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# LOUGHBOROUGH'S PIZZA HUT

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Operations Management Coursework



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## INTRODUCTION TO LOUGHBOROUGH’S PIZZA HUT FRANCHISE

Pizza Hut is an international franchise which was founded in 1958 by Dan Carney and Frank Carney (Schweig, 2007). It is a fully owned subsidiary of Yum! Brands Inc., and is the largest pizza chain in the world when taking into account number of physical locations. (YUM! BRANDS, INC., 2019). I visited my local pizza Hut franchise, located in Loughborough at address 14 The Rushes, LE11 5BE, and I observed the on-site operations management activities. Ideally these recommendations may be extrapolated for global branches in efforts to improve operations problems and help to increase overall profitability. This report will outline and suggest improvements for this location.

The Loughborough Pizza Hut franchise visited is an entity that allows the distribution of products using the established Pizza Hut brand trademark. This Pizza Hut practices set operations, which have been standardized by the global management team in charge of Pizza Hut’s global operation process regulations. In addition to the policies in place, all Pizza Hut franchises have standard approved facilities which allows them to produce products that fit their established standard.

## Facilities and Processes

The main objective of Pizza Hut is to provide high quality food and beverage products to a large variety of customers in a timely manner. However, the main specialty product baked by Pizza Hut is its highly customizable quality pizza. To be able to accomplish this, different locations use facilities suitable for that specific customer base and needs of the customers in that area. These may include facilities that have a full service restaurant experience, home restaurant services, restaurant delivery based services or even specialized franchise express outlets and express channels.

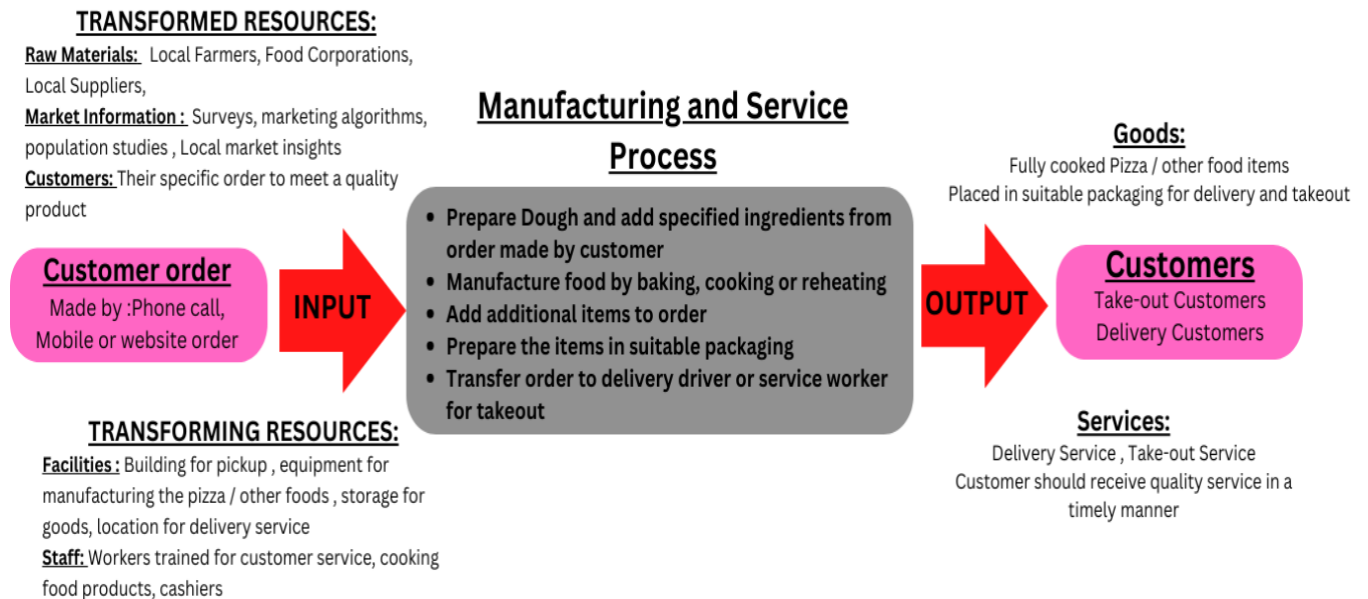
The location visited allowed for take-out restaurant services, restaurant delivery based services and limited physical self-dining options. Some of the machinery able to provide these services included proper storage units for goods and commercial kitchen equipment. The physical location also provided coverage to customers living in the local community. Additionally, the Pizza Hut acted as a delivery hub to customers who are further away or want the convenience of delivery or pickup restaurant services. These facilities prove to be effective as delivery platforms are now a significant portion of their orders. (Ahuja et al., 2021)

## INPUT OUPUT PROCESS

In order for Pizza Hut to meet the needs of its customers, the manufacturing and service based operation processes are both at the forefront of the operation; the process begins once an order is placed. Usually the customer can place the order over a phone call, mobile app or website and this is the start of the input process of the Pizza Hut's operation. The Pizza Hut's main transformed resources include: raw materials from local farmers / suppliers, market information from local surveys with population insights and the customer's order specification. These transformed resources, in addition to the available transforming resources: specific facilities and equipment for manufacturing, the capable cooking staff workers and service workers; make up the main input process in the overall operation of Pizza Hut.

After the proper inputs are in place then the manufacturing process can begin. The process moves to making the food / beverages; here the custom ingredient and special requests made by the customer are taken into consideration. The manufacturing process works in sync with the service process in order to output quality goods and services. The penultimate step in this process is that once the food product is baked/ made, the staff will either deliver the items to the take-out area or will be given to the delivery driver. Lastly, the output involves the customer being given their food and should be satisfied with the quality of the products and the quality of the service.

## DIAGRAM 1 – SHOWING EXAMPLE OF INPUT AND OUTPUT PROCESS FOR LOUGHBOROUGH PIZZA HUT FOR PIZZA ORDER

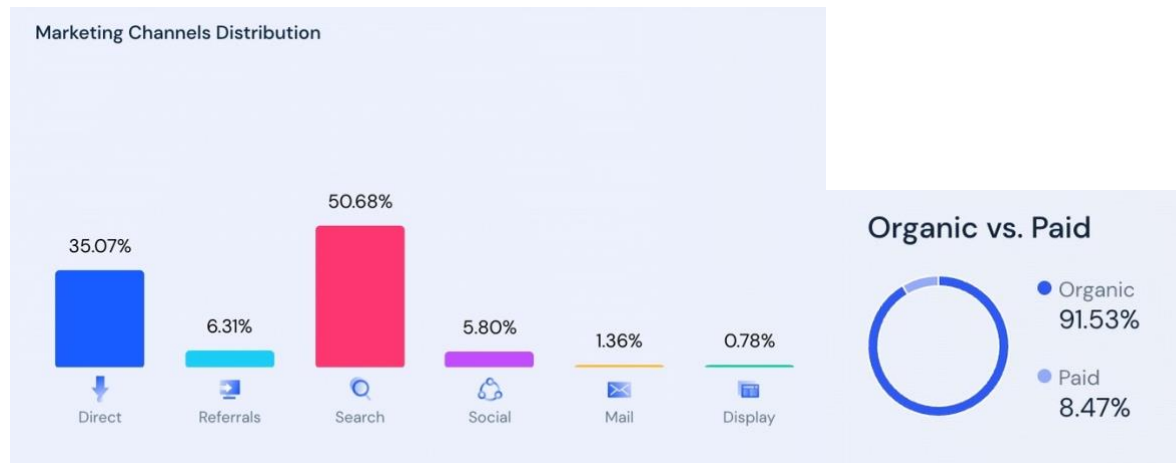


## VISIBILITY, VOLUME, VARIATION, VARIETY

One of the main advantages of Pizza hut is its global recognition as a reputable Pizza/ Food brand; this displays its vast visibility to the general public. Pizza hut operates the second-most restaurants worldwide only behind KFC. This not only provides a competitive advantage against all other food brands as its global presence allowed for over 18,000 restaurants (YUM! BRAND INC, 2021) but also outnumbers competitors stores for example : Domino’s Pizza , Little Cesar’s, Papa Johns.

According to similarweb, Pizza Hut’s mobile and website rank #9 in the food and drink category within the UK with the next largest competitor Dominos only ranked at #35 (Similar Web, 2022). Pizza Hut’s visibility by this metric can be seen as the highest among its competitors and very high among all restaurants in the food industry. Most of the traffic towards Pizza Hut is 91% organic and the top referral sites for from coupons and rebates. Therefore, Pizza Hut’s high visibility strategy comes from the already established brand where organic traffic comes in and coupons and rebates act as an incentive for customers to return to pizza hut.

## DIAGRAM 2 - SHOWING PIZZA HUT UK'S MARKETING TRAFFIC



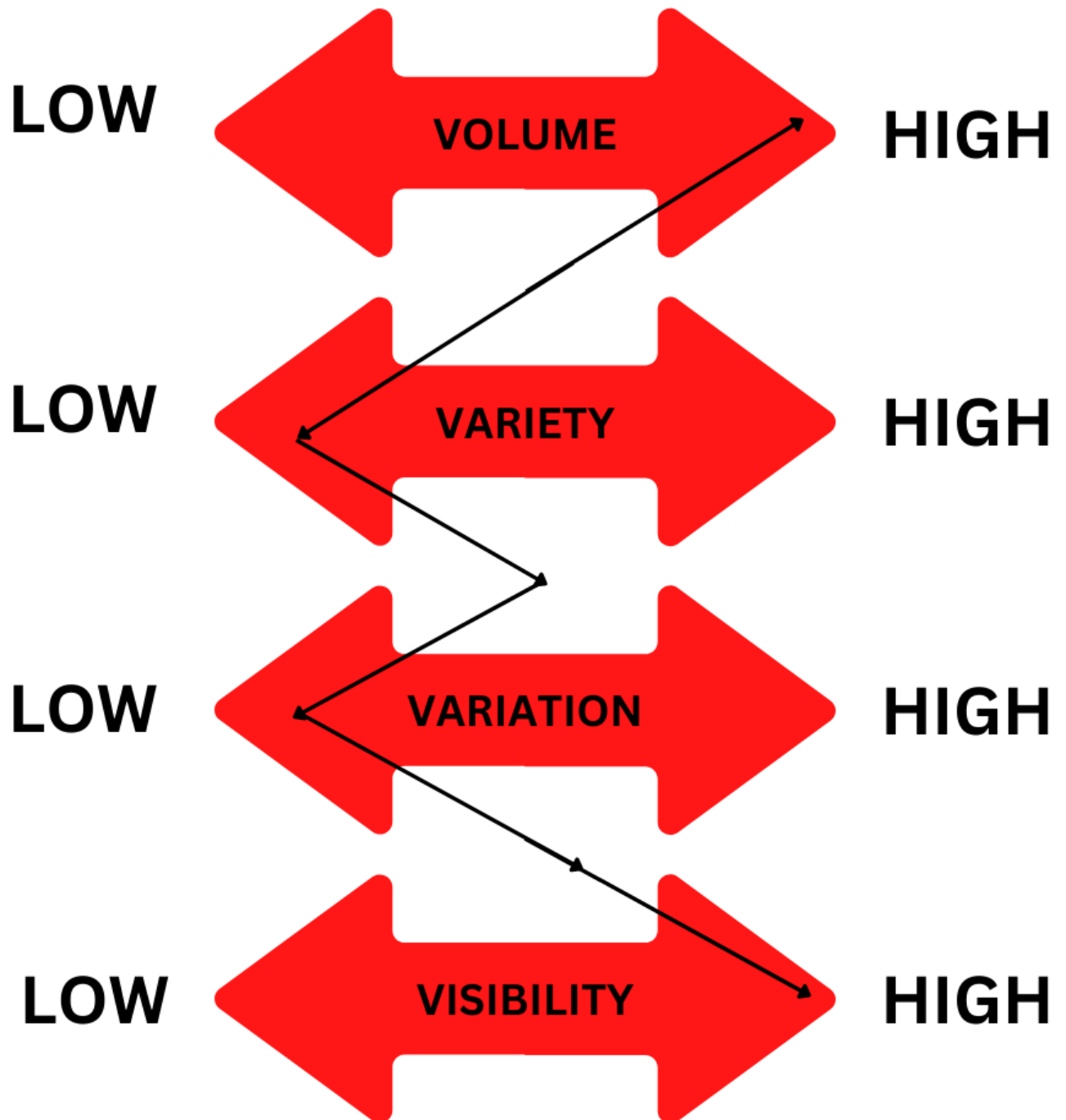
(Similar Web, 2022)

The capability of the Pizza Hut to handle large volumes of orders can be assumed to be up to the global standard of the franchise. To back this claim Pizza Hut in the UK has a speed guarantee where they compensate the customer if the pizza is past 30 minutes late (Pizza Hut Online Ordering, n.d.). This emphasises that Pizza Hut can handle the volumes of pizza in a timely manner. The company puts emphasis on strict policies on product development to ensure the quality is kept during the manufacturing process.

In terms of variety Pizza Hut's Specialty lies within its main product, the pizza. Although there are a lot of specifications in terms of the pizza toppings, crust, and type of dough; Pizza Hut's other food and beverage products are not as varied as other fast food companies. This low variety however, is advantageous as it allows a lower cost in terms of raw materials, manufacturing the pizzas, and marketing efforts. This focus allows more profitability when focusing mainly on pizza but would lose out to other fast food competitors on the wider variety of food products. (Sengupta, Sengupta and Raghupathi, 2012)

The variation for the Pizza Hut business model is quite low due to the main operation objective: to supply high quality food products focused mainly on pizza. This low variation is an advantage to the business model as it allows reasonable predictions to be made based on the customer base, types of products being sold and type of service needed by customers. This focus on pizza specialty proves to be an advantage as it draws customers specifically for the pizza.

DIAGRAM 3 - SHOWING PIZZA HUT LOUGHBOROUGH'S VOLUME ,  
VARIETY, VARIATION , VISIBILITY





## LOUGHBOROUGH PIZZA HUT's LAYOUT

Processes should be designed so they can create all products and services which the operation is likely to introduce. Therefore, the design layout should be strategically made in such a way that it achieves appropriate levels of quality, speed, dependability, flexibility, and cost performance. The Pizza Hut uses a mixed layout which are directly correlated to the type of manufacturing and service processes needed to achieve these five performance objectives. Even the location of the Pizza Hut was strategically done based on the population and socio-economic factors in the community (Reidpath et al., 2002).

Firstly, the functional kitchen layout allows there to be a high level of productivity in manufacturing quality food products as well as flexibility in customising the order for the customer in their specific way. The kitchen enables the staff to be able to make the quality products in a timely manner due to all the equipment being in a close proximity. This service is dependable because once products are made, they can quickly be moved towards the service / delivery / pickup area. This strengthens the fact that the kitchen layout is cost efficient as all manufacturing processes and storage can be done in a relatively small area. This layout was strategically made to allow the manufacturing process to be smooth and efficient.

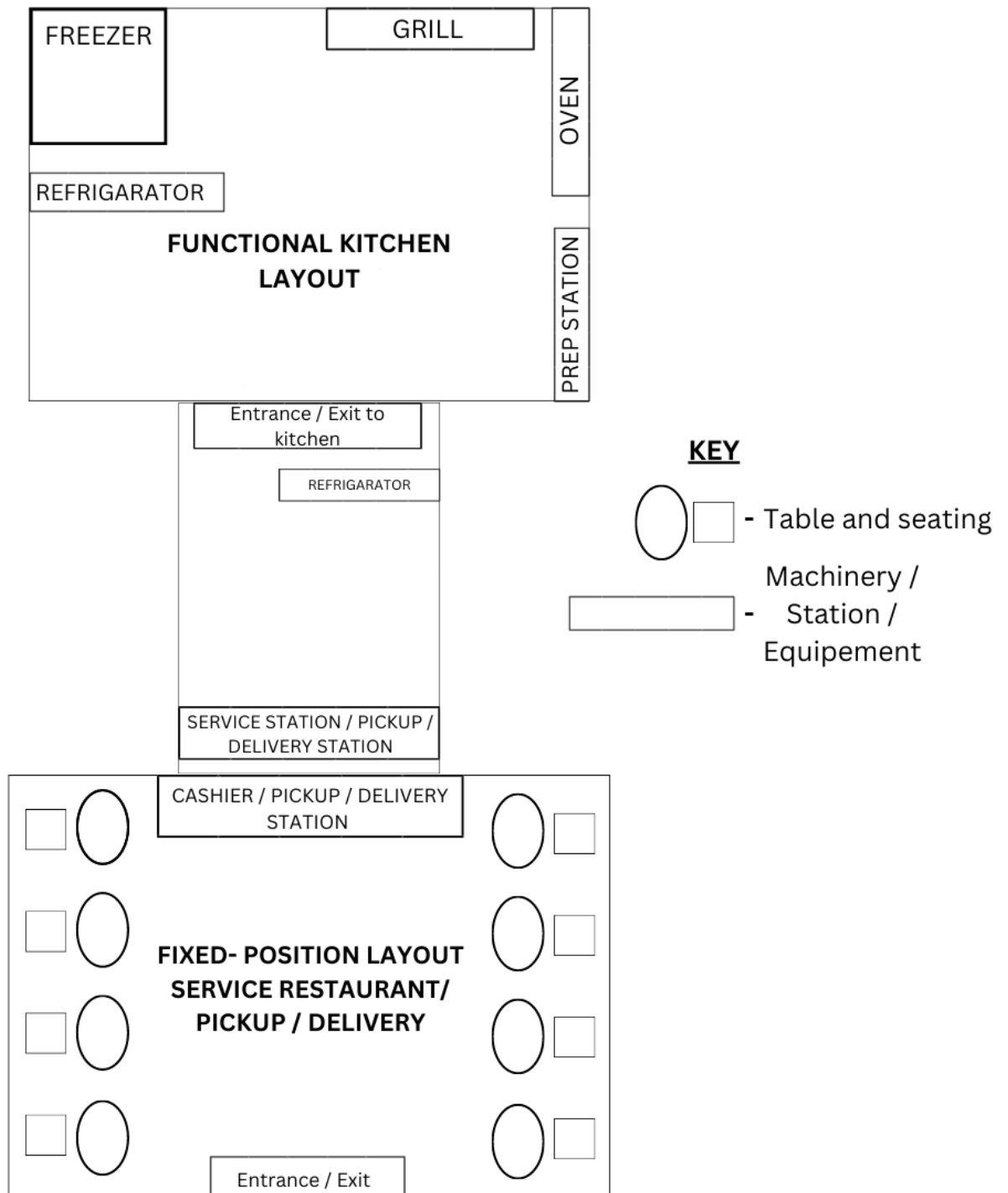
The next critical part of the design layout of this Pizza Hut is the fixed position restaurant layout that allows limited seating for dining , pickup services and delivery services. This layout is advantageous as it allows a high level of flexibility for the customer. The layout achieves this goal by allowing the customer some in-dining options, the ability to pick up their order after ordering in advance as well as arranging delivery services. In addition, this location is very cost efficient as the staff present can perform a variety of tasks in a small location. The staff present will have multiple responsibilities including: cashier services, cleaning , preparation of food /beverages as well as liaison with the delivery services.

Both layouts prove to be designed to meet the main 5 performance objectives however some disadvantages of the design layout can be seen. For example the fixed restaurant layout, evidence has shown that online orders (Ahuja et al., 2021) have surpassed in person ordering therefore the cost of staff as well as the space can be seen as a disadvantage. In order to combat this a self-service machine could be used in place of a worker so that more time can be allocated to the manufacturing process (Miller, 2021).

Another disadvantage than can be seen with the kitchen layout is that it is mainly specialized for pizzas and a few other food products / beverages. The investment in specialized equipment for the manufacturing of these products can be disadvantageous if the company wants to introduce new products outside of its current range hence, reducing the flexibility of the company. To combat this problem, new more versatile machinery can be placed if the company decides to introduce a wider variety of food products.

Lastly, the current layout of the kitchen allows the work to become very repetitive for the workers which could reduce company morale in the workplace. Possible machine automation for the extremely repetitive tasks as well as a more varied workforce could prove to alleviate the repetitive nature of the work (Ismail, 2017).

DIAGRAM 4 - SHOWING LAYOUT OF PIZZA HUT LOUGHBOROUGH'S LOCATION



### PIZZA HUTS FLOW PROCESS

The flow process can be broken down into 2 main phases: the customer order phase and the manufacturing stage. Based on (Ahuja et al., 2021) the 3 ways in which the flow process of pizza hut starts is by a customer order in person , over the telephone or online through the website or mobile app. If the order was online then a confirmation



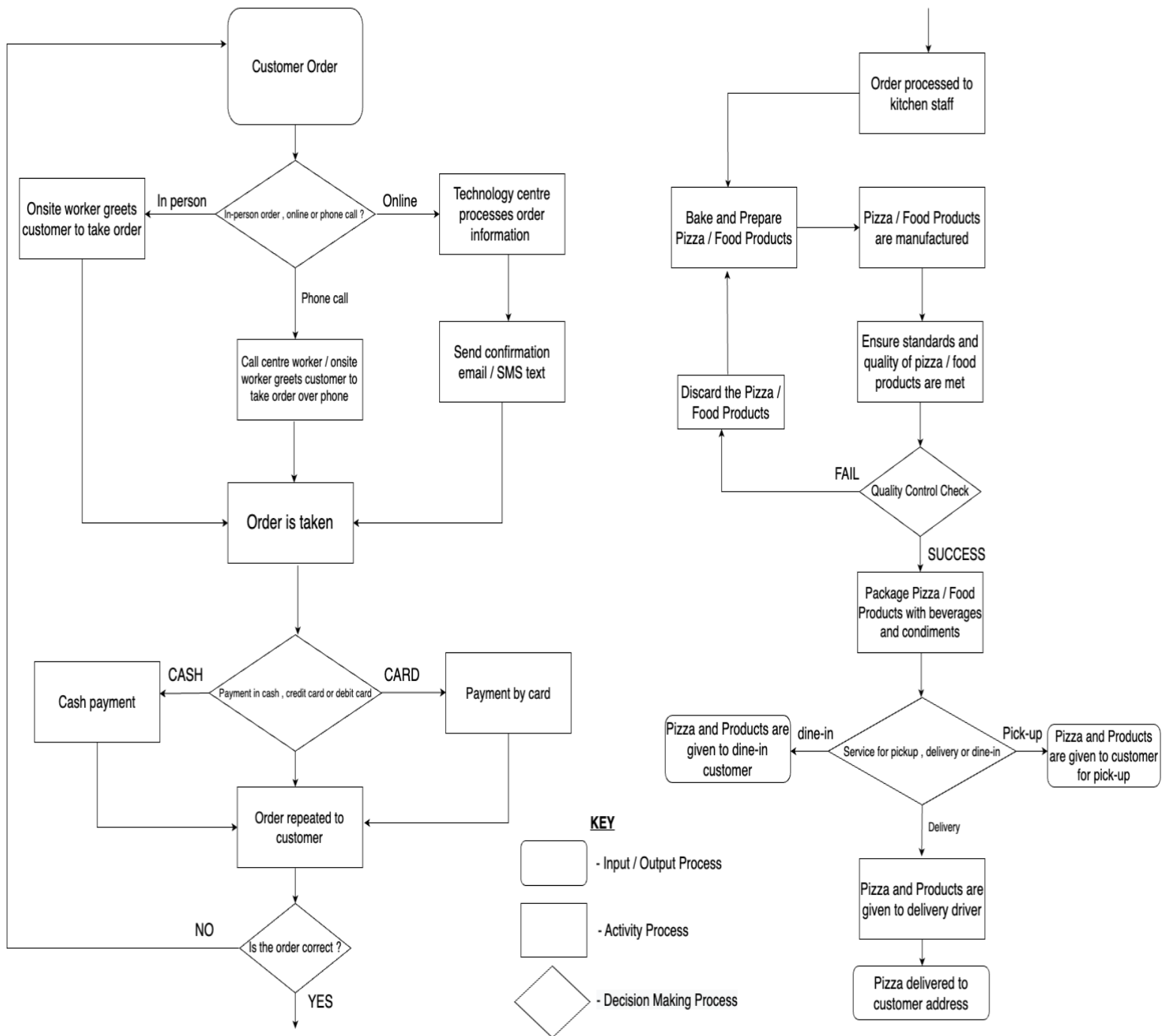
SMS text and or email is sent. Once the order is taken by any of the 3 means, the customer is then prompted to either pay in cash in person or by credit card /debit card.

The next step in the process is where the inspection done where the customer is asked to confirm that their customer was correct either in person or remotely. If the order is incorrect then the customer is prompted to restart the process from the beginning and if the order is correct then the process moves on. This step is critical in ensuring customer satisfaction and is integral in maintaining the flow of the operation process.

Stage two of the flow process involves the manufacturing of the pizza / food products as well as the delivery of the products to the customer by various means. At the moment, the order instructions are given to the kitchen staff in order for the manufacturing process to begin. The pizza is baked according to the specifications of the customer and other food products are prepared. The next step involves another quality control measure which ensures that the standards set by pizza hut for the pizza / food products are met. If unsuccessful, the products not meeting the standard are discarded and the process is set back to the baking and preparation step.

In the final steps of the flow process, the products that pass the quality control step are then packaged and appropriate condiments are packed together. After packaging, the now ready food products are then distributed to either the delivery driver, the customer for dine-in / pickup or is kept in a heated storage until needed. This is the current flow process observed in the Pizza Hut location in Loughborough which has proved successful for many years. It is a common fact however that in any business enterprise process, improvements can be made and this process is done step-by-step.

DIAGRAM 5 - SHOWING CURRENT FLOW PROCESS OF THE PIZZA HUT



## CHALLENGES AND IMPROVEMENTS FOR THE CURRENT PIZZA HUT'S FLOW PROCESS

In order to improve the current flow process, one of the main areas of focus that must be looked at is the first customer order. This first initial step is an integral part of the flow process as it is the beginning before manufacturing or service can even take place. One of the challenges the location experienced is the lack of in person ordering (Thornton, Bentley and Kavanagh, 2009) which is done by the customer and staff worker

in real time. A possible improvement to this process could be the implementation of a physical self-service machine to custom order their pizza, other food products and beverages. This machine would enable a faster time to get their specific pizza / other products. In addition it would allow the customer to be aware of all the options of toppings, pizza, or other special deals that could not all be displayed on the static physical menu currently present (Miller, 2021).

To achieve this improvement, revenue would have to be spent on the initial machine placement as well as the cost to maintain the machine. After this initial investment, this change could be profitable as less staff would need to be present to take customers' orders. Additionally, more staff could be allocated to the manufacturing kitchen side of the business. From a managerial point of view this change could streamline the main ways customer orders are done which could make it easier to ensure each process is flowing appropriately at the same time.

Another continuous challenge for the customer is the ability to have their order readily available. Pizza hut already has measures in place and has policies in order to ensure a timely delivery time (Pizza Hut Online Ordering, n.d.). A problem that arises is the amount of time a customer who comes in person has to wait for the pizza / food products to be ready is much larger than if done on the phone or online. An improvement that can be implemented is the introduction of hot and ready pizzas which are readily available in person under 5 minutes. Other competitors have already started this change and have been very successful. (Global Franchise Team, 2018)

The pizzas would be premade with the most popular choices in mind however are able to be prepared in such a quick time that it proves a greater convenience over pickup / delivery orders. This change however poses a new challenge for both staff members and the managerial staff. Proper training for the staff to be able to prepare these ready-made pizzas must be implemented and this process would become a new key responsibility. Additional preparation work would be expected from the staff workers once this change is made. In terms of the managerial team, there would be emphasis on making sure the process of preparing the ready-made pizzas was smooth. This would involve ensuring that new members of staff were trained appropriately, the marketing team was informed of changes that could be made specific to the location and that this new change would be a part of the standard policy.

Lastly, the final steps in the flow process could also be improved. Currently there are no options for a drive-thru or curbside pick-up for customer orders and there is a growing demand for this especially after the effects of the covid-19 virus. (Maynard, 2020). This change could allow the inclusion of passing motorcars which would be a barrier removed from the deterrents of pickup service. This improvement would also increase the chance of customers ordering and being satisfied with their order. Additionally, this would allow staff members to have more responsibility in service to deliver orders to the curbside and to be able to work in a drive – thru environment. The managers would then have to ensure quality control in the drive-thru section of the restaurant as well proper procedures for the curbside delivery.

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