

# SUMMARY

## SETTING THE TABLE

DANNY MEYER



# **Summary of “Setting the Table” by Danny Meyer**

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The Transforming Power of Hospitality in Business

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# Introduction

For over 25 years, author Danny Meyer has opened and operated five white-tablecloth restaurants; an urban barbecue joint; a feel-good jazz club; a neo-roadside stand selling frozen custard, burgers, and hot dogs; three modern museum cafés; and an off-premises, restaurant-quality catering company. All of these businesses are thriving, and Meyer plans to continue to run them for as long as he can. Meyer is in the business of hospitality, and he has a deep passion for providing that hospitality. You see, within moments of being born, most babies receive the first four gifts of life: eye contact, a smile, a hug, and some food; in other words, human beings are driven to provide and receive hospitality. At birth, we receive the purest “hospitality transaction” we’ll ever have, and we continue to crave those gifts for the rest of our lives. It is this appreciation and desire for hospitality that has contributed to the success of Meyer’s career, and hospitality affects everyone in the business - the guests, the community, their suppliers, and their investors. But running a restaurant is certainly more than just providing hospitality. It requires exceptional skills in selecting real estate, negotiating, hiring, training, motivating, purchasing, budgeting, designing, manufacturing, cooking, tasting, pricing, selling, servicing, marketing, and hosting. Throughout *Setting the Table*, author Danny Meyer aims to tell of his experiences that led to a career in restaurants and experiences that have taught him powerful lessons about business and hospitality.

As Meyer states, “You may think, as I once did, that I’m primarily in the business of serving good food. Actually though, food is secondary to something that matters even more. In the end, what’s most meaningful is creating positive, uplifting outcomes for human experiences and human relationships. Business, like life, is all about how you make people feel. It’s that simple, and it’s that hard.”



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## **A Passion for Food Began at a Young Age**

From a young age, Danny Meyer has always had a passion for food. Growing up in St. Louis, he was always curious about what other people ate. As early as elementary school, Meyer was swapping lunches with other kids because he wanted to learn about what other families were eating. For instance, he had never heard of Miracle Whip until he traded his Braunschweiger on rye with another kid for his baloney sandwich (one slice of Oscar Mayer and Miracle Whip on Tastee white bread). It was then that Meyer began to understand that families could differ on something as simple as their preference of mayonnaise - Hellman's or Miracle Whip.

Eventually, Meyer learned to experiment with various peanut butter, jellies, and ketchup and discovered that he cared about the differences in the flavors of each. Meyer also credits his passion for food to the vacations his family took him on throughout his childhood. He remembers going to California when he was six and having Pea Soup Andersen's in Solvang and sourdough bread and abalone at Fisherman's Wharf. In France, he was seven-years-old and had bitter hot chocolate for breakfast, yeasty baguettes, sour crème fraîche, and a salty, deep yellow butter. In New England, he was eating fried Ipswich clams, lobster rolls, drawn butter, creamy clam chowder, and golden Indian pudding.

Around age 12, Meyer began to put on weight and his mother expressed concern over how much he was eating. Despite the "diets" his mother put him on, Meyer would sneak into the kitchen every Sunday morning and make anything he could find, like American cheese sandwiches in the broiler. It was this passion for food that led Meyer to open up a restaurant. But in 1984, embarking on a career as a restaurateur was frowned upon by families like his. It was considered blue-collar work and beneath his skills. It was also at this time that celebrity chefs began to become recognized and celebrated like Wolfgang Puck and Alice Waters, and Meyer found himself following their careers.

Finally, Meyer took the leap and opened up his first restaurant called Union Square Cafe - a place he believed would serve cuisine that reminded him of his childhood in Europe and would provide excellent service reminiscent of what he experienced in France and Italy. While the cafe launch saw many problems, he used what he learned to further develop more restaurants and create a new business model that he believed in.



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## Be Authentic and Listen to Your Customer's Opinions

When opening a restaurant, many people believe that you need to specialize in one area. Meyer remembers when Union Square Cafe was still under construction and a culinary expert came by to take a look around. The man asked Meyer, “Just what kind of restaurant is it that you are planning to open?” Meyer replied, “I’m not really sure what you would call it...We’re going to offer some pastas in small appetizer portions. I’ve got this idea for filet mignon of tuna marinated with soy, ginger, and lemon. We’ll also have a couple of French things like confit of duck with garlic potatoes...” The man interrupted and said “It’ll never fly. It won’t work!”

The man went on to say, “When people go out to eat, they say ‘Let’s go out for French or Italian.’ Or maybe even Chinese. But no one says ‘Let’s go out for eclectic.’ You really better rethink your concept.” While Meyer was scared of what this expert had told him, he was determined to create a menu that offered authentic food adapted for his customers. And as you may have guessed, Union Square Cafe went on to be a success. It was this ability to adapt the food to his customers that became Meyer’s secret to success. You see, Meyer did something completely new when he opened his next restaurant, Tabla.

When Tabla opened in 1998, a frequent criticism was that Indian food would never succeed under the guise of fine-dining. And years later, he continued to hear two distinct observations from customers: “I would dine at Tabla far more often if it were more Indian,” and “I would go to Tabla far more often if it was a little *less* Indian.” So Meyer and his team created a solution. They decided to emphasize the bold-flavored Indian food downstairs in the Bread Bar and emphasize the refined, gently spiced food upstairs in Tabla’s main dining room. This structure, they believed, would satisfy both types of customers. And it worked!

Finding balance on the menu is certainly important, but so is finding balance in the design of the restaurant space. For instance, Tabla needed to be a classic space with high-end furnishings but also include elements of a classic Indian restaurant with vibrant colors and textiles. Because the building was a historic landmark, the ceilings had to be preserved, so they hung plush curtains, stuffed balls of fabric underneath tabletops, and upholstered the backs of their chairs to minimize the noise while creating a classic, Indian atmosphere. In the end, Meyer created an authentic Indian restaurant that balanced American flavors that appealed to all kinds of customers and foodies.



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# Adopt an Enlightened Hospitality Business Model

When it comes to fine dining, many believe that the key to success is having a chef who can produce high-quality food with the freshest ingredients or having classically trained waiters who double as sommeliers and pour wine correctly and professionally serve guests. While all of these elements are certainly important, Meyer believes in the idea of *enlightened hospitality* - in which customers feel special and included.

When Meyer had the idea for enlightened hospitality, he began to outline what he considered non-negotiable about how they did business. Nothing would matter more to him than how they expressed hospitality to *one another*. The next core values would be to extend gracious hospitality to their *guests*, their *community*, their *suppliers*, and finally their *investors*. In other words, his staff would be trained to prioritize their relationships with one another and then extend that hospitality to everyone else in the business.

One of the key traits of enlightened hospitality is empathy. For example, Meyer himself has been to many restaurants where management berates guests for being twenty minutes late for a reservation - usually for good reason. Here is where Meyer would make a charitable assumption about their tardiness and say something like, "You must have had a tough time getting here. We're delighted that you made it!" For Meyer, making the most out of his relationship with every guest is important for repeat business, and he bases these relationships on optimism and trust.

When you adopt an enlightened hospitality business model, you are also focusing on long-term success. When faced with a decision that involves an investment of money, Meyer always analyzes the potential return. For example, if you come to a restaurant and the waiter accidentally breaks the cork on your bottle of wine, it becomes uncomfortable for everyone. Not only is the waiter embarrassed, but the customer might also begin to

wonder if the wine is bad. Here is where the waiter should address the situation and apologize for breaking the cork, but then also suggest that the wine is still good, but if it's not, then they will be glad to replace the bottle.

Ultimately, if the wine is still good, the business will still get *today* dollars. If it's not, they'll still be in the running for *tomorrow* dollars, because they've established a good relationship with the guest. Even better, there is no downside to approaching business in this way. 90 percent of the time, the bottle of wine will still be good. However, if the guest rejects the wine, it is still a possibility to sell the wine by the glass behind the bar. And if it's not good, it is better to have been gracious and honest about the transaction - and that is a long-term view that will bring guests back and continue their loyalty.



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# **A High-Quality Staff Should be Full of 51 Percenters**

One of the most consistent compliments that Meyer has heard over the years about his restaurants is “I love your restaurants and the food is fantastic. But what I really love is how great your people are.” To Meyer, this is the best compliment that any of his restaurants can receive. That’s because “the only way a company can grow, stay true to its soul, and remain consistently successful is to attract, hire, and keep great people. It’s that simple, and it’s that hard.” This is why Meyer follows a hiring strategy known as “the 51 percent solution.”

In this strategy, the performance of staff members is weighed by both technical job performance (49 percent) and emotional job performance (51 percent) - how staff members perform their duties and how they relate to others on a personal level. Imagine if every business were a lightbulb and that the primary goal of each lightbulb was to attract the most moths. As it turns out, 49 percent of the reason moths were attracted to the bulb was for the quality of light and 51 percent of the attraction was due to the warmth projected by the bulb. For Meyer, he wants to be overcome with moths, and to do that, he needs a staff of one-hundred-watt lightbulbs, whose product is the sum of 51 percent feeling and 49 percent task.

Ultimately, hiring 51 percenters will save training time and dollars. For instance, you can always train for more technical skills like teaching people how to deliver bread or olives, whereas training for emotional skills is near impossible. So how can you tell if you are hiring a 51 percenter? Well, there are five core emotional skills that every 51 percent employee possesses: optimistic warmth, intelligence and a curiosity to learn, work ethic, empathy, and self-awareness and integrity. Look for people who naturally radiate warmth, friendliness, happiness, and kindness. After all, your staff is providing more than just nourishment to your customers, they are providing nurture as well.

Meyer admits that he has made mistakes in the hiring process, but eventually, you will find something that works. And once you find them, you must take care of them by providing training, promotional opportunities, and a fair income. It's important to make your employees feel valued, and Meyer often reminds his employees that they could be doing the same thing they are doing at his restaurant at any of the 200 very good restaurants for the same pay. But he reminds them that they choose his particular place because of the mutual respect and trust between management and workers. They work alongside one another as a team, they learn from one another, and each day, they make contributions to the business that truly matter.



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# **You Can't Just Serve Food, You Must Also Serve the Community**

One of the most significant benefits that Meyer offers his employees is the opportunity to work for a company that stands for more than just being a restaurant that serves good food. Additionally, Meyer makes it clear that his company takes an active interest in the community and relies on its members and staff to participate as citizens within that culture. Meyer believes that when his employees and colleagues work, serve, and play beyond the normal confines of work, they work together more effectively, become stronger leaders, and tighter teammates.

Meyer makes it a priority to invest in the community and create wealth for the community, which in turn often leads to good luck and more profits for his own company. By taking an active role in working to revitalize two great city parks that anchor the neighborhoods in which he does business, he has demonstrated that “a rising tide lifts all boats.” The first connection he made with his neighborhood was by naming his restaurants after the area, like Union Square Cafe after Union Square, Gramercy Tavern which is close to Gramercy Park, and Eleven Madison Park which is near, as you may guess, Madison Park.

He also believes that since he makes a living nourishing guests in his restaurants, it is only logical that he feeds the people in the community who don't have enough. He has done this throughout hundreds of hunger-relief events. For example, City Harvest makes regular pickups of its leftover food to deliver to local missions and shelters throughout New York City. Additionally, every Tuesday and Wednesday night, one of their restaurants prepares about twenty dinners for the hospice unit, and volunteers from that restaurant's staff bring the food to Beth Israel and serve the meals to the hospice patients, their families, and the unit's nurses and attendants. “Emotionally, it's a tough experience to confront people who are steps away from dying. But for the staff to be able to serve others this way, and possibly

to put one of life's last smiles on the faces of patients and comfort anguished families, is actually a gift.”

Serving in the community also means hiring local suppliers whenever possible. For instance, Meyer initially chose to serve Evian water from France but eventually switched to Fiji. Meyer had been using Evian for years for emotional reasons because it reminded him of his childhood trips to France. Not only that, but Evian was spending approximately \$500,000 each year to help their Share Our Strength fight against hunger. Eventually, however, Evian went through a change in management and decreased their funding, so Meyer was open to hearing about the quality of Fiji water. Before making the switch, however, he asked if Fiji would be willing to join their cause in supporting their community. Their answer was resoundingly positive and Fiji came on board.



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# Capitalize on Positive Press Opportunities

The minute any new business is opened, it is now open for public scrutiny. In the restaurant business, this scrutiny and constructive feedback often come from restaurant critics and journalists. Press coverage may feel overwhelming and scary at first, but media coverage can help you maintain a solid reputation. Think of it this way. Imagine standing on the shores of Manhattan and you need to cross the Atlantic to France. You have two options: you can swim or ride there on the back of a shark. If you swim, you'll likely drown. Your only choice then becomes to hop on the back of the shark and ride with particular care or skill, or else you'll get eaten.

As you may have guessed, the shark is the press, and you must learn how to use the vehicle to deliver you to your destination safely. One way Meyer begins the ride is by using media interviews to elaborate on his company's core principles and values. And while press coverage is certainly important, one of the most powerful ways to receive good press is through simple word-of-mouth marketing. What your guests say about your restaurant can make or break your business, so encourage them to tell their friends about the positive experience they had. You can do this by making sure you go the extra mile for your guests.

For example, one day at Tabla a woman walked in for lunch and realized she left her wallet in the taxi. An intern working at the front desk did her best to comfort the shaken woman and tried to reassure her that she could extend her credit and urged her to relax and enjoy lunch. Meyer thought she handled the situation well but decided to go a step further. He grabbed the general manager and said, "I know we can create a legend out of this somehow." The GM grabbed a staff member and started calling the cell phone she also left in the taxi.

After 30 minutes, he finally got in contact with the taxi driver, who was now in the Bronx and confirmed he had the wallet as well. Without the woman's knowledge, Meyer sent a staff member to meet the taxi driver to retrieve the

cell phone and wallet. In the end, the woman was reunited with her wallet and cell phone before the check for lunch was on the table. Obviously, the woman was speechless and completely grateful. That round-trip taxi to meet the driver cost the restaurant \$31, but the value of the woman's story and her positive word-of-mouth is probably worth 100 times that. It is stories like these that can turn into positive press, and they are your most important advertisements.



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## Only Expand When the Time is Right

Once you have established a successful restaurant business, the time will come to decide whether or not to expand. “Think of a balloon: it isn’t really a balloon until it’s inflated, but as soon as you blow too much air into it, it’s going to pop.” Meyer saw firsthand the consequences when his father expanded his business too rapidly, and he is wary of blowing too much air into his own balloon. Often, when businesses fail in the restaurant industry, it’s because they expanded too quickly, and either the quality suffered or the organization couldn’t handle it.

The key to expansion is going through the process slowly and carefully - don’t rush. Sometimes an opportunity will knock at your door and you’ll be tempted to jump on board. It’s important, however, that you think the decision through and determine if your company is truly ready or not. For instance, Metropolis Cafe opened just days before Union Square Cafe in 1985. In fact, Meyer had the opportunity to look at the space before anyone else; however, Meyer knew in his heart that he was not ready to open a second restaurant. He wasn’t prepared emotionally or as a business.

Even though that space is highly profitable with outdoor seating just off the park, he knew he made the right decision at that time. He didn’t have the managerial depth at the time, and he truly believes it would have turned problematic. Another time, Meyer was given the opportunity to open a restaurant in the Time Warner Center in the early 2000s. The problem was that several other elite dining establishments were opening there, and Meyer didn’t feel comfortable joining a collection of great restaurants in a Manhattan shopping mall, no matter how beautiful it was going to be.

Meyer knew he made the right decision when he was driving his 8-year-old daughter home and passed the giant construction pit. After asking if she would like it if he opened a restaurant there, she questioned why. He explained there would be a beautiful jazz hall (Jazz at Lincoln Center), a big TV station (CNN), and several other elite restaurants. Immediately, his

daughter burst into tears and said “I never want you to have a restaurant where people are going there for some other reason than to go to your restaurant. People go to your restaurants because they want to be at *your* restaurant.” Ultimately, his daughter was right and he always thought about that moment when questioning future locations for his restaurants.

It is this caution that has led to the success of many other successful restaurants. And in the end, expansion can lead to amazing things if it’s done cautiously and strategically.



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# Final Summary

The restaurant business is tough and many restaurants fail in the first few years of business. The key to success, however, is adopting great hospitality skills and adopting an enlightened hospitality business model. This model isn't just about creating great food and treating your guests with respect. It's also about treating your employees, suppliers, and investors with respect and providing them the opportunity to add value to the business and the community. Because when the community thrives, the business thrives with it. This foundation will help your business grow, which could ultimately lead to expansion and success.



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