

*Hospitality with a Heart and Soul: Jack's Bar and Grill***Summary**

The Jack's Restaurant began with a mission to promote social responsibility in the hospitality industry. Current statistics show almost 98% of developmentally challenged individuals within the United States are unemployed, though they are capable of contributing to society. Jack's Restaurant focused on training developmentally challenged and autistic individuals for various food production, service, and sanitation positions in a restaurant setting. The restaurant facilities employed over 40 such individuals, approximately half the staff, and provided them with a meaningful work life. Jack's Restaurant had plans to expand its operations to provide training and improve employment opportunities for a greater number of developmentally challenged individuals.

Courses and Intended Levels

This case focuses on undergraduate and graduate courses in hospitality-tourism management; and sustainability courses. As well, there is application for its use as a corporate social responsibility (CSR) module in a Capstone Course in Hospitality-Tourism; Social Entrepreneurship, International Business/Management/Marketing, and Hospitality Human Resource Management / Marketing / Leadership courses.

Topics Covered: Corporate Social Responsibility; Sustainability; Human Resource Strategies; Leadership and Management;

Learning Objectives

- a. *Identify* the managerial, cultural, and contextual complexities in hiring, training, and employees Autistic and developmentally challenged individuals in a hospitality context;
- b. *Understand* the challenges in developing a CSR business venture.
- c. *Apply* the triple bottom line framework to evaluate the sustainability of mission-driven hospitality enterprises;
- d. *Develop* human resource strategies to build revenues and profits so that the hospitality business may sustain and prosper; and
- e. *Implement* innovative solutions (including human resource practices) to address social issues.

Case Research Methodology**1. Data Sources:**

a. Primary: Primary data was obtained from the following sources:

- i. Interviews with Jack and Athan Miller owners of Jack's Bar & Grill.
- ii. Interviews with employees of Jack's Bar & Grill
- iii. Personal visits to the restaurant by the researchers
- iv. Menu Engineering analysis conducted with the data provided by the owners

b. Secondary: Published reports provided by the company; reports available online from various media sources, website of the Jack's restaurant, clippings from the local media (print and television); comments from customers.

2. Extent of Disguise: None.

Relationship with Host Organization/ Protagonist: None. The authors are not related to the Jack's Bar & Grill, the owners, or the employees in any form. It was an 'arms' length' transaction in all aspects. It is a totally an academic case study with no concerns.

Links to Theoretical and Applied Frameworks**1. Profit Potential of BoP Markets**

The acronym BoP stands for the economically disadvantaged population at "bottom of pyramid."

However, researchers have used alternative terms, such as "Base of Pyramid" and "Disadvantaged Consumers" to refer to the same group. There are two camps in the BoP literature, one suggesting the immense profit potential that exists in the BoP and the other revealing the dark side of pursuing fortune in the BoP markets. The notion of the existence of a "fortune" in BoP markets was popularized by C.K. Prahalad and Stuart Hart as early as 1999, followed by a raft of publications. However, it is important to note that these two camps view the BoP as customers. Through this case study, we suggest the inclusion of individuals with autism and other developmental disabilities in the BoP segment. Select references in this traditional stream of literature are given below.

1a. Suggested Readings for use with the case:

- Brugmann, J. & Prahalad, C. K. (2007). Cocreating Business's New Social Compact, *Harvard Business Review*, 85(2), 80-90.
- Drayton, B. & Budinich, V. (2010). A New Alliance For Global Change, *Harvard Business Review*, September, 56-64.
- Evans, W.R., & Davis, W.D. (2011). An Examination of Perceived Corporate Citizenship, Job Applicant Attraction, and CSR Work Role Definition, *Business*

Society, 50(3), 456-480.

1b. Additional References:

- Ardchivili, A. (2013). The Role of HRD in CSR, Sustainability, and Ethics, Human Resource Development Review, (12)4, 456-473.
- Hart, S. L. & Christensen, C. (2002). The Great Leap: Driving Innovation From The Base Of The Pyramid, Sloan Management Review, 44(1), 51-56.
- London, T. & Hart, S. L. (2004). Reinventing Strategies for Emerging Markets: Beyond The Transnational Model, Journal of International Business Studies, 35(5), 350-370.
- Prahalad, C. K. & Hart, S. (1999). Strategies for the Bottom of the Pyramid: Creating Sustainable Development, working paper, University of Michigan and University of North Carolina. Downloaded from: <http://www.bus.tu.ac.th/usr/wai/xm622/conclude%620monsanto/strategies.pdf>.
- Prahalad, C. K., (2005), The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits, Upper Saddle River, NJ: Wharton School Publishing.
- Simanis, E., Hart, S., & Duke, D. (2008). The Base of the Pyramid Protocol: Beyond "Basic Needs" Business Strategies, Innovations, 3(1), 57-84.

2. Exploitation of the Disadvantaged?

An opposing view has emerged in the BoP literature that reveals the dark side of pursuing profits in the BoP markets. The exploitation of the disadvantaged in the name of profits has been a subject well discussed by economists and business scholars.

2a. Suggested Readings for use with the case:

- Friedner, M. (2013), Producing "Silent Brewmasters": Deaf Workers and Added Value in India's Coffee Cafés, Anthropology of Work Review, Vol. 34 No. 1, pp. 39-50.
- Hill, R. P., (2002). "Stalking the Poverty Consumer: A Retrospective Examination of Modern Ethical Dilemmas, Journal of Business Ethics, 37(May), 209-219.
- Karnani, A. (2008), "Help, Don't Romanticize, the Poor," Business Strategy Review, 19(2), 4853.

2b. Additional References:

- Garavan, T., & McGuire, D. (2011), Human Resources Development and Society: Human resources role in embedding Corporate Social Responsibility, Sustainability, and Ethics in Organizations, Advances in Developing Human Resources, 12, 487-507.
- Hunt, S.D., (2011), "Sustainable Marketing, Equity and Economic Freedom Approach," Journal of the Academy of Marketing Science, 39(1), 7-20.
- Ilie, S., (2013), Employing People with Disabilities: The Romanian Protected Units System, Journal of Community Positive Practices, 13(1), 61-91.
- Jaiswal, A. K.. (2008), "The Fortune at the Bottom or the Middle of the Pyramid," Innovations, 3(1), 85-100.
- Kaine, S., Spooner, K. (2010), Defining Sustainability in Human Resource Management, International Employment Relations Review, 16(20), 70.
- Markel, K., & Barclay, L. (2009), Addressing the Underemployment of Persons with Disabilities: Recommendations for Expanding Organizational Social Responsibility, Employee Responsibilities and Rights Journal, 21(4), 305-318.
- Organisation for Economic Co-operation and Development (OECD) (2003). Transforming disability into ability: Policies to promote work and income security for disabled people, Paris, France.
- Rok, M. & Mulej, M. (2014). CSR-based model for HRM in tourism and hospitality, Kybernetes, 43(3/4), 346-362.
- Scully-Russ, E. (2011). Human resource development and sustainability: Beyond

sustainable organizations, Human Resource Development International, 15(4), 399-415

3. Sustainability of Enterprises using the Triple Bottom Line framework

The theoretical frameworks that are relevant to this case are primarily based on the definition of sustainability from the Brundtland Commission's report (1987) and the Triple bottom-line framework proposed by Elkington (1997).

Suggested References for use with this case:

- Elkington, J. B. (1997), Cannibals with Forks: The Triple Bottom Line of 21st Century Business, Oxford: Capstone Publishing.
- United Nations World Commission on Environment and Development. (1987). Our Common Future, Oxford: Oxford University Press (also known as the Brundtland Commission Report). Downloaded from: <http://www.un-documents.net/wced-ocf.htm>.
- Savitz, A.W. & K. Weber. (2006). The Triple Bottom Line: How Today's Best-Run Companies are Achieving Economic, Social and Environmental Success—And How You Can Too, Jossey Bass.

Suggested Teaching Approaches

This case has a 60 to 90 minutes structure to include interactive discussion with the professor and students. Instructors may also choose to discuss this case in two class sessions and delve into certain questions (#4, 5, and 6 listed below) in greater depth than the single-class format will allow. The following formats provide a variety of approaches to use in the facilitation of the case study.

- i. An open discussion format, with discussion questions assigned to students a week in advance;
- ii. Divide the class into multiple teams and have each team present a marketing plan to increase sales; and
- iii. Divide the class into multiple teams and have teams engage in a debate.
- iv. Role play: Students can be broken down into THREE teams:
 - a. Team One: Play the role of developmentally challenged prospective employees;
 - b. Team Two: Play the role of a restaurateur that is NOT inclined to developmentally challenged employees
 - c. Team Three: Play the role social critic that question the ethics of Jack's Bar & Grill and accuse them of taking advantage of BoP (Autistic and developmentally challenged) employees.

Below is a video clip uploaded to YouTube by the authors about the Jack's Restaurant and their operations:

<http://www.youtube.com/watch?v=JCFwDhi4F3Q>

It is important for students to view these videos before coming to class, or instructors may choose to show the videos in class based on the time available for discussion. These video clips offer vivid insights into the culture and vision of Jack's Restaurant and how this establishment became legendary in Arvada, Denver. An additional benefit of these video clips is that these clips instantly transfer the viewer to the "scene" of action and allow one to perceive the contextual and cultural settings of the case.

- This experience can be conducted in an open discussion format (#1), as well as, roleplaying (#4). This learning structure works very well.
- The open discussion format with written assignment questions is a good option, when enrollments are 20 and under.
- On the other hand, role-playing works better in larger classes.

Assignment Questions: (Total discussion time: 60-90 minutes)

(**Denotes questions most appropriate for graduate courses.)

- What is CSR? What are the costs of CSR? (5 mins)
- What did Jack and his wife learn from this project? (5-10 mins)
- What was Jack's mission? Was he successful in achieving its mission? (5 mins)
- What were the unique features of Jack's Restaurant? (10-15mins)
- Did Jack's Restaurant achieve CSR? Evaluate its CSR using:
 - a. the Triple Bottom Line model ** (Total 15-20 mins)
- What challenges did Jack face in implementing his vision? (5 to 10 mins)
- What should Jack and his wife Athan do to build revenues? (10-15 mins)
- What lessons did you learn from this case? (5 -10 mins) Total 60 to 90 minutes to discuss the case.
- Should Jack and Athan Miller consider franchising as a potential vehicle for expanding their mission? (additional question)

Discussion Questions & Answers

Q1. What is CSR? What are the costs of CSR? (5 mins)

This is an easy "warm-up" question aimed at luring shy students into participating in the case discussion.

CSR stands for Corporate Social Responsibility. 'Doing Good while Doing Well' is the mantra in the corporate world, although it is not yet prevalent in the hospitality business. The restaurant industry is the largest employer in the U.S. with over 13,000,000 employees, nearly 1,000,000 operating units, and about \$680 billion in annual revenues. One in three Americans works in various segments of this industry. The restaurant industry is one of the largest employers of women and disadvantaged individuals in America. Despite these accomplishments, as noted in the case by Jack Miller, 98% of developmentally challenged

and Autistic individuals remain unemployed and can be productive employees in the restaurant industry. Direct consequences of such inefficient and ineffective human resource practices:

- Families with developmentally challenged and Autistic children are under tremendous social pressure, and their children can be deprived of a quality of life.
- BoP individuals that are capable and willing to work are denied opportunities.
- BoP families, mostly women and children, are disadvantaged because of lack of opportunities for their family members to have the opportunity for a productive life.
- High unemployment among this BoP group creates an extensive social burden on society.
- Families have few alternatives other than to hire social workers or medical assistants to care for the developmentally challenged at home while parents are at work.
- Instead of receiving economic benefits, the families of the disadvantaged individuals are forced incur additional expenses.

Q2. What did the Jack and Athan learn from this project?(5-10 mins)

This is another "warm-up" question as the case describes the conclusions derived by Jack and his wife Athan from this project. However, this is an important question as it provides the foundation for the business model & CSR question at the end of the discussion.

i. Yes, we can do well while doing good.

Jack and his wife Athan learned that one could open a restaurant with a social purpose. They learned that it is possible to hire, train, employ, and retain developmentally challenged and Autistic employees.

ii. Systems that work for other employees do not necessarily work

Autistic individuals: By training Athan is a social worker, and she has a degree in social work. As the person in-charge of all restaurant operations, Athan has developed innovative training methods that are appropriate for Autistic and developmentally challenged individuals. She made numerous changes to the traditional training methods used in restaurants. She removed all hierarchical systems and implemented a flat and lean organization structure.

iii. Do not try to change the BOP employees' habits.

It is difficult to change the work habits of the BoP employees. Instead, Athan has adapted to their unique methods of learning. In addition, work specialization seems to work best for BoP employees. For example, one person is dedicated to sauce making, other one is dedicated to product preparation, etc. In other words, typical cross training techniques commonly practiced in restaurants were not followed here

for BoP employees. In addition, other employees (non-BoP) were cross-trained in multiple functions to provide effective overall restaurant operations. iv.

Service procedures have to be adapted: Since a majority of employees are BoP, Athan has adapted alternative training methods to assure proper service standards. In addition, Athan makes a conscientious effort to build the awareness of the customers about the BoP employee program. The program is well received and most regular, as well as infrequent customers, also have accepted the modifications to the service systems with BoP employees.

Q3. What was Jack’s mission? Was it successful in achieving its mission? (5 mins)

Jack’s mission was to develop a CSR program for BoP employees, as a model in the restaurant industry. His mission was to demonstrate that it is possible to do good while doing well in a restaurant setting.

As an ex-Olympic skier representing the U.S. in the Winter Olympics, Jack Miller wanted to champion a cause with a social purpose. He always believed in teamwork and collective success. While Athan, as a social worker, wanted to practice what she preached, as to the importance of making a difference in society. In 2013, Jack’s Restaurant employed nearly 40 developmentally disadvantaged and Autistic employees in the restaurant. Now there are plans to expand their operations so that they employ more BoP employees. Therefore, we may conclude that Jack was successful in achieving its mission.

Q4. What were the unique features of Jack’s Restaurant and the value created by Jack’s Restaurant? (20-25 mins)

Jack’s Restaurant had several unique features. The establishment had a bar serving alcohol in one section and an ice cream counter at the other end of the restaurant. It was a family friendly restaurant where some people could have a beer while kids enjoyed ice cream. The food at Jack’s Restaurant was unique, as they served sandwiches, hamburgers, grill cheese, salads, soups, and seafood. As Jack liked to say, they offered a little bit of everything for everyone. Their biggest seller was their 20 varieties of Sliders.

Supporting their social causes, Jack’s Restaurant also sold homemade jelly and jams with unique flavors. Most of the proceeds went for the social causes. To accommodate larger parties and social gatherings, they added 100 seats to the upstairs section of the restaurant. It was open to the public only with a prior reservation or on busy days, such as Friday and Saturday nights, Wednesday Sliders Special Nights (Sliders were half price on Wednesday nights), Super Bowl Sunday, New Year Eve, etc.

Jack’s Restaurant had gradually become a local gathering place. Most customers frequented the establishment more as a social gather-

ing place than as a restaurant. Some customers were ‘regulars,’ visiting three to four times a week. It was common for customers to gather to watch a ballgame,, enjoy a cold beer and eat pizza in the back room, while families enjoyed their quiet time together in the front room.

Q5. Did Jack’s Restaurant achieve CSR? Evaluate its sustainability using: The Triple Bottom Line model ** (Total 30-45 mins)

** Denotes questions most appropriate for graduate courses

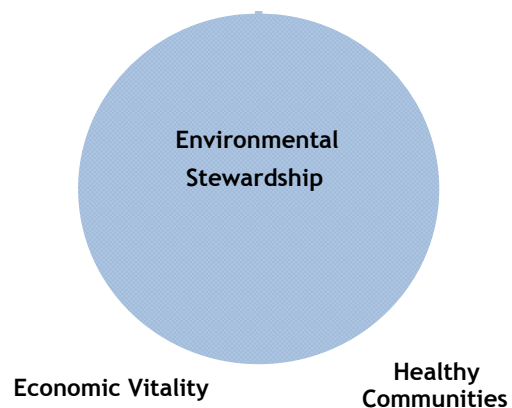
a. Evaluating Jack’s Restaurant CSR based on the Triple Bottom Line model:

The word Corporate Social Responsibility (CSR) denotes being socially responsible, while being fiscally accountable. If applied to the organizational context, it refers to organizations that can sustain themselves fiscally and endure, as a responsible member of the society. What constitutes a “long period of time” can be the subject of debate. However, what this ultimately suggests is financial or economic sustainability. According to the Brundtland Commission of the United Nations, “sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”² Following the 1987 report by the Brundtland Commission, leaders at the World Summit held in 2005 noted that Social Responsibility requires the reconciliation of environmental, social equity, and economic demands in achieving sustainability. Thus, the natural environment, the economic vitality, and a healthy society became the “three pillars” of sustainability. This model of sustainability when applied in the business context is known as the “Triple Bottom Line,”³ captured in Exhibit IM-2.

Exhibit IM-2

The Triple Bottom Line Model

(figure created by authors)



² <http://www.un-documents.net/wced-ocf.htm>

³ Savitz, A.W., & K. Weber, “The Triple Bottom Line,” Jossey Bass, 2006.

By applying the triple bottom line model, we can arrive at the following conclusions:

a. Jack's Restaurant was a true steward of the social natural environment; its mission and practices support this conclusion. Jack's Restaurant, through its products, contributed to fostering healthy communities, as their menu was health and wellness oriented. This restaurant was a social gathering place for the community, thus serving a social need. In addition, Jack's Restaurant held several fund raising activities for local social causes. Thus, Jack's Restaurant can be considered as promoter of healthy communities.

b. The financial/economic vitality of the company may be assessed from the financials presented in Menu Engineering (presented in Case Exhibit 1).

- Sales of Jack's Restaurant have increased steadily over the past three years.
- Sales have improved year to year since it is opened.
- Menu engineering analysis provided below in Exhibit IM-1 clearly indicates that
- Jack's Restaurant has several Stars on its menu contributing to its profitability.

- Food cost at Jack's Restaurant is well below the national average of 32.0% for similar restaurants (www.restaurant.org) in the USA.
- Labor costs are a little higher than the national average, as one could expect considering the unique operations hiring nearly 40 BoP employees. This additional labor cost is partially offset by the tax breaks received from the federal government.

c. Economic vitality can be clearly established by the fact that Jack's Restaurant is a popular neighborhood restaurant. In addition, there are plans to expand its operations in 2014 to accommodate larger orders and more processing of jellies and jams. This will allow Jack and Athan to hire more BoP employees. Funding provided by the City of Arvada is a unique element that supports growth and the financial stability of the Miller's restaurant operations.

In summary, based on the above data and trends, the majority of students will conclude that Jack's Restaurant is financially strong and, therefore, has achieved financial sustainability. As well, the organization is successful in meeting its social goals and social mission by hiring and retaining nearly 40 BoP employees.

Exhibit IM -1

Key for Menu Engineering Worksheet -Jack's Bar & Grill

(Source: Data is provided by Jack's Bar & Grill; Authors' analysis is provided in columns P-S)

	B	C	D	E	F	G	H	L	P	R	S
	No.	Menu	Item	Item	Item	Menu	Menu	Menu	CM	MM	Menu Item
	Sold	Mix	Food	Sales	CM	Costs	Revenues	CM	Category	Category	Classification
Menu Item Name	(MM)	%	Cost	Price					\$ 6.22	7.78%	
French Dip	56	16.62%	\$2.68	\$9.95	\$7.27	\$150.08	\$557.20	\$407.12	High	High	Star
Sliders	75	22.26%	\$2.52	\$8.95	\$6.43	\$189.00	\$671.25	\$482.25	High	High	Star
Buffalo Chicken Wrap	24	7.12%	\$2.16	\$8.95	\$6.79	\$51.84	\$214.80	\$162.96	High	Low	Puzzle
Grilled Cheese	24	7.12%	\$1.57	\$7.95	\$6.38	\$37.68	\$190.80	\$153.12	High	Low	Puzzle
Cajun Po'Boy	12	3.56%	\$2.55	\$8.95	\$6.40	\$30.60	\$107.40	\$76.80	High	Low	Puzzle
Soft Taco Platter	13	3.86%	\$4.06	\$10.95	\$6.89	\$52.78	\$142.35	\$89.57	High	Low	Puzzle
Chicken Salad Sandwich	24	7.12%	\$2.32	\$7.95	\$5.63	\$55.68	\$190.80	\$135.12	Low	Low	Dog
Fish and Chips	33	9.79%	\$3.49	\$10.95	\$7.46	\$115.17	\$361.35	\$246.18	High	High	Star
Breakfast Burrito	76	22.55%	\$1.45	\$5.95	\$4.50	\$110.20	\$452.20	\$342.00	Low	High	Plowhorse
COLUMN TOTALS	337	100.00%				793.03	2888.15	2095.12			
ADDITIONAL COMPUTATIONS						K = I/J		O = M/N	Q =	7.78%	
						27.46%		6.22			

Q6. What challenges did Jack and Athan face? What should Mr. Jack and Athan Miller do to increase sales? (15-20mins)

Despite Jack's success, he faced the following challenges:

- a. Jack and Athan have faced numerous challenges along the way. Jack has never worked in a restaurant, thus, he had no formal education or first-hand knowledge of food operations, service standards, sanitation inspections, menu engineering, inventory systems, importance of recipe standardization, etc. Athan was raised in restaurant environments, and she has good experience in food production, service, sanitation, operations, etc.
- b. Jack also acted as the construction contractor, and he is now well versed in city codes for sanitation that are unique to the restaurant industry.
- c. Athan had to develop unique training methods that were specific to BoP employees. She was incredibly patient with her Autistic employees. This is due to her prior experience as a social worker. At the same time, she had to retrain her other employees to work with BoP employees and Autistic employees.
- d. Each day, Athan faces numerous human resource challenges, and she has to react quickly by applying her conflict resolution skills to avoid issues between employees.
- e. Menu planning was another challenge as their restaurant grew from a simple coffee shop into a full service restaurant and a bar.
- f. The kitchen is small and presents unique challenges in meeting their growing needs, especially on Wednesday nights when the menu offers half price sliders.
- g. Cash flow was a major challenge during the first few months of opening.
- h. Since they are a single unit operation, they do not have economies of scale. As a result, the restaurant was paying higher prices for food and beverage products from their vendors compared to national chain restaurants.
- i. Jack and Athan have to comply with special labor laws as they apply for governmental aid in hiring developmentally challenged employees.

Suggestions to Build Sales:

- Jack and Athan should consider the suggestions from the Menu Engineering Analysis.
- They should continue and expand their local marketing efforts to broaden their customer base.
- Since the current kitchen is very small, they need to consider kitchen expansion opportunities.
- Consideration of some modifications to the menu to build sales is imperative.

- Consider promoting 'carry out' business, as it is more profitable.
- The upstairs space is underutilized. They may want to consider marketing programs focusing on attracting group business to take advantage of the revenue and profit potentials in the upstairs space.
- Promoting in the neighborhood press such as local newspapers is highly recommended.

Q7. What lessons did you learn from this case? (5 mins)

The case offers the following lessons.

- i. Human resource problems can be caused by simple acts of people or simple lack of knowledge. Yet, they can be fixed through simple solutions.
- ii. CSR is a multi-faceted concept that demands a comprehensive multidimensional plan by organizations seeking to practice and implement CSR in their businesses.
- iii. Understanding the micro-culture of BoP employee segments is very important to achieve CSR in restaurants. Yet, it can be daunting even for experienced local managers.
- iii. Customization of human resource practices and employee training is critical to the effective operation of a unique restaurant like Jack's Restaurant.
- iv. Development of unique organizational culture is very important in the success of CSR objectives in restaurant operations.
- v. The BoP market is an enormous opportunity for the human resource needs of restaurants.
- vi. CSR can be practiced in restaurants if the owners are willing to be creative and adapt innovative human resource practices.

Q8: What lessons did you learn from this case? (5 -10 mins)

- Let each student express his/her opinions about the lessons learned.
- See how students can adapt CSR in hospitality operations.
- Summarize various lessons learned for the benefit of the class

Q9: Should Jack and Athan Miller consider franchising as a potential vehicle for expanding their mission? (additional question)

- It is a follow up question. It is usually reserved for graduate students since they may better understanding of franchising.
- There is no right or wrong answer here.
- At this point, Jack and Athan Miller are not ready for franchising. All operations have to be standardized first as a prerequisite for franchising.
- Moreover, training manuals are not formalized and standard-

ized to consider franchising.

- Moreover, local human resource and social services laws may vary to standardize the training manuals.
- Most importantly franchising leads to loss of control and mission drift compromising Jack's dreams and vision.
- In summary, Millers are highly advised to duplicate the concept first in the same city of Denver before considering any out of state expansions.

Epilogue

The Millers decided to expand their food production operations to meet their fast growing need for additional kitchen space. Towards this goal, Jack and Athan have invested in a location right across from the restaurant and converted it into a commercial foodservice operation. This facility will serve to train more BoP and Autistic employees and find jobs for these employees in the restaurant industry. Jack and Athan are entertaining other options including expanding in the same city, franchising, building their catering business, and other business development opportunities. In 2014, Athan was nominated for the "Women Entrepreneur of the Year" award by the local community. As an Olympic skier, Jack is still active as a ski instructor/ consultant and travels to Europe whenever time permits. The Millers are fully committed to their mission of serving the underserved populations to build a better future for them.