

## Group Bon Appetit PLC

Last year, Group Bon Appetit PLC acquired Innovia Cafes after a bitterly fought takeover battle. Bon Appetit won by offering Innovia's shareholders 20% over the market price for their shares. At the time, Bon Appetit stated: "our objective is to double our business within the next five years".

Shortly after the takeover, the group's share price reached a peak of almost 400 pence. But then it began to decline dramatically to a low of less than 50 pence. Recently it has risen to 80 pence because of strong interest from a powerful predator, the restaurant chains Icarus.

Group Bon Appetit PLC:

*The seashell*: seafood speciality / Middle- income group, 25-60 year olds, mixed clientele, £15 - £30 per person



**INNOVIA CAFES**: all income groups, all ages, family-oriented clientele, good food and drink at affordable prices. £5- £10 per person

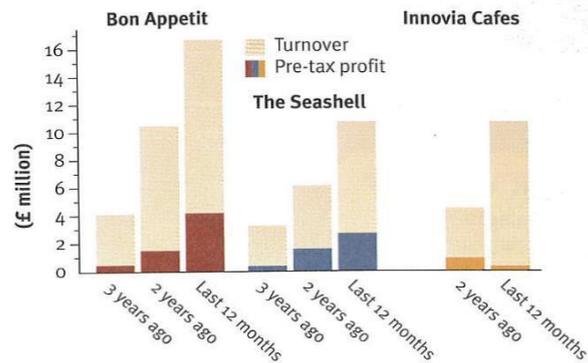


*Bon Appetit*: Higher income groups, 25-50 year olds, loyal clientele. Top class cuisine. £30- £60 per person



We are continuing to look for suitable acquisitions in order to create a more diversified group and to widen our customer base. The purchase of Innovia Cafes takes us into a new market segment, the £5–£10 a head market. We expect Innovia Cafes to contribute significantly to our profits in the future.

(Extract from Annual Report – Group Bon Appetit PLC)



Debt ratio*		
2 years ago	Last year	This year
30%	55% (includes cost of Innovia acquisition)	70% (includes cost of proposed El Morito acquisition)

(\*Debt ratio: a company's debt in relation to the amount of share capital it has.)

Major shareholdings	
• Directors of Bon Appetit	12%
• Weinburg Investments (venture capitalists)	20%
• Restaurant chain, Icarus	10%
• Private shareholders	58%

## Recent developments

Financial experts in the city of London no longer have confidence in the group's strategy, for the following reasons:

1. Innovia Cafes have performed badly. there is strong competition from US chains, such as Starbucks.
2. Bon Appetit is closely controlled from heads office. Innovia's managers, however, are used to a relaxed management style. Many have left because of the 'bureaucratic' culture.
3. Staff turnover among Innovia's other workers is also high and customer service is poor.
4. Bon Appetit has agreed to buy El Morito chain of 12 Mexican-style restaurants for £14m. Experts believe that the group is overstretched and losing focus.
5. The powerful national restaurant chain Icarus has taken a 10% stake in Bon Appetit and says that Bon Appetit would be an excellent addition to its business

**Your task:** Write your recommendations in a report on the actions that Bon Appetit must take to avoid the threatened takeover by Icarus (You may also consider how they can improve the performance of innovia Cafes, if they should revise their business strategy and reconsider the proposed takeover of El Morito?)

- Your **introduction** presenting the company, the problems encountered and their consequences on the staff, turnover etc ..will be **fully written** .
- A **detailed analysis** (no full sentences) will put forward your **recommendations+ justifications and concrete examples**.
- Your **conclusion** indicating what will the action plan be like (deadline/short , long term actions, estimated costs, staffing resources..) will be **fully written**.

Write at least 300 words -400 words maximum