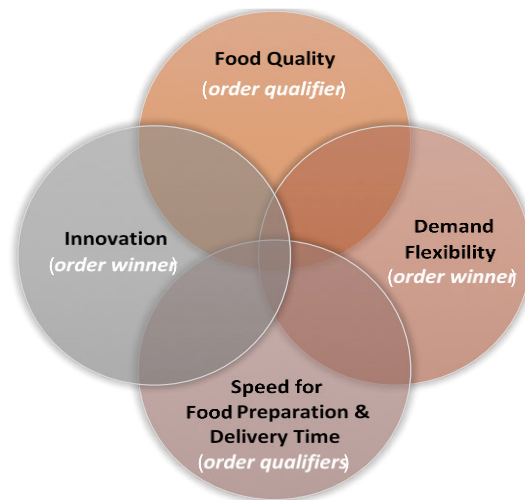


Figure 4
Order Qualifier and Order Winner

As for order winner which is understanding the customer demand and adding its value, Fast Food Restaurant Business Brunei has created unique taste such as a touch of local food in their pizza. Also, they also always update their variety of menus every twice a year. They also took customer feedback and created new product or promotion. Moreover, they have more branches compare to other competitors. Another factor is Fast Food Restaurant Business Brunei innovation where customer order via the website and mobile application so that customer can order anywhere at any time.

Operations Strategy

This framework complements corporate objective, competing priorities, and marketing strategy, and essential elements of an active operations strategy for operation design choices, to build the right infrastructure. Operation Strategy is a vision of operational function that sets the overall direction or thrust for decision making. This idea is integrated with business strategy and often reflected in formal planning. The operating procedure produces a consistent pattern of operational decision-making and a competitive advantage for the company. In formulating a working strategy and business strategy issues, an analysis must be made with the external and internal environment. The external environment usually includes competition, customers, economics, technology and social conditions. External environment in addition to forming a business strategy and corporate strategy can also develop an operating approach.

Similarly, the internal environment can affect the operation strategy through the availability of resources, the existence of organizational culture, skills and abilities of the workforce, location and facilities, the form of control systems. Hill (2000) argued that operation design choices or delivery system choice means the decision of operation management must make as to what type of process structure is best suited to produce goods and create services. Also, building the right infrastructure focuses on the non-process features and capabilities of the company. The delivery system of choice means how and where the Fast Food Restaurant business is going to provide their products and in what type of volume and size. The Fast Food Restaurant offers their services by that require consumers to go through their Apps to request for their services (fish and chips, sandwiches, pitas, hamburgers, fried chicken, French fries, onion rings, chicken nuggets, tacos, pizza, hot dogs, etc.). They also provide home delivery and drive through take away services without extra charges for customers. As for infrastructure such as computerized information systems can improve and link food preparation and serving operations. Touch screen ordering programs ensure accurate communication of customer orders. Timing systems monitor meal progress and can alert staff if a request is running behind schedule. Reservations programs maximize traffic flow and seating. Inventory management systems track supply levels and can help reduce waste due to spoilage. Cost accounting programs help companies determine the profitability of individual menu items. Handheld point-of-sale (POS) devices allow servers to place orders and print checks tableside, improving accuracy and reducing ordering time. Some handhelds can also print customer checks and process credit card payments (Ringim, 2018)

Pricing Strategy at the Fast Food Restaurant Business Brunei, cost accounting is essential, since the profitability of individual dishes can vary significantly and will initially determine the cost of the menu items. Fast Food Restaurant Business Brunei takes advantage of excellent credit terms with suppliers and also update their menu to take advantage of seasonality for example in local produce items. Fast Food Restaurant Business Brunei also closely monitor the Prime Cost Report which focuses on the controllable expenses of Cost of Goods Sold and Labor. They can currently control

employee cost by hiring family members who will work for low and reduced wages (Hoa Quynh Tran, 2015).

Promotion and Advertising Strategy includes: Location- the Fast Food Restaurant Business Brunei branches are located in a strip city center at the busy central business area with easy access to their outlets from public and private offices. Fast Food Restaurant Business Brunei has signage on the Roads Shopping Plaza as well as signage over the entrance. Also, Fast Food Restaurant Business Brunei had a database of existing catering customers and relied heavily on word of mouth approach to attract and grow their business. Fast Food Restaurant Business Brunei leaves the menu, a fishbowl for business cards and a small 'homey' display with the retailer announcing their presence in an area (Arnorrsson, 2013).

FAST FOOD RESTAURANT BUSINESS BRUNEI'S CUSTOMER BENEFIT PACKAGES

Based on the analysis Fast Food Restaurant Business has implemented Customer Benefit Packages (CBP) as demonstrated Figure 5 below. Their quality of food product and services provided are aligned to the company objectives, and this is supported by other primary factors such as; promotion, CHAMPS! Challenges (help to provide better service the customer), ease and speed up ordering via the website and mobile application, delivery, and strategically stores location. By combining the design CBP and operation systems to produce and deliver it, this has contributed to accomplishing corporate objectives and marketing objectives of the organization.



Figure 5
Fast Food Restaurant Business Brunei's Customer Benefit Package

RECOMMENDATIONS/SUGGESTIONS

Fast Food Restaurant Business Brunei can apply operation strategy to retain, gain customer and be competitive in the industry while making a profit. The recommendations as follows:

- It is essential for Fast Food Restaurant Business Brunei to focus on customer service relationship (CSR) to enhance its brand value. As a company with high CSR value has a high chance to have excellent image rating in the business environment that would contribute to its sales and attract new consumers.
- Fast Food Restaurant Business Brunei should also create a new market such as selling frozen pizza in their store or export their signature product to another country.
- Fast Food Restaurant Business Brunei can promote their product by joining any special occasion like Brunei Consumer Fair leading, most popular consumer and trade event in Brunei Darussalam.

CONCLUSION

In conclusion, all these interrelated corporate objective, marketing strategy and operation strategy, are vital in decision making for a long-term run to sustain in the industry and retain their regular customers, especially in the competitive food industry. Even though there are many competition and possible potential entrants who are offering a lower price, they can't compete when it comes to the Fast Food Restaurant Business product quality and its taste (*order winner*). Hence, Fast Food Restaurant Business adopts Quality-based strategy – *quality at the source*. It focuses on maintaining and improving the quality of the company's product and services as well as being creative and innovative in introducing new product and service. Moreover, compared to other competitors, Fast Food Restaurant Business Brunei has more stores nationwide which make them more reachable to the customer one step ahead.

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