

Founders' Roles and the Aesthetics–Commerce Tradeoff: Owning and/or Cooking in Toronto Restaurants

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Hirsch (1972, pg. 641-642) once proposed that cultural products are “nonmaterial goods directed at a public of consumers, for whom they generally serve an aesthetic or expressive, rather than a clearly utilitarian function.” This implies that success in culture-based industries derives from an organization’s ability to meet aesthetic demands as well as the commercial demands of market-based competition (Lampel et al. 2000). This is certainly the case in the restaurant industry where “restaurant food, like all food, has an aesthetic, sensory dimension and is evaluated as such by both producers and consumers.” (Fine 1996, pg. 13) The commercial side of the equation, however, is far from irrelevant. As such, restaurateurs “are caught between the demands of aesthetic creation and the viselike grip of free-market capitalism.” (Fine 1992, pg. 1271)

Effectively navigating the aesthetics–commerce tradeoff may be linked to the role composition of founding teams. The definition and enactment of founder roles are at the heart of cultural production because they imply a certain set of skills, as well as expectations about and norms associated with the individuals who occupy them. In their study of the Hollywood film industry, Baker and Faulkner (1991) argue that roles are resources that grant access to social and material capital and acceptance within relevant organizational communities. They go on to demonstrate how role combinations that separate business and artistic functions in film-making provide a viable solution to the problems of organizing cultural production. Producers who specialize in coordinating the financial aspects of film production have an advantage because they can advance projects more swiftly and attract investors. As businessmen, they offer appropriate solutions for achieving commercial success. The enactment of consolidated artistic roles (i.e., writer-director) allows directors and screenwriters to maintain aesthetic control over cultural

projects while counterbalancing producers' bargaining power.

We extend Baker and Faulkner's (1991) treatment of roles and role compositions in culture-based industries by accounting for the career processes by which role occupants develop skills and identities. Studies of culture-based industries note a tendency for individuals to move from one job to the next. Bielby and Bielby (1999, pg. 64) find that "careers are built through interfirm and intrafirm mobility," while Giuffre (1999, pg. 818) notes how "histories of past associations travel with the actors." All of these previous employers provide individuals with "models for organizing new firms (both positive examples to be emulated, and negative examples to be avoided)." (Freeman 1986, pg. 33) Thus, each prior organizational experience can influence the "premises that guide [subsequent] decision-making." (Baron et al. 1999, pg. 531)

The relevance of prior experiences in shaping the skills and identities of role occupants raises an important question: Can the development and enactment of founders' roles become liabilities as well as resources for nascent organizations? When roles demand consistency and authenticity, pre-founding experiences that straddle role types yield inconsistent skill sets and incoherent identities which may impinge upon organizational success. We argue that such demands (consistency and especially authenticity) are more pressing on the aesthetic side of cultural production. As such, we predict that when occupants of aesthetic founder roles have pre-founding experience in commercial roles, organizational performance will suffer. The same does not hold for founders that occupy purely commercial roles.

The Restaurant Industry

Restaurant founders must develop the aesthetic foundation that allows their new organizations deliver high food quality *and* the capabilities that correspond to the non-food dimensions that help a restaurant meet the commercial prerogatives of competition. Aesthetic productions in a restaurant are typically considered to be the food that is prepared in the kitchen. The way in which this food is presented and delivered to customers comprises the commercial context in which the organization's artistic outputs are experienced by customers. Our study examines how founders who straddle role types can become

liabilities when restaurants strive to meet aesthetic demands as well as the commercial demands of market-based competition. We do so by isolating the two principal domains of restaurant work that map onto the aesthetic (i.e., food) and commercial demands faced by restaurants and focus on two founder roles associated with aesthetics and commerce, chef founders and non-chef founders. The distinction between founders and chef founders is shown in Table 1 which presents two examples of chef founders (Aisenstat at *Ki* and Bermann at *Boba*) and one example of a non-chef founder (Adjei at *Nectar*). It also shows how founding teams can be comprised of only non-chef founders (*Ki*), only chef founders (*Boba*), or combinations of chef founders and non-chef founders (*Nectar*). Finally, Table 1 shows three different pre-founding role trajectories. David Aisenstat held ownership positions in four different restaurants before founding *Ki*. David Adjei held nine different jobs as chef, executive chef or sous chef before founding *Nectar*. While these founders accumulated employment experiences exclusively in one role type, Bob Bermann accrued both types of pre-founding experience before founding *Boba* in 1994.

We will analyze the influences of founders' prior experiences on the success of restaurants expressed by the evaluations of restaurant patrons in terms of these food quality *and* service/ambiance quality. The findings will indicate that when founders collect prior experiences within their specific role their restaurants receive better evaluations than when those experiences cross over roles. In other words, focused role identities are shown to dominate consolidated aesthetic-commercial identities. We will also show that the role experiences of chef founders leave stronger (positive and negative) marks on restaurant evaluations, reflecting the importance of role purity on the aesthetic side of restaurant production.

Hypotheses

This project is situated at the intersection of research that examines founder roles as critical resources for new organizations and that which isolates founders' pre-founding experiences as important determinants of new firm success. Our two baseline predictions draw directly from each of these bodies of research. Drawing from Baker and Faulkner (1991), we first consider the composition of founding teams. In the restaurant industry, teams can be populated by non-chef founders who hire chefs or they can

include the consolidated role of chef-founder. Fine's (1992) analysis of the chef's role in restaurant production argues that chefs tend to hold the aesthetic ideals most dearly. Therefore, while non-chef founders focus on commercial demands, chef-founders tend to tilt the focus of their founding choices toward aesthetic outcomes. Given the defining feature of the chef founder role, we expect to find that *founding teams that include chef founders will deliver higher food quality*. We also consider whether this bias is beneficial or harmful overall by examining overall (i.e., food and non-food quality) and the difference between food and non-food quality ratings in the presence of chef-founders.

Our analysis then considers how founders' pre-founding experience influences the success of their new organizations. A large volume of research examines the implications of pre-founding experience in determining an array of organizational outcomes.¹ Time spent working in related organizations prior to founding educates and imprints individuals. It also indicates that related pre-founding experience allows organizations to more effectively meet the demands of market-based competition by endowing founders with relevant knowledge and resources (Freeman 1986). Following this research, founding teams should benefit from pre-founding employment experiences that augment their ability to meet *both* aesthetic *and* commercial demands. As such, we predict that *founding teams with more relevant pre-founding employment experiences will achieve superior quality outcomes*.

We refine these baseline predictions by distinguishing between back-of-house and ownership pre-founding experience. Back-of-house experience include the various chef and cooking roles that allow individuals to better appreciate and understand the aesthetic aspects of restaurant production. Fine (1996, pg. 49) notes that "a key indicator that a novice has become a competent cook is the development of a professional stance: a set of public behaviors and attitudes that validates that one shares the abilities and values of one's fellows." Previous experience in aesthetic roles should enable founders to produce offerings with greater aesthetic appeal. Ownership experience allows individuals to accumulate knowledge and insights that help to better understand the interface between food production and the

¹ Studies have been set in a range of industries including automobiles (Klepper 2002), disk drives (Agarwal et al. 2004), lasers (Klepper and Sleeper 2005), legal services (Phillips 2002, 2005) and wines (Roberts et al. 2007; Simons and Roberts 2007),

customers that will ultimately consume, evaluate and pay for that food. We propose that positive returns accrue to experience within a role. Because chef founders focus on the back-of-house aspects of restaurant production, *their pre-founding experience in chef roles should have a positive impact on a restaurant's food quality*. We expect a similar mapping between experience in ownership roles and the ability to achieve higher non-food (i.e., service and ambience) quality. Because non-chef founders specialize in commercial aspects of restaurant production, *their pre-founding experience in ownership roles will have a positive impact on non-food quality*.

A number of studies suggest that more focused experience – i.e., that which accumulates in a narrow range of activities – confers advantages over more broad-based experience. Role purity enhances relevant skills and produces sharper identities. Focus confers advantages because specialists become expert at producing offerings that appeal to the specific tastes of consumers and critics. Therefore, film actors whose careers specialize in fewer genres find more jobs (Zuckerman et al. 2003), sellers that auction items in fewer eBay categories complete more subsequent transactions (Hsu, Hannan, and Koçak 2007), and wineries that focus on a single vinification style receive higher quality ratings from critics (Negro, Hannan and Rao, 2008). The accumulation of pre-founding experience in *both* aesthetic and commercial roles has implications for a founder's ability to simultaneously address a restaurant's twin organizational objectives. For those responsible for the aesthetic aspects of restaurant production, accumulating experience on the commercial side of the house instills and imprints compromises that make them less willing or able to deliver high food quality outcomes. So, we predict that *when chef founders have accumulated pre-founding experience in ownership roles, they tend to produce lower food quality*. At the same time, *when non-chef founders have accumulated experience in chef roles, they tend to product lower non-food quality*. Consistent with the above discussion of founding team role composition, we also question whether the predicted adverse effects are associated with quality outcomes that are beneficial overall. On the one hand, individuals with both types of role experience may be able to recognize and address inevitable compromises more effectively. This means that they might sacrifice food (non-food) quality but compensate by contributing more positively to non-food (food) quality. Or, they

may provide better balance between a restaurant's food and non-food quality outcomes.

Our final prediction focuses on whether the implications of role purity are symmetric across the aesthetic and commercial domains. If competence alone mattered in defining roles, we would expect that accumulation of experience of chef founders in non-chef roles to be as consequential as the accumulation of experience of non-chef founders in chef-roles. If, however, aesthetic roles are stronger markers for evaluation and greater experience of chef founder in non-chef roles denotes an obfuscation of a restaurant's identity, then we will expect asymmetric effects due to the influence of identity related to the chef founder's core role. Hannan and Freeman (1984, pg. 156) suggest that certain elements of an organization are core because efforts to change them "raise fundamental questions about the nature of the organization." Hannan et al. (2006) extend the notion of core to include the values, beliefs, and premises that define the identity of an organization. Founding roles that determine the identity of an organization are those that define its core elements. In culture-based industries, an organization's identity tends to emanate from the aesthetic side of the aesthetic-commercial duality. In the restaurant industry, chef founder roles mark *the* key facet of a restaurant's identity. This is evidenced in the following quotation from Thomas Keller: "The chef is the one who's setting the standard ... the chef expresses a vision." (Ruhlman 2006:336). This is evidenced in the following passage: "So what is the perception of what a chef does? That's really interesting. Because we don't cook everything. People say, 'Well the food is better when you're there, Thomas.' In some cases, I've just arrived. I'm coming in the back door, I put my jacket on, I go out to say hello to a guest, and they say, 'Oh, my God, thank goodness you're here, because the food is so much better when you're here.' It's not, it's the perception that it is, which is important. Don't get me wrong. Perception is about everything. So if the guest thinks the food is better because I'm in the dining room or in the kitchen, then the food is better." (Ruhlman 2006, pg. 319).

Accumulating incoherent experience by founders who occupy chef founder roles leads to considerable confusion about the identity of the newly founded organization, and is followed by devaluation when the organization receives reliability and quality assessments. Therefore we expect *pre-founding experiences of chef founders in ownership roles to have a more detrimental impact on overall*

quality when compared to the pre-founding experience of non-chef founders in chef roles.

Empirics

Our analysis is based on a combination of databases. The first is the *Chef and Restaurant Database (CRDB)*. This on-line data source is the outcome of ‘an ongoing project aimed at documenting the history of chefs, restaurants and restaurateurs.’² By 2007, the *CRDB* provided information about more than 2,100 Toronto restaurants, including their addresses and in the majority of cases their years of operation. It also provides information about the various individuals who occupied different roles in each restaurant between its founding and closing. In 2007, the *CRDB* reported on roughly 3,200 individuals occupying more than 6,730 different restaurant roles, where a role refers to a specific job within a specific restaurant. The most prolific job titles found in this database are summarized in Table 2. Table 2 also shows how we classified each of these job titles into several different roles: chef roles and owner and service roles. While employed in a chef role, an individual develops back of restaurant experience which maps onto the aesthetic aspect of restaurant competition. Employment in any of the latter roles creates experiences that map onto the commercial aspect of restaurant productions.

From the *CRDB*, we ascertained the members of the founding teams of the various restaurants, as well as the specifics of each individual’s pre-founding employment experiences within the restaurant industry. The former task was accomplished by matching each restaurant’s year of founding with the individuals occupying ownership roles in the same year. Once the relevant individuals were identified, we searched all previous years in the *CRDB* and counted the years that each founder occupied different roles in other restaurants.³

We test our predictions by linking this founder information to the quality information taken from

² See www.chefdb.com.

³ Dobrev and Barnett (2005) count the number of prior organizational experiences rather than total years of experience and find that this variable increases the rate of entrepreneurship. In future iterations of this research, it will be interesting to determine whether years of experience or counts of employment experiences are important for determining organizational success along its various dimensions.

Patrons Pick and the Toronto area *Zagat* guide. *Patrons Pick* is an annual (1990 to 2006 excluding 2001, 2002 and 2005) survey of Toronto restaurant customers that reports aggregate ratings on 100-point scales of three dimensions of restaurant quality – food, service and décor. For each dimension, customers who have patronized a restaurant are asked to rate it according to the following standard: 0 to 25 points=weak, 26 to 50 points=fair, 51 to 65 points=good, 66 to 80 points=commendable and 81 to 100 points=outstanding. All of the scores that are received through the mail or through the *Patrons Pick* website are averaged across respondents. This produces one food, one service and one décor score for each restaurant in each annual volume. We augment the *Patrons Pick* source with an additional four years of restaurant quality information from the *Zagat Guide* (1994, 1999, 2002 and 2006), which provides similar information to that published in *Patrons Pick*. *Zagat's* food, service and décor scores are derived based on a similar process but are reported on 30-point scales. We therefore adjusted each of the *Zagat* scores by multiplying by 10/3. Note that in 460 observations that return quality scores from both *Patrons Pick* and *Zagat*, the food, service and décor scores are correlated at 0.57, 0.49 and 0.59, respectively. In all of these cases, we averaged the two scores to form single indicators of the different dimensions of restaurant quality. In the models that we estimate, the food quality variable is that reported in the guides, while the non-food quality variable is the average of the food and ambiance scores. Respecting the different sources from which this information was gleaned, the models include a pair of dummy variables indicating whether the quality information came from *Zagat* or from both *Patrons Pick* and *Zagat*.

Our analysis begins with all restaurants for which we have founder background information. Matching these restaurants to the *Patrons Pick* / *Zagat* sample yields 1,721 observations across 376 different restaurants. Founding team sizes ranged from one to five individuals. The mean of the share of chef-founders variable (0.32) indicates that the typical founding team was comprised of roughly one-third hybrid founders. The models that we estimate are seemingly unrelated regressions with two dependent variables: food quality and non-food quality.⁴ Given the way these quality data were collected and the

⁴ We also use the founding year information supplied by the CRDB to create a restaurant age control variable. *Patrons Pick* also indicates each restaurant's price level, which ranges from one (under \$35 from 1990 to 1998;

high correlation between the two quality scores, it is likely that the error terms are correlated across the two equations. Seemingly unrelated regression is an extension of the standard linear regression model which accounts for correlated errors across equations (Zellner, 1962). This provides for more efficient estimation of the parameters and allows for tests of cross-equation restrictions.

The empirical analysis finds support for our hypotheses. Increasing experience in a role implies better quality evaluation whereas experience across roles does not. For chef-founders, experience in the kitchen has positive effects on both food quality and non-food quality, whereas experience as owners outside the kitchen reduces evaluation across the two dimensions alike. For non-chef founders, experience outside the kitchen increases evaluation of non-food quality and has no significant effect on food quality. Therefore, these findings also reveal that the experience of chef-founders is a stronger marker for critical evaluation. We thus interpret the role spanning effect as infringements on a restaurant's blueprint, which establishes its core identity.

Implications

Our study addresses unexplored questions related to the importance of founder roles for organizational performance in culture-based industries. We do this by tackling questions about how founder roles and founders' pre-founding experiences influence the balance between aesthetic and commercial outcomes in the restaurant industry. The predictions that we make and the findings that support them suggests directions for future research. One avenue is to further scrutinize why aesthetic and commercial roles remain consolidated in the face of future devaluation, i.e. why do chefs adventure outside the kitchen to occupy ownership roles, and why would non-chef founders ever tread into the kitchen. Interestingly, this outcome may stem from two diverging processes, an authentic quest (on the

under \$40 from 1999 to 2006) to four (\$80 and over from 1990 to 1998; \$120 and over from 1999 to 2006) 'dollar signs'. These signs reflect the estimated cost of dinner for two, including a glass of house wine. Prices in *Zagat* are reported as more precise dollar amount per single diner, and are therefore doubled and then converted to dollar signs according to the ranges provided by *Patrons Pick*. *Patrons Pick* also indicates the restaurant's locale (e.g., Midtown or Theatre District) and cuisine type (e.g., Italian or continental). We include three price-level dummy variables (with one dollar sign being the omitted category) and a set of indicator variables for observation year and restaurant locale in each model.

part of chefs) for artistic control over the current venture versus the subsequent implications associated with learning to manage aesthetic-commercial tensions. In future iterations of this study we hope to untangle the mechanisms behind the flux of roles which are a central aspect of cultural production. A second implication is more specific. Much has been made about the role of founders – above and beyond founding employees – in making the decisions that imprint young organizations. By comparing the implications of prior career experiences (in both chef and non-chef roles) of chef founders versus chefs hired by founders, we can isolate the implications of being involved in founding choices. After observing such differences, it will be interesting to enter the field of restaurant production to further elaborate the implications of having skilled employees or artisans occupying these overlapping but differentiated organizational roles.

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Table 1. Examples of Pre-Founding Employment Experiences

(source: *Chef and Restaurant Database*)

David Adje	(co-founder of Nectar)*	
2003-	<i>Nectar</i>	<i>Chef Founder</i>
2001-2003	Windsor Arms Hotel	Executive Chef
2001-2001	Far Niente	Executive Chef
2000-2001	Rihga Royal (New York)	Executive Chef
1997-1999	San Ysidro Ranch (Montecito)	Executive Chef
1997-1997	Dan Aykroyd Family	Personal Chef
1995-1997	Estates of Sunnysbrook	Executive Chef
1993-1995	Left Bank	Executive Chef
1991-1993	Vaughan Estate	Executive Sous Chef
1990-1991	China Blues	Sous Chef
* <i>two other non-chef founders on founding team</i>		
David Aisenstat	(founder of Ki)**	
2005-	<i>Ki</i>	<i>Non-Chef Founder</i>
2000-	Gotham Steakhouse (Vancouver)	Owner/Proprietor
1998-	Hy's (Whistler)	Owner/Proprietor
1997-	The Keg Steakhouse & Bar	Owner/Proprietor
1988-	Hy's	Owner/Proprietor
** <i>hired an executive chef at founding</i>		
Bob Bermann	(co-founder of Boba)***	
1994-	<i>Boba</i>	<i>Chef Founder</i>
1994-1994	Oliver's Bistro	Consulting Chef
1990-1993	Avocado Club	Co-owner & Chef
1986-1990	Beaujolais	Co-owner & Chef
*** <i>one other chef founder on founding team</i>		

Table 2. Job Titles in *Chef and Restaurant Database*
(all titles appearing more than 100 times)

Job Title	Count	Chef	Owner	Other
Chef or Executive Chef	1073	1	0	0
Co-owner or Partner	975	0	1	0
Owner/Proprietor	558	0	1	0
Sous Chef	417	1	0	0
Executive Chef	343	1	0	0
Manager	311	0	0	0
Co-owner & Chef	260	1	1	0
Pastry Chef	217	1	0	0
Owner & Chef	215	1	1	0
Chef	180	1	0	0
General Manager	148	0	0	0
Apprentice/Commis	131	1	0	0
Chef de Partie	111	1	0	0
Sommelier	105	0	0	1
Server	99	0	0	1
Cook	78	1	0	0
Executive Sous Chef	75	1	0	0
Saucier	58	1	0	0
Restaurant Chef	55	1	0	0
Chef de Cuisine	54	1	0	0
Consulting Chef	43	1	0	0
President	43	0	0	0
Consultant	37	0	0	0
Corporate Executive Chef	33	1	0	0
Chef Tournant	29	1	0	0
Bartender	27	0	0	1
Garde Manger	27	1	0	0
First Cook	20	1	0	0
Station Chef	20	1	0	0
Tournant	19	1	0	0
Total Count		3,731	2,046	285