

May 14, 2001

Execs at Elliot confab say effective leadership is key to profitability

By Dina Berta



Hyde



Leondakis



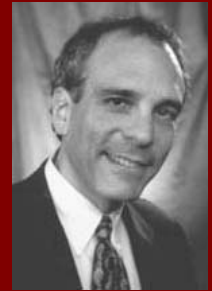
Lawrence



Allen



Wood



Kaufman

New York – Effective leadership will help foodservice companies remain profitable and continue to grow even as the national economy slows down. That was the conclusion reached by speakers at the 16th annual Elliot Conference, held recently at the Essex House hotel here.

Regardless of the economic climate, strong corporate values, mission statements and programs that enhance employee loyalty are necessary for success, said top executives from restaurant and hospitality companies nationwide, who attended the one-day event titled “Lessons on Leadership.” The sponsor of the conference was the Elliot Group, LLC, parent company of Elliot Associates, an executive search firm, and Elliot Solutions, a consulting firm.

“Leadership is important,” said Ron Paul, president of Chicago-based Technomic Inc., a foodservice research and consulting group. “Individual performance is not related to either the industry or the economy. Let’s not blame the economy or think that the economy is going to save us.”

Although Paul reported that the latest economic indicators, like gross domestic product and disposable income, suggest a slowing economy, he said that even if the nation is headed for a recession, the restaurant industry will suffer only a minor decline.

Projections for industry growth in 2001 hover around 6 percent, Paul noted. And some restaurant companies already are seeing strong sales in the first quarter of the year. He said same-store sales figures for March were up 12.5 percent at Olive Garden and about 2.5 percent for Ruby Tuesday, Macaroni Grill, Chili’s and Outback Steakhouse. He added that 17 of 19 companies Technomic monitors posted positive results in March.

And while the industry posted a 5-percent gain in sales in 2000, several companies far surpassed that. Starbucks was up 30 percent, Outback and Papa John’s Pizza were up 17 percent, and Chick fil-A, Brinker International and Applebee’s all had significant growth above the industry average.

The restaurant industry may be less likely to feel the pinch in a

down economy because going out to eat has become a well-ingrained trait in the lifestyle of consumers, Paul said. And companies with strong leadership that can best convey their image and brand to the consumer will continue to perform well.

“You, as leaders, need to communicate what you want to be known for, internally and to customers,” Paul told the audience.

Speakers echoed the need for executives to guide their companies at all levels.

“If we ever think that it is not about leadership, then we don’t get it,” remarked Michael Kaufman, president of Metromedia Restaurant Group.

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Identifying an organization's values or mission statement is just the beginning, said Niki Leondakis, senior vice president for restaurants at Kimpton Hotel and Restaurant Group.

"It's up to us as leaders, every single day to enforce the culture and values with our daily activities," Leondakis said, "If we are not out there with the people in the trenches, on a regular basis, recognizing those people who emulate the values and talking about the values, then it is just another corporate document."

Some panelists said they tie their company values, for example, a commitment to diversity and mentoring and developing employees, to performance objectives for managers.

"It's your responsibility to make sure it hits all the way down," said William Hyde, president and chief executive of Ruth's Chris Steak house. "You have to meet on an annual basis. You have to provide an environment that fosters people's ability to speak about issues without fear that they are going to lose their jobs."

At Sodexo Marriott Services Inc., diversity goals are tied to annual compensation for division presidents, said Ollie Lawrence, the company's senior vice president of human resources.

"It may not be the right approach for every company, but we are seeing some additional focus as a result of that," he said. "Our general managers pay attention to those things that affect their bonuses."

Bob Freidman, president and founder of Red Hot & Blue Restaurants, who is trying to find a health insurance program he can offer his hourly employees, asked the panelists what correlation they see between retention and benefits programs.

"It depends on the individual you are going after," said Michael Allen, senior vice president of human resources for Yorkshire Global Restaurants. "A 21-year-old, who thinks he or she is immortal anyway, may not be motivated by health insurance."

Yorkshire began offering car insurance to employees. Their monthly payments are

automatically deducted from their paychecks. Now, Allen said, he has 18-to 21-year-olds who now have car insurance and no plans of leaving the company any time soon.

"You have to look at each group as a consumer," Allen said. "Focus on what is important to the people you are trying to attract."

Also during the conference Dick Holbrook, president and chief operating officer of AFC Enterprises Inc., was named the 2001 Mentor Award Winner.

And three human resources professionals were chosen as Motivators of the Year: Lawrence from Sodexo Marriott; Jeannie Rasar, vice president of People Services, Training and Development for Popeye's Chicken & Biscuits, an AFC company; and Jennifer Percival, vice president of Family Resources for Buca Inc., parent company of Buca di Beppo restaurants.