

## The Real Truth about the “Labor Challenge”

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*“There is no present or future,”* said playwright Eugene O’Neill. *“Just the past happening over and over again,”* He was speaking of Ireland, but his words could just as easily apply to a 2008 foodservice industry that is constantly wrestling with teeming turnover or talentless teams. Like a bad check, the “labor” problem keeps coming back to dog our industry. Why? Quite simply, we’re reaping what we’ve sown. Here’s a short history lesson that can serve as both a cautionary tale with possible solutions.

In the 1980s and 1990s the foodservice industry had both an abundant hourly labor pool and a foolish unwillingness to properly train and develop those crew members. So restaurant managers, bonused to drive sales over developing people, turned, burned and churned their way through their workforce to the extent that 100% turnover is still considered best-in-class today.

Seriously, how sad is that?

In addition to low pay, we invested little in developing our managers’ supervisory skills, forcing them instead to “practice” leadership on their hourly team instead of enabling them to define, develop and deploy talent.

In the mid-1990s, as a result of our poor stewardship, for the first-time ever, foodservice as a career became unfashionable. We elevated the customer and undervalued the crew, leaving scores of young hourly teams and junior managers overworked, underpaid and unappreciated, driving them away in droves. As a result, we effectively created “image terrorists” in an entire generation who came to loathe our industry (and warned their friends away from it) because of the way they were treated. Soon, even politicians recognized the issue and tagged “burger-flipper” as a synonym for the dead-end job. While foodservice PACs then railed against the label, little was done to 1) raise pay, 2) improve the unit manager’s talent-building tools, or 3) enhance the self-esteem and career aspirations of our hourly crew members.



The truth is, we began paying lip-service to the notion of foodservice-as-a-career (marked by a tepid advertising campaign that touted “ours is a special world”) but little or no effective training was actually deployed to unit managers to help them better nurture, train and develop their promising hourly team members. At the same time in the 90s, in the name of scalability and efficiency, our industry began to segregate what little talent development was occurring away from the unit level upwards, into a formal and specialized department called HR and the dreaded 3<sup>rd</sup> party “executive recruiter.” Volume can hide a multitude of sins, and profitable

executives began to assume that success attracts talent, when in fact, just the opposite is true. You don't build "business," you build people. People build business. And this skill is more critical at the street than the suite level.

In the early 2000s we began to pay dearly for our negligence. The expanding IT, telecom, and retail industries needed talented young people and so began fishing from the same generational and multicultural talent pool as foodservice, but with much greater success. These industries were armed not just with a better payscale, but also well-trained and effective supervisors who knew the value of developing high-performing customer-facing teams. They understood that retention begins with recruiting, and their HR and Training departments were aligned and integrated from the store level up, not vice versa. Not only did other industries target, attract and retain our talented young future workforce, but they also recruited many of our best HR people who could now have been helping us navigate a smarter path out of this muck and mire. But these HR stars don't work in our industry anymore. The perfect storm has hit and unit managers have known it for 7 years now—after all, they are spending more time placing want ads than serving guests—yet HQ and "people/labor summits" respond by either blaming retail for stealing "our" employees or focusing on where to *find* new employees. Both these strategies ignore our primary need and the problem's root cause: the inability of untrained unit managers to effectively attract, recruit and develop talent and quality people at the store level.

So, what can be done? Much more than one column can detail, but to help end our communal cranial-rectal inversion on the labor issue, we need to think big, act big and do something now. Here's 7 things to consider:

1. **Make talent management and talent-seeking everyone's responsibility.** Your unit managers are drowning in information and starving for knowledge relative to knowing how to find and groom talented crew and junior managers. This must become a prioritized strategic issue in your company, and not just by the training team. The finance/accounting team must huddle with HR to develop effective new ways to measure the ROI of talent management. Board directors must hold executives responsible for developing their "human capital" at the unit level in both measurable and meaningful ways.
2. **Make pay more competitive.** The key word here is "more." Yes, I know all about the studies that say "money is way down the list of employee motivators." So why do so many talented kitchen team members bolt for the restaurant across the street that offers 25 cents an hour more? The reality is that cash is still a prime motivator. But don't forget that while a raise may be nice, it won't make them better at what they do. So balance higher pay with quarterly development and daily training.

3. **Pro-actively develop better bench strength.** In the talent-powered company, no junior manager can be promoted to the GM position without also being responsible for developing two other junior managers for a future GM role. And no GM should be promoted to a Multi-Unit Manager role without first identifying and grooming two other GMs to eventually become MUMs also. Make “building your own replacement” a pre-condition of promotion so that you create a coaching culture and talent development at every level of supervision.
4. **Ask talent-centered questions before hiring.** If you keep asking the wrong question when hiring you’ll keep getting the wrong person on the team. Instead of saying “What position do I have open?” unit managers should instead ask: “How well do I want this job done?” This skews the search towards talent, not “bodies.”
5. **Make it a privilege to join your team.** “Hold out for talent,” says The Cheesecake Factory founder and CEO David Overton. “To continue to grow, and to insure that their restaurants and teams stay successful, managers must always make hiring the Most Important Decision.” He’s right. Plus, the more talent you accrue the more talent you attract. So don’t look merely to recruit “a” star...be a galaxy.
6. **Understand that talent has many faces.** Too many operators and HR departments screen for and hire team members and managers whose primary assets seem to be sameness and/or schedule availability. Flexibility should always be a factor when recruiting and retaining talented people. “The best people are worth accommodating,” says consultant Bruce Tulgan. “Hire for talent over conformity.”
7. **Addition by subtraction.** Too many unit-level foodservice managers believe that all employees are the same and that they don’t mind who they work with. But the thing is, they aren’t and they do. Un-hire the people who make your job harder.

Talent—and talent management—is the critical currency of high-performing foodservice companies. Believe it, and start investing in finding and retaining talented people as a strategic tool, or the brain drain will never end.

**Jim Sullivan newest book is called Multi Unit Leadership: The 7 Stages of Building High-Performing Partnerships & Teams. You can get a free monthly e-newsletter of best practices related to hiring, service, sales and leadership and a product catalog at [www.sullivision.com](http://www.sullivision.com)**