

Finding harmony through food

Creative Shock'20 Preliminary Case Study



Business overview



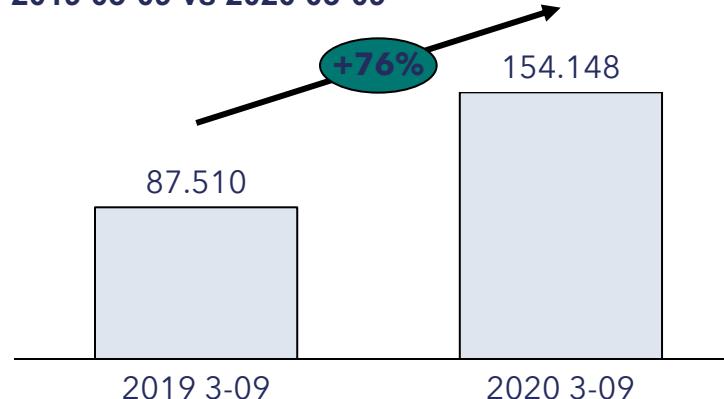
- “Green Harmony” is a healthy lifestyle restaurant/salad bar. The business not only prepares and delivers high quality, delicious food, but also helps to reintegrate socially excluded groups back into society.
- The social enterprise team focuses on reintegration of young drug and alcohol addicts, as well as ex-convicts by using a “work rehabilitation” programme. For a six-month period participants of the programme can develop work skills as waiters, cooks or bartenders while also continuing with their therapy and/or education. Participants finish the programme with a qualification and an employer’s reference that should help them to find a permanent job.
- “Green Harmony” aims to change society’s perception towards former drug users and ex-convicts and is organising many different social events related to this topic.

Overview of "Green Harmony" social model

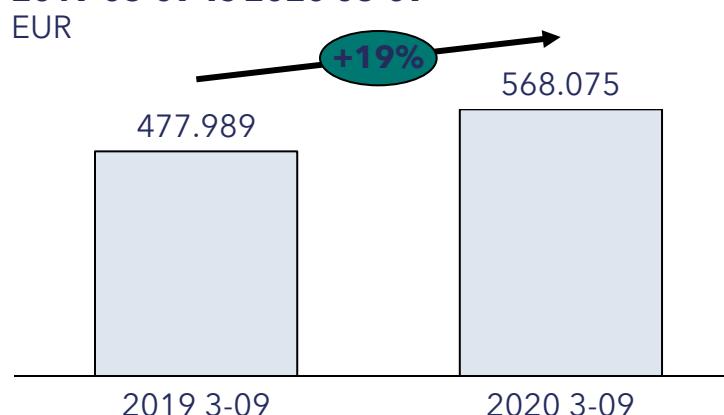
- **Social problem**
 - Even after successful rehabilitation programmes, many former drug addicts and ex-convicts often take up their old habits. This is mainly driven by the absence of proper professional work skills, a patchy work history and a negative attitude of employers and society in general towards this social group.
 - During rehabilitation programmes professional help is usually provided in a protected environment. After finishing these programmes many participants need to face everyday problems alone without any support; this is also a key factor why they tend to start using drugs or commit crimes again.
 - Relapse is a major problem; therefore, reintegration of ex-addicts and former convicts into society involves a complicated mix of psychological coaching and training.
- **"Green Harmony" approach**
 - "Green Harmony" seeks to find solutions to all of these problems by:
 - Providing training and employment to the participants
 - Providing professional rehabilitation in a non-protected environment (free consultations by social workers and psychologists)
 - Providing personal development and coaching to build self-confidence
 - Providing required financial support (salary, public transport tickets, etc.)
 - Supporting and mediating in finding further jobs

"Green Harmony" restaurant concept was revamped to build more sustainable business model

Number of restaurant visitors,
2019 03-09 vs 2020 03-09



Revenue from restaurant activities,
2019 03-09 vs 2020 03-09

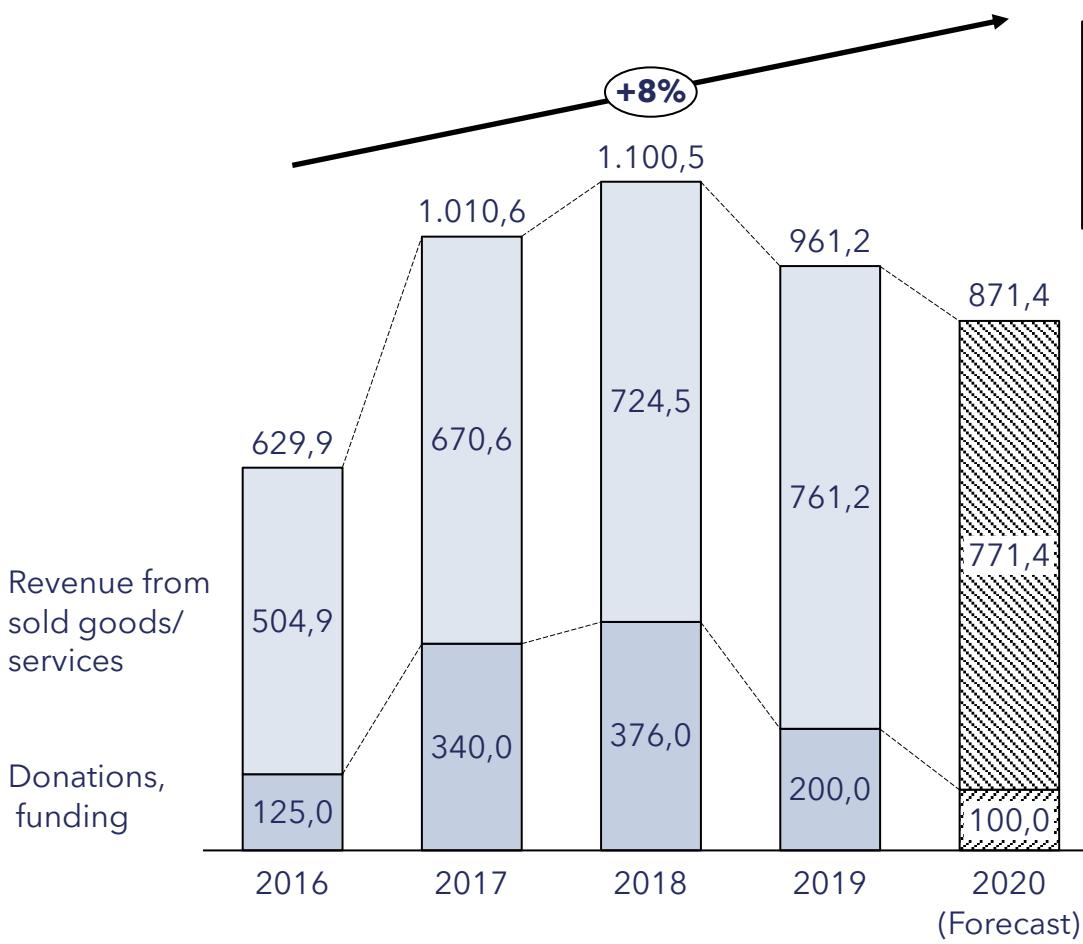


- In 2019 "Green Harmony" was not able to receive enough funding from social and governmental institutions to remain profitable and maintain rehabilitation programme at the same scale.
- The management team of "Green Harmony" were evaluating different ways how to create a fully sustainable social business and be less dependent on donations and government funding. They came up with a new restaurant concept, which is more focused on family dining and would have longer work hours (previously restaurant were open from 9am to 3pm on workdays and Saturday). This way they were aiming to attract larger groups of visitors to the restaurant.
- They also expanded restaurant menu to 52 salad dishes and added 8 types of healthy drinks and green cocktails. To put the focus on their new dishes company also removed daily lunch combo from the menu.
- Company revamped its restaurant in few months and re-opened in March of 2020. The new concept was a success as number of restaurant visitors grew by ~75%, while restaurant revenue by almost 20%. Also, restaurant busiest time shifted from lunchtime during workdays to evenings and weekends.
- However, this revenue increase is not enough to cover all potential company losses in 2020 (and potentially in 2021 as well), as only 100 thous. Eur were raised for 2020 period from donations & government funds, while costs remained at the same level as in 2019.

Although income from revenue business continued to grow in 2019, company reported its first annual loss

Revenue breakdown, 2016-2019

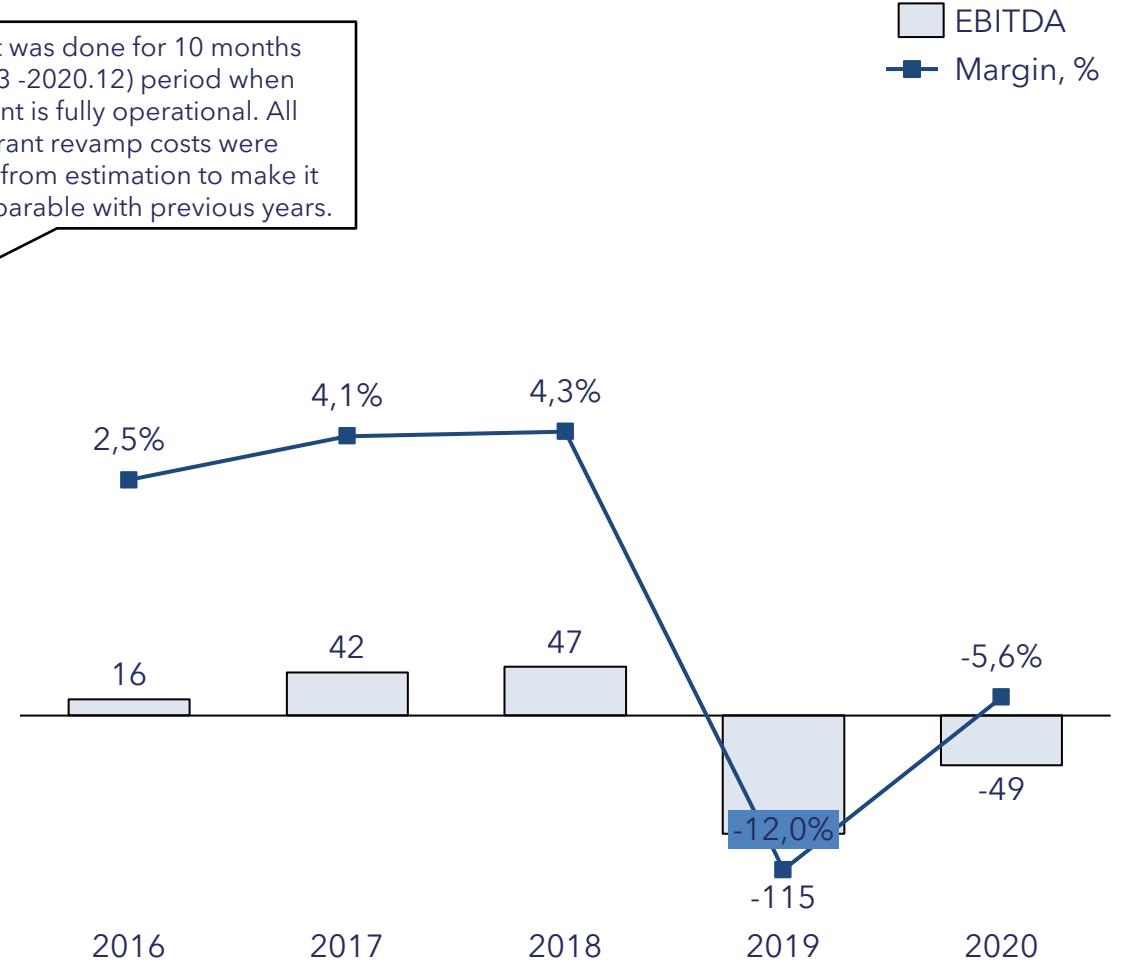
Thous. EUR



EBITDA and EBITDA margin, 2016-2019

Thous. EUR

Forecast was done for 10 months (2020.03 -2020.12) period when restaurant is fully operational. All restaurant revamp costs were excluded from estimation to make it more comparable with previous years.



Your Task

Situation	<ul style="list-style-type: none">• "Green Harmony" Board of Directors is planning to meet and discuss restaurant performance after the re-launch.• BOD of the company hired your consultant team to help management team to analyze restaurant results from the strategic perspective and provide recommendations how to improve restaurant results.• After discussion with the management team you agreed to focus on following topics:
Your Task	<hr/> <ol style="list-style-type: none">1 Provide your hypothesis why restaurant revenue didn't grow as fast as number of visitors after the re-launch. Which revenue drivers/ KPIs indicate these reasons or prove your hypothesis (all necessary information required to answer this question is provided in the back up)?2 Based on your findings, provide your recommendations what actions the management team of "Green Harmony" could take to increase restaurant revenue.



BACK UP

Overview of Menu changes

Menu type

Breakfast



Before re-launch

- Breakfast menu was limited only to few dishes. It was available only on Saturdays

After re-launch

- "Breakfast menu remained the same, however due to longer work hours became

Lunch



- During lunchtime "Green Harmony" offered a special lunch combo (usually consisting of a soup and the main salad dish) for an affordable price
- It is one of the busiest times of the day, as many people from business centres nearby are having lunch

- Lunch combo was removed from the menu in order to put more emphasis on the dishes in the revamped Main menu

Main Menu



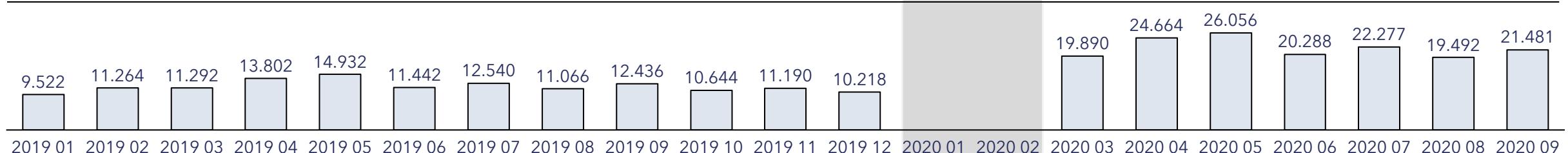
- Restaurant offers only 8 salad dishes and 2 types of desserts in their main menu
- Only few customers were selecting dishes from the main menu, as the daily lunch combo were always the most preferred option due to its price

- Main menu was expanded to 52 salad dishes. 8 types of healthy drinks and green cocktails were added to the menu as well. Dessert section were expanded to 4 dishes as well.

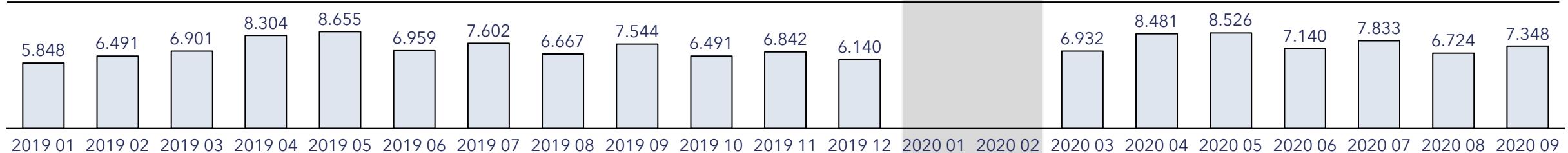
Note: Company does not sell any alcohol or tobacco products. Even though selling alcohol and tobacco items would help to improve revenue and profit, social responsibility and the well-being of employees are and will be the main priority for the „Green Harmony“ management.

Monthly restaurant KPIs

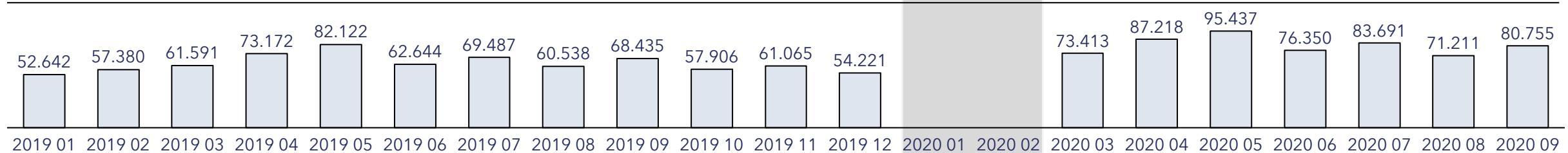
Number of visitors 2019.01-2020.09



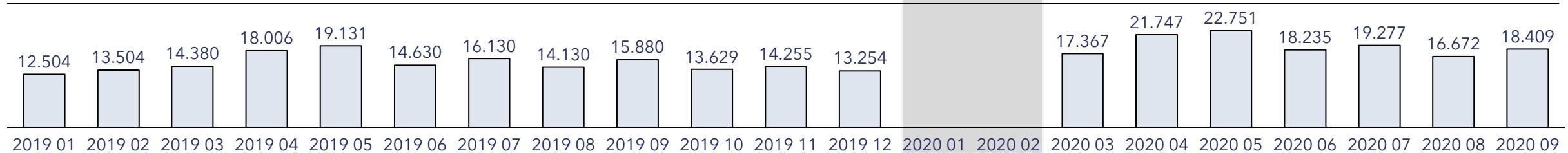
Number of receipts 2019.01-2020.09



Monthly revenue (restaurant only) 2019.01-2020.09, EUR



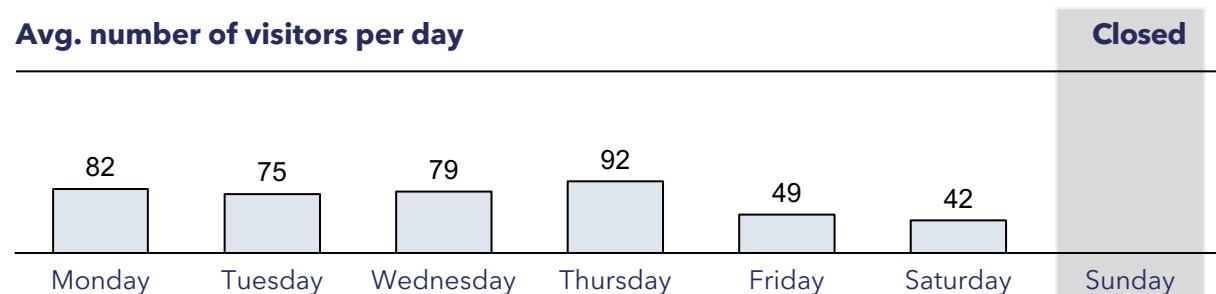
Number of items sold 2019.01-2020.09



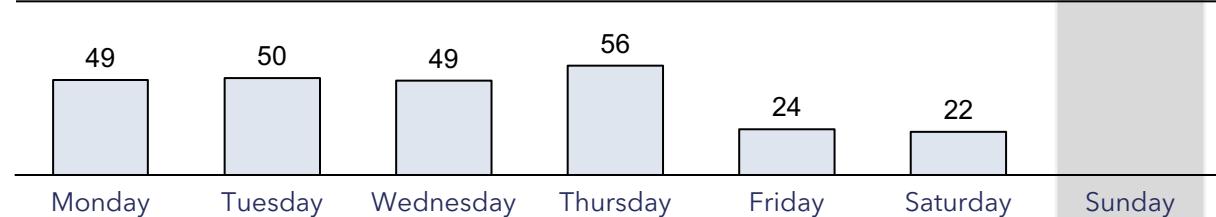
Daily restaurant KPIs

Before re-launch

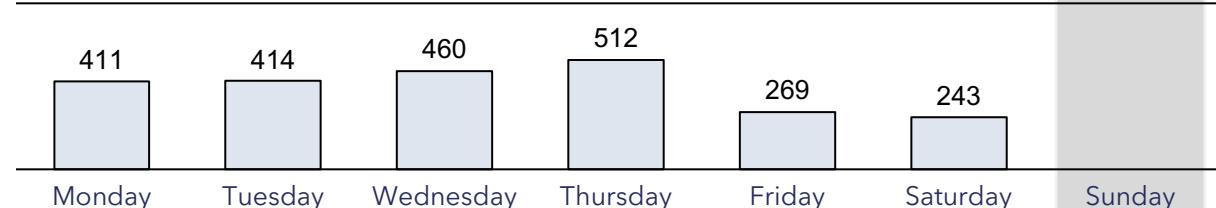
Avg. number of visitors per day



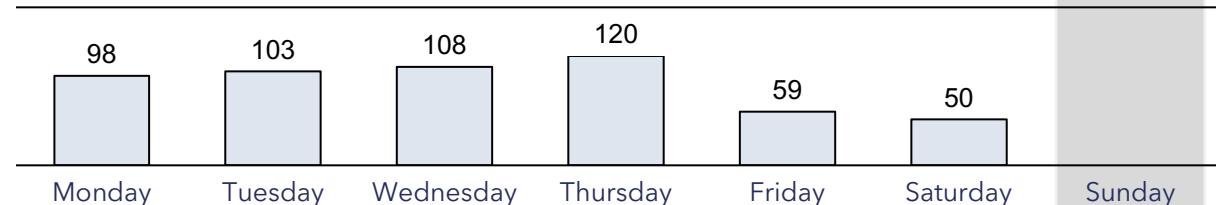
Avg. number of receipts per day



Avg. revenue per day, EUR

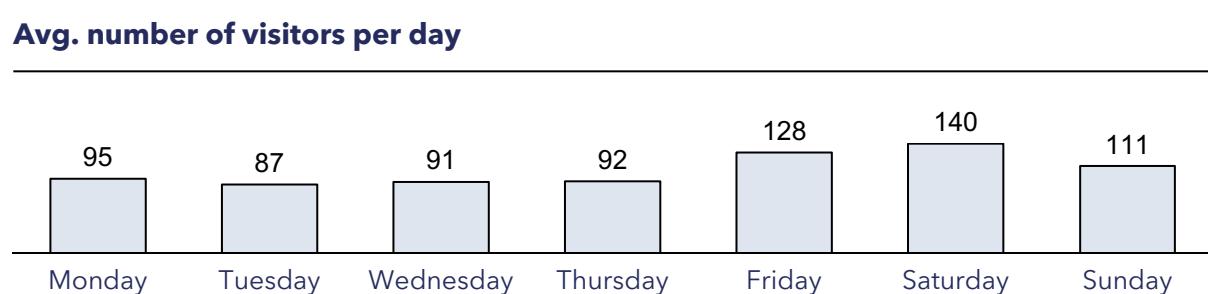


Avg. number of items sold per day

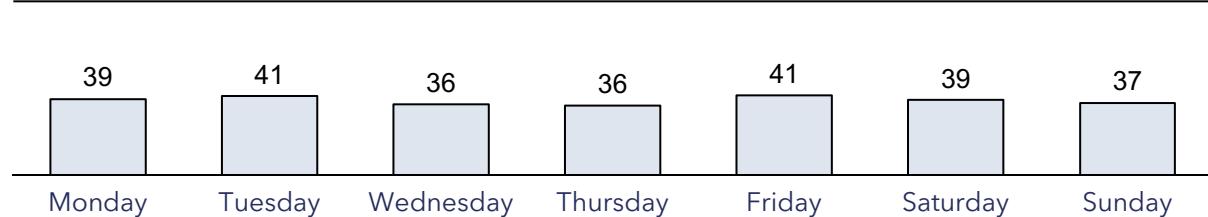


After re-launch

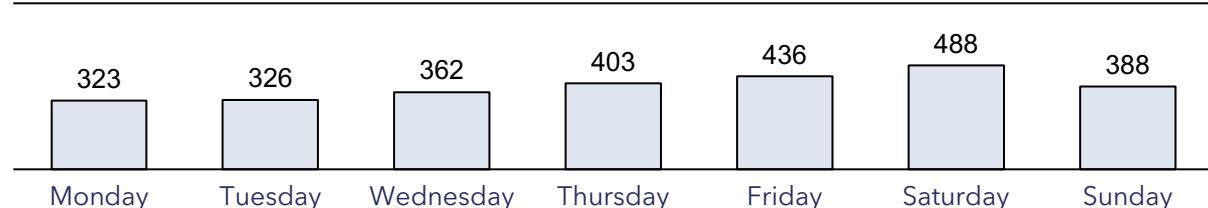
Avg. number of visitors per day



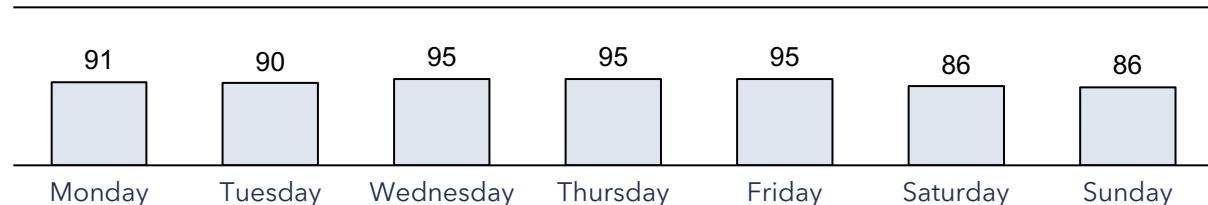
Avg. number of receipts per day



Avg. revenue per day, EUR



Avg. number of items sold per day



TOP 5 most popular "Green Harmony" menu items (based on purchase frequency)

Before re-launch			After re-launch		
No.	Dish name	Price, EUR	No.	Dish name	Price, EUR
1	Lunch Deal	• 3.5	1	Green cocktail	• 3
2	Fried chicken salad with feta cheese	• 5	2	Fried chicken salad with feta cheese	• 5
3	Bean salad with tomatoes and paprika	• 5	3	Strawberry cocktail	• 3
4	Caesar salad	• 5	4	Hot Mexican chicken salad	• 5
5	Hot Mexican chicken salad	• 5	5	Caesar salad	• 5

Main definitions



Visitor - person who visited the restaurant (e.g., if 3 people were seated at the same table, they would be accounted as 3 visitors)

Receipt - a document acknowledging that a table/ person paid for the ordered items

Item sold - dishes and drinks ordered from the menu

Monthly revenue - revenue generated from restaurant activities during calendar month period