

Career progression of graduates in the hospitality industry: the restaurant sector

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COUNCIL FOR HOSPITALITY
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Executive summary

The restaurant sector of the industry provides a particular challenge in establishing a clear picture of practice given its 'sheer pace and pressure' and given that 'the quality and diversity of restaurant outlets, be they chain or independents, is astounding, reflecting the amazing entrepreneurial spirit that is attracted to this fascinating industry' (Restaurant Association – Annual Report). The research has, however, highlighted some strong emerging themes influencing management careers in this sector, in particular the role of graduates.

Background

For the purposes of this research the restaurant sector can be identified as closely following the Standard Industrial Classification (SIC) guidelines under Section 55.3 Restaurants; namely 55.30/1 Licensed restaurants, 55.30/2 Unlicensed restaurants and cafes, 55.30/3 Take-away food shops, and 55.30/4 Take-away food mobile stands. The major emphasis will be on the first two sections. There are, however, discrepancies in these seemingly simple definitions that lead to inconsistency of sector statistics.

There can be no doubt that the restaurant sector occupies a major role in the hospitality industry. Statistics from Foodservice Intelligence/HCIMA show there are around 48,000 outlets comprising restaurants, fast food, cafes and take-aways; they also indicate an underlying trend of growth, particularly in fast food. These units provide over 2,100 million meals annually generating sales revenue of approximately £8,000 million. From these figures the simple average turnover of a unit is calculated at £166,000, indicating that the industry has a large number of very small units.

In employment terms, the restaurant sector provides jobs for between 350,000 and 411,000, more than the licensed retail sector overall, and provides considerably more full-time employment than any other sector. The Restaurant Association (RA) recognises the importance of this position in its statements on training. 'Given its role as a major employer, the restaurant industry recognises its responsibility to provide worthwhile and secure jobs. In this respect the RA understands the importance of education and training for the development of future talent' (RA, web site). However, calculations show that the average restaurant employs somewhere between three and seven people, depending on which set of statistics are used. Consequently the responsibility to provide such worthwhile jobs lies with a sector that has probably the highest concentration of small businesses.

The restaurant sector has seen substantial growth in sale turnover over the past few years, with a total turnover of some £9.63 billion in 1998. Various factors have contributed to the strong growth of the restaurant sector in recent years. These include increases in disposable income, changes in lifestyle habits encouraging more eating out, more choice of restaurants catering for a

huge variety of tastes and the spread of branded chains, increased tourism, the growth of television cookery programmes, continued interest in foreign travel and the development of eating out as a regular leisure activity rather than just a special treat.

The dominance of small restaurant operations does not mean that the restaurant sector does not attract large companies. Indeed the major brand owners are increasing their share in most market segments at the expense of small independent operators. Most of these small businesses operate in localised markets, and margins can be very low.

There have never been as many brands in the UK restaurant market as there are currently, as operators segment their markets and aim specific types at specific customers. There is also evidence of continuing consolidation in the industry, with the biggest companies continuing to grow strongly and increasing evidence of companies seeking an international as well as national presence with their brands. There is increasing crossover between the licensed retail and the restaurant sector.

It is possible to identify within this collection of chain operations a number of business types:

- company with a strong single brand possibly with an international presence
- company with strong multiple brands, either combining brands into single sites or operating as separate companies. Some international brands evident
- company with multiple individual units. May have flagship sites in international locations
- small company with single brand, probably in a rapid expansion phase
- small company with individual units

Virtually all the leading restaurant operators are due to expand their outlet numbers in the next few years. Some even suggesting a doubling of numbers in two or three years. This, combined with positive social and economic factors, suggests that the sector is likely to see continued healthy growth. The future looks bright for the next few years, and this will mean even more difficulty in recruiting the calibre of staff and management the industry needs and deserves.

Research approach

The research team has drawn on the experiences of the pilot study and has focused on building a picture of career structures in the sector and gaining insight into the ways managers are developed, considering the skills needed by managers and in particular the role of higher education. The nature of this sector of the industry, with a large number of small independent operators but a significant number of large chains of national and international importance, raises some issues for this research. The stance taken is that the major opportunities in the sector for graduates will be found with the main chain

operators; the role of the independents can also be pursued through the auspices of the Restaurant Association and through the small firms survey done by Leeds Metropolitan University.

The team has conducted semi-structured interviews in organisations that were chosen to represent different types within the sector. These are as follows.

- FastFood Restaurants UK Ltd – a world leader in the restaurant sector providing one of the world’s strongest single hospitality brands
- RoadSide Hospitality – a well established UK company with a portfolio of branded operations operating independently and on multiple branded sites
- HighStyle – a mainly UK based company at the forefront of restaurant development offering a range of individual operations but with a consistent style
- CoffeeCo – an independently owned single brand operation in the rapidly expanding coffee shop market
- ExoticRest – a small independent company with a number of units offering ethnic cuisine.

Following the protocol designed in the pilot study, the team has interviewed senior personnel within the companies and identified key roles for closer examination. The studies have been primarily concerned with unit management and their development, the progress from unit management to more senior positions, the policies toward graduate employment, and more general employment and development issues facing these organisations.

The questionnaires issued to the target management groups in the companies will be analysed as part of the overall survey analysis.

Main findings

- Management development needs. The diversity of this sector makes it difficult to generalise about the management development needs of all companies, but an interesting dichotomy seems to emerge. On the one hand, those companies whose operations depend on brand values and brand standards seem to follow a clearly structured route, which results in the development of managers with common skills and experience. Those operations who seek to offer a consistent service, but where the individuality of their operations is a key selling point, take a much less directive, procedurally driven, approach to management development. In such operations experiential learning, both inside the organisation or in similarly minded organisations, is highly valued.
- Unit management role. Whatever the style of operation or company, the key role for maintaining service standards and managing profitability is the unit manager, although the nature of this role, in terms of scale and scope, will vary. The day to day operation of restaurant operations will depend on the active involvement of the unit manager. Where the level of food preparation is high this responsibility may be split with the head chef, with the restaurant

manager concentrating on front of house, but in others the unit manager has responsibility for all areas. There is a tendency for unit managers in branded operations to be involved only in day to day operations, with all other decisions being taken at the multi-unit and senior management levels. This can cause difficulties in progression from unit manager to multi-unit manager roles.

- Recruitment of unit managers. There appears to be a common preference to develop unit managers from within the business – encouraging any member of the organisation to develop to this level through a series of structured programmes or through direct mentoring. Despite this preference for ‘growing your own’, there is a recognition of the value of bringing in fresh thinking from outside to challenge established practice. Recruitment direct to unit management would not be seen as good practice but at the same time pressures from expansion or difficult labour markets may make it unavoidable.
- Unit management development. Two methods of management development seem to emerge. The first is a company-wide scheme providing a range of short courses plus structured experience accompanied by careful monitoring of performance and regular appraisal. These schemes could be seen as examples of good industry practice, and result in a consistent approach and a consistent outcome. Managers who have been through these programmes value them highly. This approach may well be linked to a career plan, which moves from smaller simpler units to larger more complex units, perhaps including multi-branded operations. The second approach is to provide opportunities for courses and to identify the desired competencies of managers but to allow individuals partly to identify their own training path, preferably in consultation with a mentor. This path may well be achieved through a series of substantive posts allowing individuals to gain experience in different roles and through the completion of a series of projects. This approach responds more closely to the strengths and weaknesses of each individual but is less clearly perceived by those following this route. A number of managers indeed failed to identify any formal management development in this approach. The choice and balance between these two extremes will depend on the specific characteristics and the culture and values of the organisation.
- Recruitment of area/senior management. The recruitment of managers to levels above unit management is almost exclusively from within the organisation. There is no expressed need for managers at this level to have particular qualifications but in practice a higher percentage of graduates, from all disciplines, are evident at this level than at unit management. One company indicated that it would expect graduates to reach this level over and above non-graduates, who may achieve their ceiling of performance at the unit level.
- Development of senior management. Again the development of senior managers shows a number of approaches. One organisation followed a structured pattern of assessment centres, followed by appointment as

trainee operations managers with a reduced set of units, followed by 'normal' operations managers with a full set of units and finally a small number of senior operations managers with a reduced set of units but more strategic responsibilities in addition to mentoring the trainee OMs. In a smaller organisation, the transition was much more down to a process of succession planning and waiting for the senior opportunities to emerge at the right time and place.

- Key skills. The skills that were most frequently mentioned in all operations and at both unit and senior management levels were leadership and people management. There was a feeling from the managers interviewed that skills such as finance, marketing or purchasing could be learnt with experience from close contact with the functional specialists in these areas.
- Role of operational competence. A key result from the strong reliance on the internal labour market is that unit managers are expected to have the same level of operational competence as their teams and will go through the same training to achieve this. This operational competence is expected at senior management levels and in some functional specialists.
- Salaries. With such a limited sample of organisations no significant conclusions could be drawn, but some key issues were highlighted.
 - Managerial salaries at the unit management level are not high for the level of responsibility and the hours of work expected in a high turnover high pressure business. Indeed, one manager looked back to her golden days as a waitress with no responsibility and earning a substantially higher take-home pay. She would not however have changed back.
 - There is common use of incentive and bonus schemes, presumably as a strategy to provide motivation and to reward good performance in key areas. There is little evidence that incentives of this nature are necessary to provide motivation at this level.
 - One manager reported being paid a very low (£5,000) salary which was made up with a share of the tips, which obviously varied on the level of business. It seems strange to use such an unprofessional approach in a business which encourages the professional conduct of responsible managers.
- Labour shortages, turnover, and expansion. All the case study organisations reported difficulties with recruiting staff, high levels of labour turnover and the pressures caused by rapid expansion. There is no doubt that the type of recruitment policy pursued by some companies builds some of the problems into the system. At the management level, some organisations chose to meet this challenge through their structured approach to identifying and developing any member of staff identified as having managerial potential, while others resorted to the external labour market to fill emerging gaps. There was some suggestion that finding senior managers of the required

calibre is increasingly difficult, particularly in a period of rapid expansion when there is no time to grow managers internally.

- Graduate recruitment and development. All the organisations consulted expressed an interest in and a need to recruit graduates for managerial positions. In particular, they were looking for the intellectual ability, speed of thinking and analysis and 'fresh eye' that graduates would bring. Only one of the organisations had a specific graduate programme, although another was in development. The first programme recruited a small number each year from hospitality and business courses onto a two year programme consisting of short operational experience, before supervisory and eventually departmental manager experience. The company also had two or three places annually on a fast track scheme for direct entry into managerial positions combined with project work. The other organisations recruited graduates onto their normal management development schemes but expected the graduates to make quicker progress at all stages and to have higher expectations of future career development. One organisation expected to fill 30 per cent of its management needs from graduates, while another saw graduates as only a small but vital part of its total recruitment.
- Student employees. There was evidence of companies tracking the students working for them in vacations or during their university course and inviting them to join the management development scheme. One company called these individuals 'swallows' - they are here for the summer and then disappear. There was little evidence of how effective this approach had been.
- Perceptions of hospitality management degrees. All the organisations consulted were aware of hospitality degrees and were positive about the nature of the courses. There was evidence of more detailed knowledge of the strengths and weaknesses of particular universities both in the UK and in Europe. There was, however, no intention to recruit exclusively from these courses and indeed one company was pursuing recruitment of general business studies students, although it was not clear what the results of this had been. A feeling was expressed that selection was based on the attitudes and aptitudes of the individual rather than the specifics of the course they had been on.
- One area felt to be lacking in the hospitality curriculum by one organisation was the development of foreign language skills, and it was felt that courses at European schools were better for this reason.

The restaurant sector

Background

For the purposes of this research the restaurant sector can be identified as closely following the Standard Industrial Classification (SIC) guidelines under Section 55.3 Restaurants; namely 55.30/1 Licensed restaurants, 55.30/2 Unlicensed restaurants and cafes, 55.30/3 Take-away food shops, and 55.30/4 Take-away food mobile stands. The major emphasis will be on the first two sections. There are, however, discrepancies in these seemingly simple definitions that lead to inconsistency of sector statistics.

There can be no doubt that the restaurant sector occupies a major role in the hospitality industry. Statistics from Foodservice Intelligence/Hotel and Catering International Management Association (HCIMA) show there are around 48,000 outlets comprising restaurants, fast food, cafes and take-aways; they also indicate an underlying trend of growth, particularly in fast food. These units provide over 2,100 million meals annually generating sales revenue of approximately £8,000 million. From these figures the simple average turnover of a unit is calculated at £166,000, indicating that the industry has a large number of very small units.

This scale of operation is confirmed by the Key Note 1999 Market Report, which using its definitions identifies some 44,500 restaurants registered for VAT, an increase of 2.8% on the previous year, following a 1.5% growth the year before. In 1998, 49.1% of businesses had an annual turnover of less than £100,000, and 85.1% generated sales of less than £250,000. Those businesses reaching an annual turnover of more than £1million represent only 2% of the total in 1998.

Recent figures from the Hospitality Training Foundation (HtF) Labour Market Review 2000, suggest that there are 122,300 restaurants: almost three times the previous estimate. It is likely that the vast majority of these additional units are small independent operations.

In employment terms, the restaurant sector provides jobs for between 350,000 and 411,000, more than the licensed retail sector overall, and provides considerably more full-time employment than any other sector. The Restaurant Association (RA) recognises the importance of this position in its statements on training. 'Given its role as a major employer, the restaurant industry recognises its responsibility to provide worthwhile and secure jobs. In this respect the RA understands the importance of education and training for the development of future talent' (RA, website). However, calculations show that the average restaurant employs somewhere between three and seven people, depending on which set of statistics are used. Consequently the responsibility to provide such worthwhile jobs lies with a sector that has probably the highest concentration of small businesses.

The restaurant sector has seen substantial growth over the past few years, as can be seen from the following table comparing sales at current prices from 1994 to 1998.

Table 1

Sales at current prices 1994-1998 (in millions of pounds)

	1994	1995	1996	1997	1998
Fast food	5,476	5,647	5,819	6,162	6,577
% change year on year		3.1	3.0	5.9	6.7
Restaurants and cafes	4,816	5,286	5,619	6,254	6,869
% change year on year		9.8	6.3	11.3	9.8
Total	10,292	10,933	11,438	12,416	13,446
% change year on year		6.2	4.6	8.6	8.3

These figures are biased by the inclusion of take-away meals from fast food operations, which can be estimated at around £2.8 billion in 1998. This would give a more realistic total turnover of some £9.63 billion in 1998. While the growth in spending on fast food may not be surprising, the 42.6% growth in restaurants and cafes between 1994 and 1998 does show the dynamic nature of the sector.

Various factors have contributed to the strong growth of the restaurant sector in recent years. These include increases in disposable income, changes in lifestyle habits encouraging more eating out, more choice of restaurants catering for a huge variety of tastes, the spread of branded chains, increased tourism, the growth of television cookery programmes, continued interest in foreign travel, and the development of eating out as a regular leisure activity rather than just a special treat.

The dominance of small restaurant operations does not mean that the restaurant sector does not attract large companies. Indeed the major brand owners are increasing their share in most market segments at the expense of small independent operators. Most of these small businesses operate in localised markets, and margins can be very low.

There have never been as many brands in the UK restaurant market as there are currently, as operators segment their markets and aim specific types at specific customers. There is also evidence of continuing consolidation in the industry, with the biggest companies continuing to grow strongly, and increasing evidence of companies seeking an international as well as national presence with their brands. There is increasing crossover between the licensed retail and the restaurant sector.

Some of the key players and their branded restaurants include Ask, Bass (Toby, Harvester, Browns, All Bar One), City Centre Restaurants (Deep Pan Pizza, Garfunkels, Chiquito, Caffe Uno, Est Est Est, Wok Wok), Diageo, Granada, McDonald's Restaurants, Pizza Express, Scottish and Newcastle,

Tricon International, Whitbread (Beefeater, TGI Fridays, Pizza Hut, Cafe Rouge). There are some obvious crossovers here between what can be termed restaurants and what could be considered as licensed retail. As the licensed retail sector formed the pilot sector for this research, this part of the study has concentrated on food and beverage dominated offers.

It is possible to identify within this collection of chain operations a number of business types:

- company with a strong single brand, possibly with an international presence
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 - company with multiple individual units. May have flagship sites in international locations
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- small company with individual units.

Virtually all the leading restaurant operators are due to expand their outlet numbers in the next few years, some even suggesting a doubling of numbers in two or three years. This, combined with positive social and economic factors, suggest that the sector is likely to see continued healthy growth. The 1999 Key Note Report suggests that restaurant sales, which reached £9.6 billion in 1998 will reach over £13 billion by 2003: year-on-year growth that is well above the predicted level of annual inflation.

The report also predicts that some sectors will perform better than others. The growth in pub restaurants is predicted to slow down over the next few years as the market becomes saturated and differentiation more difficult. Roadside restaurants are also predicted to see steady but rather slow growth, as are pizza and pasta operations. Burger restaurants will continue to drive growth, but increasing saturation will make gains seem rather modest. It is in the other restaurants that growth is forecast to be healthiest. Smaller independent cafes and restaurants will increasingly struggle to survive the boom in branded coffee houses, sandwich and soup bars, whose penetration outside London will be pervasive. There is forecast to be a growth in premium restaurants, to offer more alternatives to the standard menus of the branded chains. Another area highlighted for growth is brands in the ethnic food market. Despite the long-term popularity of Chinese and Indian food, the market has lacked any national chains, although some are now beginning to emerge. The future does look bright for the next few years – and this will mean even more difficulty in recruiting the calibre of staff and management that the industry needs and deserves.

Research approach

The research team has drawn on the experiences of the pilot study and has focused on building a picture of career structures in the sector and gaining insight into the ways managers are developed, considering the skills needed by managers and in particular the role of higher education. The nature of this

sector of the industry, with a large number of small independent operators but a significant number of large chains of national and international importance, raises some issues for this research. The stance taken is that the major opportunities in the sector for graduates will be found with the main chain operators; the role of the independents can also be pursued through the auspices of the Restaurant Association and through the small firms survey done by Leeds Metropolitan University.

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The questionnaires issued to the target management groups in the companies will be analysed as part of the overall survey analysis.

Interview with Ian McKerracher, chief executive, The Restaurant Association

The focus of the work conducted in this research has been on those organisations that are more likely to provide opportunities for graduates to develop their careers within the hospitality industry. However, the nature of the restaurant sector is such that the high incidence of individual operations had to be given due consideration. The Restaurant Association is the key body representing the interests of both chain and independent restaurant operations alike, and was therefore seen as an important point of consultation.

Ian McKerracher, the chief executive, had a wealth of managerial experience across the restaurant sector before taking on his current role and so can speak from personal experience of the industry, as well as on behalf of the association's members. The substance of the interview is as follows:

The restaurant industry is still dominated by independent operations. Recent figures from the HtF suggest that 95% of all restaurant operations are classed as micro-businesses with less than 10 employees. Given this fragmentation, there is a common recognition of the importance of the individual with personality, vision and flair. The sector is one where any individual can happily excel and achieve, without the need for formal academic qualifications. Progress in the sector is based primarily on merit, not on age or qualifications, with those prepared to apply themselves gaining success. Independent operations recognise the importance of individuals of high calibre within their operations and can go out of their way to keep people, even to the extent of expanding the business to provide development opportunities for key staff.

Chain operations faced with plans to expand have recognised the difficulties of maintaining control over a more dispersed portfolio, and even once systems are in place, still need to find managers of the appropriate calibre to take on the responsibility. A combination of internal development and promotion, headhunting and graduate recruitment, would seem sensible in these circumstances. Where independent operators do not see individuals as being hindered by the absence of qualifications, the HR function within some of the larger chains can see qualifications as a way of simplifying the recruitment process.

The sector does have concerns about colleges providing training in technical skills (especially at the lower levels) being out of touch with the reality of the industry, and being constrained by inappropriate requirements. This needs urgent correction. Higher education, with its concentration on the business process, is recognised as appropriate and valuable, yet many organisations still do not look for formal graduate qualifications and this may be harmful in the longer term.

The sector and the industry as a whole does need to improve its image as a worthwhile profession, and this means all the representative bodies working together and, in the longer term, having only one professional and one trade body for the industry as a whole. This could lead to the development of a chartered institute and the introduction of a licence to practice. The challenge at this point, however, is how to continue to give recognition to those people who have gained from their experience in the industry, and have achieved a level of success to qualify as a professional operator, alongside developing an appropriate curriculum as the basis of a qualification route.

The sector cannot afford to be exclusive, but it does need to generate higher levels of quality, and it needs to face up to the challenge of breaking down the barriers that might hinder individual achievement.

The case study organisations

FastFood Restaurants UK Ltd

FastFood Restaurants UK Limited is part of the world's largest restaurant chain with units on every continent and in almost every country. In the UK, FastFood had over 1000 restaurants by the end of 1999, having opened the first restaurant in the UK in 1974. After just 25 years' trading, UK sales revenue is estimated to top £1.4 billion, and profits will be in the region of £90 million. The company is in a dominant position within its market place; it currently controls 74% of the hamburger restaurant business, and accounts for 18% of the quick service restaurant market. Table 1 provides a summarised overview of the company's growth in restaurants in the United Kingdom over the last 20 years.

Table 1

FastFood's restaurants in the UK

Year	1979	1984	1989	1994	1999
Total restaurants in UK	38	165	338	579	1,023

Note: figures at year end

Unlike their international counterparts, the company directly manages the majority of the restaurants in the UK. Fewer than 30% are operated by franchisees and the remaining units are under direct management control. This is almost exactly the reverse of the situation in the international FastFood Corporation, where almost 70% of the company's restaurants are franchised. This feature of the UK company makes the management structure and management careers in the local company unusual within the wider corporation.

Within the managed restaurant estate the management structure is typified by a tight span of control and a 'tall' organisation structure. Within each restaurant a unit manager (larger units: general manager) oversees the operation and the development of the business. A first assistant and a second assistant aid the unit manager. In the larger units there would be more than one of these assistant managers. In addition, floor managers and shift-running floor managers are in effect working supervisors and, like crew, are hourly-paid. The other managers within the unit are salaried. Typically there are six crew members to each manager within the unit.

As with other hospitality retail operations, unit managers are running what are in effect substantial businesses. Typically, a smaller unit would have an annual turnover of £750,000, and most would have an annual turnover of between one

and two million pounds. The manager's responsibilities are largely tactical: ensuring the operation is managed effectively, leading the team, some local marketing, monitoring financial targets, managing staff training and staff turnover. Managers' bonuses are set against a 'balanced score card' whereby the wider performance targets – for training, staff turnover, customer satisfaction and operational quality – are taken into account. These targets have to be met prior to bonuses being paid against financial performance.

Recently the company has begun to introduce a general manager role at unit level. General managers are more 'empowered' unit managers. They are unit managers with a proven track record and are allowed to manage their unit with less direct contact with the operations consultant. This general manager role is regarded as a stepping stone to becoming an operations consultant. In some cases the GM is a person who is drafted in to a 'problem' restaurant, to establish processes and procedures to overcome the difficulty. High staff turnover and recruitment problems are typical difficulties, though it may be a marketing or a control problem.

External to the restaurants, the management structure has undergone some change as the company has grown in numbers and sophistication. At one time, an 'area supervisor' was responsible for just two restaurants. Nowadays most operations consultants are responsible for eight to ten restaurants. Above the operations consultants, the operations managers are responsible for three or four consultants, and three or four operations managers answer in turn to one of seven regional managers. The regional management structure provides support management in addition to the operational management. These include regional human resource and training services, as well as property services and a number of administrative services. Again, there has been change here as the company has grown and some services are being supplied increasingly from the centre.

All regional managers answer in to the operations director. Senior level managers include all key management functions – marketing, human resource and training, finance, property services, product development, etc.

Interviews were conducted with the national training and development manager and the national operations director. Interview histories were gathered from one unit manager, three general managers and one operations consultant.

The company HR and training functions have been run as nominally separate functions for many years, although some regions have an HR and training manager, and the most senior officer at directorate level has responsibility for both functions. A recent development (spring 2000) has been to downgrade the HR function in some regions as centralised systems, and to delegate the primary responsibilities to unit level. The company has, by industry standards, a sophisticated management information system for monitoring training and development. The human resources and training programme produces a restaurant-by-restaurant monthly audit of training undertaken and crew appraisals (using observation check lists). Managers are responsible for

achieving target levels in training, appraisal, staff turnover and employee satisfaction.

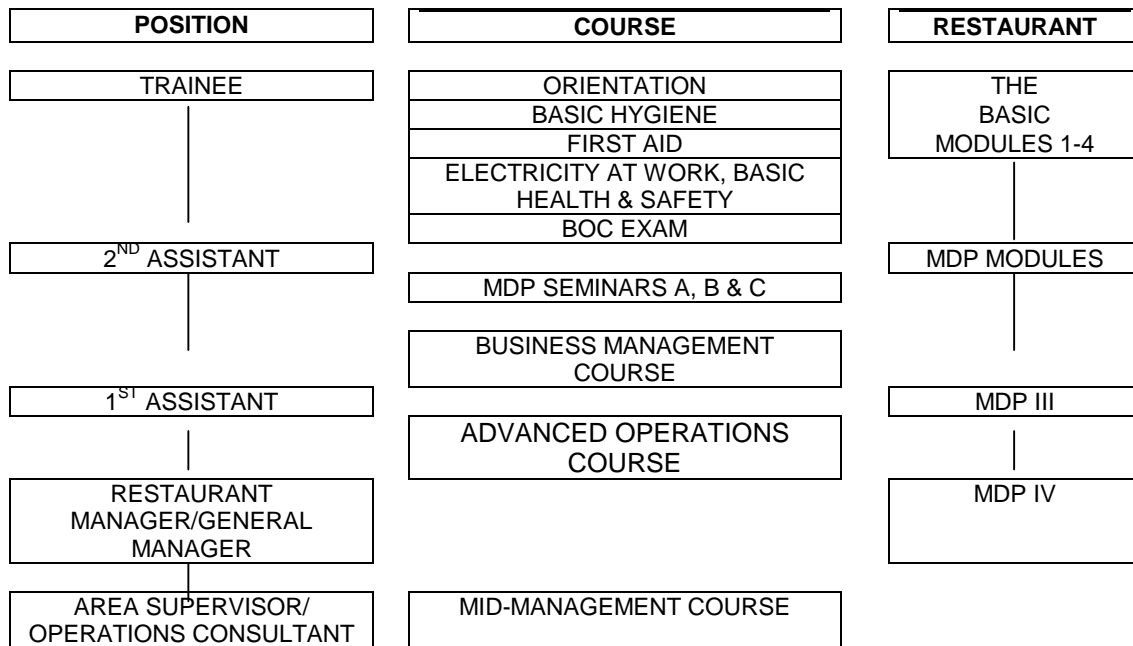
Manager recruitment

Approximately half of all managers started working with the company as crew, and have no management training outside of the company's management development programme. The remaining managers were recruited to the management trainee programme. About 27% of current unit managers are graduates, and the remainder entered the management trainee programme with an array of professional and school-based qualifications. Interestingly, of the 689 graduates in various management positions, 238 entered the company as crew, usually whilst they were studying, and have stayed with the company. Graduates enter with a range of qualification titles. There is no policy to prioritise any particular qualification or any specific universities. The graduate recruitment process involves the use of interviews and questioning that looks for a set of declared qualities. Interestingly, these have close similarities with the descriptors of 'graduateness' used by the Southern England Consortium for Credit Accumulation and Transfer (SEEC).

All managers go through exactly the same training as crew members. So management trainees will go through exactly the same training as crew and will be signed off against the same performance standards. After the initial crew training programme, the trainees complete a cluster of basic modules, including the training to train module. Again, the would-be managers complete the same training as those who will become 'training squad'. The trainees move through second assistant to first assistant, before becoming a restaurant manager. The management development programme supporting the individual's development includes a number of self-study modules, and courses delivered at regional and national training centres. Typically, a graduate would expect to be running a restaurant within 18 months to two-and-a-half years.

Table 2 highlights the programme of courses and self-study modules undertaken in the restaurants as part of the development of salaried managers – that is, positions above floor managers.

Table 2
Salaried management flow chart of training



The key point here is that all unit managers will have undergone the same operational training as crew, and are expected to work to the same levels of competence during their periods of development. Thus, irrespective of their pathway, they will all undertake similar training. A management trainee might achieve unit management more quickly than someone who works through the company's training programme for crew, but the steps, stages and courses undertaken are the same. The significance of the need to keep focused on the operational aspects of the company is reinforced with a company cultural phrase that states: 'FastFood people have ketchup in their veins'.

All recruits to the multi-unit management structure above unit manager are recruited from the unit manager category initially. Thus unit managers are promoted to operations consultants, and in turn operations managers are recruited from operations consultants. There is no expressed requirement for managers in these middle management jobs to be graduates. Looking for the 'right type of person' is the expressed rationale, though in practice there are more graduates in these positions: 40% are graduates.

All operational managers from unit management through to senior national management, including Andrew Taylor the chief executive officer, have undergone this same training and promotion pathway. Recruitment from outside the organisation into a middle or senior management position is almost non-existent. The only exceptions are in some of the functional roles – accounting and property development. People who have worked through the same management development and promotional processes undertake most other roles, including human resources, training and development, and marketing.

In some cases, operational managers have been encouraged to undertake specialist qualifications in human resource management (HRM) or marketing, but this is only in a handful of cases. Similarly, some managers who have ambitions for the higher levels of middle management or senior management study on MBA programmes part-time, but this is not a requirement of the role. It seems to be a personal initiative, aimed at improving personal transferable skills.

People progression and development

The company currently employs 44,000 employees, over 80% of these on part-time contracts. Staff turnover is on average approximately 90% across the company, with some variation between restaurants. One of the restaurant managers in the sample reported staff turnover of just 30%, and the operations consultant interviewed has a target of 70% for his area. Interestingly, all unit managers are responsible for, and bonused against, a 'balanced score card' of factors including levels of training and development of employees, staff turnover levels, employee satisfaction levels, customer satisfaction, internal quality audits, and financial performance – sales and profit growth.

The company's crew training programme includes all elements in the production and service of the product range, and all crew are trained through all aspects so that fully-trained crew are functionally flexible. These core elements are listed in Table 3. In addition, all crew are monitored against the same training standards on the observation check lists (OCLs). These checks are completed on a six-monthly cycle.

Table 3
Elements of crew training in FastFood's restaurants

Key area	Elements/OCLs
Fried products	Fries Fillet, pies & veg. deluxe Chicken products
Grilled products	Buns and dressings Regular grills Quarter grill
Hygiene & backroom	Backroom Hygiene & food safety Safety
Counter and dining areas	Direct draw Counter Dining area
Breakfast	Sausage & bacon batch cooker Breakfast assembler Hash browns & muffins Pancakes Scrambled eggs/round eggs
	Fire, health & safety test

Additional training tests	Health & safety Food hygiene test A-E
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The training and development programme builds from these operational standards and creates a series of steps through which a crew member can see progress. Progression is from crew to five star crew member, training squad member, floor manager, shift-running floor manager, second assistant, first assistant, restaurant manager, and so on. Interviews with crew suggest that these targets are important, as individuals look to the next step in their development. All employees and managers have individual development interviews with their superordinate once every six months.

The HR policy, and approach to management and development of crew and managers up to unit management, is highly organised and systematic. Beyond unit level, the development of managers is less structured and based round a combination of company organised training events, and personal development through part-time study where the individual is motivated to undertake a management course. That said, each manager has responsibilities for the development of subordinates through all levels of the organisation, and team leadership skills are highly valued in the company.

Unit management

The work of unit manager has changed over recent years as the company has adopted a more empowered model for unit managers. The more experienced unit managers in particular are given more responsible autonomy as general managers. The operations consultant visits them less frequently and acts more in an advisory capacity. The interviewees reported this as being usually once a month. That said, all units are audited on a monthly basis to ensure that brand standards are being achieved. The company also employed ‘mystery customers’ to check on service standards. In addition, electronic information systems play a large part in providing information for multi-unit managers to monitor each restaurant’s performance. Thus sales, cost management and profitability, together with information on staff turnover, training and observation check list performance, customer complaints and mystery customer reports, all help managers to identify successes and weaknesses in individual restaurant performance.

To some extent units vary in size, and the rapid expansion in the 1990s was in part brought about by the development of a small pre-fabricated restaurant that reduced the capital costs of each restaurant and opened up markets that might have been marginal previously. On average, the manager will be running a unit taking one to one-and-a-half million pounds a year, with an average staff of 40 to 60 employees. The bigger units, however, could easily be double this size and these tend to be in the city centres.

Unit managers’ responsibilities are largely tactical. The company’s marketing strategies, training and development plans, and HR policies are mainly

determined at national level. Unit managers work within the targets set and are supervised, as well as bonused, to agreed standards. The key point is that the company has a 'balanced score card' approach to the issues being managed. Unlike in many firms in the hospitality retail sector, FastFood managers are expected to work within the targets set for training, staff turnover, etc, as well as customer and quality ratings. The financial aspects account typically for 70% of the bonus whilst the remainder makes up a further 30%.

Skills for a unit manager are chiefly concerned with team leadership, time management, target setting and monitoring, recruitment, training and development as well as some operational aspects of the marketing plan – developing links with local businesses and markets. Each manager is required to produce a business plan for the unit. One unit manager described the role as, 'Running the restaurant as though it was your own business'.

Three of the managers interviewed had come from crew, and spoke very favourably about the company's opportunities for personal development. Typically they started as part-time employees. One stated that she never thought she would be a unit manager. Another interviewee had been appointed as a management trainee having completed a degree in law. He had been promoted to restaurant management within three-and-a-half years of joining the firm. Another general manager had joined on a full-time basis after graduating with a degree in business studies, though he had worked during school and university for the company. He had even undertaken his placement year with the firm. Most interviewees said they enjoyed the pace of the work and the immediacy of the work. All unit managers were expecting to stay with the company for the foreseeable future. Several managers talked about the possibility in the long run of taking on a franchise, although the two experienced restaurant managers were well aware of opportunities within the company – promotion to a multi-unit management role, taking on one of the larger restaurants as a general manager, or secondment to one of the functional units at either regional or national level. Several interviewees at general manager level saw themselves moving to operations consultant role, though one recently promoted GM stated that 'My immediate ambition is to be a good general manager. I have been promoted through the company and whenever I move to the next level, I want to be good in the new role.'

Multi-unit management

The operations consultant interviewed had joined the company having successfully completed A-levels. He had worked for FastFood on a part-time basis and had 'drifted into working full-time'. He had worked through the various stages of hourly paid employment and training, through to shift-running floor manager before being appointed as a management trainee. Subsequently he became a second assistant and then first assistant, prior to become a restaurant manager within four-and-a-half years of joining the company. After a further two years as a restaurant manager he was promoted to area supervisor. Due to changes in the overall organisation structure, the role became the

operations consultant. He had been in a multi-unit management position for five years at the time of the interview.

Currently he is responsible for seven restaurants within a major city conurbation. The units span the company's locations, including city centre, drive through and suburban type units. Ultimately he was charged with meeting the company's budget targets for the cluster of restaurants. The targets link to the overall company objectives in sales growth, growth in market share, and profitability targets, as well as to other aspects relating to staff turnover, employee satisfaction, customer complaints, mystery diner scores and training and development targets. He stated that the bonus for achieving his targets could add between 5% and 20% to his salary. Again, his role is tactical within the overall business strategy laid down at the centre and within the region. He said that he could make capital purchase decisions where these related to requests from managers for replacement equipment. Other investment decisions, such as refurbishment of an old unit, would be taken at regional level, or in some cases at national level.

He said that one of the major differences in his role as operations consultant, compared with role of unit manager, was in the way he had to try and influence the actions of managers rather than being directly in control. He said, 'When I was a restaurant manager I had direct control over my unit – I could intervene to solve problems and my actions could directly build the business. Now I have to negotiate and work with managers. We make decisions jointly because unless I have manager buy-in, policies won't work.' He said it was important to build trust with the unit managers and he held monthly team meetings. In addition he said, 'It is important to socialise with managers in the team. We go out together and let our hair down. It is important that they see me as being human.'

This requirement to change his style of management, together with the need to plan his own schedule, were key skill changes that distinguished the operations consultant's job from that of a unit manager. On a personal level, he found the nature of the job and changed links with people as 'the most difficult aspect of the new job. I was used to working with people – crew – my management team and customers, and my job changed to being more distant, and I was on my own more. I found it very, very hard to cope with at first.'

One interviewee was acting in the role of control auditor. He had been seconded from a general manager's role to a position within the operations management structure, specifically, working with a cluster of 41 units within one operations manager's area. His job was to explore costs and to advise individual unit managers on how to manage their cost profile more effectively. His main focus was food cost control, but he also explored other costs such as sub-contracts for external landscaping, etc. He had joined the company with a national diploma in hotel and catering operations, an HCIMA Part B diploma, and two years' experience of working in the industry. He said that the decision to leave the traditional hospitality sector and join FastFood was a combination of 'push' and 'pull'. He said, 'I was working split shifts as a restaurant manager in a hotel on a salary of £7,000 per year. I saw an ad at the job centre offering

a starting salary of £10,000. I was shocked to find it was McDonald's.' When asked about his use of the hospitality qualification, he said that the company's systems helped show how to manage the safety and hygiene aspects, how to recruit, market the business, etc, but he found these things easier to understand having done a prior course. In general he thought the key benefits weren't just about the content of the course; the key benefits had been from having a higher education – the ability to look and think critically: thinking, investigating and planning.

Senior management

All senior managers within the operational management structure – human resource and development, marketing, and new property department – are former restaurant managers who have had experience through all levels of the company. The chief executive, for example, started working with the company as a management trainee in 1979, having graduated with a degree in sociology and politics. Like all others he has worked through the operation from the basic crew training onwards. The chief operations director joined the company a little later, having done an OND in hotel, catering and institutional operations, and the HCIMA Part B. Some other senior managers have no formal qualifications, but many have at least one degree, a few in hospitality.

Managers expressed support for the mixture of recruits from both experiential and management trainee pathways. Graduates were seen to bring strengths in their ability to learn quickly and their ability to analyse situations. Graduates themselves tended to see that they were more prone to think before acting, compared to their non-graduate colleagues. Some interviewees said that they thought graduates brought a wider vision to the company, compared to 'those who only know FastFood'. However, at all management levels, getting the right person into the right slot was seen as the main consideration. That said, the number of graduates and managers with post-graduate qualifications rose as the level of seniority rose. So whilst there was no evidence of a 'glass ceiling' that prevented non-graduates from rising, they were less likely to be found in the more senior positions.

At senior levels there is a reasonable awareness of hospitality management degrees and their contents. Nevertheless, the company was more concerned to recruit people who could move into the fast-moving retail sector. Thus, graduates and trainees with the 'right kind of qualities' were mentioned frequently.

Like managers in other sectors, the move from unit management to area supervisor alters the nature of the job. Unit managers are working closely with people – both customers and staff. The management levels above the unit involve working with much smaller numbers, and for the immediate multi-unit manager, a lot of travel between units. That said, the company places a great deal of stress at all levels on team leadership, and the ability to create a 'learning organisation'.

Conclusions

FastFood Restaurants UK Ltd represents in many ways a benchmark organisation within the hospitality sector in its broadest sense. The company has a highly structured training and development approach that extends to all employees. The system involves not only initial induction training, but includes full functional flexibility, so that crew members are able to undertake all tasks within the production and service of the restaurant's activities. In addition, appraisal of job competence continues through observation check lists conducted on a six-monthly cycle. Unit managers are made accountable for ensuring that both initial training and the OCLs are conducted on a regular basis. Manager bonuses are in part linked to the achievement of crew training and development targets.

Unit managers are recruited through one structure in that all would-be managers start with crew training and move through the management structure within the unit before becoming a unit manager. There are, however, two key sources of unit managers. Approximately 50% have been promoted through the hierarchy from crew, while the remainder were recruited directly as management trainees. Approximately 30% of all unit managers are graduates. Promotion to the multi-unit management roles, and on to middle and senior management, is exclusively from unit managers. Indeed, with few exceptions, all senior managers have been promoted through the organisational structure in this way. Whilst there are no specific requirements for the more senior managers to be graduates, it is expected that graduates will rise through the structure more quickly.

RoadSide Hospitality

RoadSide Hospitality and its core brand have been in existence for over 40 years and now consist of four key brands operated on more than 400 sites across the whole of the UK. The company started with a single brand, which became synonymous with roadside dining in the UK, and through the 1970s and 1980s went through a very strong period of growth through new build and through acquisition. In the 80s, the company was the first in the UK to operate budget hotels, and quickly established a brand leadership position with over 100 units.

Through the early 1990s, however, the company entered a period of stagnation where there was very little growth in either the roadside restaurants or the budget hotel chain. It would be true to say that over this period the roadside brand became rather jaded, and standards suffered. At the same time the budget hotels lost impetus and were overtaken by other companies entering the budget hotel market. Following a takeover of the company in the mid-1990s, the new owners have breathed new life into the business through a ruthless review of existing sites, an investment in new build developments and acquisitions, and in establishing core brand standards across the chain.

This has resulted in a number of key developments as follows:

- a 'churning' of the estate – the ongoing review of existing sites has resulted in some cases in the replacement of an original converted building with a completely new build on the same site, or in moving the business to a more successful site within the local area, or simply in closure
- an investment in the development of the budget hotel chain, moving into areas that had not previously been considered as appropriate and, in particular, into city centres
- taking on a franchise for a major high street fast food brand and developing this in stand-alone sites or as parts of existing restaurants. The company is now the single largest franchisee in the UK, operating over 50% of this brand's total UK units
- a recognition of the importance of the customer and of quality in the operation that has led to the development of the 'customer journey' as a key management tool, and the award of the HCIMA's hospitality assured standard for the group
- the acquisition of an additional well-known UK restaurant brand, which is suitable for further expansion and fits well with the existing brand portfolio
- a recognition of the importance of international expansion. The company has existing operations in Spain and Eire that are due for expansion. There are

plans to grow further in Europe, with Poland currently under development. Links to operations in Australia and the USA are also being pursued.

Thus, having gone through a period of stagnation, the company has emerged as a dynamic operator, forecasting strong growth across its four existing brands that are combined synergistically into a range of sites catering to a wide range of markets. These markets include families travelling at the weekend or on holiday, as well as business travellers through the week. They tend to attract either families with young children or an older age group, although the introduction of the fast food brand has started to attract a more balanced age profile, and has helped to turn round a serious year-on-year cover decline.

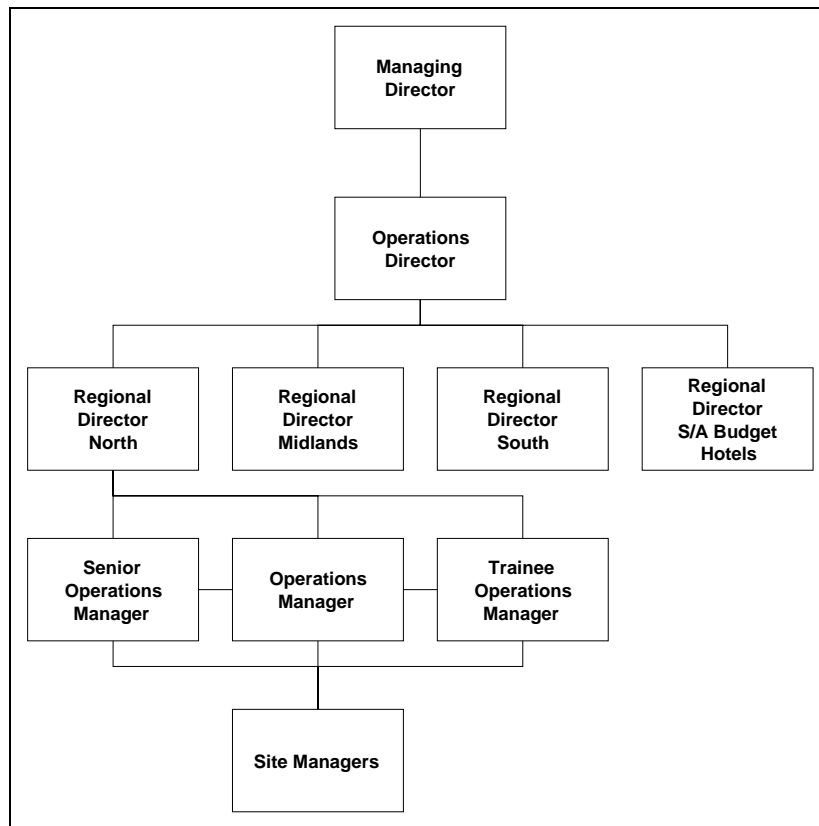
The current portfolio consists of approximately 400 roadside restaurants, 120 fast food operations, 150 budget hotels, and six fish and chip restaurants – but these figures will have changed by the time this report is published. The units are operated either as stand-alones of any of the brands, but increasingly as bi-combi, tri-combi or even quad-combi sites. These combinations provide both marketing and operational advantages, as well as providing optimal use of existing land.

Head office provides a wide range of functional support including finance, marketing, acquisitions, customer service and systems, in addition to the HR function, which looks after between nine and 10 thousand employees. This is organised with an HR director and an assistant HR director, general manager for training and brand standards, employee relations manager, and administration. There are five separate training managers who are organised by brand – two for roadside, one for fast food, one for budget hotel, and one for the fish and chip restaurants. In addition, there are three field HR managers based in the North, Midlands and South regions and a separate HR manager for stand-alone budget hotels.

The operations hierarchy is as shown in the figure below and is explained further in the following sections.

Figure 1

Management organisation chart



The culture of the organisation is split between the head office functions and the units. The head office staff appreciate the opportunities provided by the new owners, and have responded well to the new demands for profitability and growth that have been placed upon them. The unit managers, however, see the new owners as hard task masters who are out to cut costs to the minimum, and see the previous owners as from the 'golden age'.

Unit management

The site manager has overall responsibility for all the brands operating at a particular location. This may be only one brand, as in a stand-alone roadside restaurant or a stand-alone budget hotel, but it is more likely to be a combi site with two, three or even four brands operating at the same time. The site manager will be supported by up to four assistant managers. On some sites these assistants will be designated as fast food specific, or as the budget hotel supervisor, although the current trend is to develop managers who are competent multi-brand managers.

On first appointment, site or unit managers will start with small to medium sites and, if successful, will progress through the larger combi sites to managing one of the national top 100 flagship sites. Salaries start at around £14–16,000 but

are increased through bonuses and incentives. A site manager will be responsible for a turnover of between £170,000 and £1.1 million per year.

Unit managers are described through a series of defined competencies that revolve around the key areas of managing people and customer focus, with an additional need for finance skills – but it is felt that these are easier to develop through training. Unit managers are responsible for the delivery of the key brand standards that underpin the whole organisation and they are expected to apply these standards rigidly. The key requirement at this level is for compliance, and there is little room for entrepreneurial spirit.

Site managers are expected to be mobile within their cluster of units, that is, those managed by the same operations manager, and ideally they should be mobile nationally. It is recognised that this can put some female site managers at a disadvantage. It is also recognised that there are some very good single unit managers who have no desire to progress beyond their current level and prefer to remain as single-brand roadside managers.

Site management is a hands-on role and managers are expected to get involved in day-to-day operational matters and take part in shifts on the shop floor, either back of house or front of house.

Turnover of site managers is low, averaging around 20% per year, but with such a large company this still means replacing around 80 unit managers a year, without taking account of assistant managers and supervisors.

Multi-unit management

There are currently three different levels of operations managers. Senior operations managers are the most experienced, and in addition to having responsibility for up to 20 or more sites, they also deputise for the regional managers in their absence and carry out project work for head office. Operations managers carry the heaviest load of units, having up to 27 units of different types within their geographic clusters. Trainee operations managers will supervise around 10 units while they are being developed.

Once again, operations managers have a defined set of competencies that revolve principally around the needs of their multi-site role. Although operations managers are no longer expected to become involved in day-to-day operations at their units, they still need to gain credibility with their unit managers who will have a strong expectation that OMs will have previously run their own sites as unit managers.

Operations managers are expected to show entrepreneurial flair to develop the business, and they have some flexibility in how this can best be achieved. They are, for example, free to organise support within their clusters for peer review, training, and so on, in their own way, although examples of best practice are now being introduced across the company as a whole.

People progression and development

The company has a clear commitment to the development of operative level staff through a range of training programmes, and through the use of computer-based training at the unit level.

Any employee who shows particular promise, or who applies for a management development position from outside the company, including graduates, will be put through an assessment centre designed to test against the identified unit management competencies. If this is successful they will be enrolled on the recognised manager designate (RMD) programme. This programme, involving a series of short course and supervised experiences, takes approximately one year to complete, at which point the employee will be given an assistant management position preferably within their local cluster. There are currently over 100 employees on the RMD programme, with the vast majority (75 – 80%) coming from inside the company.

The recruitment of graduates is done through the RMD programme and although the numbers are quite small, there is no intention to increase that number substantially in the near future. The company does recognise, however, the need to employ people with the potential to take the company forward into the future and will continue to seek out graduates, particularly from hospitality or retail courses, with some experience of operations. The company is currently working with one university looking at the opportunities for students to take the RMD programme as part of their placement, and then to be given early responsibility upon joining the company on graduation.

The company also tracks the employment of students who work in units as part of their vacation employment. These students, who work for the summer and then disappear again, are known as 'swallows'. Again, they are targeted as having the potential for fast track development should they choose to join the company full-time on graduation. There is no need for these students to have graduated from hospitality programmes.

Unit managers who show further potential during reviews with their operations managers or regional managers, are invited to attend one of two development centres held each year, at which up to 24 managers at a time are tested against the multi-unit management competencies identified by the company. Success at this assessment centre could lead to an appointment as a trainee operations manager. There are no formal courses before appointment, with training based on mentoring from an experienced senior operations manager, while looking after a reduced number of units of between six and 10. Each trainee operations manager will have a personal development plan to identify and correct any perceived weaknesses in their skills and approach. Progression above this level depends on performance in discussions with the regional managers and the operations director. Some operations managers may spend some time in functional roles at head office before returning to operations. There is still an expectation that even managers at the highest levels, and within some head office roles, will have some operational background.

Given the projected growth of the company in the next few years, there is a clear need for detailed succession planning which is now being put in place, as well as a need to keep all policies and procedures under constant review to make sure they are best meeting the needs of the business.

Issues

Although there is good support for the RMD programme at all levels, and the participants speak highly of the way that it works, the financing of the programme causes some concern for the operations managers. The attendance of staff at courses and training events has to be covered out of the very tight staffing budgets, which specify not only percentage targets but cash ceilings as well. Operations managers who have a lot of employees taking part in the RMD programme will find it more difficult to meet these targets. There is a feeling that some operations managers may discourage some staff from taking advantage of the RMD programme for this reason.

There is a clear recognition that the competencies required of site managers and operations managers are quite different, and that being successful as a site manager will not necessarily mean success as a multi-unit manager. Indeed, in some cases the skills may be diametrically opposite, for example in the requirement for flair and creativity. One option would be to recruit operations managers from a different pool, but there is also a strong reliance on the need for an operational background within the company as a key requirement. Very few operations managers are ever recruited from outside the company. There is recognition that this can be limiting for the company and that there may be a need to introduce new blood into the organisation on some occasions, while not deviating from the established brand standards.

One way to smooth the transition from unit manager to operations manager would be to provide appropriate training, focusing on the new multi-site role. In fact, trainee operations managers receive very little training and seem to be expected to pick it up as they go along, with some, but rather limited and informal support from other experienced operations managers.

Conclusions

RoadSide Hospitality is a well established and well organised company that has clear systems in place to manage the complexity of such a large and geographically spread business. The company exhibits many examples of good practice in human resource management and management development, but still has some room for improvement, as the company embarks on another period of growth and development under new ownership and with a new organisational structure.

Hospitality and other graduates are seen as having an important role to play in the organisation and are welcomed, if not actively sought. The company relies

on a very strong internal labour market to ensure that all managers have clearly adopted the standards of the organisation as a whole.

HighStyle

The HighStyle company was started in 1982 with the opening of their first operation, which signalled a resurgence in the London restaurant scene. In the last eight years the company has grown to operate 23 restaurants across 13 sites in London and three other international cities.

The company is divided into four main areas:

- a bar and grill brand, which currently has two units, one in London and one outside. This mid-market operation is projected to grow to 30 units within the next two to three years
- premium restaurants. These are relatively small with around 120 covers, all offering high levels of service and cuisine, including one Michelin starred unit
- large volume restaurants. There are currently three of these large units, offering a number of different outlets within the same building. These three units alone account for around 50% of the total turnover of the company
- international management contracts and hotels. The emphasis here is on designing, building and operating restaurant units for other companies, or in partnership with other companies. The company is currently involved with one hotel unit operating seven food and beverage outlets and employing 300 staff.

Each restaurant is a separate limited company in its own right, in order to stress the independent nature of each of the businesses, and to maintain each of the operation's individual brand identity. This is carried through in the management culture of the company as a whole, where the autonomy of the units is important and efforts are made not to engender a corporate feel. This results in a very lean head office, with only four key decision makers providing the direction on growth to the business as a whole, offering support to the managers of those businesses, and only in the last resort adopting a policing role. The remainder of head office is mainly data input and processing.

The HR function at head office is very small. There is one HR director and four HR managers in the field, attached to specific restaurants or restaurant clusters. These managers are concerned with recruitment and retention, legal and employee relations issues, but their main focus is to encourage the line managers to take responsibility for looking after their own employees. Special HR projects are managed through putting together cross-functional or cross-operational teams on a matrix basis to achieve specific goals, for example, a group of chefs put together to create an apprenticeship programme that is now in operation with Thames Valley University. The strategy is to provide all the support functions and processes that a large organisation would have in place – IT systems for monitoring and tracking, job descriptions, pay systems, competency statements for front line and management staff, psychometric testing, centralised training courses, performance management, staff consultation systems, health and safety committees, monthly statistics on turnover, sickness and absence for cross-restaurant benchmarking – but at the same time to stress the importance of line management involvement and

implementation to avoid the large company mentality. The company prides itself on being one of the few restaurant companies that has a complete HR system in place.

The four key head office words, in order of importance, are growth, direction, support and control. The overall culture is, clearly, of devolved responsibility within a clear framework and on a solid foundation, to restaurant level line management.

Unit management / multi-unit management

Due to the diverse nature of each of the businesses – for example, one restaurant takes around £3 million per year while another takes £15 million – it is not possible to identify a standard unit or multi-unit management role. In essence there are three levels of management in the organisation. The top level is the general manager who would be responsible for a single large unit with a number of outlets of different types on the same site, or a cluster of smaller units. Then at middle management level would be heads of departments in the large units, or restaurant managers within the clusters. The last level is supervisory management, who would support the heads of departments or individual restaurant managers. The company has over 200 supervisory management positions but only eight general managers.

Management competencies at each level are clearly defined to match the needs of the business and include financial management, customer awareness, leading and managing people, self development and flexibility, among others. These competency profiles are used for recruitment, appraisal and management development.

People progression and development

The recruitment of managers at all levels is taken very seriously. There is a preference not to recruit externally wherever possible, and a system of succession planning is in place, based on monthly and quarterly job chats with all employees. Depending on the level of the management vacancy, head office plays a greater or lesser part, but in general terms the responsibility lies with the general managers. For senior management positions there will be a series of psychometric tests followed by one interview with the general manager, one with the HR director, and possibly one with the managing director. For supervisory management positions the majority of the recruitment will be handled by the restaurant internally. As the company has a reputation for the excellence of its food, the chief executive himself is involved in all head chef appointments.

There are four main sources of management recruitment:

- the internal development of talented front line staff
- the graduate recruitment process

- external applications from other businesses with a similar cultural fit
- external acquisitions from businesses that the company admires.

The internal development of staff is accomplished by a series of internal management development programmes to provide staff with the skills and knowledge they require to meet the requirements of the competency profile. Formal programmes are run for each of the competency areas, either by internal managers or external experts. Staff must be nominated to attend the courses by their line managers. Interviews are held before the course to set performance indicators, and after the course to review their achievement in the work place. All staff are monitored through the succession planning discussions and made aware of any vacancies through the internal vacancy list. Individuals may be targeted to apply for certain positions through succession plans, or identified during training sessions, or simply apply through open applications.

There are currently two graduate management programmes in place – the in-house trainee programme and the fast track programme, although the fast track programme has not yet been fully implemented. The company is looking for six or seven in-house trainees and two fast track trainees each year. Selection onto the schemes is through behavioural interviewing based on the competency profiles. Graduates would be expected to have a degree, or HND, or equivalent course ‘of some sort’, but the emphasis is on ‘graduateness’ as displayed in their general level of intelligence and speed of thought, not on particular qualifications. Some concern was expressed at the quality of some graduates from some UK universities, although at least two were seen as of an excellent standard. This has led the company also to recruit graduates from European schools, who are perceived to have a better attitude to the industry than those from some UK institutions. The company will recruit non-hospitality graduates with an appropriate business background, but has no comparative data to assess the merits of hospitality as against non-hospitality degrees. There was some suggestion that modern business managers may be better recruited from non-hospitality degrees.

In-house trainees would take part in a two-year programme, spending a short period on the front line followed by a supervisory management position, then moving to a departmental manager role at the end of the programme. They would take part in the management development courses and carry out work-based projects as part of the programme. The field HR managers would act as career coaches or mentors, but their progression and performance would be monitored by their line managers.

The two or three fast track trainees would spend four weeks or so in front line operations before moving to department head or supervisory positions, and would then be given a series of experiences with different projects in different parts of the company. One such trainee, from a European hotel school, had been with the company for two years, had spent some time on new openings, some time in head office, and had recently been appointed to a restaurant manager position.

Once managers had achieved more senior positions in the company, they would be expected to develop by identifying new growth opportunities for their businesses and developing these to fruition. Another way of developing existing managers was to provide opportunities to transfer between businesses to gain different experiences. There are clear guidelines for different managerial levels for minimum times in post before transfer (18 – 24 months for senior managers, 12 – 18 months for middle managers, and six months for supervisors). It was, however, recognised that the needs of the business may militate against these rules.

In the future, the development of the bar and grill brand, with a roll-out to 30 units, will mean employing a different type of manager. Such a person will manage a more closely defined product, but still possesses the customer service skills, financial management acumen and attention to detail evident in the other operations. The speed of growth provides a major problem for the company at all levels, and it is recognised that it will be necessary to buy in the majority of these new managers, as it takes too long to grow them in house. It was suggested that lack of senior managers of the right calibre for the business is holding the business back from further expansion. The opportunities in the market place are seen as outstripping the capacity of the company to grow or find appropriate managers.

The current profile of employees in the business shows a complete mix across all gender and ethnic categories. There is a slight bias toward female front line employees and toward male managers. Only two out of eight general managers are female.

Issues

There is an inherent conflict in providing a very detailed and systematic framework covering all aspects of the HR function (a very hands-on approach) as would be expected in a large professional corporate organisation, and the desire to support a culture of independence and devolved responsibility (a very hands-off approach) leaving the implementation to line management. There is some evidence from the career interviews that some of the policies and procedures espoused by HR are simply not clear to the front line managers. There is a danger that a light touch is perceived as no touch. It is disappointing that a company that has invested in sophisticated and exemplary HR approaches has not communicated the message as well as it might to the line managers who are expected to do the implementation. Indeed, the fast track trainee mentioned above was simply unaware of the planning and development that had gone into his career moves over the past two years.

The company suffers from serious labour turnover problems ranging from 40% to 140% in some restaurants. There are 20 recognised sources of staff outlined by HR, and 13 detailed retention plans, providing evidence of how seriously the company views this problem. However, the current policy is to recruit Antipodean and European travellers into front line positions, recognising that they will stay for a relatively short time, but while they are there, providing the

quality of staff the business requires. It is estimated that labour turnover adds approximately 50% to the labour costs, as well as causing other operational difficulties. Chefs de partie and front line waiters are particular pressure points. The company employs 600 quality chefs in London alone and at any one time there could be as many 70 positions waiting to be filled.

While management turnover is negligible, the lack of managers of the quality required is seen as a serious constraint on the future growth and development of the business. At the same time, encouraging managers to develop through moving across the businesses can fill needs in one section but leave serious problems in others. Especially in a business where individuals have a lot of scope in the way they run their operations, this means that managers should not be encouraged to move too often.

The company was clear that one way of encouraging this stability was by providing generous salaries with substantial bonuses for good performance. This was not the perception of some of the managers interviewed. Indeed, one middle manager responsible for the whole of the front of house operation in a large unit was on a basic retainer salary of £5,000, with the rest coming from a share of the tips.

Conclusions

This is a clearly successful and highly professional company that in many ways epitomises the dynamism and flair that are key to the restaurant industry. They have clearly recognised the importance of people in their organisation and have put in place HR systems and procedures that provide clear progression for talented individuals all the way to senior management positions.

There is some evidence, however, that attempting to preserve the entrepreneurial and devolved culture of the business while pursuing an aggressive growth strategy, has meant that flexibility has been allowed within the system which may work against its long term benefit. It will be interesting to see how the company copes with the rapid growth of a chain of single brand units across the UK, and whether it can maintain its individuality in the face of the pressures inherent in multi-unit operations.

CoffeeCo

CoffeeCo started life in the Soho district of London as a small family-owned chain of coffee bars. The operations had no common theme or standard and the decor was old-fashioned. Approximately 10 years ago the chain was bought by a millionaire entrepreneur who forecast the coffee boom, recognising the scope for the development of American style coffee shops. The current decor is still based around an Italian theme, but now with dark wood panelling, large painted canvases covering parts of the walls, leather armchairs and sofas as well as normal table and high seating. The menu offers a comprehensive range of coffees as well as freshly-made gourmet sandwiches and salads, soups, desserts, pastries and muffins, and a range of soft drinks. The feel is slightly up-market, but with an emphasis on relaxation and friendliness as opposed to the speed and efficiency of service.

There are currently 39 units across the UK, with 26 units in London and the remainder in major centres such as York, Leeds, Brighton, Manchester, Bristol, and Guildford, with units due to open shortly in Scotland. The intention is to expand rapidly to 80 units by June 2001 by building up clusters of units in large cities, as has happened in London. The capital required for this expansion is likely to be raised by a stock market flotation of the company in the near future.

The head office consists of a finance team of three reporting to the finance director, a maintenance manager, a marketing manager and support team, a food production director, and the HR team. The HR team is headed by a human resources manager assisted by a recruitment manager, a training manager, an administration assistant, and a part-time 'baristas' (service employees) recruiter. There is also a full-time trainer for London, a full-time trainer based in Manchester and an additional part-time trainer.

The company culture is to maintain its family-orientated values despite the current (and projected) size of the business as a whole. Everyone in the company knows each other and there are regular social gatherings, which the owner attends. There is an avoidance of hierarchy in the organisation with anyone able to turn their hand to serving customers should the need arise. Overall, the emphasis is on a 'chilled' approach, where being friendly and providing service to the customer takes precedence over speed. These values are encouraged through all the training at all levels.

The company has grown and is growing rapidly. There is an acknowledgement that not all the systems that should be in place are in place, and that there is still room for improvement in a number of areas.

Unit management

Within a unit, the team consists of a number of full-time and part-time 'baristas' (service employees) depending on the size and demand patterns of the unit. Shift leaders, who are responsible for opening and closing routines, are

recruited from the barista team. One member of the barista team will also act as the unit 'maestro' who, on a buddy basis, will carry out the majority of the barista training in the unit. They will receive normal barista pay rates plus a bonus for each member of staff trained. Each unit will typically have a supervisor who acts as the stand-in for the unit manager. Unit managers are expected to take an active role in the day-to-day operation of the business as their prime area of responsibility, with the majority of other decisions being centralised at head office, for example, barista recruitment, preparation of budgets, etc.

The key criteria for a successful unit manager are first, that they are 'young and trendy and will look good in a tee shirt and a pair of jeans'. They should also get on well with customers and have the personality to lead the barista team, as well as having an eye for detail. The expectation is that it will be obvious within a few weeks if a new manager fits the culture of the organisation or not.

Multi-unit management

There are number of different levels of multi-unit management above the unit management position. The first level is known as the cluster manager. This is typically a unit manager who takes on the additional responsibility of overseeing between two and four other units. The expectation is that they will carry out at least one front line shift in each unit each week. The level above the cluster manager is called the junior area manager, who supervises the operation of eight to ten units, again carrying out regular shifts duties in each store. There is currently one area manager for the all of the 39 stores across the UK, although it is expected that if the expansion goes ahead as planned, there will be a need for two regional managers to replace the current single area manager position. In addition there is an operations director.

People progression and development

The company tends to recruit to full-time barista positions young people who are enjoying a period of European travel, and therefore have a clear expectation that they will only stay with the company for an average of four months or so. If it is identified during their regular monthly appraisal sessions that they are likely to be staying more long-term, and that they have the potential for further development, then they will be placed on the in-house management development route as a trainee manager. Anyone applying to the company for a management opportunity without previous managerial experience will also be placed on this route. The recruitment of management at this level is through the use of recruitment agencies, advertising, and poaching from other companies. There is a heavy reliance on word of mouth referral from other employees or managers. Just less than 50% of trainee managers are recruited from outside, coming from a wide range of other employment including retail, licensed operations, and other coffee operations.

The trainee management programme consists of an internally devised management development module, which takes on average nine weeks to work through, with support from other managers. There is, however, no fixed time to complete the module and trainees can take as long as they like over it. On successful completion of the module, trainees will be given a post as a number two within a unit. They will occupy this post for between two months and one year, depending on ability, before being promoted to unit manager. Trainee managers and unit supervisors can expect to earn between £12,000 and £14,000 per year.

Those who are recruited to the company with existing management experience elsewhere will be placed on the 'manager in training' programme. This involves five weeks of moving around different operations in the group to gain hands-on experience of how the company operates and of the different types of units. After these five weeks, there will be a further period of two weeks working as number two under an experienced unit manager who will assess whether, at the end of this period, the trainee is ready to take on unit responsibility. Unit managers can expect to earn between £16,000 and £18,000 per year.

There is no formal training programme for the development of unit managers up to cluster or junior area managers. The company makes available a number of building blocks of training, including time management and communication skills, but the majority of development comes from personal coaching from the existing multi-unit management team. The majority of managers at this level will be recruited from within the organisation.

Issues

There is a clear recognition that the role of a unit manager within the organisation, with its emphasis on hands-on day-to-day operation, does not provide a long-term career. The expectation is that unit managers will 'burn out' on average after 18 months. At the same time, with the continued growth plans of the company, this leads to a heavy and expensive recruitment burden. Plans are in place to review the current appraisal system and to encourage unit managers to get involved in special projects in order to identify dissatisfaction early, to target development opportunities, and to provide additional challenges in order to extend the average length of stay. In the meantime, unit management recruitment is challenging. For example, the company needs to recruit seven new managers before the end of the year.

There is also recognition that this is an increasingly competitive market that now provides potentially too much choice for customers and prospective employees. There is a feeling that the London market is now saturated and that future expansion will tend to be outside London. The company is therefore looking for selective growth at the quality end of the market, but recognises that expansion outside London will tax the current systems, which will need to be reviewed. Plans are already going forward to devolve some of the HR functions to regional centres.

The company were aware of degree courses in hospitality management and had identified them as part of their development strategy. In the first instance, the company were looking to offer placement opportunities to students. These would lead through the management development programme already in place to unit responsibility, with the expectation that students would return at the end of their course to pursue further career opportunities. Placement packs had been developed and sent to a number of universities, particularly those in the London area, but as yet the company had received no response to this approach. The company would be delighted to receive applications from graduates for management positions.

The company can identify no obvious discrimination or bias in their recruitment or development systems. There is a reasonable balance of male and female managers throughout the company, and a high level of homosexual as well as heterosexual managers.

The rapid growth of the company and the future projected growth of the company is a cause for concern. There is, for example, currently no systematic succession planning in place and this is seen as a priority for development. Similarly, all the training that has been developed and carried out in house is currently under review.

Conclusions

This is a young and dynamic company with aggressive expansion plans in a highly competitive market for both customers and staff. Their intention is to rely on a differentiation strategy. For customers, this involves an emphasis on the quality of their products and the friendly and personal nature of their service. For staff, the emphasis is on the family nature of the business and the 'chilled' nature of the work culture, as they cannot afford to rely on higher rates of pay.

The company has clear policy and procedures on recruitment, training and development, and provides routes for management careers within the company. There is, however, a feeling that these may not be as robust as they need to be to cope with the projected growth of the company and the move to a more devolved pattern of responsibility.

The recruitment of hospitality graduates is part of their development strategy but has not yet been tested.

ExoticRest

ExoticRest was created from an original local restaurant in the East End of London offering Indian cuisine, which the current owner opened on arriving from India in August 1991. The owner took on the original restaurant as a going concern on a leasehold basis, offering anglicised Indian cuisine at the popular end of the market. In November 1995, in partnership with another established individual restaurateur, the concept was developed to offer authentic Indian food and culture to a high level of cuisine, at a medium price, in a brighter, vibrant, more spacious and comfortable atmosphere. The restaurant opened in new premises, taking the majority of the existing staff, and proved to be an immediate success. In 1997, a second unit was opened in the south-west of London.

The concept has been successful but has significantly changed the target market for the restaurants. These no longer cater for the local clientele, but attract a more upmarket customer who is willing to pay more for an authentic product with excellent service in a colourful environment. This has had its positive side in that the clientele is more subdued and easier to deal with, and much more appreciative of the level of cuisine and service offered. At the same time this has meant that the location of the restaurants has not proved to be ideal. Some customers are nervous of travelling to these parts of London. It has also made the business vulnerable to downturns in particular types of markets, for example, the reduction in business expense account entertaining at lunchtime, and the increasing difficulty of selling spirits, liqueurs and cigars. In addition, there has been a very significant growth in the level of competition as more and more chain operations have flooded the market. The owner indicated that he has moved from being one of about 20 restaurants in the local area, to being one of about 100 in the last two or three years. Much of this competition has come from fast food operations and sandwich / coffee operations, which has further reduced the lunchtime trade. This has led to around a 14% reduction in average restaurant spend.

In these circumstances, there is some doubt as to whether the current concept can be expanded to other locations, and the owner is looking at other ventures in the snack food and sandwich supplies market. He will be opening a third restaurant with a completely different concept to the original two very shortly. One driving force in expansion is the need to provide additional opportunities for the development and growth of his staff team, which is restricted by the small scale of the operation.

The restaurants currently employ a total of 46 staff, split between 18 in kitchen operations and the remainder working front of house. The owner has a key hands-on role in the management of both restaurants, spending the days in one operation and the evenings in the other. The owner's wife provides the administrative backbone of the company. There is one assistant manager who has a particular responsibility for human resource issues. In addition, each restaurant has a head chef, with the owner providing direct input in this area. There are five duty managers who are responsible for front of house operations

and who also take an active role in food service. In total, nine of the current staff have been working for the owner for over nine years, and other staff tend to stay for long periods.

Given the nature of the business, interviews were restricted to the owner of the business and his assistant manager, with questionnaires being distributed to all members of the management team.

Unit management

Given the scale and scope of the operation, it is not surprising that the managerial responsibility for this operation lies firmly with the owner, who takes a keen day-to-day interest in the minutiae of daily operations, as well as providing strategic direction. The owner does not feel that there is currently room in the business to employ a general manager who could take on the operations management role.

The role of the duty managers in the restaurants is limited to the management of front of house operations, and a direct involvement in food service where needed. These duty managers are long-serving members of staff who have grown with the business over many years, and there is some suggestion that some of them have reached their level of ability and have no real motivation for further personal development.

The skills required of these managers is directly related to their service role with attitude being of the highest importance; floor management skills and acting a leader or example to others are also key skills. In addition, these managers should not succumb to the temptations inherent in their role. Salaries for these members of the management team are around £22,000 per year, with an additional benefits package. Some of this salary is seen as being a reward for loyalty to the owner.

People progression and development

The operation does have a very high emphasis on development and training at all levels. The company is Investors in People registered, has won a national training award and was recently presented with a millennium award for medium enterprises. This emphasis on training has grown out of the owner's vision to develop all his staff within the business, and in the first instance by providing them with training in English to allow them to respond more effectively in a service setting. Additional training opportunities are then provided on an individual basis. All the managers are accredited internal verifiers or assessors; the assistant manager has recently attended a Dale Carnegie course; a further member of staff is attending college on a part-time basis to develop his IT skills, which are being well used in the business setting.

This commitment to training has led to the owner becoming involved, with two other partners, in the development of a new school for the training of staff and

managers of Indian, Chinese and other Asian cuisine restaurants. The school will be based in Hackney Community College and will initially offer NVQ level 1 and 2 courses, but will develop further courses for owners and managers as it becomes established. It will provide a restaurant and open training kitchen especially designed for Asian cuisines.

Despite this strong commitment to personal development, the owner sees a number of contradictions in his business. On the one hand, he would like to see his staff develop to the extent that they look for additional responsibilities and perhaps for better prospects outside his operation. He, however, sees very few individuals who have actually followed that route, most preferring to stay with ExoticRest. This has led to some stagnation in the management team and limited growth potential. Part of the expansion plan of the business is geared to providing further development opportunities for members of his management team.

Issues

The owner is aware that there are particular human resource management issues in running ethnic restaurants of this type that are largely due to the culture and religious backgrounds of the employees, who are predominantly male and Muslim. This causes some particular issues which would need to be addressed by new managers:

- there is a mix of cultural backgrounds which needs to be understood in order to handle individuals in the most appropriate way
- there is a definite sexual discrimination bias among the staff as a whole, which could cause problems for female employees or managers
- there is a general reluctance in the culture to pass on skills to others, and this has had to be tackled seriously in the development of the training culture of the organisation.

The owner would welcome applications to his company from graduates of hospitality degrees and feels they would offer a good range of skills that he could benefit from in his business. However, given the above issues with staff management, he is aware that this may prove to be a challenge and there would need to be a period of assessment to see whether the graduate would be able and happy to fit within the culture. In the past he has made attempts to recruit students for placements in his restaurants offering a training programme by contacting universities in London, but he has had no response to his offers.

Conclusions

This is a very successful owner-operated and managed business with scope for future development of the original concept and into related ventures. Given the scale and scope of the current operation, it is not surprising that the owner takes a key role in the day-to-day management of the operation as well as its strategic direction. He is supported in this by a team of faithful and experienced

managers and staff who have grown with the business. There is a strong training and development culture within the organisation providing opportunities for individuals, but there is only a limited scope for additional responsibility within the business. Graduates with the right attitude would be welcomed by the business, but would have to be able to cope with the particular cultural challenges posed by an operation of this type.

The owner has concerns about the future of the industry and does not feel that government gives hospitality the emphasis and support that it deserves. He is especially keen to see the development of more professional attitudes in the restaurant industry as a whole, and would welcome moves towards establishing a scheme providing licences to operate.

Main findings

- Management development needs. The diversity of this sector makes it difficult to generalise about the management development needs of all companies, but an interesting dichotomy seems to emerge. On the one hand, those companies whose operations depend on brand values and brand standards seem to follow a clearly structured route, which results in the development of managers with common skills and experience. These are the 'Blackpool rock' managers (– wherever they are cut, they have the brand running through them) or the managers who have 'ketchup in their veins'. Those operations who seek to offer a consistent service, but where the individuality of their operations is a key selling point, take a much less directive, procedurally-driven approach to management development. In such operations experiential learning, both inside the organisation or in similarly minded organisations, is highly valued.
- Unit management role. Whatever the style of operation or company, the key role for maintaining service standards and managing profitability is the unit manager, although the nature of this role, in terms of scale and scope, will vary. The day-to-day operation of restaurant operations will depend on the active involvement of the unit manager. Where the level of food preparation is high this responsibility may be split with the head chef, with the restaurant manager concentrating on front of house, but in others the unit manager has responsibility for all areas. There is a tendency for unit managers in branded operations to be involved only in day-to-day operations, with all other decisions being taken at the multi-unit and senior management levels. This can cause difficulties in progression from unit manager to multi-unit manager roles.
- Recruitment of unit managers. There appears to be a common preference to develop unit managers from within the business – encouraging any member of the organisation to develop to this level through a series of structured programmes or through direct mentoring. Despite this preference for 'growing your own', there is a recognition of the value of bringing in fresh thinking from outside to challenge established practice. Recruitment direct to unit management would not be seen as good practice, but at the same time pressures from expansion or difficult labour markets may make it unavoidable.
- Unit management development. Two methods of management development seem to emerge. The first is a company-wide scheme providing a range of short courses plus structured experience, accompanied by careful monitoring of performance and regular appraisal. These schemes could be seen as examples of good industry practice, and result in a consistent approach and a consistent outcome. Managers who have been through these programmes value them highly. This approach may well be linked to a career plan, which moves from smaller simpler units to larger more complex units, perhaps including multi-branded operations. The

second approach is to provide opportunities for courses and to identify the desired competences of managers, but to allow individuals partly to decide their own training path, preferably in consultation with a mentor. This path may well be achieved through a series of substantive posts allowing individuals to gain experience in different roles and through the completion of a series of projects. This approach responds more closely to the strengths and weaknesses of each individual but is less clearly perceived by those following this route. A number of managers, indeed, failed to identify any formal management development in this approach. The choice and balance between these two extremes will depend on the specific characteristics and the culture and values of the organisation.

- Recruitment of area/senior management. The recruitment of managers to levels above unit management is almost exclusively from within the organisation. There is no expressed need for managers at this level to have particular qualifications, but in practice a higher percentage of graduates, from all disciplines, is evident at this level than at unit management. One company indicated that it would expect graduates to reach this level ahead of non-graduates, who may achieve their ceiling of performance at the unit level.
- Development of senior management. Again the development of senior managers shows a number of approaches. One organisation used a structured pattern of assessment centres, followed by appointment as trainee operations manager (OM) with a reduced set of units, followed by 'normal' operations manager with a full set of units. The final stage is as one of a small number of senior operations managers with a reduced set of units, but more strategic responsibilities in addition to mentoring the trainee OMs. In a smaller organisation, the transition was much more down to a process of succession planning and waiting for the senior opportunities to emerge at the right time and place.
- Key skills. The skills that were most frequently mentioned in all operations and at both unit and senior management levels were leadership and people management. There was a feeling from the managers interviewed that skills such as finance, marketing or purchasing could be learned with experience through close contact with the functional specialists in these areas.
- Role of operational competence. A key result from the strong reliance on the internal labour market is that unit managers are expected to have the same level of operational competence as their teams, and will go through the same training to achieve this. This operational competence is expected at senior management levels and in some functional specialists.
- Salaries. With such a limited sample of organisations no significant conclusions could be drawn, but some key issues were highlighted.
 - Managerial salaries at the unit management level are not high for the level of responsibility and the hours of work expected in a high-turnover high-pressure business. Indeed, one manager looked back to her 'golden

days' as a waitress with no responsibility and earning a substantially higher take-home pay. She would not, however, have changed back.

- There is common use of incentive and bonus schemes, presumably as a strategy to provide motivation and to reward good performance in key areas. There is little evidence that incentives of this nature are necessary to provide motivation at this level.
- One manager reported being paid a very low (£5,000) salary which was supplemented by a share of the tips, which obviously varied on the level of business. It seems strange to use such an unprofessional approach in a business which encourages the professional conduct of responsible managers.
- Labour shortages, turnover, and expansion. All the case study organisations reported difficulties with recruiting staff, high levels of labour turnover and the pressures caused by rapid expansion. There is no doubt that the type of recruitment policy pursued by some companies builds some of the problems into the system. At the management level, some organisations chose to meet this challenge through their structured approach to developing any member of staff identified as having managerial potential, while others resorted to the external labour market to fill emerging gaps. There was some suggestion that finding senior managers of the required calibre is increasingly difficult, particularly in a period of rapid expansion when there is no time to grow managers internally.
- Graduate recruitment and development. All the organisations consulted expressed an interest in, and a need to recruit graduates for managerial positions. In particular, they were looking for the intellectual ability, speed of thinking and analysis, and the 'fresh eye' that graduates would bring. Only one of the organisations had a specific graduate programme, although another was in development. The first programme recruited a small number each year from hospitality and business courses onto a two-year programme. This consisted of a short operational experience, before supervisory and eventually departmental manager experience. The company also had two or three places annually on a fast-track scheme involving project work for direct entry into managerial positions. The other organisations recruited graduates onto their normal management development schemes, but expected the graduates to make quicker progress at all stages and to have higher expectations of future career development. One organisation expected to fill 30% of its management needs from graduates, while another saw graduates as only a small but vital part of its total recruitment.
- Student employees. There was evidence of companies tracking the students working for them in vacations or during their university course and then inviting them to join the management development scheme. One company called these individuals 'swallows' – they are here for the summer and then disappear. There was little evidence of how effective this approach had been.

- Perceptions of hospitality management degrees. All the organisations consulted were aware of hospitality degrees and were positive about the nature of the courses. There was evidence of more detailed knowledge of the strengths and weaknesses of particular universities, both in the UK and in Europe. There was, however, no intention to recruit exclusively from these courses and indeed one company was pursuing recruitment of general business studies students, although it was not clear what the results of this had been. A feeling was expressed that selection was based on the attitudes and aptitudes of the individual rather than the specifics of the course they had been on.
- One area felt to be lacking in the hospitality curriculum by one organisation was the development of foreign language skills, and it was felt that courses at European schools were better for this reason.

Conclusions

The restaurant sector is a dynamic and fast growing sector that offers tremendous opportunities for graduates who are looking for a challenging career and early responsibility. The level of rapid change in the industry bodes well for future development and progression to senior management positions.

The restaurant chain operations considered here all have clear HR policies and procedures and display good practice – indeed, some excellent practice – in the level of sophistication of their approaches to staff and management development and progression. They are all faced with difficulties in recruitment and retention, some of which are partly self-inflicted.

All the operations reported on here recognise the value of graduates to the future development of their organisations, and either welcome or actively seek the entry of graduate management trainees onto their development routes. These routes involve recognition that graduates will behave differently from other staff.

While the large chain operations offer good prospects for graduates, smaller independent operations may also welcome graduate entrants, but the recruitment and development will not be as sophisticated and the personal fit with the operation will be crucial. The opportunities for personal growth and deeper involvement may be greater.