

DARDEN RESTAURANTS:

The role of college education in the hospitality industry

Rick Cardenas' first job was waiting tables at his local Red Lobster restaurant. Now he is Senior Vice President and Chief Financial Officer of Darden Restaurants, which owns and operates more than 1,700 restaurants under brands including Olive Garden, LongHorn Steakhouse, and Cheddar's Scratch Kitchen. Here, he explains to Rosen College's Elizabeth Yost how his own career developed and discusses the importance of a college education in the hospitality industry.



The Olive Garden brand comprises over 800 restaurants.

Cardenas helped integrate the Longhorn brand into Darden.

Darden Restaurants is the company behind some of North America's most-loved restaurant brands. With its headquarters in Orlando, Florida, Darden employs more than 185,000 people and serves almost 400 million guests annually.

Darden was one of the original industry partners who helped build the Rosen College of Hospitality Management. The company was instrumental in the development of the Restaurant Management degree program and has contributed more than \$3 million to support the development of faculty at Rosen College. The company is also currently in discussion with Rosen College faculty to set up internship opportunities for students in the Restaurant and Foodservice Management degree program.

In this interview, Assistant Professor Elizabeth Yost speaks with Rick Cardenas, SVP and CFO of Darden. Rick gives us the lowdown on his own career trajectory and draws on his experience and accomplishments to explain the challenges currently faced by the restaurant industry.

TELL ME A LITTLE BIT ABOUT YOURSELF. WHO ARE YOU? WHEN DID YOU JOIN DARDEN?

I grew up in Orlando, Florida. In 1984, I took a job as a busboy at a Red Lobster restaurant with the simple goal of earning some money to put gas in my car. This first job was what got me excited about the hospitality industry, and I continued working at the restaurant waiting tables while attending UCF for degrees in finance and accounting. Staying with the restaurant company throughout college turned out to be a great idea. Two days after I graduated from UCF I joined Darden, which was Red Lobster's parent company at the time, in a finance role supporting Red Lobster at the corporate office here in Orlando. I continued to work for Darden in various roles until 1996. That's when I remembered what a UCF professor asked me in my junior year, "What's the last job you want before you retire?" My response was that I wanted to be a CFO of a Fortune 500 company. To get to my goal, I knew I was ready to gain new skills by taking a risk, leaving a great job and going back to school.

Following a favorite quote: *You can't steal second base and keep your foot on first*, I enrolled in Dartmouth's Tuck School of Business for my MBA. Armed with a new skill set after graduation, I took a strategic consulting position with Bain & Company, followed by a strategy role with Parthenon Group in Dallas and Boston. All the while at these other jobs, Darden called me every year asking if I was ready to come back. Finally, the timing was right to come home to Orlando and Darden when they called to offer me an internal consulting position that I could not refuse. I was on the founding team for Seasons 52 before moving over to Olive Garden's finance team. In 2007, when Darden acquired the LongHorn Steakhouse brand, I ran their finance team and helped integrate that brand into Darden.

In a full-circle move, I was asked to move over to Red Lobster and lead finance for Darden's largest brand. Taking on this next challenge was a big deal to me; I worked as a busboy and waited tables at this brand and now I got to be the one to sign the paychecks. After

staying at Red Lobster for some time, I was asked to go back to LongHorn and help run operations. It was this role that helped me learn how to manage and lead people. It was a great experience and the most fun I've ever had. Then I moved over to IT and Strategy to learn those areas, before moving to my current role of CFO.

WHAT IS YOUR MAIN RESPONSIBILITY AS SVP AND CFO? SINCE YOUR APPOINTMENT AS SVP AND CFO IN 2016, HOW HAS YOUR FOCUS CHANGED?

I transitioned from my role as Chief Strategy Officer to the Chief Financial Officer in 2016. My responsibility now includes all the financial aspects of the company, including financial accounting, but I'm still very much a strategist at heart. I fundamentally believe that the essence of strategy is where you put your money. Being the strategy person now, but in finance, means I can help frame where we shift resources. Further, being the one responsible for where all the cash goes and being the strategy person is a really good marriage. In a lot of other

companies, the strategy person doesn't have any control over the resources – so the strategy isn't being funded. We are able to really hone in on strategy because we can direct where the resources go.

WHAT ACCOMPLISHMENTS ARE YOU MOST PROUD OF AS CFO OF DARDEN?

I would say the marriage of data insights and business intelligence together under great leaders. Which leads me to the thing that I'm most proud of: helping to develop people to where and what they want to be.

The business accomplishment that I'm most proud of is the strategic acquisition of Cheddar's. It fit with what we wanted and is part of the strategy that I helped create. We found a really good brand that we wanted to buy and we integrated it.

Finally, as CFO, you don't necessarily "do" a lot of things. You lead a lot of other people to do great things. For me, I don't like to point to any one thing that I've done, because I don't do anything by myself. Stated another way, my

best accomplishment is not mine, it's Darden's. We've had a great five-year run because of the strategy and the team around us. We were the best performing restaurant company over the past three years and we've had the best shareholder return of any restaurant company over that time. This is amazing because five years ago everyone thought the company was broken. It's not a personal accomplishment: I helped set the strategy and the team executed it.

WHAT SKILLS FROM YOUR PRIOR EXPERIENCE/ROLES AT DARDEN HAVE BEEN MOST VALUABLE IN YOUR CURRENT ROLE?

I think I bring a unique skill set to Darden through my past experience as a strategy consultant. That is what made me successful throughout my career at Darden. It's not just now as CFO: Even when I was a director of finance with the various brands, I was considered the person who was strategic. It wasn't the way we used to do finance. As heads of finance for a brand, our jobs were defined as controllers, but I'm not a controller – I'm a strategist at heart. This has helped me to be successful in my job.

The other thing that has helped me is my ability and desire to find out about my team and lead them to what they want so they can have the best career experience. It's not something that you hear a lot about from people – but when your career is over and when you are done working, people care about how you helped develop them and how you made them feel.



Rick Cardenas

SVP and CFO of Darden

W: <https://www.darden.com>

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WHAT DO YOU SEE AS CHALLENGES IN THE FUTURE FOR THE RESTAURANT INDUSTRY AND DARDEN?

I think the biggest challenge is having enough people to do all the jobs in the restaurant industry. Restaurants are inherently a hospitality business, so you need great people. But the industry has very low retention. Darden's challenge is attracting the best talent and making sure the best want to work for us.

There are not enough people to fill every restaurant job in the country, but there are enough people to fill every Darden restaurant job. How does Darden provide a great employee experience that makes employees want to come work for us instead of the restaurant next door? That is our focus, and it's why we invest in our people more than anyone else does. That's why we have the best retention rates in the industry. If we can staff our restaurants, we will win. This is our biggest advantage and challenge.

HOW DO YOU SEE THE ROLE OF EDUCATION IN THE HOSPITALITY (RESTAURANT) INDUSTRY AT THE UNDERGRADUATE/GRADUATE LEVELS?

Education is important at all levels, but certain knowledge areas are more important



The acquisition of Cheddar's allowed Darden to offer a different price point.

than others for the restaurant industry. The restaurant industry is inherently a people leadership industry. If you want to progress, you have to be a great leader, so educational courses and degree programs that promote leadership are fundamental to success. Operators also have to understand that restaurants are a margin and pennies business. Therefore, education in financial management is very important, and the hospitality management programs that provide key courses in this area are the ones that are most valuable to our industry. If they can learn in college that not every dollar is going to earn a return immediately but that it will pay off eventually, that is also helpful.

AS A COMPANY, IN WHAT WAYS WILL DARDEN BE DIFFERENT IN FIVE AND 10 YEARS FROM NOW?

I'll start by mentioning that we are a really different company today than we were 10 years ago. My best guess is that five years from now we will look a little different than we do today, and in 10 years we will be really different.

I think we will get bigger and have more brands, and hopefully, we will gain more market share in our space. We are the biggest in casual dining and our goal is to drive costs out and

continue to provide great value to consumers in the full-service casual dining space.

Part of the reason we bought Cheddar's is that we found we were eschewing too much value, and there was a big segment of the population that was being left behind. We found a huge addressable market because of the price points that Cheddar's has, which offers better value for the consumer. We purposely looked for something that would help bring a more value-oriented brand to our portfolio. It doesn't mean that the next one will do that, because as with all acquisitions, it has to be the right brand for the right price at the right time.

HOW DO YOU FEEL ABOUT COLLABORATING BETWEEN THE HOSPITALITY (RESTAURANT) INDUSTRY AND ACADEMIA?

I am positive about the collaboration between industry and academia. As a business, we are always trying to find the best ways to do things, and if there are specific things that academia can help with, then we should absolutely do that. The best thing to do is to reach out to our academic partners and see if there are potential opportunities to work with researchers in areas such as frequency, data analytics, and people engagement. I think those are some things we can work on together.



Interview conducted by **Elizabeth Yost, PhD**, Assistant Professor at Rosen College of Hospitality Management.