

11.13 CASE STUDY SUMMARY

For that reason it is suggested that, at this stage, you take time to summarise the results of your previous case study exercises so that you are able to present them to the directors of Restful Restaurants plc. A formal report is not necessary. They are not asking you specifically for recommendations, but any points you would like to highlight will be appreciated by them.

You have not been asked to reach any conclusion about the results of your study but a summary of your findings would help your directors in their task of deciding whether to open a food outlet in Lonbridge and, if they do, what type of outlet it should be.

2.11

At present there are 108 takeaways, 74 cafés and 72 restaurants

The owners of all three types had very mixed feelings about the future.

The majority of takeaways had low staffing levels and the restaurants highest.

For all three types company ownership is preferred to sole ownership; partnerships are very rare.

Companies seem to prefer takeaways, but had the highest proportion of all types of outlets.

Gross sales are similar for the three types of outlets, but when size is taken into consideration, large takeaways fair better than large restaurants.

Takeaways have the largest range of market values, with cafes having the highest average.

3.9

The graphical impressions from 2.11 were borne out by the study.

5.10

Data on gross sales, market values, staffing levels was found to be skewed for all types of outlets so parametric tests will not be valid and the less powerful nonparametric tests will have to be used. Wages and advertising as a percentage of sales look normal.

6.15

Confidence intervals show that there is no difference between the mean gross sales, market values or staffing levels of the three types of outlets.

They all spent, on average, the same proportion of their sales on wages or advertising.

7.15

Tests showed nearly all the data for the separate types of outlets to be non-normal.

Since there are three types of outlets no pairwise comparisons were made as the three way comparisons of 8.11 were more appropriate.

8.11

The gross sales of the restaurants would appear to be less than those of both the takeaways and cafes which appear to be similar.

The cafes have higher market values than the takeaways which have higher values than the restaurants.

There is no significant difference between the staffing levels in the three types of food outlets.

There is no significant difference between the costs of wages or advertising as a percentage of sales in the three types of food outlets.

There is no significant difference between the types of ownership, business outlooks or sized of establishment (in terms of FT equivalent) 0 of the three types of food outlets.

9.15

Number of full-time employees has the highest correlation coefficient with market value. This is borne out by regression analysis. Part-time employees and new capital invested are also both significantly associated with it. This was also found to be the position for all three types of outlet separately.

The three types of outlet were analysed separately producing the following regression equations relating gross sales, market values and staffing levels:

For takeaways only

Market value = $104.5 + 31.1 \times \text{no. of full time employees}$

Gross sales = $49.0 + 20.1 \times \text{no. of part-time employees}$

Market value = $-36.8 + 1.20 \times \text{gross sales}$

For cafés only

Market value = $226 + 6.45 \times \text{no. of part-time employees}$

Gross sales = $208 + 10.7 \times \text{no. of full-time employees}$

Market value = $222 + 0.273 \times \text{gross sales}$

For restaurants only

Market value = $80.5 + 10.5 \times \text{part-time employees}$

Gross sales = $79.9 + 14.8 \times \text{no. of part-time employees}$

Market value = $46.1 + 0.711 \times \text{gross sales}$

The increase in gross sales per extra employee, both full-time and part-time, was highest for takeaways and lowest for cafés. The market value responded best to an increase in gross sales for takeaways and worst for cafés.

10.12

Tests showed that there was no difference between the owners of the different types of outlet, the type of ownership or the size of establishment regarding their optimism about the future.

Do not be disappointed! This is real data and you should not expect any spectacular results. Your directors would realistically not expect an obvious 'best choice' or all the food outlets would be of the same type in Lonbridge – the winning one!

All you have done is to provide your directors with background information enabling them to discuss the situation and, hopefully, reach a decision. If they put you on the spot your best bet would probably be a takeaway on the evidence of 9.15.