

University Faculty Center — A Case Study

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ABSTRACT

This paper describes the detailed analysis for making changes to a campus faculty and staff club in light of changes to physical and fiscal demands and diminishing membership.

INTRODUCTION

The graduating MBA students as a part of their program must complete a “real life” consulting project, in which at least two faculty members participate and provide guidance. An interesting project that was handled by our team was a project for SDSU’s Faculty Center (FC). The FC features a buffet lunch and outdoor patio, serving as an exclusive dining area and meeting space for faculty, staff, doctoral students and guests. It is operated by University Dining and overseen by an executive board of faculty and staff that handles all aspects of club membership. The executive board depends on membership dues as its main source of revenue, which has been stagnant with little or no significant growth. Moreover, a Student Union features many restaurants that appeal to the FC’s customer base. The club building is in need of updates and improvements to various parts of its interior. The goal of this particular project was to analyze the current processes, demographic and fiscal issues and provide recommendations to the FC’s Board of Directors (Board) to improve the viability of this long-standing facility on campus.

Background

The FC is a membership driven facility that provides lunch service between 11:30 am and 2:00 pm on weekdays. Cold beverages are also offered during normal business hours and are free to members. Beyond lunch service, the facility is made available for hosting special events. The club is run by a volunteer Board that meet monthly. Staffing, operations, and marketing are outsourced to University Dining. Financially, FC receives \$10 monthly membership fee from members (\$5 for doctoral students). The Board collects approximately \$30,000 per year; and it controls a \$100,000 endowment for the overall improvement of the club. Operations are outsourced to University Dining Catering Division, and the Board pays \$1,500 per month to University Dining for administration, maintenance, and other duties. University Dining is entitled to all revenue collected from food service and special events located at the facility, which are required to use University Dining catering. Maintenance of the facility, kitchen equipment, tables and chairs, etc. is performed through a combination of the Faculty Center budget, University Dining, and in the case of the structure, the university.

Project Objectives and Methodology

To achieve the goals of the project, the following activities were pursued to ensure that the Board had the proper information to pursue the various options that it was considering.

1. Assessed comparable Faculty Centers at selected campus and approaches to member classification.
2. Developed the profiles, needs and wants of current FC members and potential members by conducting a survey.
3. Assessed the competitive environment of FC to identify opportunities and threats to its customer base.

Objective 1: Comparative Analysis

First, a comparative analysis was conducted on similar Faculty Centers and their approaches to membership. Five universities throughout California were contacted: University of California, San Diego (UCSD), University of California, Irvine (UCI), University of California, Santa Barbara (UCSB), University of Southern California (USC), and California Institute of Technology (Caltech). Information was gathered about each club on the following items:

- How each Faculty Center's membership fee structure was set up?
- How each club recruited new members?
- What amenities and benefits each club offered to its members and non-members

Objective 2: Competitive Analysis

Second, the competitive environment on campus was assessed to identify opportunities and challenges for FC.

- Generated a matrix comparing FC to all other restaurants across the campus
- Compared: price, service, facilities, convenience, atmosphere and food quality
- Performed a SWOT analysis of the competitive environment
- Evaluated the FC's value proposition to other entities in to determine how FC can utilize its natural advantages over other dining facilities

Objective 3: Survey

Third, conducted informal interviews and sent out an online survey to both current and potential members to obtain information on demographics, patron behavior, wants and needs of diners, and soliciting ideas to improve membership and business operations.

Methodology

The study was approached in a two-step process. The first step was to determine the users and their underlying perceptions of FC. The current members were classified into five groups: (1) member-faculty, (2) non-member faculty, (3) member staff, (4) non-member staff, and (5) FC related personnel. Two representatives from each group were selected randomly to conduct informal interviews. The second step consisted of compiling the results of these interviews, then analyzing and structuring them into a survey instrument, which was then administered to both member and non-member campus-wide community. The results were then summarized and shared with the Board along with recommendations.

RESULTS OF FINDINGS

Comparative Analysis Results

Five Faculty Centers were contacted. All of these university clubs are rather successful measured by their levels of membership, revenue, and prestige. Some common characteristics of these Centers are:

- Aesthetics of facility: All of these university club's facilities have distinguishing structural and interior elements which increase the desire for patrons wanting to be part of the club.
- Independence: These clubs were independent of other on-campus organizations and managed their own dining and private event services, which are the clubs main sources of revenue.
- Member only programs: All of these clubs have constant year round events and programs available to members only.

- Happy Hour/Social Events: All these clubs have weekly happy hour and social events which involve cocktails and happy hour foods in order to foster an environment of fellowship among members and university affiliates.
- Full time staff: All these clubs have their own dedicated staff and Boards to promote member related programs and functions.
- Catering and Event Planning/Hosting: All these clubs have well defined packages available to patrons for renting the club’s facilities and equipment to host private events. They also have catering and planning services available to assist with the private events.
- University Administration/Faculty Support: All of these clubs have active support from the universities administration. The University’s administration promotes the club by hosting or participating in the clubs events.

Competitive Analysis: Strengths Weaknesses Opportunities Threats

<p>Strengths</p> <ul style="list-style-type: none"> • Central location on campus • All-you-can eat buffet style lunch • Immediate food, no waiting • Drinks included all day (members only) • Beer and wine license • Meeting rooms available • Outdoor patio • Low membership fees • Exclusivity (no undergraduate students) 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Older facility • Lack of marketing • Lack of Administration involvement and support • Membership required • Lack of buzz, “hub of campus” feel
<p>Opportunities</p> <ul style="list-style-type: none"> • Student Union • Student Services Building 1 • Student Services • Cafeteria • Dormitory Kitchen 	<p>Threats</p> <ul style="list-style-type: none"> • Student Union (<i>Starbucks, Chipotle</i>) • East Commons Building • West End Plaza • Dormitory Kitchen

Competitive Analysis Results

FC can differentiate itself as the only location exclusive to faculty and staff, not generally accessible to undergraduates. The combination of central campus location and all-you-can eat buffet and salad bar make for a strong competitive mix. However, there are opportunities for improvement. The biggest differentiating factor for FC is its exclusivity and opportunity for facility use including the meeting room reservation. Prices are competitive, but the membership fee creates a disadvantage because it is not required for any other eating-places on campus. Other facilities are newer and more modern, including furniture, carpet, and television/media availability. Two areas of focus for differentiation include: Value for members including facilities and offerings; and, creating a hub for faculty and staff including meetings, buzz, and some level of prestige/status.

Survey Analysis Results

A total of 584 responses were received. Some were not included in the tabulations due to errors or incompleteness. Most responses expressed familiarity with FC and had been to FC in the past. 19% were members and 81% are non-members.

Demographic

The majority of members fall into the older age ranges as compared to the distribution of non-members (Figure 1). The age demographic shows there is potential to attract non-members who are in 36 to 65 years old. For young faculty and staff in the 25 to 35 years age group who are non-members, the group poorly perceives lunch price, food quality, and membership benefits (Figure 2).

The affiliation demographic shows that membership is more attractive to faculty than staff (Figure 3). This also implies that staff who are non-members is a large potential target. The number of years with SDSU (Figure 4) does not show a significant pattern that differentiates members and non-members.

Lunch Purchasing Behaviors

The lunch purchasing behaviors from the survey are presented in Figure 5 and it shows that most faculty and staff usually purchase lunch one to three times a week. The majority of members purchase lunch from FC one to three times per week. For non-members, the majority purchase lunch at FC one time a week or less. This is probably the reason that non-members do not find discount incentive to be attractive.

The survey results (Figure 6) present that most customers purchase lunch on campus. Since the FC's location is in the middle of the campus, FC has a major advantage geographically. However, there are other competitors in the same area.

Exposure

Figure 7 and 8 show the media sources of information that faculty and staff learn about FC and the membership. The two major sources are the word of mouth and the hiring welcome packet. Given that the distribution of the survey and the responders could be limited to a group who knows about FC and the membership, it is possible to increase the awareness of FC and the membership via email advertisement and promotions. Considering that email advertisement is a low cost method and has high visibility, FC could pursue this method to increase the traffic and number of members.

The free-form text results suggest that faculty and staff, who are members and non-members learned about membership from the cashier. It would be a low cost alternative with high visibility to promote the membership at the cashier.

Awareness and Perceptions toward Membership Benefits

Figure 9 shows that many non-members do not have clear understanding of the benefits of the FC. Figure 10 shows that discounts, drinks, and punch card benefits are the most important benefits for members. However, non-members do not perceive these member benefits to be important. Incentives that may attract non-members are summarized from the free-form text suggestions on the survey forms:

- Take out options; Fresh brew coffee, tea, and iced tea; Non-buffet lunch; Vegetarian dishes; Renovation-modernity; Tiered membership; Variety of offering especially dessert, e.g. juice, frozen yogurt, ice creams; Monitor for news and sports; Menu emailed weekly; Breakfast

Figure 11 shows the perceptions toward membership fee structure. Price-wise, members would want to stay as members, but a group of non-members perceive the fee as too high.

Perceptions toward Lunch and Other FC Components

The perceptions on quality of lunch and its components are presented in Figure 12. Members are satisfied with lunch quality with small percentages showing poor quality in some components. The results are similar for non-members, only that the percentages for poor quality are slightly higher.

Survey Results

Below is the summary of the survey findings:

- For the group of young faculty and staff, 25 to 35 years old, who are non-members, are sensitive to price and the group poorly perceives the lunch price, food quality, and membership benefits.
- For non-members, 15% of faculty and 28% of staff, which accounts for 159 responses (27%) out of 584, found the fee structure to be appropriate. They do not become members because 99% of the group visits FC for lunch one or fewer times per week. This group is large and has potential to convert to members.
- The two major sources of information that faculty and staff learn about FC and membership are word of mouth and the hiring welcome packet. We recommend promotions via emails and at the cashier to increase the awareness of FC and the membership.
- The survey results reveal that 91% of members and 85% of non-members agree that the FC should serve exclusively faculty and staff and not remove membership or open membership to undergraduate students.
 - The entrance and the restrooms are at the top priority for the facility improvements.
 - Potential new ideas to increase traffic and membership:
 - Quick breakfast service: It received approximately 70% “Yes” of the responses.
 - Non-buffet lunch option: It received 50 to 60% “Yes” of the responses and it would be attractive for young staff.
 - Happy hour: It has high potential attendance from the survey on special events.

RECOMMENDATIONS

- 1. Create a Campus Hub for Faculty and Staff**--The best approach to achieve a sustained increase in membership is to make the FC into something that creates a buzz, perpetuates prestige, and becomes a location filled with “who’s-who” of the campus community. FC can fill that niche.
 - Enlist University Administration. Begin by encouraging engagement with the University President and his administration, Deans of colleges, and department heads. Specifically, get the high level administrators in the facility as often as possible for lunch. Encourage them to host events on the patio or in the meeting rooms.
 - Consider targeting Basketball Coach and other coaches in the athletic department for lunches. This will create buzz and provide more opportunity for prospective members to “rub-elbows” with well-known figures.
 - Engage the Alumni Association to co-host events at the facility. These could be lunch events or special events.
- 2. Emphasize meeting rooms and events**--There are limited on-campus venues that can be used for meetings and eating. In fact, the buffet is an advantage for the Faculty Center to host lunchtime meetings because the food is instantly available and each meeting participant can select their own food. It saves time and coordination of meal orders or dealing with delivery.
 - Create Department Memberships that allow departments to join and utilize the facilities for free during business hours. The department membership can only be utilized for department

business such as lunch meetings, social events or interviews. The departments would pay member prices per meal. Since individual membership is \$120/year, we recommend \$200/year for a department membership.

3. **Happy Hour** - “Happy Hour” may present interest and opportunities to create a place and “hub”. There are significant opportunities for beer selection from a large number of local microbreweries. Capitalize on popular on-campus sporting events and host pregame happy hour or food events. Many games start at 7pm or 8pm, allowing for ample opportunity to attract members and customers.
4. **Modernize the Facility**--Entrance and restrooms of FC should be the top priorities for improvement. Other areas that can benefit from modernization include the patio area, changing of the carpeting/flooring, and the need to update television screens for news or sports. Meeting rooms should be equipped with basic Audio/Visual equipment and conveniences (white boards) needed to host a department meeting or retreat.
5. **Increase Campuswide Awareness**--The two major media sources of information that faculty and staff learn about FC and membership are the word of mouth and hiring welcome. FC could increase its membership by raising overall awareness of the club. Emphasis should be placed on clearly communicating the benefits of membership.
 - Target new faculty and staff by waiving the initiation fee if they join within the first six-months of employment.
 - Create marketing materials (a nice, glossy flyer) that communicates clearly the location of the club facility, and the benefits of membership.
 - Offer a free meal to all new faculty or staff to get them to the facility at least once early in their employment.
 - Promotions via emails and at the cashier to increase the awareness of FC and the membership.
6. **Form Partnerships with On-Campus Organization**--Create a membership category for on-campus organizations that may want to utilize the facility. The facility is underutilized outside of lunchtime and there is opportunity to collect membership fees from organizations. There is approximately 300 organizations on-campus and the FC could serve as a venue for meetings and events at a central campus location. Increasing usage and involvement increases the club’s membership revenue immediately and improves the chance for a future donor/benefactor.
7. **Consider Increasing Eligible Membership**--Consider allowing alumni to join as members, and send marketing materials to all graduation seniors and graduates.
 - Consider allowing graduate students to become members. This is consistent with practices at other university faculty clubs.
 - Consider a “community” membership. This would allow members of the business community to join the club. Many organizations regularly participate in recruitment fairs and other events on campus. This is a way to drive membership and potentially increase club prestige.

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(Figures in this paper are available upon request)