Malawi’s Pizza Catering
Teaching Note

Day 1 – General Discussion

Assignment: Read and prepare case.

Case Questions:
1. What business is Malawi’s in? Who are their customers? What is their value proposition (i.e., what do they want and what do they provide)?
2. What are operational differences between Malawi’s pizza restaurant and Malawi’s catering service?
3. Should Malawi’s be in the catering business? Why or why not?
4. What limits the operational scale (i.e., ability to service increased numbers of clients) of Malawi’s pizza catering? If Malawi’s began actively promoting the catering service, how might they increase the operational scale? What effect would that have on the value proposition?

1. Customers and value proposition

Value proposition is described in the case in the second paragraph under “Company Overview.”

Key point: Value proposition is more than just exchanging pizza for money. Also, the value proposition must be mutual. At a basic level Malawi’s provides pizza and customers provide payment. At a higher level Malawi’s provides meeting of fundamental needs including physiological sustenance (food), entertainment, self-esteem (helping hungry children), and social enhancement.

Restaurant Customers

Individuals and social groups – want food and a social environment
Catering Customers

Event Planners – want ease of planning, provides planning
Non-professional event planners – want (free) event consulting
Principle Individuals – want to impress event attendees, provides money
Attendees – want food and social environment, provides support

2. Operational differences

<table>
<thead>
<tr>
<th>Operational Issue</th>
<th>Malawi’s pizza restaurant</th>
<th>Malawi’s catering service</th>
</tr>
</thead>
<tbody>
<tr>
<td>eating facility</td>
<td>provided by Malawi’s</td>
<td>client provides venue</td>
</tr>
<tr>
<td>demand pattern</td>
<td>Relatively predictable day to day and week to week. Relatively small changes in demand over time.</td>
<td>Feast or famine. High seasonality (spring/summer). Major spikes in demand based on engagements.</td>
</tr>
<tr>
<td>production scheduling</td>
<td>pizza made at time of demand</td>
<td>pizza made earlier in day</td>
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(this table needs to be completed)

3. Attractiveness of catering business

+ potentially big volume engagements
+ clients less price sensitive
+ leverages Malawi’s brand
+ utilizes restaurant kitchen earlier in the day
+ low overhead costs (not needing Malawi’s physical facility)
+ higher margins than base restaurant
+ great opportunity to promote Malawi’s restaurant (attendees “taste testing” pizza)
- chunky demand patterns (big spikes)
## 4. Increasing operational scale

<table>
<thead>
<tr>
<th>Scale limited by:</th>
<th>Alternative to Increase Scale</th>
<th>Impact on Value Proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>large amounts of direct interaction</td>
<td>Provide a website for learning about catering options and requesting a catering engagement.</td>
<td>Event planners can get as much (or little) information from the website as they would like. This allows professional planners to be more efficient, and non-professional planners to get the guidance they need.</td>
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<tr>
<td></td>
<td>Once a catering engagement is scheduled, provide client with an engagement information form.</td>
<td>Less personal interaction. Possible difficulty for non-professional planners who may have questions.</td>
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<tr>
<td>relying on Evans’ expertise</td>
<td>Train Ed Jones or others in client engagement.</td>
<td>No impact.</td>
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<tr>
<td></td>
<td>Develop a standard set of offerings that does not rely on Evans’ expertise.</td>
<td>Less able to handle extreme variations in client needs.</td>
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<tr>
<td>limited physical resources – mobile oven</td>
<td>Purchase additional mobile ovens.</td>
<td>Some cost.</td>
</tr>
<tr>
<td></td>
<td>Use ovens of client or venue.</td>
<td>Risk of equipment problems. Loss of “brick oven” ambiance.</td>
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<tr>
<td>limited human resources</td>
<td>Hire part-time catering employees.</td>
<td>Challenge finding qualified/motivated part-time employees may impact quality.</td>
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<td></td>
<td>Use more customer labor, such as assembling their own pizzas.</td>
<td>Risk of relying on skill level of customers. Perceived loss of value to customers. (Malawi’s hired to take away customer labor burden.)</td>
</tr>
</tbody>
</table>
Other possible discussion question:

What is Evans providing and what might/should he be providing?

- Event planning consulting?
- Mobile oven rental?
- “Full-service” event hosting, including venue, setup, catering, cleanup?
- Pizza delivery?
- Airport “Grab and Go” pizza?
- other?

Any of these alternatives might be evaluated in terms of...

- Improved economies of scale?
- Improved customization?
- Improved efficiency?
- Improved scalability?
- Improved consistency?
- Improved quality?
- Improved value?

Possible numerical analysis

One way to start a discussion is to go through the mobile oven throughput calculation, and then show students that the customer is likely the bottleneck.

90 seconds per pizza (cycle time)
1.5 minutes per pizza
1/1.5 = 2/3 = 0.666 pizzas per minute
4 pizzas at a time per oven
4*2/3 = 8/3 = 2.666 pizzas per minute
6 slices per pizza
3 slices per guest (“between 2 and 4”)
Therefore 2 guests per pizza
300 guests per event (wedding est.)
150 pizzas per event
Therefore 150/2.666 = 56.25 minutes per event to cook all pizzas.
Q. Can we improve this?
A. Why?? Event attendees cannot eat that fast. What is the bottleneck? Guests.
Day 2 - Process Analysis

Assignment: Read Introduction to PCN Analysis. Prepare PCN Analysis.

At end of first session might go over slides: Malawi-Pizza-Catering-PCN-exercise.ppt

Student (team) assignment for Day 2 is to complete some PCN Analysis, identifying strategic improvement alternatives. Day 2 is spent reviewing student ideas and analysis.

Detailed questions covered in Day 2:

**Entities.** Who are the entities involved in the Malawi’s Pizza Catering process? (see case Exhibit 2) Which entities are customers (specific beneficiaries)? Which entities are providers (generic beneficiaries)? Are there major distinct customer segments served by Malawi’s catering service?

**Process.** What are major steps in the process of Malawi’s catering service (from “client has need” to “client need satisfied”)? How does Malawi’s catering service fit within the overall process of event planning? What alternatives do Event Planners have for event food service? What are advantages of each?

**Value proposition.** What aspects of the current catering process provide value to customers? What is the value? What aspects of the current catering process impose psychological costs to customers?

**Strategic alternatives.** What are process positioning alternatives for the Malawi’s catering service? What alternatives would provide increased scale of operation (serve more customers)? What alternatives would provide increased customization? What alternatives would provide increased overall value?