

PROCESS REDESIGN FOR EFFICIENCY

Gratify Group Pte Ltd



The Singapore Productivity Centre (SGPC) Business Improvement Series

This is a series of case studies that showcases companies that have embarked on business improvement initiatives and highlighting how productivity and innovation can transform a business to be profitable, scalable and sustainable.

Applying its expertise in the Retail and Food sectors, SGPC helps companies improve and transform. It reviews a company's practices and processes before applying the relevant tools and techniques, while incorporating the best practices of similar businesses to help ensure their competitiveness and success.

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Mr Frank Lau, CEO, Gratify Group

About

About Gratify Group Pte Ltd

Formerly KDM Group Pte Ltd, Gratify Group was founded by Mr Frank Lau in 2004, who opened Kim Dae Mun Korean Cuisine in a food court in Causeway Point. At its peak, Gratify Group operated 13 Kim Dae Mun outlets across Singapore.

In 2008, it launched Korean casual dining concept Seoul Yummy as a vehicle for internationalisation. In 2013, it set up an ISO 22000-certified food production factory to support its growth and eventual expansion out of Singapore.

Seoul Yummy became the group's key brand. By the end of 2016, the brand grew from a single outlet to a chain of seven outlets, with presence in high traffic malls like ION Orchard and Bugis+. The chain serves affordable authentic Korean cuisine in a fun K-Pop-inspired space. The company has plans to increase the number of outlets in Singapore and expand to countries such as Malaysia, Indonesia and China.

Given the rising costs of food and rental, coupled with the manpower constraint, Gratify Group recognised that the traditional format of table service was no longer a sustainable model for a business to scale. It began looking to transform its traditional format into an innovative and manpower-lean one, while offering customers a unique dining experience.

The logo for Seoul Yummy, featuring the brand name in a stylized, handwritten-style font. The word 'Seoul' is in black, and 'Yummy' is in a dark purple color. A small trademark symbol (TM) is located at the end of the word 'Yummy'.

Seoul Yummy™

Main challenges

- Manpower shortage
- Increasing rental cost
- Increasing cost of goods
- Intense competition

Objectives

- Transform its traditional format into an innovative and manpower-lean one while offering a unique customer experience
- Design a concept that is sustainable and scalable for growth
- Leverage on process design optimisation and technologies like self-service ordering and payment systems to achieve higher productivity
- Simplify and standardise staff training so staff are multi-skilled for quick deployment while reducing reliance on experienced chefs or staff



The learning journey

Gratify Group invested time and resources to learn from best practices on how to transform and operate in the new environment. This included attending the Breakthrough Design Thinking for Food Services workshop organised by SGPC and Workforce Singapore (then known as Workforce Development Agency), which helps foster breakthrough innovation for owners and operators in the food services sector to achieve sustainable growth.

In June 2016 it participated in a mission trip to Japan that was organised by the Restaurant Association of Singapore and SGPC. During the trip it visited FOOMA Japan: International Food Machinery & Technology Exhibition. The experience spawned numerous ideas on how to innovate its business.

“One of the businesses we visited in Tokyo was hamburger chain, Becker’s,” said Mr Lau. “And that’s where we picked up the idea for combining a kitchen and service counter to yield a smaller operational space.”

Another key takeaway was the user-centric process design that encourages tray returns by providing tray return areas, table wipes and antiseptic hand wipes to foster a self-service culture.

The project was supported by SPRING Singapore via the Capability Development Grant.



Mr Frank Lau
CEO
Gratify Group



What is Design Thinking?

Design Thinking is a proven and scalable problem-solving methodology that any business or profession can employ to achieve results.

It employs a designer’s approach and methodology to solve business needs, whilst incorporating technology and employing a viable business strategy to value-add and create market opportunities.



About the Capability Development Grant

The Capability Development Grant (CDG) aims to support SMEs in building up their business capabilities and ensuring business sustainability.

The grant covers projects in areas such as product development, human capital development, business processes enhancements for productivity and business model transformation. The grant defrays up to 70 percent* of qualifying project costs such as consultancy, training, certification and equipment costs.

Application requirements for smaller scale projects have been simplified for grant support of \$30,000 or less. This includes more streamlined application forms and documentation requirements.

For more information on CDG visit www.spring.gov.sg/CDG

* SPRING’s enhanced funding support of up to 70% is effective for three years until 31 March 2018.

SGPC conducted a diagnosis of Gratif Group's Seoul Yummy brand's operations and applied a Time Motion Study of the processes, then recommended menu engineering and workflow optimisation for its new concept.

Time Motion Study is a business efficiency technique that improves and upgrades work systems. It establishes rules of motion that guarantee optimal performance during a given time period and reduces the number of movements needed to accomplish the work.



A new sustainable and scalable concept

In 2016, Gratif Group introduced OMOODON, a restaurant concept that serves Korean and Japanese fusion rice bowls. The concept's entire food and service delivery is designed to be manpower-lean while offering a unique customer experience.

The concept consists of just four steps:

- Order and pay
- Collect
- Play (choose from condiments, sauces and drinks)
- Return (tray)



We wanted a concept that is easy to set up, train and operate for scalability; one that is manpower-lean with no front-of-house staff. We studied lots of brands in Singapore and overseas and found that salad bars and rice bowls were very trendy. But while trendy concepts work, they must also be versatile and sustainable. With the awareness that the Korean wave is picking up, we decided to come up with a Korean fusion concept since we were already in the Korean concept space.

Mr Frank Lau, CEO, Gratif Group

Areas of innovation

Menu engineering

To decrease preparation time, the menu is centred around a combination of 3 categories of food ingredients: base + protein + garnish. This yields an array of combinations yet saves on procurement and holding costs, and lowers preparation time, leading to faster turnaround and throughput.



Food science and automation

By combining food science, technology and workflow, the company created a scalable model for its chain. Through research and development using food science, some food can be prepared in advance, speeding up the final preparation and plating without affecting food quality or taste. This has led to faster processing time and turnover at the store. By adopting the high-speed oven, which cooks food up to 17 times faster, the restaurant can process and fulfil orders in under 5 minutes, compared to what would traditionally take up to 15 minutes.

When we studied the market, we found that few players have dared to go all the way in using technology to reduce the need for manpower. They may have an auto-order system, but customers still have to go to a cashier. So we put in place service ambassadors just in case our customers needed help at the beginning, but consumers today are so tech-saavy and they didn't really need them.

Mr Frank Lau, CEO, Gratify Group



Efficient kitchen and counter design

In a traditional restaurant format, the kitchen and counter are separate and staff are assigned to man one or the other. The new format integrates the kitchen and counter to yield the following benefits:

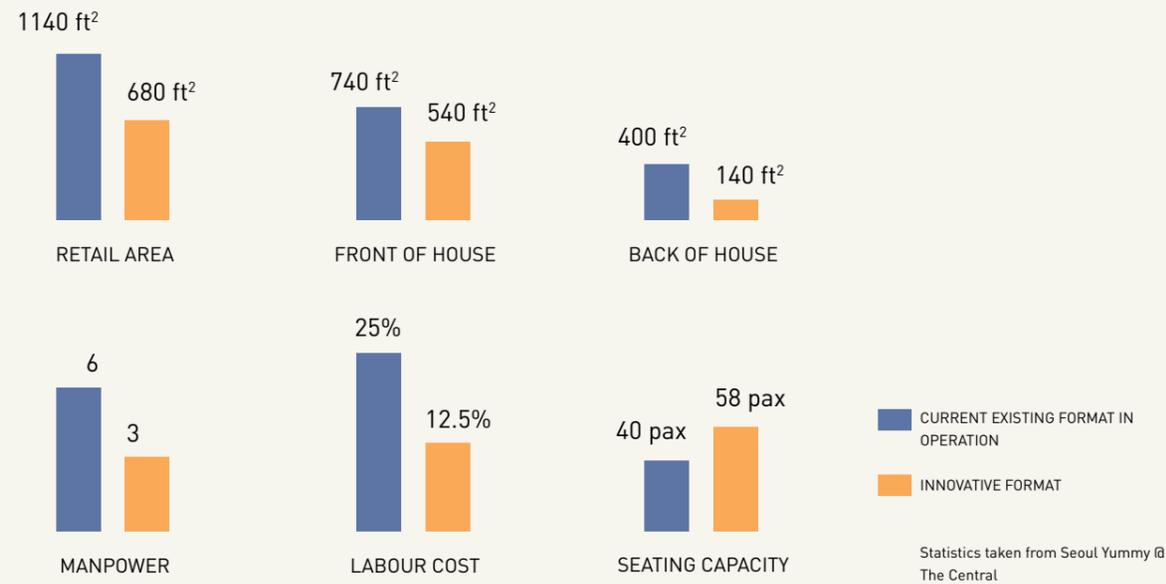
- Reduction in manpower - Staff are now trained to manage both the kitchen and counter. They are also trained to manage the three stations, handle food prep and wash dishes. During the off-peak period, only 2 staff are required. At peak period, 3 to 4 staff are required (the extra one to speed up clearing of dishes and table)
- Reduced non-value-added operational processes such as handling cash payments
- Minimised kitchen space leading to better use of expensive real estate
- Simplified training for staff in all aspects of operations so they can multi-task. Each position has become less critical and unforeseen staff absences are easily handled by others. There are now only 3 sizes of plates and bowls for the entire operation. This enables faster washing and the use of a smaller countertop dishwasher to reduce operational footprint
- Ergonomic and aged-friendly layout design enables older workers to operate easily, making the work physically easier and safer



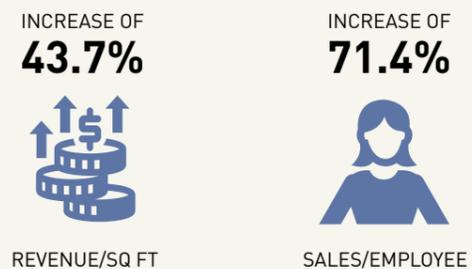
Integrated self-service ordering and payment with cash management

Cashiers are no longer needed as customers order and pay with credit cards or cash through kiosks. A two-way screen allows staff behind the counter to provide assistance and recommendations if need be, so there is still interaction between customers and staff.

The automated cash machine eliminates the need for staff to handle cash, thus improving productivity and reducing transaction time by at least 3 minutes. It also eradicates fraud, increases accuracy and enables quick updates to HQ for real time performance management.



KEY PRODUCTIVITY INDICATORS



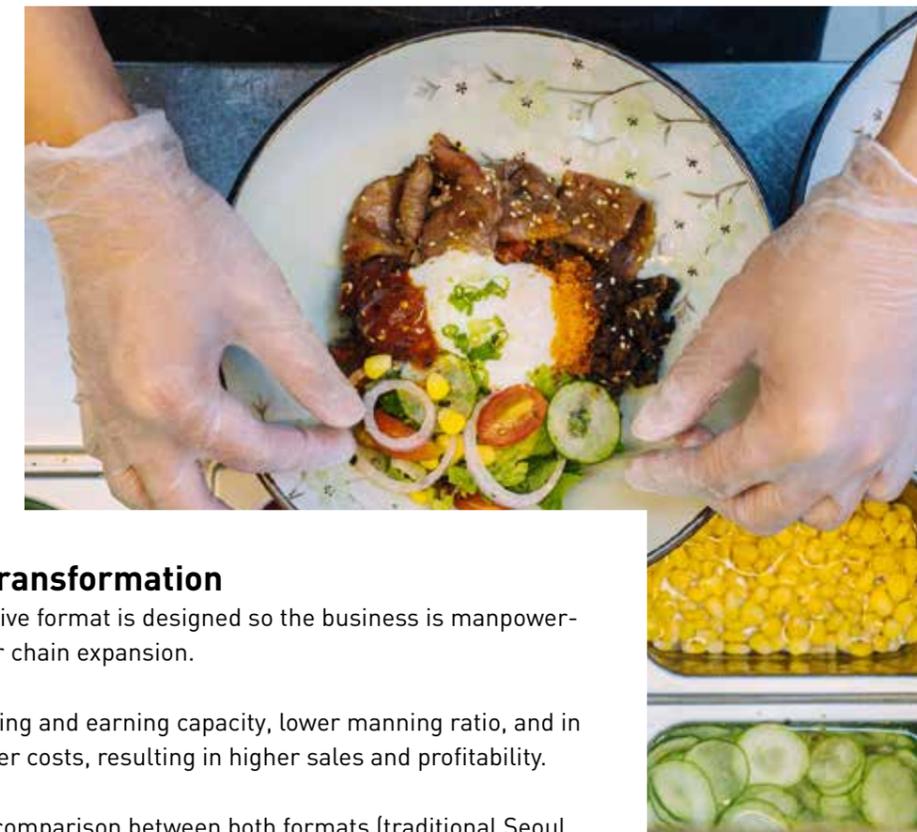
Creating a self-service culture

To ease customers into the new format, service ambassadors were deployed for the first 3 months to help diners get used to the kiosks. The company gave out lucky draw coupons to encourage customers to return their trays, while positive quotes and a thank you message were displayed at the tray return area to create a positive vibe.

Achieving high speed and high quality by leveraging technology

- Self-order and payment kiosks are positioned so that customers can get help from staff when needed, and staff can assist with orders through the central POS system
- Queue display system to manage queues and prevent operations bottlenecks
- Use of high-speed oven to improve the time required for the grilling process by 17 times compared to a normal oven
- Use of holding cabinet to hold fried items, enabling crew to pre-cook fried food before peak hours while maintaining the freshness and quality of the product
- Use of automated ice shaver machine to improve quality and reduce time needed to process shaved ice desserts

Results

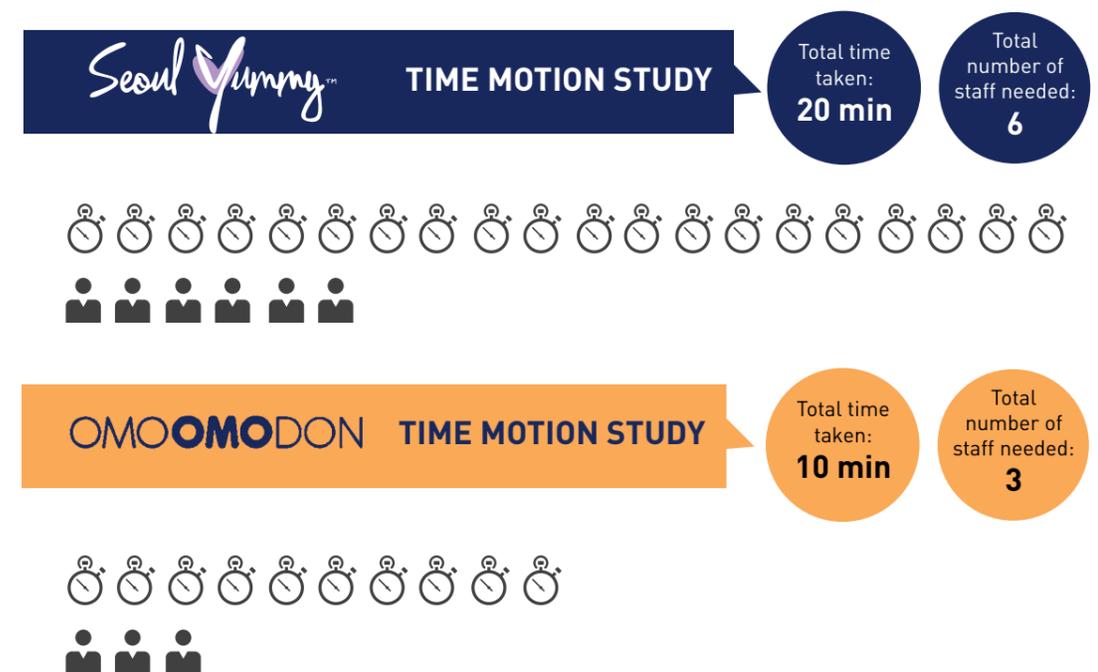


The benefits of transformation

- This holistic, innovative format is designed so the business is manpower-lean and scalable for chain expansion.
- It allows higher seating and earning capacity, lower manning ratio, and in turn, lower manpower costs, resulting in higher sales and profitability.

The time motion study comparison between both formats (traditional Seoul Yummy and the new OMOODON) shows that the traditional format requires 6 staff and a total time of 20 minutes for each customer's meal period. The new format resulted in a 50% improvement - requiring only 3 staff a total of 10 minutes.

With the integrated self-service ordering and payment system, the total time taken for a customer to order and pay, and for orders to be sent to the kitchen is 3 minutes compared to the traditional 9 minutes.



OMOOMODON

Moving forward

In May 2017, the company introduced OMOOMO Food Concepts at Kallang Wave Mall, which offers a more extensive menu of Korean fusion fare. Plans are underway for the opening of the third outlet at Northpoint City, with a target of opening three more outlets in Singapore in 2018.

By instilling a culture of continual improvement using tips gleaned from its learning journey, Gratify Group constantly refines its processes and puts in place the tenets of all they have learned as soon as they begin planning a new outlet.

OMOOMODON @ The Star Vista is now Halal-certified with a view for scalability and regional expansion.

It's important to work with people who can add value to your operations, such as the people at SGPC. It is good to involve them, get their advice and challenge your perception of how things should be done. The group of consultants at SGPC have a lot of experience and know the best practices, and they can save you time by leading you to what you need to optimise your business growth.

Mr Frank Lau, CEO, Gratify Group

Productivity Improvement Programme Partners



The Singapore Productivity Centre (SGPC) is a one-stop competency centre that is endorsed by the National Productivity Council.

The mission of SGPC is to drive enterprise productivity for sustained growth and competitiveness. It focuses on the retail, food services and hotel sectors.

SGPC provides a comprehensive range of services and solutions to help enterprises effectively, including in-depth productivity consultancy, conferences and workshops on productivity-related topics, benchmarking and applied research.

With the formation of SGPC, companies in the retail, food services and hotel sectors can now approach a single centre for expert productivity assistance.

Over the last three years, SGPC has assisted over 1,000 companies through productivity improvement projects, productivity training programmes, conferences and workshops.

Through its activities, SGPC hopes to demystify the concept of productivity thereby promoting better understanding of its measures and how to improve productivity in the organisation.

For more information visit www.sgpc.sg



SPRING Singapore is an agency under the Ministry of Trade and Industry responsible for helping Singapore enterprises grow and building trust in Singapore products and services. As the enterprise development agency, SPRING works with partners to help enterprises in financing, capability and management development, technology and innovation, and access to markets. As the national standards and accreditation body, SPRING develops and promotes an internationally-recognised standards and quality assurance infrastructure. SPRING also oversees the safety of general consumer goods in Singapore.

SPRING will merge with IE Singapore to form Enterprise Singapore in Q2 2018. Enterprise Singapore will enable the growth of Singapore companies through an integrated support network to build business capabilities and access overseas markets.

For more information visit www.spring.gov.sg



Workforce Singapore (WSG) is a statutory board under the Ministry of Manpower (MOM). It oversees the transformation of the local workforce and industry to meet ongoing economic challenges.

WSG promotes the development, competitiveness, inclusiveness, and employability of all levels of the workforce. This will ensure that all sectors of the economy are supported by a strong, inclusive Singaporean core.

While its key focus is to help workers meet their career aspirations and secure quality jobs at different stages of life, WSG also addresses the needs of business owners and companies by providing support to enable manpower-lean enterprises to remain competitive. It will help businesses in different economic sectors create quality jobs, develop a manpower pipeline to support industry growth, and match the right people to the right jobs.

For more information visit www.wsg.gov.sg



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Transform.
Innovate.
Future-ready.