

Building, Rebuilding and Sustaining a Winning Culture at the Madame Zingara Restaurant Group

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Case

Most managers are increasingly aware that what motivates employees to work productively is not limited to salaries or benefits (Cappelli, 2000). Gauging employee engagement – the extent to which employees feel inspired, passionate or a part of their organisation – is critical to understanding what type of organisational culture you wish to create. As the effects of the global recession continue, maintaining employee loyalty and employee morale is important for all parties (Sutton, 2009). The ongoing challenge of a “war for talent” (Michaels, Handfield-Jones, & Axelrod, 2001), coupled with the added aggravator of reduced financial resources, implies that strong leadership which can facilitate employee engagement is critical. The benefit of creating a positive psychological contract (Rousseau, 2001) between employer and employee may yield tangible benefits for both parties (Heskett, Jones, Loveman, Sasser Jr, & Schlensinger, 2008).

This case study explores a practical example of how a South African restaurant group, Madame Zingara, was rebuilt following bankruptcy. Within a short space of time, the group was re-established, and continues to grow by focusing on developing a strong external and internal brand. The case describes the background to the “family” working environment and highlights how staff engagement and loyalty has yielded tangible business benefits. It encourages students to consider the advantages and disadvantages of what may be termed “charismatic leadership” (Weber [1947] as quoted in Conger & Kanungo, 1988) and the importance of continuing to measure employee engagement, particularly at a time of rapid expansion.

Introduction

Richard Griffin, a 38-year-old Cape Town entrepreneur and founder of the successful Madame Zingara restaurant, was deep in thought as he reflected

on the previous 14 months. With his head in his hands, he waited to address the 40 members of management beginning to assemble in the now famous Belgian 'Spiegelpaleis' tent named Victoria (the "Tent") for their monthly meeting. He thought back to how only the previous February, Madame Zingara CC had been liquidated in the Cape High Court.

"Look at everything we have achieved," he began, his eyes sparkling. "14 months ago we had nothing. Today we have five restaurants valued at over \$5.5 million and between them 92 years of trade. I am humbled and I wish you all a journey of fun and relish as we move forward. But understand the seriousness of business – without our customers, we have nothing. Our values are in our customers and we are only as good as our last night."

The group assembled were quiet. Many had worked with Griffin for over eight years, returning to the fold despite the troubles of the previous February. Others had joined more recently. With head office staff, head chefs and front of house for each restaurant, many sporting dreadlocks, tattoos and piercings, it was not your typical corporate management meeting. All listened intently as Griffin continued.

"Through our staff we secure our trade. By acknowledging our people, we can grow this group. We're at a tipping point and I would like to see you walking with open arms, arms above your head, carrying this wonderful challenge."

Setting the Scene – The History of Madame Zingara

Madame Zingara was founded in 2001. It soon became known for its eclectic charm. Chilli-chocolate fillet became its signature dish and belly dancers and snake charmers wove their magic, while diners donned silly hats. Eating at Madame Zingara became associated with fun and laughter – it was an intoxicating experience from the moment you arrived until the moment you left. But in 2006, the restaurant burnt down and Griffin was left without a venue. Following a visit to Europe, Griffin decided to purchase a hand-carved wooden tent built in 1928, featuring multi-faceted mirrors and stained glass. "Victoria" is now the permanent home of Madame Zingara and can seat 420 diners each night. In 2007, the Tent toured three major cities in South Africa with much success.

In November 2008, an ambitious Griffin took the Tent and all of his staff to the United Kingdom for a tour based in London. The concept was well received among British critics and each night was a full house, but the financial backing fell through. It was late in 2008 and the UK credit

crunch was starting to bite. Stuck with unexpectedly high costs in the United Kingdom, Madame Zingara was obliged to close its run early and return to Cape Town. A subsequent cash flow crisis led to a High Court summons and the business was liquidated. The curtain fell at the Tent.

Retrenching all his staff and selling all the assets was one of the hardest experiences of Griffin's life. "There were lots of tears. I wanted to die. My heart had been ripped out. I lay on my couch for six months and watched TV and refused to speak to anyone. I felt I had let down my family of loyal staff who had worked for and with me for years. My life is Madame Zingara," reflects Griffin. "Finally, Bettina, a wonderful woman who taught me to cook twenty years ago came to my house. She took my hand. She led me back into the kitchen and said 'You must cook Richard. It is what you do.' She restored my faith in myself. I knew that my vision for Madame Zingara had to continue. I felt I owed it to myself – but also to everyone who had worked so hard over the previous eight years."

The Return of Madame Zingara

For the first time in his career Griffin was obliged to go into a financial partnership in order to re-launch Madame Zingara. He started slowly by acquiring the Bombay Bicycle Club ('Bombay') in May 2009, working incognito at the restaurant as a chef for several months. Bombay is a small, intimate restaurant that offers fusion cooking and is described as "Cape Town's wonderfully wacky bohemian love den at the top of the hill". On the 5th of October 2009, he acquired the Sidewalk Café in an upmarket area of Cape Town, offering a brasserie style of dining with free wireless access during the day, organic foods and a relaxed ambience, Griffin describes Sidewalk as the "yin to Bombay's yang".

But these twin ventures were merely the prelude to the re-launch of the *Theatre of Dreams* as Griffin gathered his resources and utilised his famous charm. In May, the 2010 'Love Magic Tour' signalled a triumphant return as the Tent re-opened in Cape Town. The show featured both new and old acts including a Russian acrobat, Ukrainian roller skaters, Mongolian Triplets, the Las Vegas Hula Hoop Girl, and the much loved 'Three Tons' who are three singers that traditionally close the show with a lively rendition of Sister Sledge's *We are Family*.

Growing the MZ family

Possessed with a boundless energy and a seemingly limitless passion for developing his business, Griffin went on to purchase two further

restaurants in October and November 2010. Like the Sidewalk Cafe and the Bombay, the Mozart Café and Café Paradiso ('Paradiso') were long-established restaurants in Cape Town. Both have been extensively renovated, smartened up and reopened within a month of purchase.

All of the five restaurants now associated with the Madame Zingara brand are registered in separate limited companies and operated as a franchise by the Madame Zingara Head Office.

Head Office also manages all human resources, operations and box office bookings for the Tent, and is the hub of the management team responsible for delivering the Madame Zingara vision.

What is The Madame Zingara "Magic"?

Eat, play, love

When talking about the magic of Madame Zingara, most people are referring to the experience of dining in the Tent. As one diner commented when interviewed: "I was struck by how seamlessly all the performances worked together and the perfectly timed delivery of the three-course meal. It felt as though everyone had a role to play in the performance, even the hosts and waiters. I could tell that they all wanted to be there."

Critical to Madame Zingara's success is the ethos of flawless service. Much like the 'cast members' of staff at Disney, every member of the team is expected to perform to ensure that each guest enjoys their evening. Madame Zingara's own publicity material describes the experience:

Theatre of Dreams is your escape from the mundane, into a world of glitter and stardust that sparkles with the magic of cirque, where breathtaking feats are performed by our intriguing stable of artistes from all corners of the earth. We love our guests.

Attention to detail is paramount. Prior to dinner, guests have an opportunity to mingle in an outside bar, the "Waterford Shebeen", where performers juggle fire. Upon entering the Tent, each guest is welcomed by the hostess and shown to their table. Seating plans are precise, strict and unique to each night's performance: pre-booking and 50% prepayment are mandatory. Guests are encouraged to dress up and enter into the spirit of the evening. Each waiter or waitress wears fancy dress and has his or her character for the evening. The evening is tightly scheduled to allow all the guests to be served between performances. Ensuring that all meals are on the table in the correct order is a challenging operational exercise requiring cooperation and discipline.

Factors in Madame Zingara's Success: Understanding the "Magic"

The master magician

Griffin is a powerful figure in the success of Madame Zingara. His leadership style is to emphasise above all else the importance of creating a family environment for his staff. He is passionate about his role, as both disciplinarian and protector, as head of this "family". He loves what he does and he cares deeply for everyone who works with him. This lends him an authenticity in his style of management that people both respect and, at times, dread. So closely does Griffin identify himself with Madame Zingara that he has a tattoo of the Madame Zingara "Z" logo across his heart.

Research has found that entrepreneurs in general have a lower perception of risk than most people. Griffin appears to be no exception to this and is constantly seeking new opportunities, having faith that they will be successful. He began working as an apprentice at a well-known restaurant at the age of 13, after running away from home. Over four years, he worked his way from the scullery through to the till points. In 1994 at the age of 21, he opened his first restaurant before studying cooking more formally at Le Cordon Bleu® London. During this period, his personal life was immensely challenging and he faced many personal hardships. This has contributed to his resilient nature. When asked what motivates him, Griffin replied:

Some tragic experiences, the death of my brother, running away from home, some time in bad company, all led to personal growth for me. Work is healing - people need to work and contribute positively.

Being part of the family

People who work for Griffin are working for a deeply passionate leader. At every level of the organisation, Griffin is up to speed - the financial budgets, the suppliers, the quality of food and what is being served. Whether you are a chef, waiter or manager at Madame Zingara, Griffin tends to know both what is meant to be happening and whether the role is being performed to standard.

Griffin observes:

Money is not the governing force of who I am. I don't forget that this is a business, I run it like a business and always watch the bottom line, but I want my work to be a journey of life, to be able to touch, to feel, to experience and to take others along with me on the trip.

An advantage of this style of leadership is that Griffin knows each member of staff personally and is likely to assist any member of staff who has run into difficulties. This may mean giving temporary loans, employing members of family (for example, two generations of one family work in the kitchen), assisting with legal costs, or helping to rehabilitate members of staff who are struggling with alcohol or drug addiction.

Provided staff are able to perform their jobs properly and to Griffin's standards, he will support and trust them to a level not typically seen in a company. Salaries are "higher than industry standard" remarks Griffin, and employees are regularly rewarded either through conventional bonuses or through smaller, more personal gifts: a new knife for a chef, a new uniform. On one occasion, an elaborate staff party took over a restaurant for an entire evening to celebrate the end of the Cape Town run of the Theatre of Dreams: "It did mean losing one night's trade but it was worth it – we redecorated the whole thing too".

Accountability and discipline

Madame Zingara is Griffin's passion and his life's work. This means that he has less need for regular work-life balance than other members of his staff. At times, his passion for perfection can be a difficult burden, and the work atmosphere can become chaotic. One member of staff commented: "As good as Richard is, as bad as he is". In other words, on some days Griffin's mood may adversely impact the productivity of the staff.

"I've seen him fine a waiter \$150 for serving a drink in the wrong glass."

Accountability is key at Madame Zingara. A fine system is in place so that if managers exceed their budgets (in the case of the head chefs, 35% cost of stock to amount of profit over a weekly period), or in any way default on serving a customer, they are personally financially penalised. For larger infringements – for example, if the manager responsible for beverage cost lapses – the excess cost is shared across all management. At times this system may appear unfair as it depends on Griffin's mood and is not implemented strictly. It is driven by his own attention to detail that demands perfection at every turn. Griffin is aware of this:

Don't misunderstand; I am very hard on my staff. People have to learn a 150-page training manual before they even start work here and I demand that they work hard and contribute consciously. The beautiful thing is we are not normal, we are misfits with tattoos and weird hair and we are successfully selling a product to an upper-income group aged between 40-60 years old!

Making it All Work in a Time of Change

The employees

Madame Zingara has grown to nearly 200 staff in the past year. Over 90% of staff retrenched in 2008 returned to Madame Zingara to help Griffin re-launch the Theatre of Dreams. In addition, about 100 new staff have been taken on to cope with the expansion. Previously, there were at most 120 staff working under the Madame Zingara name.

Madame Zingara has a track record of employing people who have traditionally struggled to find work. Former drug addicts and recovering alcoholics are employed and given a chance. As the HR manager Lee-Ann put it, "We're a bunch of misfits. I come from a bad past, Richard comes from a bad past – so too do most of the management team. We understand. Just tell me your story when you join – I do not want to find out about it three months later."

Employees interviewed claimed that they work in Madame Zingara because they feel a sense of family, a sense of belonging. When questioned, staff returned a range of responses that include:

- "Wow, people, work, energy, growth, happiness!"
- "The best thing about working in Madame Zingara is we doing good job together as a family." [sic]
- "The people, the show, the music, the rewards! The flexibility, the fun times!"

It is important not to underestimate how important the concept of *family* is to people who have faced personal difficulties. The sense of self-worth and respect they feel at work is critical to their loyalty to Griffin himself and to Madame Zingara.

Loyalty in times of adversity and change

When Madame Zingara was liquidated, many staff were snapped up by a rival company named Vaudeville, which offers a very similar package of burlesque/circus entertainment and dining. One member of Madame Zingara's staff observed:

Vaudeville was a very good example to me – you don't understand how powerful Richard is. They had everything we had including 90% of our staff – the entire back office, the front of house and the waiters were from us - and yet somehow it just did not seem to work out for Vaudeville.

When Madame Zingara re-opened, these staff left Vaudeville and returned to the Tent.

Staff behaviour and the MZ product

As expressed by Griffin, the experience of the diner is inextricably linked to the experience of the staff. Griffin comments:

The workforce is everything at Madame Zingara; their happiness affects the final product, which affects the bottom line. All staff should be protected, encouraged and pushed to do their best. Our staff turnover is miniscule, which to me means that we are doing something right.

Staff are specifically recruited to “fit” the product, which is marketed as eccentric, exciting and an adventure. Providing excellent service is a key part of the product. The training manual notes:

At Madame Zingara we encourage you to be yourself; you have been recruited largely for your beautiful, vibrant personalities!

However, we have to base this on professional service.

Once we are covering all our bases and giving excellent service, this is to enable you to feel comfortable on the floor and allow your personalities to shine through.

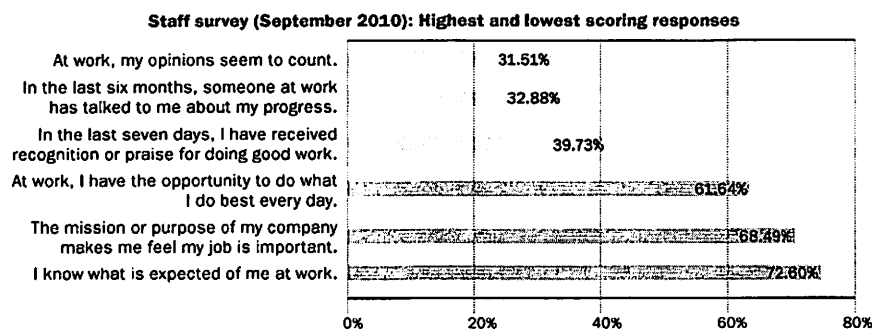
Madame Zingara has recently been awarded both Best Service and Best Restaurant 2010 at the Restaurant Association of South Africa Awards². A special award for ‘Service Excellence’ was also received.

Employee engagement: survey results

A staff survey was conducted based on the Gallup Q12 questions that aim to measure employee engagement. Staff were surveyed at all levels of the organisation with particular attention on those in the headquarters (including box office) and the kitchen staff in the Tent, as this represents the widest distance in roles.

The lowest and highest scoring questions and responses are as follows:

Figure 3: **EMPLOYEE SURVEY RESULTS (11–17 September 2010)**



² Awarded on 25 November 2010 by the Restaurant Association of South Africa.

These results are concerning and may reflect the challenges of a constantly expanding business. Griffin was surprised and concerned. “My staff are everything to me and I know I have to go back and look at this – I need to work out how to share the love again. Things must change and change immediately.”

The Future: Identifying Challenges

A rapid pace of change in any business presents challenges. For Griffin, the survey results highlighted the difficulty of preserving the ethos of the Madame Zingara brand during company expansion and the dilution of his personal influence over the every day activities:

What is key is how do we empower others so the message carries on – I am going back to look at this after six months of growing the rest of the business. I can see that we need to do some work on human resources – the first rule will be no more shouting! I see two big areas of challenge going forward: discipline and communication.

Maintaining discipline

As the business has grown, it has become increasingly difficult to monitor and maintain discipline effectively. This has led to an inconsistent approach that has caused some unhappiness among staff, some of whom perceive it as unfair. This inconsistency is risky. For basic statutory compliance, it is mandatory to follow the prescribed disciplinary procedures.

Says Griffin:

Staff forget so easily what it was like to have nothing. They are earning really good money – the old staff earn up to \$400 per shift in tips – that is upwards of \$5,500 per month with no outgoings! We are paying for all their accommodation and all their transport while on tour. In fact, they are spoilt.

More experienced staff tend to arrive later for their shifts, perhaps only one hour before the guests are scheduled to arrive at 7pm. Others, generally newer members of staff, will have been on the premises since 2pm to lay their own tables. Because of a lack of discipline applied consistently, newer staff perceive this as “unfair” whereas more experienced staff regard it as their “right”.

Improving communication

“Every single day at 9am we have a staff meeting before the day starts. Every staff member has the opportunity to take the floor. This has always been our way before starting a shift,” mused Griffin. “However, perhaps people are not getting the opportunity to be heard or do not feel

comfortable in a large forum. I am worried the message is not getting across.” Meetings have traditionally been held informally with the aim to identify issues for the day rather than foster development or offer the opportunity to deliver feedback.

Employment processes

With a team of staff that has a varied educational background and skills base, a one-size fits all induction process is neither possible nor appropriate. Before the staff numbers grew so large, Griffin was able to both interview and hand pick all members of staff, who were generally recruited through word of mouth and existing staff relationships. This ensured that each person hired was taught the ‘Madame Zingara’ story, which ensured the preservation of its institutional memory.

As numbers have grown this model no longer functions as well. Griffin’s concern is that without an adequate induction process, new staff “only really know me when I’m screaming and swearing at them.” This concern was reflected too in the staff survey, where the majority of kitchen staff revealed that the worst thing about working at Madame Zingara was:

- “The worst thing is when they scream at everyone.”
- “Pettness between staff, the boss contradicting himself all the time.”
- “The way I am spoken to. I don’t like being shouted at.”

While a frantic pace in the kitchen, with swearing, may be typical in the restaurant industry, the challenge is to ensure that people are adequately brought into the vision of Madame Zingara from the outset. Not only does this help morale during busy or difficult times but it helps create a sense of loyalty.

Expanding business means moving into a more formalised way of work

As a business grows beyond its infancy by necessity its working practices need to become more formalised. One person cannot control all aspects of an organisation successfully and ensure longer-term sustainable growth. A challenge for Madame Zingara, and Griffin as founder, is how to ensure that a more structured approach is implemented. In doing so, it is important that Griffin avoids the so-called ‘Founders Trap’, whereby it becomes difficult to delegate responsibility efficiently or effectively (Adizes, 1999).

Griffin acknowledges: “we have now conducted more extensive staff appraisals, which took place after the survey results. However I am aware it has been a time of rapid change and expansion.” He continues:

What we need to do is make sure the heart of Madame Zingara is intact. From seeing the results of this survey, I have now appointed Lee-Ann, one of my longest standing members of staff and someone who began as a waitress six years ago before becoming production manager in the Tent, to be head of HR. To me, I would rather call this role the 'Heart' than HR because I see this role as being to love our staff and show them that love. If someone is upset, they must go and speak to Lee-Ann. I want her to be the shoulder to cry on. It is very important.

At the same time, Griffin has appointed Nadine, another long-standing member of staff, to be head of Operations: "Her role really is to be the tough one. She is responsible for training on the floor and for disciplining appropriately. This industry requires someone who can fill this role and be tough when required."

Communication at Madame Zingara is becoming increasingly important and Griffin acknowledges the existing morning meetings are no longer enough. Griffin has supplied BlackBerrys to all of his management team including the head office, head chefs and front of house. The idea is that they can be contacted – and contact each other – at any time of the day or night. The group has a strong presence on FaceBook to communicate with its external audience and each separate restaurant has its own page. Press releases and competitions are managed by an external public relations agency.

Conclusion

As the management meeting at the Tent drew to a close, Griffin looked around the room. "We must be proud of who we are and what we have achieved. It has been a hectic 18 months. I am determined to lay the foundations here for a long and successful future together."

Discussion

1. **Richard Griffin was a visionary leader with a dream for building a unique restaurant business and a unique place to work. Describe Richard as a leader, the restaurant experience that he created, the work experience he created with an emphasis on engaging employees and developing a family environment, and the cultural values that he built his business on.**

2. Richard Griffin lost his business and went through some difficult times personally. Discuss his journey from failure to rebuilding and the skills that made him successful once again.
3. In understanding the “magic” of Madame Zingara, discuss the core values that Richard Griffin built his business on, his leadership philosophy, and your evaluation of the consequences of his approach to rewarding certain behaviors and having significant consequences for others.
4. Given the rapid growth and success of the restaurant group, Richard Griffin must have been shocked at the survey results. First, discuss why it is important for leaders to do reality checks like the staff survey. Then, discuss what you think most likely caused the disappointing results and what Griffin could have been doing to sustain the Madame Zingara magic and culture during times of rapid growth.
5. It takes time to build a successful culture but cultures can be eroded rather quickly. What are some of the major causes of culture erosion and what are some things leaders can do to sustain successful cultures? Evaluate the decisions Richard Griffin is making to get the culture and the organization back on track and discuss anything you would do different.

Key Lessons

1. Leaders need to be aware of the desired cultures they are trying to create and what they are doing by example and by the structures, processes, and rewards they utilize that either reinforce or undermine the desired culture.
2. Employee engagement is necessary to build healthy work cultures and foster effective change. The more involved and internally committed employees are the greater the probability of business success and higher performance and profits. It is important for leaders to be aware of the morale of their staff and take appropriate steps if necessary to test and build engagement.
3. In times of rapid growth, and especially with the addition of new employees, leaders need to be keenly aware of the need to effectively integrate new people into the culture of the organization and to make efforts to monitor and maintain the organization culture and not take employee engagement for granted.

An effective culture is challenging to build but easy to lose when leaders are not aware of possible culture erosion.

4. Leadership style is very important during periods of rapid change. Visionary leaders who are skilled at building high performance organizations and motivating people must also be willing to develop leaders throughout the organization, delegate to others, and re-structure organizations for changing times. Organisational lifecycle theory (Adizes, 1999) would suggest that during this phase of rapid growth, some formalisation of processes and delegation is required to mature the organisation and reduce the risk of the 'Founder's Trap'. Delegation is a key challenge for entrepreneurs to focus on.
5. Investing in building an internal brand for your staff is as important as the external brand you present to your customers. Consistent investment in living your values and focusing on recruiting the right people for your organisation will stand you in good stead for unsettled periods in the future.

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BIOGRAPHY

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