



Performance Management Practices for Restaurant Managers

Spot Survey Results

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HayGroup®





Prepared By

Tom McMullen
Senior Consultant
Chicago, IL
312.228.1848
Tom_McMullen@haygroup.com

Tina Seeling
Survey Consultant
Philadelphia, PA
215.861.2729
Tina_Seeling@haygroup.com



Survey Background

- **Survey of performance management practices for restaurant management positions**
 - Design characteristics
 - Administration characteristics
 - Perceived effectiveness
- **Topics covered:**
 - Performance planning
 - Performance coaching
 - Performance review and assessment
 - Linkage to reward systems
 - Performance measures
- **Survey results already distributed to participants.**
 - Participants received more detailed report findings.





Survey Participants



AFC Enterprises

Applebee's International, Inc.

Bob Evans Farms, Inc.

Brinker International

Buffets, Inc.

Caribou Coffee Company, Inc.

Carlson Restaurants Worldwide

Cracker Barrel Old Country Store

Dave & Buster's, Inc.

Denny's, Inc.

Domino's Pizza LLC

Friendly Ice Cream Corporation

Frisch's Rest. Inc.

Golden Corral Corp.

IHOP Corp.

Jack in the Box, Inc.

Metromedia Restaurant Group

NPC International

O'Charley's Inc.

Papa Johns International

Prandium, Inc.

Red Lobster

Round Table Pizza, Inc.

Ryan's

Seed Restaurant Group

Shoney's Inc.

Starbucks Coffee Company

VICORP Restaurants, Inc.

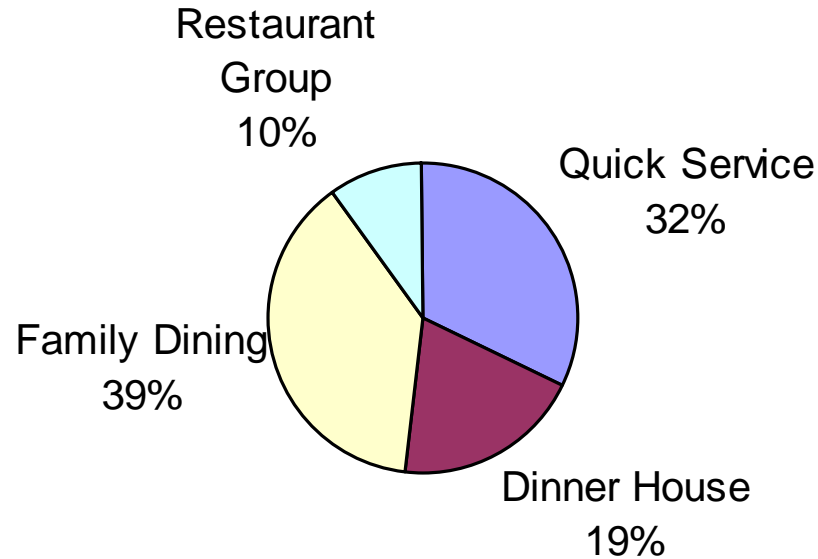
Walt Disney World Food & Beverage

Wendy's International, Inc.

YUM! Brands, Inc.



Participant Demographics



■ **Note: average employee turnover rates:**

- Average hourly turnover rate: 129%
- Average management turnover rate: 36%



Performance Planning

- **Who is involved in establishing performance objectives:**
 - HR Staff (37%)
 - RM (41%)
 - RM's direct manager (84%)
 - Manager's manager (76%)

- **Performance objective/setting process:**
 - Top down process (71%)
 - Bottom up process (4%)
 - Mutual agreement (22%)

Note: %'s are those answering "to a very great extent" or "to a great extent."



Performance Planning

- To what extent do the following statements apply to your organization:

This organization has a formal performance management process in place	90%
This organization has clear strategic objectives	88%
This organization views performance management as a normal way of doing business	77%
Business strategies have been translated into clear targets and performance indicators	74%
There is a clear link between strategic objectives and individual performance criteria	67%
The performance management process has clear links with business planning processes	55%
Managers and employees discuss necessary resources to meet the agreed objectives	32%
The performance management process is used to drive change in the organization	26%
Managers view performance management as a recurring burden imposed on them	16%

Note: %'s are those answering "to a very great extent" or "to a great extent."



Performance Coaching

- In your organization, management generally:

Is readily accessible for Restaurant Managers if and when needed for their managerial support	90%
Openly recognize achievements of high performing Restaurant Managers	71%
Provides effective support to their Restaurant Managers to achieve their objectives	68%
Provides Restaurant Managers with regular feedback on their performance with regard to business results	63%
Is able to provide up-to-date information on Restaurant Manager performance progress	61%
Provides Restaurant Managers with an opportunity to provide self-assessments on their performance.	52%
Provides Restaurant Managers with regular feedback on their performance with regard to required behaviors	45%
Provides Restaurant Managers an opportunity to provide their manager with managerial style feedback.	33%
Proactively coaches Restaurant Managers when individual performance is not acceptable	26%



Performance Coaching



■ To what extent do the following apply to your organization?

Managers are aware of the behaviors required for outstanding performance in the roles of their Restaurant Manager reports	74%
We have processes for managing and coaching Restaurant Manager performance through the year	71%
In this organization, “how” a Restaurant Manager goes about doing their job is as important as “what” they accomplish	65%
Managers are capable of effectively recognizing, planning and discussing Restaurant Manager behavior	45%
Objectives for Restaurant Managers are continually readjusted and reviewed as needed throughout the year	29%

■ How often during the year is performance discussed between RM’s and their manager?

- Annually: 13%
- Twice a year: 33%
- Quarterly: 30%
- Monthly: 20%
- Weekly +: 3%

Note: %’s are those answering “to a very great extent” or “to a great extent.”



Performance Review and Assessment



- Which of the following is available to managers as support in setting and reviewing RM objectives?

HR Support (e.g. guidance, administration, QA);	90%
Business planning tools (e.g. Balanced Score Card);	55%
Employee development tools (e.g. training curriculum);	55%
Behavioral assessment tools (e.g. multiple rater feedback instruments);	39%
Training in the performance management process (e.g. target setting, appraisal);	38%

- Which of the following sources of information are used to provide input to RM performance reviews:

Reviewer's personal judgement	68%
External customer's perspective	42%
Restaurant Manager's self-assessment	32%
Multiple rater feedback on the Restaurant Manager	23%
Feedback from the employee's peers	15%
Internal customer's perspective	15%

Note: %'s are those answering "to a very great extent" or "to a great extent."



Performance Review and Assessment



- Regarding the distribution of Restaurant Manager employee performance:

Most Restaurant Managers fall into the middle with a bell-shaped distribution around the middle	52%
Our organization has a forced employee distribution (pre-defined percentages of employees are established for each rating category)	30%
Distribution is skewed towards higher performance ratings	13%
Our organization uses a forced ranking process (each Restaurant Managers is sequentially ordered relative to other Restaurant Managers)	7%

- Typical number of rating categories is 4-5.

Note: %'s are those answering "to a very great extent" or "to a great extent."



Rewarding Performance



- To what extent do the following statements apply to your organization for Restaurant Managers?

Individual rewards are directly linked with performance	80%
We have an Restaurant Manager performance rating system that is linked to base salary increases	68%
There is a tight coupling between the timing of base salary increases and delivery of the performance review	68%
Short term incentive payments based on performance are viewed as motivational	68%
Our Restaurant Managers performance rating system is linked to both base salary increases and to short-term incentive payouts	41%
Superior performers believe that they are rewarded commensurate with their performance	39%
Base salary increases based on performance are viewed as motivational	23%
Superior performers receive differentiated training and development opportunities compared to average performers	23%
In spite of differences in performance assessments Restaurant Managers seem to be rewarded the same	10%
Superior performers receive differentiated benefits or perquisites compared to average performers	10%

Note: %'s are those answering "to a very great extent" or "to a great extent."



Performance Measures

- **The following measures are considered primary measures in assessing RM performance:**
 - Financial measures (e.g., sales, income, profits)
 - Operational excellence (e.g. productivity, quality)
 - Customer measures (e.g., satisfaction, loyalty, share)
- **The following measures are not as prevalent:**
 - Employee measures (e.g., satisfaction, retention)
 - Individual behaviors/competencies
 - Technical knowledge and skills
 - Social/community responsibility
- **Overall performance metric is typically a function of individual performance against job standards.**
 - Assessments against MBO's, team goals or competency/skill acquisition not as prevalent.





Performance Management Process Ownership

- **The Restaurant Manager performance management process is owned by:**

Collaboratively with Field Management and HR.	66%
Field management	65%
Human Resources Professionals	32%
Individual employees	13%

- **The Corporate HR (55%) or Corporate Compensation (58%) tends to develop the RM performance management processes.**
 - Corporate Training and Development (29%), Field Restaurant Operation (29%) and Field HR (19%) do not take as active a role.

Note: %'s are those answering "to a very great extent" or "to a great extent."



Trends

- To what extent is your organization considering the following in its RM performance management system?

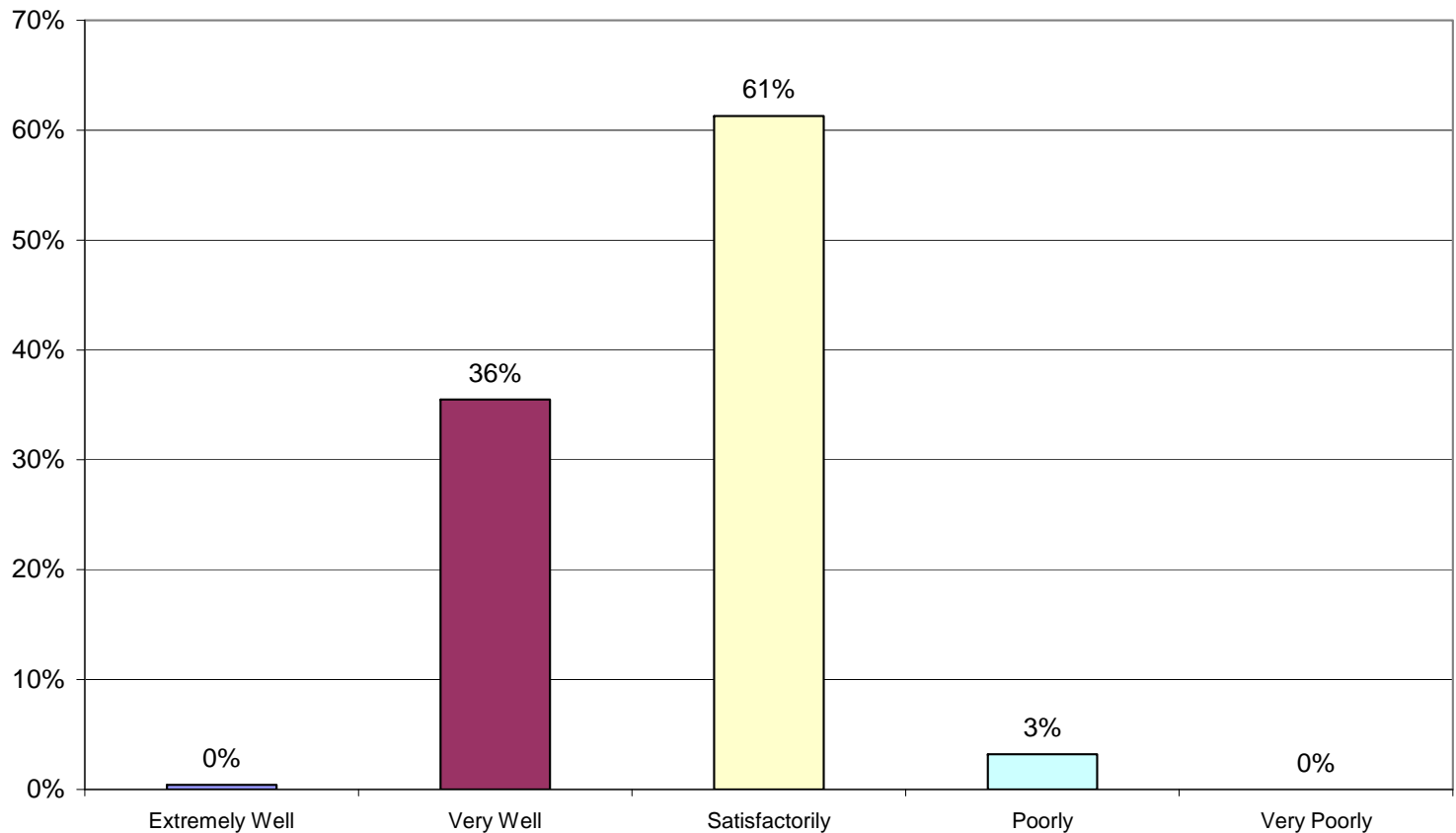
Trends	Doing	Considering	Not Considering
Alignment with corporate goals (cascading goals)	77%	16%	7%
Competencies (behaviors)	61%	36%	3%
External customer feedback	55%	26%	19%
Technology	37%	43%	20%
On-going coaching systems	33%	57%	10%
Formal linkage to training and development	32%	58%	10%
Formal linkage to succession planning	32%	58%	10%
Multiple rater feedback	23%	32%	45%
Forced ranking	7%	10%	84%



Overall Perceived Effectiveness of the Performance Management Program



In your view, how well does your organization manage individual Restaurant Manager performance overall?





Perceived Effectiveness of Performance Management Program

- **Overall effectiveness (36%)**
 - Performance planning process (46%)
 - Performance coaching (26%)
 - Timeliness of administration (58%)
 - Assessment and review process (51%)
 - Link between pay and performance (40%)

- **Overall effectiveness by management turnover levels:**
 - Lowest turnover -- 1st quartile (50%)
 - Highest turnover -- 4th quartile (38%)

Note: %'s are those answering “extremely well” or “very well”.



Take - Aways

- **RM performance management ingrained in organizations**
 - Viewed as working OK to OK+
 - Heavily tied to business results/financials
 - Top down process

- **Opportunities for improvement**
 - Upgrading coaching processes
 - Upgrading MUM assessment processes
 - Integration with other HR processes
 - Better leveraging technology



Additional Findings Available to Participants

- **Performance measures**
 - Prevalence of measures
 - Perceived effectiveness
 - Time horizon focus
 - **Linkage to other HR systems**
 - **Use of technology to support performance management processes**
 - **Cultural enablers and barriers in supporting performance management processes.**
- **It pays to participate !! -- only participants will receive a summary of the next spot survey on corporate incentive practices.**