The World’s First Scrum Restaurant: Riccardo’s “a Taste of Tuscany” in Chelsea, London

Riccardo Mariti and Jeff Sutherland

Scrum is a framework for accomplishing twice the work in half the time in any domain [1]. Takeuchi and Nonaka defined Scrum project management after studying lean hardware teams at Toyota, Honda, 3M, and many other companies [2]. Sutherland and Schwaber adapted Scrum to software [3] and also helped apply it in many other domains – education (eduscrum.com), hardware [4], sales and marketing [5], biotech [6], etc.

Here we apply Scrum to the restaurant business. This environment is similar to that of a lean, hardware Scrum in that shifts are repeatedly creating and delivering products in short cycles with high quality. Process efficiency and cycle time become the key metrics for production.

Riccardo Mariti has been running restaurants for decades and thinks the current restaurant model is broken. He has been searching for the reason and for a solution. By ‘broken,’ he means that in the industry, morale is at a serious low, salary costs and hourly wages are increasing, and margins are being squeezed.

The end result of an outdated management paradigm is that the restaurant business has become one of the most abusive industries. Decent people promoted to management positions become megalomaniacs as a norm; it happens every time. It’s as though they think they are expected to rule with an iron fist, order team members around, and stop personally dealing with customer service, spending most of their time working on administrative tasks rather than being on the floor with customers.

Scrum teaches that prioritizing impediments and removing them is the key to improving operations, and Goldratt’s “Theory of Constraints” [7] (see Figure 1) is a way to identify a path that turns failure into success. Joe Justice, a Certified Scrum Trainer from Scrum Inc. suggested taping off an area in the restaurant that we felt had the biggest bottleneck, counting input and output, working on improving process efficiency, and then seeing where the next bottleneck appeared. This gives us a framework where we can break down the individual ‘parts’ of the business to a level where it is possible to alter a small component and then run the ‘machine’ to see if the alteration enhances or diminishes performance of the whole system. It is now easy for each team member to see how little changes at a local level can have a much larger impact further up or down the line (we find that the ‘bottleneck’ often moves to ‘before’ a process when we improve it). We now have a new way of communicating and this has empowered and encouraged team members at all levels of the organization to understand that they can make a big difference by thinking about how they carry out their work. Team members are now coming up with ideas on how to improve areas that, in a linear sense, are not related to their area. There is a sense of shared responsibility for the ‘whole’ emerging out of this exercise and it has changed the way departments collaborate.
We have put a strict structure relating to the ‘changes’ backlog to ensure that we are only changing one thing at a time. The speed of implementation is increasing, and we are now able to change several items each day. The evolution rate of the business is increasing fast.

After studying the Theory of Constraints, Riccardo realised that the biggest constraint is, “you make money only when customers are in the restaurant, so everything must be subordinated to serving customers.”

THE CONSTRAINT

Theory of Constraints – Everything must be subordinated to the constraint

Figure 1 Theory of Constraints – Everything must be subordinated to the constraint
EASY, QUICK INSIGHT. ‘We make money only when customers are in the restaurant. Therefore, absolutely no admin when customers are in the restaurant’. A simple set of rules!! There have to be some rules!

If we look at the business through a simplified lens that Riccardo calls ‘The Disney Model’¹, we can target our weak points. The ultimate question is, “Is what I am doing now, a) below expectation?, b) at expectation?, c) above expectation?” Below Expectation: we are dead, it’s just a matter of time. At Expectation: we are a commodity, and the only way customers can judge us is 1) Convenience – i.e., how close we are to where they live or work, or, 2) Price – again, it may take a while, but, ultimately, if we remain at expectation, it’s only a matter of time until we are dead. Above Expectation: This is where we thrive and survive, we grow, and if we are at the top edge, we can ‘name our price’. This is where customers say, “I would have to be mad to go anywhere else, regardless of price”.

![Figure 2 Riccardo's Simplified Disney Model](image)

Figure 2 Riccardo's Simplified Disney Model
Ask everywhere question: “Are we Below, At, or Above Expectation?”

Scrum gives us the opportunity to move towards “above expectation” in the Disney model (shown in Figure 2). We have modified the ‘Scrum framework’ to fit all the different contexts relating to a restaurant and we are ‘scrumming the Scrum’ [8] to constantly improve our business.

We run the entire company with Scrum from kitchen, front of house, outside catering, and home delivery, to marketing and accounts.

Sutherland told us that every great team he has ever seen had the habit of ‘Swarming’, so, that has been a major focus for us while we have been rolling out Scrum [9].

We started implementing Scrum at Riccardo’s in April 2017. To give you a brief history, the restaurant was founded in 1995 and after 22 years we had started to lose our competitive edge. Due to a number of factors, we were no longer very profitable.

When Riccardo’s first started back in 1995, we were running a 25% payroll expense, which by 2017 was averaging 39%, mainly due to increases in minimum wage and changes in Inland Revenue policy. The situation was not sustainable.

When Riccardo returned from a Scrum training with Jeff Sutherland and Henrik Kniberg in Stockholm in May 2017, he decided to go all in and remove all managers throughout the organisation. He informed everyone that they had “job security, but not role security” (“this seems to be a ‘mantra’ at great companies like Bosch, so we copied it”), and he told the team, “from now on, we are all titled Team Member”.

The next day we had a totally “flat” organisation – we went straight to a “Team of Teams” – see Figure 3.

The #1 problem we had was with ‘scheduling’ the teams.

Historically managers had taken about eight hours a week to schedule each department. Riccardo asked the team if they’d like to have a go at self-organising.
We did this with all employees together in front of the shift rota board (see Figure 4) Which has now evolved to a magnetic board – (see figure 5). Riccardo observed, “In one hour, by
swarming, we created 4 weeks of shift rotas. In one hour we managed to do work that previously had taken a manager 24 hours.”

We also uncovered “hidden shifts,” shifts not needed by the company but needed by individual team members to make up their hours. We uncovered about 15% extra “hidden shifts,” For a number of reasons, historically, managers had allowed team members to work extra hours where the company did not need the team members and these related to 15% of total payroll for front of house. Once this was seen it became the number one backlog item for the teams to solve and the rota normalised within one month.

Scrum enables teamwork by self-organization and autonomy and works best with cross-functional teams. To enable this, we next agreed that the team could have as many holidays and days off as they liked. The only proviso was that team members had to find a replacement who had the same skill level to cover them while they were away. The side-effect was that each team member now had a vested interest in teaching others his or her job. We discovered that with more multiskilled personnel on the team, the shifts were easier to manage, and we were able to reduce the number of shifts worked by more than 10%. We gave a pay raise to everyone, payroll costs have come down to average 31% of turnover, and we are now profitable.

Nobody has to ask for a day off any more. They just find someone to cover them. It makes the team much happier. Happier people are more productive and help make happy customers.

The next challenge we had was how to scale Scrum throughout the whole organisation. Riccardo created a training based on short-term mini projects that would allow us to cover all the elements of scaled Scrum. See Figure 6.

Figure 6 -Team Training - Mini Scrum Projects - see portable Scrum Board in Background

These mini projects were designed to get the teams working together on tasks around the restaurant that needed to be done. The task forces were made up of a selection of members from all teams, who then self-organise into two or three new teams. We get them to allocate a Scrum master and Product Owner (preferably somebody who has not done this
job previously), run a meta-scrum (see Scrum@Scale Guide) [10], and size and prioritise backlog. We simulate a week-long sprint in five hours. We cover all the Scrum meetings. Each hour represents a day. We put a WIP (work in progress) limit of two jobs per team, which forces them to ‘swarm’.

The teams then, at the end of the training, figure out how to implement the same structure and learnings into day-to-day jobs. These mini-projects have massively accelerated our ability to scale Scrum. Each time we run the training, we boot up new teams and every team member gets to experience the different roles.

The most important aspect of swarming is in dealing with our biggest constraint --“WE ONLY MAKE MONEY WHEN CUSTOMERS ARE IN THE RESTAURANT”-- so when customers are in the restaurant, everything must be subordinated to guest service. To cover the busiest times every team member, no matter what team they are on, is on-call from 12:30 PM to 2 PM and from 6:30 PM to 9 PM to eliminate any impediment that could prevent a server’s being available to serve a customer.

We have created a new culture. It is everyone’s job to make sure that we exceed customer expectations no matter which team we are on. So, on a busy lunch or dinner, an accountant or someone from the marketing team will be answering calls and clearing tables. The result is that customer satisfaction scores have risen from 74% to 91% in the last two quarters.

Achieving optimal financial results requires giving everyone a piece of the business and developing employees who can eventually run the whole business. To that end we give employees 25% of the profits each month and have a training tracking board (see Figure 7) that shows everyone what they need to learn to become a business owner. Employee development is built into restaurant operations.

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<th>Epos System</th>
<th>How to Serve</th>
<th>Mix en place</th>
<th>Bar / Coffee Training</th>
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*Figure 7 Team Member Training Electronic Tracking Board*

**Process Improvement**

**A Discussion with Between Jeff and Riccardo**

Jeff Sutherland: “I think that the most interesting thing is that your restaurant is very similar to the Toyota production line. It’s all based on... you’re not measuring velocity so much as you are measuring
**Process Efficiency**². I think that this will be a valuable addition to Scrum, everyone really needs to start thinking about Process Efficiency, it’s fundamental.”

Riccardo Mariti: “Yes, a customer walks in, and how long does it take them to get the menu and get a drink? It’s so easy to measure.” I say, “It’s probably 25%” Jeff replies, “25% is lean, that’s good, if you get your process efficiency to 50% your production is probably going to double!”

In his IEEE white paper titled *Going from Good to Great*, Jeff Says, “From a Lean perspective, we want to eliminate the waste associated with context shift or waiting”³

In the publishers forward to the book, Toyota Production System by Taiichi Ohno, Norman Bodek was describing his last meeting with Taiichi Ohno; “what is Toyota doing now?” I asked. His answer was very simple. “All we are doing is looking at the timeline,” he said, “from the moment the customer gives us an order to the point when we collect the cash. And we are reducing that timeline by removing the non-value-added wastes.”⁴

At Riccardo’s, we have really taken this on and have found that, as happened at Jeff’s company, ScrumInc, just discussing how to implement Process Efficiency as a metric in each department has sparked invaluable discussions and caused our teams to question the way that they work. For example, at the end of a meal, customers are given a questionnaire and we follow up based on their answers to 3 questions See Figure 8. The discussion with the team was about how efficient it was to batch-process these forms. The team realised that although it was efficient to batch them from the team member’s viewpoint, there was a big delay for the customer, so we decided to start counting from the moment the customer filed out the form to the moment that an answer was sent to the customer. Our goal is to email or call the customer within a maximum of 24 hours although Monday to Friday it can be as little as 1 hour.

There are many ways to calculate this. Is it the actual work time over the calendar time? Or is it the desired time over calendar time. Both numbers give valuable answers. Both need to be looked at from the perspective of the whole.

The point here is to look at a possible benchmark and see empirically if tracking this metric improves the process or not.

Everything needs to be looked at in its own right. There are no hard and fast rules. So, we started to calculate the PE as follows:

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² [12]
³ [14]
⁴ [15]
The Way We Calculate PE benchmarks.

We simulate the process and then measure how long it takes to carry out the process without any impediments or interruptions. This becomes the benchmark PE and we are constantly attempting to find ways to improve this. For example, when you 1) arrive at the restaurant and are greeted, and 2) are seated and 3) receive a menu and a copy of the Specials and 4) your first drink with 5) bread and olives, we can achieve these five items in 3.5 minutes.

We then decide, based on a number of factors, what the Desired Minimum Standard (DMS) should be.

3.5 minutes is 210 seconds. We then ask, based on experience, what is the maximum allowable time for this section of the service to happen and for the customer to still perceive the service as good. In this instance, we said 7 minutes or 420 seconds. So, the PE is calculated by dividing 210 by 420 and multiplying by 100.

\[
\frac{210}{420} \times 100 = 50\%
\]

Anywhere between 210 seconds and 420 seconds is acceptable.

We then count how long it actually takes. This involves someone sitting in the restaurant with a stopwatch and randomly selecting say 10 tables and noting down the timings and who was handling the individual tables. We then put them into a spreadsheet and work out the averages.

If the averages are within the selected acceptable range of 210-420 seconds, then we may decide to do nothing. Often, we find that some team members are considerably faster, and others are slower, we allocate the fast ones to coaching duty. We reward fast teams not fast individuals and when it
comes to bonuses, these are looked at from the weighted lens of who has developed others in the team.

When an item goes outside the acceptable range, we categorise the extreme ranges as ‘Bad’ and these are noted as impediments and prioritised accordingly.

The PE numbers are also very useful when onboarding new team members. We are able to break down the whole service experience and put actual numbers at most stages so the new team members know what to aim for.

A few examples of how we measure Process Efficiency (PE) and Desired Minimum Standards (DMS)

- **#1 - Welcome** – PE Benchmark: 5 seconds
  
  Actual - Average 25 seconds (20%)
  DMS - <20 seconds (25%)
  Bad 60 seconds (8.3%)

- **#2 - Seating customer** (who has reserved a table and turned up at the right time) and providing menus – PE Benchmark: 51 seconds
  
  Actual - Average 120 seconds (42.5%)
  DMS - <100 seconds (50%)
  Bad 8 minutes (or 480 seconds) (10%)

- **#3 - First drink** - glass/bottle wine and water, bread and olives – PE Benchmark: 270 seconds – (this is too long; we are working on improving the PE)
  
  Actual - Average 360 seconds (75%)
  DMS – 280 seconds (96%) of current, but we want to reduce current PE
  Bad 15 minutes (or 900 seconds) (0.3 30%)

- **#4 - Time from order to first course arriving and served** – PE Benchmark: 8 minutes (or 480 seconds)
  
  Actual - Average 12 minutes (or 720 seconds) (66%)
  DMS – <12 minutes (or 720 seconds) (66%)
  Bad – 15 minutes (or 900 seconds) (53%)

- **#5 - Time from last course cleared to receiving dessert menus** – PE Benchmark: 20 seconds
  
  Actual - Average 30 seconds
  DMS - <40 seconds (50%)
  Bad 300 seconds - NEVER!!
• **#6 - Time from desert menus to ordering desert** – PE Benchmark: 4 minutes (or 240 seconds)
  Actual - Average 4 minutes (100%)
  DMS - <300 seconds (80%)
  Bad 20 minutes (or 1200 seconds) (20%)

• **#7 - a) Time to receive bill** PE Benchmark: 15 seconds
  Actual - Average 120 seconds (12.5%)
  DMS - <60 seconds (25%)
  Bad 7 minutes (or 420 seconds) (3.5%)

• **#8 - b) Time to pay bill** – PE Benchmark: 30 seconds
  Actual - Average 4 minutes (or 240 seconds) (12.5%)
  DMS - <120 seconds (25%)
  Bad 10 minutes (or 600 seconds) (5%)

We have noticed that when we get a PE of, or close to, 50% of benchmark, we have very happy customers. We carry out random PE audits ‘by hand’ and publish these on the group WhatsApp and on our Scrum Boards; these numbers are a major source of team member development backlogs and group discussions. We have found that just by making the numbers visible to the team, the numbers improve.

The danger in looking only at the numbers is that we must consider the customer experience. Not all guests want super-fast service. There is an art to ‘pacing’ the service to take into consideration the guests’ needs. Mastery for us is having the ability to accurately ‘read’ our guests to give them an experience that Exceeds Expectations; this is the foundation of our training and daily discussions. Mastery is about having the ability to meet our PE benchmarks, and, if guests are in a hurry, being able to deliver. It’s easy to slow down once you have the skill to go fast!

The bottom line is consistently increased customer satisfaction and better financial results with Scrum. In months of the year when we used to operate at a loss we are now making as much profit as we previously did only in the better months of the year. More proof of our success is that investors are funding two new Scrum restaurants in London, and that we have started up a new restaurant service; the service provides first class meals to another company near our restaurant in record time with Scrum. In our ‘corner’ of the restaurant industry, morale is high, wages and salary costs are stable, and margins are improving.
Bibliography


[13] J. Sutherland, "Going from Good to Great".

[14] J. Sutherland and C. R. Jakobsen, "Scrum and CMMI – Going from Good to Great, Are you ready-ready to be done-done?".

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