

M.K. Kenzhegaranova¹, A.K. Azimbekova², Z.Z. Issayeva³
^{1,2,3}Suleyman Demirel University, Kaskelen, Kazakhstan

MANAGING CHANGES AT A CATERING BUSINESS

Abstract. This article analyzes management approaches and decisions of a public catering establishment in Almaty city, the Republic of Kazakhstan. The authors of the study used qualitative research methods in order to examine the current situation and business processes of the object of the study. The model of three-stage change process by Kurt Lewin was used as a theoretical basis, and such types of analysis as the affinity diagram, the stakeholder analysis, the interrelationship diagram, and the Pareto diagram were used in order to interpret and understand challenges in the company functioning. The main objective of the article is to study the activities of the research object and offer recommendations for improving its operational activities on the market. The authors of the article claim that changes must be managed, they also state that it is important to know how to manage successful changes.

Keywords: changes, change management, Kurt Lewin's theory, types of analysis, Pareto diagram, stakeholder analysis.

Аңдатпа. Бұл мақалада Қазақстан Республикасының Алматы қаласындағы қоғамдық тамақтандыру орнының басқару тәсілдері мен шешімдері талданады. Жұмыстың авторлары зерттеу объектісінің ағымдағы жағдайын және бизнес-процестерін зерттеу үшін сапалы зерттеу әдістерін қолданған. Курт Левиннің өзгерістердің үш кезеңінің моделі теориялық негіз ретінде қолданылып, ал талдау тетіктері болып өзгерістер түрлерін басқару теориясы мен тәжірибесінде кеңінен таралған сәйкестік диаграммасы, мүдделі тараптардың талдауы, өзара тәуелділік диаграммасы және Парето диаграммасы алынған. Мақаланың негізгі мақсаты- зерттеу объектісінің қызметін зерделеу және компанияның операциялық қызметін жақсарту бойынша ұсыныстар беру. Мақала авторлары өзгертулерді дұрыс басқарумен қатар, сәтті өзгерістерді басқарудың жолдарын білу керектігін айтады.

Түйін сөздер: өзгерістер, өзгерістерді басқару, Курт Левин теориясы, талдау түрлері, Парето диаграммасы, мүдделі тараптарды талдау.

Аннотация. В этой статье анализируются управленческие подходы и решения заведения общественного питания города Алматы, Республики

Казахстан. Авторами работы были использованы качественные методы исследования для того, чтобы изучить текущую ситуацию и бизнес-процессы объекта изучения. В качестве теоретической основы была применена модель трех ступеней изменений Курта Левина, а аналитическими инструментами выступили широко применяемые в теории и практике менеджмента изменений такие виды анализа как – диаграмма аффинити, стейкхолдерный анализ, диаграмма взаимозависимости и Парето диаграмма. Основная задача статьи - это изучить деятельность объекта исследования и предложить рекомендации по улучшению операционной деятельности компании. Авторами статьи утверждается, что изменениями необходимо управлять, также важно знать - как управлять успешными изменениями.

Ключевые слова: изменения, управление изменениями, теория Курта Левина, виды анализа, диаграмма Парето, стейкхолдерный анализ.

Introduction

Business conditions change very quickly in many sectors of the modern economy. Rapid scientific and technological progress leads to the emergence of new technologies on the basis of which new types of products and services are developed. Moreover, spontaneous processes occur within enterprises and these processes erode control structures and systems, violate process standards and reduce manageability. This way, under the pressure of external and internal circumstances, business enterprises are forced to change their own strategies, systems and management practices.

This article is about management of business processes at a public catering services company. The theory of Kurt Lewin has been taken as a foundation for research since this theory explains and underscores how changes happen in various stages of a company development. In addition to the theoretical framework, some efforts have been applied by the authors of the article with the aim to study an overall functioning of this catering services providing company. Moreover, several types of analysis and their interpretation through tables and diagrams have been used. Data for the analysis were taken from the archival documents and from interviews with top management and personnel of the catering services providing company.

Research methods and results

Textbooks and scholarly articles on the topic were the secondary sources of data for this paper. In addition to it, the company documentation and archival data served as sources of information and analysis. The authors of the article conducted several interviews in order to clarify and identify points and agendas of this study. Moreover, the theory of Kurt Lewin has been taken as a theoretical foundation of the article, which in turn provides the model of changes in the

change management field. The three-stage change model of Kurt Lewin explains what type of changes an organization goes through in the process of its transformation. Kurt Lewin proposed a three-stage theory of change commonly referred to as Unfreeze, Change, Freeze (or Refreeze) [1, 2]. Therefore, taken as a theoretical framework, the theory of Kurt Lewin helped us to analyze and propose some changes for the object of the study.

First and one of the important stages is – “unfreeze”. This step is about recognizing the problems of an organization and getting ready to change. It involves getting to a point of understanding that change is necessary and getting ready to move away from the current comfort zone. Therefore, it is about being ready for changes.

The second stage of Lewin’s model is the step of change implementation or transformation. Employees should also feel a strong connection with the organization and feel their importance during the transformation period. In other words, the second stage of the model is the stage of possible changes.

The third step is – “refreeze”. As the name implies, that stage is about establishing stability in consequence of changes made. It means to refreeze changes. Therefore, changes must be accepted and become a sign of stability. Beyond the changes that have been implemented during the “change” phase, employees also tend to revert to their old habits and routines. Therefore, companies should respond appropriately and carry out interim assessments, monitor and adjust in order to cope with this step [3].

“Sanim” café was taken as an object of our research. It is a company that offers catering services for citizens of Almaty city, the Republic of Kazakhstan. “Sanim” café was founded in 2014 by Sanim Nabikhan. The history of creation of this café started when the owner could not find a cozy family-place to have dinner. This fact inspired him to create his own place with all modern conveniences. At the beginning, the cafe could accommodate only 60 guests. Currently, the café has seats for 170 guests. During these years, there were quite a lot changes in the management system of the enterprise and in its exterior and interior design. Now there are 16-summer terraces, 20-winter terraces, 2-large halls and a playground for children. Everything is made specifically for the convenience of guests. So that, the mission of “Sanim” is to be a place of a family comfort.

From the economic point of view, the goal of the company is to maximize its profits by creating a pool of loyal customers. The company is sustainable economically, has a high daily income and does not have any loans. The average check per person is 3500 tenge and average turnover of visitors in the summer season - 400.000 people and in winter time - 300.000 people per year. Waiters’ wages depend on their performance. Overall, the number of employees is about 70 people.

The idea of the paper is to reveal the state of the company and identify essential changes that could be implemented. As stated earlier, the theory of Kurt Lewin has been taken as a basis to analyze and implement necessary changes in the company. Since the “unfreeze” stage of the theory implies the analysis of the current state of affairs at an organization, the following instruments as the “Affinity diagram”, the “SIPOC-analysis”, the “Interrelationship Diagram” and “Pareto chart” will be used. These are analytical tools that help to identify existing problems of the enterprise.

The “change” phase of Kurt Lewin’s theory is about making and doing changes in the company and the “refreeze” phase refers to standardizing them. However, since the company under investigation is just an object of research, implementing and standardizing changes phases should be a prerogative of the company administration. Our task is to identify challenges in the functioning of the company and offer possible solutions to these challenges.

This way, the first tool that helps us to analyze the current situation at “Sanim” café is the affinity diagram. It is a tool that enables brainstorming ideas and categorizing them into groups and subgroups. The categories (problems) for brainstorming have been collected from answers of respondents. We asked the workers at “Sanim” café about these problems and categorized them into groups. As a result, five main categories of problems that the enterprise encountered with emerged (see table 1).

Table 1: Affinity table

Facilities	Kitchen	Service	Marketing	Location
There is no Wi-Fi.	Quality of meals.	Long-waiting time	Design of interior could be better	No parking zone
There are no sockets and power-banks for cell phones.	Quality of food could be better.	Bar service could be better	There is no advertisement	Entrance is not seen
There is no ice-machine.	Not sure if kitchen equipment is of high quality	There is no menu for children		

Note: compiled by the authors based on data provided by the company

As seen in the table 1, there are five main categories of problems that have been derived from brainstorming and answers of the respondents. Each category has a subcategory. The workers of the café noted that there were issues with wi-fi and with charging the clients’ telephones, they also questioned the

quality of meals and that due to lack of personnel - the time for the meal order was long. Moreover, they stated that marketing activities were not held properly and that the design of the interior could be better.

One more analysis tool is the “SIPOC-analysis”. The “SIPOC-analysis” is an abbreviation and stands for “suppliers”, “inputs”, “process”, “outputs” and “customers”. The main purpose of “SIPOC analysis” is to identify the inputs and outputs, as well as main stakeholders (suppliers and clients) of the company.

During this analysis, it turns out that the cafe has a sufficient number of suppliers and a corresponding number of inputs as seen in the figure-1.

Suppliers	Inputs	Output	Customers
<ul style="list-style-type: none"> • Employees and staff (external) • Customers (external) • Suppliers of goods (external) • Standards of the Ministry of Labor and Social Protection of the RK (external) • Medical permission • Standards of Ministry of National Economy of the RK (external) 	<ul style="list-style-type: none"> • Marketing • Human Resources • Management of administration process • Facility / Building 	<ul style="list-style-type: none"> • No activity in social media / No delivery / No commercials • Low motivated employee / High turnover rate • Lack of investments / No branches / No franchising 	<ul style="list-style-type: none"> • All type of customers (external) • students • families • handymen • businessmen

Note: compiled by the authors based on data provided by the company

Figure 1: The SIPOC-analysis

Data for this analysis were collected by means of interviewing the owner of the café. This way, in the “suppliers” section there is a large number of people and companies who are somehow involved in the cafe functioning according to all standards. This list includes everyone from staff to individuals who contribute to the daily operation of the company indirectly. Meanwhile, relying on the “customers” section, we can observe a usual customers list. Based on the location of the cafe, it is determined that the cafe is mainly visited by people who live, study or work near this area. In other words, the percentage of visitors who purposefully come to the cafe is quite small. On the other hand, there are some inputs and outputs that the organization tries to do in order to improve its

working conditions. As for the invested inputs, it seems that there are no expected outputs. First and one of the main input is - marketing activities that the organization does. Even so, as an output we have gotten such kind of things like: no activity in social media, no delivery, no commercials, no joint projects. These problems could be due to other problems as low motivation of employees, lack of knowledge and could relate to a high rate of employee turnover. In one words, the human resources function of the company must be improved. Also, it can be inferred from the analysis that “Sanim” café is not customer-oriented enough.

Now we are gradually moving to the “interrelationship diagram” which shows the relationships between existing problems. We have collected problems from the previous tools and organized them in such a fashion in order to determine which one has a stronger influence. We have found out that poor management and incompetent personnel are driving factors that inhibit the development of the company and other problems are indirect consequences of the above mentioned problems. Therefore, it has become obvious that the company management should reconsider its approaches in managing café and revisit its hiring practices because there are complaints related to personnel performance (see Figure 2).

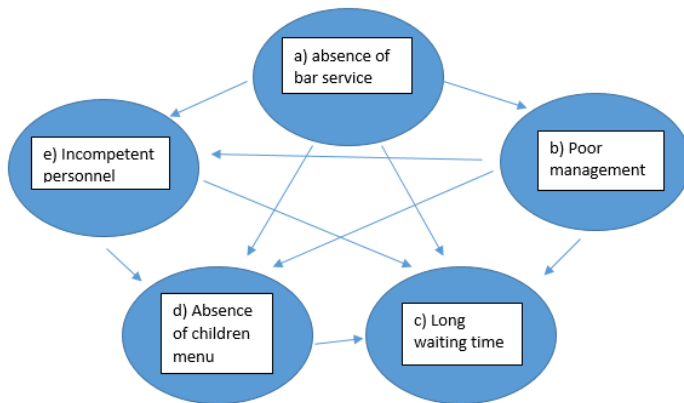


Figure 2. Interrelationship diagram

“Pareto chart” is a tool that allows the company to distribute efforts to resolve problems and identify the main reasons why the company needs to change something. The data for the Pareto chart has been taken from the previous tools (see Figure 3).

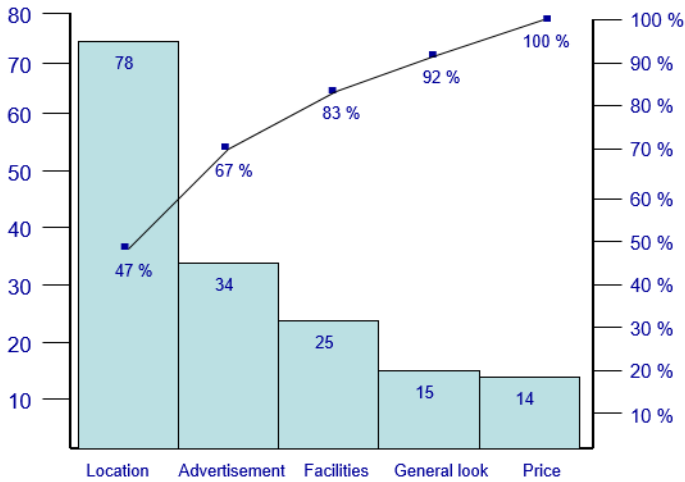


Figure 3. Pareto chart

We have identified that the following five problems – location, advertisement, facilities, general look and price could be used to begin our analysis. We asked for the logbook of the company and literally counted the number of complaints of the clients to each stated problem. Overall, we looked at 166 complaints in the logbook of the café and found out that 78 complaints that constituted 47% of all complaints generated by the café clients was location. Majority of clients stated that the location of the café was a problem, it was not easy for them to get there, it was almost hidden among other buildings and that this was a challenge for them to get there. Other clients were not glad about the marketing aspect of the café, they stated that it was an occasional coincidence for them to learn about this café (34 complaints and the percentage share is 20%). Fifteen clients complained on the facilities and on the absence of wi-fi zones in the café and this comprised 16% of all studied problems.

This way, it can be concluded that by resolving these three problems, the café management can settle down 85% of all problems identified by the Pareto chart. Such problems as – general look and prices seem to be minor problems and can be managed accordingly.

Discussion and Recommendation

As stated earlier, the theory of Kurt Lewin was a theoretical foundation for this article. We have relied on Kurt Lewin's three step change model. We have identified that only the first step ("unfreeze") of this model could be applicable in our research attempt since no one of us make decisions on implementing changes that have emerged after analysis of the company functioning. The "unfreeze" stage implies understanding the current situation regarding operational processes at an organization. We have been able to do so

by means of analytical tools as - the “Affinity diagram”, the “SIPOC-analysis”, the “Interrelationship Diagram” and the “Pareto chart”. The results of this analysis are showcased in the form of recommendations and they are as following:

1. One of the main recommendations is to try to change management system at “Sanim”. The analysis revealed that there were some gaps in the café management. Well-organized and developed management system could be a reason for other positive changes at the café.

2. The human resource side of the café is also suffering. The only motivation for the most of employees is salary. Employees of the café are not motivated enough and are not developing at all. In order to solve the problem, it is recommended to provide workshops related to learning the customer psychology and motivation. Teambuildings can also improve good relationships among staff and in turn, will increase employee performance.

3. As for marketing, the café should begin its campaign and presence in social networks. It has been identified that “Sanim” is not involved in the development of social networks, and this fact automatically reduces the number of its potential customers. Nowadays, social media is one of the main sources of clients, so that using this channel of communication could bring changes into café performance and profits.

4. To make changes in the menu is one more recommendation to consider. The café does have a menu for children. Since the café is family oriented, the inclusion of items of dishes for children must be attended to.

5. Moreover, adding a food delivery service may have a positive influence on the company outreach and popularity among citizens of Almaty city. Therefore, the café administration may consider undertaking projects related to collaboration with delivery companies or organizing its own food delivery services for clients.

Conclusion

To sum up, it could be said that this research project aimed at identifying weaknesses in the operational activities and opportunities for development at “Sanim” café. As a theoretical framework, the theory of Kurt Lewin was taken in order to support this research. Kurt Lewin’s three step change model is widely known theory that explains how changes at an organization are diagnosed and implemented. The “unfreeze” step is about recognizing the problems of an organization and getting ready to change. It involves getting to a point of understanding that change is necessary and getting ready to move away from a company’s current comfort zone. Therefore, it is about being ready for changes. The “change” step is about understanding how and what is essential to do. In other words, the second stage is the step of change implementation or transformation [4]. The third step the “refreeze” stage is about establishing stability in the course

of changes. Changes must be accepted and become a sign of stability. During this step companies carry out interim assessments, monitor and adjust their processes and procedures to changes [5].

It is noteworthy to mention that Kurt Lewin's "change" and "refreeze" steps have not been analyzed in the article because these steps imply implementing and standardizing changes. The café management is in charge of realizing necessary changes and hopefully the results of this small research project would be taken into account in the future.

Since the object of the study was "Sanim" café and its operational processes and activities, the authors of the article decided to conduct interviews with top management and workers of this catering services company. Data taken from the interviews were analyzed by means of the affinity diagram, the SIPOC-analysis, the interrelationship diagram and the Pareto chart. This way, the "unfreeze" step that was carried out through above mentioned analytical tools identified factors and problems that inhibited the company's further development. Identified problems were related to the management system, menu gaps, marketing drawbacks, as well as to the problems related to staff and their motivation. Finally, the article concludes with recommendations for change and the focus is on the recommendation for top management and administration to revisit and reconsider its management practices and approaches in the daily operations.

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