



# Raymond A. Mason School of Business

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## EPISODE 34: KIM LOPDRUP – THE HOSPITALITY GENE

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### Ken White

From the College of William & Mary in Williamsburg, Virginia. This is Leadership & Business, a weekly podcast that brings you the latest and best thinking from today's business leaders from across the world. We share the strategies, tactics, and information that can make you a more effective leader, communicator, and professional. I'm your host Ken White. Thanks for listening. Keeping customers happy. While it's one of the basic goals of business, it can also be one of the most difficult to achieve, especially in the restaurant and hospitality sector, where customers' likes and dislikes can change quickly and often. Our guest knows that space well. Kim Lopdrup is the Chief Executive Officer of Red Lobster, the world's largest seafood company. He began his career in brand management at Procter and Gamble before moving into the restaurant business with what is now Dunkin Donuts. He then joined Burger King and then Red Lobster, where under his direction, the restaurant has achieved industry-leading guest satisfaction and record profitability. On the podcast today, Lopdrup discusses several key elements of the restaurant business and Red Lobster, including the importance of customer-centric employees, the hospitality gene, globalization, and supply chain, and how a mention from Beyoncé can really kick things up. Here's our conversation with the CEO of Red Lobster, Kim Lopdrup.

### Ken White

Well, Kim, thank you for joining us. Welcome back to William & Mary. How does it feel to be back?

### Kim Lopdrup

It's great to be back, Ken. I tell you, I love, love William & Mary had such a great experience here, graduating in 1980. You know, the college really shaped me when I went to school. I didn't really know what I wanted to do. I thought I wanted to be a psychologist and wound up realizing I was a lot better at economics and then wound up going into business where I could combine both of those. But just had a tremendous experience at William & Mary, and I'm very grateful to the school. Might add my sister followed my footsteps. She's a William & Mary graduate, and my oldest daughter is William & Mary, graduate. So all three of us had tremendous experiences here.

Ken White

It happens so often the family, right? That's a great story. It's great to hear. Well, again, welcome. You have had a wonderful career in the restaurant and hospitality space. What is it about that space that gets you excited? Why do you like that space?

Kim Lopdrup

Oh wow, I actually do love the restaurant industry. And part of it is what we're really doing. Some people, I mean to, think we're serving food. Yes, we are doing that. But what's really happening is that people around the tables in our restaurants are strengthening marriages, strengthening relationships. We are serving fantastic food. Actually, if you have listened to the Harvard School of Public Health, seafood is the most important food one can consume for good health. I also love the fact we're developing people. We have 58,000 employees in our business. They're really good people. You know, we select people who care about others. They're really good people. And yes, we have some people a fair number of people at headquarters with great educations, but the average person in the restaurant was not born with a silver spoon in their mouth and has had to work their way up for a living. And I love the fact we're creating career opportunities that can lead to fantastic jobs. You know, corporate officers with really good incomes for people who were not born with a silver spoon in their mouth, and it really can be a great career track for people who care about others, willing to work hard, have high integrity, and are willing to stick to it and make sure those guests have a great experience, their employees have a great experience they can have fantastic careers in this industry that they simply are not available in very many companies today.

Ken White

How do you find and train that other centric person, right?

Kim Lopdrup

That's a great question. And part of it's interviewing, but we actually even have personality tests we give people to understand what really makes them tick. And there's a lot of questions and a lot of sophisticated things we look at. But at the end of the day, it really comes down to do you care about it do you genuinely care about others. You know, people can kind of go through the motions and fake it, but you know, customers see right through that. And we like the people who are genuine. We can teach them steps of service. We can teach them all that. We can teach them about different types of seafood, but that inner motivation is so critical, and that is something we look for in all of our employees at all in all parts of the organization.

Ken White

How important is the training? You've got somebody. They are the right person, and then you get them in the job. How important is their training in development, and what is it that you do?

Kim Lopdrup

Well, it's hugely important, and it's important in all parts of the organization. You know, obviously, within the restaurants, we have a well-defined training program. There are certain steps you have to go through to get certified to demonstrate that you're proficient at certain things before we let you do different jobs. But even if you're going to, you know, go to work at our corporate what we call a restaurant support center as opposed to a headquarters. But if you to if you're going to get a job there, we're going to make you work in a restaurant for a while before you start doing your regular job because it's really important you understand the basics of the business and the needs of the people you'll be supporting. So so training is very important. Actually, while it's important and while I constantly hear from people who join us from other companies that, we're in many cases better than the company they join from. To be honest, we actually think it's an area where we have continued opportunity to get better, and our inner one of our BHAGs or big hairy audacious goals is about being the best people developer in casual dining, and we're currently working on a number of initiatives to continue people's development throughout their career leveraging e-learning you know much more than we have in the past given that we're a distributor organization across the U.S. And actually now we have restaurants in 11 countries, and we want to be able to deliver training more efficiently and effectively so that while a strength is something we continue to work at.

Ken White

Right before we started recording, you said a great phrase we like to hire people with the hospitality gene. What is that? How do you define that?

Kim Lopdrup

Well, the hospitality gene is really that genuine caring about other people. You have to really want to make somebody have a great evening. You have to really want to serve great food, and you know we are blessed to have a lot of people who really are passionate about what they're doing. And I hear that all the time from people outside the company also that they're amazed how passionate our people are. But we think that's a real competitive advantage, but also once you get those folks, you have to, as we talked about earlier, train and develop them but then make sure that they understand what it is we're trying to achieve and stay motivated. And so it's really important to talk about the vision for not just where the company is going but what's the guest experience we're trying to create. We've actually defined that pretty well. We call it the ultimate seafood dining experience, and it's about, you know sea to table quality seafood served extremely fresh

and personalized service from friendly seafood experts in clean, comfortable restaurants that reflect our passion for seafood. So everybody has to know their role in creating that, and the really good people who really care really actually get quite excited about creating an ultimate seafood dining experience and offering kinds of seafood you can't get very many places and making sure it's prepared perfectly in ways that not many people do. And that pride, I think, is very important to attracting and retaining and motivating the right people.

Ken White

And how great it is to love what you do right.

Kim Lopdrup

Absolutely.

Ken White

Wherever you happen to be in the organization, it's fun to love the job.

Kim Lopdrup

You used the word fun. That's actually key. You know, when we became an independent company, we actually changed our values statement a little bit. It used to be do the right thing, which stands for respect, integrity, genuine caring, hospitality, and teamwork. But we added two new values and excellence and fun. We realized you know the restaurant business should be fun. And our guests are there to have fun, and you know if the employees are having fun, they do a better job providing a great guest experience and making it fun for them.

Ken White

We'll continue our discussion with Kim Lopdrup, CEO of Red Lobster, in just a minute. Leadership & Business is brought to you by the Center for Corporate Education at the College of William & Mary's Raymond A. Mason School of Business. The Center for Corporate Education can help you and your organization by designing and delivering a customized leadership development program that specifically fits your needs. If you're interested in learning more about the opportunities at the Center for Corporate Education, check out our website at [wmleadership.com](http://wmleadership.com). That's [wmleadership.com](http://wmleadership.com). Now back to our discussion with the CEO of Red Lobster, Kim Lopdrup.

Ken White

Of course, it's all about seafood, and that's not something you always have a handle on. There's a lot of things that go into that. How do you approach making sure that the restaurants have fresh great seafood?

## Kim Lopdrup

Well, terrific question, and I'll point out I'll start by pointing out we actually named the company when we became an independent company 20 months ago. We decided to name it Red Lobster seafood company instead of Red Lobster restaurants, and that reflects the fact that that supply chain is so important to our business. We actually are actively sourcing. We have buyers and inspectors active in over 20 countries around the world looking for what the best seafood is and bringing it. Our whole senior management team goes and meets with suppliers now, and we've been learning where the best catches are likely to be and locking up the best supplies ahead of time which we never used to do when we were part of our big company before. But we are way more nimble now, way more willing to lean in and lock up the best supplies of things ahead of time. So that's been an interesting cultural shift for us. But we have to be nimble, you know, and make the most of what Mother Nature is giving us because supplies fluctuate, and so we have to be willing to move nimbly and make adjustments. We have to also make sure we're always the customer of choice for our suppliers, and we want to be their first choice. The guy they want to give their first offer to on whatever great catch they came up with because they know we're gonna be in it for the long term. They know we pay our bills on time. We know we are honest in our dealings. So being the customer of choice is very important also, and we inspect everything to teach our suppliers how to inspect things before they even send them to us because it's just, you know, we want to give our guests the top of the catch, and it's far more efficient when you work with suppliers, and they learn what your standards are, and they learn how to meet them pretty much every time. But supply chain actually is critical in our business, much more so than in a typical restaurant business where you can just call the pasta factory and say send more pasta. We have to be constantly seeking out new and interesting things and bringing it to our guests. Also, the logistics are quite interesting in our business. We're the largest overnight shipper of fresh seafood in the world. So we've got a lot of planes flying with fresh seafood, and the ground logistics are very important as well. It is very different than a typical restaurant business.

## Ken White

You mentioned around the globe you're looking around the globe. What about growth of the restaurants are you outside the United States? Is that in the future as well?

## Kim Lopdrup

Yes absolutely. We have been over the last few years expanding internationally, and we are currently in 11 countries. We started in the Middle East, specifically United Arab Emirates, Qatar, Kuwait, and Saudi Arabia, and then Latin America, where we've now entered Mexico, Brazil, and Ecuador. We'll be in Puerto Rico starting in November and beginning to go over to the Pacific rim as well. We are very excited about the international opportunity. It's really interesting how well-received the brand is in international markets. Generally, it's viewed as an American luxury brand, and you know it's new in the market.

And we presented in a very contemporary with a very contemporary restaurant design, and it's been really incredibly well-received. Looking longer term, we see some big markets out there that we think have a lot of potential that we are just we're sequencing our markets in an order where we do the easy ones first, figuring we can learn there and still be successful but continue refining as we work towards what we think are ultimately the largest opportunities which are probably China and India but markets where you really have to get it have your business model exactly right before you enter given the high cost of real estate in those markets.

### Ken White

The world is changing so quickly right in every business, and you've been in this business for a while with the millennials and just changes in the world. How's the business change? What's different today than maybe when you first got into the field?

### Kim Lopdrup

Well, first of all, you're right there. Is there is an interesting generational shift going on when? I when I joined the company, actually we had a fairly older customer base, and it is now shifted where it is very balanced. We're sort of right in the middle of the industry norms from an age standpoint, but within that, you have a balance of a group that we call quality traditionalists, which tend to be baby boomers. They really care about quality. They want things served in a fairly traditional way, but quality is super important to them, and we have a lot of those folks in our customer base. We also have an emerging group that we refer to as adventurous up-and-comers that are a little bit younger. They want to try and experiment with new things that are different, and they are a growing part of our customer base. Interestingly, the quality traditionalists tend to watch a lot of television. The adventurous up-and-comers tend to be more digitally focused, so we're able to target our messages differently to the two groups. We are currently getting based on our analysis getting almost as many guests now from digital media as we are from traditional broadcast media, and there's some really good things about our brand that resonate very strongly with this adventurous up-and-comer group. For example, they tend to be very interested in, say, more internationally-inspired dishes. We're working to start putting more of those on the menu there. They are very interested in sustainability. We actually have a phenomenal sustainability story to tell that we have probably not done as good a job telling in the past as we could have, but we have our practices have been industry-leading in terms of never selling endangered species, never buying from any fisheries that aren't well managed. Being an industry leader in requiring great sustainability practices from our suppliers. There's some incredible success stories. You look at the lobster fishery in off of Maine and eastern Canada. How industry has worked work with universities and governments to fishermen to adopt best practices and that the output of that fishery has been growing dramatically since it's more than doubled since I joined the business because of excellent fishery management practices. For example, if the carapace of a

lobster is under three and a quarter inches, the fishermen actually will throw it back because they want it to grow and get bigger and have babies and all those good things. Or if it's too large, we won't serve it because, you know, really big lobsters are super producers, and so the lobster fishery is incredibly well managed. Off Alaska, incredibly well-managed fisheries that are doing great and genuinely sustainable. We know we need to do more. There are absolutely are fisheries, in particularly third world nations, that are not well managed and out in the open ocean beyond the reaches of any government. There are, unfortunately, some bad practices, but we do not buy from any of those companies. We are very careful about who we do business with and, fortunately, have some terrific partners.

Ken White

I told a number of people that you'd be on the podcast, and I think without exception, they all say you've gotta ask him about Beyonce, right? I mean, I'm sure you've been asked a million times about that. What was that like? I mean, that was quite a bump after she dropped the name, right?

Kim Lopdrup

Yeah. We were certainly quite surprised when that happened. I actually was at a board retreat for another company over the weekend, and on a Saturday night about 10 p.m. I got a text message from someone outside the company. Did you know your trending number one on Twitter ahead of the Republican debate?

Ken White

Wow.

Kim Lopdrup

And no. And so we quickly look and see Beyonce has released this new video called formation that mentions Red Lobster in a somewhat provocative way. And you know I phoned into the office, and our team is working trying to figure out how to respond to it. And honestly, there's some pretty easy ways to go wrong in responding to that. We ended up concluding we had to respond. Not to do so would frankly make us look like we were a dinosaur company that simply didn't understand digital media or contemporary culture. But we had to do so in a way that avoided endorsing the controversial aspects of the mention. So we wound up with a tweeting in a way that was designed to be relatively neutral. To be honest, it probably was not enough. We knew this when we did it. The truth is there's nothing we could have said that would have been profound enough to satisfy Beyonce's fans.

Ken White

Right.

Kim Lopdrup

Okay, but we did. But had we tried to be say something that profound, it would have offended a lot of other people who are part of the family values crowd, and so so we did not attempt to be profound. We did not attempt to clever, but we did respond and acknowledge in self-deprecating way where we kind of made fun of ourselves for the eight-hour delay and made something. There were some funny comments or people came up with like. Well, you try tweeting while baking biscuits, or you know it suddenly got busy in here and things like that. And then we, you know, we saw that on Super Bowl Sunday, we had a 33 percent sales increase. And you know the press was very interested, so we decided, okay, we'll share that. But as we share, we're going to be very important secondary messages to emphasize the fact is we were surprised by this, which we were because that served three purposes. One is to the to Beyonce's fans said, hey, this was a genuine shout-out. This wasn't some paid endorsement that we paid 20 million dollars for like, like other companies do. This was genuine. We're, you know, but to the folks who are part of the family values crowd, and the truth is our customer base does skew conservative, you know, and there are a lot of families they're people with very strongly held values who don't use some of the language that was in the song. To that group, it says we actually didn't approve and didn't pay for that or actually had nothing to do with it happening, and then to the group that was saying well, why did it take you eight hours to respond on Twitter? Okay, it was eight hours on a Saturday. We didn't know it was coming. And so, you know, the fact that it was a surprise was actually a very important secondary message that we had had as part of this. We wound up getting two and a half billion media impressions that were mostly positive for the brand. And it absolutely wound up helping sales. A company called Foursquare actually was seeking to do a study on which brand benefited the most from the Super Bowl, and they were looking at different companies that had advertised. They actually concluded we had benefited the most from the Super Bowl, which was kind of remarkable given that we didn't advertise on the Super Bowl. We didn't sponsor anything on the Super Bowl, and in fact, she didn't even mention us during the song she sang on the halftime show because that was sponsored by another company.

Ken White

Yeah, wow.

Kim Lopdrup

So so, anyway, we're grateful for the sales bump, and, you know, grateful to have some new fans, you know, but we it was not an easy situation to handle. We tried to thread the



needle in an appropriate way, and I think we came out okay, but it was certainly one of the more unusual situations I've ever faced in my career.

Ken White

Never a dull moment in your business, right?

Ken White

That's our conversation with Kim Lopdrup, CEO of Red Lobster, and that's our podcast for this week. Leadership & Business is brought to you by the Center for Corporate Education at the College of William & Mary's Raymond A. Mason School of Business. The Center for Corporate Education can help you, and your organization get to the next level with business and leadership development programs that specifically fit your needs. If you're interested in learning more about the opportunities at the Center for Corporate Education for you or your organization, check out our website at [wmleadership.com](http://wmleadership.com). That's [wmleadership.com](http://wmleadership.com). Thanks to our guest this week, Kim Lopdrup, and thanks to you for joining us. I'm Ken White. Until next time have a safe, happy, and productive week.