

Boston Hospitality Review

www.bu.edu/bhr

Published by the Boston University School of Hospitality Administration

What are leading restaurant companies doing to keep talent?

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Restaurant Leadership Edition
March-April 2023

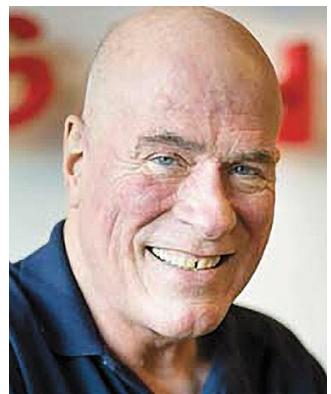
About the Authors



[Sean Jung](#), Ph.D., joined the faculty in the fall of 2020 at Boston University School of Hospitality Administration. He received his Ph.D. in hospitality management from Purdue University, and holds a Master's degree in finance from the University of Illinois, Urbana Champaign. Sean has diverse working experience in marketing research, consulting, and restaurant entrepreneurship. [LinkedIn](#).



[R.J. Melman](#) is the President of [Lettuce Entertain You Restaurants](#), a family-owned restaurant group with more than 110 restaurants and 60 unique concepts nationwide. Since joining the company full time in 2001, he has held numerous positions within Lettuce, as well as consulting on restaurant projects outside of the company. R.J. graduated from the University of Kansas and resides in Chicago with his wife Kate and son William. He is active within the Chicago philanthropic and business communities and is proud to be an Executive Committee Member of the YPO Chicago Chapter as well as a Past Chapter Chair. He has also previously served on a number of Boards, including the Board of Directors for Del Taco Restaurants. [LinkedIn](#).



[Jerry Murrell](#), is the founder of [Five Guys](#). Now, 30 years after Five Guys first opened, there are almost 1,700 locations worldwide and another 1,500 units in development. Five Guys continues to receive generous media attention and has grown a cult-like following around the world.



[Patti Simpson](#) is the Chief Administrative Officer of [Union Square Hospitality Group](#) (USHG). She oversees the human resources, legal, and marketing teams and spearheads Hospitality Quotient, the company's leadership, learning and development consultancy. Patti is an accomplished leader with a deeply rooted background in human resources, operations, organizational design, and learning development. A trained educator passionate about leadership and team development, Patti leverages her experience to further USHG's culture of Enlightened Hospitality, the belief that putting

employees first is the key to running a meaningful and sustainable business. [LinkedIn](#).



[Tawanda D. Starms](#) is Vice President of Restaurant Support Center People Experience and Chief Diversity, Equity and Inclusion Officer at [Chipotle Mexican Grill](#). Ms. Starms brings over 20 years of experience to the leadership team, creating strategies that develop, empower and engage Chipotle's workforce. She is passionate about cultivating an inclusive culture where employees are supported to thrive and pursue their passion. Ms. Starms holds a Bachelor of Arts degree in Business from California State University, Fullerton, as well as professional certifications with the Society of Human Resource Management (SHRM-CP) and HR Certification Institute (HRCI-PHR). [LinkedIn](#).

What are leading restaurant companies doing to keep talent?

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For roughly the past five decades, restaurant employees have been considered more as an expendable cost rather than an asset in which to invest. In general, restaurant operation workers who work in kitchens or dining halls have had very few opportunities to move up to managerial levels, and there are little to no educational benefits for employees to learn and grow. Moreover, the nature of the restaurant industry, which requires employees to deal with difficult situations with customers, unstable working hours, and some of the lowest wages available, has resulted in the restaurant employee turnover rate being 74.9%, the highest across any business industry. These combined factors have discouraged workers from feeling valued within their restaurant companies and have manifested a failed corporate culture, where a nurturing work environment, which is the essence that allows employees to provide excellence in service, is absent.

Covid-19 has been a testament to how employees have felt over the years, with the labor market showing a shift to a negative perception of working in the hospitality sector over the course of the pandemic. According to the National Restaurant Association (NRA), 750,000 jobs, roughly 6.5% of all restaurant jobs, are still left to be filled from when the pandemic started. Consumers have started to recognize the difference in service quality caused by this lack of employees. As a result, there must be a change in restaurant corporate culture that allows employees to feel that they have a future in what they do.

Fortunately, some companies have realized this problem and have already created a shift in tone. They have provided a path for employees to see a future and a long-term relationship with the restaurant company, supplying benefits to support both higher education and work-life balance. However, such a change requires leadership to think differently and raises new challenges. For instance, higher salaries and investing in employees shifts employee cost from a variable cost to a semi-fixed cost, making it more difficult for the employer to lay off an employee due to the initial investments that are made. Thus, trust between the employer and the employee must be established in order for this business model to properly function.

Through this article, we have asked four leading restaurant companies, which have been praised by employee rating agencies or have been known for their unique corporate culture and benefits, to provide their thoughts and tangible suggestions on how to change corporate culture. Our hope is that this article can provide ideas for all

restaurants on how to improve corporate culture by slowly but surely changing the perception of their most valuable asset, their employees. The company names are Chipotle, Five Guys, Union Square Hospitality Group (USHG), and Lettuce Entertain You. In addition, as follow-up questions, we ask whether their unique corporate culture helps reduce employee turnover during these tough times, the risks that follow, and the ways to change corporate culture.

Chipotle – Hiring criteria and benefits to maintain talent

Nominated as one of the top 100 Most Loved Workplace® in Newsweek, Chipotle is known for having a corporate culture where employees consider it one of the best places to work among all restaurants. As the Vice President of Chipotle RSC People Experience and Chief Diversity, Equity and Inclusion Officer, we asked Tawanda Starms important criteria for hiring an employee and what benefits Chipotle offers to help employees grow in the company.

Q1: What type of unique or specific criteria do you have when hiring people?

We look for passionate team members who are equally excited about Chipotle's purpose of Cultivating a Better World. Employees who understand and live our values make for highly engaged and successful hires.

Q2: Chipotle has been known for its employee benefits. We are interested in what Chipotle specifically offers to help employees grow.

Our people are at the core of our business, so we believe in providing opportunities to our people and promoting them from within. If we want to achieve our goal of 7,000 restaurants in North America, we'll need more General Managers, Field Leaders, and so on. Therefore, when we're able to find cost efficiencies in our business, we see this as an opportunity to invest more in our people through higher wages, bonuses, employee training, debt-free degrees, our tuition reimbursement program, among many other benefits. We provide transparent career progression showing how Chipotle crew members can advance to a Restaurateur, the highest General Manager position, in as little as three and a half years, with a total compensation package of approximately \$100,000 while leading a multi-million-dollar growing business.

The following are the detailed benefits but not limited to the opportunities Tawanda mentioned that Chipotle offers to employees. Please click on the hyperlinked words for further information.

- 1. More Cash In Your Pocket:** Chipotle offers an industry-first [Crew Bonus](#) program, which allows our restaurant employees the opportunity to earn an extra month's worth of pay each year for meeting specific performance criteria.
- 2. A Chance to Pursue Your Passion:** After only 120 days of employment, Chipotle employees are eligible to pursue debt-free degrees from leading nonprofit, accredited universities in partnership with [Guild Education](#). Chipotle currently covers 100% of tuition costs upfront for nearly 100 degree options at ten learning providers. Chipotle's debt-free degree offering is a key component of its Cultivate Education program, which includes an [Existing Tuition Reimbursement Program](#), allowing eligible employees to be reimbursed for tuition up to \$5,250 per year in qualifying programs.
- 3. Mental Health Care:** Chipotle provides health and financial wellness resources to employees. Chipotle associates and their family members have the opportunity to receive personalized assistance from healthcare experts before, during, and following medical needs through a partnership with Health Advocate, regardless of whether they are enrolled in the company's medical plan. [Mental Health](#) and emotional support are also available to employees and their family members through in-person, phone or virtual visits with a licensed counselor to support personal, professional, mental, financial, and/or legal concerns.
- 4. Saving for the Future:** Chipotle's 401(k) plan helps employees save money for retirement. The plan includes a company match of 100% on the first 3% of the compensation an employee contributes and 50% on the next 2%. The match is available after one year of service and 1,000 hours worked.
- 5. Free Chipotle:** Employees have access to free Chipotle every shift.

Q3: Has your corporate philosophy for caring for your employees helped in any way to reduce employee turnover?

We remain focused on staffing our restaurants with talented team members focused on the foundations of our business. These include having great culinary [options] prepared and ready to serve, open to close, in a food-safe environment, improving order accuracy and timing for the digital business, and increasing throughput and hospitality for the in-restaurant business. Our staffing is currently back to pre-pandemic levels and our turnover is lower than it's been over the past few years.

Q4: If you were in a situation where you had to take over a company that considers employees as an expendable cost, what is the first thing you would do to change the corporate culture?

My first move would be to work with the company's current employees and its leadership team to determine a brand purpose and create a set of empowering

employee values. Every successful organization has a foundation of strong values and an overarching purpose that allows employees to become more invested in the future of the company.

Five Guys – Hiring criteria, activities, and benefits to improve corporate culture

As an Employer Brand & EVP award winner, Five Guys is known for having a great corporate culture where employees consider it one of the best places to work among all restaurants. We asked Jerry Murrell (CEO of Five Guys), Erin Roberts (Chief People Officer), and Molly Catalano (Chief Marketing Officer) questions on how Five Guys builds its corporate culture and what benefits they provide to help employees grow within the business.

Q1: What type of unique or specific criteria do you have when hiring people?

Jerry Murrell: *When we first started we'd give them an apron and have them start working. If they came back the next day, then they were hired.*

Erin Roberts and Molly Catalano: *What the Murrells have created at Five Guys is rare and we want to protect it and keep it going. We search for candidates who share and believe in our values:*

- *Fanatical focus on our jobs, take pride in our work, and are goal oriented.*
- *Fanatical focus on team members and developing strong teams.*
- *Stay humble, learn every day, and stay curious. Integrity and take ownership.*
- *Have fun, have high energy, and are always nice.*
- *Experience is nice, but we love to mold raw talent and teach the FIVE GUYS way. Someone with great energy and an enthusiastic outlook*

Q2: Are there any unique programs that you have that make Five Guys one of the best restaurants to work for currently?

Murrell: *Investing in our employees is the only way that we think we can operate effectively.*

Roberts and Catalano:

- *We have an amazing tuition assistance program that pays full tuition for finance, hospitality or business administration degrees. We also will reimburse up to \$5,250 a year for other bachelor's degrees. We offer English as a second language or GED programs too. To be eligible you have to be a manager or have been an hourly employee that has worked 32 hours a week for the past 52 weeks.*

- *Five Guys Games: We like to have fun and we show it. Every two years, we have a system-wide competition where store employees compete head-to-head in a variety of Five Guys skills such as cheese stacking and potato cutting. The winner of this competition takes home \$50k.*
- *We cherish work-life balance by not only creating a supportive and family culture but also adjusting schedules to fit personal family-friendly hours.*
- *We are a fast-growing global company that equals advancement opportunities*

Q3: Are there any specific activities that employees can participate in to learn Five Guys' corporate culture and grow within the business?

Roberts and Catalano:

- *We have a Secret Shopper Program which every week, every location has a mystery shop two times per week. Everyone working on those shifts is eligible to share in the secret shopper bonus money when they score a top score.*
- *Five Guys University & the leadership training program provides consistent training to our employees to learn our corporate culture and grow within the business*
- *We have a LDX Program where employees can spend time working in a different department to expand their knowledge of the business.*

Q4: Has your corporate philosophy for caring for your employees helped in any way to reduce employee turnover?

Roberts and Catalano: *Like all retail businesses or all businesses in general, staffing has been a challenge in some markets. It has improved but we are still in it with everyone else. We think the shortage is generally an outside influence, but we will continue to double down on doing right by our employees so they want to stay. I would say that our best recruiters are our employees who can share their experience with others.*

Q5: What would you do if you were in a situation where you had to take over a company that was struggling to invest in its employees?

Murrell: *Although keeping margins up is important, you cannot succeed by hurting your employees in this line of work. It is also very difficult to rebuild corporate culture and therefore, I would sell the company as an exit plan.*

Union Square Hospitality Group – Hiring criteria and changing incentives after the pandemic

Union Square Hospitality Group (USHG) has been known for having a corporate culture where employees are allowed to grow and have diverse experiences not only on the operational side but also on the restaurant business creation side. We asked Patti Simpson, Chief Administrative Officer of Union Square Hospitality Group, what USHG evaluates when hiring and what changes have been made to adapt to the new environment in the restaurant industry after the onset of the pandemic.

Q1: What type of unique or specific criteria do you have when hiring people?

When hiring new team members at any level, we are looking for 100%-ers. Those who have a combination of 51% HQ – hospitality quotient, and 49% technical skills. We hire those who have a heart and passion for service and excellence combined.

Q2: Compared to other restaurant corporations, is there anything unique about your corporate philosophy that encourages employees to suggest new business ideas or helps employees grow?

Our business is unique in that we place our employees as the number one stakeholder, then guests, the community, our vendors, and our investors. We call this our virtuous cycle of enlightened hospitality.

Q3: What type of specific changes has USHG made to adapt to new challenges in hiring?

The hiring shortage is affecting all businesses, made more difficult as we are looking for a very specific type of employee. Yet, we have an amazing talent team who have hired nearly 3000 team members in 2022. The challenge is to keep onboarding them well, train them thoroughly, and ensure that they have the tools that they need to reach their full potential and grow at USHG. We will always work on that as it is the key to our success and is never finished. Growth never stops. In addition, we worked hard during the pandemic to become the best employer to return to. Some of the steps that we took were to raise management's starting salary from \$58,500 to \$65,000, raise back of the house (BOH) hourly wages by 26% and add a 1% share of sales split across BOH employees, and reinstated tipping in the front of the house (FOH). Compensation is driving turnover in many businesses and staying ahead of the curve where you can is critical. We also raised our employee discount from 20% to 51% and are happy to see our teams enjoying our businesses with their friends and families when they are off. Last, family meal is served daily in every business and is free for everyone on the shift.

Lettuce Entertain You – Hiring criteria and benefits to improve corporate culture

Ranked among the top 20 best restaurant companies to work for by Inhersight, Lettuce Entertain You has been known to care for its employees. We asked R.J. Melman,

President of Lettuce Entertain You Restaurants, what the company evaluates when hiring and their vision for employee care.

Q1: What type of specific hiring criteria and training is done at Lettuce Entertain You for your employees to understand the culture of caring?

While we believe the hospitality spirit can be honed, it is more difficult to teach than technical skills. This is why when hiring, we look for candidates who display emotional maturity, confidence, awareness, and an entrepreneurial spirit regardless of their prior work experience. As for technical skills, we believe that as a restaurant company, it is our responsibility to teach technical elements specific to the job such as the steps of service, proper procedures, and restaurant-specific information.

Q2: Is there something unique about your corporate hierarchical structure or culture that helps employees decide to work for the company or maintains a low turnover rate?

As a privately held, family-run company, we pride ourselves on providing internal growth and career opportunities. Long-standing employees are our greatest assets when it comes to our growth. Their understanding of and ability to maintain our culture of caring is paramount to our success. The majority of our partners have been with the company for several decades and began as restaurant-level employees.

Q3: What type of specific additional costs go into investing in your employees?

We cherish the idea that what sets us apart is our people. We do our very best to ensure we offer growth opportunities and encourage an entrepreneurial spirit in our employees so they can create a lifetime career with Lettuce. To keep this promise, our company provides many wonderful benefits. To name a few, we provide 401K plans, Vision, Dental, Health, Accident, and Life Insurance policies, a robust discount program based on tenure and position with the company, Mental Health Benefits, leave programs outside of the Family and Medical Leave Act (FMLA), a Parental Leave Program, and Competitive Vacation Plans.

Q4: What advice would you give to current restaurant companies that consider employees as expendable costs rather than investments?

I would invite employees of any of those companies to come apply for a job with us. Employee education and engagement are the only way to ensure a guest's experience exceeds expectations and a company can grow.

