



It Starts with Culture

It may be that a person usually needs to hear something at least three times before it registers in their mind. But something I heard at the 15th Annual UCLA Extension Restaurant Industry Conference recently stood out to me the first time it was said—and its impression only got stronger each time I heard the point repeated throughout the day.

Julia Stewart, chairman of the board and CEO of DineEquity Inc., kicked off the conference introducing a theme that turned out to be consistent through many of the conference sessions: Brand culture is vitally important to a restaurant business. Discussing the story of her company's success during the recent difficult times that have left many of its peers struggling, Stewart explained that culture is the No. 1 thing she spends her time on.

That certainly got my attention. After all, there's got to be a connection between her company's prosperity and her focus on culture.

The power of a strong culture to drive business success became more apparent as other speakers took the stage at the conference. From Cyrus DeVere, chief people officer at Café Rio Mexican Grill, to Smashburger's chairman and CEO Dave Prokupek, many speakers made the case for the extraordinary brand and business results produced by leaders who deliberately develop and consistently reinforce their organization's culture.

The focus on culture makes sense. One of the primary ways an organization sets and strengthens its brand is its culture. The distinctive way a company behaves and the values it espouses is the foundation upon which the company builds its strategy and operations that turn its brand promise into reality.

And when a company has a special way of doing business, it attracts attention and draws customers in.

Some of the most respected brands, like Southwest, Zappos, and Virgin, became well known not because of their advertising campaigns, but because of their distinctive cultures. The personality of their employees and the style with which they served customers created a distinctive customer experience that people actually talked about and their brands became known for.

In the same way, the folks at Café Rio Mexican Grill make their culture palpable to their customers. DeVere described the culture of his company with four E's: Energy, Emotion, Excitement, and Enthusiasm. Employees display these E's to customers in ways that convey a sense of urgency and attention to detail.

"People want to know they're being taken care of," he explained, and they feel that way at Café Rio because of its high-energy culture. As a result, word of mouth has enabled the company to enter new markets successfully.

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Culture also engages employees. In an industry with such high employee turnover rates, restaurants need to do all they can to retain and motivate their staffs. A strong culture does this better than free food and other common perks—and in many cases even better than pay rates and benefits. That's because leaders can use the company culture to connect employees to a higher purpose and to each other.

One of the conference sessions I attended featured several young restaurant employees who offered perspectives on their work experiences. A young woman from The Daily Grill, one of 29 restaurants owned and licensed by Bob Spivak's Grill Concepts Inc., talked about how she wants to work there because of the company's focus on culture. She described the company's "Grill Concepts," the values that define the experience of working there, and explained that not only are they "drilled into our brains" when employees are hired, but founders are also "in the restaurant all the time talking about culture."

This emphasis is attractive and motivating to her, as it helps her understand and remember the consequences of her actions on the business and on her fellow employees.

"They're my family," she said, describing the commitment she feels for the people she works for and with. No doubt such engagement and loyalty throughout The Daily Grill's system pays dividends.

Finally, culture facilitates decision making. Smashburger's Prokupek described how the unconventional culture he's developed informs everything they do at the chain—from hiring practices to the use of technology to capital expenditures and more. The company's culture, which is modeled after the cultures at Google and Netflix, challenges him and his team to make decisions differently than most quick serves. This different way of doing business has enabled his company to grow to more than 100 units in less than four years.

A well-defined and supported culture enables people to make decisions easily and quickly because it helps everyone develop a shared understanding of the right thing to do. It clarifies what's "on brand" and what's not, so big, strategic decisions, as well as smaller, daily ones, can be made with confidence and commitment.

Café Rio's Devere said employees cut and squeeze up to nine cases of limes every morning at every restaurant. "Most people would think that's crazy," he said, "but those cases of limes being split convey Energy. We make a choice to run our labor model [so we can do the limes], and so far we keep growing with good results."

Now more than ever, company culture is the right focus for restaurateurs. It's the most effective way to offset the costs and complexities that keep increasing in every part of the business—and it's a powerful way to build a brand. 