

Operations Management at Sihaf - A Syrian Restaurant in Malaysia

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Abstract: *This case aims to discuss the operations strategies of the Sihaf Restaurant. The restaurant is small and serves traditional Syrian cuisine. First part of the case consists of the history and background of Sihaf. This is followed by description of the restaurant's vision, mission, logo, SWOT analysis, product life cycle, and competitive strategies. Second part of the case study analyzes the most important strategies pertaining to location, layout, and quality management which had been practiced by the owner of Sihaf. Moreover, this case includes factors of selecting those operations strategies, measures the level of their efficiency, and what are the advantages and disadvantages of each strategy. Third part contains an evaluation which was conducted to determine the efficiency of Sihaf.*

INTRODUCTION

The owner of Sihaf believes that the success usually comes to those who are too busy to be looking for it and opportunities do not happen, he needs to create it. The flourishing story started on 15th August 2013, when Dr. Mohammed Ibrahim Abo Zaid took the first step to achieve his dream.

Dr. Mohammed had decided to launch a Syrian restaurant in Malaysia to represent the Syrian traditional cuisine. Therefore, he had launched the restaurant giving the name Sihaf because the name Sihaf comes from Quran in surah Az-Zukhruf. Dr. Mohammed worked diligently to launch the restaurant, starting from choosing the strategic location, layout, and quality management, human resources management, capacity, marketing, and job design strategies. Accordingly, the restaurant had achieved great success till now.

On 15th August 2013, the restaurant was officially opened in Shah Alam, Malaysia. The owner planned to make soft opening technique to start up with for one few days, but there were a surprising number of customers due to the word of mouth strategy which owner had adopted. Sihaf is specialized on producing Syrian cuisine (lunch, dinner and drinks). In addition, the restaurant had many services such as, serving food for groups, parties, and children, takeaway, and catering.

Logo

Delightful Syrian cousin



VISION

- To be the leading restaurant in Malaysia in providing Syrian heritage meals in a suitable manner to meet the local and regional level.
- To be the leading restaurant in Malaysia in providing Arabic coffee with date in a suitable manner to meet the local and regional level.
- To create a strong brand name that allows the restaurant to expand in future.

MISSION

- Sihaf seeks to create a CSR by contributing to the society whereas the most important is to contribute in the employment of local and foreign labor. We involved charity also, which customers can contribute in donating to people who are in need by using our own application.
- Employee training and development is very important to our success. All employees are treated equally with full respect. We work together to provide our customers excellent quality of food with excellent service.
- Sihaf creates a program under the name of Grace for all, where we collect all the rest of the food and distribute it to people who are in need.

PRODUCT LIFE CYCLE

Introduction stage indicates to the establishment of Sihaf. The owner draws the vision, mission, values, operations strategies, and business characteristics which all contributed to launch a fascinating restaurant. All this preparation led Sihaf to enter the market using a technique different from competitors.

The growth stage came after the successful introduction. At this stage Dr. Mohammed succeeded to increase the market share, sales, contribution to society, and competitive advantage. He conducted a production analysis to improve the restaurant efficiency. Dr. Mohammed used many tactics such as evaluating processes, procedures, and standards to check what was applicable to use and how to improve. The owner believed that customers' suggestions should be taken into consideration because they help him to put himself in their shoes "as he said". Due to the rapid changing environment in Malaysia, Dr. Mohammed was aware that it is very important to be able to adapt to changes which would be reflecting on the product quality, work processes, and strategies. Currently the restaurant is in the maturity stage, due to its strong customer base, market share is increasing, sales and profits are stabilized. Sihaf becomes more capable to achieve its goals and objectives.

Indeed, the food design, development and production encounter a complex supply chain management, which operates on many components, processes, and innovation. Food and beverages industry is very sensitive and affected directly by the external environmental factors such as economic conditions, government policies, legislations, technology, and society. Thus, any chance to develop an effective strategy for a restaurant such as Sihaf has to be taken into consideration every single aspect of the business value chain, and all the factors that impact the current and future conditions of the F & B industry.

BACKGROUND OF ARAB RESTAURANTS IN MALAYSIA

Since many years ago, Arabic restaurants became one of the most famous restaurants in Malaysia. When Arab started to visit Malaysia regularly, especially during the summer since the tragedy of 11th September 2001 in America. Accordingly, the situation had changed the global tourism scenario greatly including Malaysia and other Islamic countries.

According to some study, “tourists especially from the Muslim countries are becoming more careful and selective in choosing their destinations for holiday”. Recently, the statistics clearly showed that the arrival of Middle East tourists to the United States had decreased sharply after the incident. Thus, in 2000, about 249,260 Middle East tourists visited the States but in 2002 and 2005, the numbers decreased tremendously to 126,613 and 144,131, respectively. Similarly, the number of tourists arrival at the United Kingdom, during the same period, declined from 429,000 to 360,000 and 380,000, respectively. The increasing number of tourists from the Middle East indirectly impacted the increasing number of Arabic restaurants in Malaysia.

According to study, in 2010, the number of tourists from Saudi Arabia, UAE and Iran who visited Malaysia is 86,771, 25,645 and 116,252 respectively. However, in 2011, the number showed an increase of about 15.6% tourist visit from these three countries which were Saudi Arabia; 87,693, UAE; 24,212 and Iran; 139,617 (Tourism Malaysia, 2012). At the same time, United Federation of Travel Agnes’s Association stated that Malaysia recorded an overall growth of 1.2% tourist arrivals with 9,438,592 tourists for the first five months of 2012 as compared to 9,323,827 for the same period in the previous year. The data also showed the increasing number of tourists from Saudi Arabia of about 50.7%. The former Minister of Tourism Malaysia, Dato Sri Dr. Ng Yen Yen said in Malaysia Tourism Transformation Plan 2020, Malaysia targets to achieve 36 million tourists and 168 billion in revenues by 2020. A number of researchers stated that the increasing number of Arab tourists arrival from the Middle East and the increasing number of Arabic restaurants in Malaysia has caused the Arabic food becomes popular and well accepted by the Malaysian citizens. To sustain these restaurants and increase the revenue, investigating the attributes that contribute to the actual concept of these restaurants is worth to be carried out. Although there are numerous studies regarding the Arab tourists and their behaviors, very few of the existing studies focus on the Arabic restaurants.

OPERATIONS MANAGEMENT IN SIHAF RESTAURANT

Competitive Strategy

1. Barriers to entry: High, due to the difficulty for new entrants in the industry because of the huge capital amount required to establish a new restaurant with high quality of products and service.
2. Competitive rivalry: Sihaf restaurant faced low competition in the industry as there were only few competitors.
3. Threat of substitutes: The threat of substitution is low and the targeted customers in Shah Alam do not have many options to go for. The chosen location was almost free of competitors.

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4. Bargaining power of buyers: It is considered as low because of the limited options. Only few major restaurants compete with Sihaf to produce high quality food.
5. Bargaining power of suppliers: It was very high because there are many suppliers of raw materials in Shah Alam who are competing to supply Sihaf restaurant.

SWOT ANALYSIS

Strengths

- High profits
- Strong suppliers
- Limited choices for customers
- Good design layout
- Zero competitors in the same area
- Strategic Location

Weaknesses

- Service quality is low compared to product quality
- Increased customer demand

Opportunities

- Opening new branches in many states
- Raw materials suppliers were providing much more offers
- Offering promotional coupons for lunch and dinner to employees who work in surrounding governmental offices

Threats

- Governmental tax
- Increased rental fees

LOCATION STRATEGY

The location strategy is very effective and efficient because the owner chose the right location which is vital to the success and profitability of Sihaf restaurant. Sihaf restaurant is situated where the targeted focused grouped customers are living and the raw material suppliers are close. Also there is a residential area and customers may come from there. Additionally, security, climate, and view are also other important factors that were taken into consideration.

Factors of Choosing this Location

There are many factors which Dr. Mohammed considered while choosing the location as following:

1. **Ease of access:** The accessibility to the restaurant was high because it had been chosen to be located in catchment area where most of the targeted customers live.
2. **Visibility (High):** The chosen location is of very high visibility.

3. **General surroundings** (excellent): The targeted people were A & B+ income living such as, high income Malay and Arabs, governmental industries, and foreigners. The chosen location was very efficient.
4. **Proximity to demand attractions** (Excellent) as the location was surrounded by high and catchment residential areas.
5. **Size of land:** Wide land scale

LAYOUT STRATEGY

Sihaf restaurant is designed into two layouts, structural and interior design layout.

Outdoor Layout

The outside area was mainly designed for public. Indeed, it is designed to be large and open space for customers which was designed with traditional decoration to represent the culture of Syria.

The outdoor layout included one separate kitchen which was designed based on the nature of the products such as preparing grills, Shawarma and bread which is made by traditional oven.



Figure (1) shows the out-side layout of Sihaf Figure (2) shows the out-side kitchen of Sihaf



Figure (3) shows the outside layout of Sihaf

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In-door layout

Inside layout was designed and characterized for the VIPs and families for more privacy. The area from inside was divided into many rooms for families and also included halls which were especially designed for celebrations such as graduation ceremony and conferences.

The indoor layout included another separate kitchen which was fully prepared for cooking the main dishes.



Figures (4 and 5) shows the inside layout of Sihaf



Figure (6) shows the in-side kitchen of Sihaf

Stores

The stores were designed to be suitable for keeping the ingredients fresh and avoid any damages, some of stores were having air-conditions because certain resources required to be stored in cool temperature.

QUALITY MANAGEMENT STRATEGY

DIMENSIONS OF PRODUCT QUALITY

- **Performance:** In terms of food, it has a very unique food decoration. In addition, the outdoor kitchen is opened to customers to view chefs while cooking which had put the chefs under pressure to perform their best.
- **Features:** Products are served fresh and hot/cold- depends on orders.
- **Reliability:** It is a result of implementing quality systems such as HACCP, which contributes to produce reliable, accurate, safe and high-quality products.
- **Conformance:** Product conformance is very high, due to the variety of the cuisine which highly exceeded customers' expectations. Also, customers' feedback is taken into consideration to modify the menu.
- **Aesthetics:** Waiters & Waitress serve in a very professional way, unique food decoration, and unique plates.
- **Perceived quality:** This is excellent because customers' feedback shows their admiration of the products and service which Sihaf is providing.
- **Durability:** According to the very strict quality system at Sihaf, there are very few cases when customers asked for food replacement.
- **Serviceability:** Basically, it refers to the ease of replacing any order of customers. Once customers are unsatisfied with the quality of food, they will be replaced immediately with another one for free.

OPERATIONS MANAGEMENT ISSUES

1. Appearance of many new constructions surrounding Sihaf

Recently, Sihaf is facing a complicated issue due to the appearance of new constructions that lead to many negative consequences. Such issue will lead the management to change their strategies in future. Thus, the most effective strategy will be the location strategy, as mentioned before, the ideal location was considered as the main success of Sihaf restaurant. The main idea behind choosing the previous location was to provide the right product with the right price, and at the right place. Therefore, the new changes caused a negative impact on Sihaf's customers.

The new constructions will significantly affect the visibility to the restaurant as the new buildings will block the view of Sihaf and the restaurant will become invisible to people. Another affected factor is the ease of access. Eventually, it is decreasing due to the road closure which lead the customers to park their vehicles far and walk in to the restaurant. On the other hand, the general surrounding will change due to the newcomers to Shah Alam, and thus this might decrease the average number of the targeted customers. Although, the restaurant will lose the advantage of being in catchment areas and in long term basis customers will start looking for new substitutes. Not only the customers who got affected but also the management team. Recently, there is an occurrence of conflict among managers because of the variation of the suggested plans. Due to the new constructions, the management team is putting huge effort to redesign their strategies which at a certain period affected the relationship among the team and created a stressful working environment.

2. Building an effective relationship among employees

The intention of the owner was to form an effective team in order to ease the work pressure and achieve the overall targets on time. As Dr. Mohammed believes that team members should share responsibilities and help each other to achieve their tasks. However, there were many conflicts among employees. Those conflicts raised up from the interference of job performance, i.e. employees are blaming each other's for job performance deficiencies. For example, employees who are working in the hall are blaming the chefs inside the kitchen for their performance deficiencies and vice versa. Moreover, employees raising many complaints of being treated unequally by direct supervisors and managers. Thus, this led to poor coordination between employees and management. Although, employees are not being clear about the goals and their roles and responsibilities in the team which created obstacles in building an effective team. Obviously, this issue reflected negatively on customers' impression. As by the time customers notice that there is no harmony between the employees, they will not feel very satisfied in the services and will be uncomfortable. And that can affect the quality of the provided products. The effect of that may lead the customers to find other substitutes. Therefore, the restaurant may lose many potential customers.

DISCUSSION QUESTIONS

1. What are the advantages of Sihaf's location strategy among competitors? Is the restaurant sensitive to the location? What could be the reasons?
2. What could be the factors of adopting layout design? How do you measure the efficiency of Sihaf's layout? What are the advantages of choosing this strategy among competitors?
3. To ensure the food and service quality, what could be the other practices that the restaurant can apply?
4. To solve the issues which Sihaf is facing, what could be the suitable solutions?