

Live Business Case – Project
Charter

Fall 2019 Live Business Cases

A Collaboration Between



Northern Illinois
University

Engagement Synopsis (edit)

Helping a Burger King Franchisee analyze their data, expand the business, create more efficiency, and gain financial clarity through a deep analysis on four different areas:

PROJECT 1: Analyzing Financials to Explore and Eliminate Cost Variances

PROJECT 2: How Can Rock King Plan for the Increasing Minimum Wage Requirements?

PROJECT 3: Using Burger King's Data Tracking System to Help Under-Performing Managers

PROJECT 4: How Can Rock King Reduce Costly Employee Churn?

Company Information ()

Company	<u>Rock King L.P.</u>
HQ	Illinois
Revenue	10,000,000 - 50,000,000
Employees	100-500
Stage	Small Business
Hiring Potential	Follow-on Projects, Formal Internship, Entry Level Full-Time
Website	<u>https://www.bk.com/</u>

Company Overview ()

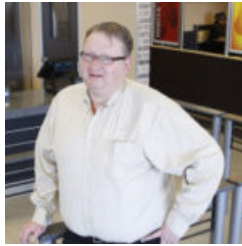
Rock King L.P. owns and operates nine (9) Midwestern Burger King locations

Today the Burger King Corporation, its affiliates and its franchisees collectively

operate more than 17,000 restaurants in more than 100 countries and U.S. territories, serving over 11 million guests per day and they're still coming back for that flame-grilled flavor.

The Burger King® brand is owned by Restaurant Brands International Inc. ("RBI"), which owns three of the world's iconic quick service restaurant brands – Burger King®, Tim Hortons®, and Popeyes Louisiana Kitchen®. But we still have room to grow – and that's where you come in. We need strong operations, bold marketing, and the best people around to make these brands great. And if we like what we see, there's no limit to how far you could go here.

Company Supervising Team



Project Champion

Mark Malenchik

mmalenchik@comcast.net

[Edit Profile](#)

School & Course Information

School	<u>Northern Illinois University</u>
Program	Undergraduate Business
Course	<u>Business in Action</u>

Graduate / Undergraduate	Undergraduate
Students Enrolled	140
Meeting Day & Time	4 Section - Various Meeting Times
Student Time Commitment	4-7 Hours per week

School Supervisors



Company Admin

Jacie Collum

jcollum@niu.edu

[Edit Profile](#)

Students

There are currently no students assigned.

Collaboration Timeline

September 4, 2019

Overview of the franchise business model

September 11, 2019

Overview of Rock King

September 11, 2019

Overview of Burger King and History

September 18, 2019

OFFICIAL PROJECT LAUNCH: We'll find a time on this day to web conference you into our class to kickoff the project.

September 30, 2019

MILESTONE 1 – Deliverable Due

October 21, 2019

MILESTONE 2 – Deliverable Due

November 11, 2019

MILESTONE 3 – Deliverable Due

December 2, 2019

OFFICIAL PROJECT END: Final papers submitted + students showcase final presentations

Engagement Details

Engagement	Live Business Case – Class Collaboration or Case
Format	Competition - This learning format allows educators to deliver experiential learning to students at scale. Students are often split into groups to work on a live case (or a series of cases) from a real host company that directly

relates to key learning objectives.

Company	2 Hours per week
Time	
Commitment	
Original Project Request	<u>Business in Action</u>
Duration	12 weeks
Departments Involved	Data Management, Org Culture, D&I, Reporting, Financial Planning & Analysis, Talent Management
File	
Attachments	

Key Milestones & Project Process

December 2, 2019 - FINANCE & ACCOUNTING, DATA MANAGEMENT

PROJECT 1: Analyzing Financials to Explore and Eliminate Cost Variances

SYNOPSIS

Rock King needs help analyzing their financials to explore what's driving the 2%-5% variance in Cost of Goods Sold (COGS) each month. Since Rock King owns and operates 9 separate Burger King locations, they're really eager to reduce variances moving forward since in aggregate, it can cost up to \$50,000 per month in added

expenses if not controlled. Through an analysis of Rock King's business model, financial model, and existing cost variances, management is hoping that you'll come up with some great ways to help the business control cost variances, which will ultimately increase profits.

PROJECT PROCESS

PART 1: Understand the business model and financial model of Rock King

- What is the Rock King Business Model?
- What is Rock King's Product Mix? (How much of each product does Rock King sell?)
- Explore all 272 Unique Raw Materials Needed to Run a Burger King
- How does purchasing work for Rock King? (Note: Explore RSI – Restaurant Services Incorporated)
- Understand where the financial information is coming from.
- What systems does Rock King use?
- What is the process of creating financial reports for Rock King?

Milestone Deliverable – Due on September 30th:

Prepare an in-class presentation on Rock King's business model and how the financial reporting system works.

PART 2: Analyze Financials for Single Restaurant (Rockford)

- Deep dive and analysis on Historical Financial Reports (3-Months)
- Analyze Cost and Revenue Drivers
- Analyze the Cost of Materials for Each Raw Material (Note: Recipes are Standardized)

Milestone Deliverable – Due on October 21st:

Prepare an in-class presentation on Rock King's financial model. Showcase your understanding of the cost of raw materials.

PART 3: Analyze Variance for Single Restaurant & Explore Drivers

- What is a variance? Do you notice a variance in the historical financials?
- How does this variance compare with other Rock King Locations & industry peers?
- What are the top-20 drivers for the variances? Why?
- Analyze the 272 Unique Raw Materials for potential variances
- What is the tradeoff of speed of service vs. food expiration?

Suggested Milestone Deliverable – Due on November 11th:

Prepare an in-class presentation on Rock King's cost variance problem. Establish where you think the variance is coming from and suggest a way to reduce variance.

Extra Credit: On-Ground Comparison

- Visit the Rock King Burger King in Rockford and watch how they operate
- Are there specific activities that may be driving variances?

Suggested Deliverable:

Final Deliverable – December 2nd: Please prepare a final presentation and paper including an action plan on how to reduce Rock King's variance by 1%.

December 2, 2019 - TALENT MANAGEMENT (Compensation)

PROJECT 2: How Can Rock King Plan for the Increasing Minimum Wage

Requirements?

SYNOPSIS

Like many restaurants, Rock King relies heavily on employees to serve customers and run the day-to-day activities. Everything from order intake, to food prep, to sanitation is done by a team of 30-40 full-time employees across multiple shifts per store. Most entry-level employees at Rock King make minimum wage, which as of September 1st in Illinois is \$8.25 per hour. By January 2020, that will be \$9.25, with hopes that by 2025 the minimum wage will be \$15. Since Rock King is managing a large team that will most definitely be impacted by this change, employee compensation and the future of Rock King's talent management protocols have been top-of-mind for leadership since the law passed earlier in 2019. Without other changes to the business model, Rock King is concerned that it'll be extremely difficult to remain profitable with the cost of labor rising by over 15% over the next 5 years. Rock King needs your help analyzing the change in labor laws in hopes of identifying a solution that the business can consider in order to maintain status quo as a profitable business moving forward.

PROJECT PROCESS

PART 1: Understanding Changes in Minimum Wage

- How is the restaurant industry dealing with minimum wage requirements?
 - Note: Illinois Wage Scale (Is slowly getting to \$15 per hour) vs. Iowa (No Minimum Wage Change)
- Rock King Aims to Spend Exactly 25% of Revenue on Wage. Why is this a requirement? How has this changed over time? How does this differ from other restaurant concepts?

Milestone Deliverable – Due on September 30th:

Prepare an in-class presentation on Rock King's business model and map out your understanding of the upcoming changes in minimum wage.

PART 2: Analyzing Cost of Labor For Individual Restaurant (Rockwood)

- Analyze wage and labor section of historical financials.
- How does wage differ per position?
- Are they sticking to the 25% of revenue rule?

Milestone Deliverable – Due on October 21st:

Generate financial projections for how Rock King's business model would change year-over-year with new minimum wage requirements

PART 3: Assess Available Alternatives

- What potential solutions exist to mitigate these upcoming changes in cost structure?
- How big of a risk is the change in minimum wage to Rock King's business model?
- What are the financial implications of the minimum wage change? Is this sustainable for Rock King long-term without making any other adjustments?
- If adjustments to the business model need to be made, what options exist?
- What are the cost and benefit implications of your suggestion?

Milestone Deliverable – Due on November 11th:

Propose various ideas that may help mitigate costs for the Rock King team to review

Suggested Deliverable:

Final Deliverable – December 2nd: Prepare a final presentation and paper

including an action-plan that would help Rock King maintain its costs with increasing minimum wage requirements

December 2, 2019 - TALENT MANAGEMENT, DATA MANAGEMENT (Operations & Management Performance)

PROJECT 3: Using Burger King's Data Tracking System to Help Under-Performing Managers

SYNOPSIS

Rock King's CEO needs help analyzing data across all 8 stores in the interest of identifying ways to help under-performing managers. Burger King Corporate has been trying to institute a system called BK Link to help store managers better track KPIs and manage operations. Unfortunately, at this time, it doesn't accurately depict store performance or help management with their responsibilities. By reviewing data and speaking directly with store management, Rock King is hoping to learn how they may be able to better utilize or supplement BK Link in order to help their managers succeed.

PROJECT PROCESS

PART 1: Analyze the Org Structure & Manager Data Across All 8-Stores

- How is Rock King organized from a human resources perspective?
- How many levels of management exist?
- How does reporting and escalation of issues work within the company?
- Analyze Manager KPI Data Across All Stores:
 - Guest Track (Customer Reviews)

- Revenue
- Customer Throughput (In-Store & Drive Through)
- Burger King Third-Party Quarterly National Inspections (REV – Restaurant Evaluation)

Milestone Deliverable – Due on September 30th:

Develop a scorecard in order to rank the stores best to worst based on management's performance

PART 2: Identify Correlations Between KPIs and Store Data to Identify Challenges for Under Performing Managers

- What are the most essential KPIs for stores? How does this correlate with management's performance?
- How does the CEO, Mark Malenchik, interact with the managers?
- Speak with store managers at various levels of performance to learn about their processes and experience

Milestone Deliverable – Due on October 21st:

Identify best practices from the best managers and key challenge areas for management

PART 3: Identify Tools & Resources that can be used to Improve Management Performance

- What criteria needs to be most actively tracked by management? How closely do they need to be tracked and how are they measured (metrics and methods)?
- Analyze BK Link – Burger King's Proprietary Management Tracking Software. Identify key criteria measured and monitored using that system. What works well, what doesn't?

- If BK Link is sufficient:
 - How can it be configured and implemented?
 - How do you train the team?
 - What are the new KPIs to track within the system?
- If BK Link is NOT sufficient:
 - How can BK Link be supplemented or improved?

Milestone Deliverable – Due on November 11th:

Assemble your recommendations on BK Link into a presentations

Suggested Deliverable:

Final Deliverable – December 2nd: How do you lift up the under-performers? Will BK Link make the process better? What other methods and mechanisms can be used to improve store performance?

December 2, 2019 - TALENT MANAGEMENT, ORG CULTURE, D&I (Retention)

PROJECT 4: How Can Rock King Reduce Costly Employee Churn?

SYNOPSIS

Talent retention in the food service industry is a tough nut to crack. There are many employment options available to job candidates and the roles are similar in terms of responsibilities and compensation. For Rock King, it's rather tough to retain employees over the long-term. Naturally, there's a cost of hiring and training employees, so the longer they're able to stay, the more valuable they are to the business. Currently, 20% of employees leave within the first 6-weeks of starting at Rock King. Management knows that even a slight improvement in these numbers can lead to drastic improvements in financial performance. They're hoping to enlist

your help on identifying ways the company can better attract and retain talent over the long-haul.

PROJECT PROCESS

PART 1: Assess the Rock King Employee Recruitment Process

- Who is the target audience to work at a Rock King restaurant?
- How does the hiring process typically work?
- What criteria does Rock King look for in an ideal employees?
- What types of roles are available at a Rock King restaurant?
- How does Rock King currently attract talent?

Milestone Deliverable – Due on September 30th:

Prepare an in-class presentation on Rock King's talent recruitment process.

PART 2: Analyze the Employee Landscape for Fast Food Restaurants Like Rock King

- How do employees choose which food restaurants to work at?
- What are the key characteristics employees consider when choosing restaurants to work at? (Consider: Brand Perception, Proximity, Growth Opportunities, Referrals, Compensation, etc.)

Milestone Deliverable – Due on October 21st:

Prepare an in-class presentation on the labor market for fast food in your region.

PART 3: Analyze the Employee Turnover Challenge for Rock King

- Rock King needs 30-40 employees to run each store
- 80% of Staff Stays Over 1 Year, the Remaining 20% of Employees Turnover

in 6-weeks

- How do these statistics compare with other operators?
- What kind of challenge does constant employee turnover cause for Rock King?
- What would you suggest to reduce the number of employees that turnover?

Milestone Deliverable – Due on November 11th:

Prepare an in-class presentation on different options that might work for reducing employee turnover

Suggested Deliverable:

Final Deliverable – December 2nd: Select one strategy for reducing employee turnover and prepare a final presentation and paper on your strategy to improve employee turnover including the action-plan and any cost implications.

