Jul 29th, 2:00 PM - 3:00 PM

Managing Strategies at Beijing Olympic Catering Services Project

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ABSTRACT

This research uses the case study method to analyze strategic management practices for the Beijing Olympic Catering Services Project. The data from this research were collected through observations and interviews of the management team. Through a systematic approach, the study reports on management practices reflected in strategic moves, management structure, human resources, purchasing, operation controls, and food safety in a short-term joint-venture project. It is hoped that this study provides insights for future mega-event catering-service projects.

Key Words: Beijing Olympic Games, Catering Services, Strategy

INTRODUCTION

The great success of the 2008 Beijing Olympic Games spread throughout the world. The global media and peoples from all nations still praise the amazing opening and closing ceremonies, beautiful architecture of the stadiums, well run infrastructure, and great performances of the world’s athletes. However, there has been very limited reporting on, and popular questioning of, the source of athletic energy: the foods they were eating. What kinds of foods were they eating? Who provided the food? How were the foodservices managed and operated? Who were the non-medal-winning heroes behind scenes? This research will try to respond to those questions.

During the summer Olympic time in Beijing, 3.5 million meals were served in both Olympic and Paralympic Games. Around 900 menu items rotated in an eight-day-cycle menu. At a peak hour during the Games, 10,000 meals were served to the athletes in the Olympic Village (OV), the international broadcast and television staff at International Broadcast Center (IBC), the world news reporters and photographers at Main Press Center (MPC), and two media villages where reporters and TV and radio crew members stayed during the Games. Nearly 6,500 temporary employees worked in five venues for this Olympic catering-services project. ARAMARK was the company that planned, organized, and operated the project to great success! (It was the largest Olympic catering project ever undertaken by the company) (Byrnes, 2008).

This paper will give an in-depth analysis of how ARAMARK envisioned the Beijing Olympic Catering Services Project opportunity, won the bid, tackled the challenges in operations, and successfully completed the mission.

LITERATURE REVIEW


When reviewing the literature of event and project management, Hede (2007) used stakeholder theory to suggest that the organizer should consider all the stakeholders’ various interests when planning a mega event. Silvers et al. (2006) discussed the body of knowledge of international event management. They listed 21 event management skills, such as organizational ability, detail orientation, listening, communications, multitasking,
leadership, and time and stress management. They categorized the body of knowledge into five domains: administration, design, marketing, operation, and risk. Hanlon and Stewart (2006) explored how to manage human resources in major sporting event organizations. They explained the complexity of the staffing arrangement; the human resources principles; and the steps in recruiting, inducting, managing, and retaining staff in major sporting organizations. Kealey et al. (2006) explained how to avoid failure and maximize success in international projects. They argued that the “coexistence of national culture in international projects creates unique communication and work style issues” (p. 39). For instance, it could be difficult for a cultural minority (expatriates with special powers) to lead a cultural majority (local employees) if the expatriates lack interpersonal skills, adaptation skills, good attitude, intercultural communication skills, extensive knowledge of the host country, international management skills, and commitment. Furthermore, in order to achieve success, an international organization should have a clear strategic objective, select a partner with compatible or complementary competencies, have clear and unambiguous governance mechanisms, consult and build consensus, recognize the importance of culture on project management, and constantly assess the host country’s business environment. Hannart and Zeng (2005) argued that partners in a joint venture or strategic alliance should establish a goal of cooperative specialization to pool their competencies. O’Farrell and Wood (1999) expressed the need to create a conceptual framework to analyze strategic alliances in the service industry. Jiang et al. (2006) discussed outsourcing contracts by the Beijing Organizing Committee of Olympic Games (BOCOG); the bidding contract process; and the uncertainty, risks, and benefits for the vendors.

From a strategic-management perspective Olsen et al. (2008) explained that a hospitality organization can be analyzed through an input-transformation-output approach. Spears and Gregoire (2004) used the same approach to create a foodservice system model. In their model, they selected human (labor and skills), materials (food and supplies), facilities (space and equipment), and operations (money, time, utilities, and information) as INPUT. Management functions and functional subsystems linking processes were TRASFORMATION. Meals (quality and quantity), customer satisfaction, employee satisfaction, and financial accountability were OUTPUT. This model and the above literature review of theories and concepts of event and project management, along with strategic alliances and joint ventures, will help the researcher to analyze this contemporary short-term joint-venture catering project at the Beijing Olympic Games.

RESEARCH MEHTOD

Yin (2003) believed that the case-study method could provide the best understanding of a complex issue or object. He argued that the case-study method is an empirical inquiry that investigates a contemporary phenomenon with real-life context. Through its detailed contextual analysis, case study can provide insightful, detailed description of a contemporary phenomenon. The Beijing Olympic Catering Service Project is a unique activity that needs to be analyzed in its real-life context so that a detailed and insightful description of the successful performance can be brought to the public.

Observations, face-to-face interviews, documentation, and participation in the operation activities are tools commonly used to collect first-hand data in the case-study method. The researcher actually worked at the Olympic catering project for eight months. In order to gain this position, the researcher had worked for two other Olympic catering projects. The researcher used this opportunity to observe, participate, interview, and document all the activities in which he was involved. Then the researcher used the foodservice system model (Spears & Gregoire, 2003) and concepts and theories reviewed in the literature to analyze the entire Beijing Olympic Catering Service Project.

RESULTS

ARAMARK faced many challenges in the Beijing Olympic Catering Service Project. With an experienced leadership team, it worked closely with its partner and its direct authority—BOCOG—to recruit and train 6,500 highly motivated and hard-working employees, smoothed logistic operations, standardized production and operation systems, and made good use of information technology. Eventually, it achieved great success with the Beijing Olympic Catering Service Project.

Pre-Games Preparations

Early Strategic Moves Built up the Foundation, and Competitive Advantages Helped Win the Bid

Right after the 2001 announcement of Beijing as the host city of the 2008 Olympic Games, ARAMARK envisioned the possibility of bidding for the catering contract for the Games. Immediately after its successful
operation at the 2004 Athens Olympics, the company began exploring the possibility of catering the Beijing Olympic Games. In the same year, ARAMARK took a strategic step to acquire Service Master and Bright China Service Industries. In 2006 it took another strategic move to take over Golden Collar Dining Company. The two strategic moves help the company to establish the foundation for bidding for the 2008 Beijing Olympic Catering Services Project.

Although its strongest competitor, with many more years of operations, hundreds of corporate clients, and larger China operations, also entered the final bid, ARAMARK won the bid thanks to its 40 years of Olympic catering experience beginning with the 1986 Mexico City Olympic Games. However, the Beijing Olympic Catering Services Project was the largest operation it had undertaken in five venues.

**Some of the Challenges in the Beijing Olympic Catering Services Project**

ARAMARK obtained the contract with a condition from BOCOG attached: It had to work with the partner, Beijing Tourism Group (BTG). Until then ARAMARK did not realize that the main officers in charge of foodservice of BOCOG and the partner team members were all from the same company, BTG. ARAMARK had to deal with their direct bosses, as well as work together with the partner team members. BTG is one of the largest tourism companies in China, including restaurant divisions, hotel brands, a transportation division, and entertainment and shopping centers. BTG has strong corporate culture. ARAMARK faced the situation that Kealey et al. (2006) described: A cultural minority working within a cultural majority. For example, BTG was very interested in hiring culinary students from the Beijing area, thereby using the Beijing Olympic Catering Services Project as a training ground for the future. The only problem was that there was only one college-level culinary program, and it could provide less than 100 students, far less that the operations demanded. However, on the other hand, BTG surely brought some complementary competencies to the project, such as local knowledge and operational capability.

Language was another issue that ARAMARK had to deal with. Though the BTG tried its best to select English-speaking employees to work for the project, the English skills of many of their selected employees were very limited. Ninety-five percent of the employees hired to work as cooks or kitchen staff did not speak English at all because English is not a requirement at Chinese culinary schools. What is more, unlike any previous Olympic project, BOCOG required that all documents, memos, and e-mails be translated into Chinese. One can imagine the need for interpreters and translators to translate documents from English to Chinese and vice versa. For that reason a unique department—Project Organization (never before used in Olympic catering projects)—dealt with the heavy load of translations. Many interpreters were hired for culinary and facility operations.

Inadequate food safety and sanitation standards were still another challenge. Hazard Analysis and Critical Control Point (HACCP) standards are new to the Chinese foodservice industry. There is a big gap between Western and Chinese food safety practices. For example, according to Chinese regulations, a cold dish can be prepared at room temperature (around 70°F). However, the Western practice, especially at the Olympics, was that the cold dish had to be prepared at 40°F, the temperature of a walk-in refrigerator.

**Experienced Leadership and Coherent Organizational Structure**

To shoulder the largest Olympic catering project, ARAMARK selected the most experienced leadership members from throughout its corporate system. Many of them had three Olympic operation experiences. Others had worked at mega-sport catering projects, such as Soccer World Cup Championship games. The company especially selected bilingual (Chinese/English) employees in the system or hired local bilingual purchasing and logistics professionals to lead the departments of finance, IT, purchasing, and logistics.

For this joint venture project, there were seven executive members, including two from the partner company, BTG. There were ten departments: Project Organization, Purchasing, Logistics, Human Resources, Culinary, Operations, Food Safety, Risk Management, Information Technology, and Finance. ARAMARK selected 240 expatriates at five levels of the operations (executive, director, two managerial, supervisory) from many parts of its world operations, including over 30 university interns as supervisors. BTG chose 400 employees from its hotels and restaurants; some worked as managers, but most were hired as various levels of chefs.

To make the joint venture organization cohesive, there were regular consultations with partner members, weekly meetings and updates. Long-term and short-term goals and objectives, as well as problems and solutions
were discussed, and consensus was reached quickly. The executives always scheduled weekly meetings. Sometimes there were urgent issue consultations with the BOCOG authority. Communication channels and coordination were kept open throughout the project.

**Expatriate and Local Chefs Work as a Team to Standardize Chinese Menu**

The International Olympic Committee (IOC) has a rule to promote local cuisines of the host country where its Olympic Games are held. For the first time in Olympic history, 180 of 2,000 Chinese dishes nominated were selected for the Olympic dining tables in Beijing. However, what one might not know is that Chinese recipes were neither standardized nor up-loaded into a computer system as the Western recipes were. The international and local chefs worked diligently to test, retest, record, and up-load all the ingredients and cooking procedures into computers and make them standard Chinese recipes. The work definitely smoothed the food productions in the project.

**Early and Continuous Inspection of Farm Sites and Working with the Authority to Guarantee Quality and Quantity of Food Products**

In years just prior to the Olympics, news of food poisoning, and air and water pollution spread throughout many parts of China. Therefore, as early as January 2008, the Purchasing Department, in conjunction with local health and food safety authorities, started to select and inspect farms, from produce seeds to soil and irrigation, to guarantee the quality and quantity of fresh produce in time for the Games. The department also selected and inspected other food facilities for the same concerns. One of the biggest challenges the purchasing and logistic departments faced was that they had to work with the food inspection authorities. There were four local departments in charge of the food safety: the Department of Agriculture, Department of Quality Inspection, Department of Commerce, and Hygiene Bureau. If the four departments had worked as a team, they would have facilitated food safety and quality. However, they worked separately. Food suppliers had to go to all four departments to get the four stamps before the foods were permitted to enter the logistic warehouse. This situation created a bottle neck for delivery and production of high quality and large quantity food. Constant consultations with the four departments and seeking solutions from the BOCOG were two of the many tasks the purchasing and logistic departments dealt with.

**Selecting the Best Extensive Training and Taking Good Care of the Employees**

As Hanlon and Stewart (2006) explained, a sporting event involves a complex structural arrangement of personnel. Personnel comprise a mix of full-time, hourly, outsourced, and volunteer employees. The majority of them have limited contract time. The numbers of employees expand and contract over the event cycle. An event’s success depends upon well managed personnel and appropriate human resource strategies. ARAMARK believed that the project had to recruit the best for this short-term project. It also believed that by taking good care of its employees, the employees in turn would provide satisfactory services to the athletes and media staff. From the beginning of the project, the company tried very hard to identify the best employees to work for the project. However, ARAMARK lacked knowledge of local labor forces. Seven months before the operations, it was still a big challenge to find the employees! It was Guanxi (relationship) that saved the operations. The training manager onboard in January had a long-term working relationship with the China Culinary Association. He suggested that the Project should explore the opportunity. A team of 22 managers went to the school to interview and select 550 qualified translators, front-line service attendants, coffee bar servers, and cashiers. The team also found thousands of bilingual students from local universities, colleges, and high schools to fill its 25 different positions.

The 6,500 temporary employees and local managers were given extensive training, including: Olympic knowledge, importance of participation, understanding of joint venture partners, service orientation, professional conduct, food safety and sanitation, personal hygiene, occupation safety, pay and scheduling, transportation, uniforms, meal and break policy, awards and incentives, complaints, and dismissal. The intensive training lasted one and half days for every employee, followed by two and half days of on-the-job training with various departments. The biggest training challenge was the peak arrival of employees. Sometimes, the trainers had to provide training nine hours a day, even during the weekends. Noticing the lack of English skills of the culinary students, the training manager wrote a booklet of Useful English Dialogues for the Beijing Olympic Catering Services Project and
organized colleagues to record the dialogues in both English and Chinese. Then the recording and booklet were distributed to the students long before their arrivals.

ARAMARK compensated all the employees for their work, provided two meals, uniforms, and non-slippery working shoes for operational safety (never provided at any other Olympic catering projects). To house all the students from outside of Beijing, the project rented a building of 300 rooms and installed air-conditioners in all the rooms (air-conditioners are not installed in most universities in Beijing). The project also organized bus transportation for these students.

Outsourcing Equipment Installation and Maintenance
ARAMARK outsourced its contract for equipment installation and maintenance to the U.K. company, PKL, a very experienced company, which was responsible for the same work in several Olympic catering projects and worked closely with ARAMARK.

TRANSFORMATION

The Full Swing of Catering Operations
INPUT elements required intensive preparation and included labor and skills, food materials and suppliers, equipment and space, and operational information. The project opened its venues gradually: first, the International Broadcast Center (IBC) on May 8; second, the Main Press Center (MPC) on June 10; third, the Athletes’ AV on July 10; and last the Media Village I (MVI) and Media Village II (MVII) on July 18. The operations were in their full swing and the project was into its transformation stage. A number of operational strategies were put into place:

Adherence to HACCP to Guarantee Food Safety
The single most important issue in foodservice is food safety. All employees must follow HACCP procedures in all food handling, processing, production, and transportation. Cold food must be prepared in the walk-in refrigerators under 40F. Cold food must be served cold. Hot food must be cooked, held and serviced at the required temperature. All employees must wear clean uniforms, gloves, and hairnets. The project outsourced its laundry service to a local company, which was responsible for washing the uniforms daily.

Adherence to Occupational Safety Practice
Employees’ occupational safety was everyone’s responsibility. Managers constantly checked the safety practices. They made sure employees were wearing safety shoes to work and using safe gloves for cutting. They provided signage to remind employees that floors were slippery and that all employees had to use safe procedures to avoid getting cut, hit, burned, or injured by heavy lifting. Each employee cared about the safety of other colleagues. The safe practices resulted in only limited minor injuries among 6,500 employees throughout the whole project.

Information Technology Facilitating the Operations
The Information Technology department played a very important role in the operations of the project. CBORD was the master brain system for order placing, production scheduling, production procedure, product volume control, and water control. All the employees had to follow production processes, procedures, and quality standards strictly. For the first time in the Olympic projects, ARAMARK utilized the CRONOS system for employees’ scheduling and payroll in the Project. Micros was the system for cash register collection of revenue from all venues except for the Athletes’ Village. The establishment of the Project shared folder facilitated communication among all the management team members.

Adhere to Service Gold Medal Rules
All the employees had to adhere to the Service Gold Medal rules: use eye contact, smile, acknowledge the guest, use positive body language, offer help, provide exceptional service (speed, timeliness, and accurate service) to the guests and show pride in working for the Olympics. The employees’ warm, friendly, and helpful services won praises from the world’s athletes and news reporters.

OUTPUT
According to Spears and Gregorie (2004), for any foodservice system, output of the operations includes meals of quantity and quality, customer satisfaction, employee satisfaction and financial accountability. The quantity of meals greatly depended upon accurate forecasts and projections. Research found that the forecast was high in
certain venues, causing over-production and some waste. However, when the athletes were surveyed for their opinion of foodservice operation, 93% of 1,800 athletes in AV responded “satisfied” or “very satisfied.” No survey was conducted for the employees. However, informal interviews of students indicated that they enjoyed working in the Olympic Project.

In terms of financial accountability, the BOCOG paid ARAMARK a fixed management fee. All the expenses would be covered by BOCOG, based on a reasonable budget ARAMARK presented to BOCOG. There was no top ceiling for the budget. However, BOCOG had a large accounting team to scrutinize any unreasonable budget items. The researcher found the project’s finance department used contingency strategy to require funding for budgets. For example, the expenses of rent and transportation for the students from outside of Beijing were not in the original budget. ARAMARK used a bilingual overseas Chinese as the project financial director to create bargaining power for the project.

CONCLUSION
The Olympic Games could not have succeeded without thousands of hard-working foodservice employees behind the scenes. However, until now no research has examined the Olympic Catering Service Project. This research used current concepts and theories in event and project management and a systematic approach to analyze the Beijing Olympic Catering Services Project. Globalization is a major trend in the hospitality industry. More and more global mega events, such as the Olympic Games and World Expo, will take place, and foodservice will continue to play an integral part in their operations. It is time for researchers to uncover insights from these operations and provide helpful hints for the future success of foodservice operations in world events.

References


