

THE RISE AND DEMISE OF THE COURTYARD RESTAURANT: A CASE STUDY

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ABSTRACT

This abbreviated case study challenges students to advise a potential restaurant owner as to the many factors to be considered when deciding whether to open a restaurant. Much like the entrepreneur, the vignette covers many decision areas that must be addressed by a potential proprietor, is based on an actual business developed by one of the authors, and is appropriate for undergraduates as well as students in MBA and Entrepreneurship programs. The instructor can use the case study over several weeks to stimulate discussion on at least six interesting and important concepts: (1) the single most important question that a potential restaurateur needs to answer; (2) identification of and sources of data for external factors that need to be considered; (3) identification of and sources of data for internal factors that need to be considered; (4) options available to potential restaurateurs who are eager to overcome negative connotations left by a previous unsuccessful restaurant at that location; (5) specific ways that a potential restaurateur can resurrect or immolate the successful formula used by a previous successful restaurant at that location (6) elaboration of new creative innovations that a potential restaurateur can initiate to start his new restaurant on a successful road to financial success; and (7) internal strengths & weaknesses, external opportunities and threats that need to be evaluated. Each issue in the case study is designed to be discussed in a one-hour class session, and is likely to require at least an hour of preparation by students.

CASE STUDY

For nearly twenty years, the Courtyard Restaurant was a successful restaurant venture for business partners Judd Lancet and Mark Hall. They created the restaurant to fill a market niche in a growing southwestern city of 200,000. Both men had many years of restaurant ownership prior to the Courtyard. Their concept was to create an environment that would attract local professionals to an upscale restaurant for lunch and private dinner functions in the evenings.

The location for the restaurant was anchoring a small strip center located on busy Barrett Road just one block off the primary expressway through town. The center provided ample free parking and easy access. The other tenants in the center included a ladies ready-to-wear store, a jewelry store, antiques and gift shop, a flower shop, a bank and a beauty shop. The ladies ready-to-wear store and the antiques/gift shop both opened directly into the Courtyard. These two businesses especially complemented the location of

the restaurant and vice versa. Restaurant customers could shop either prior to or after lunch or browse and shop while waiting for their table.

The restaurant's main dining area was two stories high, with skylights and a lush garden atmosphere. The all male wait staff wore white crisp tuxedo shirts, bow ties and black slacks. A huge antique crystal chandelier adorned the center of the dining room. Large Italian terracotta statues and oversized oil paintings decorated the room as well. Every table was draped with table cloths and cloth napkins. The fresh long stem roses in tall vases on every table were a special distinctive touch of the Courtyard. There were also singing canaries in cages in the entryway of the restaurant. Within the first year of its opening, the ambiance attracted a regular crowd of clients and the Courtyard became "the place" to have lunch and private parties.

The restaurant's seating capacity of 150 was filled daily. Reservations were necessary for a guaranteed table at lunch. There was also a line waiting at noontime for guests without reservations. On most days the Courtyard had two turns of lunch time diners.

The kitchen was overseen by Manfred Trump. Manfred had been schooled in culinary arts in Europe and took supreme pride in his kitchen and food. The menu consisted of rich creamy soups, elaborate salads with housemade dressings, fancy sandwich plates and decadent desserts as well a "daily feature" that was a specialty dish not appearing on the menu. Wine, beer, tea and soft drinks were also served.

The Courtyard had a large private dining area suitable for large parties on the second level. There were also two small private dining rooms on the first level just off the main dining room. These two rooms were regularly booked for small luncheon parties. Judd and Marks' restaurant also became a "destination restaurant." Customers were drawn from a seventy-five mile greater metropolitan area. Luncheon parties for birthdays and special occasions were a daily occurrence.

On Friday and Saturday nights, dinner parties were regularly booked to celebrate weddings, birthdays, anniversaries, christenings and other festive occasions. Judd and Mark would work closely with the party hosts to take care of every detail from special menus to flowers to special entertainment. The private parties became a mainstay of the revenue generated by the Courtyard.

The owners were in the Courtyard every day greeting their guests and taking care of every detail. Daily they were inspecting meal presentations, overseeing the efficiency of wait staff, and making certain of client satisfaction. The Courtyard's reputation was for ideal atmosphere, delicious food and phenomenal service.

Judd and Mark had enjoyed nineteen lucrative years as owners of the Courtyard when they were approached by prospective buyers. Jason Scott, who had been the head waiter for five years, and Cole Spearman, his brother-in-law, wanted to purchase the restaurant. After six months of negotiations, the Courtyard was sold to the partnership of Scott and Spearman. Judd and Mark never returned to the Courtyard, took their profits, and immediately moved to Costa Rica where they opened a bed and breakfast. Jason Scott became the manager of the restaurant and Cole Spearman, who had no restaurant experience, merely provided the financial backing and did not take an active role in the operation of the restaurant. Manfred Trump remained as the chef. The name of the restaurant was not changed and from all outward appearances the Courtyard appeared to be virtually the same to customers.

After the first year of operation, the partnership of Scott and Spearman began having problems. Jason was severed from the partnership and Cole brought in a nephew to manage the Courtyard. Problems escalated. Manfred resigned and the wait staff began experiencing heavy turnover. The quality of the food deteriorated. Customers noticed that details were not being taken care of. Dirty flower vases and

two-day flower arrangements were on the table tops. Slow and inattentive service became standard. Business began declining.

Cole Spearman had entered into a three-year lease with the shopping center owner when he acquired the Courtyard from Mark and Judd. Cole began to experience serious health problems and six months prior to the end of the lease he attempted to sell the Courtyard but was unsuccessful. He finally closed the restaurant taking the name and all movable contents with him.

Mr. James Gillman, the owner of the shopping center, immediately began advertising for a new tenant. The tenant composite has changed as some of the previous tenants left the shopping center. With the establishment of several newer restaurants on the expressway near the largest shopping mall, the setting of this shopping center has been altered.

Eight months passed and Brad Bonner, a recent culinary graduate and chef, became interested in leasing the empty restaurant space. Brad, who has eighteen months experience working in three restaurants in the area, wants to take advantage of the history of a fine restaurant having been on the premises for over twenty years. Brad also wants to rename the restaurant the "Palms."

Since Brad has no business management experience, he has hired you as a consultant to advise him as to whether he should undertake this venture.

TEACHING NOTES

Week One Assignment - What is the most important question that you will first ask Brad?

Week Two Assignment - What external factors (i.e., political, economic, demographic, technological, social, legal, etc.) does Brad need to consider?

Week Three Assignment - What internal factors (i.e., functional departments and relationships, finance, marketing, etc.) does Brad need to consider?

Week Four Assignment - What do you think Brad Bonner can do to overcome the last three disastrous years of the Courtyard? Give detailed recommendations

Week Five Assignment - Describe specific ways that Brad can resurrect or immolate the successful formula that Mark and Judd had for so many years.

Week Six Assignment - Describe new creative innovations that Brad can initiate to start the "Palms" on a successful road to financial success.

Week Seven Assignment - Assuming Brad decides to go forward with the restaurant, develop a SWOT (internal strengths and weaknesses, external opportunities and threats) analysis that can help achieve his objective.

REFERENCES

Baldwin, J & Hollier, G. (2009). *EARNCO, Inc. DBA the Palm Court Restaurant*. Brownsville, TX.