

Al Khoory Restaurant

Rashid and Fatima have just received funding from their father to start a new restaurant. The two siblings (brother and sister) have both been working at jobs in Dubai, United Arab Emirates for several years. Their family was very entrepreneurial and both Rashid and Fatima were eager to start businesses on their own as they were the last of the children in the family to have their own businesses. Rashid and Fatima wanted to start a business together and they wanted their first business to be a success. There was a certain amount of competition between the children and Rashid and Fatima wanted to show their older brothers and sisters that they, too, could be successful.

Rashid and Fatima decided to start a restaurant because there were very few restaurants in the area of Dubai where they lived. The reason there were few restaurants is that this section of the city was new. There had only been villas and apartment buildings in the area for the last 8 years. Before that time the land had been empty desert. The rapid growth of Dubai meant that their area of town has been built up very quickly. Services such as grocery stores, restaurants, dry cleaners, gift shops, and video stores were just now starting to open. The population of the area now justifies these services.

Details of the population of the area are included in Appendix A.

A suitable location for the restaurant had been found by their father in one of his commercial buildings in the center of their area. It was a good location because:

- There was lots of parking
- There was good visibility from main roads
- There was easy access from main roads, and many people walking and driving past the location.

The rent would be the same for whatever type of restaurant they decided to open.

Rashid and Fatima had a friend who was an interior designer. The interior designer had created a restaurant layout for them.

The layout is included in Appendix B.

The minor problem...

Rashid and Fatima had a problem. They knew nothing about the restaurant business. They liked eating at restaurants, but had never really investigated how they worked, what foods to offer, and how to manage one. They needed help with just about everything (except the layout). They decided to hire you as a consultant to help them put together this restaurant.

They have assembled some data for you to work with:

1. Some information on menus and food types in Appendix C.
2. Some data on the cost of hiring staff and other operating expenses in Appendix D.

This, and is all you have to work with. You will have to take your knowledge of Operations Management and the information in this case to answer all their questions.

Appendix A

Some demographic information about Rashid and Fatima's area of Dubai:

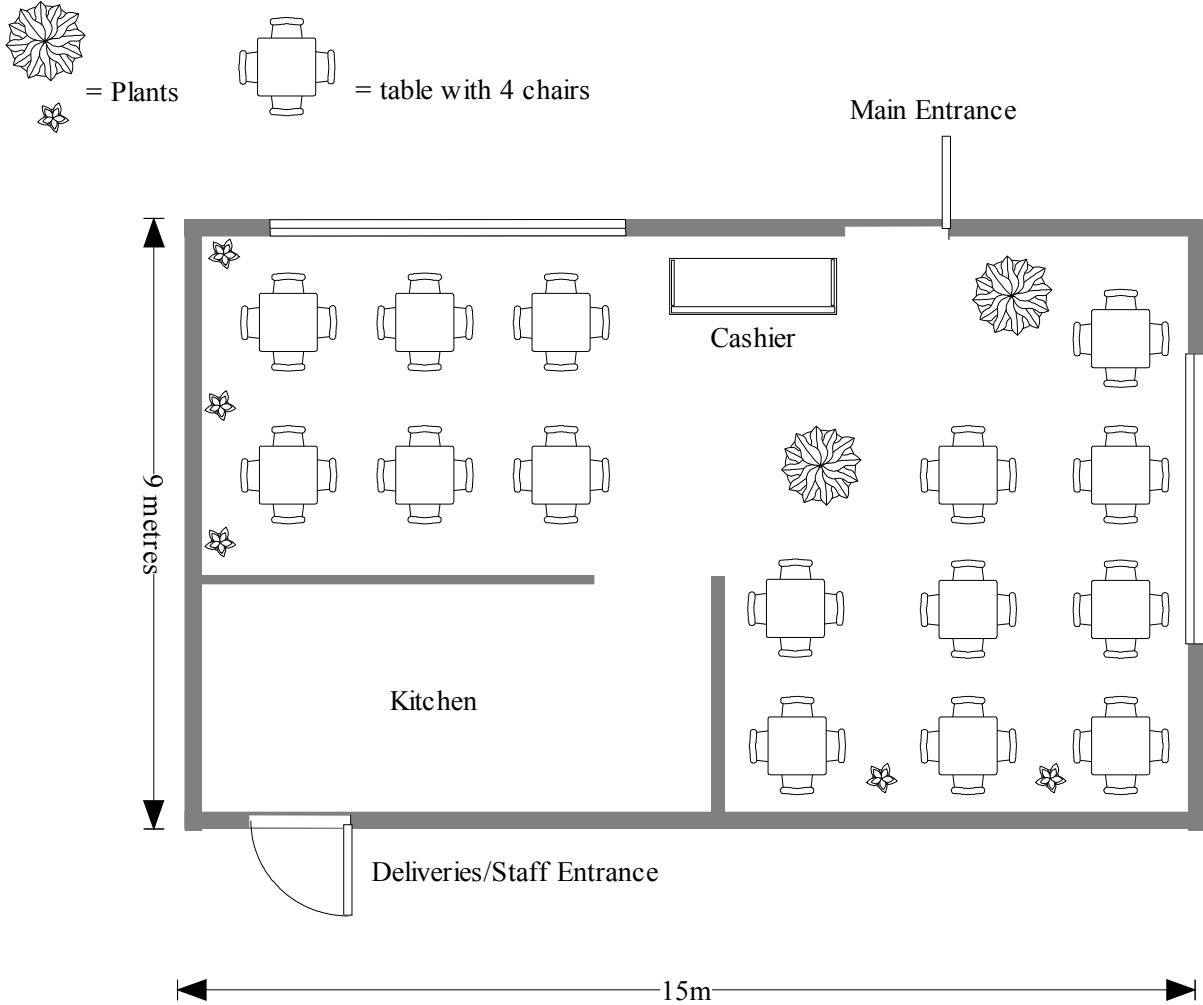
Total Population		35,000
Ethnic groups:	UAE Nationals	16,000
	Asian Expatriates	14,000
	Europeans/North Americans	5,000
Age groupings (UAE Nationals)	<10 years old	15%
	11-18 years old	20%
	19-35 years old	30%
	36-50 years old	25%
	>50 years old	10%
Average income levels (per month for those who work only)	UAE Nationals	Dhs. 18,000
	Asian Expatriates	Dhs. 1,100
	Europeans/North Americans	Dhs. 12,000
Restaurants in the area	Premium	1
	Family	2
	Fast food/cafeteria	4
Grocery stores	Choithrams	0
	Co-op	1
	Spinney's	1
Average number of meals taken at restaurants (per month)	UAE Nationals	12
	Asian Expatriates	6
	Europeans/North Americans	8

Important Notes:

1. American \$ 1 = Dhs. 3.67
2. Assume that customers visit only the restaurants in their own geographic areas on a regular basis.
3. Assume that the above demographic information is the most important relevant information for this situation.

Appendix B

Layout suitable for a Fast Food/cafeteria or Family or Premium style Restaurant



Appendix C

Some data on restaurant types in the UAE:

Fast Food/Cafeteria	Examples: McDonald's, local cafeterias
Food types	Shwarmas, burgers, milkshakes, sandwiches, Indian dishes, Indian and Arabic breads - A shorter menu
Average order value per customer	Dhs. 12
Average order cost per customer	Dhs. 4
Average food production time per order	10 minutes from the time the customer orders to the time the customer receives his meal. (many customers are "take-away" customers)
Average number of customers per day	400
Average opening days per month	30 days (open every day)

Family restaurant	Examples: TGIF, Arabic family restaurants
Food types	Indian dishes and/or Arabic full meals, and/or American style full meals. A medium length menu
Average order value per customer	Dhs. 18
Average order cost per customer	Dhs. 6.5
Average food production time per order	20 minutes from the time the customer orders to the time the customer receives his meal. (some customers are "take-away" customers)
Average number of customers per day	200
Average opening days per month	30 days (open every day)

Premium restaurant	Examples: A restaurant with a nice interior and a large menu and excellent food
Food types	Indian dishes and Arabic full meals, and/or American or European style full meals. A full length menu.
Average order value per customer	Dhs. 40
Average order cost per customer	Dhs. 7
Average food production time per order	30 minutes from the time the customer orders to the time the customer receives his meal.
Average number of customers per day	125
Average opening days per month	30 days (open every day)

Appendix D

Staffing and operating costs for the UAE:

Fast Food/Cafeteria	
Average number of waiters/servers/table cleanup staff	1.5
Average number of cooks/food preparers	3
Average labor costs per month per employee	Dhs. 800
Restaurant operating costs per month (total of all costs)	Dhs. 5,000

Family restaurant	
Average number of waiters/servers/table cleanup staff	3
Average number of cooks/food preparers	3
Average labor costs per month per employee	Dhs. 1000
Restaurant operating costs per month (total of all costs)	Dhs. 10,000

Premium restaurant	
Average number of waiters/servers/table cleanup staff	5
Average number of cooks/food preparers	4
Average labor costs per month per employee	Dhs. 1,800
Restaurant operating costs per month (total of all costs)	Dhs. 20,000