How can 'Nando's' increase its Productivity?

Introduction

Nando's is a restaurant chain which is all over the world. Nando's first began in 1987 as a small restaurant near Johannesburg in South Africa, although it has a Portuguese theme. The Founders of this restaurant were Fernando Duarte and Robert Brozin. Nando's is worldwide with restaurants in over 400 different locations. Although the Nando's in the UK was set up by Robbie Enthoven and Capricorn Ventures in 1992.These Nando's were set up as a stand-alone company and is set apart from its original restaurant in South Africa. In the UK alone Nando's has over 100 branches.

Nando's is a 'quick serving' restaurant which specializes in chicken dishes and other Portuguese foods. Each branch has a basic design which is then adapted and changed according to that branch and its location. The branch I have chosen to look at specifically is Nando's at Bluewater – Water Circus. This restaurant is near the Showcase cinema in Bluewater Shopping centre. (Full address can be found in Appendix). There are two Nando's restaurants in Bluewater Shopping centre, the one I will be looking at is the first one that was built there. This restaurant is in an area where there are other restaurants of all sorts; fast food, Spanish restaurant, Chinese restaurant and many more. This shows that Nando's is located in a popular place, but also has to compete with many restaurants to get customers in.

Every business no matter what they do have an aim which is to stay competitive in the market and be aware of their competition. Productivity is output per worker or output per machine to see how efficiently your employees are working and how well your business. Productivity can be calculated by looking and measuring a various number of things. The main point when looking at productivity in a business is looking at how effectively and efficiently the input (resource) turns into an output (good or service). Even when productivity increases the implications it has on different parts of the business are different. The main reason for measuring productivity is to find out or to realise the main areas that need improvement, those areas which have strengths and those which have weaknesses.

One way of measuring productivity is by counting the amount of customers. This is a simple but yet effective of measuring productivity as it can be done without doing any calculations. This allows you get a basic idea of the amount of customers that are coming in. By using this as a way of measuring productivity you must do this during regular intervals so that you have something to compare your data to. With this data you can then further investigate why there are more customers at that certain time of the day. There are a few disadvantages to this, one of which is that mistakes can easily be made. Some businesses have overcome this problem for example in some shops there are automatic customer counters which count the amount of customers which have come into the shop. If customer counting is done manually it can become time consuming, so it is not a quick and efficient way of measuring of productivity. Also this way of measuring productivity cannot be used in all businesses, for example this would be pointless in a factory as you don't get customers walk in and out of a factory. This would be good for a shop or a restaurant as you get people come in and out all the time.

Return in Capital Employed (ROCE) shows how much profit the business is making in comparison to the amount of capital that is put in the business. The higher the ROCE the better the business is doing as this shows that more profit is being made in contrast to the amount that is being invested into the business. The main advantage of measuring ROCE to check productivity is that it is a way of telling how well the company are spending their money in comparison to the profit they are making. Another advantage is that the figures are easier to compare as they are in percentages. A main problem with ROCE is that you cannot see how productive an individual worker or individual machine is, it shows sales compared to money being spent. It does not show sales compared to individual worker input.

Special offers are a controversial way of measuring productivity as some people may say it is not efficient and others may say it shows them what they want to see. This can be advantage as it allows you to see if the offers actually have an effect on the productivity, if the sales are increasing with the offers then this shows that productivity is increasing. To further this if the special offers have an effect and are bringing in more customers you can then see if the workers are able to cope with the rush hour. This can allow you to observe every worker individually on the job. Although, when using special offers as a way of measuring productivity you have to ensure that you are still making profit. Also different offers may focus on different areas of the business and cannot be applied to everything. The productivity of the business will only change during the time that the special offer is on, so productivity may stay the same during the time that the special offers are not on. Again special offers can vary in every business so they may be used for different things.

Another way of checking productivity is by checking how much a machine or worker produces under a certain time limit. This allows you to see and observe every individual; the main problem is that it is time consuming. This helps you to see whether that specific machine needs repairing, replacing or updating. When observing a worker and measuring how much they can produce under a certain time limit you can get an understanding of how much each worker is producing in comparison to each other. However, this does not help to show how much of the input there is of an individual worker compared to the sales of the

company. Another disadvantage of this is that this way of measuring productivity can only be used when looking at productivity in a work environment such as a factory, when marketing it is not always ready for the consumer to purchase it immediately this is where restaurants are at an advantage where they can market and produce the food.

Sales per square metre are a way of measuring production. Once more this method of measuring can only be used in an environment such as a restaurant because you would be looking at the sales where the customer sits. This allows you to see if there is a certain area of the business which is producing enough profit compared to another. For example, the back of a restaurant may not be producing enough profits as the front. This links into a disadvantage as the sales per square meter could be because of the location of the table or the size the table. This is also not a fair way of comparing sales per square meter as some table could be closer together than others. So somewhere that is empty will obviously be producing no sales.

A good way of measuring productivity is seeing how long stock lasts. If the stock is finishing quickly then this could be a sign of good productivity, however this could be seen as a disadvantage as it could show that not enough stock is being ordered. I think this way of measuring productivity is one best when it comes to a general view for all businesses. In a shop you can look at how quickly the stock finishes, in a factory you can see how quickly your raw materials finish. This helps a company to see which stock intake works best; this would help a business increase its productivity as they keep using the stock intake that works best.

Table turnover is measuring how many different people can sit at a specific table in a certain amount of time. There are two major advantages of measuring table turnover; the overall advantage being you are able to see how the business as a whole. If the table turnover is higher one day and lower the previous day this helps to show the company which is day is more productive and why. Another advantage is that it allows you to observe the workers and see how productive they are in getting more people in and out. In some places workers are assigned to a certain amount of tables so this would allow you to see which table's turnover is the highest. You could find improvements by observing table turnover and seeing which table is most popular and then bring more tables like that. There are also disadvantages when it comes to table turnover the obvious being that this can only work for a business such as a restaurant. Another disadvantage is that table sizes could vary so table turnover for a different sized table would be different and make the measurements unfair. Also some workers may have more tables to manage than others, so if their table turnover is less it could be because they have more tables to manage. Also the table turnover will differ compared to the amount that a certain group of people eat. For example one group of people may only have a two course meal and another group of people may have a three course meal.

Average spend per customer is allows the business to see whether they get a lot of customers. However, if somebody only wants a one course meal then the average would decrease. Personally I do not believe that this is an efficient way to measure productivity as you would not be able to be able to control outside factors. All of these are just examples of ways of measuring productivity; there are many more others ways for different types of businesses.

Some of the ideas of measuring productivity may be effective for a restaurant like Nando's, but some may not be as effective. Firstly counting the count customers is a relevant way of measuring productivity for Nando's as it is a restaurant which has an aim of getting as many customers as possible into the restaurant. This is useful as it would allows Nando's to see whether or not they need to think of new strategies to bring in more customers. If Nando's used customer counting as a way of measuring productivity they could then it would allows them to see when more staff are needed when less staff are needed. If there is more staff at a busier time then you are more likely to also increase your table turnover.

Nando's could also change their restaurant times, for example if they find that they get most of their customers near closing time then they could see if changing their closing time to later has a difference.

Return on capital Employed (ROCE) would also be a good way for Nando's to measure productivity a sit would give official figures which would allow Nando's to see whether the money they are putting in is right compared the profit they are making. If there ROCE is low then they can re-structure their spending to help improve their profit.

Nando's do not currently do special offers so this would not be an efficient way to measure productivity. If Nando's decided to add some special offers to their menu then this could change productivity and become a new way to measure productivity. An example of could be that there could be '~~buy one meal and get the next one less price for a have more customers~~'. This time could apply to when there are not a lot of customers for example in the morning. This would increase productivity as times that usually don't have anyone could start bringing in customers. Although, with special offers Nando's would have to ensure that they are still making profit and bringing in customers.

Checking how mush the workers produce would not be a good way of measuring productivity for Nando's or any restaurant as you cannot supply more than what is demanded as you would be wasting money and make less profit. When measuring how much a worker is producing under a certain time it is usually on a mass production line. Nando's produce there food based on roughly how much is ordered and ate everyday. Another point is that many of the workers are usually serving customers so they are producing a service rather than a physical product.

The Nando's we chose to visit in Bluewater has a division through the middle so the public can walk through so for this specific branch measuring sales per square meter could be slightly difficult but this does not mean that it would be as hard for all other Nando's branches. This could be useful is Nando's wanted to see which part of the restaurant is used the most of which part of the restaurant produces highest sales. As there are different sized tables, you may be able to fit only one table in a square meter whereas somewhere else you may be able to fit two tables in a square meter so sales would be affected depended on the amount of people sitting there. There is an advantage to this as you would be able to tell which tables have highest sales.

A useful way of measuring productivity for Nando's is to see how long stock lasts. This would allow Nando's to see if they are ordering too much because their stock is being wasted or if they are ordering too little as it is getting finished to quickly. This is a good way of measuring productivity because it allows them to see how quickly their food is turning into a Nando's dish and being supplied to the customers, this allows them to also check the speed of the productivity to check that the stocks are not taking too long to get supplied to the customers. This would improve Nando's productivity in the long run as they would see which stock intake works best and work to that, this would also mean that stock is not being wasted and the food is being used and supplied in the best way possible.

Table Turnover is also a good way of measuring productivity; this may not particularly the best case scenario for Nando's. As was mentioned there are two main advantages of table turnover; one being you can see how many different people sit at a table every day and the other being that it allows you to see how productive the workers are at getting people on and off the tables' quick as possible. In Nando's you would be able to measure how many different groups of people can sit at a table during a day, this would allow Nando's to see if they are getting enough people on and off the tables during one day. The disadvantage of this would be that in Nando's there are not workers that are assigned to a certain number of tables, they all go round checking all the tables so Table Turnover would be good to check the productivity of Nando's but not to check how productive the workers are in Nando's.

For Nando's I also believe that there are other ways to measure productivity. One could be the speed of the task when they are set a task. This would probably work best for Nando's workers that work in kitchen and at the till as would be able to see how long it takes them cook five dishes, for example. \if it came to someone at the till you could measure how long it took them to process five orders. Another way Nando's could measure their productivity is by counting how many complaints they receive over a week, the more complaints that are received means that costs for Nando's would rise as they may have to rein burst customers.

There are also ways that productivity can be improved in Nando's. Personally, I believe that productivity in a restaurant is divided into two main sections; the food and the labour. So the two things which can be improved are the food (the product) and the workers (the service). Restaurants are a business that has to provide a product and a service, both at the same time. One way in which productivity can be improved is if the staff were trained, I am aware that Nando's do on the job training when they appoint new staff so this is not something that would have much of an effect as it has already been put into place. If a worker is trained then they have the skills required to do the job faster and efficiently so in theory productivity should increase.

<u>Research</u>

The first part of my research that I conducted was a customer questionnaire; this allowed me to see the view of others who had already visited Nando's and their thoughts and opinions. I made my questionnaire with another peer in my class. This meant that we could get more questionnaires answered if we handed out the same one. We managed to get twenty questionnaires answered, this allowed us to get a wide range of views of Nando's before we visited them. Some of data was collected with a peer. From my questionnaires I decided to produce pie charts to observe and make conclusions better, these can be found in my appendix. From my customer questionnaires I found that majority of the people liked their food when they went to Nando's this shows that quality of food must be good as their customers enjoy it. I also found that three quarters of the people I surveyed said that the prices were at a reasonable price, this shows that the supply and demand must be a quite close together as Nando's are happy with their prices and so are their customers. From my questionnaires I also found that most people went during the period 6pm to 9 pm, this is a peak time for restaurants so this did not come to any surprise although it got me to think if there is anything that can be done to attract people to come at different times. I then broke down the next section to looking if the restaurant was busy at the time that the customer went. If you look at the pie charts in my appendix you will be able to see that at the earlier times of the day, majority of people say that it is not busy as we progress through the day the pie charts show that more and more people say that the restaurant is busy and by the end period three quarters of people say it is busy. This all shows that time are crucial when it comes to productivity and to see how many customers come per a certain number of hours. Just over half of the people in the survey spent between one and two hours when they went to Nando's.

I also conducted a worker questionnaire, to ask the staff that worked there. This helped me to understand about Nando's in the view of the workers. Three workers did my questionnaire because many of times I did go they said they were to busy to answer. From these questionnaires I understood the two main reasons why the workers chose to work here was because of the people they got to work with and secondly it was an available job. If a worker chooses to work at Nando's for a specific reason that is positive then this could increase productivity as the worker wants to work there, it's not like a final option. The question that really helped me understand what might increase productivity is what motivates the workers to work there; all three answers were 'the busy shifts'. This shows that wages is not always the only thing that motivates workers but it can simply be the environment that workers work in; even though the job is repetitive the workers manage to meet different people everyday. I also realised that the busiest times in the year were the Christmas and summer months, this could be because it is holiday time and people have more time to come out. Nando's have more full time workers which is a strategy used to improve productivity; with less workers working for a longer time means higher wages to less amount of people, so in the long term Nando's would be able to afford higher wages.

The final part of my investigation was when I visited and observed Nando's for myself. I went with my some fellow students to eat there and observe their service for myself. The first thing I noticed was that whilst waiting in the queue we were given menus to choose what we were going eat. This is a tactic Nando's uses to get more customers in and out as quick as possible. If you have chosen what you are going to eat before you sit down then the time it would have taken you to choose when sitting down has been deducted. This increases table turnover per day, which in theory increases productivity. Also one other thing different about Nando's then other restaurants is that you have to go to the counter and order yourself, this is usually like fast food restaurants, this is the reason why Nando's call themselves a 'quick serving restaurant'. This also meant that workers were not assigned certain tables but they all worked together and attended to all the tables. This meant that if one worker was busy, then another worker could come to our table. All of these factors help to increase productivity, which in turn means higher profits.

I also did research on the internet to get a background understanding about Nando's and the way in which they work. I also sent an email to them asking a few questions, which they replied that they were unable to give specific information but attached an information pack which can be found in my appendix. I also found out that Nando's aim is 'to outwit, not out-spend the competition in effectively communicating our brand values while having as much fun as possible' this can be found in the information pack under the heading 'Nando's Marketing'. This shows that to increase their productivity and profits Nando's try not to spend too much but make their brand as well-recognised and famous as possible. Nando's understand that there is competition and have taken that into account when planning new marketing strategies. Whilst researching on the internet I cam across Nando's website and also found out that they have they have their own range of products such as Peri-Peri sauces, marinades, cooking sauces and other products. Even though this is not linked to the specific branch I was looking at, it is still a way of increasing profit as customers may like their products and therefore to a Nando's restaurant.

I believe the most appropriate method of research was personally going and observing for myself, as I got an understanding of how things in Nando's work which allowed me to come to my conclusions. I believe that all my research is appropriate as has all helped me to realise what Nando's does to keep its productivity high and it has made me think what they can do to increase their productivity. Overall, I consider Nando's productivity to be quite high already as they don't seem short of staff and all the times I did go and visit they were always fully booked with people queuing to eat there.

Conclusion

Productivity is output per worker, so to increase productivity you have to increase the amount the work that the worker is putting in. There are various ways in which Nando's can improve their productivity. One way in which Nando's can improve their productivity is by having fewer workers who are full time, this would mean having highly trained staff you have an efficient performance level rather than more workers who are part time and do not have as much skill. A main way to improve productivity is ensuring that workers are doing their job to their best ability; one way of doing this is by motivating the workers. If the manager/s at Nando's set incentives for the workers then maybe they would work harder knowing that they will receive something at the end of it. Some examples are if an employee manages not to miss a shift in a month or the speed and quality of their work is better than those of fellow colleagues. This could result in giving that specific employee a bonus or maybe that this is not money based but an extra day off. If an employee knows that by doing these things they receive something at the end of it then maybe they would try to work harder to get that.

Motivation and training can be used in the service sector to increase the business's productivity instead of using machinery. Motivation has been proved to be a great way to improve productivity in a number of firms. I was unable to find out what motivation methods are used in Nando's to keep their workers performing to the best of their ability. There are small things which can motivate a worker that don not even cost a penny, something such as praise and recognition. If an employee knows that the work they are putting in is being noticed then they will carry on as they believe that what they are doing is pleasing the manager. This could be one way that Nando's could improve productivity so their workers that what they are doing is being noticed.

Frederick Taylor believed that employees were only motivated by pay, I am certain that this is not the case when it comes to Nando's as the wages are not that high so there must be something else that motivated the workers. An American researcher, Abraham Harold Maslow believed that people have other needs apart from pay; he called this a Hierarchy of Needs. From my observation and understanding of Nando's I would say that from Maslow's Hierarchy of Needs, most workers are between the belonging and esteem section of the pyramid. This shows that feel accepted as part of group in their working environment and some of them may even get recognition from the work that they do.

Nando's could try job enlargement where the workers are being given greater variety of tasks to perform which should make the job more interesting but are not very demanding. This way the workers would nit get bored and find the job that they are doing repetitive. Another way of improving output per worker could be rotation of employees, again so that they are not doing the same thing all the time. One day week they could be working on the till and another week they could be serving the food, this would motivate the workers as they have a change in environment and have a change of activity which helps employees stay motivated in new tasks.

To increase productivity, would mean increasing worker motivation you could have a bonus scheme such as worker of the month could receive a bonus. Customers can be distracted with a queuing system at peak times, by introducing a ticket system which also acts as a one free drink voucher when the customer is seated; it gives the customer an incentive to stick with its choice of restaurant especially when its competitors are nearby. This can also been seen as another way of counting customers. Competition within the workforce is another way of boost productivity, for example you could introduce an A team and B team within the workforce which would provide a challenge for the employees to maximise their strengths to deal with the demands that they are faced with at peak times.

Overall, I believe that Nando's productivity is quite and even with today's economic climate they have still managed to stay productive and keep sales high.