

**Sajid Gharana**

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## **Abstract**

The title of the paper is named after Sajid Dhanani, Founder, the Sayaji Group of Hotels and Barbeque Nation (BBQN) chain of restaurants. This paper is about the businesses springing from Sajid's philosophy and hence the name 'Sajid Gharana'

Guest management of many service sector organisations are governed by a theory known as 'Moments of Truth', which emphasises that every contact with the customer needs to be 'predesigned and managed'. The key tenet of Sajid Gharana, on the other hand, is to create an organizational culture which propels and supports genuine, authentic behavior. The current service industry is marked by business models based on robotization of the employees to ensure that there are no surprises and the brand experience is consistent. Sajid tried to break this by promoting authentic, spontaneous service orientation by acknowledging that both his customers and his employees were human beings.

Sajid believed in creating a culture based on a few core values (not SOPs) to create this personalized experience. The paper describes four key values and their institutionalization. It also describes institutional processes like leading by example, socialization and acculturation, creating a mythology, along with organizational mechanisms like HR processes, incentive, measurement and review systems.

## **Sajid Gharana**

This is a subjective, personal reflection of being part of something unique and successful. It's about an experience where HR / Culture is at the core of business strategy – in fact, culture is the strategy. Thirdly, this is a tribute to a 'philosopher' businessman who created a business based on beliefs that defy prevalent western management theories. I worked as a retainer consultant for Sajid and had a role in designing the organization, HR strategy, systems and processes.

The title of the paper is named after Sajid Dhanani, who founded the Sayaji Group of Hotels and Barbeque Nation (BBQN) chain of restaurants. BBQN is now one of the largest casual dining chains in India. Sayaji and BBQN have featured in the top 25 great places to work in Asia. They have also featured at 12<sup>th</sup> and 13<sup>th</sup> place respectively in the 'Great Place to Work 2019 India list'.

Sajid hailed from a well-off business family in Baroda dealing in fertilisers. He was the black sheep of the family, who worked as a waiter in Oberoi, Mumbai, so that he could set up a hospitality business. He met with an untimely death due to a heart related ailment in November 2012 at the age of 46.

Sajid's brothers, Rauf and Kayum took over Sayaji and BBQN respectively after his untimely death. I continued to work with Rauf till 2014 and with Kayum till September, 2018. Both of them have succeeded in maintaining the growth momentum of their respective organizations even after Sajid's tragic demise. Sajid's wife Suchitra looks after the customer connect of the business. His family members have opened restaurant chains like Nukkad Nation based on his philosophy. His former business heads also have established their own ventures in the hospitality industry. They swear by his teachings while running their businesses. 'Absolute Barbeque' started by

Prosenjit Chaudhary, the founding former CEO of Barbeque nation, is one such successful chain of restaurants.

This paper is about the philosophy of hotel and restaurant businesses springing from Sajid's philosophy and hence the name 'Sajid Gharana'.

It is necessary to understand the prevalent paradigms of the service industry in general and hospitality industry in particular, to recognize the distinctive contribution of Sajid Dhanani.

### **Dominant Paradigm of the Service Industry**

The most significant tenet of Sajid Gharana contradicts the prevalent philosophy of most of the service businesses. Guest management of many service sector organizations (hospitality, airlines, and theme parks) are governed by a theory known as "Moments of Truth" articulated by Jan Carlzon, which emphasizes that every contact with the customer: including booking, payment, check in, needs to be 'managed' to ensure customer delight. This has translated into many organizations managing 'behavior' of guest-facing employees, which in turn has led to pre-designing behaviors like greetings, smiles, etc. The core assumption here is that the behavior conveys the intent (of welcoming a guest).

Sajid Gharana, on the contrary, believes that if the person who serves has a genuine intention to please the guest, it will manifest itself in behaviors which will be spontaneous as well as authentic and hence will be far more deeply satisfying compared to predesigned, 'trained' behaviors. Thus, the key tenet of Sajid Gharana is to create an organizational culture which propels and supports genuine, authentic behavior with a sense of ownership as different from a 'predesigned' brand experience where employees fit into their 'scripted' roles.

This philosophy has its roots in religious beliefs of Bhakti Movement as well as Islam. The Krishna-Sudama story serves as an illustration of this belief. The well-known Sufi saint Al Ghazali has talked about intent, sincerity and truthfulness.

Sajid's greatness lies in the fact that he devised a platform that has led to creation of many businesses.

### **Culture as Competitive Advantage**

The competitive advantage of Sajid Gharana lies in creating unique personalized customer experience. This customer experience is created in the 'here and now' by an empowered employee who is fully authorized to do whatever it takes to delight the customer. It is necessary to understand the nature of customer delight attempted by Sajid Gharana. Many restaurant formats can delight customers with their authentic taste in food or because of value for money. Customers of Sajid Gharana experience a feeling of being at a 'friend's place'. This implies that the restaurant will bother to find out what the guest likes and will make every sincere effort to pamper the guest by fulfilling his/her requirements.

In a business setting, this would mean delivering a personalized experience. Just as the guest has a unique requirement the host will also have his/her way of fulfilling these requirements. Even if it's practically impossible for any host to specifically meet the requirements of every guest in terms of the food specifications, Sajid strongly believed that if the intent is in place, it will manifest itself in terms of the genuine efforts which will touch the heart of the guest. Sajid figured out that if he could create a culture where people with an attitude to serve and delight are brought together, empowered to make decisions and build a family like atmosphere, it would be possible to recreate the, 'friend's place'.

It is important to clarify the meaning of 'friendship' with the customer. Most of the restaurant employees cannot see the customers as friends as they come from very different socio-economic backgrounds. Hence in Sajid Gharana, the friendship of employee-customer is like that of Sudama and Shri Krishna, where Shri Krishna, the God (customer), accepts the simple gift of puffed rice from Sudama (guest service associate) because it is offered with love and devotion. This kind of customer experience cannot be predesigned based on standard operating procedures (SOPs) as it is personalized both for the customer as well as for the employee. The manifestation of empathy varies from restaurant to restaurant and person to person within the same chain. There is no pre-designed format.

Instead of SOPs Sajid believed in creating a culture based on a few core values which would propel the employees to create this personalized experience. More than the product or the process, it is the culture that creates the personalized experience. Hence this culture is the core of Sajid's business strategy, which builds a competitive advantage for businesses based on his philosophy.

### **Challenge of Creating a Replicable Model**

The key challenge with such an approach is its replicability and rapid scaling-up. For a business which is based on personalized service and gets created in the here and now, it is practically impossible and undesirable to create rules and SOPs to deal with every emerging situation. This problem was resolved by defining core values. Thus, core values form the fountainhead that spontaneously creates customer experience.

In the initial years, Sajid ensured that a lot of time was spent on decisions involving value violation. This led to nuanced calibration of the meaning and implications of these values. The

word values can be interpreted and conceptualized in many ways. In my view, values are defined to help a person behave appropriately at a time when rules/procedure/SOPs are not available.

Sajid formulated six core values which are binding on all its employees. These include

- Being genuine
- Customer centricity
- Team centricity
- Ownership
- Innovation
- Passion.

The first four values are lived values across the board. These were actively reinforced and modelled by the leadership at various levels. They were extensively taught and retaught in various sessions. Employee surveys asked questions around these values and actions were taken on the findings. Employees were encouraged to directly contact the owner through hotlines/dedicated mails, confidentially, to report value violations. Sajid Gharana took tough calls to let go of senior staff who wilfully deviated from the core values.

The following section describes four key values and their manifestations. It also describes institutional processes like leading by example, socialization and acculturation, creating a mythology, constant calibration, along with organizational mechanisms like HR policies and processes, incentive measurement and review systems.

### **Genuineness – The 1<sup>st</sup> Value**

The first value ‘genuineness’ does not feature in most corporate value statements. Even in Sajid’s organization, many a time, it was associated with financial integrity. Genuineness is central to

unfettered transmission of the intent from one person to another. Genuineness accentuates the attempt to express emotions. Genuineness is concerned with coherence between feelings/statements/actions of a person.

In practice, Sajid and his key leadership team demonstrated genuineness while dealing with both customers and employees. Typical 'behind-the-back' games were generally discouraged by the leaders at various levels. Many times, Sajid would publicly admit his mistakes or take back his angry words uttered in response to confronting unpleasant, but true feedback.

Working in the service industry needs 'emotional labour' (strain of projecting cheerful and happy emotions to customers while experiencing many other not so happy and cheerful emotions arising out of workplace and personal life). In Sajid Gharana, efforts were made to ensure that employees at various levels felt cared/protected/valued so that they did not have to deal with unpleasantness at workplace. On the other hand, 'family-feeling' between colleagues helped the employee deal with his personal issues and minimize their impact. These helped employees to deploy all their mental energies in focussing on the customer. Review processes in organizations often end up creating non-genuine behavior. Sajid took great efforts to design and train his managers in conducting reviews. The managers were encouraged to listen to the 'true' story of what happened and give confidence to the subordinate to be equally accountable for whatever happened or didn't happen.

No employee was dismissed on account of non-performance. The only reason for removal was deliberate disregard for core values. Sajid was very convinced that at the operating staff level, adherence to values automatically led to good performance.

## **Customer Focus – The 2<sup>nd</sup> Value**

All businesses make efforts to be loyal to customers, but very few businesses succeed in winning the loyalty of the customers. An anecdote to illustrate this is as follows. Once, in Pune's Sayaji Hotel, a police official landed up and demanded a suite for his stay. There were very few suites in the hotel, and all were occupied. When a customer staying in one of the suites got a wind of the situation, he vacated his suite graciously and shifted to a regular room, so that the police official could be accommodated.

Most people who have experienced Sayaji/ Barbeque Nation/ Absolute Barbeque, talk about the legendary service offered by business organizations belonging to Sajid Gharana. As per one count there were 129 competitors of Barbeque Nation which have copy-pasted the 'grill on the table' concept but very few except Absolute Barbeque (which belongs to Sajid Gharana) have been able to adopt the service philosophy and practices.

There are many famous stories of extreme customer orientation in Sajid Gharana. In the casual dining buffet restaurants of Sajid Gharana, customers can ask for any dish of their choice to be cooked. The chefs will oblige subject to availability of ingredients in the kitchen. Published menu is not a restriction. The customers can customize food taste/ingredients even by returning a dish. If there was a dispute between the customer and staff on factual issues like how many pegs of alcohol were consumed, the customer's verdict was final.

Cited below are a few incidents that bears testimony to Sajid's philosophy.

- Once an old lady walked in with a large family. She was not eating anything possibly to avoid paying the price of buffet meal. The concerned associate took liberty to enquire

what she would like to eat and got her idly/dosa from another restaurant so that she could enjoy a meal with her family.

- A sick customer vomited in the restaurant dirtying his body and clothes. The associate in charge, spontaneously helped him clean up.
- At Sayaji Hotel, a customer left some admission forms with the staff to be sent to Kolkata. The hotel staff forgot to send the forms on time. The Manager made sure that the forms were hand-delivered at the hotel's expense.

Customer-centricity was reinforced through systems and processes. Everyday 20% of the customers were personally called by inhouse GSI team (Guest Satisfaction Index). These GSI scores were transmitted to the restaurants every day. The GSI scores had 50% weightage in deciding the incentive paid to staff and the unit head. Hence the employees were very keen to know the GSI scores. The GSI scores were available on the mobile apps. Employees during their afternoon break would typically see the scores. Both sessions – i.e. morning and evening - would start with discussing GSI scores during the stand-up meeting of the restaurant/hotel staff.

The customers were discouraged to offer tips so that staff did not differentiate between customers. Instead a 4 % uniform service charge was levied which was distributed to front office and back office staff using a particular formula. This payment was based on achieving a threshold limit of GSI.

GSI was among the most talked about parameters in all reviews. Leaders would endlessly talk about their success in turning around outlets / hotels by working on GSI.

Sometimes unit heads/service managers/captains tried to manipulate GSI by manipulating mobile numbers of dissatisfied customers. In such situations other employees informed the management about value violations using the hotline or email. Such leaders were laid off.

### **Employee Focus – 3<sup>rd</sup> Value**

High scores of great places to work (in spite of serious weakness of not having gender balance) is one evidence of employee centricity. The hospitality industry is characterized by very high attrition rates (sometimes more than 100%). However, the organizations in Sajid Gharana have experienced very low attrition rates (less than 40%). A variety of initiatives have led to this achievement.

### ***Employee Induction***

Sajid wanted to “grow his own wood” to ensure that his employees are groomed in his traditions. There was more emphasis on training of values compared to training of skills or etiquette. People were expected to learn through socialization i.e. thereby get influenced by behavior of their seniors and peers. Since most of the employees were young/ inexperienced/ came from rural areas, they found it easy to trust their seniors and follow their foot-steps. They got acculturated in the values over a period of time. There was no Sayaji or BBQN way of greeting or behaving. There was no training to say that the glass should be kept to the right or left of the plate. The basic belief was that employees should do what the customers want them to do.

On the other hand, training programs were held to help the new employees to soften the blow of migrating from rural areas to urban areas and moving away from family. Employees at the lowest level were greeted at the railway station when they first arrived. They were trained to use the metro, ATM and other urban facilities. New employees stayed with other experienced employees so that they don't feel lonely.

### ***Boss as a Father Figure***

Sajid's establishments did not have an egalitarian culture. The leadership style at various levels can be termed as "nurturant task leader" (term coined by late Dr JBP Sinha to explain the "Indian" leadership model). While the leaders at various levels enjoyed the status of being heads of a family, they were expected to 'take care' of the family members who in this context were their team members.

### ***Adherence to Values***

In addition to role modelling, regular employee surveys ensured that leaders behaved as 'father figures'. Employee surveys would specifically ask for instances of use of abusive language (giving *gaalis*), a common feature in hospitality industry. Managers found guilty, were given feedback and reprimanded severely. Those engaging in practices like taking loans from juniors by the exercising their authority were expelled.

Instances of value violation and subsequent departure were publicly shared across the organization in initial years. This created fear.

HR representatives were encouraged to visit every establishment at least once in a week to personally meet and listen to employees.

There were speak up boxes both for recording suggestions as well as grievances.

Promotion of employees depended primarily on their performance and their belief in the values of the organization in addition to leadership qualities needed at various levels.

## ***Employee Wellbeing***

Many employee engagement activities were conducted. Cricket league modelled on IPL became a big hit. Just as there were food festivals for customers, there were food festivals for employees as well.

Employee attrition had 25% weightage in the incentive schemes for unit staff and managers. Attrition was a parameter both for HR as well as Line Managers. This parameter was also talked about in the monthly review meetings along with other parameters.

## **Ownership The 4<sup>th</sup> Value**

There are many examples of manifestations of ownership.

- ✓ While conversing with one another, the unit managers would refer to the units as 'Ashish's Outlet', referring to the manager rather than the place like 'Bandra Outlet'.
- ✓ At Sayaji Hotel people refer to specific areas as 'their' areas like 'my health club', etc.
- ✓ Outlet managers were free to take their own initiatives without waiting for approval from the head office. An outlet manager who knew that 15, August is Independence Day for two other countries other than India, decided to hold a food festival based on the cuisines of these countries to celebrate all the three independence days. This did not need clearance from HO.
- ✓ There was a lot of freedom given to the operating managers. Even the ingredients/colours of dishes served were different in different parts of the country depending on the customer tastes.
- ✓ Restaurants used to celebrate customer's birthdays in their own way. There was no standardized one particular way of birthday celebrations.

- ✓ Even lower level employees had all the freedom to please the customer without seeking permission from their bosses.
- ✓ In the initial years Sajid started a system of sharing 25% of profits with employees at various level based on a formula. Total money earned by Sajid's better performing employees including variable portion was much higher than their counterparts in the Industry.
- ✓ The founder CEO was offered a significant profit share. True to the Sajid School Tradition the CEO wasn't paid a salary. He would draw a monthly advance against future profits. (This also points out to the fact that it was not just Sajid but a core team of people, who believed in the tenets of the Gharana to build the business).

In review meetings, senior managers would help juniors in diagnosing performance issues, offer suggestions, but leave the final decision to the manager concerned.

There were some SOPs for back-end functions like stores, account, recruitment etc. but there were no SOPs for Front of the House (as it is called in the hospitality industry).

If the organization was to introduce any new rule/scheme it was always thoroughly discussed before implementation thus encouraging ownership for various decisions taken.

### **Interplay of Values**

There were challenges promoting these values while addressing the business growth and profitability. There were many examples where multiple values were reinforced.

A customer once wanted a soft drink that wasn't stocked up at the restaurant. The associate in charge spent his money and bought a few packs for the restaurant. His money was reimbursed later. The timely decision reinforced customer centricity and ownership.

At times, there were conflicts between values. There was a situation where a customer had slapped an employee. The founding CEO of BBQN approached the customer and reasoned with him for a long time to make him realize that he had committed a mistake. Through this, the CEO demonstrated simultaneity and struggle in adhering both to employee and customer centricity.

This is not a fairy tale with the ending 'and they lived happily ever after'. Sometimes, there are conflicts and compromises. Sajid Gharana depended on very high variable salary component. In the last few years, particularly after Sajid's death, minimum wages in certain states like Maharashtra/Delhi/Bangalore increased substantially. This would have seriously impacted the wage costs. Efforts had to be made to redesign the wage structure to minimize the variable component and increasing the fixed component. This did negatively impact the 'ownership' dimension.

Sajid was aware that total adherence to the values was not possible. What mattered was the human struggle to adhere to them. This genuine authentic struggle at various levels created the flourishing human institution.

## **Conclusion**

Sajid Gharana refers not only to organizations owned by him but also those owned by his disciples. The current service industry is marked by business models based on robotization of the employees to ensure that there are no surprises and the brand experience is consistent. Sajid tried to break this by promoting authentic, spontaneous service orientation by acknowledging that both

his customers and his employees were human beings. He wanted his customers to feel that they were at a friend's place where they could be themselves.

I hope that this presentation will inspire some of you, who are in search of 'humanness' in organizations to study this uniquely successful model.