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Authenticity in Scaling the Vision: Defining Boundaries in the Food and Beverage Entrepreneurship Development Cycle

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Abstract

The October 2015 Food and Beverage Entrepreneurship Roundtable brought together over 30 food and beverage industry leaders, entrepreneurs, faculty, and students at the School of Hotel Administration at Cornell University. Discussion topics covered entrepreneurship in the food and beverage industry, including development, intrapreneurship, operational efficiency, beverage product development, and technology. The roundtable began with the presentation of a five-point framework on food and beverage venue development. The first three phases focused on the launch of a venue, including how to define the guest experience; the creation of operational functionality by strategically planning out the design, flow, and efficiency of a defined space; and development capacity. The remaining two points of the framework focused on post-opening considerations, including operating systems and culture development. Participants discussed the importance of culture in the growth of a business. They suggested that intrapreneurship needs to be fostered in the culture of an organization and in an educational curriculum for those who are preparing to enter the industry. Participants also discussed the fine balance between setting expectations for an experience and subsequently being able to maintain this experience in a fast changing environment. In particular they considered what it means to say no to customers. A discussion on the beverage industry focused on how to distribute products in a crowded marketplace. One method to ensure that the product gets into the hands of the consumers is face-to-face sales. Finally, in the technology session, the group discussed technology adoption, specifically focusing on the point at which technology detracts from the guest experience, how to minimize operational risk from technology, and how to maximize consumers' adoption rates.

Keywords

entrepreneurship, development, roundtable, food and beverage industry

Disciplines

Entrepreneurial and Small Business Operations | Food and Beverage Management

Comments

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Chairs: Mona Anita K. Olsen and Cheryl Stanley

EXECUTIVE SUMMARY

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Participants discussed the importance of culture in the growth of a business. They suggested that intrapreneurship needs to be fostered in the culture of an organization and in an educational curriculum for those who are preparing to enter the industry. Participants also discussed the fine balance between setting expectations for an experience and subsequently being able to maintain this experience in a fast changing environment. In particular they considered what it means to say no to customers.

A discussion on the beverage industry focused on how to distribute products in a crowded marketplace. One method to ensure that the product gets into the hands of the consumers is face-to-face sales.

Finally, in the technology session, the group discussed technology adoption, specifically focusing on the point at which technology detracts from the guest experience, how to minimize operational risk from technology, and how to maximize consumers' adoption rates.

ABOUT THE AUTHORS



Mona Anita K. Olsen, Ph.D., is an assistant professor and the assistant academic director of the Leland C. and Mary M. Pillsbury Institute for Hospitality Entrepreneurship. Olsen teaches courses in entrepreneurship. She is the recipient of a Small Private Online Class (SPOC) grant from the Office of the Vice Provost for her course Technology for Bootstrapped Entrepreneurship, and a Zalaznick Teaching Assistantship Award. Olsen also serves as the project director for the Coleman Faculty Fellows Entrepreneurship Program at Cornell, and as the Cornell representative for the International Academic Partnership Program Norway. Prior to joining the SHA faculty, Olsen was a U.S. Fulbright Grantee to Norway. She was awarded a Fulbright U.S. Student Program scholarship in education by the United States Department of State and the J. William Fulbright Foreign Scholarship

Board. While in Norway, Olsen continued to build the growing structure for the educational nonprofit, iMADdu, which she founded in 2010. iMADdu, which stands for “I Make A Difference, Do You?,” empowers young entrepreneurs through mentoring and participation in its Student Apprenticeship Program. Previously, Olsen was the assistant director of the Mason Small Business Development Center in the Mason Enterprise Center at the Office of Research & Economic Development at George Mason University. She also worked as a worldwide sales analyst for Four Seasons Hotels and Resorts. Olsen received her Ph.D. from the Graduate School of Education at George Mason University. She holds a Master in Management of information technology from the University of Virginia’s McIntire School of Commerce, and a Bachelor of Science with distinction from the Cornell School of Hotel Administration.

Cheryl Stanley is a lecturer in food and beverage management at the Cornell School of Hotel Administration (SHA). She has been involved with food since the age of ten, when she started her own chocolate business, “Cheryl’s Chocolates.” Following her interest in food, she attended SHA and graduated in 2000. While at Cornell, Stanley discovered her passion for beverages through the courses Introduction to Wines, Food and Wine Pairing, and Beverage Management. Upon graduation, she continued this enthusiasm for beverages and food service in both hotel and restaurant operations in California, where she worked for the Four Seasons Hotel, in Newport Beach, and the Wine Cask, in Santa Barbara. Continuing her entrepreneurial journey, Stanley started her own restaurant consulting company, specializing in beverages and service in 2008. During this time, she was also presented an opportunity to become an adjunct instructor at the Culinary Institute of America (CIA), where she taught courses ranging from Gastronomy to Food, Wine, and (Agri)Culture. Falling in love with teaching, she decided to pursue her master’s degree in hospitality and retail management from Texas Tech University. Heading back north, Stanley returned to the CIA in Hyde Park, New York, prior to joining the Food and Beverage Operations area back at her alma mater.



Stanley teaches courses on specific elements within the field of food and beverage operations, including Introduction to Wines, Catering and Special Events, and Beverage Management. She combines theoretical education with practical operational applications. Certified through multiple wine organizations, Stanley has conducted research on beverage costing in hotels, bars, and restaurants, and has presented at beverage-related conferences. In 2015, she was awarded the Ted Teng ’79 Dean’s Teaching Excellence Award. She is a member of the Society of Wine Educators and the United States Bartenders’ Guild.

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HIGHLIGHTS OF THE FOOD AND BEVERAGE ENTREPRENEURSHIP ROUNDTABLE, OCTOBER 2015

Chairs: Mona Anita K. Olsen and Cheryl Stanley

Roundtable co-chair Mona Anita K. Olsen, assistant professor at the School of Hotel Administration, opened the roundtable by challenging each participant to embrace the value of their perspective and share it accordingly during each session. “The goal of the day,” Olsen noted, “is engaged intellectual exchange that not only has application for the classroom and industry, but also highlights unanswered questions that scholars can consider as part of their research agendas moving forward to make a difference in the global hospitality industry.” Olsen also acknowledged the strong ability to combine the disciplines of food and beverage and entrepreneurship more closely as a result of the roundtable.

Food and Beverage Development: Building the Foundation for Success

Facilitator: Julia Heyer, Principal, Heyer Performance
Student Perspective: William Kinney, SHA '16

Julia Heyer, principal at Heyer Performance, opened the discussion with a statement about development across all industries. She suggested that the development process starts with experience, moves to operational functionality—size of a space, design, flow, and capacity—and continues to financial considerations. Once open, operational systems will be set up for process and will define company culture.

Food and beverage entrepreneurs constantly face challenges as they look to move forward. Real-estate selection processes have become more disciplined, although selecting sites remains a challenge for an owner of multiple restaurants. It's also difficult to pinpoint the right timing for expanding restaurants and increasing the number of employees. When the level of fine dining is concerned, the “fineness” is not the only factor that customers consider. Modern customers, particularly Millennials, look for a sense of comfort and special care. In that regard, William Kinney, SHA '16, noted: “Students our age are looking for a nice dining experience with cheaper prices.” Even as society has become more casual, customers have become more knowledgeable and selective.

Roundtable participants discussed the importance of excellent operational systems and their link to success in the food and beverage industry. Maintaining a discipline and a strategy of what the owner plans to achieve is extremely important. All



Julia Heyer, of Heyer Performance: Food and beverage entrepreneurs constantly face challenges as they look to move forward, including real-estate selection processes and timing expansion.



Raji Sankar, of Wholesome International: A focus on culture is essential for growing the people, who are the center of the business.

operational functions must be process driven. A guest-listening system is a good example of this process-driven strategy.

Finally, participants considered that creating and improving the company culture is a requirement for successful entrepreneurship. Raji Sankar, co-CEO of Wholesome International, stressed that a focus on culture is essential for growing the people, who are the center of the business. Entrepreneurs should always question their employees about their understanding of the company's culture. This type of communication is important because your employees can tell you what is not working and offer suggestions on how you can fix it. They also are looking for opportunities for growth. Steven Kay, owner of Mel's Burger Bar, said, “I do not need to open more restaurants for myself, but I need to open more restaurants for my employees.” His comment came in the context of how to nurture people and foster employees' personal development in connection to company growth. Along that line, Vien Dobui, co-founder and managing partner of Tandem Coffee + Bakery, explained that his firm is taking care of staff members so they are ready to grow when the opportunity presents itself. He further reflected that he needs a plan that allows for organic growth using a distinctively strong approach.



Greg Vojnovic, of Arby's Restaurant Group: The plan is everything. Continuing to update a five-year plan is extremely important.

Participants noted the importance of balancing flexibility and discipline when growing a company. John Meadow, president of LDV Hospitality, spoke about the struggle he faces between those two issues. On the one hand, he must be flexible because the six properties he has in the pipeline will not all be finished as planned. On the other hand, he must remain disciplined in looking for the right locations, especially within the New York real estate market. Greg Vojnovic, chief development officer of Arby's Restaurant Group, noted: "The plan is everything. Continuing to update a five-year plan is extremely important. As the entrepreneur of your business, you have to live in the realm of what is possible."

**Intrapreneurship:
How to be Entrepreneurial within an Organization**

Facilitator: Annette S. Graham, Associate Dean of Business Management, The Culinary Institute of America

Student Perspective: Jake Haass, SHA '16

Annette Graham, associate dean of business management at The Culinary Institute of America (CIA), opened the session with an overview of the CIA's operations. She asked the participants to identify the biggest disconnect of expectations for the students. Responses revolved around the importance of people skills, particularly relating to difficult conversations. In an academic environment, achieving a smooth interaction between students, faculty members, and operational staff members can be difficult, although the skills involved in establishing such communication processes provide a good learning experience for students.

In that context, Meryl Eriksen, director of food and beverage at The Inns of Aurora, observed that fear of confrontation is a core challenge she aims to address in new hires. Other participants shared how they handled the coaching process with new hires. Heather Kolakowski, lecturer at the School of Hotel Administration, for example, pointed to the importance of encouraging students in classes to obtain people skills, not only via group work but also by proactive education through conferences and leadership forums or discussions. Emily Franco, director of the School of Hotel Administration and Culinary Institute of America Alliance, suggested the use of tools like Gallup's Entrepreneurial Profile 10 (EP10) assessment to encourage the conversation on entrepreneurial talents.

Mastery of people skills extends to the important matter of embracing diversity in both entrepreneurship and intrapreneurship interactions. Dean Graham said, "Developing intrapreneurial skills, is not just entrepreneurial education sans 'how to securing financing.' Rather, greater emphasis must also be placed on developing the soft skills needed to be a good team contributor." Noting the potential for misunderstandings, Ted Russin, associate dean of culinary science at the CIA, commented, "There are chefs and there are scientists; they are different species."

The session concluded with Jake Haass, SHA '16, questioning the role of a student: "Do you think this can all be learned in the classroom? Is it expected?"



The CIA's Annette Graham: People skills, particularly relating to difficult conversations are critical, and students benefit from learning those communication skills.

**Wait... You Want What Now?
The Challenge of Maximizing Demand Capture
Ability and Operational Efficiency**

**Facilitator: Christopher Gaulke, Lecturer, School of Hotel Administration, Cornell University
Student Perspective, Elizabeth Huston, SHA '16**

SHA lecturer Christopher Gaulke opened this session by providing examples of restaurant guests' expectations, such as being aware of the need for speed versus the occasional wish for a four-hour meal. He noted that most guests want their food quickly, and challenged the participants to think about how they were matching the need for speed and quality. Julia Heyer provided an analogy for the state of service today. She suggested that a graph of service expectations resembles a pair of scissors; there is a growing delta between those wanting an experience in a meal versus those who want speed. Allison Goldberg, owner of New England Cranberry Brands, highlighted the irony of guests' desire for speed in service, even as service speeds diminish due to the shareable nature of the dining experience through various social media channels.

Participants discussed the importance of perfecting the product before focusing on the experience. Eli Soto, owner and designer of ESE Lifestyle, talked about integrating food and beverage in event planning, and "tying the product to a theme."



Allison Goldberg, of New England Cranberry Brands: Ironically, guests desire speed in service even as service speeds diminish when guests share their dining experience via social media.



Victoria Dubin, of Victoria Dubin Events: Focus on anticipating what the guests will want, rather than what past guests wanted, and make sure they understand the framework of the service experience.

Customization and personalization were featured as important elements of changing customer demands and segmented market strategy. But guests come to expect customization. As Greg Mezey, director of food and beverage at The Statler Hotel, summarized the matter: "Do we have the ability to say no?"

Coupled with its effect on service, the increasing speed of information transmission via multiple media has other consequences. John Meadow noted that two years ago, "we did not have social media and now we have a group of people communicating what our restaurant is like." Millennials in particular use many social media platforms, and many diners feel that if they cannot share something, it is not relevant. Further, Victoria Dubin, owner of Victoria Dubin Events, encouraged the participants to focus on anticipating what the guests will want, rather than focus too heavily on what past guests wanted. What one person wants might not be what the next one wants. She encouraged finding a balance and stressed that "guests want to know the framework for the service experience." If new technologies are being incorporated, for instance, how is this reflected in the process of ordering versus obtaining the check for payment? Guests are more vocal and expect management to address their feedback, whether it's positive or critical. This raised the main question of when and how to respond to guest feedback.



The CIA's Douglass Miller: Beverage businesses need to be flexible, fast, and well connected to their customers, because there are so many brands and so little room in the marketplace."

50 Shades of the Beverage Industry

Facilitators: Heather Kolakowski, Lecturer, School of Hotel Administration, Cornell University, and Douglass Miller, Professor, The Culinary Institute of America

Student Perspective: Justin Fryer, SHA '16

This session opened with a discussion on how new products are brought to market and the rubrics that people use to select new products for their outlets. Price point was highlighted as a main factor. The group agreed that cheaper is good but good quality still matters. Peer recommendations influence the process, as do the experience and lifestyle that a particular beverage brand is conveying. It was noted that younger age groups are being targeted for alcoholic beverages through new media, and panelists considered whether standard advertisements continue to work. Finally, the participants discussed whether consumers are loyal to brands these days, and if so, what does it mean to be loyal.

Looking at the issues surrounding new products, Douglass Miller, professor at The Culinary Institute of America, proposed that, "beverage businesses need to be flexible, fast, and connected to their consumers to stay ahead of these threats." There are so many brands in the marketplace already that brands need to be creative when targeting customers. Location and space matter the most, then comes the critical step of finding distributors for your brand. Miller asked the group to consider how to get a beverage into people's hands.

Henry Crosby, co-founder and owner of Motto, highlighted that food and beverage entrepreneurs should aim to "turn conversations around, from negative to positive, in order to make the complainer a loyal customer." He followed on with the definition that, "engagement means that there is a reaction." SHA's Heather Kowlakowski commented that food and beverage entrepreneurs receive many different opinions. She added that teaching and training staff to engage while listening is a necessary skill that is challenging and invigorating; there is no cookie cutter approach to every situation. John Meadow, president of LDV Hospitality, commented that you need to "hold to your identity; this allows you to be able to stand through the venom."

Elizabeth Huston, SHA '16, highlighted the importance of sticking to your core of operations, yet finding ways to diversify the methods of meeting new demographics through outreach and programming. The participant sentiment was that when you get too far away from your core, you need to go back to where you originally started on the entrepreneurial journey. Christopher Gaulke closed with a quote by Lao Tzu: "If you do not change direction, you may end up where you are heading."



John Meadow, of LDV Hospitality: You need to hold to your identity to stand through the venom of customer complaints.

Jason Schuler, founder and president of Drink More Good, noted that he uses the front lines to get his product out—specifically focusing on farmers markets. He added that you need to, “tell the story, and spend facetime with people.” Allison Goldberg discussed the importance of behavioral change in getting consumers to buy her product, because it is used as an ingredient. As a purveyor of a specialty product, she finds greater willingness to pay, but the marketing framing and descriptors such as “small batch” and “premium quality” are important. Steven Kay commented: “There is so much liquid out there; it is difficult to find something really unique at this point. The selling factor is the person on the street hustling, since the days when distributors were getting kickbacks to push product are long gone.” Given the tremendous number of options on the market, differentiation is important. The vendor relationship is also important, as the vendors become trusted advisors in the selection process. Finally, the need for the product drives the entrepreneur’s decision making process. The more details about a specific beverage category that can be defined by a customer base, the easier it is to incorporate a new product.

Kolakowski commented: “Beverage entrepreneurs are faced with significant challenges, including increased government oversight with the Food Safety Modernization Act and over saturation of new product offerings.” Bringing a new product to market is tough. However, there are incubators available to help with the facilitation of the process and idea. Incremental scaled production is another approach to building a business.

Employee selection is an essential aspect of product development. The participants considered how to attract people both to patronize and work with you, since customers can become employees. The process of building a great culture was



Cornell’s Heather Kolakowski: Beverage entrepreneurs are faced with significant challenges, including increased government oversight and over saturation of new product offerings.



Jason Schuler, of Drink More Good: You have to tell your story in person on the front lines.

discussed, as was accepting the realities of the labor pools in an area.

Looking at trends in the industry, participants focused on the need to share socially. Jacob Miller, product team member of Tasting Table, talked about the unspoken trend, that people want the ability to eat something socially, the ability to share. Giuseppe Pezzotti, SHA senior lecturer, commented: “We delete a restaurant like we delete a text message; we value a buffet of choices.”

Justin Fryer, SHA ’16, pointed out that, “as a millennial group we are loyal to an extent, but are willing to spend a little more for an experience; it is important to say, I have tried this brand.”

The session closed with a discussion regarding the relative importance of brand and product. Money might control the shelf space and accessibility, but there might be merit to linking marketing plans to human nature. Humans like the chase. Scarcity sells.

Technology for the F&B Entrepreneur

Facilitator: Alex Susskind, Associate Professor, School of Hotel Administration, Cornell University

Student Perspective: Kassie McGue, SHA ’18

Alex Susskind opened this session with a two-part question for all participants: “How many of you have seen customer facing technology in restaurants, and how many of you have used these technologies?” Susskind explained script theory and role theory as they relate to how technology is changing the dynamic of script theory. For example, asking your server for appetizer



Robert Guarino, of 5 Napkin Burger: You need to create value out of the payment step, because that can be a point of failure.

recommendations is becoming obsolete due to the presence of tablet menus, thus changing the server's role. He also addressed the need for alignment in technology types to venues (e.g., there is a difference between what is needed at an airport versus what is needed at a sit-down restaurant). As SHA lecturer Christopher Gaulke noted, "There is a difference between 'eating' and 'dining.'"

Susskind added, "Technology has taken on a new role in our business. From a marketing standpoint, in order to reach the Millennials, you need to have platforms that are able to engage them, give them more control over their experience, and increase convenience for them. From an operational standpoint, technology is the only way to apply all the available information, beginning with your supply chain through the conclusion of each guest experience." Discussion then revolved around knowing your customer and picking technology accordingly. Statler Hotel's Greg Mezey noted that you need to "segment the customer base for technology." Kassie McGue, SHA '18, highlighted that with online platforms, convenience is more important than experience.

Susskind underscored the large cost of technology investments, adding that partial functional rollouts can be an effective way to incorporate technology. Further, concepts define interaction and adoption. Susskind commented that technology has been layered into our lives.

Participants acknowledged that technology is not an end in itself, but it can be used as a means to address points of failure in service. Restaurants can address the potential dangers of guests' negative reaction to dropping the check, for instance, by suggesting a dessert, thanking customers for their business, or

asking them how their service was. This interaction can increase future sales and customer loyalty, but there's also a potential for a traumatic interaction. "Payment can be a point of failure," said Robert Guarino of 5 Napkin Burger, "so you need to create value out of that last step." Tasting Table's Jacob Miller added, "You are selling time, convenience—freedom to choose how you use your time."

The thing to remember about technology, according to Cornell's Pezzotti, is that the only difference between hospitality and hospital is the "-ity." In other words, the service industry will always have a human interaction component, and perhaps the intersection of the medical and hospitality industries will be the ultimate customer service frontier with relationship to technology integration. Pezzotti noted: "You want the exchange... versus with the bank or airlines, not necessarily do you only want an interaction." The CIA's Douglass Miller closed the session with the question of whether the hospitality industry might be the "last stand of human contact."

Moving Forward

The closing commentary from roundtable co-chair Cheryl Stanley stressed "the importance of keeping the conversation moving forward around the intersection points for the disciplines of food and beverage and entrepreneurship." The panel concluded with a challenge for engagement in hopes that participants would find additional ways to bring their perspectives into a range of opportunities at the School of Hotel Administration aimed to make a difference in the global hospitality industry. ■



Tasting Table's Jacob Miller. Restaurants are selling time, convenience—freedom to choose how you use your time.

Roundtable Participants

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Cheryl Stanley '00, Lecturer, Cornell University School of Hotel Administration

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Vien Dobui, Co-founder and Managing Partner, Tandem Coffee + Bakery

Victoria Dubin '82, P '19, Owner, Victoria Dubin Events

Robert Edell '12, Co-founder and CEO, Servy

Meryl Eriksen '07, Director of Food and Beverage, Inns of Aurora

Emily Franco '92, Director, School of Hotel Administration—The Culinary Institute of America Alliance, Cornell University School of Hotel Administration

Christopher Gaulke, Lecturer, Cornell University School of Hotel Administration

Allison Goldberg '88, Owner, New England Cranberry Brands

Annette Graham, Associate Dean for Business Management The Culinary Institute of America

Robert Guarino '96, CEO, 5 Napkin Burger

Julia Heyer '00, Principal, Heyer Performance Inc.

Steven Kay '94, Owner, Mel's Burger Bar

Ravinder Kingra MMH '12, Lecturer, Cornell University School of Hotel Administration

Heather Kolakowski '00, Lecturer, Cornell University School of Hotel Administration

John Meadow '02, President, LDV Hospitality

Gregory Mezey '09, Director of Food and Beverage, The Statler Hotel

Jacob Miller '15, Product Team Member, Tasting Tobie

Douglass Miller, Professor, The Culinary Institute of America

Giuseppe Pezzotti '84, MPS '96, Senior Lecturer, Cornell University School of Hotel Administration

Ted Russin, Associate Dean of Culinary Science, The Culinary Institute of America

Raji Sankar, Co-CEO, Wholesome International

Jason Schuler, Founder and President, Drink More Good

Elias Soto '00, Owner and Designer, ESE Lifestyle

Alex Susskind, Associate Professor, Cornell University School of Hotel Administration

Greg Vojnovic '85, Chief Development Officer, Arby's Restaurant Group

Justin Fryer '15

Jake Hauss '16

Elizabeth Huston '15

William Kinney '16

Mary Katherine McGue '18

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