Strategic Planning: A Look at Ruby Tuesday

Strategic planning and management allows an organization to choose its products, services, and markets.

by Robert H. Woods

MUCH HAS BEEN WRITTEN about strategic planning over the past two decades, but little attention has been paid to how the process is carried out in specific hospitality organizations. This article recounts the strategic-planning process carried out by the Ruby Tuesday Group in 1992 and reports on its results.

I am grateful to Morrison Restaurants and to the Ruby Tuesday Group for granting me permission to illustrate important strategic-planning processes and practices by using their organizations' materials. Such cooperation illustrates, I believe, the firm's commitment to hospitality-management education.

Morrison Restaurants. Based in Mobile, Alabama, Morrison Restaurants, Inc., is the oldest food-service company listed on the New York Stock Exchange. First registered in 1920, the company has served various dining segments for the past 70 years. Morrison Restaurants is divided into three divisions that, combined, generate more than $1.1 billion in annual revenues. The three divisions are Morrison's Hospitality Group, Morrison's Family Dining Group, and the Ruby Tuesday Group.

Morrison's Hospitality Group is a leading provider of contract food services for health care, education, and businesses. Morrison's Family Dining Group includes Morrison's Cafeterias (a dominant cafeteria company in the Southeastern United States), Sadie's Buffets,

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EXHIBIT 1
Uncertainty and complexity variables influencing hospitality businesses

Variables Affecting Uncertainty

Prices charged by suppliers
Pricing by competitors
Labor supply
Products' demand curve
Cost of capital
Financing opportunities
Methods and strategies used by competitors
Regulatory activity within the market area
Industry sales resulting from new-product introductions
Activity caused by competitors entering the market
Fading popularity of standard industry products
The influence of new technology being introduced into the industry

Variables Affecting Complexity

Number of different suppliers for each category of operating materials in the market area
Geographic concentration or dispersion in the market area of:
- suppliers
- labor
- industry sales
- competitive units
- customers

Product differentiation in the industry segment in the market area
Socio-cultural diversity in the market area
Diversity of all forms of business in the market area
Volume of business done in all business sectors in the environment
Technological diversity within the industry

and Morrison Kitchens (generally found in food courts). The Ruby Tuesday Group comprises four full-service restaurant concepts: Ruby Tuesday, L&N Seafood Grill, Silver Spoon Cafe, and Sweet Peas.

Morrison Restaurants is opening a new full-service restaurant approximately every eight days or gaining a new contract food-service account every four days.

Ruby Tuesday. The focus of this study is the Ruby Tuesday Group. In 1994 this division included some 185 Ruby Tuesday restaurants, 42 L&N Seafood Grills, and 20 Silver Spoon Cafes. In 1993 the company opened 312 Ruby Tuesdays, two L&N Seafood Grills, and five Silver Spoons.

Sweet Peas, a relatively new concept, is reminiscent of a small-town, post-WWII (1940s–50s) restaurant, with ceiling fans, a front porch lined with rocking chairs, and a seasonal vegetable garden in the front of the building. The first location opened in June 1993 and as of April 1994 there were two in operation, with two more scheduled to open later in the year. In 1994 the company will open 40 more Ruby Tuesday restaurants and six Silver Spoons.

Strategic Management

Strategic management is the set of decisions and actions that result in the planning, implementation, and evaluation of strategies designed to achieve the objectives of an organization.[1] The planning process, one of the first stages of strategic management, is discussed in this article. Developing a mission statement, another step that must be completed early on, is not considered here.

The business-environment rules of yesterday may not apply tomorrow and the information that was useful yesterday will likely not be useful tomorrow. The rapid internationalization of industries, the widespread use of computers, and the growth of information transfer have led to radical revisions of how organizations operate. Instead of viewing organizations as closed systems, as they did just four decades ago, today's managers usually view organizations as open systems. The difference between these two definitions is startling.

In a closed system, internal capabilities and information supply all that's needed for success. In an open system, however, a variety of external factors influence organizations and have an effect on the potential for success. As a result, success today depends on close monitoring of both internal and external forces and on being flexible and adaptable to take advantage of them.[2] Exhibit 1 shows several of the forces and factors that can cause uncertainty and complexity in the hospitality environment.[3]

A cursory review of those forces should lead the hospitality manager to conclude that environmental complexity and variability make strategic planning mandatory to maximizing success.

The lists of forces influencing hospitality organizations presented in Exhibit 1 are hospitality specific in the sense that they apply primarily to the hospitality industry. Obviously, a variety of factors in general-business environments also influence organizational success. A short list of such factors is provided in Exhibit 2.[4]

Strategic Management and Organizational Performance

Ample correlations between positive organizational performance and strategic management are apparent. For instance, a study of 101 companies over a three-year period showed that improvement in sales, profits, and productivity occurs when strategic management is em-

[1] John A. Pearce and Richard B. Robinson, Jr., *Strategic Management,* Third Edition (Homewood, IL: Irwin, 1988), p. 6.

[2] George S. Yip, "Who Needs Strategic Planning?," *Journal of Business Strategy,* Vol. 6 (Fall 1985), pp. 30–42.

[3] Michael D. Olsen, Eliza Ching-Yick Tse, and Joseph J. West, *Strategic Management in the Hospitality Industry* (New York: Van Nostrand Reinhold, 1992), pp. 44–45.

[4] Olsen et al., p. 48.

ployed.[5] Another study indicated that most high-performing organizations in the United States use strategic management.[6] In fact, of 20 strategic-management studies reviewed, 12 found that overall organizational performance and bottom-line productivity are significantly improved through strategic planning.[7]

The extent to which business leaders have accepted the notion that strategic management is important has also received considerable attention. Oyeen noted that 91 percent of the CEOs of successful organizations in the United States believe that strategic planning played an important role in their companies' success.[8] Other studies reached similar conclusions; for example, that over 88 percent of U.S. CEOs believe that reducing their company's current emphasis on strategic planning would dramatically hurt their firm's performance.[9]

EXHIBIT 2

Important variables influencing all businesses

Economic	Social	Technological	Political	Ecological
GNP growth	population growth	R&D activity	wage and price controls	water quality
purchasing power	population shifts	new products	social legislation	solid waste
inflation	population aging	productivity improvements	tax policy	air quality
interest rates	consumer activity	product life cycle	government stability	conservation
savings rates	environmental concerns	patents	zoning regulation	source reduction
energy costs	cultural attitudes	airport regulation	licensing	recycling
disposable income		protectionism		
unemployment				
money supply				

Strategic Planning

Strategic planning is defined as the analysis of environmental conditions and organizational capabilities and the formulation of plans to match future capabilities with those conditions.[10]

Strategic planning, sometimes called strategy formulation, is the first step in strategic management. Decisions made during this critical first stage allow organizations to choose which products, services, or markets to abandon or pursue, how to allocate resources, how to design the organization to carry out a chosen strategy effectively, and how to compete.[11]

The *purpose* of strategic planning can be illustrated with the following well-known anecdote.

> Two company presidents competing in the same industry decided to go on a camping trip together. They hiked deep into the woods. Suddenly they came upon a grizzly bear that rose up on its hind legs and snarled. Instantly, the first president took off his knapsack and got out a pair of jogging shoes. The second president said, "Hey, you can't outrun that bear." The first president responded, "Maybe I can't outrun the bear, but I can surely outrun you."[12]

Strategic Planning at Morrison Restaurants

Morrison Restaurants is a good example of an organization that believes in strategic management. Morrison has developed and implemented an integrated strategic plan for the organization as a whole and has developed strategic plans for each of its divisions and concepts. The overall plan addresses how the entire company, an organization that operates many different concepts in different segments and markets, will pursue organizational goals, and the divisional plans describe how each division and concept should contribute to the overall plan. In effect, Morrison Restaurants has established a hierarchy of plans linked to one another through supporting goals and objectives.

An integrated corporate plan, such as Morrison's, is complicated by the requirement that it fit with and be in support of each division's plans. Although complicated, it is just as important to overall success as the plan for an organization that operates a single concept in a single market.

Ongoing. This article focuses on the 1992 planning process and results within the Ruby Tuesday Group. Obviously, Ruby Tuesday has since revised its plan to reflect changes both in its environment and among its goals.

SWOT Analysis at Ruby Tuesday

Ruby Tuesday's strategic-planning process starts with the completion of a SWOT (strengths, weaknesses, opportunities and threats) analysis. A SWOT analysis allows organizations the opportunity to identify and rate factors that might influence their success. Such factors are then rated on the basis of **(1)** their potential to provide abilities or knowledge, **(2)** their requirements for organizational attention, **(3)** their ability to provide opportunities to meet strategic goals,

[5] Richard B. Robinson, Jr., "The Importance of Outsiders in Small Firm Strategic Planning," *Academy of Management Journal,* Vol. 25, No. 1 (March 1985), p. 80.

[6] John A. Pearce III and Fred R. David, "The Bottom Line on Corporate Mission Statements," *Academy of Management Executive,* Vol. 1, No. 2 (May 1987), p. 109.

[7] John A. Pearce III, D.K. Robbins, and Richard B. Robinson, Jr., "The Impact of Grand Strategy and Planning Formality on Financial Performance," *Strategic Management Journal,* Vol. 8, No. 2 (March–April 1987), pp. 125–134.

[8] Christopher Oyeen, "Long Range Planning in Large Corporations: A Cross-National Survey," *Managerial Planning,* Vol. 33, November–December 1984, pp. 18–23.

[9] V. Ramanujam, J.C. Camillus, and N. Venkatraman, "Trends in Strategic Management," in *Strategic Planning and Management Handbook,* ed. W.R. King and D.I. Cleland (New York: Van Nostrand Reinhold, 1987), p. 619.

[10] John R. Montanari, Cyril P. Morgan, and Jeffrey S. Bracker, *Strategic Management: A Choice Approach* (Chicago: The Dryden Press, 1990), p. 4.

[11] Olsen et al., p. 2.

[12] Fred R. David, *Strategic Management,* Third Edition (New York: Macmillan Publishing Company's Merrill imprint, 1991), p. 4.

EXHIBIT 3
Ruby Tuesday Group SWOT Analysis

STRENGTHS
- 10 percent bottom line
- Growth rate of 20 percent into the future
- Good management team at top (vision)
- Fast reaction time from management team
- Hands-on leadership
- Strong technical skills

WEAKNESSES
- Lack of proactive approach (need outside help in developing)
- Greater GM autonomy needed to effect regional marketing
- Need more management skills at all levels
- Internal communications could be improved
- Planning system could be better
- Need more thorough analysis of stakeholder needs
- Need comprehensive review of compensation system

OPPORTUNITIES
- Small markets are viable opportunities with smaller units
- Delivery and takeout potential good
- Technology development in units and at headquarters
- New concepts

THREATS
- Competition
  — Direct: Chili's, T.G.I.Friday's, Bennigan's
  — Indirect: Taco Bell, grocery stores, specialty restaurants
- Difficulty in finding new sites (need population of 200,000 to support new site)
- Lack of differentiation in markets

and **(4)** the threat they represent to the organization.

An example of some of the results of Ruby Tuesday's SWOT analysis is presented in Exhibit 3.

The SWOT analysis at the Ruby Tuesday Group is based on market research. As is the case in many organizations, the company hires a market-research firm to collect and analyze data within both the industry and the generic environments that might influence the organization in the future. Data-collection methods used by the market-research firm include **(1)** surveys; **(2)** focus-group discussions with customers and non-customers; **(3)** the collection of generic demographic, social, governmental, economic, and technological data from secondary sources; and **(4)** an overall analysis of the market in which the Ruby Tuesday Group's concepts operate. A small sample of some of the results of this process are depicted in Exhibit 4.

The results produced by the market-research firm represent only the first step in identifying opportunities and threats to the organization. The second step is asking managers their opinions about factors that may influence the future goals and objectives of the organization. Some organizations believe that strategic planning is solely the responsibility of senior managers. This is not the case with the Ruby Tuesday Group. The strategic planning team comprises 24 key management members, including the CEO of Morrison Restaurants; division presidents; concept heads; human-resources personnel from corporate headquarters, the divisions, and the concepts; key managers from the Ruby Tuesday Group; and an outside consultant, whose role it is to guide and facilitate the process.

In addition, the Ruby Tuesday Group collects SWOT data from its managers and district managers through a survey completed by each corporate official, district manager, general manager, and assistant manager within the organization. The survey completed by managers at Ruby Tuesday begins with the question, "As you understand it, what are the primary goals and objectives for the Ruby Tuesday Group on a long-term basis (i.e., three to five years)?" This question is posed first to get managers thinking in strategic terms.

Managers are also asked to respond to questions about tactical issues. Those issues relate to the current effectiveness of key organizational factors. Some of the questions posed in 1992 were:

- How do you feel about the menu?
- How do you feel about pricing and price-value?
- How do you feel about the organizational structure of the company?
- Are marketing and other promotional support functions as effective as they should be?
- Are there any operational issues that you think need to be addressed?
- Are there any areas of human resources, financial management, or planning and control that could benefit from closer attention?

Managers are also asked to identify which elements of the strategic plan they believe to be most crucial. This question was posed in 1992 as follows:

> After considering all of your prior comments, if you were asked to identify the three most critical strategic issues, what would these be?

Responses to that question provided the strategic-planning team with a starting point for organizing factors in order of importance.

Data Synthesis and Analysis

The first objective of the strategic-planning team is to synthesize information. At this point in the process, that includes results of the market research and data accumulated from the managers through the internal survey. This information is augmented by the knowledge of the planning-team members, of course.

Planning sessions begin with the facilitator leading a discussion of the various issues already identified. Typically, the facilitator lists all the issues on flip charts that are spread around the room. Once each issue has been discussed the facilitator asks each planning-team participant to complete an individual SWOT analysis and to rank each item. The participants then discuss why they ranked the various issues

EXHIBIT 4

Results of the market research for Ruby Tuesday

Population by Age Groups

•U.S. population expected to grow 1 percent per year, 1990–99

•Baby boomers continue to influence population; middle-aged boomers creating a "baby boomlet" (also called a "baby echo")

•Over two-thirds of population will be age 35–54 by year 2000

•By year 2000, 34.3 percent of households will have 35-to-54 year olds as heads of households (versus 27.5 percent in '85)

Aging Households

•The aging population will have an impact on restaurant industry

•35- to 54-year-old heads of households have median income far in excess of any other age group

•High-income households spend more on food away from home

•By year 2000, over half of food-service sales will be to households headed by a 35-to-54 year old (versus 49.8 percent in '90)

Labor Force

•Restaurants will employ a diverse labor force by year 2000

•U.S. workforce will have 12 million more females by year 2000 than in '88, a rate of increase much greater than for male workers

•As the percentage of women in workforce increases, so will away-from-home meals eaten by singles, couples, and families

•Training likely to increase in importance as workforce becomes more diverse (icon and bilingual training to become standard)

•Aging workforce

— Almost 50 percent of workers by 2000 will be aged 35 to 54

— There will be a decrease of almost 4 million workers in the 16-to-34 age bracket

— The loss of young workers will influence service staffs and unit managers

— Decreased availability of entry-level employees will increase pressure for simplified unit operations

Household Food Expenditures

•Households with incomes of $50,000+ spend over $6,000 annually in food away from home

•Households with incomes of $40–49,000 spend about $5,000 annually in food away from home

•Households with incomes of $30–39,000 spend less than $4,000 annually in food away from home

•Households with incomes of $29,999 or less spend no more than $3,000 in food away from home

Racial and Ethnic Diversity

•The U.S. population will continue to become more diverse

•Growth rates of Asian, Hispanic, and African American populations will continue to surpass that of Caucasian population

•In 1990, racial and ethnic minorities were the majority population in 51 U.S. cities (versus 29 cities in 1980)

•Asian and Hispanic population growth will increase opportunities for ethnic foods and for creative menu adaptations by operators

Consumer Lifestyle Trends

•As baby boomers become middle-aged, restaurant industry will need to recognize and cater to consumer motivations, including:

— time constraints

— price-value awareness

— health concerns

— food safety

— social and environmental issues

— easy-to-chew food

Consumer Price–Value Awareness

•U.S. consumers are increasingly less likely to accept inferior quality, service, and unreasonable pricing

•Purchasers are sensitized and accustomed to value pricing

•Many consumers are willing to pay a premium for quality

•Consumers expect efficient and courteous service systems to reduce wait times and errors

Consumer Attitudes Versus Behavior

•What consumers say and do sometimes differ

— In 1991, consumers reported growing concern for health:

– watching weight: 53 percent

– eating a balanced diet: 43 percent

– eating too many high-fat foods: 35 percent

— In 1991, consumers reported these actual behaviors:

– don't worry about nutrition when eating out: 63 percent

– percent likely to eat a more healthful diet: women, 38 percent; men, 26 percent

as they did. Those rankings are posted around the room.

After the individual ranking and ensuing discussion, the facilitator leads the planning team to develop a consensus of what issues are the most important to the company.

Facilitator-led discussions can take a considerable amount of time to complete. In 1992, for instance, the strategy team at Ruby Tuesday met for two days to discuss and rank each of the issues raised. Such meetings are time-intensive because it is important that the team reach consensus regarding the SWOT factors, namely, which external issues present the greatest opportunities and threats and which internal issues represent the greatest potential strengths and weaknesses.

Group Goals

One of the critical developments that results from team deliberations is the development of organizational goals. The Ruby Tuesday Group team has the additional responsibility of creating goals for the concept that also support the mission statement of Morrison Restaurants as a whole. For example, in 1992 Morrison's mission statement was as follows:

> Our mission is to be a great restaurant company that provides the highest quality and greatest value to every guest, every team member, and every shareholder we serve.

Goals developed by the Ruby Tuesday Group's 1992 planning team that supported that mission were worded as follows:

(1) We will always exceed the expectations of our guests and thus continually increase the number we serve.

(2) We will develop, at all levels of our company, the best service teams in the industry.

(3) We will consistently reward our shareholders.

QVM. Not mentioned in the goals outlined above is a practice used throughout Morrison Restaurants known internally as Quality and Value Management (QVM). QVM is a tool to ensure that quality is assured at all levels of the organization. QVM also serves as a guiding principle throughout the planning process. In 1992 QVM led to charging managers throughout the company with "seeking out every opportunity to hear from those who can best monitor our progress toward these goals and determine any necessary changes."

Operational and Action Plans to Accomplish Goals

Some organizations believe that strategic planning ends with the development of goals for the organization. This is not the case at Morrison, where the planning teams recognize that strategic goals cannot be accomplished without operational plans and action plans. Operational plans represent the means by which goals will be accomplished within the company. Action plans identify specific actions that will be carried out throughout the organization to implement the goals.

Each operational plan developed during the strategy planning sessions are linked directly to one of the three organizational goals. For instance, the first goal, "We will always exceed the expectations of our guests and thus continually increase the number we serve," establishes a goal for the organization in fulfillment of its mission but it does not identify how that goal will be accomplished within the company.

Goal 1: Exceed Guests' Expectations

Operational and action plans to enable each goal revolve around three elements the company recognized as paramount: food, service, and value.

Operational Plans

The following three paragraphs were used in the 1992 operational plan to elaborate on the importance of the first goal.

(1) Food. We will always produce and protect outstanding food. Outstanding food builds strong guest relationships. Our food will be of the highest quality and consistency. You cannot have one without the other. (There is no quality without consistency.)

(2) Service. We will provide excellent, caring service for every guest, every time. We will do whatever it takes to keep guests—instantly, before they leave. Great service isn't enough. We must provide a "WOW" experience.

(3) Value. We will always give our guests not simply good, but outstanding, value. This will determine how often they spend their money with us versus our competitors. We are committed to providing every guest with a great meal for under $10 ppa (daily per-person average). Whenever possible we will lower prices to increase the value of our meals.

The operational plans identified above establish rules the organization has set for attainment of its goals (e.g., WOW experiences, highest quality food, $10 ppa). However, they do not establish how these goals will be accomplished within the company. That is the role of action plans.

Action Plans

Action plans identify specific desirable and undesirable actions and responsibilities for managers and team members within an organization. For instance, the action plans for the first goal and its three-element operational plan just described can be grouped into four sets, as outlined below. These four parts refer to the issues of food, service, value, and QVM.

(1) Food. Ruby Tuesday's action plans for food presentation included:

Guarantee our food—the guests expect it.

If the quality isn't great, change it. Our food must always be tasteful, wholesome, and visually appealing. Guests "eat" with their eyes.

Hire and train culinary talent to develop new and existing products. Consumer-test all products before adding to any menu. They're only "great" if the guests say so.

Maintain the right tools to create great food.

Those action plans define exactly how managers and team members should accomplish the first goal and its associated operational plans. They also establish exactly which behaviors are acceptable within the organization and which will be considered deviant. For instance, the second action plan ("If the quality isn't great, change it") empowers managers and team members to replace products that do not meet company specifications. The specific means used to cure problems are what distinguishes a service- and value-driven restaurant company from its competitors. The intangible nature of service, discussed in the second set of action plans (below), is a further example of why organizations must take the time to identify exactly how each goal will be carried out.

(2) Service. Regarding service, Ruby Tuesday addressed the goals of excellent service and exceeding guests' expectations with precise action plans, as follows.

Guarantee our service—the guests require it. The response to any guest's request will be, "My pleasure."

Be guest-driven; don't lose a guest over a $9 meal ($3 actual cost). The guest is always right. If you think a guest is wrong, read again.

Do whatever it takes to keep a guest—instantly and before she or he leaves. Create WOW experiences. Turn our infrequent guests into regulars and get the regulars back more often. Service is the key.

Know your guests' names—they love it.

At all times, be happy and smile. Look sharp. Be sharp.

Reduce or remove any administrative or operational functions that keep our management teams from focusing on our guests and team members.

The action plans outlined above for both food presentation and service establish powerful tools for management's use. For instance, consider the three action plans that include the words "Be guest-driven," "My pleasure," and "Reduce or remove any administrative operational functions...."

Each of those action plans establishes undeniable rules of operation within the company that empower managers and team members in specific instances. Each also establishes a philosophy of what will and will not be considered acceptable within the company. For instance, "eliminate administrative and operational functions..." sends the message to managers and team members that operations managers should spend their time working with guests and team members to ensure that the highest quality of products and services are provided. This statement also identifies unacceptable behavior by specifically establishing that administrative and operational functions designed to accomplish other tasks should be considered wholly secondary.

(3) Value. Value was addressed by the 1992 Ruby Tuesday strategic planning team by developing five different action plans.

> Provide our guests with outstanding price-value. The guests demand it.
>
> If the value isn't great, change it. If it's not a WOW value, it's not value at all.
>
> Atmosphere adds value. In a competitive industry, it's just as important as food and service. Maintain "clean as you go" habits. Keep the rest rooms sparkling clean and fresh. Always have an "A" rating.
>
> When combined with quality food, service, and atmosphere, the lower the prices, the higher the guest count. Maintain per-guest check average of $10 or below.
>
> Create better perceived value through menu management and continuous product (new and existing) development.

QVM for Goal 1. As the food and service action plans before it, the plan for attaining value specifically identifies how managers and team members should accomplish operational and organizational goals. Likewise, QVM has three action plans.

> During every unit visit all levels of supervisory leadership should talk and listen to guests before leaving the premises; guests inside, team members and coaches outside. Findings should be recorded and communicated to other team members.
>
> Conduct semiannual consumer research to track key measurements of guest satisfaction. Use this data to see how we compare with the competition and whether we're improving. Determine where we stand every six months and measure the change.
>
> Develop programs to identify, recognize, and reward our frequent, most loyal guests. Solicit and track the wants and dining habits of this most valuable group.

It is important to establish specific objectives for managers regarding collection of feedback from team members and guests. It is also important to establish how often such feedback should be collected in order that QVM is assured.

Goal 2: Excellent Guest-Service Teams

The second critical goal ("We will develop, at all levels of our company, the best service teams in the industry") is also addressed specifically by both operational plans and action plans.

Operational plans

In 1992 the operational plans for that goal were as follows.

> Our company will be composed of highly motivated, clearly directed, guest-driven teams all working toward the goal of total guest satisfaction. Each and every employee is an important member of the team. Every manager is a solid, supportive team coach or leader. All team members will be focused on serving guests—or serving those who are serving guests.
>
> We will improve the capabilities and enthusiasm of our team members with thorough training, proper recognition and reward, and continuous measuring of team-member satisfaction.
>
> Individual success, and our success as a company, will be determined by:
>
> - How well we recruit and select;
> - How well we train and develop;
> - How well we monitor every member's performance versus our standards;
> - How well we coach and counsel; and
> - How well we motivate and inspire our teams to win.

Action Plans

Ruby Tuesday's service teams are composed of: employees, known as "team members"; key employees, who are called "team captains"; managers, referred to as "team coaches"; and area and regional divisional supervisors, also known as "team leaders."

Ruby Tuesday's service teams' operational plans were supported by the action plans that are presented below.

> **Overcommunicate:**
>
> Make a major commitment to open communication to and from every level of the team. Constantly communicate clear, focused, consistent plans. Eliminate guessing. This makes for winners at game time—every meal period.
>
> Sell the company, the concept, the business and principles. Reinforce the company's culture at every opportunity.
>
> Encourage and support suggestions and innovations from all team members. Celebrate team members' successes often and in a highly visible manner.
>
> Coaches and leaders should perform career-development planning with all their team members. Keep everyone informed of where they are in that development track, what they need to do, and where they are going.
>
> **Build Loyal, Motivated Teams:**
>
> Treat all members of the team with dignity and respect. Lead, coach, and counsel with compassion and common sense. We need solid team leaders, not policemen.

Hire the best. Hire experienced managers and trainees. Increase the number of outside hires with district-level experience.

Conduct the best training at every level. Teach, don't just tell, the how and why of every task. Commit to 40 hours of education per year for all levels of leaders (leadership, communication, and team building). Develop all team members to their maximum potential. Raise the standard.

Forge team-member partnerships. Encourage company-wide stock ownership. Support an ownership culture. Fully committed teams will always find ways to build sales.

Quality of life for all team members is important. Foster a healthy balance between work and family or personal interests. This usually means scheduling individuals to work a maximum of five shifts in a regular work week (realizing there may be seasonal- and shortage-related exceptions).

Support Community-Based Teams:

Hire experienced leaders from the community who want to stay and actively participate in the community. Encourage and financially support units that are involved in community work.

Don't move top coaches (GMs) unless absolutely necessary; doing so disrupts the team. Implement managing-partner plans to encourage those coaches to remain with the team (e.g., multi-year contracts, fixed base with percentage of profits over and above norm).

QVM for Goal 2:

Implement the standards inventory program in all our businesses to objectively account for the standards of productivity, service quality, and overall performance of units and their teams.

Perform annual surveys of team members and coaches to determine menu strengths and weaknesses, service issues, and how to achieve consistent, long-term improvement in team satisfaction.

Ruby Tuesday's action plans stress the need for caring, professional relationships among managers, other employees, and the organization, and they specifically outline guidelines and rules for those relationships. For instance, by first designating that specific terms be used when referring to all personnel within the company, the Ruby Tuesday Group forcefully recognizes the need to treat all participants within the Morrison Restaurants company with dignity. That is then reinforced through additional action plans that outline specifically how this relationship should be conducted.

Goal 3: Maximize Shareholder Value

The final goal established during the 1992 strategy meetings ("We will consistently reward our shareholders") is clarified by an operational plan that reads, "We will maximize shareholder value by executing the Morrison's quarterly business basics. Our team leaders, armed with a strong conviction to these proven business disciplines, will continually grow our businesses and improve our company."

Operational Plans

Operational plans for this goal include:

Increase sales from our existing assets:

Achieve 2-percent real growth in same-store sales without increasing average guest checks, and

Achieve revenue growth of 20 percent per year.

Create higher guest value.

Lower the cost of doing business:

Reduce below PAC line expenditures (as a percentage sales) and reinvest these dollars toward guest satisfaction programs.

Invest only in high return opportunities:

Maintain 20-percent after-tax annual return on all invested dollars.

Action Plans

Those operational plans (above) are supported by the following action plans.

Increase sales from existing assets:

Exceed guest expectations on every visit.

Develop additional sales opportunities in all brands, for example:

- Alcohol and non-alcohol beverages,
- Coffee and cappuccino programs,
- Retail items, and
- Focused carry-out programs (Fast Takes) and quality packaging (meal combos).

Involve the entire team in the sales history, profit quotas, and financial goals of each unit. Create incentives for team members to increase their guest counts.

Reduce or remove any administrative or operational functions that keep our coaches from focusing on the team and the team from focusing on the guests.

Hold our average checks at current level ($10 or below daily ppa). Lower the guest check average and the typical guest will return more often. Increase prices by no more than half of the competition's increases. Always know what the competition is doing with pricing and coupons.

Create higher guest value:

Build a great product- and menu-development team to create stronger quality and value items as perceived by the guest. Perception is reality.

Focus on menu management. Position food to sell based on lowest cost, best value, or highest gross. Lower prices whenever possible, but maintain gross profit.

Our design criteria (interior and exterior) should be driven by what our guests want and value. The design of all our locations must be kept current and fresh. Ease of cleaning and maintenance should be a design priority.

Lower the cost of doing business:

Always look for the better, faster, less costly way of doing things.

Maximize unit-level efficiencies.

Eliminate any and all bureaucratic costs that are not guest driven or do not contribute to the team. General and administrative costs should increase by less than half of sales or profit growth.

Dramatically reduce the cost of moving people. (It's simple; just move fewer people.)

Management turnover should be at 20 percent or less (annualized). Employee turnover should be at 100 percent or less.

Establish a committee of best-unit coaches (GMs) to review all paperwork to validate use. Eliminate paperwork that's of little or no benefit.

Invest only in high-return opportunities:

Mandatory after-tax return on invested dollars: 20 percent.

Develop and test food-distribution vehicles in all divisions that are: smaller, more productive, lower break even, and higher return.

QVM for Goal 3:

Conduct regular focus groups in selected units (managers and guests) to discuss any food-, service-, or value-related problems or opportunities.

Create and support in-unit quality and value (QVM) circles where coaches and team members can discuss how to improve food, service, safety, and value to guests.

The final set of action plans (above) establishes the high level of professionalism required throughout the Ruby Tuesday Group. As the operational plans indicate, real sales increases (not just price increases), higher guest value, lower costs, and investment in only high-return opportunities serve as guiding economic principles for the company.

The action plans identify specifically how those operational objectives will be carried out in each of the five areas outlined. For the manager, those operational and action plans provide succinct guidelines that reinforce what can and should be done with the considerable assets each manages for the company.

Supporting Materials

The goals, operational plans, and action plans presented on the preceding pages represent key elements in the Ruby Tuesday Group's strategic plan. They also represent a good example of an organization that has established a hierarchy of goals within its strategic plan.

The company also takes other definitive steps to ensure that Ruby Tuesday's strategic plan is widely understood and used. For instance, managers and team members receive several documents that reiterate what is important, what should be attempted and what should *not* be attempted, and how business is to be conducted.

Such materials include a statement of management philosophy; a code of conduct for managers and employees; a pocket-size daily-reminder card entitled "Ten Points of Service," used to remind managers and employees of important organizational objectives (for instance, "teamwork" and "appearance"); and laminated pocket-size daily-reminder cards that on one side reiterate the year's goals and on the other side set forth a managerial philosophy the company calls the "Will to Win." The Will to Win contains only three guiding principles—commitment, execution, and accountability.

Unique and Dynamic

Each organization should have a unique strategic plan that matches its own internal strengths and weaknesses, external opportunities and threats, and culture. There is no chance that any two plans would ever be the same.

Morrison Restaurants realizes that strategic plans are dynamic documents that must change as a company's internal and external environments change. As such, the 1992 plan for Ruby Tuesday presented here serves as a vehicle to illustrate how planning took place in one organization at a particular point in time and it illustrates the type of results, operational plans, and action plans that can be developed to support an organizational strategy. Over the last few years many factors have changed and, as a result, the Ruby Tuesday Group has updated its strategy through subsequent planning sessions similar to those described above.

The timeless factors of the Ruby Tuesday Group's planning process are **(1)** the company's beliefs about the value of strategic planning, **(2)** its characterization of the relationships within an organization (for instance, managers as coaches and counselors, not as policemen), and **(3)** its recognition that it is in a competitive business and that both organizational and individual actions reflect on the degree to which the company can succeed in that environment. At several points in the statement of goals and in the operational and action plans, for example, the company refers to the "highly competitive" or "competitive" nature of the food-service industry. Clearly, Morrison Restaurants and the Ruby Tuesday Group believe that success depends on preparedness, and that strategic planning is the key to ensuring that the company is prepared to meet and to exceed the performance of its competitors. CQ