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An Exploratory Study of Restaurant Leadership Approaches: Some Preliminary Findings

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Introduction

The economic downturn in the United States continues to take its toll on the restaurant industry. A recent report by the National Restaurant Association suggests that the industry has reached a record low performance level as illustrated by thirteen consecutive months of sub 100 scores on its proprietary performance index (NRA, 2008). This past November registered the lowest score in its history (96.2), which is based on decreasing same-store sales, lower traffic, and increases in labor and capital expenditures. It's clear that the immediate future of the restaurant industry is vulnerable as the economic crisis continues and ongoing problems such as high employee dissatisfaction, and high employee turnover persist (DiPietro &Pizam, 2008). Using these difficult times as a backdrop, the question becomes: How can restaurants, particularly multi-unit operations, effectively deal with such difficulties? A greater focus on leadership rather than management may be necessary.

The need for leadership in the hospitality arena is well documented (Testa, 2001; Tracey & Hinkin, 1994), and may become even more important during difficult times. Taking a managerial approach, some restaurant leaders will focus on "hard" tactics such as discounts (Hughlett, 2008) or layoffs (Berta, 2008) to address business issues. To what extent do restaurant leaders engage in "softer" leadership activities when times are tough? The purpose of this exploratory study is to report on some preliminary results of in-depth interviews conducted with top multi-unit leaders in the restaurant industry. The focus of the interviews is on their approaches in building organizational trust, reinforcing key values, and developing accountability. The results of these interviews may provide direction for operators seeking to deal with the challenging restaurant environment and researchers seeking to expand leadership research in this arena.

The results of a review of the "restaurant leadership" literature are scant when compared to general leadership research (Yukl, 2002), or that which focuses on lodging (Clark, Hartline and Jones, In Press), or the hospitality industry in general (Tracey and Hinkin, 1994). Perhaps the first attempt at assessing important leadership characteristics in the restaurant segment specifically, was conducted over twenty five years ago by Cichy, Sciarini and Patton (1992). In a survey of 51 senior leaders from fast food, family, and luxury restaurants, the authors sought to identify specific areas of leadership that may be useful in the foodservice setting. Some six keys to effective leadership were identified as being important. These include: (1) Develop a vision, (2) Trust your subordinates, (3) Encourage risk, (4) Simplify, (5) Keep your cool, and (6) Invite dissent. The authors further identified four foundations of leadership namely, trust, vision, communication and perseverance. It's important to note that trust was considered most important in the investigation and represents one of the more challenging leadership activities.

More recently, Reynolds (2000) conducted an exploratory study of managerial behaviors of unit-level managers in the chain-restaurant industry. The author sought to develop a model of successful managerial behaviors, explore the degree of similarity to other models and assess whether a set of characteristics exists that differentiates high vs. low performers. Results of interviews with some 17 organizations identified some 10 categories of managerial behaviors. These categories included: (1) Interpersonal skills, (2) Passion/ Enthusiasm, (3) Honesty/Integrity/Strong Ethics, (4) Organizational Skills, (5) Leadership Skills, (6) Ability to Handle Stress, (7) Restaurant Experience, Knowledge, and Skills, (8) Focus on Customer, (9) Job-related Self-confidence, and (10) Flexibility/Creativity. These findings go farther than Cichy et al., (1992), by adding more managerial level behaviors. Additionally, leadership skills were

identified as a distinct set of behaviors. It should be noted that in both studies categories of behaviors were identified rather than specific approaches or direction for execution.

With regard to leadership and employee related outcomes in the restaurant industry, two studies were identified which focus on emotional intelligence (EI) (Sy, Tram, and O'Hara, 2006) and leadership behavior and employee voice (Detert and Burris, 2007). In the first study, the authors assess foodservice supervisor and employee EI, employee job satisfaction and performance. Results indicate that higher levels of supervisor EI impacts employee job satisfaction when the employee reports a lower level of EI. That is, employees who need higher levels of emotional support benefit from leaders who display such capacity. In the second study, Detert and Burris (2007) look at the relationship between two types of change-oriented leadership (transformational and managerial openness) and subsequent employees' speaking up in the work place. The authors suggest that factors such as approachability, action taking and accessibility may be vital in this regard. Results suggest that managerial openness is an important factor in the desire and/or ability of employees to engage in work-related discussion. Results for transformational leadership were less clear. The authors also note the importance of psychological safety in the relationship between leadership behavior and employee voice.

Leadership and Social Influence

A recent study of restaurant managers by Douglas and Zinuska (2008) provides a strong foundation for the current study by illustrating the importance of trust in leaders as an antecedent to firm performance. More specifically, the issue raised is "how" leaders can develop trust with employees. The study draws heavily from social influence theory (Turner, 1991), which refers to the manner in which organizational members influence the behavior and attitudes of other members. Converse to traditional task-oriented leader behaviors (Yukl, 200), social influence

persuades employees to develop team-oriented attitudes and act collaboratively. Douglas and
Zinuska identify three types of social influence tactics; rational influence, provision of autonomy
and leader-member exchange relationships. Rational influence refers to logical appeals to
employees and factual knowledge in an effort to persuade, while provision of autonomy provides
control over his or her own actions and more importantly the "meaningfulness" of the work.
Finally, leader-member exchange refers to the quality of relationship between leader and
subordinate. High leader-member exchange relationships are based on mutual support, common
goals and mutual influence while low exchange relationships foster conflict and antagonism.
Results of the investigation suggest that leader-member exchange relationships had the greatest
influence on trust and subsequent sales performance. This is consistent with past research and
reinforces the importance of leaders-subordinate relations and important employee outcomes
(Yukl, 2002).

The question we sought to answer in the current study is consistent with the question
asked in Douglas and Zinuska (2008), specifically "how" do leaders influence subordinates in
the restaurant environment? Our goal was not to identify broad categories or competency areas,
but to solicit specific tactics used by top leaders in the field.

Methodology

Sample & Data Collection

To identify specific leadership approaches used in the restaurant environment, a research
project consisting of interviews with some 25 top leaders in the multi-unit restaurant industry
was developed and is ongoing. Multi-unit leaders were selected given the scope and complexity
of their positions. The literature supports the notion that multi-unit leaders face differing
challenges than their single-unit counterparts (DiPietro, Murphy, Rivera, and Muller, 2007).

Multi-unit managers spend a disproportionate amount of time on operational and human resource issues. A significant finding of Umbreit (2001) is a shift from traditional "hard" or technical skills to more "soft" or people oriented skills highlighting the importance of human resource – related functions.

The results here are based on 9 of the 25 interviews conducted to date. Although the sample can be considered small, the stature and experience level of the participants provides valuable insight into the leadership process. Additionally, other studies have used a similar approach when seeking qualitative responses (Reynolds, 2000; Umbreit, 2001). The leaders in the larger study were selected based on several criteria. First, that their primary function, either current or past, was multi-unit management in the restaurant industry. Second, that they would provide the time to complete a 45 minute to 1 hour in-depth interview, and third, that they agreed to allow use of the interview academically. Given the challenges of meeting this criteria, the starting point was the network of industry professionals associated with the School of Hospitality and Tourism Management at San Diego State University. Table 1 shows the participants to-date and brief biographical data.

Table 1. Interview participants

Name	Position(s)	Organization	Experience (Years)
Debi Benedetti	Founding Officer Fmr. Executive Fmr. Executive	Bon Appétit Mgmt. Marriott Corp. Saga Corp.	30+
Jeff Campbell	Fmr.CEO Fmr. Chairman Fmr. CEO	Burger King Pillsbury Rest. Group Johnny Rockets	30+
Lane Cardwell	Board of Directors Acting CEO Fmr. President Fmr. VP, Board, CAO	P.F. Chang's &Famous Dave's Famous Dave's Eatzi's Market and Bakery Brinker International	30+
Steve Carley	CEO Fmr. VP	El Pollo Loco Taco Bell	26+
Joleen Flory	President & CEO Fmr. EVP	Elliot Leadership Institute Famous Dave's	20+

Steve Fricker	President Vice Chair Fmr. President/CEO Fmr. EVP/CFO	Daphne's Greek Café Cal. Restaurant Assn. R&S Bread Group Outback Steak House (Cal)	20+
Bob Holden	President and CEO Fmr. President & CEO	Elephant Bar Restaurant Group Pat and Oscars Restaurants	25+
Barbara Kane	Corporate Executive Board of Directors	Ecolab ADA, ASHFSA, SFM	20+
Tera Sunder	HR Executive	Café Rio Starbucks (2200 units) TGI Fridays Brinker Corner Bakery	20+

The sample consisted of four women and five men with more than two hundred and twenty years of combined experience. The majority of this experience was focused on the multi-unit restaurant area as defined by our criteria.

The interviews were conducted by teams of students enrolled in a leadership development course at SDSU, under the supervision of the instructor. The student teams were trained on interview techniques and participated in mock interviews in an effort to remove bias and solicit specific examples of leadership behaviors. The interviews took place during campus visits in private conference rooms and offices. The goal was to provide a private place for the interviews with no interruptions.

An open-ended questionnaire was developed specifically for the interviews with focus on "softer" skills as previously discussed. More specifically, the questions asked the interviewees to discuss "how" they developed *trust with employees* (Douglas & Zinuska, 2008), "how" they *reinforce key values* (Darling & Beebe, 2007), and "how" they *develop accountability with teams and individuals* (Woods & Winston, 2007). The goal was to stimulate a discussion rather than to solicit a specific answer, thereby providing richer examples.

Results

Each of the 9 participants had detailed answers regarding the development of trust and each reinforced the necessity of building trust with key stake holders. Debi Benedetti compared trust to a triangle with all sides being equally important to the stability of the others. She identified the sides of the triangle as trust, respect and dignity, and pointed out that "*understanding*" is the key to the development of trust. This seems to provide a good overview and starting point of the discussion of trust building.

Jeff Campbell suggested that his primary concern was to make employees feel as though "*he was actually interested in them, he was open to hearing their thoughts and suggestions,*" and that he "*valued them as contributors.*" Campbell provides an illustration in a story when taking over a company where significant staff cuts would have to take place. He felt the need to be "*up front*" with everyone and let them know that they would be "*getting smaller before we got bigger.*" Campbell pursued a strategy of getting to know every employee at the corporate headquarters before deciding on the cuts. When it came time for the cuts, he acted "*swiftly*" and "*compassionately.*" "*We treated people generously in terms of severance, etc. and had not one law suit or bad reaction.*"

Joleen Flory suggested similar strategies regarding trust building. She noted that "*getting to know people, spending time with them, understanding their abilities, their families, their dreams, how they like to be managed, what is most important to them, what they don't like to do, what their strengths are and making sure that they can do things on a day-to-day basis are probably the best trust builders within the organization.*" Tera Sunder agreed, remarking that "*you have to listen more than you speak. You have to really hear what people's concerns are and find solutions by either teaching them something they didn't know or showing them how to solve*"

a problem." Bob Holden summarized the notion suggesting that you need to "*treat people like you care*."

Steve Fricker's comments reinforce the concept of role modeling as a means for developing trust. Fricker notes the importance of "*being completely open and honest with people*," and "*not making promises he cannot deliver on*." "*It's important not to make huge decisions rashly and to provide ample warning ahead of time in terms of disciplinary action or major organizational changes*." Similarly, Lane Cardwell points out that a negative perception on the part of employees can result in a loss of trust. Cardwell suggests "*putting the team ahead of yourself* "and "*providing opportunities for everyone*."

What are your key values and how do you personally reinforce them?

Key values can be seen as deep and invisible controlling forces within an organization (Darling & Beebe, 2007). Such values define appropriate behavior and provide the foundation for leadership-subordinate interactions. Nearly all the participants suggested that "*honesty*" was a vital key value. Based on the comments regarding trust, it would seem that honesty and trust would be interdependent constructs necessary for effective leadership. Other common values were integrity, support, alignment, pride, determination, commitment, high morals, and empowerment. Interestingly, only one of the participants reported "service" or "customer satisfaction "as important key values.

In terms of reinforcing such values, the first important step was communication. Steve Carley notes that employees must be constantly informed about what is important and where these values will appear. For example, at El Pollo Loco, many of the values appear on employee performance appraisals. He also reinforces the importance of managers setting an example of key values suggesting that role modeling is critical. Bob Holden agreed, remarking that he constantly

asks himself if "*he walks the walk at the end of the day*." Joleen Flory was more specific noting the importance of "*transparency*," so that stakeholders feel good about interacting with them. This was also important so that employees felt as though leadership reflected competence. Jeff Campbell believed that "*not hiding bad things*" was particularly important in gaining employee buy-in of organizational values. He pointed out that "*as an organization we will make mistakes. It is expected. The key thing is to identify them quickly and then we can correct whatever has gone awry. But we can't fix what we don't see*." Coming back to the need for honesty, Campbell remarks, "*this means I too have to be a truth-teller. If anything I probably err on the candor side*."

Some of the interviewees provided examples of unique or distinct key values. For example, Bob Holden reported that Elephant Bar uses the T.I.P. acronym which stands for "*tenacity, intensity and passion*." He believes that these values are part of the culture and should be used as descriptive words in selecting staff. Lane Cardwell identified "*protecting quality*" as an important value at P.F. Chang's. An expanded definition of "*protecting quality*" included the company's need "*to evolve and innovate and avoid any drop-offs that may slow progress*." Cardwell provides an illustration at Chang's when things were running smoothly. "*The company had hit the ground running and really started with a bang. After a couple of years things stagnated, mainly because the company was not evolving*." Lane recalls, "*things stalled out because innovation that was two years in the making should have been four years in the making*."

Finally, Tera Sunder identified *"family"* as a key value at Café Rio. Given that it is a small organization and very close knit, a family approach was necessary. In discussing key

values, Sunder suggested that organizational success was based on the ability to know, live and teach these important key values.

How do you hold teams and/or individuals accountable?

According to Lerner and Tetlock (1999), accountability is the implicit or explicit expectation that one may be called on to justify one's beliefs, feelings, and actions to others. Translating this to a leadership relationship, accountability refers to accepting responsibility (Kouzes & Posner, 1993). While it's clear that leaders must be accountable themselves, the greater challenge may be building accountability with employees. This may be particularly true during difficult economic times when greater employment insecurity exists.

Converse to the previous two sections, some divergence exists regarding approaches to holding employees accountable. One group of interviewees took a "hard" approach using systems and paperwork to track employees, while the other focused on a "softer" method which would help build employee commitment. Five of the nine interviewees believed that accountability was a function of an effective employee management processes. For example, Steve Carley reported on a comprehensive system of evaluation using a balanced scorecard methodology. Using a 10-metric measure, every department, individual and franchise group received a summary evaluation. Using a unique color coding methodology, managers were required to wear pins indicating their level of performance. Bob Holden used an equally comprehensive system to assess performance. He believes that "*when it comes to holding people accountable you need to make sure you have both positive and negative written documentation on employee accountability*." Holden constantly pushes his employees to better themselves and obtain their goals, whether personal or set by the company.

Steve Fricker points to the need for "*crystal clear expectations, goals and objectives*." He suggests that the organization must be comfortable with discussing performance issues and being upfront when performance is not at the requisite level. Similarly, Joleen Flory believes in "*setting goals and writing them down so we are both on the same page*." Flory notes, "*ultimately, there has to be consequences if people do not meet their goals*."

Interestingly, Barbara Kane noted the importance of both "hard" and "soft" forms of accountability. First, she talked about their Employee Development Plan (EDP) which helps employees see where they stand and what they need to work on. Her company is very strict when it comes to meeting goals and the system in place helps to achieve organizational goals. At the same time, Kane seeks to avoid being a "*harsh*" leader. She believes that you must "*help the people you are leading and not do things just for your own benefit. Most successful people will fail in life before they succeed, but the key is to learn what you did wrong and not repeat the same mistakes*." This sentiment is consistent with the second half of responses which focus on creating an environment of accountability. For example, Tera Sunder tries to create just such an environment. She has a theory that "*everyone makes their own choices in the work place*." Sunder uses an "agreement model" with employees. Specifically, she asks" *Can we agree that in order to be a successful manager you need to do this and can we agree you haven't been doing this?"* Expectations are clarified in a less threatening way and the employee has choice about the next steps in the process.

Debi Benedetti does not believe that people can be held accountable, rather that an environment where accountability is honored and respected must be developed. Benedetti suggests that "*a way to create this type of environment is to create an ownership and responsibility culture. . .where you feel safe*." Jeff Campbell similarly tries to challenge people.

Campbell notes, *"I have always tended to promote people - and give people unique assignments* *– that have shown the right characteristics and promising performance. I have also rarely hesitated to make changes the other way - particularly when people demonstrate a "me-first" (non-team player) attitude.*"

Putting it simply, Land Cardwell suggested that to "*make sure that whoever is held accountable is also part of the decision making process. Otherwise, you are not measuring someone against their decisions, just how they carried out someone else decisions.*"

Conclusion

The purpose of the current study was to identify specific leadership approaches in the multi-unit restaurant industry. By conducting in-depth interviews with top foodservice leaders, it was hoped that specific activities and tactics could be highlighted. Three areas of the interview process were reported, namely trust building, reinforcing key values and developing accountability.

Consistent with past research, the remarks concerning trust illustrated not only the importance of trust, but the difficulty in building it with employees (Douglas & Zivnuska, 2008). It seems clear that developing mutual understanding is the precursor to a trust-based relationship, either individually or organizationally. By engaging employees and seeking to identify their needs, leaders may be able to allay fears and build greater levels of commitment. As a unique contribution to the literature, several of the leaders suggested that the level of understanding between leader and subordinate may need to be increased. Joleen Flory's comments in particular illustrate that leaders must go further than simply engaging employees in conversation. Genuine interest may be the necessary component in employee relationship building.

In terms of key values, many examples were provided, some common and others unique. The findings here reinforce the need for honesty as an organizational value and suggest a strong relationship with the ability to build trust. Indeed, honesty was a theme that ran through many of the sections of interviews denoting its impact. Some unique values were illustrated as well, for example, "family" and "tenacity." It will be interesting to see how other leaders selected for this study respond in this section. To what extent are organizational values proprietary versus common in restaurant organizations? Other common or traditional values were reported as well, however, the most significant finding regarding reinforcing values was the need for leader role modeling. While this is consistent with past research (Darling & Beebe, 2007), some specific methods were illustrated. For example "*not hiding bad things*" or "*ensuring transparency*." It is hoped that similar distinct strategies are revealed as the data collection continues.

Finally, the discussion of accountability revealed some disagreement in the responses. One group clearly felt that a systematic method of tracking and reporting accountability was necessary. This includes methods of documenting employee performance so that it may be tracked. Conversely, the second half of the interviewees suggested that a "softer" approach was needed. An approach which focuses on creating an atmosphere of accountability and challenging employees. Indeed, one respondent felt that employees could not be made accountable. This seems the most controversial area of the three and may provide some of the most interesting results in the completed study.

The findings here are encouraging for our complete study which includes more than double the number of interviewees and a greater variety of questions. However, the many examples provided here may be useful for multi-unit operators seeking to gain insight on "softer"

leadership activities. From an academic standpoint, this may provide a baseline from which to

continue further inquiry into leadership in the multi-unit restaurant industry.

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