Concept of Niche Restaurant

Niche Restaurant was founded by Chef Jeremy Lycan and Sommelier Jody Richardson following the closing of the restaurant 302 West in April of 2006. In 1987, 302 West opened its doors as a “contemporary American restaurant” that focused on an all-American wine list and continental cuisine. Jody Richardson had been with 302 West for six years, Jeremy Lycan, three years. Just before 302 West closed, 12 members of its staff met to discuss the opportunity of working together again. This was the beginning of what today is known as Niche Restaurant. The staff who carried over were comfortable, prepared, and well-trained to continue the concept.

LOCATION

For a location, the owners wanted to find a building with character, personality, and unique architecture. They wanted the site to be controllable and not too large. After looking at various locations, they came across exactly what they wanted. The building, previously occupied by a French restaurant, needed some work, but it had the uniqueness...
the owners wanted for Niche. In addition, it had great foot traffic, being located directly on the main strip on Third Street in Geneva, Illinois. “The dining room at Niche is the canvas, the background to an excellent dining experience, not intrusive but soothing.”

**MENU**
The owners wanted to carry over the menu concepts from 302 West. The creativity of the entire kitchen staff contributes to the menu at Niche. This results in great attention to details of flavor, texture, and presentation. Menu items change on a daily basis and are developed according to seasonal availability. “It encompasses the best the season has to offer and a constantly evolving menu allows for creativity and flexibility.” Niche obtains its foodstuffs through local growers and mushroom hunters.

**WINE LIST**
Niche Restaurant also features an all-American wine list. They buy their wine only from boutique wineries that do not sell wine by the pallet. On the guest-friendly menu, each varietal is described by origin and flavor profile. Niche offers over 140 wines by the bottle and 12 wines by the glass; each wine is American and produced in small quantities. Jody Richardson developed the wine list for 302 West, where it won the Wine Enthusiast Award of Distinction.

**PERMITS AND LICENSES**
The building Niche was to be located in was previously a restaurant. This made the obtaining of permits and licenses a bit easier than it would have been had the building not been a previous restaurant. Some of the licenses, such as the liquor license, were transferred over. The owners completed applications for other permits and licensees, which were then sent to the mayor for approval. Niche Restaurant is an LLC (limited liability corporation).

**MARKETING**
The owners and staff were the main facilitators of the restaurant’s marketing. Marketing techniques included the creation of a Web site, press releases, and a quarterly newsletter. Niche restaurant was fortunate to have the mailing list of 302 West carry over to them. They sent postcards and the quarterly newsletter to the people on the mailing list before opening. The restaurant’s central location also helped with marketing.

**FINANCIAL INFORMATION**
Niche Restaurant’s annual sales were expected to reach $1.3 million in their first year. They have about 320 to 350 guest covers a week. Checks average $65 to $70 per person. A breakdown of sales percentages follows.

- Percentage of sales that goes to rent: approximately 6 percent
- Percentage of food sales: 58 percent
- Percentage of beverage sales: 37 percent
- Percentage of other (i.e., gift certificates): 5 percent
- Percentage of profit: 7.2 percent

**WHAT TURNED OUT DIFFERENT FROM EXPECTED?**
While most of the staff at Niche was brought over from 302 West, two positions had to be filled. The owners thought that since the staff had worked together so closely for so long, it would be hard to bring in new people who could adapt to the tight-knit group and fit in well. To their surprise, it was not as hard as they thought. The two new hires fit right in with the family.
MOST EMBARRASSING MOMENT

When asked about her most embarrassing moment, owner Jody Richardson told a story about an opening party that her investors put on. She was asked to give a brief speech to thank everyone for their help in the development and opening of Niche Restaurant. Jody explained that she is not a public speaker by nature. During her speech, she thanked everyone by name. Afterward she realized that she had forgotten to mention one person.

ADVICE TO AVOID THIS AND OTHER EMBARRASSING MOMENTS

Don’t speak before you think and don’t be an open book! Learn more about Niche Restaurant at www.nichegeneva.com.
CHAPTER 10

Restaurant Leadership and Management

LEARNING OBJECTIVES

After reading and studying this chapter, you should be able to:

■ Describe the characteristics of effective leaders.
■ Discuss some important factors that must be considered when leading restaurant employees.
■ Know several important management concepts.
■ Discuss conflict management.
■ Describe the process of conflict resolution.

Courtesy of Sysco
Leading Employees

Restaurant corporations of excellence regard their employee resources as their most valuable asset and competitive advantage. Progressive employers seek to become the employer of choice. We need to realize that the leadership of employee resources is critical because we don’t manage our employees, we lead them. We manage finances, we lead employees. This is a fundamental paradigm shift. The restaurant experience is intangible, meaning that one restaurant is much the same as the other. What makes the difference is the human element of service, service, and service!¹

You may already be, or soon may be a leader in the restaurant industry. Being a leader is exciting; there are challenges, opportunities, and rewards. If you are a leader, your company has invested its trust in you and has expectations of your performance. But how do you feel? Well, you wouldn’t be alone if you felt some apprehension because you are responsible not only for your work, but also for the work of others. We hope you get off to a great start with this book and wish you success in your career.

Ever wonder about the impact that leaders have on the success of a restaurant company? Here is an example: On Restaurant Row in one city, one family restaurant has had 12 different busboys in two months. In the restaurant next door, the food is superb one week and terrible the next. The bar on the corner cannot find a decent bartender, much less keep one. Across the street, one restaurant had a near-riot in the kitchen resulting from an argument between the cooks and servers. The Italian restaurant two doors down is losing customers steadily because its service is so poor. But the oldest restaurant on the block is packing them in night after night, with staff who have been there for years.² In many of the city’s restaurants, the employee turnover rate is very high. Every seven days we turn thousands of employees in this industry. We don’t have a “labor” crisis. We have a turnover crisis. Service is poor and guests complain, but then that’s just part of the game, isn’t it? Yet several restaurants in town have few staffing problems and happy guests.

Throughout the city a common cry in the restaurant industry is that you just can’t get good people these days. People don’t work hard the way they used to, they don’t do what you expect them to, they come late and leave early or don’t show up at all, they are sullen and rude, they don’t always speak English—the complaints go on and on. The rotten help you get today must cause all the problems. Is this true? If it is true, what about those establishments where things run smoothly? Can it be that the way in which the workers are lead has something to do with the presence or absence of problems? You bet it does! In this section, we explore the leadership aspect of a restaurant.

In the hospitality industry almost everything depends on the physical labor of many hourly (or nonmanagerial) workers: people who cook, serve tables, mix drinks, wash dishes, mop floors. Few industries are as dependent for success on
Leading Employees

the performance of hourly workers. These employees make the products and they serve the customers—or drive them away. If they are not lead well, the product or the service suffers and the restaurant is in trouble. It is the people who lead these employees who hold the keys to the success of the operation.

If you were to ask any hospitality leader what his or her greatest challenge is, the likely answer would be finding and keeping great employees motivated. Given the high turnover in the hospitality industry and the resultant cost, we begin to understand some of the leadership challenges that human resources professionals face.

The idea that a manager or supervisor must be a leader comes as a surprise to people who have never thought about it before. In terms of hospitality leadership, the following definition is appropriate: Leading is the process by which a person with vision is able to influence the activities and outcomes of others in a desired way.

Leadership begins with a vision, a mission, and goals. Vision is the articulation of the mission of the organization in such an appealing way that it vividly conveys what it can be like in the future. Vision instills a common purpose, self-esteem, and a sense of membership in the organization. The mission statement describes the purpose of the organization and outlines the kinds of activities performed for guests.

Mission statements normally have three parts: First, a statement of overall purpose; second, a statement explaining the values employees are expected to maintain in the daily decision-making process; third, a declaration of the major goals that leaders believe are essential as well as how to attain the goals. Goals should be relevant to the mission, specific and clear, challenging yet achievable, made in collaboration with employees, and written down with the strategies and tactics of how to meet the goals. The importance of vision, mission, goals, strategy, and tactics is critical to the success of the company, and supervisors do much of the crucial work.

In a work situation, the leader is placed there by the company. In the hospitality industry the term leader often refers to a manager at a lower organizational level who supervises entry-level or other employees who themselves do not have supervisory responsibilities. The employees are expected to do what the boss tells them to do—that’s just part of the job, right?

But if employees simply do what they are told, why is labor turnover so high, productivity so low, and absenteeism so prevalent? Why is there conflict between employees and management? The truth of the matter is that the leader is supposed to be leading the employees, but that does not guarantee that the employees will put all of their efforts into the job. This is where leadership comes in.

The hospitality industry is composed of 70 percent part-time, short-term people. They are “only working here until”—until they get out of high school, until they get out of college, until they have enough money to buy a car, or until an
opening comes up someplace else. It is not uncommon to hear a young hourly employee say, “I’ll keep this job until I can get a real job,” for what they often mean is that they plan to switch from an hourly to a salaried position.

LEADERS AND ASSOCIATES

Restaurants are dependent on large numbers of people to fill low-wage entry-level jobs that include washing dishes and pots, busing tables, hosting, prepping the same or similar food every day from the same steam table. Employees sometimes take these jobs either because no special skill, ability, or limited experience is required, or because nothing else is available.

Often, they are frequently taken for granted, ignored, or spoken to only when reprimanded. Given the nature of the work and the attitudes of management and sometimes of other workers, it is no wonder that turnover is high.

Another level of hourly worker is the skilled or semiskilled: cashiers, bartenders, cooks, and servers. These jobs are more appealing, the money is better, and there is a chance for advancement. Yet here, too, you often find temporary workers—students, moonlighters, people who cannot find anything in their own fields—people working there until.

Many employers assume that their employee will not stay long, and most of them do not. According to a National Restaurant Association’s Restaurant Industry Operations Report, the turnover rate for hourly workers in full-service operations is 100 percent. That means that your typical full-service restaurant will lose every one of its hourly employees during one year and have to fill every position. If we were to ask workers to explain why they left their jobs, the most frequently cited reasons would likely be more money, a better work schedule, and more enjoyable work. Given this alarming statistic of 100 percent turnover we need to examine human resources leadership in hospitality beginning with the characteristics of leaders.

CHARACTERISTICS OF LEADERS

If we were to examine great leaders of the past we would likely come up with a list of characteristics and traits like this from the U.S. Guidebook for Marines.

Courage, decisiveness, dependability, endurance, enthusiasm, initiative, integrity, judgment, justice, knowledge, loyalty, tact, and unselfishness. Of these, a Marine would likely say that integrity is the most important. Integrity to a Marine means to do something right even if nobody is aware of it.

Effective leaders have six traits that distinguish them from nonleaders: drive, the desire to influence others, honesty and moral character, self-confidence, intelligence, and relevant knowledge.

A person’s drive shows that he or she is willing and able to exert exceptional effort to achieve a goal. This high-energy person is likely to take the initiative and be persistent.
Leaders have a desire to influence others. This desire is frequently seen as a willingness to accept authority. A leader also builds trusting relationships with those supervised, by being truthful. By showing consistency between their words and actions, leaders display honesty and moral character.

Leaders have self-confidence to influence others to pursue the goals of the organization. Employees tend to prefer a leader who has strong beliefs and is decisive, over one who seems unsure of which decision to make.

Influencing others takes a level of intelligence. A leader needs to gather, synthesize, and interpret a lot of information. Leaders create a vision, develop goals, communicate and motivate, problem-solve, and make decisions. A leader needs a high level of relevant knowledge, technical, theoretical, and conceptual. Knowledge of the company, its policies and procedures, the department, and the employees are all necessary to make informed decisions. Effective leaders are able to influence others to behave in a particular way. This is called power. There are four primary sources of power:

1. Legitimate power, which is derived from an individual’s position in an organization
2. Reward power, which is derived from an individual’s control over rewards
3. Coercive power, which is derived from an individual’s ability to threaten negative outcomes
4. Expert power, which is derived from an individual’s personal charisma and the respect and/or admiration the individual inspires

Many leaders have a combination of these sources of power to influence others to goal achievement.

The Nature of Leadership

Now, you may wonder, “What is a leader, and how is it any different from being a manager?” These are good questions. As a part of the management staff, one is expected to produce goods and services by working with people and using resources such as equipment and employees. That is what being a manager is all about. A leader can be defined as someone who guides or influences the actions of his or her employees to reach certain goals. A leader is a person whom people follow voluntarily. What you, as a supervisor, must do is to direct the work of your people in a way that causes them to do it voluntarily. You don’t have to be a born leader, you don’t have to be magnetic or charismatic; you have to get people to work for you willingly and to the best of their ability. That is what leadership is all about.

Although it is true that many leadership skills are innate and that not all managers make great leaders, it is also true that most managers will benefit from leadership training. Moreover, natural leaders will flourish in an environment that supports their growth and development.
1. Commit to investing the time, resources, and money needed to create a culture that supports leadership development.

2. Identify and communicate the differences between management skills and leadership abilities within the organization.

3. Develop quantifiable measurements that support leadership skills. These include percentage of retention, percentage of promotables, and percentage of cross-trained team members.

4. Make leadership skills a focus of management training. These include communication skills (written, verbal, nonverbal, and listening), team-building skills (teambuilding, coaching, and feedback), proactive planning skills (transitioning from managing shifts to managing businesses), and interpersonal skills (motivation, delegation, decision-making, and problem-solving).

5. Implement ongoing programs that focus on leadership skills, such as managing multiple priorities, creating change, and presentation skills.

6. Know that in the right culture, leaders can be found at entry level.

7. Recognize, reward, and celebrate leaders for their passion, dedication, and results.

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**Figure 10.1:** The seven steps to establishing a foundation for leadership development

In theory, you have authority over your people because you have formal authority, or the right to command, given to you by the organization. You are the boss and you have the power, the ability to command. You control the hiring, firing, raises, rewards, discipline, and punishment. In all reality, your authority is anything but absolute. Real authority is conferred on your subordinates, and you have to earn the right to lead them. It is possible for you to be the formal leader of your work group as well as have someone else who is the informal leader actually calling the shots.

The relationship between you and your people is a fluid one, subject to many subtle currents and cross-currents between them and you. If they do not willingly accept your authority, they have many ways of withholding success. They can stay home from work, come in late, drag out the work into overtime, produce inferior products, drive your customers away with rudeness and poor service, break the rules, and refuse to do what you tell them to, create crises, and punish you by walking off the job and leaving you in the lurch. Laying down the law, the typical method of control in hospitality operations, does not necessarily maintain authority; on the contrary, it usually creates a negative, nonproductive environment.

What it all adds up to is that your job as a leader is to lead and coach a group of employees who are often untrained, all of whom are different from each other, and many of whom would rather be working somewhere else. You are dependent on them to do the work for which you are responsible. You will succeed only to the degree that they permit you to succeed. It is your job to get the workers to do their best for the enterprise, for the customers, and for you. How can one do this?
As a distinguished leadership expert noted, “Managers are people who do things right, and leaders are people who do the right things.” Think about that for a moment. In other words, managers are involved in being efficient and in mastering routines, whereas leaders are involved in being effective and turning goals into reality. As a human resources leader, your job is to do the right things right, to be both efficient and effective. An effective supervisor in the hospitality industry is one whom, first, knows and understands basic principles of management, and second, applies them to managing all the resource operations.

In the hospitality industry we use a technique referred to as LBWA, leadership by walking around, spending a significant part of your day talking to your employees, guests, and peers. As you are walking around and talking to these various people, you should be performing three vital roles discussed in this book: listening, coaching, and troubleshooting.

Employee Input and What’s in It for Me?

Any restaurant that wants to optimize its potential will have extensive employee input into not only the vision and mission but also how to achieve or exceed them. Employees who are engaged with these processes will feel “in on things” and be more likely to go the extra mile to delight guests and create the all important guest loyalty. Employees can have input into the menu, the beverage menu, service methods, tip arrangements, shift selection and allocation, cost reductions, recycling programs, and energy reduction.

It’s natural for employees to think or request “what’s in it for me?” because if they are going that extra mile they surely need recognition and rewards for outstanding accomplishments.

Policies and Procedures

Restaurant policies and procedures are necessary even for small restaurants because without them we all know chaos prevails. Policies and procedures are the “ground rules” of how to “play the game”; for example, how should a person who is repeatedly late be treated? Well, if there is a clear policy and procedure for that it is easier to enforce and besides, employees will respect an operator who has policies and procedures in place. One large and successful restaurant operator Cracker Barrel has an interesting policy on fraternization. Managers and supervisors are not allowed to fraternize with employees. For example, they should not go drinking together after a shift or attend baseball games together, etc.; unless it is a company sponsored event no fraternization is allowed. Can you guess why? Because they don’t want to leave themselves open to getting sued for discrimination or harassment if Maria did not get the shift she wanted because … or if someone else did get seemingly preferential treatment.
Management Topics

Most management texts outline the elements of management as being planning, organizing, communicating, decision-making, motivating, performance management, and control.

PLANNING

Planning provides the direction for the organization to go in order to be successful. It is the process of setting goals and determining how best to accomplish them. Planning is the foundation of all the other elements of management. There are two main types of planning—strategic (long range 3–10 years) and operational (short term 1–12 months) plans.

Strategic plans are devised to steer the organization towards its vision and mission. Owners and managers look ahead to plan where they want the organization to be in 5 or 10 years. One way organizations do this is by strengths, weaknesses, opportunities, and threats (SWOT) assessment. This SWOT assessment is done by comparing the organization to its competitors and the general business environment. Each restaurateur or restaurant company can decide what the points of comparison are. For example taking the guest cycle beginning with location, reservations (if the restaurant takes them), to curbside appeal, parking, greeting, holding area, menus, food quality, timeliness of food, presentation of food, service, atmosphere of restaurant, noise level, decor, cleanliness of restrooms, etc., Figure 10.2 shows the steps involved in the planning process:

Good planning makes for a smooth production.

Courtesy of the San Diego Convention & Visitors Bureau
Forecasting is a part of planning that aims to predict what will happen in the future. In a restaurant situation, we need to forecast the number of guests to expect and prepare for. Obviously, the better job we do in “guesstimating” the numbers the easier it will be to make or exceed the goals set. If a restaurant is already in existence we can examine past guest counts, sales, and even menu selections in order to plan for the next few days.

Determining where the organization is and where it wants to be operationally: The owners and employees need to determine where the organization is, meaning that it has a level of guest satisfaction and guest loyalty that is measurable. There are also opinion surveys that can influence guest restaurant selection—good ratings in Zagat can help a restaurant, as some guests are influenced by this and other similar guides. Let’s say that a restaurant has a poor service rating; it would be a no-brainer to want to improve this score. This can easily be planned for by setting a goal of 90 percent on guest comments (up from the current 75 percent). In terms of profit, if current profits are, say, 4 percent return on investment, it would be smart to plan how to increase that ROI up to 15 percent.

GOAL SETTING AND STRATEGIES
Goals and strategies should be set for each of the key result areas of restaurant operations. Among the key result areas are:

- Guest satisfaction
- Guest loyalty
- Sales
- Labor costs
- Food and beverage costs
- Energy costs
- Direct operating expenses and so on

An example of goal setting would be for sales of $20,000 per week for the month of July. Another would be for 100 percent guest satisfaction or 95 percent or whatever number you like. Similarly, goals can be set for food costs (say 27 percent) and beverage costs (say 22 percent) and so on. Strategies are how the goal is met or exceeded. So, for the goal of $20,000 sales per week, a good
marketing and sales plan is required to be in place and active. Promotions and sales and service training, including emotional intelligence (making a connection and bonding with guests so they will want to return) will also contribute to this goal being met. A strategy for ensuring that the food cost percentage is met is to check the cost of goods sold on a regular basis. The same applies to the labor costs; not only will effective scheduling work but also constant monitoring of sales and labor costs will ensure no surprises at month’s end.

ORGANIZING

The purpose of organizing is to get a job done efficiently and effectively by completing these tasks:10

- Divide the work to be done into specific jobs and departments.
- Assign tasks and responsibilities associated with individual jobs.
- Coordinate diverse organizational tasks.
- Cluster jobs into units.
- Establish relationships among individuals, groups, and departments.
- Establish formal lines of authority.
- Allocate and deploy organizational resources.

So, how does this relate to restaurant leadership and management? Well, whether you’re a part of Darden restaurants’ management team or owner of your own restaurant, good organization is a must for success in the restaurant business. What should the organization of a restaurant be like? It depends on the size and complexity of the company. Is it a standalone restaurant or a chain of several restaurants? Large chains may be organized into areas with a vice president or area director for each. The company would likely have a VP for operations, marketing, finance, human resources, and franchising. For small chains, the entire chain may be run by a president or an operations director.

Each store will have its own organization for example, a full-service restaurant with front and back of the house and departments clearly defined. For example, the kitchen can have separate fry, sauté, broil, grill, prep, salad, dessert, and appetizer stations. Such work specialization improves efficiency.

DECISION-MAKING

Operating a restaurant requires countless decisions every day. Most decisions are made quickly and easily but some require more thought or information or both. The more challenging decisions go through the eight-step decision-making process:11

- Identification and definition of problem: Identifying the problem or challenge is important otherwise we may never know if we have fixed the problem or merely patched it only to have it surface again.
Identification of decision criteria: Once the problem has been identified and defined, we need to determine the criteria relevant to the decision. Suppose the problem was the price and availability of a menu item, then the decision criteria might be the following: Get prices and availability from other suppliers, take the item off the menu, or change the dish by using other ingredients.

Allocation of weights to criteria: We all know that some elements of a decision are more important than others, so by putting a number for its weighting makes sense—of course, we often do this instinctively.

Development of alternatives: A listing of the various alternatives is presented.

Selection of alternative: The best alternative is selected.

Implementation of alternative: The decision is put into action.

Evaluation of decision effectiveness: The degree of success as a result of the decision is gauged.

Another interesting thing about decisions is that there are two major types of decisions, programmed and nonprogrammed. A programmed decision relates to decisions that occur on a regular basis, such as what to do when the stock of something goes below par, or when a guest makes a request for a booth. A nonprogrammed decision is one that rarely happens so it is handled differently. Some examples would be which software program to use for a restaurant’s front- and back-of-the-house operations, or which supplier to use.

Communicating

In the restaurant business we spend most of our time communicating with guests and associates. Fast-paced restaurants require quick and accurate communications. From personal greetings from greeters or hosts, to introductions by service staff, communication is important as it imparts an impression of the restaurant to guests. Communications are equally important between front- and back-of-the-house staff, namely, servers and cooks. Here the communication of what the guest ordered is normally written or punched onto a screen so it quickly transmits to the cooks in the kitchen. We have all probably experienced occasions where the communication broke down and misunderstandings escalated into unfortunate situations.

Interpersonal communications include verbal, nonverbal, body language, and verbal intonation. The best way to communicate is verbal face to face as there is an opportunity for immediate feedback. Nonverbal communication is without words. It can be a sound like a bell telling a server that an order is ready for pickup. Body language is an expression on a guest’s face as she or he complains about something or the cook’s gesture to a server as she asks about an order. Reading facial expression is an important part of communication because it can give a good idea of how the person talking is feeling. Active listening is really
hearing and understanding what is being said. Most of us could probable work on improving our listening skills because we are either thinking of what we are going to say next or not agreeing with what is being said instead of actively listing.

**Motivating**

When you lead a restaurant team, you will have certain expectations of your employees. You will expect them to do the work they have been hired to do—to produce products and services to the quality standards set. You may wonder if their performance will meet your expectations, and you may have some plans for improving their productivity. But you may not realize what these employees expect from you and how you meet their expectations may have as much to do with their performance as your expectations of them.

*Motivation* refers to what makes people tick: the needs and desires and fears and aspirations within people that make them behave as they do. Motivation is the energizer that makes people take action; it is the *why* of human behavior. In the restaurant, motivation goes hand in hand with productivity. The big question is how to motivate poor performers to realize their potential and raise their
Motivation leads to productivity, and how to keep good performers from going stale in their jobs or leaving for a better opportunity.

Actually, you cannot motivate people to do good work. Motivation must come from within. The one thing you as a leader can do is turn it on, to activate people’s own motivations. To do this you must get to know your associates and find out what they respond to. It may be the work itself. It may be the way you lead. It may be the work environment. It may be their individual goals: recognition, achievement, challenging opportunities, money, or whatever. Figure 10.3 shows the relationship of key motivators: needs, desires, fears, and aspirations.

In sum, motivation is a complicated business, and getting people to motivate themselves to do their jobs well has no one simple answer. It takes something of an experiential approach; you try to find out what each person responds to (you can always ask them!), and if one does not work, maybe the next thing will. Remember recognition, rewards, and positive reinforcement work wonders.

Performance Management

Performance management is an important part of overall restaurant management. Performance standards form the heart of the job description and they describe the what’s, how-to’s, and how-wells of a job. Each performance standard has three things about each unit of the job:

1. What the employee is to do
2. How well it is to be done
3. To what extent it is to be done (how much, how soon)

If you develop a full set of performance standards for each job that you are responsible for, you have the basis for a management system for your associates and the work they do. You can use them to describe the jobs, to define the day’s work for each job, to train associates to meet standards, to evaluate associates’ performance, and to give them feedback on how they are doing. You can use performance standards as a basis for rewarding achievement and selecting people for promotion.

Intelligent and consistent use of a performance standard system reduces or eliminates those five major reasons for low productivity and high turnover. Associates are told clearly what to do. They are taught how to do it. They know how
well they are doing because there is a goal standard of measurement. A manager can help and support associates with additional training or coaching when a standard is not being met. All this makes for much better relationships between associates and management.

**CONTROL**
The subject of control is covered in Chapter 8.

**Restaurant Management Issues**

There are any number of restaurant management issues but here are some of the most important and most likely to happen issues.

**SEXUAL HARASSMENT**

As a restaurant manager or owner, you need to be able to recognize and confront sexual harassment. The Equal Employment Opportunity Commission (EEOC) issued guidelines on sexual harassment in 1980, indicating that it is a form of gender discrimination under Title VII of the 1964 Civil Rights Act. The EEOC states that sexual harassment consists of “unwelcome advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when: (1) submission to such conduct is made, either explicitly or implicitly, a term or condition of an individual’s employment, or (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting the person.” This definition of sexual harassment is known as the *quid pro quo* definition. *Quid pro quo* means that something is given in exchange for something else. In this type of sexual harassment, submission to or rejection of a sexual favor is used as the basis for employment decisions regarding that employee. The employment decision may be an increase in pay, a promotion, or keeping your job. Only management or supervisors can engage in quid pro quo harassment.

There are about 76,000 EEOC cases a year, of which about 27,000 are based on race, 23,000 based on sex, and 22,500 based on retaliation. Additionally, 12,500 sexual harassment charges and 5,000 pregnancy discrimination charges are made and $274 million in monetary relief was gained by charging parties.

An example of sexual harassment occurred at a Caesars Palace property where the EEOC asserted that male supervisors would demand and/or force female workers to perform sex with them under threat of being fired. Women, predominantly Spanish speakers, were forced to have sex and to make matters worse, management failed to address and correct the unlawful conduct, even though women complained about it. Further, the EEOC said, when workers complained about the unlawful conduct, they were retaliated against in the form of demotions, loss of wages, further harassment, discipline, or discharge. Caesars paid $850,000 to settle the suit.
In another case, a Subway franchise paid $166,500 for a disability harassment lawsuit. The EEOC charged in the case that the Subway owner and one of his managers subjected Ms. Gitsham to a disability-based hostile work environment, including teasing and name calling, because she is hearing impaired and wears hearing aids. Ms. Gitsham was forced to resign her position after both the owner and human resources/training manager repeatedly mocked her privately and in front of employees, creating a hostile workplace, with taunts such as: “Read my lips” and “Can you hear me now?” and “You got your ears on?”

Another type of sexual harassment is environmental sexual harassment. In this case, comments or innuendos of a sexual nature or physical contact are considered a violation when they interfere with an employee’s work performance or create an “intimidating, hostile, or offensive working environment.” In this situation, the harassment must be persistent and so severe that it affects the employee’s well being.

A final type of sexual harassment is third-party sexual harassment. Third-party sexual harassment involves a customer or client and an employee. The customer or client may harass an employee, or the other way around. For example, a male customer may harass a female bartender.

The following examples of sexual harassment include an example of quid pro quo, environmental, and third-party sexual harassment. See if you can determine which is which.

1. Beth is a new employee who works as a cook’s assistant in a crowded kitchen. The men in the kitchen are constantly making crude, sexually oriented comments and jokes, and leave their X-rated magazines in full view of anyone walking by. Beth feels very intimidated and ill at ease. Unfortunately, the situation doesn’t improve over the first two months, and Beth feels too stressed to continue working.

2. For the past few nights, after the dining room has closed, Susan’s boss has asked her to go to his place for a drink. Although Susan has gone out with him and some friends once before, she is not interested in pursuing a relationship with him. When she tells him she is not interested, he tells her that a dining room supervisor job will be opening soon and that he could make sure she gets it if she takes him up on his invitation.

3. Barbara is a regular customer at a popular after-work bar where Bob works as a bartender. Barbara finds Bob to be a very good-looking fellow, so much so that she can’t keep her eyes, or hands, off him. Bob doesn’t like the attention Barbara gives him, but he feels he can’t do much about it since she is the customer.

Such instances of sexual harassment can cost a company lost productive time, low morale, harm to its reputation, court costs, and punitive damages to harassment victims. In each of the situations above, there is an element of sexual harassment. While the second situation represents the typical exchange of sexual favors for employment opportunities, the first situation is an example of environmental
sexual harassment in which the working environment was intimidating, hostile, or offensive due to physical, verbal, or visual (such as pornographic pictures) sexual harassment. The third situation represents third-party sexual harassment.

As a manager, you are responsible for recognizing, confronting, and preventing the sexual harassment of both female and male employees by other employees or by nonemployees such as guests or people making deliveries. “An employer can be liable for customers who harass employees when the employer knew or should have known of the harassment and failed to prevent it.” Both you and your employer will be considered guilty of sexual harassment if you knew about, or should have known about, such misconduct and failed to correct it. If you genuinely did not know that sexual harassment took place, liability can be averted if there is an adequate sexual harassment policy and the situation is corrected immediately.

Following are some specific actions that you can take to deal effectively with the issue of sexual harassment:

- Be familiar with your company’s sexual harassment policy. Figure 10.4 is a sample policy. This policy should include disciplinary guidelines for people who are guilty of sexual harassment and guidelines for harassers who retaliate against those who turn them in. This policy may also include a formal complaint procedure for employees to use if they think they have been victims of sexual harassment, with provisions for immediate investigations and prompt disciplinary actions when appropriate.

- Educate your employees on how to recognize sexual harassment, how to report it when it occurs, and the steps that will be taken if an employee is guilty of sexual harassment.

- When an employee informs you of a possible case of sexual harassment, investigate the situation promptly according to your company policy. Your investigation is much the same as that done for any possible case of misconduct as just described. Don’t assume that anyone is guilty or innocent.

- When you witness an example of sexual harassment, follow your policy and take appropriate and timely disciplinary action.

- Provide follow-up after instances of sexual harassment. Check with victims and witnesses that harassment has indeed stopped and that no retaliation is taking place.

- Prevent sexual harassment by being visible in your work areas, being a good role model, and taking all reported incidents seriously.

**CONFLICT MANAGEMENT**

We may wrongly assume that all conflict is bad for individuals and the organization. This is simply not so—some conflict is not only natural, but also productive, experts say; learning how to manage it, however, does not come naturally.20 Every relationship and every conflict has a past, present, and future, and resolving conflicts effectively requires that we deal with all three.21
I. Policy

The policy of XYZ Restaurants is that all of our employees should be able to enjoy a work environment free from all forms of discrimination, including sexual harassment. Sexual harassment is a form of misconduct that undermines the integrity of the employment relationship, debilitates morale, and therefore interferes with the work effectiveness of its victims and their coworkers. Sexual Harassment is a violation of the law and will not be tolerated or condoned.

II. Definition of Sexual Harassment

Sexual harassment consists of unwelcome advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

1. submission to such conduct is made either explicitly or implicitly a term of condition of an employee’s employment, or
2. submission to or rejection of such conduct by an employee is used as the basis for employment decisions, or
3. the conduct interferes substantially with an employee’s work performance or creates an intimidating, hostile, or offensive work environment.

Sexual harassment is not limited to actions of restaurant employees. Customers and clients may also be victims, or perpetrators, of sexual harassment. Following are examples of sexual harassment.

- Unwelcome intentional touching or other unwelcome physical contact (such as pinching or patting).
- Unwelcome staring or whistling.
- Unwelcome sexually suggestive or flirtatious notes, gifts, or electronic or voice mail.
- Offering an employment-related reward in exchange for sexual favors.
- Verbal abuse of a sexual nature.
- Unwelcome display of sexually suggestive objects or pictures such as pinups.
- Conduct or remarks that demean or are hostile to a person’s gender.

III. Coverage: XYZ Restaurants

XYZ Restaurants prohibits sexual harassment during work hours or while on company property by all employees and by all nonemployees, such as customers and suppliers.

IV. Responsibilities

XYZ Restaurants managers are responsible for preventing sexual harassment and educating employees about this subject. They are also responsible for setting a good example, taking every complaint seriously, investigating complaints fairly, and maintaining confidentiality.

XYZ Restaurants request that any employee with a complaint regarding sexual harassment make every effort to promptly present the complaint to their immediate supervisor or the human resources director. If the complaint involves the employee’s immediate supervisor, or if the employee feels uncomfortable discussing the complaint with the immediate supervisor, the employee may speak to another supervisor.

V. Investigation Procedures and Disciplinary Action

Once a supervisor has received a complaint, he or she is to immediately contact the Human Resources Department. After notification of the employee’s complaint, a fair and confidential investigation will be initiated. The results of the investigation will be reviewed by the Human Resources Director for possible disciplinary action.

If warranted, disciplinary action up to and including termination will be imposed. Retaliation against employees who file complaints or assist in investigating complaints may also result in discipline up to an including termination.

**FIGURE 10.4:** Sample sexual harassment policy

*Conflict management* is the application of strategies to settle opposing ideas, goals, and/or objectives in a positive manner. Managers are often put in the middle of conflicts. They must know how to manage themselves, as well as the situation, positively and delicately. Managers must be able to separate their own emotions and feelings from the situation at hand. They need to be able to act, not
react! There are many ways to manage conflict. For the purpose of this chapter, we will use a five-step approach to conflict management, which is illustrated in Figure 10.5.

The first step is to analyze what is at the center of the conflict. To do this supervisors need to ask themselves questions, as well as those involved in the conflict. Here are a few questions to ask:

- Who is involved?
- How did the conflict arise?
- Can a positive spin be put on the situation?
- Are there any secondary issues?
- Have positions been taken?
- Is negotiation plausible?
- Is there a way to serve all interests at hand?
- Are there external constraints/influences?
- Is there a previous history of the conflict?

After the main source is identified and the source of the conflict is understood, it is helpful to brainstorm and write thoughts and ideas of resolution on paper.

The second step to managing conflict is to determine the type of strategy that will be used to resolve the conflict. Some examples of commonly used resolution strategies are collaboration, compromise, competition, accommodation, and avoidance.

Collaboration results most often when concerns for others are of high importance. This type of strategy results in a win/win outcome. Both parties cooperate with each other and try to understand the other parties concerns, while also expressing their own. The parties both put forth a mutual effort and come to a solution that is completely satisfactory for both parties.

Compromise results from high concern for one’s own interest or one’s own group interest accompanied by moderate to high interest for the other parties involved. Both parties try to resolve the conflict by finding a resolution that partially satisfies both of them, but completely satisfies neither. This type of strategy either produces a win/win or lose/lose outcome depending on if the solution chosen is the most effective. This varies depending on the situation at hand.

Competition results when there is a high concern for one’s own interest or one’s own group. The outcome could vary from win/lose to lose/win, depending on who prevails. This strategy is not ideal, as it may cause increasing conflict, the losing party may try to even the score.

Accommodation is the result of low concern for your own interests or the interest of your group, which produces a lose/win outcome. The opposing party is allowed to satisfy their interest, while one’s own interests are neglected.

Avoidance is exactly what it sounds like. The conflict is avoided by both parties and neither party takes action to resolve it. This produces a lose/lose outcome. In the hospitality industry, this strategy is generally useless because
employees work in close quarters. This makes it virtually impossible to avoid each other.

The third step to managing conflict is to start prenegotiations. This is a key part of the conflict management process. Being effective at negotiating is a fundamental skill for supervisors. During this step, there are several sub-steps. Initially, both of the parties involved in the conflict should be given the opportunity to come forth and offer a negotiation. If neither party is willing to come forth, then an outsider, in this case the leader, must step in.

Next, the situation should be reassessed. The key parties involved in the conflict must be willing to cooperate with each other in the resolution process. The issues should be laid out on the table. From here what is negotiable, as well as what is not negotiable, must be determined. The parties involved should agree upon what information is significantly related to the conflict, as well as how communication and decision-making will take place. All of this should be completed before moving on to the fourth step.

The fourth step to managing conflict is to begin the negotiation phase. All parties must be able to express their concerns and interests; they must also be willing to listen to each other. As a manager you will be considered the neutral third party. This means that you should not judge or favor either of the parties’ ideas or suggested options. You are there to facilitate a healthy discussion and keep the parties focused on the cause of conflict and how it is to be resolved (not to assign blame to a particular party).

The parties involved in conflict should make a list of options that may help resolve the conflict, as well as satisfy their interests. After the lists of possible solutions are completed the options should be discussed and evaluated. Which option would best resolve the conflict and satisfy the most interests should be determined together. A commitment ought to be made to carry out the agreements, and both parties must feel assured that the other will carry out their part.

The final step is for the parties to implement the negotiations made. As a supervisor you need to support the resolution and continue to communicate. It is also beneficial to continue monitoring the situation, in order to be certain that the agreement is in fact being carried out.

CONFLICT RESOLUTION, HOW TO HANDLE CONFLICT

Handling conflict in restaurants can be a challenging task. As a manager, you should always first keep the best interest of your company in mind. In Herb Kindler’s book *Conflict Management: Resolving Disagreements in the Workplace* and Robert Friedman’s article “Knock out on-the-job conflicts, complaints with six simple steps,” published in *Nation’s Restaurant News*, the authors discuss the following guiding principles for handling conflict.

First of the guiding principles is to preserve dignity and respect. This means to preserve the dignity and respect of all parties involved in the conflict, including yourself. The focus should stay on resolving the conflict, not on the individual characteristics of the parties involved. As a manager, you should never talk down
to an employee, especially during a conflict; this could result in them feeling like they are being attacked. If you make everyone feel respected, this will lower defenses and help the process of resolution.

*Second* is to *listen with empathy and be fully present and identify the issues*. As you listen, determine what issues may have created the conflict. In some cases, the real issues may be beneath the surface. The flash point of a festering disagreement may ignite and result in serious consequences. An example is the hoarding of cutlery in a restaurant by some employees. When it is discovered that there is a shortage of spoons, in particular, and another employee finds out where they are being hidden a fight breaks out.

Don’t daydream while an employee is trying to voice their opinion. Listen carefully to everyone involved and withhold any judgments until everyone has had a chance to speak. Try to see from each differing perspective, put yourself in each of the individual’s shoes. Give everyone a chance to speak with you on an individual, one-on-one basis. Give them your full attention and make direct eye contact. Most importantly, make sure that your employees feel heard. There is nothing worse than being left with the feeling that your opinion (or words) does not matter.

*Third* is to *find a common ground without forcing change and agree on the issues*. Recite for the participants what you perceive to be the issues and ask them to agree with you or correct you. Appealing as it may seem, as a manager it is important to not try to force others into changing. People don’t change for others, they change for themselves. They change only when they believe that they will benefit from the change. Therefore, throwing weight around as a superior will result in getting nowhere. It is also important for your employees to trust and respect you. If they believe that you are always looking out for their best interest, they are more likely to believe in you, and look up to you as their mentor.

*Fourth* is to *discuss solutions*. The parties involved have some idea of how they want the situation to be solved—ask them for suggestions.

*Fifth* is to *honor diversity, including your own perspective*. According to Webster’s Dictionary, diversity is defined as a “difference, variety, or unlikeness.” To diversify is to give variety to something; to engage in varied operations; to distribute over a wide range of types or classes. During this step it is important to honor diversity, as well as foster diversification.

*Sixth* is to *agree on the solutions and follow up*. Discuss solutions with each participant until there is agreement on the issues. Keep detailed notes or have a recorder. Then, once agreement has been reached, document it and have the participants sign it. Then follow up to see if the agreement holds or needs further discussion.

Okay, so let’s say everyone has differing viewpoints on a certain issue. This can lead to a creative way of searching for the right resolution, or it can result in feelings of isolation. All too often the search for a resolution during a conflict is a hasty one. When we rush, we rush others into an agreement. We don’t let them have time to understand what really matters to them, or come to an independent
viewpoint from that of the group, a phenomenon known as *groupthink*. Let’s say you are the only person in a group that holds a different viewpoint, you will probably end up conforming to the group and not speaking your opinion. What you should do, of course, is to speak out and let your voice be heard.

We all know the cost of a lawsuit is very high, but in the case of employment litigation, many companies find that the cost of defending themselves against the charges of unfair employment practice is extremely high, often exceeding the amount of the employee’s claim of damages. Cases for unfair employment practices may drag on for years, with increased legal expenses. So it makes sense to have an in-house dispute resolution process.24

**ALTERNATIVE DISPUTE RESOLUTION**

*Alternative dispute resolution (ADR)* is a term for problem-solving and grievance resolution approaches to address employee relations and disputes outside the courtroom. The purpose of ADR is to provide employers and employees with a fair and private forum to settle workplace disputes.25 With ADR a process is in place to offer the following options:26

- **Open Door Policy**: Employees have the opportunity to meet with managers to discuss issues.
- **Third-Party Investigations**: A neutral third-party, from inside or outside the organization, confidently investigates complaints and proposes resolutions.
- **Fact Finding**: A neutral third-party person or team from outside the organization examines the facts of the complaint and presents them in a report.
- **Peer Review**: A panel of employees, or employees and managers, work together to resolve the employee complaints.
- **Mediation**: A voluntary and confidential process in which a neutral third-party facilitator trained in mediation techniques negotiates a mutually acceptable settlement. The steps in the process are gathering information, framing the issues, developing options, negotiating and formalizing agreements. Participants in the mediation process create their own solutions and settlements are not binding.
- **Arbitration**: Disputes are settled by an arbitrator and may be either binding or nonbinding according to the wishes of the participants. An arbitrator or panel of arbitrators hears both sides of an issue and then makes a determination.

As Nancy Lockwood, a human resources content specialist with the Society of Human Resources Management, suggests the advantages of ADR are that the total cost is less than traditional means of resolving workplace disputes, legal costs are contained, the time spent on investigations is reduced, and workplace productivity is not compromised. Figure 10.6 shows the steps in an Alternative Dispute Resolution Process.
### Summary

Restaurant corporations of excellence regard their employee resources as their most valuable asset and competitive advantage.

Leadership begins with a vision, a mission, and goals. Vision is the articulation of the mission of the organization in such an appealing way that it vividly conveys what it can be like in the future.

Mission statements normally have three parts: First, a statement of overall purpose; second, a statement explaining the values employees are expected to maintain in the daily decision-making process; third, a declaration of the major goals that leaders believe are essential as well as how to attain the goals.

Goals should be relevant to the mission, specific and clear, challenging yet achievable, made in collaboration with employees, and written down with the strategies and tactics of how to meet the goals.

Effective leaders have six traits that distinguish them from nonleaders: drive, the desire to influence others, honesty and moral character, self-confidence, intelligence, and relevant knowledge.

Leaders create a vision, develop goals, communicate and motivate, problem-solve, and make decisions.

Any restaurant that wants to optimize its potential will have extensive employee input into not only the vision and mission but also how to achieve or exceed them.

Planning provides the direction for the organization to go in order to be successful. It is the process of setting goals and determining how best to accomplish them.

Strategic plans are devised to steer the organization towards its vision and mission. Owners and managers look ahead to plan where they want the organization to be in 5 or 10 years.

Forecasting is a part of planning that aims to predict what will happen in the future.

Goals and strategies should be set for each of the key result areas of restaurant operations.

The purpose of organizing is to get a job done efficiently and effectively by completing these tasks.

Operating a restaurant requires countless decisions every day. Most decisions are made quickly and easily but some require more thought or information or
both. The more challenging decisions go through the eight-step decision-making process.

A programmed decision relates to decisions that occur on a regular basis, like what to do when the stock of something goes below par or when a guest makes a request for a booth.

A nonprogrammed decision is one that rarely happens so it is handled differently. Some examples would be which software program to use for a restaurant’s front- and back-of-the-house operations, or which supplier to use.

In the restaurant business we spend most of our time communicating with guests and associates. Fast-paced restaurants require quick and accurate communications.

Interpersonal communications include verbal, nonverbal, body language, and verbal intonation. The best way to communicate is verbal face to face as there is an opportunity for immediate feedback.

Motivation refers to what makes people tick: the needs and desires and fears and aspirations within people that make them behave as they do.

Performance standards form the heart of the job description and they describe the what’s, how-to’s, and how-wells of a job. Each performance standard has three things about each unit of the job.

The EEOC states that sexual harassment consists of “unwelcome advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature.”

Conflict management is the application of strategies to settle opposing ideas, goals, and/or objectives in a positive manner.

Alternative dispute resolution (ADR) is a term for problem-solving and grievance resolution approaches to address employee relations and disputes outside the courtroom.

**Key Terms and Concepts**

- Accommodation
- Alternative dispute resolution (ADR)
- Avoidance
- Collaboration
- Compromise
- Communicating
- Conflict management
- Decision-making process
- Diversify
- Diversity
- Employer of choice
- Forecasting
- Goals
- Groupthink
- Leader
- Leadership
- Leadership by walking around (LBWA)
- Mentor
- Motivation
- Mission statement
- Nonprogrammed decision
- Organizing
- Performance management
- Programmed decision
- Sexual harassment
- Strategic plans
- SWOT assessment
Review Questions

1. Define the term vision.
2. What is the purpose of a mission statement?
3. Discuss the three parts of a mission statement.
4. What do you think are the most important characteristics of effective leaders and why?
5. What is meant by the term real authority?
6. What is the purpose of forecasting?
7. Discuss why Title VII of the 1964 Civil Rights Act was passed.
8. Briefly describe the steps in the conflict management process.
9. Define the terms accommodation, avoidance, compromise, and competition, as they pertain to conflict management.
10. What are the six guiding principles for handling conflict?

Internet Exercise

Go to the U.S. Equal Employment Opportunity Commission Web site (www.eeoc.gov) and answer the following questions:

■ What types of equal opportunity training and outreach programs are currently available?
■ What current topics are discussed under the “Statistics” link?
■ What are the current statistics under the “Sexual Harassment” link?
■ Go to the “Filing A Charge” link. What information needs to be provided in order to file a charge?

Endnotes

3. Ibid.
6. Ibid.
8. Ibid.
13. Ibid.
20. Ibid.
26. Ibid.