

# Chain Leader

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## Staying Power

**Bubba Gump Shrimp Co. builds its management bench to ensure the success of new units.**

**By Donna Hood Crecca**

Scott Barnett, president and CEO of Bubba Gump Shrimp Co., wants general managers to cultivate a "culture of care and concern for people" in each unit, as well as instilling basic food and service skills.

Life might be like a box of chocolates, but Scott Barnett knows better than to take any chances with the future of a successful restaurant chain. When the president and CEO of Bubba Gump Shrimp Co., founded in 1996 and based on the motion picture *Forrest Gump*, set out in 2001 to improve unit-management retention, he had two goals in mind.

"We wanted to develop our managers to the point that they could readily step into new roles as needed, whether it be opening new stores or being promoted to replace someone else who had moved up. We had to build the bench," Barnett explains. "And we're always looking for new ways to drive same-store sales and profits. Without exception, we've found that the longer a manager is in place in a restaurant, the better that restaurant performs."

Bubba Gump Shrimp Co. is poised to wrap up its third consecutive year of 0 percent turnover among general managers, and will likely record management turnover of 16 percent for 2003, down from 36 percent in 2001. The San Clemente, Calif.-based chain should reach \$80 million in sales from 15 locations, up from \$68 million in 2002 with 12 units.

"We've also had same-store sales increases in 25 of the last 26 quarters, with the only down quarter being at the time of Sept. 11, 2001," Barnett says. "Not losing a manager in nearly three years is a major component of that success and growth."



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As Bubba Gump accelerates its expansion, Barnett is banking on retention to drive the success of future locations. The company opened one or two units annually in the past few years, bringing it from its roots in Monterey, Calif., to locations including Chicago; Honolulu and Maui, Hawaii; and Osaka, Japan. Three opened in 2003, including a unit in the Mall of America in Bloomington, Minn. Others will open in Times Square in New York and Santa Monica and Long Beach, Calif., in 2004. Four to six are projected

annually for the next several years.

"Our strategy is to take successful general managers who are trained in every aspect of our operation and steeped in our culture of care and concern for people, and put them in the new units," says Barnett. "They can spread the culture to the new unit and make sure it runs like clockwork. Meanwhile, the assistant general manager or another manager in their previous unit is trained and ready to step into the GM position."

Technomic Information Systems Executive Editor Jenny Anderson approves. "Bubba Gump has taken the time to foster its concept with slow growth, rather than pushing hundreds of units across the country like some chains," Anderson says. "Relying on inside staff to continue that growth allows Bubba Gump to reap the rewards of really managing its approach to expansion and ensuring the quality of its concept. It's a sound approach."

### **In the Beginning...**

Bubba Gump's approach to management retention begins with recruiting. It built in more time for hiring, allowing management to assess skills and determine if candidates are a good fit. An observation shift, a "working" interview in which the candidate spends a day in the unit shadowing the manager, sitting in on preshift meetings with staff, observing and talking with kitchen managers and staff, and meeting with area directors or unit training managers, proved an important addition.

"I have been in charge of many observation interviews and believe they play a large part in our ability to hire the most effective and successful managers," says Jeffrey Ash, general manager of the Daytona Beach, Fla., unit. "Not only does the observation interview give you an opportunity to see how the candidate interacts with guests and employees, it also enables you to evaluate their initiative, personality, comprehension, motivation and other key qualities."

"This has really made a big difference in the quality of our hires because the candidate has a chance to experience the high-energy, fast-paced environment of a Bubba Gump restaurant, which can do 2,000 meals in a day," says Gail Taggart, vice president of development and operations. "It also gives us feedback from multiple sources on their ability to interact with other staff members and basically to keep up."

"A bonus has been that those who provide that feedback know they're involved in the team-building process, which is very empowering for them," she adds.

Better hires mean better management trainees, according to Steve Moreau, director of training and development. "The observation shift has made a huge difference in the people coming into the training program," he says. "They truly are the right people for Bubba Gump."

### **See the Softer Side**

Since his position was created in 2001, Moreau, formerly a unit general manager, has fine-tuned the eight- to 10-week manager training program to emphasize soft skills as much as operational

<b>SNAPSHOT</b>	
<b>CONCEPT</b>	Bubba Gump Shrimp Co. Restaurant & Market
<b>HEADQUARTERS</b>	San Clemente, Calif.
<b>UNITS</b>	15
<b>2003 SYSTEMWIDE SALES</b>	\$80 million (company projection)
<b>AVERAGE UNIT VOLUME</b>	\$6 million
<b>AVERAGE CHECK</b>	\$12 lunch; \$18 dinner
<b>EXPANSION PLANS</b>	4 to 6 units annually in 2004 and beyond

skills.

"Specs and systems are critical, but we felt we really needed to focus on the art and culture of our company more than we had been," Moreau explains. "We use employees to help train the managers, which a lot of companies do. But we get feedback from them on how the manager in training interacts. What's their response when they're told, 'Hey, that shrimp is a little overdone,' or 'Help me mop this floor.' That's the crucial interaction."

Moreau added weekly performance evaluations to the process; previously they occurred every three to four weeks. The general manager or director of training for the unit benchmarks each trainee's progress on hard and soft skills, and then coaches them on improving.

"The manager training program is now very personalized because there is so much one on one," Moreau says.

### **Extracurricular Activities**

Other initiatives include President's Camp each fall. The management team at each unit selects one of its managers to spend two weeks at headquarters working with top executives.

"They get a mini master's degree in Bubba Gump administration, spending a lot of time with me and the others here discussing everything from the very technical aspects of running a Bubba Gump restaurant to the philosophical aspects of the business," says Barnett. "It's very interactive and exciting. We probably learn as much from the unit managers as they do from us."

The company also challenges unit managers to participate in a voluntary, 12-module self-study program created in 2001 to elevate their skills in all areas of Bubba Gump management, including kitchen operations, interviewing and budgeting. Ninety-four of the company's 131 unit managers are participating.



Barnett has also brought in Cincinnati-based Singer Learning Innovations to further train unit managers on management strategies and soft skills. Following a presentation at the 2002 General Manager Conference, founder Sarah Singer-Nourie visited each Bubba Gump restaurant to hold additional seminars and continued instruction via weekly conference calls. The program was initially offered only to general managers, but it is now available to other unit-management staff, including assistant GMs and kitchen managers.

"This type of ongoing program is a hefty investment, but it shows our people that we put our money where our mouth is when it comes to their development," says Barnett.

### **Culture Mavens**

Managers are getting the message loud and clear. "Scott has shown us that investing in people is as important as any financial investment, if not more so. I believe I am proof of the company being behind its managers," says Shawna Binkamalee, who, for the past eight years has been general manager of the Chicago Bubba Gump, one of the largest grossing units in the system.

"Many people have benefited personally and professionally from these training and development initiatives," she adds. "That said, we now have a strong foundation of developed and supported

managers who in turn will develop and support others so we'll be able to grow at a more rapid pace."

As Bubba Gump expands more quickly, Barnett wants to guarantee that the company's culture of "care and concern for people" translates as well as its fried shrimp, Gumpberry Cobbler and feel-good memorabilia from the movie.

"At this point, expansion means decentralizing our company in a sense. It's critical that we develop leaders who can model and communicate our culture as we enter new markets," Barnett says. "Managers and employees who show care and concern enjoy what they do, and that spreads to the customer."